MARKETBEAT

CLEVELAND

Industrial Q4 2022

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
3.0% Vacancy Rate		
2.4M YTD Overall Net Absorption SF		
$5.59 Asking Rent, PSF		

Direct, Net Asking Rent

ECONOMIC INDICATORS
Q4 2022

	YoY Chg	12-Mo. Forecast
1.1M Cleveland Employment		
5.3% Cleveland Unemployment Rate		
3.7% U.S. Unemployment Rate		

Source: BLS

ECONOMY: Signs of Inventory Replenishment and Easing Supply Chain Disruptions

Business activity slowed slightly since the third quarter report, though activity varied considerably by industry sector. District retailers indicated that sales over the holiday shopping season did not meet their growth expectations because inflation led households to spend more on necessities and less on discretionary items. Auto dealers, homebuilders, and residential realtors said that higher interest rates, along with persistent inventory shortages, constrained sales. Bankers reported that loan volumes declined further. By contrast, manufacturers said that demand increased slightly in recent months, particularly in goods categories with longer lead times. Looking forward, businesses are generally more pessimistic about the near-term outlook for demand. However, near-term hiring plans remained little changed, which suggest they will continue to hire. Upward wage pressures appeared to ease, as did the pressure on nonlabor input costs and selling prices.

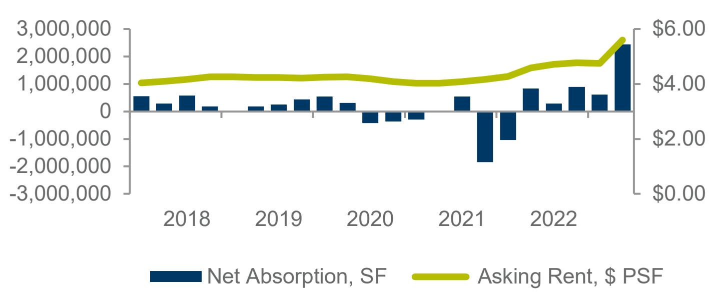
MARKET ACTIVITY: Leasing Activity Maintains Its Pace and Investment Sales Surge

Leasing activity has continued to maintain its strong pace with 141 deals completed totaling 3.1 million square feet (msf). The average deal size was 21,179 square feet (sf). Notable leases signed during the fourth quarter were Technibus leasing 173,603 SF at 1401 Raff Rd SW in the Stark County submarket, Chick-Fil-A leasing the entirety of the recently completed high-bay speculative warehouse built at 24200 Aurora Rd in the Southeast submarket and Faber-Castell pre-leasing 143,000 sf in the building under construction at 9000 Rio Nero Drive located in the South submarket. Sales activity in the fourth quarter was dominated by investment transactions. User sales totaled 1.3 msf while investor sales totaled 3.1 msf. This large discrepancy is due to the sale of the Nickel Plate Station located at 20001 Euclid Ave in the East submarket. The building totaled 882,853 sf and was one of the largest single-building industrial investment transactions in Cleveland's history. Another large chunk of the investment sales activity was due to EQT Exeter expanding their portfolio in Northeast Ohio with the purchase of six properties totaling 1.23 msf from First Industrial Realty Trust at a total value of $106.5 million ($86.68 psf). Vacancy in the market has remained at 3.0% and we expect vacancy to stay steady with the consistent leasing and sales activity the market has been seeing.

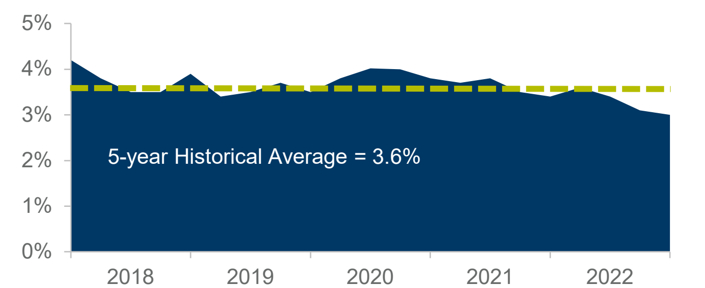
NEW INDUSTRIAL CONSTRUCTION: Speculative Square Footage on the Rise

Healthy construction totals persisted throughout 2022 in which Northeast Ohio registered 3.3 msf of build-to-suit projects (19) and 1.3 msf of speculative construction projects (6) completed. We are hitting the ground running going into 2023 with approximately 4.6 msf currently under construction - 2.6 million of which is build-to-suit, and 2.0 msf of that is speculative construction. A large part of that is Geis Companies' 1 msf speculative development in Shalersville, 247,000 sf in Independence at 7845 Northfield Road in the Southeast submarket and 125,000 sf in Mentor at 9525 Hamilton Drive in the East submarket. When interest rates drop, we can expect more developments to start construction to meet the demand for space in the market.

NET ABSORPTION / DIRECT ASKING RENT



OVERALL VACANCY RATE



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MARKET STATISTICS

SUBMARKETS	TOTAL BLDGS	INVENTORY (SF)	YTD LEASE ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD DIRECT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	DIRECT WEIGHTED AVERAGE NET RENTAL RATE *
Downtown	1,575	51,293,386	947,405	404,316	2.4%	898,417	1,051,817	269,875	0	$4.29
East	1,090	45,193,013	263,016	209,349	3.1%	-316,840	-480,221	0	236,000	$5.86
Lake County	1,492	44,633,620	592,970	595,625	1.9%	845,288	961,858	147,380	0	$5.35
South	668	31,133,902	2,023,255	305,369	3.0%	326,567	286,331	260,000	395,000	$6.12
Southeast	1,635	84,578,020	3,457,034	877,386	6.2%	178,523	182,321	1,253,410	238,775	$5.88
Southwest	1,243	54,448,239	1,604,494	724,579	2.6%	119,477	138,187	25,000	916,559	$6.21
West	1,308	49,955,889	587,752	752,058	2.2%	-631,988	-697,234	175,000	141,960	$5.47
Akron	2,089	72,734,056	2,136,059	983,663	3.1%	394,825	394,825	411,588	327,000	$5.31
Medina County	646	23,266,121	317,911	279,023	2.0%	-190,884	-190,884	170,000	517,112	$4.98
Portage County	446	12,408,152	0	19,763	0.7%	906,487	949,106	1,298,750	65,000	$10.40
Stark County	1,371	51,970,950	565,103	241,164	1.2%	-163,068	-163,068	359,600	1,890,000	$4.56
CLEVELAND TOTALS	13,563	521,615,348	12,491,999	5,392,295	3.0%	2,366,804	2,433,038	4,370,603	4,727,406	$5.59

*Rental rates reflect weighted net asking $psf/year

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1401 Raff Road SW	Stark	Technibus	173,603	Manufacturing
24200 Aurora Road	Southeast	Chick-fil-A	145,000	Warehouse
9000 Rio Nero Drive	South	Faber-Castell USA	143,000	Warehouse
1842 Enterprise Parkway	Southeast	Univar Solutions	122,000	Warehouse

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
20001 Euclid Avenue	East	Nickel Plate Station LLC / ABS Management & Development LLC	882,853	$23.5M / $26.61 PSF
30311 Emerald Valley Parkway	Southeast	First Industrial Realty Trust / EQT Exeter	261,871	$26.05M / $99.48 PSF
8181 Darrow Road	Southeast	First Industrial Realty Trust / EQT Exeter	257,000	$29.82M / $116.03 PSF
7800 Cochran Road	Southeast	First Industrial Realty Trust / EQT Exeter	200,298	$16.52 / $82.48 PSF

KEY CONSTRUCTION COMPLETIONS Q4 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Westfield Commerce Center	Medina	Speculative	450,112	Stonemont Financial
18300 Snow Road	Southwest	Speculative	364,000	DiGeronimo / Scanell / Weston
21487 Royalton Road	Southeast	Schaeffler	317,152	Scannell Properties
17700 Foltz Parkway	Southwest	CCL	112,041	Geis Companies

2022 INDUSTRIAL CONSTRUCTION COMPLETIONS

= Speculative Buildings

1	Hinckley Lighting 33000 Pin Oak Parkway, Avon Lake, Ohio 44012
2	Speculative Building 24200 Aurora Road, Bedford Heights, Ohio 44146
3	Hamrick Packaging Solutions 257 International Drive, Brimfield, Ohio 44240
4	Weston – Speculative 18300 Snow Road, Brook Park, Ohio 44142
5	Amazon 10543 Memphis Avenue, Brooklyn, Ohio 44144
6	Amazon 3550 Columbus Road NE, Canton, Ohio 44705
7	Greater Cleveland Food Bank 13815 Coit Road, Cleveland, Ohio 44110
8	CSA American Testing and Certification 8901 East Pleasant Valley Road, Independence, Ohio 44131
9	Stonemont Financial – Speculative I-71 & I-76, Lodi, Ohio 44254
10	Tractor Supply 3001 Sterilite Street SE, Massillon, Ohio 44646
11	Gabyak 9238 S. Progress Drive, Medina, Ohio 44256
12	Pro-Touch Vehicle Protection 705 Medina Rd, Medina, Ohio 44256
13	Stony Point Metals 16675 Kinsman Road, Middlefield, Ohio 44062
14	Schmidt Properties – Speculative 31441 Lorain Rd, North Olmstead, Ohio 44070
15	Petit Auto Wash 2833 Eastern Road, Norton, Ohio 44203
16	Waste Management 7450 Oak Leaf Oval, Oakwood Village, Ohio 44146
17	Allega Construction 5146 Allega Way, Richfield, Ohio 44286
18	Fogg – Speculative 4852 Gray Lane, Stow, Ohio 44224
19	The Simplay3 Company 9450 Rosemont Drive, Streetsboro, Ohio 44241
20	CCL 17700 Foltz Parkway, Strongsville, Ohio 44149
21	Scannell – Speculative 21487 Royalton Road, Strongsville, Ohio 44149
22	Amazon 5585 Canal Road, Valley View, Ohio 44125
23	Precision Metal Products 5745 Canal Road, Valley View, Ohio 44125
24	NPI Audio Visual 8600 Sweet Valley Drive, Valley View, Ohio 44125
25	Soprema 310 Quadral Drive, Wadsworth, Ohio 44281

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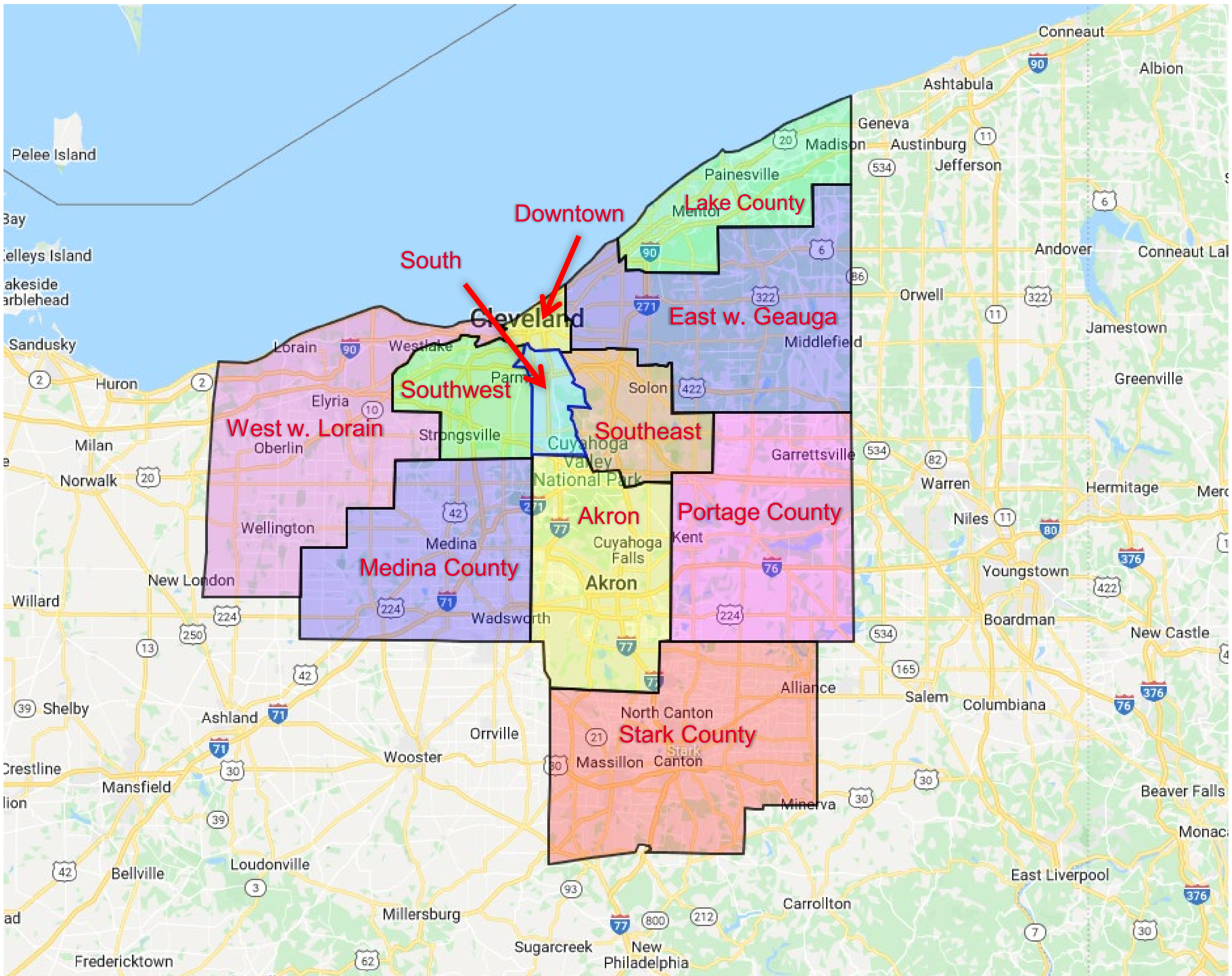
INDUSTRIAL SUBMARKETS



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