

|                                       | YoY Chg | 12-Mo. Forecast |
|---------------------------------------|---------|-----------------|
| <b>2.8%</b><br>Vacancy Rate           | ▲       | ▬               |
| <b>853K</b><br>YTD Net Absorption, SF | ▼       | ▬               |
| <b>\$5.88</b><br>Asking Rent, PSF     | ▲       | ▲               |

Direct, Net Asking Rent

### ECONOMIC INDICATORS Q2 2024

|  | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| <b>1.1M</b><br>Cleveland Employment        | ▲       | ▲               |
| <b>4.0%</b><br>Cleveland Unemployment Rate | ▲       | ▲               |
| <b>4.1%</b><br>U.S. Unemployment Rate      | ▲       | ▲               |

Source: BLS

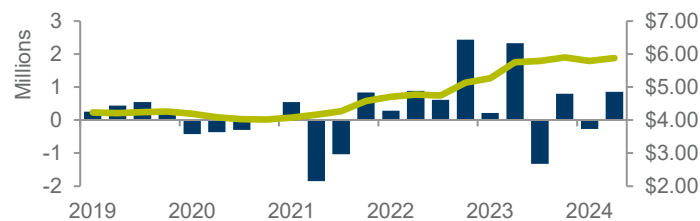
### ECONOMY: Consumer Spending Declining, Soft Residential and Commercial Construction Activity

Business activity in Cleveland has declined recently and is expected to remain flat in the months ahead primarily due to the uncertainty in the economy and the upcoming November presidential election. We anticipate many companies will be pressing pause and waiting until the end of year. The slowing demand was seen across all market sectors. Demand for manufactured goods softened, even in previously strong industry segments. Conversely, business service firms' activity remained strong, which some attribute to spending moving forward on previously delayed capital projects. Employment levels were flat in recent weeks, as many firms focused on hiring only critical staff. Wage and nonlabor costs increased moderately. Some construction, manufacturing, and retail companies have reported that equipment, raw materials, and commodities cost were generally leveling off.

### MARKET ACTIVITY: Positive Direct Absorption; Increasing Rental Rates

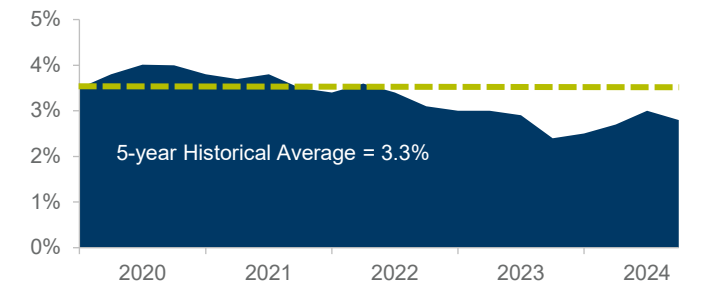
The overall vacancy rate decreased to 2.8% in Q2 2024, as the market recorded 1.1 million square feet (msf) of positive direct absorption, rebounding from negative absorption in the first quarter. Leasing activity for the second quarter totaled 1.6 msf, which is slower than usual. Only one new lease above 100,000 square feet was signed: a 240,000-square foot (sf) expansion by Integra Mission Critical at 1210 Massillon Road in Akron, which designs and delivers turnkey data centers. The market is expected to remain stagnant due to limited inventory and a lack of new speculative construction starts, which continue to hinder demand from local and regional tenants seeking to expand and backfill spaces. The direct weighted average net rental rate increased to \$5.88 (psf) from \$5.79 in the first quarter. Leasing deals are trending longer, between 5 to 10 years, with annual rental rate increases averaging 3% to 4%. A few notable leases included Lumitex relocating from Strongsville and leasing 50,545-sf at 6611 West Snowville Road in Brecksville, AMD Distribution Services leasing 48,200-sf at 6862 Engle Road in Middleburg Hts. and Pile Dynamics renewing and expanding a total of 18,000-sf at 6661 Cochran Road in Solon. User sales activity saw a significant rise in Q2 2024, with 61 deals totaling 2.2 msf. The most significant sale was A.R.E. – RealTruck.com's acquisition of a 608,737-sf building at 4676 Erie Avenue in Navarre. Of the user sales in the second quarter, 92% were under 50,000 sf, with an average size of 16,939 sf. Other notable sales included 1972 Akron Peninsula Road in Akron, a 117,800-sf manufacturing building sold for \$2.78 million, 755 Alpha Drive in Highland Heights, a 65,147-sf industrial building purchased by ParkPlace Technologies as part of a larger campus development and 6441 David Industrial Parkway in Solon, a 42,000-sf industrial building purchased by IC Automation for \$3.25 million. There are 18 new construction projects currently underway, totaling 3.8 msf, with the largest project being the 2.3 msf expansion at the Avon Lake Ford plant. Other projects currently include 248,000 sf with Cardinal Health in Walton Hills, 200,000 sf with Swagelok in Solon, 180,000 sf with Viega in Shalersville and 100,000 sf with Lake Shore Electric in Bedford.

### NET ABSORPTION / DIRECTASKING RENT



Net Absorption, SF Asking Rent, \$ PSF

### OVERALL VACANCY RATE



## Industrial Q2 2024

### 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                | 1,593         | 51,407,375         | 501,260                 | 282,072                      | 4.4%                 | -442,797                       | -442,797                        | 0                       | 0                                 | \$4.76                                    |
| East                    | 1,106         | 44,013,733         | 206,528                 | 806,189                      | 2.4%                 | -254,735                       | -80,735                         | 0                       | 0                                 | \$5.81                                    |
| Lake County             | 1,504         | 46,324,919         | 206,520                 | 951,054                      | 2.1%                 | 76,735                         | 56,735                          | 0                       | 160,591                           | \$5.56                                    |
| South                   | 675           | 31,480,031         | 399,501                 | 26,300                       | 3.7%                 | -289,173                       | -341,863                        | 0                       | 48,150                            | \$7.00                                    |
| Southeast               | 1,643         | 84,337,623         | 998,643                 | 648,635                      | 3.4%                 | 958,410                        | 988,223                         | 608,000                 | 70,000                            | \$5.96                                    |
| Southwest               | 1,258         | 55,321,857         | 452,929                 | 242,638                      | 2.2%                 | 280,925                        | 283,125                         | 0                       | 43,000                            | \$6.32                                    |
| West                    | 1,325         | 51,035,126         | 321,581                 | 534,911                      | 1.4%                 | -30,614                        | -18,074                         | 2,574,056               | 143,580                           | \$6.88                                    |
| Akron                   | 2,101         | 72,243,123         | 1,967,718               | 775,829                      | 2.5%                 | 25,067                         | -19,858                         | 100,000                 | 0                                 | \$6.08                                    |
| Medina County           | 651           | 23,925,436         | 24,211                  | 360,747                      | 2.7%                 | 61,360                         | 61,360                          | 81,180                  | 22,400                            | \$6.12                                    |
| Portage County          | 455           | 13,795,139         | 67,006                  | 65,676                       | 9.1%                 | 370,511                        | 370,511                         | 180,000                 | 238,750                           | \$5.52                                    |
| Stark County            | 1,402         | 53,333,967         | 44,864                  | 860,811                      | 1.5%                 | -3,075                         | -3,075                          | 309,042                 | 0                                 | \$4.96                                    |
| <b>CLEVELAND TOTALS</b> | <b>13,713</b> | <b>527,218,329</b> | <b>5,190,761</b>        | <b>5,554,862</b>             | <b>2.8%</b>          | <b>752,614</b>                 | <b>853,552</b>                  | <b>3,852,278</b>        | <b>726,471</b>                    | <b>\$5.88</b>                             |

\*Rental rates reflect weighted net asking \$psf/year

### KEY LEASE TRANSACTIONS Q2 2024

| PROPERTY                 | SUBMARKET | TENANT                   | SF      | TYPE      |
|--------------------------|-----------|--------------------------|---------|-----------|
| 1210 Massillon Road      | Akron     | Integra Mission Critical | 240,000 | Warehouse |
| 3960 Summit Road         | Akron     | Undisclosed Tenant       | 99,832  | Warehouse |
| 30700 Aurora Road        | Southeast | Bastille Networks        | 81,061  | Warehouse |
| 5369 Hudson Drive        | Akron     | Arlington Valley Farms   | 65,000  | Warehouse |
| 5100-5170 Naiman Parkway | Southeast | Mattress Firm            | 54,140  | Warehouse |

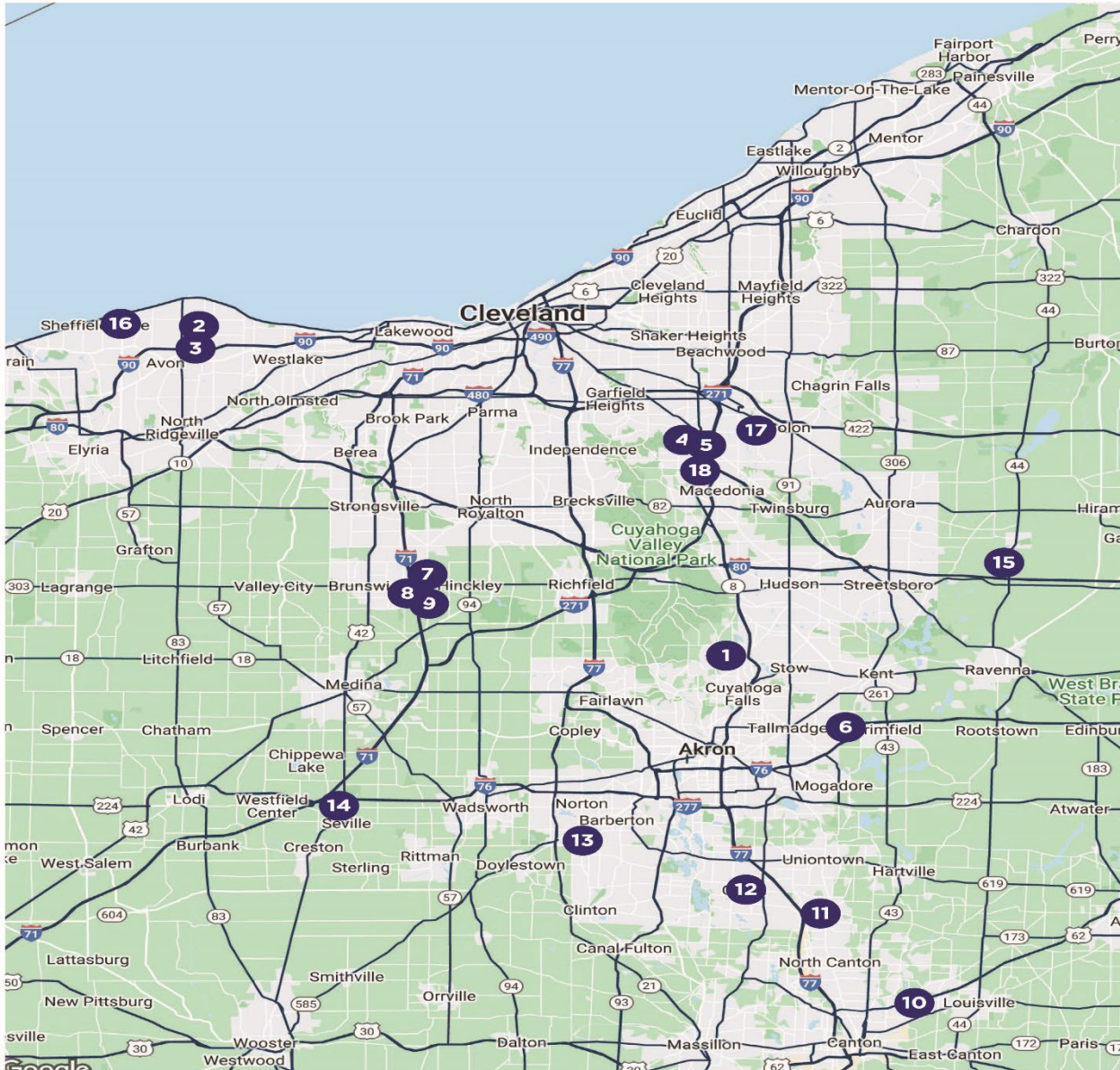
### KEY SALES TRANSACTIONS Q2 2024

| PROPERTY                       | SUBMARKET     | SELLER / BUYER  | SF                             | PRICE / \$ PSF         |
|--------------------------------|---------------|---|--------------------------------|------------------------|
| 4676 Erie Avenue SW            | Stark County  | GOJO Industries, Inc. / A.R.E. – RealTruck.com            | 608,737                        | \$25.08M / \$41.19 PSF |
| 7501 Performance Lane          | West          | LCN Capital Partners / Royal Oak Realty Trust             | 347,205                        | \$36.5M / \$105.13 PSF |
| 1000 Seville Road              | Medina County | Victory Partners Equities, LLC / KPZ Holdings, LLC        | 220,335                        | \$22.9M / \$103.93 PSF |
| 30725 Solon Industrial Parkway | Southeast     | InterDesign, Inc. / Reuven Dessler                        | 199,146                        | \$10.95M / \$55.00 PSF |
| 33210-33250 Lakeland Boulevard | Lake County   | Consolo Holdings & Soeder Family / Factory Street Capital | 180,304 (3 property portfolio) | \$6.7M / \$37.16 PSF   |

### KEY CONSTRUCTION COMPLETIONS Q2 2024

| PROPERTY              | SUBMARKET | MAJOR TENANT     | SF      | OWNER/DEVELOPER          |
|-----------------------|-----------|------------------|---------|--------------------------|
| 33625 Pin Oak Parkway | West      | All Pro Freight  | 100,000 | Freeman Building Systems |
| 32950 Pin Oak Parkway | West      | Cutting Dynamics | 36,720  | Star Builders            |

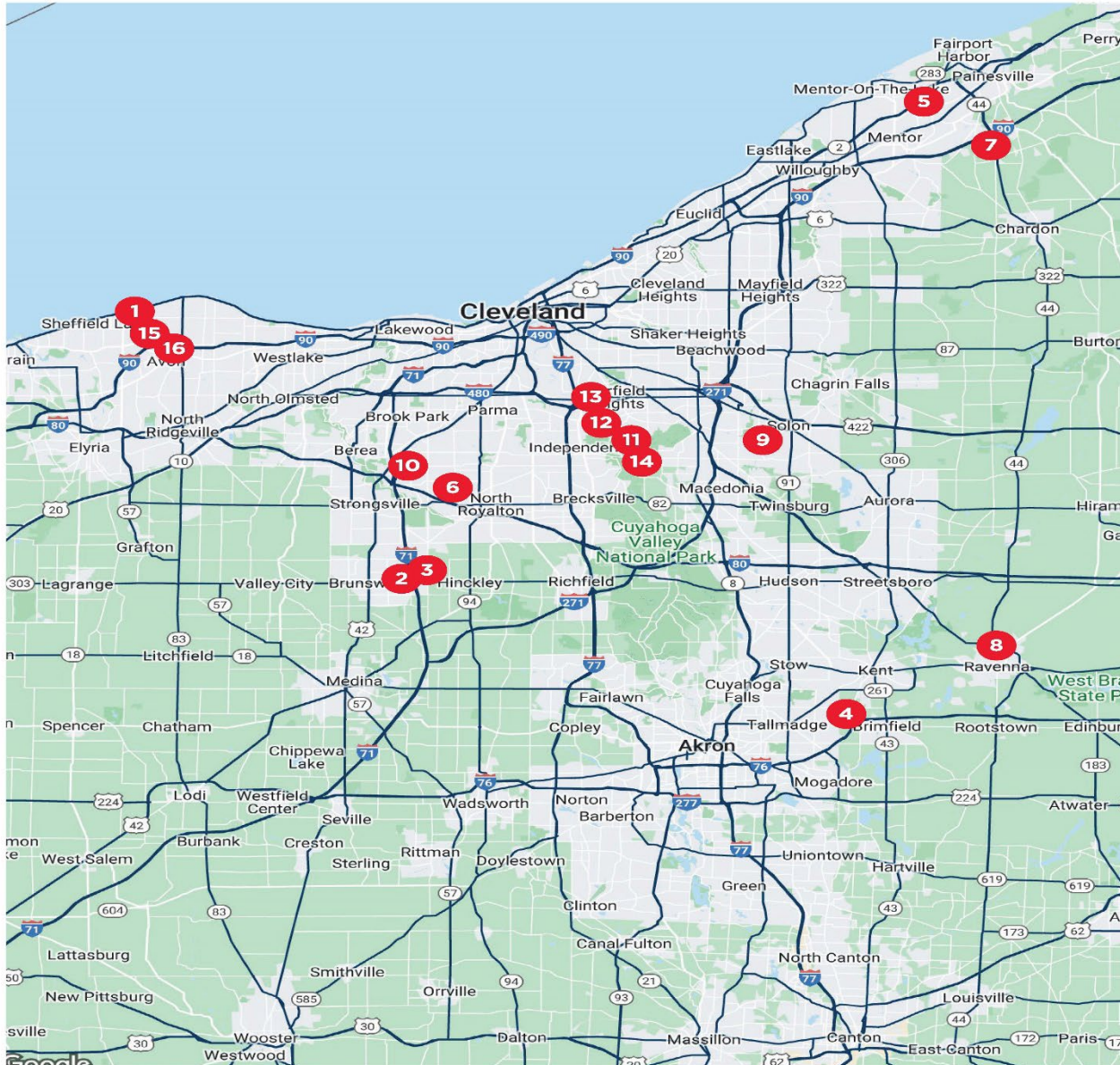
UNDER CONSTRUCTION 2024



|    |   |
|----|---|
| 1  | Greater Akron Humane Society<br>222 Cochran Road, Akron, Ohio                       |
| 2  | Advanced Polymer Coatings<br>951 Jaycox Road, Avon, Ohio                            |
| 3  | Piston Automotive<br>Avon Commerce Parkway, Avon, Ohio                              |
| 4  | Cleveland Tank & Supply<br>200 Hemisphere Way, Bedford, Ohio                        |
| 5  | Lake Shore Electric<br>200 Hemisphere Way, Bedford, Ohio                            |
| 6  | Kenda Tire<br>Maple Crest Parkway, Brimfield, Ohio                                  |
| 7  | Ronlen Industries<br>1144 Forest Edge Parkway, Brunswick, Ohio                      |
| 8  | Sunbelt Rentals<br>2887 Westway Drive, Brunswick, Ohio                              |
| 9  | Yost Foods<br>2795 Westway Drive, Brunswick, Ohio                                   |
| 10 | Ohio Auto Warehouse<br>3535 Lesh Street NE, Canton, Ohio                            |
| 11 | Sonoco Products Company<br>Aultman Road, Canton, Ohio                               |
| 12 | Goodman HVAC<br>Green, Ohio   |
| 13 | <b>Speculative Craned Building</b><br>5205 S Cleveland Massillon Road, Norton, Ohio |
| 14 | Superior Diesel, Inc.<br>220 W. Greenwich Road, Seville, Ohio                       |
| 15 | Viega<br>9713 SR 44, Shalersville, Ohio   |
| 16 | Ford Motor Company<br>799 Abbe Road N, Sheffield Village, Ohio                      |
| 17 | Swagelok<br>29500 Solon Road, Solon, Ohio   |
| 18 | Cardinal Health<br>7845 Northfield Road, Walton Hills, Ohio                         |

= Speculative Buildings

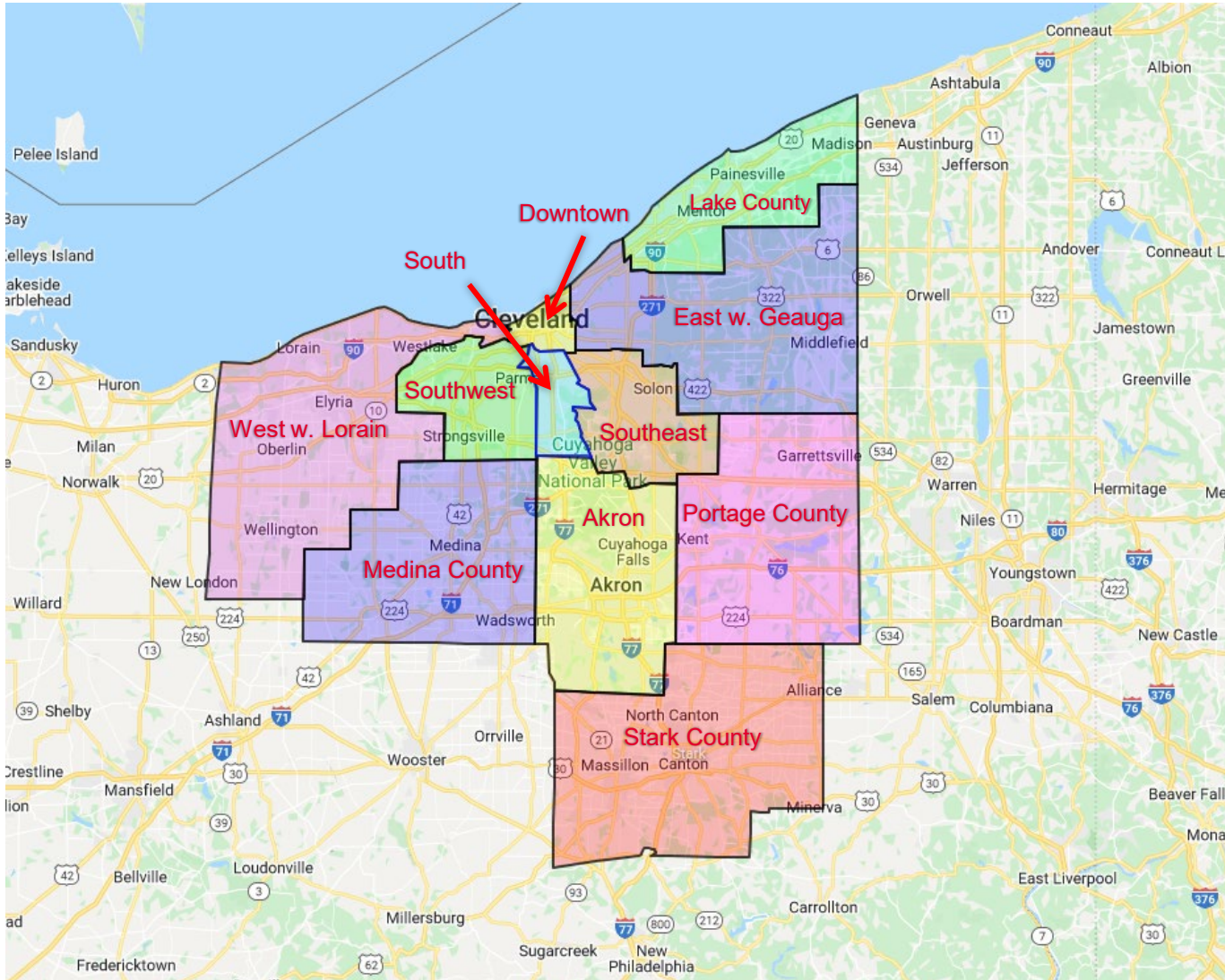
## CONSTRUCTION COMPLETIONS 2024



|    |  |
|----|--|
| 1  | Randall's Team Shop<br>33710 Walker Road, Avon Lake, Ohio                  |
| 2  | All Construction Services<br>Industrial Parkway N, Brunswick, Ohio         |
| 3  | Brunswick Auto Mart<br>1060 West 130 <sup>th</sup> Street, Brunswick, Ohio |
| 4  | DermaMed Coatings Company<br>271 Progress Boulevard, Kent, Ohio            |
| 5  | MUM Industries<br>9115 Tyler Boulevard, Mentor, Ohio                       |
| 6  | Veterans Fence Company<br>12020 York Road, North Royalton, Ohio            |
| 7  | Steven Douglas Corporation<br>7750 Discovery Lane, Painesville, Ohio       |
| 8  | LG Chem<br>6800 North Chestnut Street, Ravenna, Ohio                       |
| 9  | MP Biomedicals<br>29525 Fountain Parkway, Solon, Ohio                      |
| 10 | Herzog Automation<br>8245 Dow Circle, Strongsville, Ohio                   |
| 11 | Mr. Rooter<br>515 Hub Parkway, Valley View, Ohio                           |
| 12 | MSI<br>9501 Allen Drive, Valley View, Ohio                                 |
| 13 | Premier Truck<br>7420 Exchange Street, Valley View, Ohio                   |
| 14 | Rustbelt Development<br>7575 Hub Parkway, Valley View, Ohio                |
| 15 | All Pro Freight<br>33625 Pin Oak Parkway, Avon Lake, Ohio                  |
| 16 | Cutting Dynamics<br>32950 Pin Oak Parkway, Avon Lake, Ohio                 |

= Speculative Buildings

## INDUSTRIAL SUBMARKETS



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