

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11.0% Vacancy Rate	▲	▲
198,201 YTD Net Absorption, SF	▲	▲
\$19.44 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	■	■

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.07M Cleveland Employment	▲	▲
4.1% Cleveland Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: U.S. FEDERAL RESERVE RATE CUT

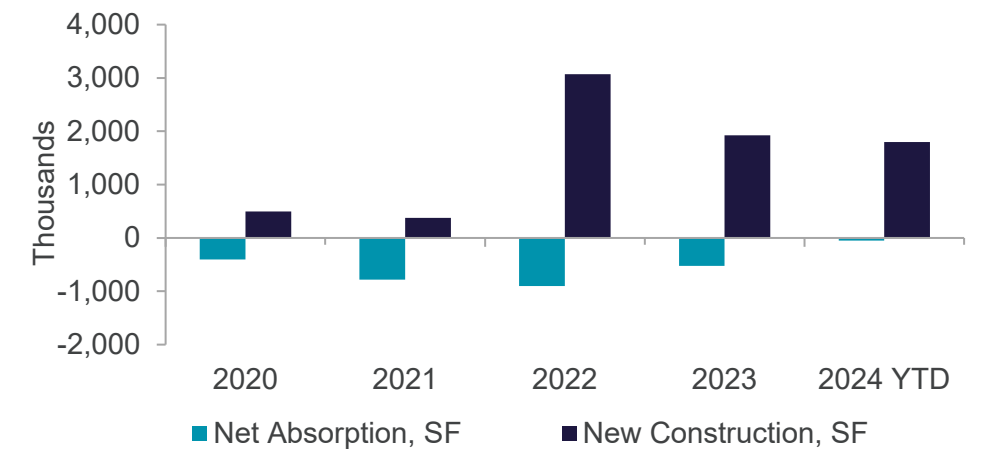
The recent Federal Reserve 50 basis point rate cut has injected some energy into the investment real estate market, prompting buyers to reconsider acquisitions they had previously postponed. Nonetheless, lenders remain cautious, particularly regarding older office properties. High renovation costs and outdated common areas have made it challenging for these properties, especially those suitable for conversion, to attract the limited pool of buyers interested in low moderate risk opportunities in the rust belt.

MARKET ACTIVITY: CBD RETAINS BIG NAME TENANTS

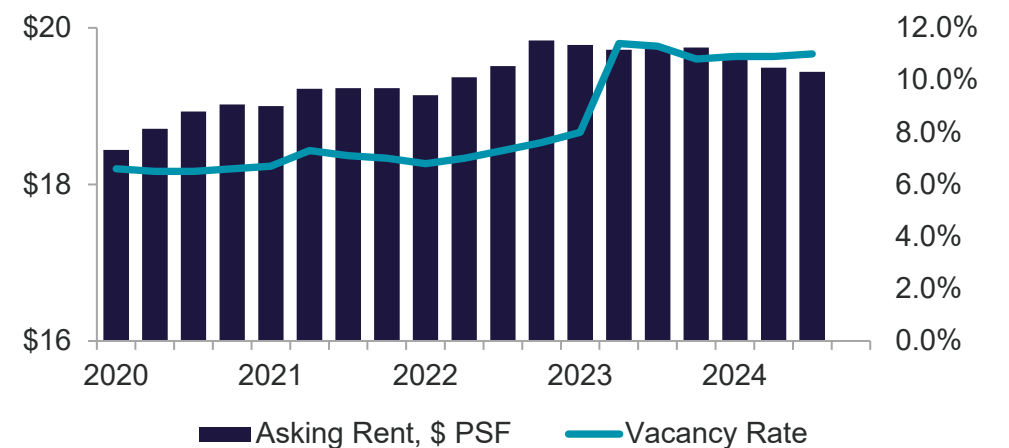
The overall Cleveland office market remained sluggish in q3 2024 with total leasing activity, absorption rates and vacancy rates indicating an oversupply compared to demand. This trend is most prominent in the Central Business District (CBD), the largest submarket for office space in Cleveland. However, there are signs of stability, highlighted by Cohen & Company securing the naming rights for the former US Bank Centre at 1350 Euclid Avenue, reaffirming their commitment to downtown. Additionally, Cleveland-Cliffs has renewed its lease at 200 Public Square for another 10 years. Sherwin-Williams Co. has recently announced the delay on the move to their new corporate headquarters building. The multi-phase move-in will occur in 2025 vs. late 2024 as expected. These moves by major Cleveland firms may help alleviate concerns among other CBD tenants about a potential decline in the downtown market.

In the suburbs, particularly Westlake and Beachwood, the office market has maintained a more balanced supply and demand. We expect asking rates in these areas to rise, as no new supply is anticipated in the near future, further solidifying their appeal in the current market landscape. The South submarket (Rockside Road) is experiencing higher-than-typical vacancy rates, with higher vacancy rates at Class A buildings as compared to other submarkets in the northeast Ohio area.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	24,088,465	232,313	2,595,131	11.7%	171,788	-43,045	94,246	1,003,000	\$20.51	\$21.15
Akron	13,253,396	178,448	961,393	8.6%	27,530	236,404	172,038	-	\$19.67	\$22.27
Chagrin, East & Lander	8,110,421	20,361	906,271	11.4%	39,767	-11,643	203,312	23,846	\$21.40	\$22.67
Stark County	6,179,120	6,024	717,114	11.7%	28,951	20,359	45,425	-	\$14.80	\$23.61
Rockside & South	6,905,591	112,892	1,352,443	21.2%	-31,214	6,104	134,865	600,000	\$19.73	\$22.99
West	6,155,886	34,713	545,715	9.4%	-83,464	-12,731	97,921	-	\$18.03	\$19.42
Southwest	5,018,157	13,076	665,956	13.5%	53,786	6,647	41,079	17,600	\$15.81	\$33.19
Northeast & Lake County	3,890,500	5,652	303,608	7.9%	-45,658	-132,821	88,722	-	\$17.73	\$30.89
Midtown	4,039,447	-	322,157	8.0%	-122,743	-114,826	26,440	-	\$21.65	\$27.37
Lorain County	2,445,796	-	66,489	2.7%	-11,577	5,821	15,310	-	\$22.59	-
Fairlawn & Montrose	2,987,716	45,372	302,743	11.7%	-28,393	-24,122	40,799	-	\$20.38	\$21.74
Portage & Geauga	2,074,218	-	100,164	4.8%	1,521	12,495	7,478	135,645	\$16.38	-
Southeast	1,880,379	53,690	139,490	10.3%	13,495	2,147	46,694	-	\$18.19	\$21.21
Medina County	1,562,746	-	47,887	3.1%	-9,978	2,412	27,265	20,000	\$20.74	-
CLEVELAND TOTALS	88,591,838	702,541	9,026,561	11.0%	3,811	198,201	1,042,126	1,800,091	\$19.44	\$21.57

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

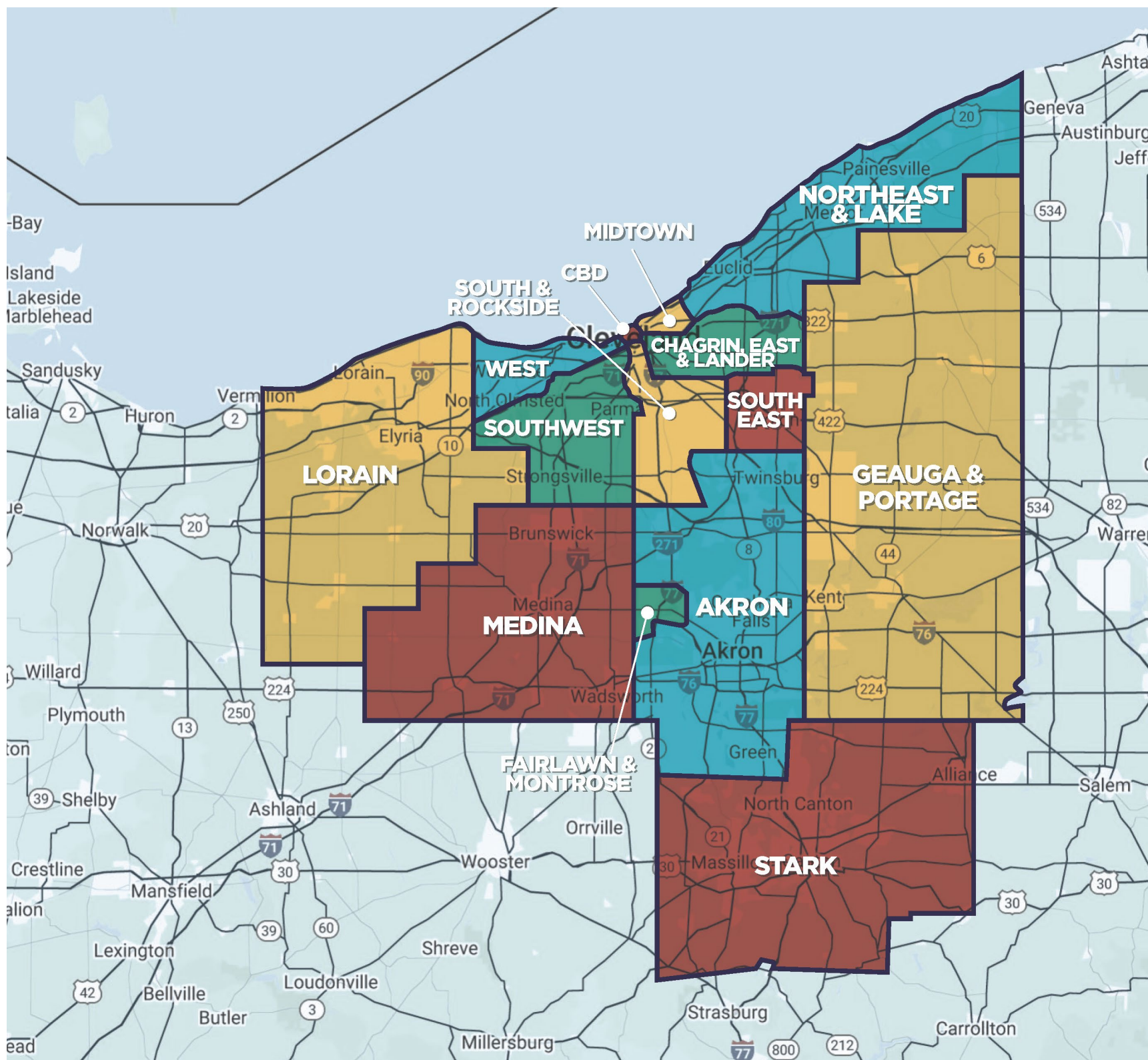
PROPERTY	SUBMARKET	TENANT	SF	TYPE
10991 Memphis Avenue	Southwest	Step Forward	42,776	New Lease
2205 Crocker Road	West	CommuteAir	30,010	New Lease
6085 Parkland Boulevard	Chagrin, East & Lander	Current Lighting	29,041	New Lease
26301 Curtiss-Wright Parkway	Northeast & Lake County	Tranzonic Companies	22,215	Renewal/Expansion*
1001 Lakeside Avenue	CBD	Mansour Gavin LPA	19,754	Renewal*

*Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
6120 Parkland Boulevard	Chagrin, East & Lander	Parkland Professional/Snow & Chevy Properties	34,426	\$1.6M/ \$46.47
12550 Euclid Avenue	Northeast & Lake County	CCLRC East Cleveland LLC/ Verdnyt Bio	26,400	\$1.0M / \$37.88
1776 East 17 th Street	CBD	R&R Cleveland Property/ Playhouse Square	15,817	\$1.85M / \$116.96
2930 Euclid Avenue	CBD	Robert Madison International/ 2930 Euclid LLC	15,000	\$400,000 / \$26.67
6145 Park Square Drive	Lorain County	Park Square Lorain Holdings/ SLAMM LLC	8,246	\$750,000 / \$90.95

OFFICE SUBMARKETS



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