

FIGURES | CLEVELAND INDUSTRIAL | Q1 2024

# Heavy leasing and stable vacancy rate propel Cleveland market into 2024

► 3.0%

Vacancy Rate

▼ (173,066)

SF Net Absorption

▲ 1.4M

SF Construction

▼ \$5.76

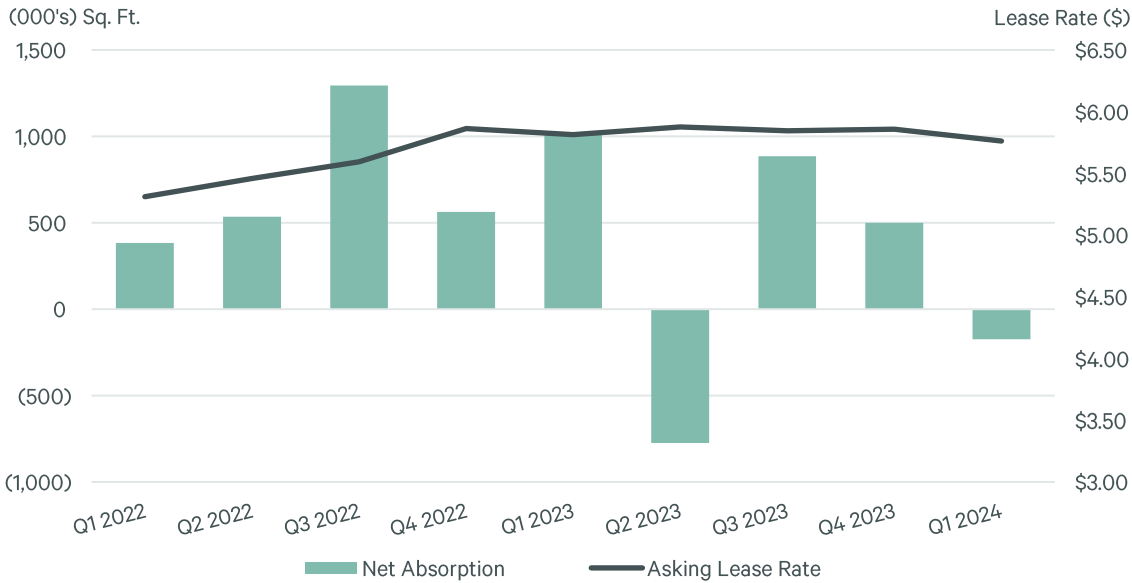
NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

Summary

- There was 1,653,112 sq. ft. of leasing activity in Q1 2024, an increase from 1,146,279 sq. ft. in Q4 2023. Compared to Q1 2023, leasing activity rose 65.1%.
- Cleveland saw (173,066) sq. ft. of negative net absorption, due to multiple move-outs in concentrated in the Southeast and Northeast submarkets. The vacancy rate remained steady at 3.0%.
- Average asking lease rates dipped slightly to \$5.76, previously \$5.86 in Q4 2023. Average asking lease rates for Manufacturing, R&D Flex, and Warehouse/Distribution properties sit at \$5.54, \$8.24, and \$5.61, respectively.
- A notable sale of the quarter was the \$9.0M purchase of 799 E 73<sup>rd</sup> St. in Cleveland. The 445,682 sq. ft. industrial building was sold to Brait Capital.
- Construction began for the 180,000 sq. ft. metal production facility in Turnpike Commerce Center. Viega, a German plumping parts manufacturer broke ground in February for their \$200 million facility. The facility is expected to be complete in 2025.

FIGURE 1: Historical Net Absorption vs. Asking Lease Rates



Source: CBRE Research, Q1 2024

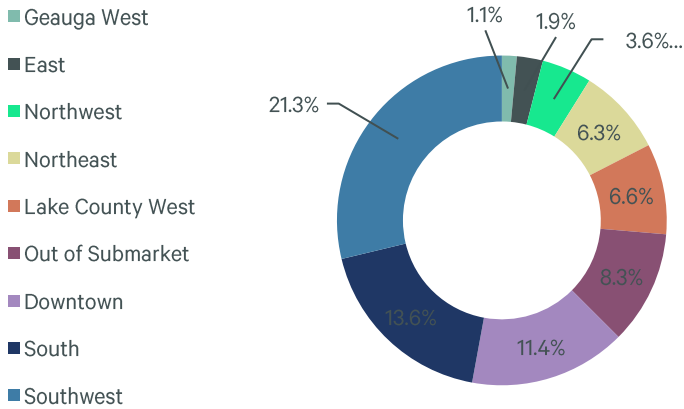
## Market Stats

Cleveland's vacancy rate sits at 3.0% in Q1 2024. The Northwest submarket housed the lowest vacancy rate, at 0.8%, and has held the lowest vacancy rate for the past 5 consecutive quarters.

The market holds 12,379,376 sq. ft. of available space, with over 26.0% being in the Southeast submarket.

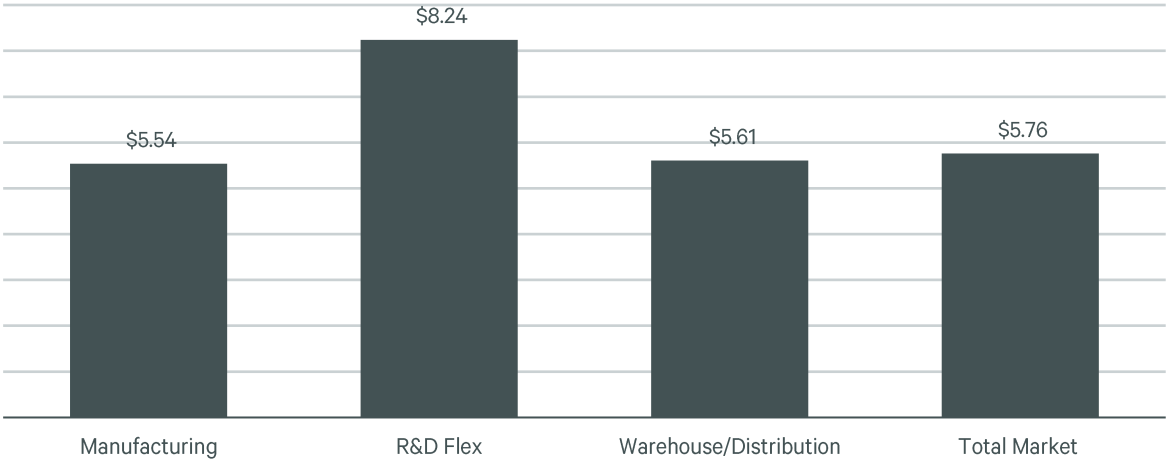
Class A average asking rates for warehouse/distribution sit at \$6.13 while total market rates for overall product are \$5.61.

FIGURE 2: Total Available Space by Submarket



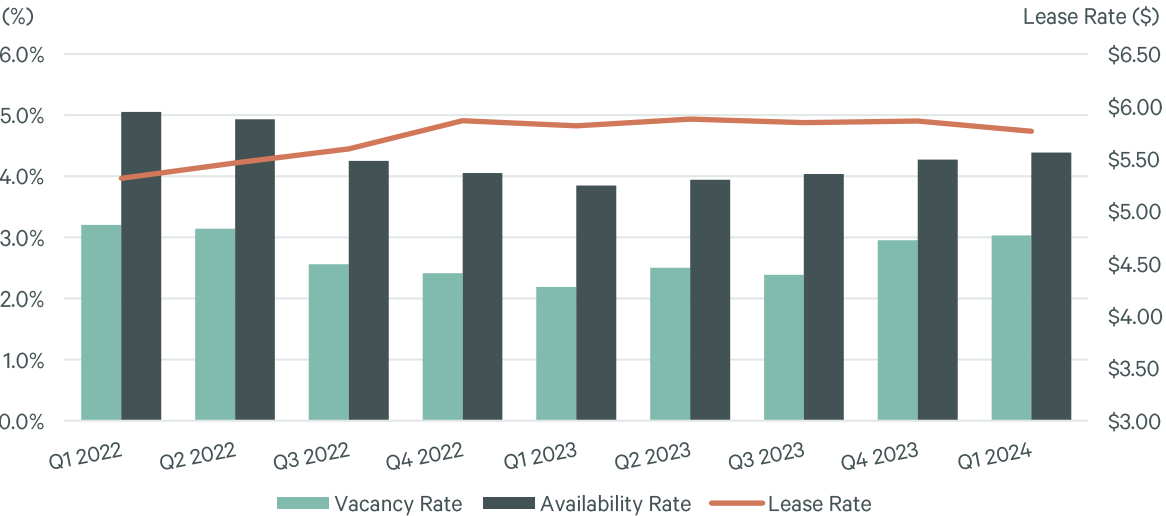
Source: CBRE Research, Q1 2024

FIGURE 3: Average Lease Rates by Property Type



Source: CBRE Research, Q1 2024

FIGURE 4: Vacancy, Availability, and Direct Asking Lease Rates



Source: CBRE Research, Q1 2024

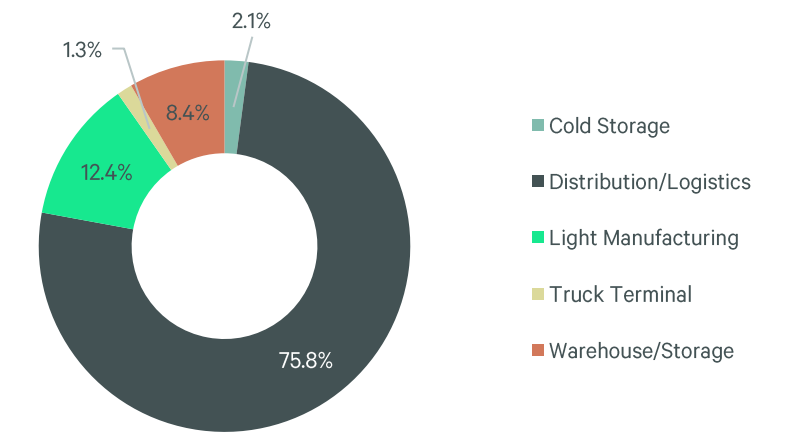
## Construction

A large construction completion of the quarter was the 130,000 sq. ft. K&M Tire built-to-suit warehouse located in Aurora.

Cleveland has seen more warehouse/distribution deliveries than any other property type since Q1 2020. Over 75.8% of construction completions were warehouse/distribution.

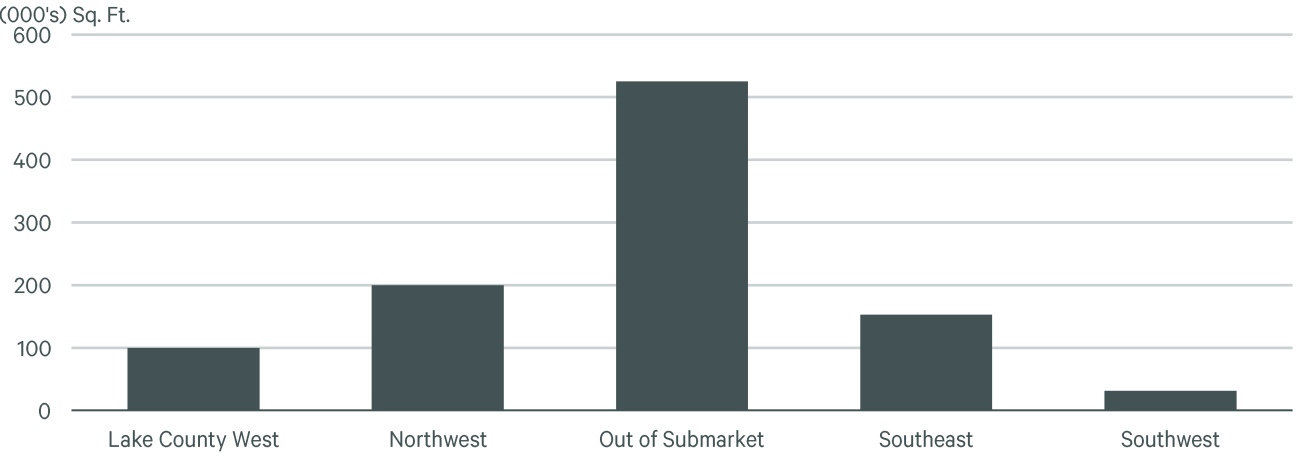
Two spec completions of Q4 2023 and Q3 2023 remained unleased through Q1 2024. Turnpike Commerce Center and 7845 Northfield Road hold 1,021,980 sq. ft. and 248,000 sq. ft. of vacant available space, respectively. There are currently no spec buildings under construction in the Cleveland market.

FIGURE 5: Historical Construction Completions by Property Type (Q1 2020 – Q1 2024)



Source: CBRE Research, Q4 2023

FIGURE 6: Future Construction Completions



Source: CBRE Research, Q1 2024

FIGURE 7: Completed Construction

Property	Building SF	Address	BTS/Spec	Submarket
K&M Tire	130,000	121 Francis D Kenneth Dr	BTS	Southeast
ECS Tuning	100,000	1000 Seville Rd	BTS	Out of Submarket
Serpentini Collision Center	50,000	6679 Engle Rd	BTS	Southwest

Source: CBRE Research, Q1 2024

## Leasing and Sales Activity

Q1 2024 saw high leasing activity with 1,653,112 sq. ft. of leases signed. Distribution/logistics properties saw the most of this activity at 50.0%.

Brait Capital purchased 13000 Athens Ave. in Q1 2024 for \$13.25 million. The 559,093 sq. ft. building is located in the Northwest submarket.

Another notable sale of the quarter was that 8685 Independence Pkwy. in the Southeast submarket. Kokot Realty Enterprises purchased the 248,000 sq. ft. building for \$22.9 million.

Swagelok announced a 200,000 sq. ft. expansion to their Solon campus. The distribution facility will be constructed by Independence Construction.

A new manufacturing plant is planned for Dover, Ohio. Schaeffler, a German parts supplier, announced construction will begin in 2024 for a \$230 million electric vehicle components factory. Phase one, 130,000 sq. ft, is planned to be completed in Q3 2025.

FIGURE 8: Notable Sales Transactions

Buyer	Size (SF)	Address	Submarket	Sale Price
Brait Capital	559,093	13000 Athens Ave	Northwest	\$13,250,000
Kokot Realty Enterprises	248,000	8685 Independence Pkwy	Southeast	\$22,900,000
Mytee Products	302,368	30701 Carter St	Southeast	\$11,520,000
Brait Capital	445,682	799 E 73 <sup>rd</sup> St	Downtown	\$9,000,000
YTL International	134,400	29100 Lakeland Blvd	Lake County West	\$4,550,000

FIGURE 9: Notable Lease Transactions

Tenant	Size (SF)	Address	Submarket	Lease Transaction Type
HD Supply Facilities Maintenance	140,639	30311 Emerald Pkwy	Southeast	Renewal
JTC Installations	75,000	7635 Hub Pkwy	South	Renewal
H B Fuller Co.	51,402	17000 Rockside Rd	South	New Lease
Motion Industries	50,000	5755 Grant Ave	South	New Lease
1800 PackRat	40,498	5565 5575 Venture Dr	Southwest	New Lease

Source: CBRE Research, Q1 2024

FIGURE 10: Market Statistics

Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Availability Rate (%)	Q1 2024 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)	Under Construction (Sq. Ft.)
Downtown	44,474,767	2.4%	3.2%	(76,738)	\$5.14	-
East	6,285,747	2.1%	3.7%	(5,613)	\$8.36	-
Geauga West	2,129,114	3.1%	6.3%	(24,880)	\$6.01	-
Lake County West	26,586,962	2.6%	3.1%	(12,790)	\$5.30	100,000
Northeast	26,808,005	2.1%	2.9%	(17,424)	\$5.96	434,000
Northwest	32,948,611	0.8%	1.4%	12,000	\$6.25	200,000
South	36,113,206	1.9%	4.7%	8,579	\$6.29	-
Southeast	57,937,973	4.2%	5.5%	(213,054)	\$5.62	678,000
Southwest	47,349,913	2.5%	5.6%	156,854	\$5.78	31,200
Total Market	282,206,390	3.0%	4.4%	(173,066)	\$5.76	1,443,200

Property Type	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Availability Rate (%)	Q1 2024 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)	Under Construction (Sq. Ft.)
Warehouse/ Distribution	140,386,357	4.53%	6.61%	(164,984)	\$5.61	908,200
Modern Bulk*	17,655,003	9.10%	10.61%	109,186	\$7.56	-
Manufacturing	122,214,830	1.43%	2.02%	(3,566)	\$5.54	535,000
R&D/Flex	19,605,203	2.24%	3.21%	(4,516)	\$8.24	-
Total Market	282,206,390	3.0%	4.4%	(173,066)	\$5.76	1,443,200

\*Modern Bulk is defined as Warehouse/Distribution properties built after 1999, sized 100,000 sq. ft. and above, and a clear height of 24' and above.

Source: CBRE Research, Q1 2024

FIGURE 11: Warehouse/Distribution Market Statistics

Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Q1 2024 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)
Downtown	24,364,214	1.54%	(136,038)	\$4.37
East	2,833,651	1.88%	3,987	\$6.21
Geauga West	926,688	5.91%	(24,880)	\$6.49
Lake County West	9,017,898	5.22%	(23,000)	\$5.51
Northeast	9,715,559	3.10%	(10,424)	\$7.25
Northwest	11,121,661	0.71%	12,000	\$6.08
South	19,527,249	2.72%	5,807	\$5.98
Southeast	38,628,450	5.59%	(157,890)	\$5.33
Southwest	22,678,895	3.81%	165,454	\$5.83
Total Market	140,386,357	4.53%	(164,984)	\$5.61

FIGURE 12: Manufacturing Market Statistics

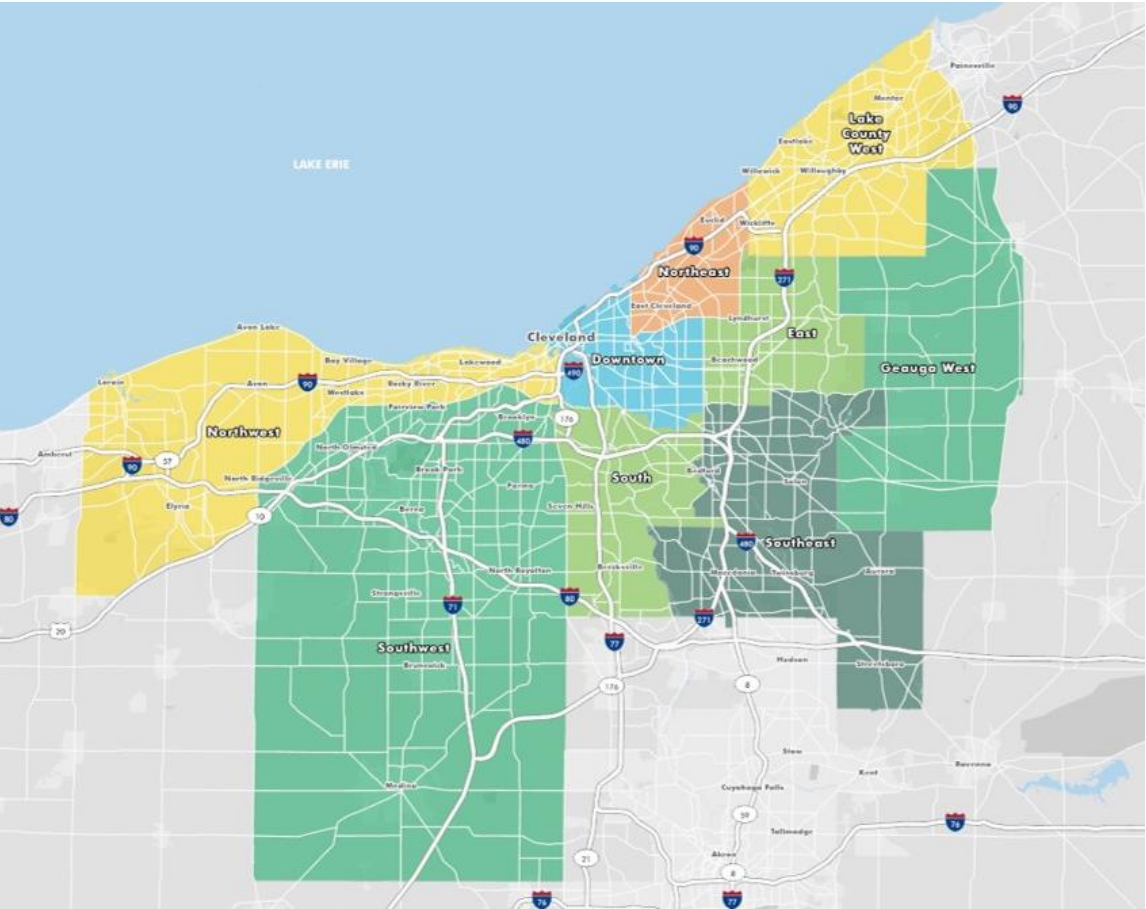
Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Q1 2024 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)
Downtown	18,473,711	3.82%	59,300	\$5.61
East	1,662,652	0.00%	0	\$10.00
Geauga West	922,794	1.30%	0	\$5.59
Lake County West	14,762,271	1.32%	0	\$5.15
Northeast	16,700,901	1.61%	(7,000)	\$2.95
Northwest	20,758,625	0.81%	0	\$5.81
South	12,509,316	0.47%	(2,586)	\$6.56
Southeast	14,381,354	0.87%	(42,480)	\$7.89
Southwest	22,043,206	0.97%	(10,800)	\$4.89
Total Market	122,214,830	1.43%	(3,566)	\$5.54

Source: CBRE Research, Q1 2023/4

FIGURE 13: R&D/Flex Market Statistics

Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Q1 2024 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)
Downtown	1,636,842	0.00%	0	\$5.55
East	1,789,444	4.54%	(9,600)	\$9.60
Geauga West	279,632	0.00%	0	\$5.92
Lake County West	2,806,793	1.18%	10,210	\$12.00
Northeast	391,545	0.00%	0	\$5.50
Northwest	1,068,325	0.23%	0	\$12.00
South	4,076,641	2.29%	5,358	\$8.40
Southeast	4,928,169	2.97%	(12,684)	\$7.31
Southwest	2,627,812	3.16%	2,200	\$8.31
Total Market	19,605,203	2.24%	(4,516)	\$8.24

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Industrial buildings 10,000 sq. ft. or greater.

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