

FIGURES | CLEVELAND INDUSTRIAL | Q4 2023

Cleveland industrial ends 2023 with positive net absorption

▲ 3.1%
Vacancy Rate

▼ 248,795
SF Net Absorption

▼ 1.1M
SF Construction

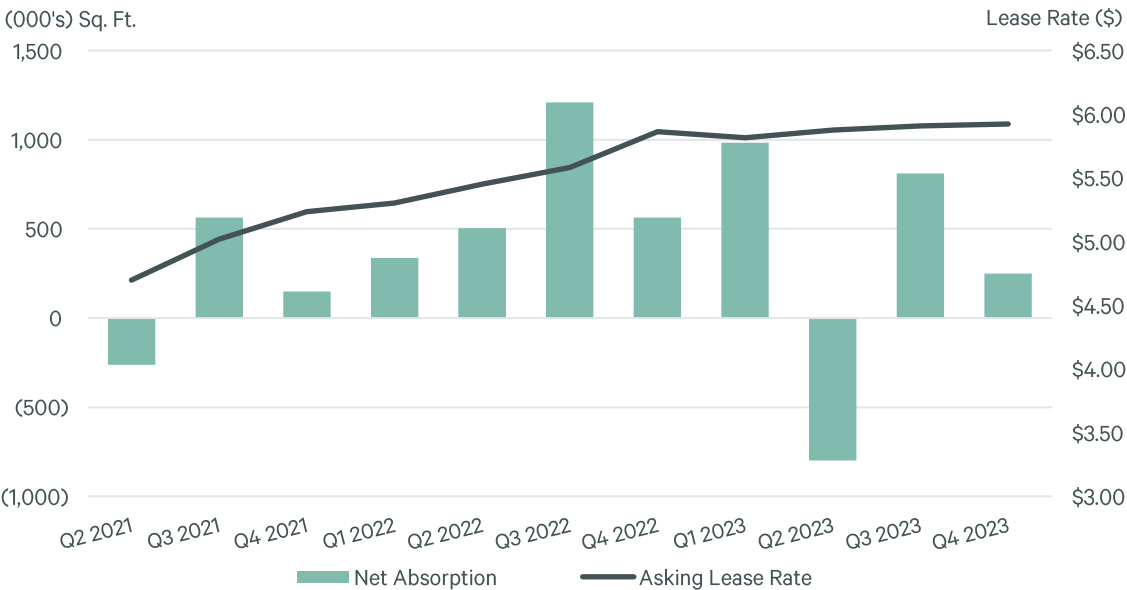
▲ \$5.92
NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

Summary

- Cleveland saw 248,795 sq. ft. of positive net absorption, combined with 789,035 sq. ft of leasing activity. 47% of leasing activity occurred in Class A product, whereas Class B saw 20% of the activity. The Southwest submarket saw the highest amount of activity with 31% of all leasing activity. This was largely due to the 170,895 sq. ft. lease by Supply Side at 1000 Keystone Pkwy.
- The vacancy rate increased slightly to 3.1% due to the completion of 4 Spec buildings which total 1,888,092 sq. ft. The completed spec buildings are the last spec buildings in Cleveland's construction pipeline.
- Average asking lease rates increased slightly to \$5.92, previously \$5.91 in Q2 2023. Average asking lease rates for Manufacturing, R&D Flex, and Warehouse/Distribution properties sit at \$5.74, \$9.16, and \$5.85, respectively.
- A notable sale of the quarter was the \$7.4M purchase of 823-825 Leona St. in Elyria. The 103,000 sq. ft. industrial building was sold to Murphy Real Estate Services. It is fully leased by Great Lakes Honda West and Alexis Exhibits.

FIGURE 1: Historical Net Absorption vs. Asking Lease Rates



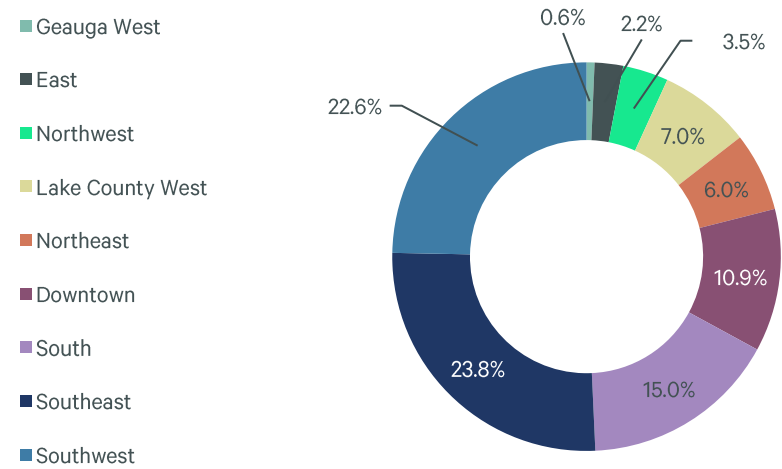
Source: CBRE Research, Q4 2023

Market Stats

Cleveland's vacancy rate sits at 3.1% in Q4 2023. The Northwest submarket housed the lowest vacancy rate, at 0.8%.

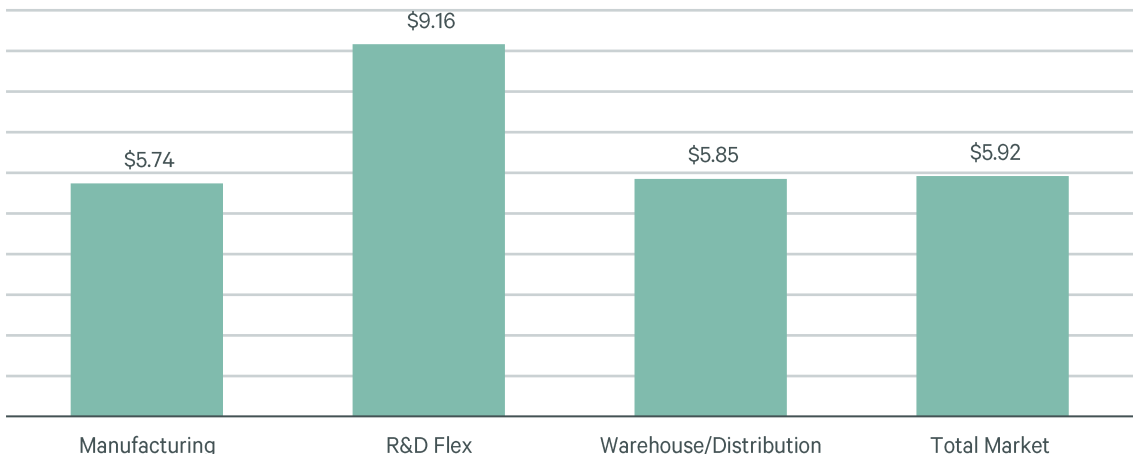
The market holds 12,167,468 sq. ft. of available space, with over 23% being in the Southeast submarket.

FIGURE 2: Total Available Space by Submarket



Source: CBRE Research, Q4 2023

FIGURE 3: Average Lease Rates by Property Type



Source: CBRE Research, Q4 2023

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



Source: CBRE Research, Q4 2023

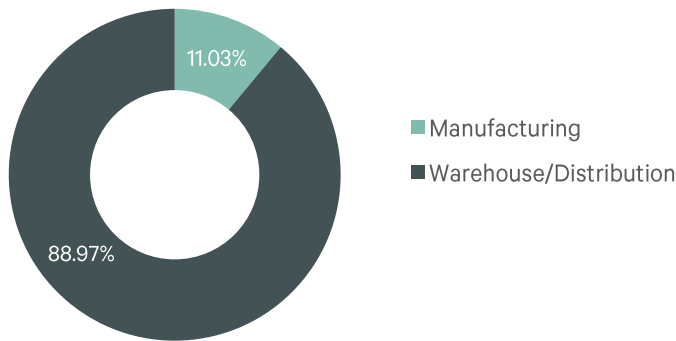
Construction

A large construction completion of the quarter was the 1,021,980 sq. ft. speculative distribution building located in Shalersville at the Turnpike Commerce Center.

Cleveland has seen more warehouse/distribution deliveries than any other property type since Q1 2020. Over 88.9% of construction completions were warehouse/distribution.

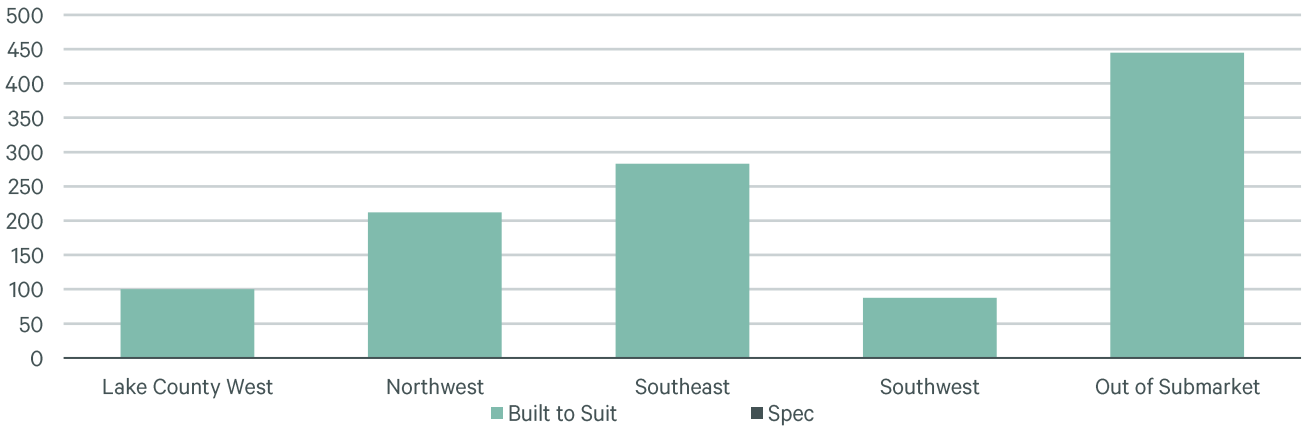
Although absorption and leasing activity is strong, the Cleveland market is seeing false starts and slow decisions in construction. Growing economic uncertainty, financing difficulties, and high supply costs are creating lengthier and harder-to-estimate timelines.

FIGURE 5: Historical Construction Completions by Property Type (Q1 2020 – Q4 2023)



Source: CBRE Research, Q4 2023

FIGURE 6: Future Construction Completions (000's) Sq. Ft.



Source: CBRE Research, Q4 2023

FIGURE 7: Completed Construction

Property	Building SF	Class	Tenancy	BTS/Spec	Submarket
Turnpike Commerce Center	1,021,980	A	Distribution/Logistics	Spec	Out of Submarket
Lake Rd & US-224 Lake Rd	450,112	A	Warehouse/Storage	Spec	Out of Submarket
9000 Rio Nero Dr	260,000	A	Distribution/Logistics	Spec	South
2799 2793 E 75th St	156,000	A	Cold Storage	Spec	Downtown

Source: CBRE Research, Q4 2023

Leasing and Sales Activity

Leasing activity was highest in the Southwest submarket, where 241,895 sq. ft. of new leases, expansions, and renewals were signed.

Q4 2023 saw high leasing activity with 789,035 sq. ft. of leases signed. Distribution/logistics properties saw the most of this activity at 77%.

ICP LLC purchased the 105-acre technical center campus previously owned by Sherwin Williams. The purchase includes 435,000 sq. ft. of buildings and was sold for \$4,500,000. ICP plans on redeveloping the site to support new industrial business.

Another notable sale of the quarter was that of 5300 Majestic Pkwy. in the Southeast market. AIC Ventures purchased the 324,752 sq. ft. building for \$22.4 million.

FIGURE 8: Notable Sales Transactions

Buyer	Size (SF)	Address	Submarket	Sale Price
AIC Ventures	324,752	5300 Majestic Pkwy	Southeast	\$22,400,000
Real Capital Solutions, Inc.	208,420	26400 Richmond Rd	Southeast	\$17,300,000
Trident Capital Group	185,210	14790 Foltz Pkwy	Southwest	\$15,050,000
5335 Avion Pkwy	103,846	825 Leona St	Northwest	\$7,400,000

Source: CBRE Research, Q4 2023

FIGURE 9: Notable Lease Transactions

Tenant	Size (SF)	Address	Submarket	Lease Transaction Type
Supply Side	170,895	1000 Keystone Pkwy	Southwest	New Lease
Millcraft Paper Co inc.	116,216	9000 Rio Nero Dr	South	New Lease
IRBE	84,770	9525 Hamilton Dr	Lake County West	New Lease
Wurth Baer Supply	27,000	990 998 Valley Belt Rd	South	Renewal
AMICO	26,360	25701 25801 Richmond Rd	Southeast	New Lease

Source: CBRE Research, Q4 2023

FIGURE 10: Market Statistics

Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Availability Rate (%)	Q4 2023 Net Absorption (Sq. Ft.)	2023 YTD Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)	Under Construction (Sq. Ft.)
Downtown	44,474,767	2.3%	3.0%	125,230	629,938	\$5.00	-
East	6,285,747	2.9%	4.2%	8,189	42,723	\$10.84	-
Geauga West	2,129,114	2.0%	3.5%	0	4800	\$7.63	-
Lake County West	26,586,962	2.7%	3.2%	-72,413	-170471	\$5.57	100,000
Northeast	26,808,005	2.2%	2.7%	5,404	26,301	\$5.85	-
Northwest	32,936,611	0.8%	1.3%	-2,500	98,760	\$6.17	212,000
South	36,113,206	1.9%	5.0%	277,426	512,800	\$6.15	-
Southeast	57,796,019	4.2%	5.0%	-134,585	23,832	\$5.74	729,000
Southwest	47,274,011	2.7%	5.8%	42,044	76,192	\$5.99	87,602
Total Market	281,876,534	3.1%	4.3%	248,795	1,244,875	\$5.92	1,127,602

Property Type	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Availability Rate (%)	Q4 2023 Net Absorption (Sq. Ft.)	2023 YTD Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)	Under Construction (Sq. Ft.)
Warehouse/ Distribution	140,056,501	4.50%	6.61%	272,940	1,163,337	\$5.66	772,602
Modern Bulk*	17,655,003	9.72%	11.10%	236,000	1,087,462	\$7.35	-
Manufacturing	122,214,830	1.40%	1.82%	(7,843)	40,208	\$5.74	255,000
R&D/Flex	19,605,203	2.69%	3.47%	(16,302)	41,330	\$9.16	-
Total Market	281,876,534	3.1%	4.3%	248,795	1,244,875	\$5.92	1,127,602

*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, Q4 2023

FIGURE 11: Warehouse/Distribution Market Statistics

Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Q4 2023 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)
Downtown	24,364,214	0.98%	119,730	\$4.66
East	2,833,651	2.01%	(11,192)	\$6.41
Geauga West	926,688	3.22%	0	\$6.49
Lake County West	9,017,898	4.96%	(24,000)	\$5.42
Northeast	9,715,559	3.40%	5,404	\$7.70
Northwest	11,109,661	0.72%	0	\$6.08
South	19,527,249	2.75%	278,889	\$5.82
Southeast	38,486,496	5.59%	(109,435)	\$5.46
Southwest	22,602,993	4.30%	13,544	\$5.78
Total Market	140,056,501	4.50%	272,940	\$5.66

FIGURE 12: Manufacturing Market Statistics

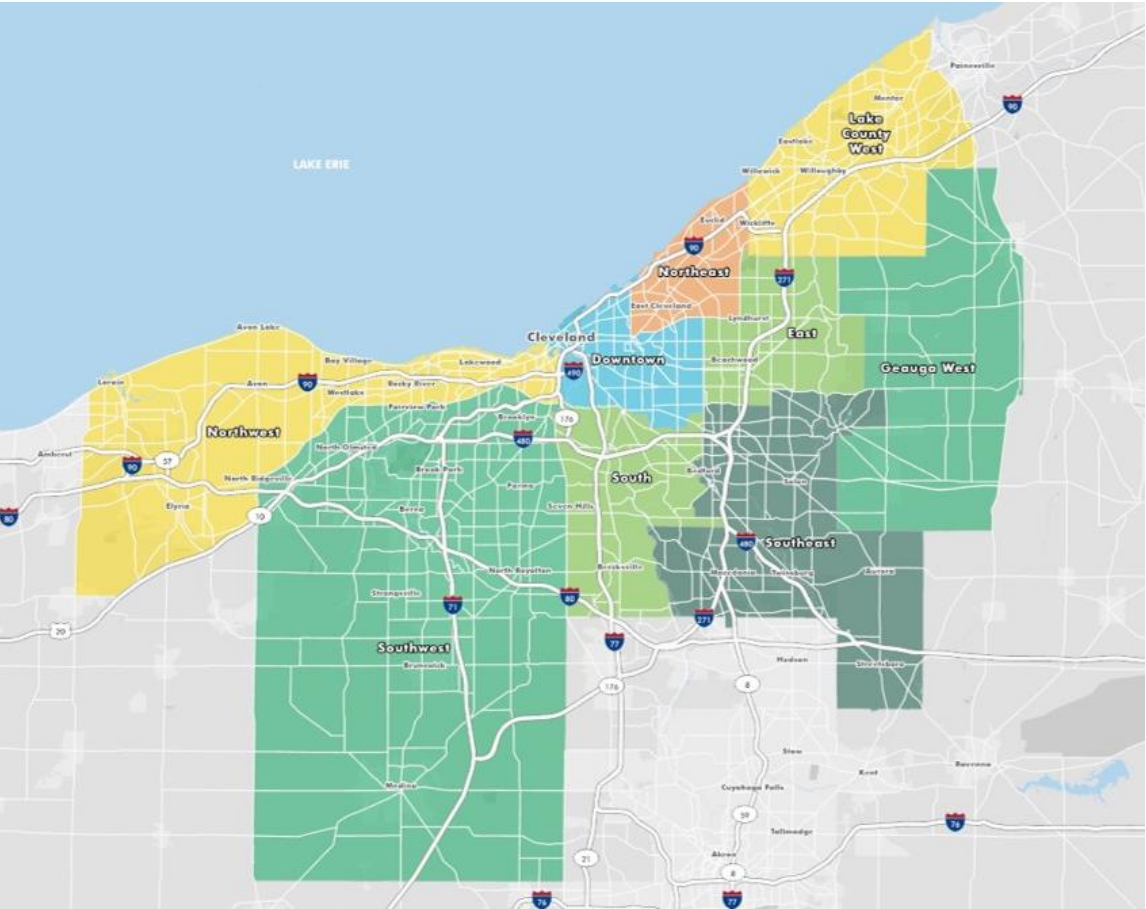
Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Q4 2023 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)
Downtown	18,473,711	4.14%	5,500	\$5.18
East	1,662,652	0.00%	19,381	\$10.00
Geauga West	922,794	1.30%	0	\$8.85
Lake County West	14,762,271	1.45%	(42,861)	\$5.31
Northeast	16,700,901	1.57%	0	\$2.95
Northwest	20,758,625	0.81%	0	\$6.22
South	12,509,316	0.45%	(1,463)	\$6.59
Southeast	14,381,354	0.57%	(16,900)	\$8.35
Southwest	22,043,206	0.87%	28,500	\$6.91
Total Market	122,214,830	1.40%	(7,843)	\$5.74

Source: CBRE Research, Q4 2023

FIGURE 13: R&D/Flex Market Statistics

Submarket	Net Rentable Area (Sq. Ft.)	Vacancy Rate (%)	Q4 2023 Net Absorption (Sq. Ft.)	Asking Rate (\$/Sq. Ft.)
Downtown	1,636,842	0.00%	0	\$5.55
East	1,789,444	6.87%	0	\$13.06
Geauga West	279,632	0.00%	0	\$5.92
Lake County West	2,806,793	1.55%	(5,552)	\$12.00
Northeast	391,545	0.00%	0	\$5.50
Northwest	1,068,325	0.23%	(2,500)	\$12.00
South	4,076,641	2.49%	0	\$8.45
Southeast	4,928,169	3.39%	(8,250)	\$7.30
Southwest	2,627,812	3.43%	0	\$8.23
Total Market	19,605,203	2.69%	(16,302)	\$9.16

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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