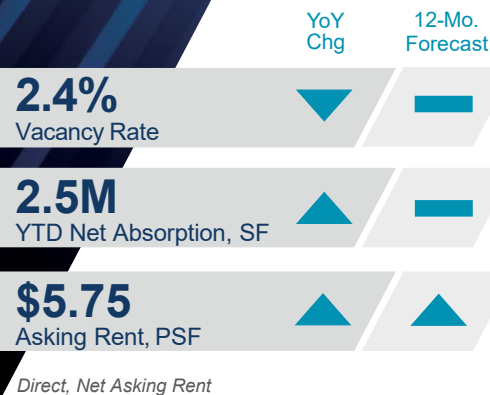


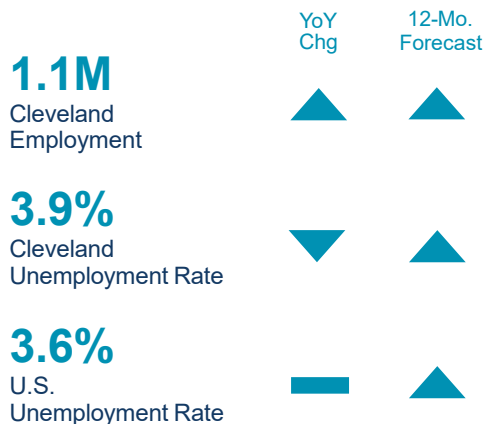
# MARKETBEAT CLEVELAND



## Industrial Q2 2023



### ECONOMIC INDICATORS Q2 2023



Source: BLS

### ECONOMY: Generally Flat Business Activity, Pricing Pressures Eased

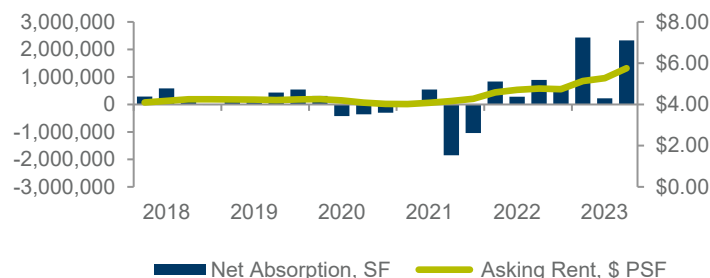
Reports during Q2 2023 from companies were consistent with generally flat aggregate economic activity, though conditions continued to vary by industry segment. While consumer spending appeared to firm somewhat from that of the previous quarter, it remained soft, and business spending was mostly flat. Concerns about developments in the banking industry reportedly had limited impact on recent business activity, though a small share of companies reported a modest decrease in credit availability. However, many companies indicated that these developments had increased uncertainty. Hiring slowed as firms' demand for additional workers eased and as a larger share of contacts sought to reduce headcount. Labor availability appeared to increase, particularly for those seeking to fill lower-wage positions. Wage and other nonlabor input cost pressures continued to trend lower, while price pressures eased from those of the previous reporting period.

### MARKET ACTIVITY: Vacancy Continues Its Plummet, Sale-Leasebacks Reign Supreme

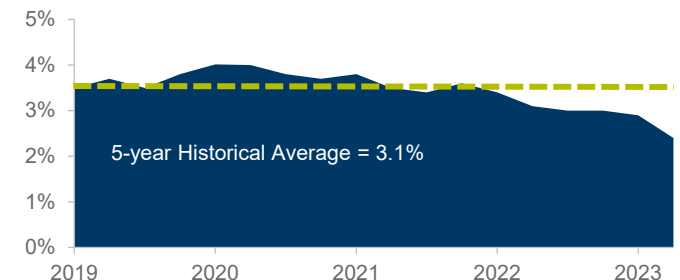
After a record-low 2.9% vacancy rate in Q1 2023, the vacancy rate continued its downward trend to 2.4% for the Q2. A vacancy rate this low is unlikely to be sustainable so we expect to start seeing an increase in the vacancy rate in early-2024. Leasing activity for Q2 2023 dipped slightly coming in at approximately 2.2 million square feet (msf) shy of 2.9 msf in Q1. This drop is due to the lack of available inventory and limited new construction coming online. Lease renewal activity was very strong with Chep Pallet renewing for 69,175 square feet (sf) at 30311 Emerald Valley Parkway, Cirque Du Soleil renewing for 66,109 sf at 1864 Enterprise Parkway, Penske Logistics renewing for 61,087 sf at 1261 Highland Road in Macedonia and Stanley Black and Decker renewing for 60,000 sf at 5335 Avion Park Drive. From a new lease standpoint, Applied Metals Technologies and Welser Profile signed leases for 166,296 sf and 78,526 sf respectively at 700 Liverpool Drive in Valley City, a 1960's former manufacturing building undergoing a major renovation.

User sales continued to remain sluggish due to the lack of available inventory, however investor activity remained very active. Notable market sales included Clark Capital, out of Colorado, acquiring the 107,700-sf Diamond Shine building at 1338-1340 East 289<sup>th</sup> Street in Wickliffe for \$3.5 million, Premier Development executing a sale-leaseback with American Spring Wire Corp for its 225,000-sf building located at 26300 Miles Road in Bedford Hts., St. Stephen Properties' acquisition of a 45,320-sf building located at 22555 Ascoa Court in Strongsville from Infinium Walls Systems, Allfasteners USA acquiring the 93,436-sf building located at 950 Lake Road in Medina, Ohio from Advanced Technology Services for \$2.84 million. SF of 1793 Enterprise Parkway. Key new construction completions this quarter included a 125,000-sf speculative warehouse in Mentor and a 210,000-sf build-to-suit project for Interstate McBee in Oakwood Village both built by Premier Development. The 1-msf speculative development from Geis Companies is nearing completion and will be a major factor in this year's deliverable square footage.

### NET ABSORPTION / DIRECT ASKING RENT



### OVERALL VACANCY RATE



# MARKETBEAT CLEVELAND

## Industrial Q2 2023



### 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	1,580	51,328,238	284,356	184,282	3.2%	-305,883	-307,383	156,775	0	\$4.93
East	1,093	43,690,975	237,771	84,047	3.1%	132,029	132,029	434,000	0	\$6.76
Lake County	1,495	44,561,009	30,139	303,196	2.2%	-11,591	-11,591	296,971	150,000	\$5.50
South	670	31,271,264	453,119	121,852	2.4%	212,037	484,516	272,000	13,900	\$6.76
Southeast	1,640	83,432,232	1,816,559	363,581	3.2%	843,519	1,041,389	1,151,100	419,610	\$6.13
Southwest	1,245	54,535,819	1,054,397	231,224	2.2%	152,194	262,194	95,500	18,500	\$6.25
West	1,317	50,847,144	224,804	96,287	1.4%	39,889	93,135	347,000	0	\$6.37
Akron	2,102	74,437,219	551,804	318,662	2.7%	403,745	604,582	61,950	591,588	\$5.62
Medina County	645	23,212,026	367,883	120,895	1.8%	64,854	64,854	269,880	44,624	\$5.00
Portage County	447	12,408,263	24,470	31,300	1.3%	-77,300	-77,300	1,348,686	25,000	\$4.64
Stark County	1,382	52,390,851	147,104	83,931	1.1%	262,266	262,266	300,362	289,600	\$4.42
<b>CLEVELAND TOTALS</b>	<b>13,616</b>	<b>522,115,040</b>	<b>5,192,406</b>	<b>1,939,257</b>	<b>2.4%</b>	<b>1,715,759</b>	<b>2,548,691</b>	<b>4,734,224</b>	<b>1,552,822</b>	<b>\$5.75</b>

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

### KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
700 Liverpool Drive	Medina	Applied Metals Technologies	166,296	Manufacturing
700 Liverpool Drive	Medina	Welser Profile	78,526	Warehouse
30311 Emerald Valley Parkway	Southeast	Chep USA	69,175	Warehouse
1600 Enterprise Parkway	Southeast	Pepperl+Fuchs, Inc.	61,904	Warehouse

### KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1374 East 51 <sup>st</sup> Street	Downtown	Ohio Technical College / Fifth Investment LLC	220,375	\$7M / \$31.76 PSF
26300 Miles Road	Southeast	American Spring Wire / Premier Development	225,000	\$10.5M / \$46.67 PSF
4840 Warner Road	South	Ohio Aluminum Industries / Timothy Churton	80,000	\$4.26M/ \$53.22 PSF
1909 Summit Commerce Park	Southeast	Cardinal Health / LIM-Fulton Properties, LLC	50,029	\$3.55M/ \$70.96 PSF

### KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
7400 Oak Leaf Road	Southeast	Interstate McBee	210,000	Premier Development
9525 Hamilton Drive	Lake	Goodman HVAC	125,000	Premier Development
191 Logan Parkway	Akron	Gardner Pie Co.	107,588	Unknown
2222 Highland Road	Southeast	Mold Rite Plastics	35,000	Unknown

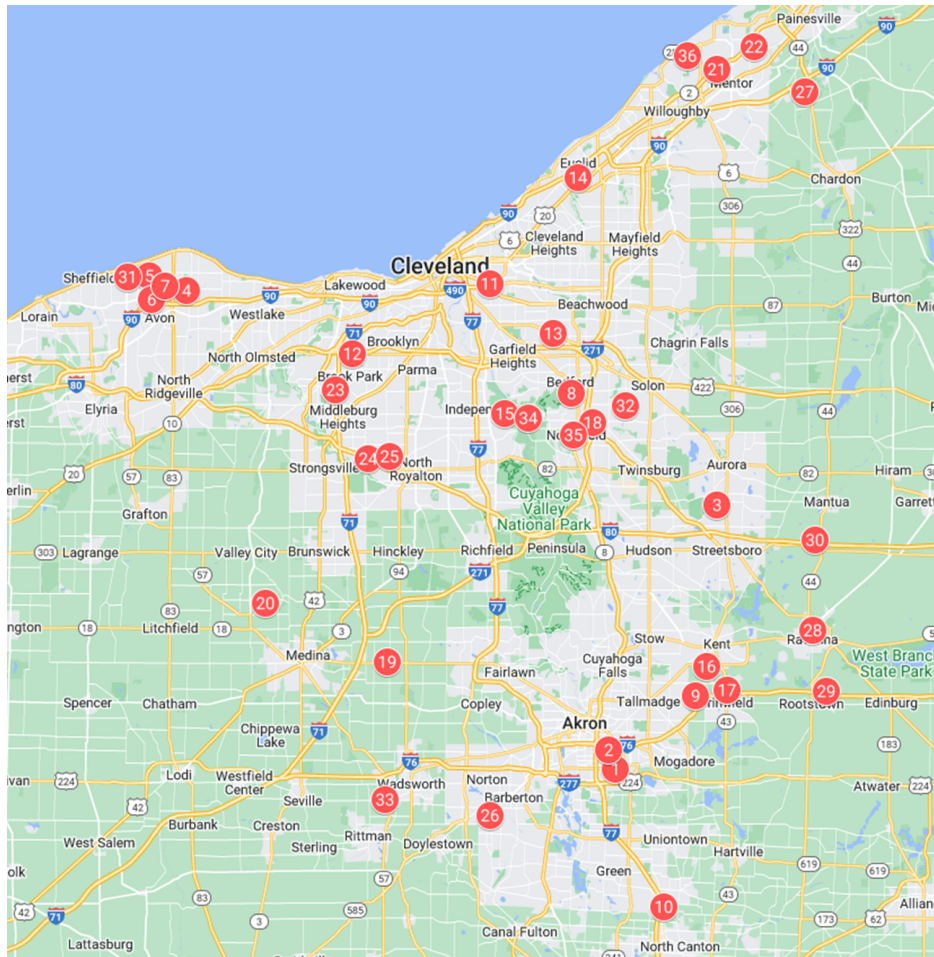
## 2023 INDUSTRIAL CONSTRUCTION OUTLOOK - CONSTRUCTION COMPLETIONS



1	Gardner Pie Co. 191 Logan Parkway, Akron, Ohio 44319
2	Ashley Furniture 335 Lena Drive, Aurora, Ohio 44202
3	Arhaus 51 E Hines Hill Road, Boston Heights, Ohio 44236
4	Ohio CAT 3993 E Royalton Road, Broadview Heights, Ohio 44147
5	Diebold Nixdorf 305 Maple Street, Canton, Ohio 44720
6	Terradiol 3800 Harmont Avenue NE, Canton, Ohio 44705
7	Perfecta Express 4539 Industrial Parkway, Cleveland, Ohio 44135
8	Signature Sauces 7196 E Pleasant Valley Rd, Independence, Ohio 44131
9	NAI Spring - Speculative 3420 Millennium Blvd SE, Massillon, Ohio 44646
10	Progressive Molding Company 5234 Portside Drive, Medina, Ohio 44256
11	Gabyak 820 S Progress Drive, Medina, Ohio 44256
12	Premier Development - Speculative 9525 Hamilton Drive, Mentor, Ohio 44060
13	Transport Services, Inc. 10499 Royalton Road, North Royalton, Ohio 44133
14	Interstate McBee 7400 Oak Leaf Road, Oakwood Village, Ohio 44146
15	Mastertech Diamond Products 3545 Lane Rd, Perry, Ohio 44081
16	Ray Fogg Corporate Properties - Speculative 4847 Gray Lane, Stow, Ohio 44224
17	Aurora Plastics 9280 Jefferson Street, Streetsboro, Ohio 44241
18	MRP Solutions 2222 Highland Road, Twinsburg, Ohio 44087
19	NPK Construction Equipment 7515 Northfield Road, Walton Hills, Ohio 44146



## 2023 INDUSTRIAL CONSTRUCTION OUTLOOK - UNDER CONSTRUCTION

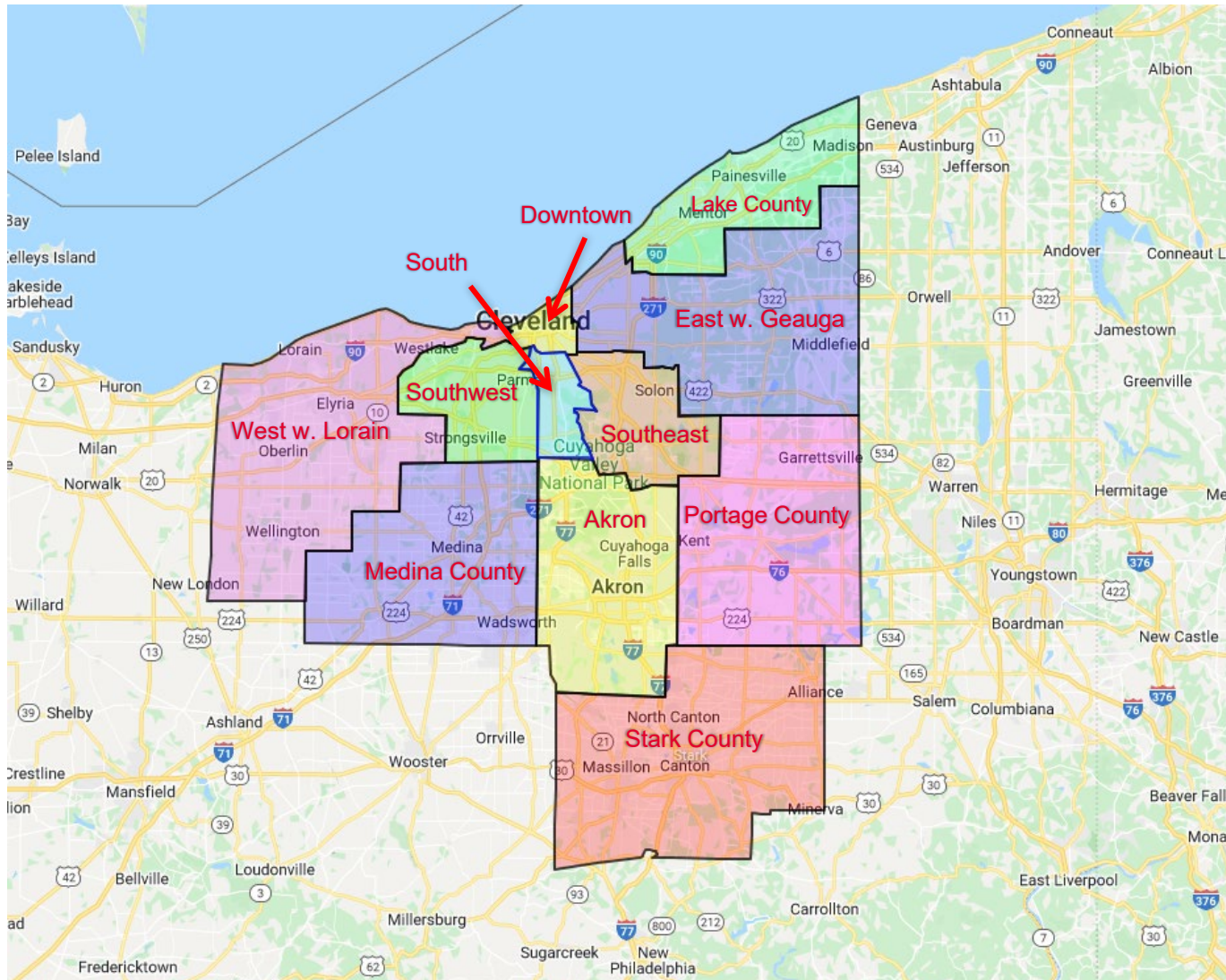


1	Wolff Brothers Supply, Inc. 1200 Kelly Ave, Akron, Ohio 44306	20	Wolff Brothers Supply, Inc. 6078 Wolff Road, Medina, Ohio 44256
2	Fleet Fast 582 S Arlington Street, Akron, Ohio 44306	21	Rise Mentor 7840 Tyler Boulevard, Mentor, Ohio 44060
3	K&M Tire, Inc. 121 Francis D Kenneth Drive, Aurora, Ohio 44202	22	MUM Industries 9115 Tyler Boulevard, Mentor, Ohio 44060
4	O.E. Meyer Co. 929 Moore Rd, Avon, Ohio 44011	23	Serpentini Collision Center 6679 Engle Road, Middleburg Heights, Ohio 44130
5	Cutting Dynamics, Inc. 929 Moore Rd, Avon, Ohio 44011	24	Denk Construction 12557 Abbey Road, North Royalton, Ohio 44133
6	All-Pro Freight Systems, Inc. 33625 Pin Oak Parkway, Avon Lake, Ohio 44012	25	Morel Landscaping 12020 York Road, North Royalton, Ohio 44133
7	Valensil Technologies, LLC 33007 Pin Oak Parkway, Avon Lake, Ohio 44012	26	Speculative Building 5221 S Cleveland Massillon Road, Norton, Ohio 44203
8	Electrical Co. Hemisphere Way, Bedford, Ohio 44146	27	Steven Douglas Corporation 7750 Discovery Lane, Painesville, Ohio 44077
9	Kenda Tires Maple Crest Parkway, Brimfield, Ohio 44240	28	LG Chem 6800 North Chestnut Street, Ravenna, Ohio 44266
10	Sonoco Products Company Aultman Road, Canton, Ohio 44720	29	Singleton Reels 4612 Lynn Road, Rootstown, Ohio 44266
11	Orlando Baking Company 2777 E 75th Street, Cleveland, Ohio 44104	30	Geis Companies - Speculative Route 44 & Beck Rd, Shalersville, Ohio 44255
12	Old Dominion Freight Line, Inc. 15225 Industrial Parkway, Cleveland, Ohio 44135	31	Berkshire Refrigerated - Cold Storage 620 Abbe Rd N, Sheffield, OH 44054
13	Tremco Commercial Sealants E 175th & Miles Avenue, Cleveland, Ohio 44128	32	MP Biomedicals 29525 Fountain Parkway, Solon, Ohio 44139
14	Weston - Speculative 21800 Tungsten Road, Euclid, Ohio 44117	33	ECS Tuning 1000 Seville Rd, Wadsworth, Ohio 44281
15	DiGeronimo Companies - Speculative 9000 Rio Nero Drive, Independence, Ohio 44131	34	Mr. Rooter 515 Hub Parkway, Valley View, Ohio 44125
16	DermaMed Coatings Company, LLC 271 Progress Boulevard, Kent, Ohio 44240	35	Weston - Speculative 7845 Northfield Road, Walton Hills, Ohio 44146
17	Apollo Heating & Cooling 4500 Crystal Parkway, Kent, Ohio 44240	36	Weber Wood Medinger - Speculative 38601 Kennedy Parkway, Willoughby, Ohio 44094
18	Kroger Foods 23163 Alexander Rd, Oakwood Village, Ohio 44146		
19	Nelsen Corporation 5151 Portside Drive, Medina, Ohio 44256		





## INDUSTRIAL SUBMARKETS

**George J. Pofok, CCIM, SIOR***Principal*

Tel: +1 216 525 1469

[gpofok@crescorealestate.com](mailto:gpofok@crescorealestate.com)**Cole Sorenson***Associate*

Tel: +1 216 525 1470

[csorenson@crescorealestate.com](mailto:csorenson@crescorealestate.com)**Alex Valletto***Research Analyst*

Tel: +1 216 525 1485

[avalletto@crescorealestate.com](mailto:avalletto@crescorealestate.com)**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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