

# MARKETBEAT CLEVELAND



## Industrial Q4 2023

	YoY Chg	12-Mo. Forecast
<b>2.7%</b> Vacancy Rate	▼	—
<b>2.6M</b> YTD Net Absorption, SF	▲	—
<b>\$5.90</b> Asking Rent, PSF	▲	▲

Direct, Net Asking Rent

### ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
<b>1.1M</b> Cleveland Employment	▲	▲
<b>3.8%</b> Cleveland Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

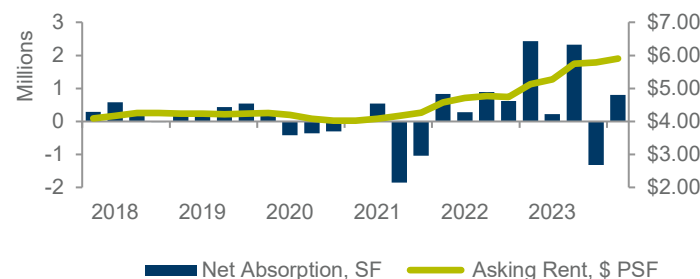
### ECONOMY: Increased Business Activity, Manufacturers Report Healthy Backlogs

Business activity in Cleveland increased slightly in the fourth quarter, and it is expected to rise slightly in the coming months. Consumer spending increased slightly. Demand for manufactured goods increased from that of the prior reporting period, supported by the end of the UAW strike and ongoing federally funded projects. Manufacturers generally reported healthy order backlogs, and one manufacturer of machined parts said that their firm's 2024 backlog had climbed by 30 percent since early November, leading to the highest single-year backlog in the firm's history. Reports from steel manufacturers were mostly positive, and one primary steel producer outlined growing confidence about general economic conditions among their firm's customers. On balance, manufacturers expect demand and orders to increase modestly in the near term. Commercial construction rebounded in recent weeks. One commercial builder noted that declining interest rates and greater optimism about the economic outlook had boosted demand. Moreover, multiple general contractors reported that customers had elected to move forward with previously delayed projects. Commercial real estate and construction contacts expected demand to remain mostly stable in the near term.

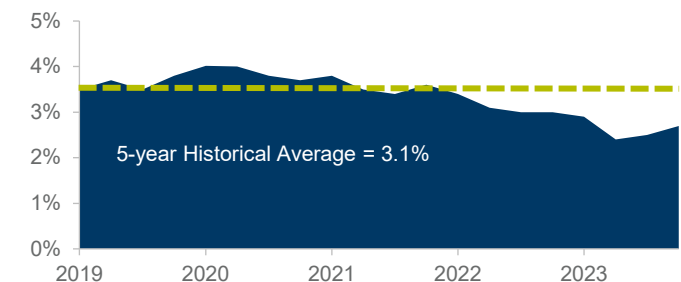
### MARKET ACTIVITY: Slight Increase in Vacancy Rate, Major Jump in Investment Sales

The overall vacancy rate ticked higher to 2.7% in Q4 after a consistent vacancy rate for multiple quarters. We expect the vacancy rate to maintain its sub 3.0% level throughout 2024. Leasing activity for Q4 greatly decreased quarter-over-quarter with 1.5 million square feet (msf) compared to 2.3 msf in Q3. However, the demand for industrial space remains high due to low vacancy and a lack of speculative construction. Renewals in Q4 lagged in comparison to prior quarters, notable activity included Dal-Tile renewing their 69,474 square feet (sf) unit at 5185 Richmond Road and Thogus Products renewing 55,088 sf at 739 Moore Road. There was a lack of activity in larger blocks of space above 200,000 sf. This lack of activity in this size range can likely be attributed to the velocity of deals completed in prior quarters. The largest new lease was SupplySide taking the remainder of 1000 Keystone Parkway totaling 170,000 sf. Q4 saw 1.2 msf in user sales, with the majority of those sales in the 20,000 sf to 40,000 sf range. Notable user sales include: 142,181 sf at 2110 W 110th St in Downtown Cleveland, 115,206 sf at 10030 Philipp Parkway, and 61,257 sf at 35550 Lakeland Boulevard. User sales totaled 1,166,351 sf across 54 deals in Q4. Investor sales for Q4 saw a significant jump to 2.2 msf across 27 deals compared to 500,000 SF in Q3. Multi-tenant flex buildings drew significant interest from investors, with 10 sales totaling 227,410 sf. Q4 saw multiple construction completions within the industrial sector with eight projects being completed totaling 478,560 sf, leaving 25 projects under construction totaling nearly 4.6 msf. The most notable of the completions this quarter include the expansion of ECS Tuning located at 1000 Seville Rd which totaled an additional 110,000 sf as well as the completion of Serpentine Chevrolet's new collision center located 6679 Engle Road totaling 50,000 sf.

### NET ABSORPTION / DIRECTASKING RENT



### OVERALL VACANCY RATE



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### 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	1,583	51,777,334	505,742	686,816	3.5%	-346,553	-349,553	0	156,775	\$4.90
East	1,098	43,682,878	367,454	255,291	2.4%	475,192	464,573	434,000	0	\$6.72
Lake County	1,498	46,224,804	296,658	380,319	2.2%	-91,282	-91,282	160,591	222,380	\$5.80
South	672	31,529,019	677,900	121,852	3.1%	32,741	297,599	37,000	273,900	\$7.06
Southeast	1,641	84,482,889	2,522,163	1,025,534	3.9%	-225,515	-27,645	393,000	909,710	\$6.03
Southwest	1,252	55,251,407	2,561,491	449,762	2.4%	392,412	499,218	68,500	305,500	\$6.33
West	1,319	50,959,407	310,020	402,971	1.4%	114,757	168,003	2,615,000	32,000	\$6.29
Akron	2,100	73,743,242	1,081,155	671,398	2.7%	360,283	534,129	50,000	603,538	\$6.03
Medina County	649	23,880,360	402,533	321,984	2.4%	303,121	303,121	30,000	381,128	\$5.44
Portage County	451	13,601,817	34,408	107,278	2.2%	965,251	812,992	508,750	1,044,936	\$5.48
Stark County	1,397	53,332,720	304,134	370,254	1.8%	34,955	34,955	300,362	289,600	\$4.66
<b>CLEVELAND TOTALS</b>	<b>13,660</b>	<b>528,465,877</b>	<b>9,063,658</b>	<b>4,793,459</b>	<b>2.7%</b>	<b>2,015,362</b>	<b>2,646,110</b>	<b>4,597,203</b>	<b>4,219,467</b>	<b>\$5.90</b>

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

### KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1000 Keystone Parkway	Southwest	SupplySide	170,000	Warehouse
13000 Darice Parkway	Southwest	Logistics Plus Inc.	165,120	Warehouse
12850 Darice Parkway	Southwest	G+P Construction	80,000	Warehouse
5185 Richmond Road	Southeast	Dal-Tile	69,474	Warehouse

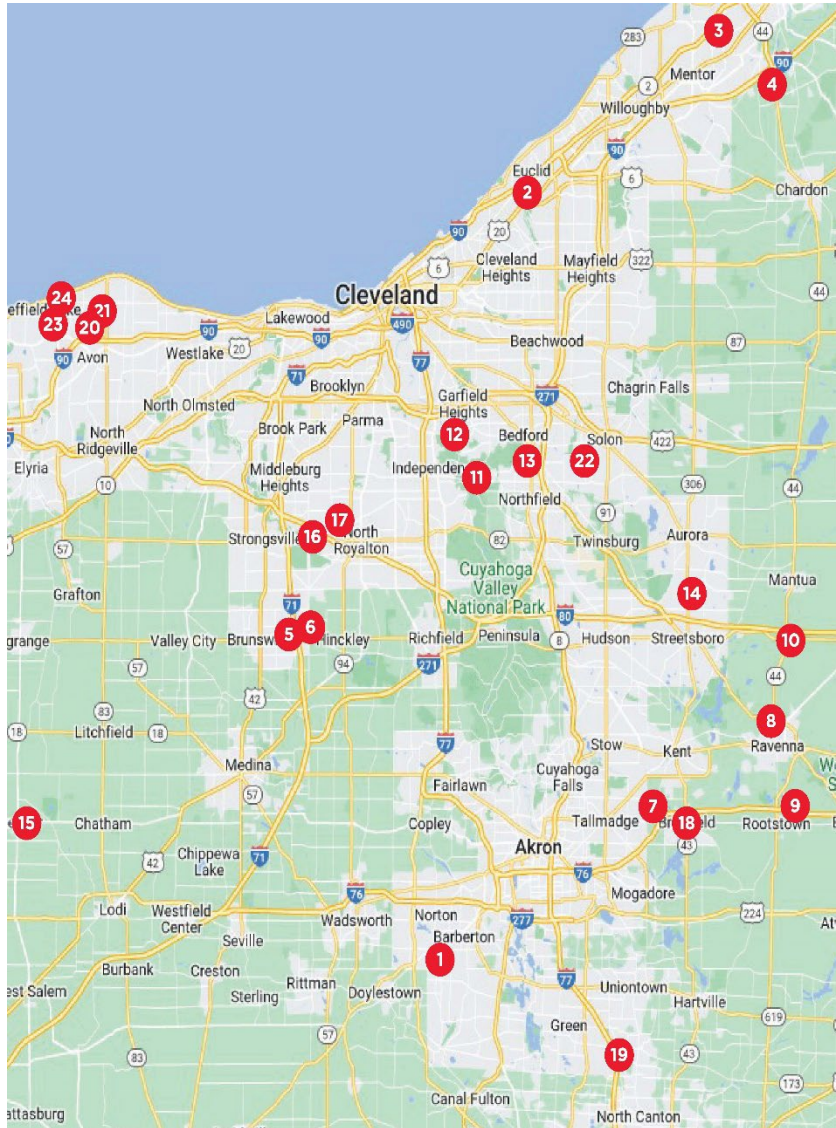
### KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4440 Warrensville Center Road	Southeast	The Sherwin Williams Co. / ICP LLC	475,000	\$4.5M / \$9.47 PSF
5300 Majestic Parkway	Southeast	5300 Majestic Parkway LLC / AIC Ventures	324,752	\$22.4M/ \$68.98 PSF
26400 Richmond Road	Southeast	Jade Steel Group Properties LLC / Real Capital Solutions, Inc.	208,420	\$17.3M/ \$83.01 PSF
14790 Foltz Parkway	Southwest	Founders Properties / Trident Capital Group	185,210	\$15.05M/ \$81.26 PSF

### KEY CONSTRUCTION COMPLETIONS Q4 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
21855 Commerce Parkway	Southwest	Brighton Best	200,000	Premier Development Partners
1000 Seville Road	Medina	ECS Tuning	110,000	Geis Co.
6679 Engle Road	Southwest	Serpentini Collision Center	50,000	N/A
2620 Medina Road	Medina	Progressive Molding Technologies Inc.	30,624	Campbell Construction

## UNDER CONSTRUCTION 2023



1	Speculative Craned Building 5221 S Cleveland Massillon Rd, Norton, Ohio	21	Cutting Dynamics Pin Oak Parkway, Avon Lake, Ohio
2	Weston - Spec 21800 Tungsten Road, Euclid Ohio	22	MP Biomedicals 29525 Fountain Parkway, Solon, Ohio
3	MUM Industries 9115 Tyler Boulevard, Mentor, Ohio	23	Berkshire Refrigerated 620 Abbe Road N, Sheffield Village, Ohio
4	Steven Douglas Corporation 7750 Discovery Lane, Painesville, Ohio	24	Ford Motor Company 799 Abbe Road N, Sheffield Village, Ohio
5	Brunswick Auto Mart 1060 West 130 <sup>th</sup> Street, Brunswick, Ohio		
6	N/A Industrial Parkway N, Brunswick, Ohio		
7	DermaMed Coatings Company 271 Progress Boulevard, Kent, Ohio		
8	LG Chem 6800 North Chestnut Street, Ravenna, Ohio		
9	Singleton Reels 4612 Lynn Road, Rootstown, Ohio		
10	Viega Shalersville, Ohio		
11	Mr. Rooter 515 Hub Parkway, Valley View, Ohio		
12	MSI 9501 Allen Drive, Valley View, Ohio		
13	Electrical Co. 200 Hemisphere Way, Bedford, Ohio		
14	Restaurant Depot 10198 State Route 43, Streetsboro, Ohio		
15	Lorain Medina Rural Electric Spencer, Ohio		
16	Denk Construction 12557 Abbey Road, North Royalton, Ohio		
17	Morel Landscaping 12020 York Road, North Royalton, Ohio		
18	Kenda Tire Maple Crest Parkway, Brimfield, Ohio		
19	Sonoco Products Company Aultman Road, Canton, Ohio		
20	All Pro Freight 33625 Pin Oak Parkway, Avon Lake, Ohio		

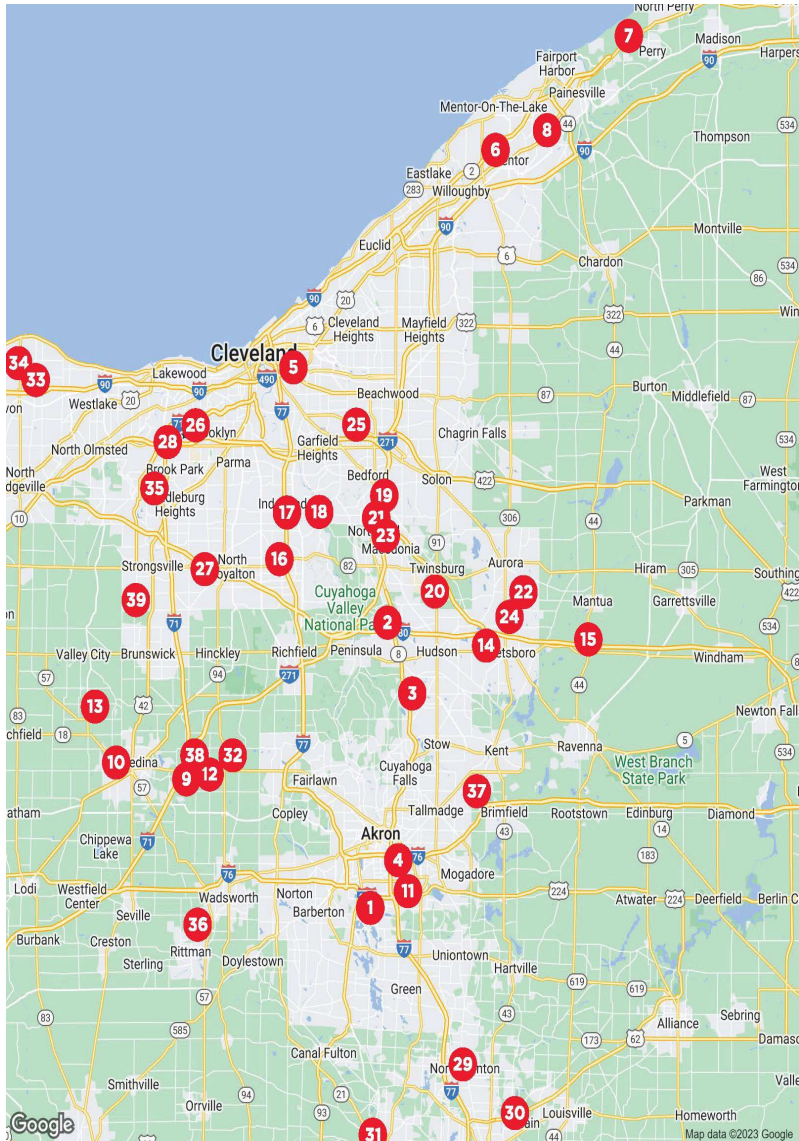


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## CONSTRUCTION COMPLETIONS 2023



1	Gardner Pie Co. 191 Logan Parkway, Akron, Ohio	21	NPK Construction Equipment 7550 Independence Drive, Walton Hills, Ohio
2	Arhaus 51 E. Hines Hill Road, Boston Hts. , Ohio	22	Ashley Furniture 335 Lena Drive, Aurora, Ohio
3	Fogg-Spec Seasons Rd, Stow, Ohio	23	Weston - Spec 7845 Northfield Road, Walton Hills, Ohio
4	Fleet Fast 582 S. Arlington Street, Akron, Ohio	24	K&M Tire Francis Kenneth Drive, Aurora, Ohio
5	Orlando Baking Co. 2777 East 75th Street, Cleveland, Ohio	25	Tremco 17316 Miles Avenue, Warrensville Hts. ,Ohio
6	Premier - Spec 9525 Hamilton Drive, Mentor, Ohio	26	Perfecta Express 4539 Industrial Parkway, Cleveland, Ohio
7	Mastertech Diamond Products 3545 Lane Road Ext, Perry, Ohio	27	Transport Services 10499 Royalton Road, North Royalton, Ohio
8	Rise Mentor 7840 Tyler Boulevard, Mentor, Ohio	28	Old Dominion Freight Line 15225 Industrial Parkway, Cleveland, Ohio
9	Progressive Molding Company Medina, Ohio	29	Diebold 334 Orchard Ave, Canton, Ohio
10	Gabyak 820 S Progress Drive, Medina,Ohio	30	Terradiol 3800 Harmont Avenue NE , Canton, Ohio
11	Wolff Brothers Supply, Inc. 1200 Kelly Avenue, Akron,Ohio	31	NAI Spring – Spec Phoenix Avenue, Massillon,Ohio
12	Nelsen Corporation 5151 Portside Drive, Medina, Ohio	32	Flex-Spec 1111 Medina Road, Medina, Ohio
13	Wolff Brothers Supply, Inc. 6078 Wolff Road, Medina,Ohio	33	O.E. Meyer Avon Commerce Parkway, Avon, Ohio
14	Aurora Plastics 9280 Jefferson Street, Streetsboro, Ohio	34	Valensil Technologies 33007 Pin Oak Parkway
15	Geis - Spec 9575 State Route 44, Shalersville,Ohio	35	Serpentini Collision Center 6679 Engle Road, Middleburg Heights, Ohio
16	Ohio CAT 3993 E. Royalton Road, Broadview Hts. ,Ohio	36	ECS Tuning 1000 Seville Road, Wadsworth, Ohio
17	Signature Sauces 7196 E Pleasant Valley Rd Cleveland, Ohio	37	Apollo Heating and Cooling 4500 Crystal Road, Kent, Ohio
18	DiGeronimo Co. - Spec 9000 Rio Nero Drive, Independence, Ohio	38	Progressive Molding Technologies 2620 Medina Road, Medina, Ohio
19	Interstate McBee 7400 Oak Leaf Road, Oakwood Village, Ohio	39	Brighton Best 21855 Commerce Parkway, Strongsville, Ohio
20	Mold Rite Plastics 2222 Highland Road, Twinsburg, Ohio		

= Speculative Buildings

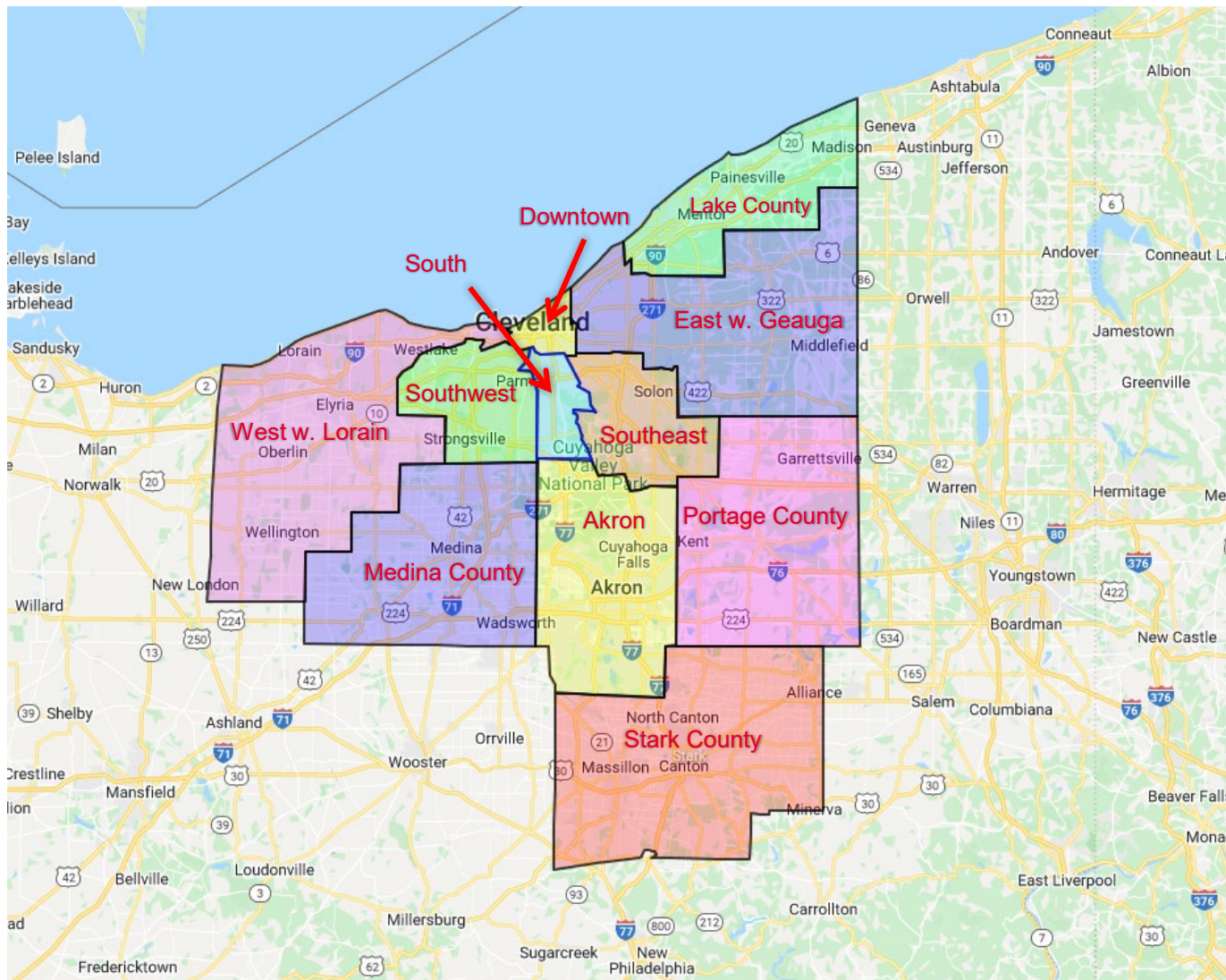


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## INDUSTRIAL SUBMARKETS



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