



Colliers



Cleveland, Ohio

Industrial

21Q3

The Cleveland/Akron industrial market has continued growth and as consumer demand increases, vacancy rates are trending down.

Accelerating success.



Key Takeaways

- Quarterly net absorption totaled 924,104 square feet during Q3, marking the ninth consecutive quarter of positive occupancy gains.
- The overall market vacancy rate continues to fall as demand continues to outweigh supply and now equals 4.3%
- The overall market asking rental rate has increased 3.4%, year-over-year, averaging \$4.26 per square foot.
- Construction activity has accelerated with projects totaling nearly 3.6 million square feet underway and 1.8 million square feet delivered year-to-date.

Vacancy Rate 4.3%	Net Absorption 924.1K SF	Under Construction 3.6M SF	Market Asking Lease Rates (FSG) \$4.26/SF
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Market Indicators

4.6% Unemployment Rate	8.8% GDP - Quarterly % change yr/yr	1.483% U.S. 10 Year Treasury Note
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Historic Comparison

	20Q3	21Q2	21Q3
Total Inventory (in Millions of SF)	371.4	370.9	371.6
New Supply (in Thousands of SF)	551.3	1,047.0	734.0
Net Absorption (in Thousands of SF)	508.6	1,730.5	924.1
Overall Vacancy	5.3%	4.4%	4.3%
Under Construction (in Thousands of SF)	1,470.3	3,883.0	3,555.0
Overall Asking Lease Rates (NNN)	\$4.04	\$4.09	\$4.26

Market Graph



Quarterly net absorption totaled 924,104 square feet and new supply of 734,000 square feet combined to create a slight decrease in the total market vacancy of 10 bps, to 4.3%. Of the 3.6 million square feet under construction, only one million square feet is speculative, which should not significantly impact vacancy.

Recent Transactions

 Lease 5500 Walworth Ave 50,964 SF	 Lease 3030 Gilchrist Rd 38,851 SF	 Lease 4863 Scarlet Ln 34,564 SF	 Sale 10801 Maidson Ave \$30,800,000	 Sale 9921 Clinton Rd \$5,000,000	 Sale 428 Seiberling St \$4,520,000
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Cleveland's Industrial Market Showing No Signs of Slowing

Positive momentum continued during the third quarter as the Cleveland/Akron market posted another quarter of positive net absorption totaling 924,104 square feet. Industrial has been the best performing commercial real estate sector throughout the pandemic as consumer demand shifted to online, changing the e-commerce and supply chain landscape. Overall market vacancy declined further to 4.3%, a quarterly decrease of 10 basis points (bps), surpassing the low recorded at the end of 2017. Vacancy rates have been trending downward consistently since 2019. With demand outweighing supply, newly delivered supply gains occupancy relatively quickly.

Over the course of the pandemic, consumer online shopping accelerated and the need for modern warehouse space increased drastically. As consumers expect convenience and faster delivery times, the Cleveland/Akron industrial market has been competing as a logistics hub. The pandemic changed the supply chain model and with these advancements the demand for the space is going to continue to increase over the next several months. Amazon, the e-commerce giant, has recently made plans to build an additional fulfillment center in the region, this one totaling 1 million square-foot in Canton, creating jobs and further meeting the accelerating consumer demand.

Light industrial, warehouse distribution and flex sectors saw the most activity this quarter. Light industrial recorded nearly 443,000 square feet of absorption. The year-over year change in vacancy of this sector posted a decrease of 90 bps to 4.3%. Warehouse distribution recorded a positive absorption gain of 255,425 square feet, but saw a 50 bps increase quarter-over-quarter to 4.9%, due to new supply. The flex sector, which includes space dedicated to office use, recorded 147,718 square feet of positive net absorption and a 50 bps decrease in vacancy to 5.9%, quarter-over-quarter.

The most active submarkets for the Cleveland/Akron industrial market this quarter were Lake County West, Akron and Downtown Cleveland. Lake County West recorded a gain of 250,869 square feet, largely due to the completion of Buyer Products' expansion. The Akron submarket followed with a 185,129-square-foot gain and then the Downtown Cleveland submarket with 176,701 square feet of positive net absorption. Activity in the Southeast Cleveland submarket recorded a loss of nearly 400,000 square feet boosting the submarket's vacancy from 3.5 to 7.9%, with numerous tenants vacating space.

The 3.6 million square feet of construction has a mix of build-

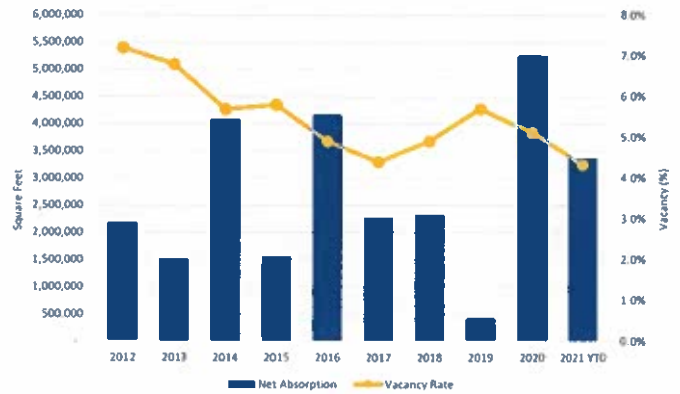
to-suit and speculative buildings. Build-to-suit construction will positively impact absorption and the speculative construction will quickly attract e-commerce and supply chain occupiers as a result from the COVID-19 pandemic. The current pipeline shows that of the 3.6 million square feet of construction, 1.7 million square feet will be added to the inventory by the end of the year.

The overall marketing asking rent currently averages \$4.26 per square foot (NNN), a 3.4% increase, year-over-year. The Warehouse distribution sector recorded a 6.4% increase in asking rents, quarter-over-quarter and now average \$4.74 per square foot. Manufacturing asking rent increased 3.7%, quarter-over-quarter, averaging \$2.96 per square foot. With high demand and low supply for warehouse space, rent growth is expected to increase along with higher asking rents for new supply that will be completed added over the next 12 months.



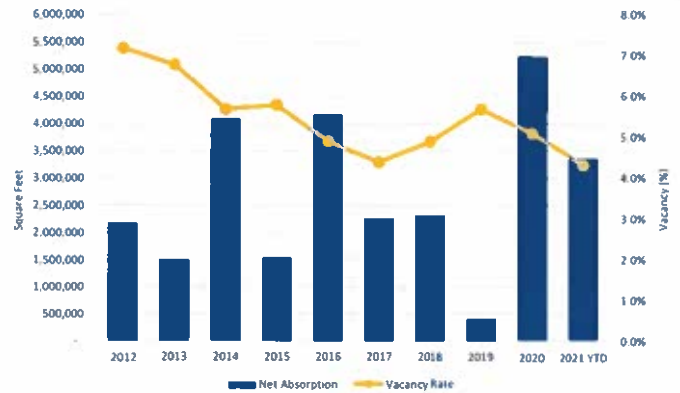
Vacancy/Absorption

The Cleveland/Akron industrial market's 10-year run of positive momentum did not slow in 2021 as activity continued creating in positive gains. Year-to-date net absorption totals nearly 3.4 million square feet. This total will likely fall short of last year's record gain of 5.2 million square feet but will certainly be significantly more than the market's 10-year average of 2.7 million square feet. Over the past decade, overall vacancy has fallen by nearly three percentage points to 4.3%, which matches the market's vacancy at the end of 2017. Build-to-suit construction completed this quarter provided a positive impact on absorption. With only three speculative projects totaling one million square feet scheduled for delivery in the near future, vacancy remain steady.



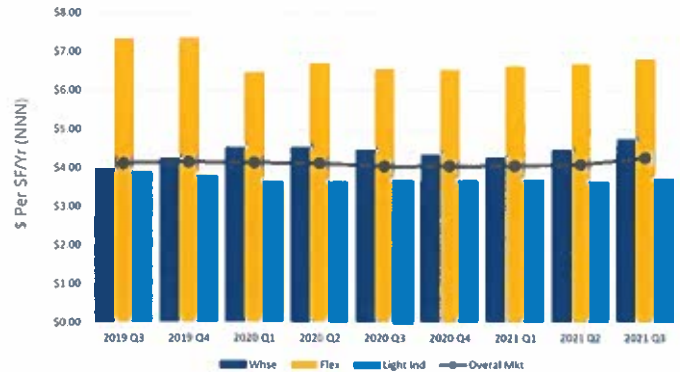
Construction History

Currently there is nearly 3.6 million square feet of new inventory under construction. Completions this quarter were less than last quarter, but activity has accelerated in response to heightened demand. Even so, new supply will not come close to last year's elevated total of nearly 6 million square feet. The majority of the completions have been new supply built for an end user. Two speculative projects are scheduled for completion by the end of the year –North Randall Distribution Center (300,000 square feet) and the final building at CornerStone Business Park in Twinsburg, totaling 279,000 square feet.



Rental Rates

The overall market asking rent currently averages \$4.26 per square foot (NNN), which is up 3.4%, year-over-year. All industrial sectors recorded an increase in asking rents compared to the prior quarter. Manufacturing is the only sector to see a decline on a year-over-year comparison from \$3.11 to \$2.96 per square foot, which is likely due to the lack of higher quality available manufacturing buildings. Warehouse distribution, flex and light industrial all recorded increases year-over-year due to a higher demand and lower supply. As mentioned earlier, the COVID-19 pandemic created more demand for e-commerce and logistics properties as consumers adapted and changed shopping behaviors in response to the effects of pandemic and government-mandated restrictions.



Employment

After peaking near 22% last April, according to revised U.S. Bureau of Labor Statistics data, the Cleveland metropolitan area has seen unemployment plummet. As of August, the unemployment rate equaled 5.3%. For the industrial sectors, the job picture has been mixed. The trade, transportation and utilities sector has recorded consistent monthly gains during the recovery, but still remains below the pre-pandemic peak by 11.4%. Manufacturing job growth continues to struggle to return to its pre-pandemic level, staying relatively flat this year and has actually decreased compared to growth of 2020.



Notable Sale Activity

#	Property/Address	Size	Buyer	Price	Submarket
1	Cantor Fitzgerald 10801 Madison Ave	168,750	Cantor Fitzgerald & Co.	\$30,800,000	West
2	9921 Clinton Rd	92,560	MPC Plating, Inc	\$5,000,000	Southwest
3	428 Seiberling St	377,585	DAS Factory LLC	\$4,520,000	Akron
4	4445 Allen Rd	116,028	Realife Real Estate Group	\$4,350,000	North Akron
5	870 Canterbury Rd	50,000	Mazzella Lifting Technologies	\$3,275,000	West
6	7777 St Clair Ave	83,775	Stanley Realty	\$2,750,000	Lake County West

Notable Lease Activity

#	Property/Address	Size	Tenant	Type	Submarket
1	5500 Walworth Ave	50,964	AT&F	New	Downtown Cleveland
2	3030 Gilchrist Rd	38,851	Imperial Electric	New	Akron
3	4863 Scarlet Ln	34,564	Serveone America, Inc	New	North Akron
4	5250 Naiman Pky	25,800	Zippy Shell	New	Southeast

* Indicates Colliers Transaction

Notable Deal Activity



Cleveland | 2021 Q3 | Industrial | Market Statistics

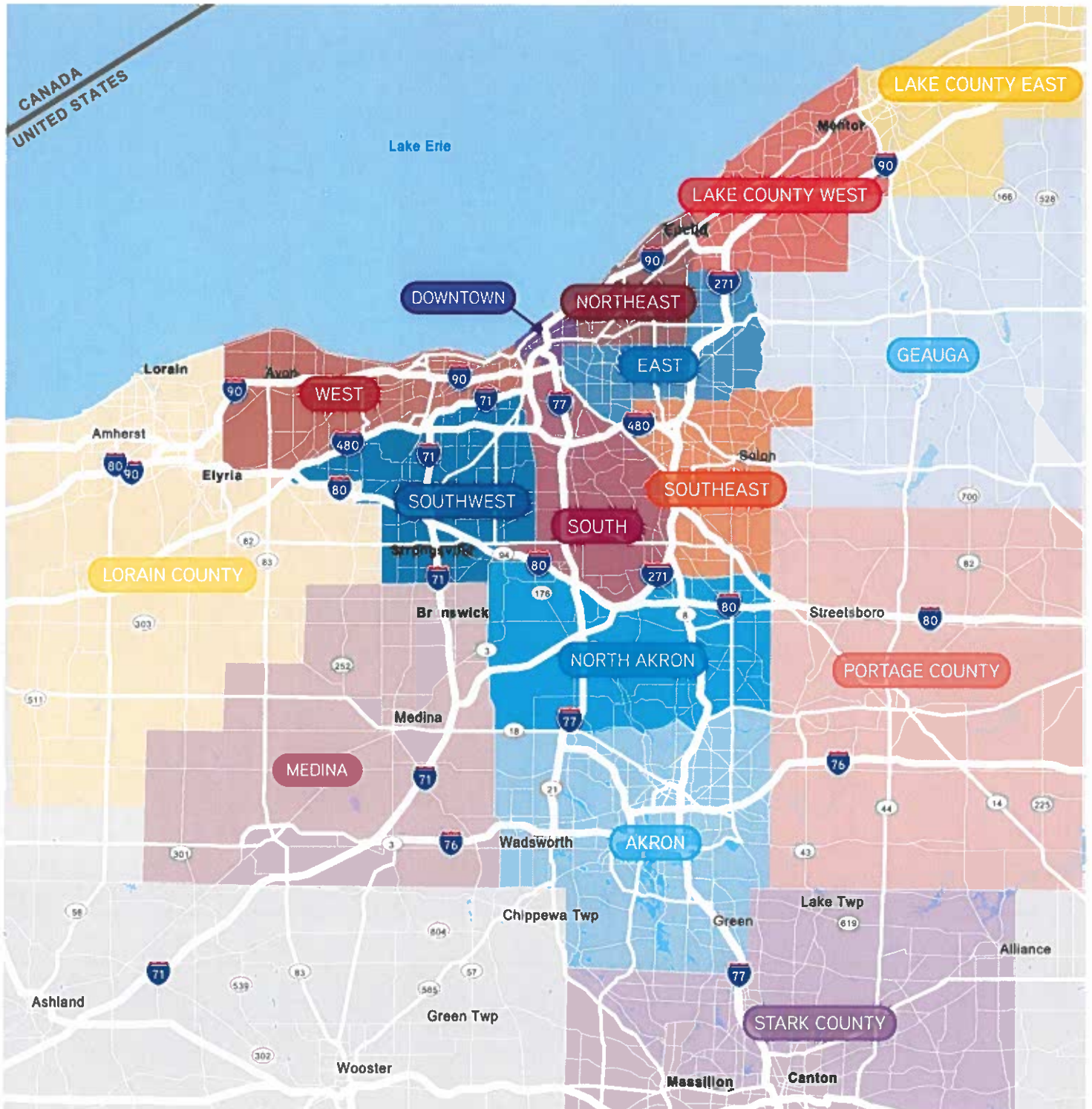
Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	"Vacancy Rate"	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Downtown Cleveland											
Warehouse - Dist	2,763,710	6.5%	0.0%	6.5%	5.9%	7.2%	36,352	36,352	-	-	\$3.00
Manufacturing	2,593,605	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	881,322	7.5%	0.0%	7.5%	3.4%	3.4%	-	-	-	-	--
Light Industrial	23,566,134	3.6%	0.0%	3.6%	3.8%	4.4%	140,349	308,248	-	-	\$2.52
Total	29,804,771	3.7%	0.0%	3.7%	3.7%	4.3%	176,701	344,600	-	-	\$2.61
East Cleveland											
Warehouse - Dist	1,852,830	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	351,920	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	3,643,695	4.3%	0.0%	4.3%	2.6%	3.6%	33,990	90,201	-	-	\$7.71
Light Industrial	3,743,522	4.6%	0.0%	4.6%	0.1%	0.4%	10,620	393,163	-	-	\$3.50
Total	9,591,967	3.4%	0.0%	3.4%	1.0%	4.3%	44,610	483,364	-	-	\$5.51
Northeast Cleveland											
Warehouse - Dist	2,884,244	3.0%	0.0%	3.0%	0.0%	0.0%	-	-	198,000	-	\$5.50
Manufacturing	8,880,749	5.9%	0.0%	5.9%	5.9%	5.9%	-	124,634	-	60,000	\$2.58
Flex/R&D	220,811	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	10,845,024	12.3%	0.0%	12.4%	11.8%	12.4%	65,606	77,999	-	-	\$2.81
Total	22,830,828	8.5%	0.0%	8.5%	7.9%	8.2%	65,606	202,633	198,000	60,000	\$2.88
South Cleveland											
Warehouse - Dist	6,027,654	10.0%	0.0%	10.0%	9.1%	11.3%	131,853	359,685	-	490,523	\$4.39
Manufacturing	3,942,051	0.0%	0.9%	0.9%	0.9%	0.9%	-	(33,570)	-	-	--
Flex/R&D	4,646,269	15.7%	0.7%	16.4%	12.0%	13.2%	53,003	(28,866)	-	-	\$6.98
Light Industrial	16,957,600	4.5%	0.6%	5.2%	4.3%	3.9%	(78,582)	73,607	70,000	-	\$4.87
Total	31,573,574	6.7%	0.6%	7.2%	5.9%	6.3%	106,274	370,856	70,000	490,523	\$5.59
Southeast Cleveland											
Warehouse - Dist	17,954,065	7.2%	2.7%	9.9%	7.9%	3.5%	(377,986)	(394,091)	865,000	434,000	\$5.23
Manufacturing	2,088,809	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	6,455,276	8.3%	1.6%	9.9%	5.3%	5.7%	21,627	183,486	-	-	\$6.85
Light Industrial	27,550,558	4.5%	0.0%	4.5%	3.2%	3.0%	(41,911)	80,530	-	-	\$4.21
Total	54,048,708	5.7%	1.1%	6.8%	4.9%	3.4%	(398,270)	(130,075)	865,000	434,000	\$5.11
Southwest Cleveland											
Warehouse - Dist	10,877,151	8.9%	7.1%	16.0%	7.2%	7.4%	(6,000)	(84,447)	112,000	275,500	\$5.30
Manufacturing	8,611,436	1.4%	0.0%	1.4%	1.1%	1.1%	-	(91,015)	130,000	-	\$4.18
Flex/R&D	3,334,388	11.2%	0.3%	11.5%	11.0%	12.0%	33,235	53,046	-	-	\$6.86
Light Industrial	15,938,323	5.0%	0.0%	5.0%	2.5%	2.6%	22,587	151,946	-	-	\$4.01
Total	38,761,298	5.8%	2.0%	7.8%	4.2%	4.4%	49,822	29,530	242,000	275,500	\$4.83
West Cleveland											
Warehouse - Dist	4,357,857	0.5%	0.0%	0.5%	2.7%	3.6%	41,855	83,740	120,000	-	\$3.00
Manufacturing	6,858,748	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	1,725,846	6.5%	0.0%	6.5%	3.3%	1.7%	(8,154)	2,776	-	20,000	\$7.73
Light Industrial	13,281,135	6.5%	1.1%	7.6%	6.8%	7.4%	76,942	150,098	-	-	\$3.61
Total	26,223,586	3.8%	0.6%	4.4%	4.1%	4.5%	110,643	236,614	120,000	20,000	\$3.94
Akron											
Warehouse - Dist	10,293,458	3.9%	0.0%	3.9%	2.6%	2.9%	38,851	113,342	-	-	\$5.00
Manufacturing	10,568,403	15.4%	0.0%	15.4%	9.6%	9.6%	-	240,000	-	240,000	\$2.77
Flex/R&D	874,105	11.0%	0.0%	11.0%	9.3%	9.6%	2,177	2,458	-	-	\$8.50
Light Industrial	13,228,468	9.7%	0.0%	9.7%	9.7%	10.8%	144,101	(146,086)	36,500	-	\$3.57
Total	34,964,434	9.7%	0.0%	9.7%	7.6%	8.1%	185,129	209,714	36,500	240,000	\$3.71
North Akron											
Warehouse - Dist	5,314,750	2.6%	0.0%	2.6%	2.6%	2.6%	-	231,187	792,000	-	\$6.50
Manufacturing	1,910,203	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	1,589,085	2.1%	0.0%	2.1%	0.8%	0.4%	(6,000)	(6,000)	-	-	\$8.51
Light Industrial	5,241,617	1.4%	4.6%	6.0%	2.0%	3.0%	49,757	94,863	-	-	\$5.15
Total	14,055,655	1.7%	1.7%	3.5%	1.8%	2.1%	43,757	320,050	792,000	-	\$6.53
Geauga											
Warehouse - Dist	641,680	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	2,707,364	0.9%	0.0%	0.9%	0.9%	0.9%	-	10,027	-	-	\$4.94
Flex/R&D	22,164	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	2,944,445	2.4%	0.0%	2.4%	2.3%	3.1%	23,520	28,298	-	-	\$4.70
Total	6,315,653	1.5%	0.0%	1.5%	1.5%	1.8%	23,520	38,325	-	-	\$4.76

Submarkets by Type

Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	"Vacancy Rate"	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Lake County East											
Warehouse - Dist	576,304	10.1%	0.0%	10.1%	0.0%	0.0%	-	-	-	-	\$3.95
Manufacturing	2,723,557	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	119,626	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	2,123,746	3.3%	0.0%	3.3%	0.0%	0.0%	-	84,600	-	-	\$5.75
Total	5,543,233	2.3%	0.0%	2.3%	0.0%	0.0%	-	84,600	-	-	\$4.94
Lake County West											
Warehouse - Dist	2,894,453	11.7%	0.0%	11.7%	11.7%	13.0%	280,000	389,000	136,500	280,000	\$4.37
Manufacturing	3,225,147	5.0%	0.0%	5.0%	5.0%	5.0%	-	-	-	-	--
Flex/R&D	3,160,909	4.8%	0.0%	4.8%	2.7%	3.2%	17,840	43,950	-	-	\$4.60
Light Industrial	15,204,235	2.9%	0.3%	3.2%	2.3%	2.0%	(46,971)	(1,650)	-	-	\$4.71
Total	24,484,744	4.5%	0.2%	4.7%	3.8%	3.7%	250,869	431,300	136,500	280,000	\$4.56
Lorain West											
Warehouse - Dist	2,456,740	3.1%	0.0%	3.1%	0.0%	0.0%	150	-	200,000	-	\$2.00
Manufacturing	10,063,789	7.2%	0.0%	7.2%	7.2%	7.2%	-	368,109	-	-	\$3.08
Flex/R&D	274,625	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	5,086,395	5.4%	0.0%	5.4%	3.6%	4.9%	63,320	63,320	-	-	\$4.00
Total	17,881,549	6.0%	0.0%	6.0%	5.1%	5.5%	63,470	431,429	200,000	-	\$3.02
Medina											
Warehouse - Dist	3,880,340	6.3%	0.0%	6.3%	7.4%	8.4%	41,500	(219,416)	-	-	\$4.26
Manufacturing	4,886,071	0.0%	0.0%	0.0%	0.0%	0.0%	-	160,604	-	-	--
Flex/R&D	846,270	10.2%	0.0%	10.2%	5.2%	5.2%	-	(100)	-	-	\$5.04
Light Industrial	4,430,322	0.3%	0.0%	0.3%	0.6%	0.8%	9,623	7,498	-	-	\$3.85
Total	14,043,003	2.5%	0.0%	2.5%	2.5%	2.9%	51,123	(51,414)	-	-	\$4.45
Portage County											
Warehouse - Dist	3,214,995	11.4%	0.0%	11.4%	0.0%	0.0%	-	-	-	-	--
Manufacturing	1,659,289	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	117,326	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	3,003,388	3.5%	0.0%	3.5%	2.6%	2.6%	-	(15,158)	-	-	\$4.50
Total	7,994,998	5.9%	0.0%	5.9%	1.0%	1.0%	-	(15,158)	-	-	\$4.50
Stark County											
Warehouse - Dist	7,209,238	3.0%	0.0%	3.0%	0.4%	1.4%	68,850	68,850	895,000	-	\$3.61
Manufacturing	17,928,071	1.8%	0.0%	1.8%	1.8%	2.2%	78,000	178,120	-	41,000	\$3.35
Flex/R&D	280,316	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	8,072,391	4.0%	0.0%	4.0%	2.8%	2.9%	4,000	133,375	-	-	\$4.60
Total	33,490,016	2.6%	0.0%	2.6%	1.7%	2.2%	150,850	380,345	895,000	41,000	\$3.60
Grand Total											
Warehouse - Dist	83,199,469	6.0%	1.5%	7.5%	4.9%	4.4%	255,425	584,202	3,318,500	1,480,023	\$4.74
Manufacturing	88,999,212	3.9%	0.0%	4.0%	3.2%	3.3%	78,000	956,909	130,000	341,000	\$2.96
Flex/R&D	28,192,033	8.3%	0.5%	8.8%	5.9%	6.4%	147,718	340,951	-	20,000	\$6.80
Light Industrial	171,217,303	5.1%	0.3%	5.4%	4.3%	4.6%	442,961	1,484,651	106,500	-	\$3.73
Total	371,608,017	5.3%	0.5%	5.8%	4.3%	4.4%	924,104	3,366,713	3,555,000	1,841,023	\$4.26
Cleveland Quarterly Comparisons and Totals											
Q3 2021	371,608,017	5.3%	0.5%	5.8%	4.3%	4.4%	924,104	3,366,713	3,555,000	1,841,023	\$4.26
Q2 2021	370,861,014	5.7%	0.6%	6.3%	4.4%	4.6%	1,730,547	2,442,609	3,883,000	1,107,023	\$4.09
Q1 2021	369,813,991	5.5%	0.7%	6.1%	4.6%	5.1%	712,062	712,062	3,264,531	60,000	\$4.06
Q4 2020	371,933,512	5.8%	0.7%	6.4%	5.1%	5.3%	1,524,733	5,247,488	1,879,000	5,962,065	\$4.05
Q3 2020	371,439,925	6.2%	0.5%	6.6%	5.3%	5.3%	508,618	3,722,755	1,470,300	5,468,478	\$4.04

The statistics reported herein are calculated based on a standardized set of properties including industrial properties 10,000 square feet and greater; single, multi-tenant and owner-occupied buildings.

Industrial Submarket Map



351 offices in 67 countries on 6 continents

United States: 115
Canada: 41
Latin America: 12
Asia Pacific: 33
EMEA: 78



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

About Colliers

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Market Contacts:

Loren DeFilippo, ccm
Director of Research | Ohio
513 562 2222
loren.defilippo@colliers.com

Jay Emery
Research Analyst
216 239 5116
jay.emery@colliers.com

Shenan Murphy, ccm
CEO | Principal
513 562 2205
shenan.murphy@colliers.com

Brian A. Hurtuk
Managing Director | Principal
216 239 5070
brian.hurtuk@colliers.com

Paul Plattner
Managing Director of REMS
513 562 2212
paul.plattner@colliers.com

Industrial Team:

Mark S. Abood, Esq.
Senior Vice President | Principal

Tim Breckner
Senior Vice President

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Associate



200 Public Square, Suite 1200
Cleveland, Ohio 44114
+1 216 239 5060
colliers.com/cleveland

