



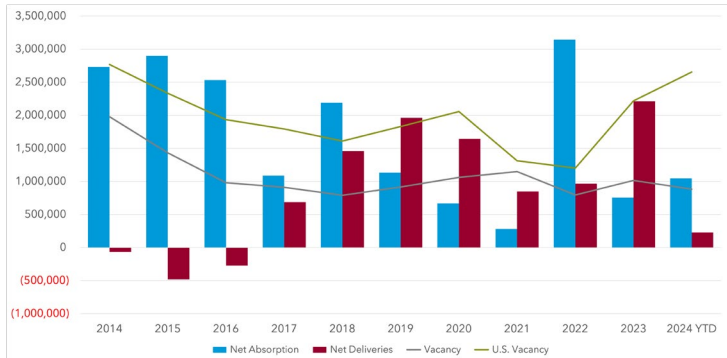
### INDUSTRIAL MARKET OVERVIEW

CONNOR KROUSE, Associate

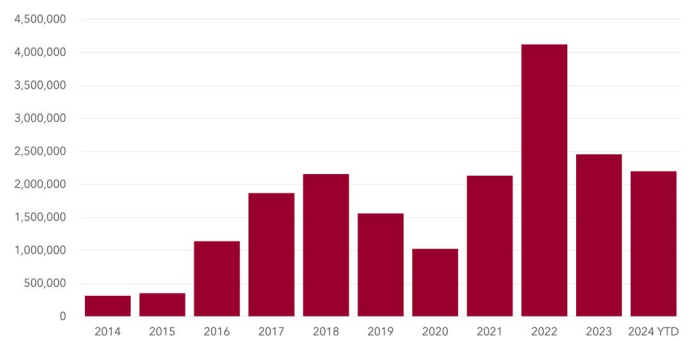
Cleveland's industrial market remains balanced, but slower leasing and negative net absorption are raising vacancy rates as 2024 begins. Despite this, vacancy is still low at 3.3%, compared to the national 6.5%. Limited modern industrial space impacts leasing, with Cleveland's availability at 4.9% versus the national 8.9%. Q4 2023 leasing was around 840,000 SF, half the pre-pandemic average. High interest rates are slowing construction, with 2.2 million SF underway, representing 0.6% of inventory. Rent growth remains strong, with year-over-year gains at 5.8% in Q2 2024. Investment activity is robust, with \$110 million traded in Q4 2023, double the pre-pandemic average.

| MARKET INDICATORS          | Q2 2024     | Q1 2024     | Q4 2023     | Q3 2023     | Q2 2023     |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| ▼ 12 Mo. Net Absorption SF | 353,718     | 615,178     | 756,691     | 1,240,451   | 3,082,122   |
| ▲ Vacancy Rate             | 3.30%       | 3.70%       | 3.60%       | 3.50%       | 3.40%       |
| ▲ Avg NNN Asking Rate PSF  | \$6.55      | \$6.46      | \$6.40      | \$6.30      | \$6.20      |
| ▼ SF Under Construction    | 2,197,894   | 2,269,894   | 2,456,657   | 3,182,769   | 3,970,388   |
| ▲ Inventory SF             | 356,109,749 | 356,037,749 | 355,882,972 | 355,169,460 | 354,104,720 |

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF                   | SIZE       | SALE PRICE                   | BUYER / SELLER                                 | BUILDING CLASS |
|-----------------------------------------------|------------|------------------------------|------------------------------------------------|----------------|
| 7501 Performance Lane<br>North Ridgeville, OH | 347,205 SF | \$36,500,000<br>\$105.13 PSF | Royal Oak Realty Trust<br>LCN Capital Partners | Class A        |
| 4505-4665 Beidler Road<br>Willoughby, OH      | 323,906 SF | \$4,500,000<br>\$13.89 PSF   | The Macomb Group<br>Woodhill Supply, Inc.      | Class C        |
| 30500 Bruce Industrial Parkway<br>Solon, OH   | 151,659 SF | \$9,750,000<br>\$64.29 PSF   | Diamond Properties<br>ICP LLC                  | Class A        |

| TOP LEASE TRANSACTIONS BY SF              | SIZE      | LANDLORD                             | TENANT          | TENANT INDUSTRY                |
|-------------------------------------------|-----------|--------------------------------------|-----------------|--------------------------------|
| 3960 Summit Road<br>Barberton, OH         | 99,832 SF | 3960 Warehouse LLC                   | JendEx Services | Logistics                      |
| 6611 W. Snowville Road<br>Brecksville, OH | 50,545 SF | Ray Fogg Corporate<br>Properties LLC | Lumitex         | Manufacturing/<br>Distribution |
| 8844 Mayfield Road<br>Chesterland, OH     | 44,000 SF | Tierra Associates Ltd                | Darrah Electric | Manufacturing                  |

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com