

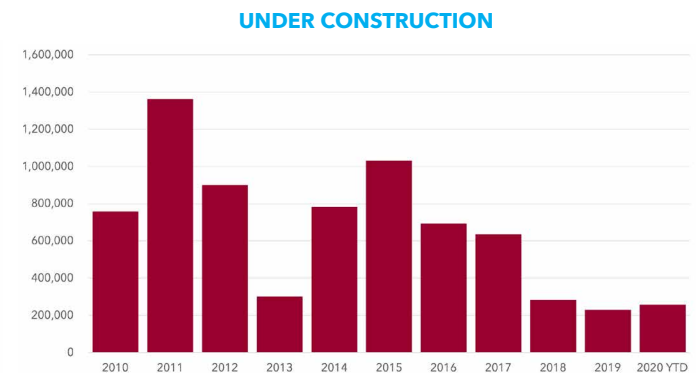
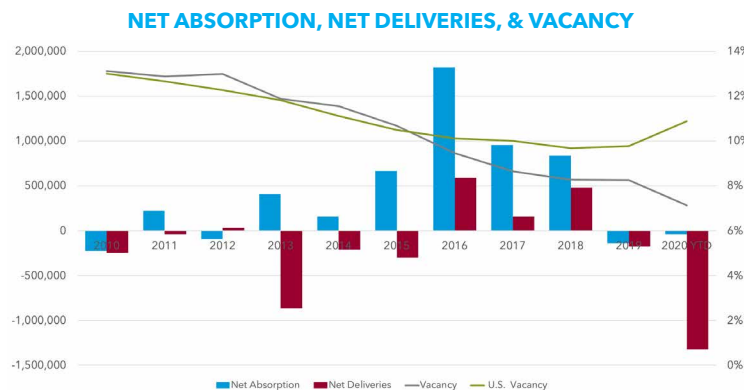


OFFICE MARKET OVERVIEW

ABRAM SCHWARZ, SIOR, *Senior Vice President*

The third quarter 2020 showed some signs of life in the office sector, particularly in the suburbs and the large expected losses due to the COVID-19 pandemic have not yet hit Cleveland's Office Market. Although, many companies have put their expansion plans on hold, there have been some new leases completed on a smaller scale as companies evaluate their long term commitments. The longer the pandemic continues, the greater the losses will likely be however. As you survey the different major submarkets, many buildings still do not have filled parking lots, which poses long term planning concerns for organizations.

| MARKET INDICATORS | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| ▼ Net Absorption | (54,760) SF | 178,200 SF | 214,029 SF | (138,780) SF | (175,304) SF |
| ▲ Vacancy Rate | 7.10% | 6.70% | 6.80% | 8.30% | 8.20% |
| ▲ Avg NNN Asking Rate | \$18.89 PSF | \$18.88 PSF | \$18.85 PSF | \$18.73 PSF | \$18.77 PSF |
| ▲ Under Construction | 256,150 SF | 227,150 SF | 170,000 SF | 228,929 SF | 134,429 SF |
| ▼ Inventory | 105,087,379 SF | 105,098,159 SF | 105,134,159 SF | 106,410,230 SF | 106,430,730 SF |



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---|------------|-------------------------------|--|----------------|
| 16651 West Sprague Road Strongsville, OH | 204,000 SF | Undisclosed | Undisclosed Undisclosed | Class B |
| 417-419 Broad Street Elyria, OH | 33,900 SF | \$157,000.00 \$4.63 PSF | Undisclosed Loretta Dixon | Class B |
| 24400 Chagrin Boulevard Beachwood, OH | 32,183 SF | \$3,208,997.00 \$99.71 PSF | Realife Real Estate Group North Pointe Realty | Class B |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|--|-----------|-----------------------------|--------------------------------|-----------------------------------|
| 1621 Euclid Avenue Cleveland, OH | 45,280 SF | K&D Real Estate Services | Undisclosed | Undisclosed |
| 370 Falls Commerce Parkway Cuyahoga Falls, OH | 41,047 SF | 370 Falls Commerce LLC | American De Rosa Lamparts, LLC | Manufacturing |
| 1001 Lakeside Avenue East Cleveland, OH | 25,753 SF | Hertz Investment Group | RSM | Management Consulting Services |

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 Proprietary Data. ©

© Copyright 2020 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com