



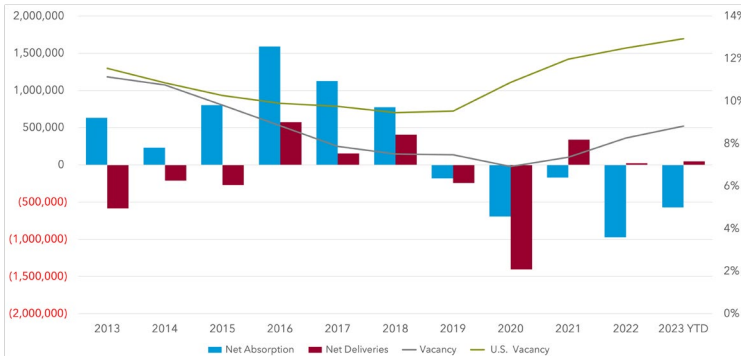
OFFICE MARKET OVERVIEW

ABRAM SCHWARZ, SIOR, *Senior Vice President*

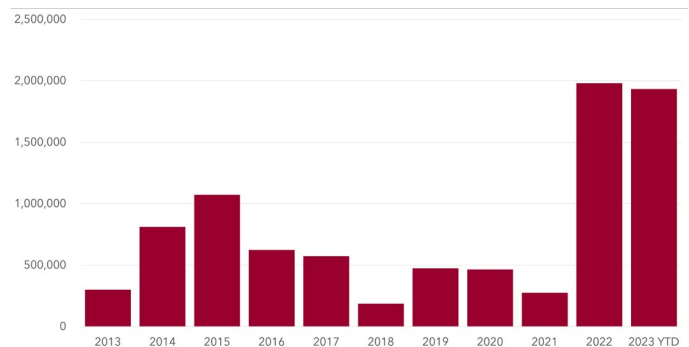
The office market can be summarized in one word - "downsize". Tenants and buyers have the upper hand as remote work will not go away. Large tenants like Ernst & Young are leaving their namesake building, where they currently occupy 100,000+ SF paying close to \$40.00 PSF and will downsize to approximately 70,000 SF paying closer to \$20.00 PSF, amounting to approximately 65% in occupancy cost reductions. On the sales side, many office buildings actual occupancy utilization, mounting vacancy as leases begin to roll, and much higher interest rates put the office sales market behind the eight ball. The positive is that the suburban office market still has plenty of leasing activity.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ 12 Mo. Net Absorption SF	(1,607,253)	(972,822)	(27,843)	(336,278)	(88,385)
▲ Vacancy Rate	8.80%	8.30%	7.50%	7.60%	7.30%
▲ Avg NNN Asking Rate PSF	\$19.32	\$19.27	\$19.28	\$19.30	\$19.24
▼ SF Under Construction	1,933,478	1,980,169	1,999,299	1,801,661	1,757,661
▲ Inventory SF	110,017,937	109,971,246	109,952,116	109,952,116	109,952,116

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
29000 Aurora Road Solon, OH	111,493 SF	\$3,540,000 \$31.75 PSF	HANA Technologies ICP	Class B
14650 Detroit Avenue Lakewood, OH	77,112 SF	\$2,400,000 \$31.12 PSF	Riverside Abstract LCW Associates, Ltd.	Class B
11811 Shaker Boulevard Cleveland, OH	50,000 SF	\$2,266,000 \$45.32 PSF	Ogbonnaya Okoroafor Shaker West Professional, LLC	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1001 Lakeside Avenue East Cleveland, OH	70,000 SF	Hertz Investment Group	Ernst & Young	Financial Services
1500 W. 3rd Street Cleveland, OH	50,000 SF	K&D	Walter Haverfield	Law
6100 Rockside Woods Boulevard Independence, OH	10,000 SF	Realife Management	Cresco Cushman Wakefield	Real Estate

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