

FIGURES | CLEVELAND OFFICE | Q3 2026

Positive Absorption Signals Early Market Stabilization

► 20.3%

Vacancy Rate

▲ 10.6

KSF Net Absorption

► 0.0

KSF Construction Delivered

► 56.0

KSF Under Construction

▲ \$19.57

Avg. Direct Asking Rate (FSG/YR)

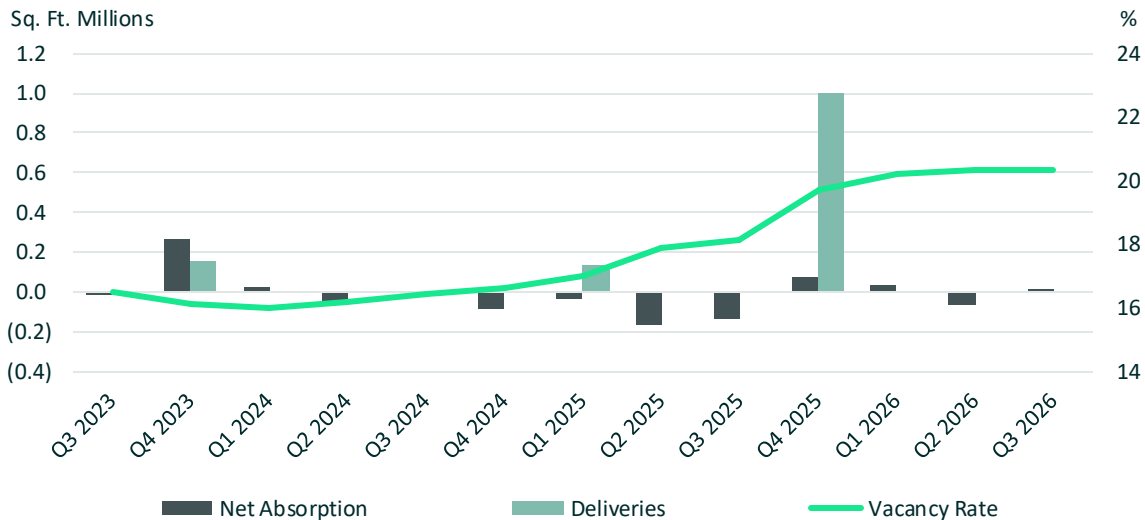
Note: Arrows indicate change from previous quarter.

Market Overview

In Q3 2026, the Cleveland office market showed signs of stabilization as tenant demand generated 11,000 sq. ft. of positive absorption, reversing occupancy losses recorded in the prior quarter and improving from one year ago. Despite improving demand, vacancy held at an elevated 20.3%, while asking rents increased modestly to \$19.57 per sq. ft., continuing a multi-year trend of relative pricing stability.

Performance remained uneven across product types and submarkets. Class B vacancy reached 22.0%, compared with 18.8% in Class A and 16.1% in Class C, reflecting continued tenant preference for higher-quality and lower-cost space. Downtown remained the market's most challenged submarket, posting 25.6% vacancy, while the South, East and Southwest submarkets generated the strongest occupancy gains. Development activity remained minimal, with no deliveries and only 56,000 sq. ft. under construction, while leasing activity totaled 104,000 sq. ft. With supply growth constrained and office-to-residential conversions reducing inventory, market fundamentals are positioned for continued gradual improvement.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research, Q3 2026

Vacancy

Vacancy conditions in Q3 2026 differed sharply by property class, with stability in Class A, significant softness in Class B and ongoing improvement in Class C. Overall Class A vacancy was 18.8%, rising slightly by 10 basis points (bps) quarter-over-quarter and 10 bps year-over-year. Class B vacancy was the highest at 22.0%, declining 10 bps quarter-over-quarter but increasing 400 bps year-over-year. Meanwhile Class C posted the lowest overall vacancy at 16.1%, improving by 10 bps quarter-over-quarter and 30 bps year-over-year. Over the last three years, overall vacancy shifted upward by 210 bps in Class A and 640 bps in Class B but fell 580 bps in Class C.

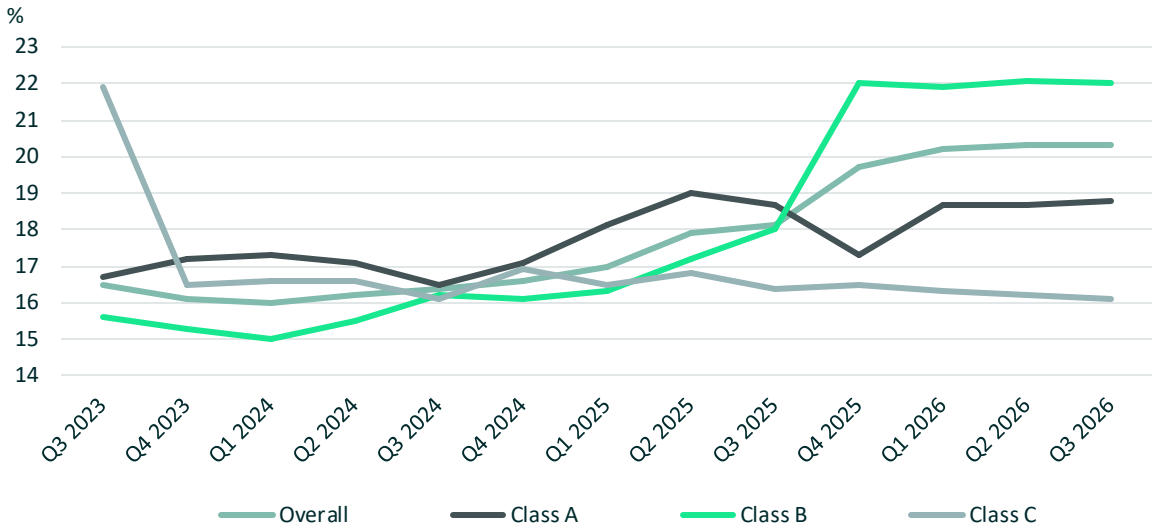
By submarket, results in the current quarter showed wide dispersion in vacancy, with Downtown remaining the most challenged location and Southwest and West comparatively tighter. Southwest recorded the lowest overall vacancy rate at 12.1%, followed by West at 12.5%. Downtown posted the highest overall vacancy at 25.6%, representing 3.56 million sq. ft. of vacant office space.

Asking Rent

Overall office asking rents were stable over the period, with modest gains concentrated in higher-quality space. This quarter, the overall average asking rent was \$19.57 per sq. ft. FSG, up slightly from \$19.45 per sq. ft. quarter-over-quarter but slightly below the \$19.63 per sq. ft. level recorded one year ago. Over the last three years, overall rents moved only modestly from \$19.33 per sq. ft., whereas Class A asking rent increased from \$23.27 per sq. ft. to \$24.11 per sq. ft., including an uptick from \$23.82 per sq. ft. quarter-over-quarter and from \$23.51 per sq. ft. year-over-year.

Submarket asking rents this quarter showed a clear premium for core locations, with a wide spread by product class. Downtown and East posted the strongest Class A pricing, at \$25.97 per sq. ft. and \$23.46 per sq. ft., respectively, with Downtown also carrying relatively high Class B and Class C rents of \$18.36 per sq. ft. and \$15.36 per sq. ft. South and Southwest maintained solid Class A rents of \$23.30 per sq. ft. and \$21.50 per sq. ft., while West and Southeast trailed with Class A levels of \$18.70 per sq. ft. and \$17.88 per sq. ft.; across East, South, Southeast, Southwest, West and Northeast, Class B and Class C rates ranged widely from \$8.00 per sq. ft. to \$19.26 per sq. ft., giving occupiers a broad spectrum of price points by location and building quality.

Figure 2: Vacancy Rates by Class



CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate by Class



CBRE Research, Q3 2026

Net Absorption

In Q3 2026, the market recorded modest positive net absorption after prior quarters of contraction. Market-wide net absorption totaled 11,000 sq. ft., exceeding the negative 65,000 sq. ft. recorded the previous quarter. Net absorption this quarter also exceeded the negative 136,000 sq. ft. posted in Q3 2025, marking a substantial improvement in occupancy trends year-over-year. Class A, Class B and Class C each contributed, with net absorption of 1,000 sq. ft., 7,000 sq. ft. and 3,000 sq. ft., respectively, indicating a more balanced pattern of demand across quality segments.

South and East were the top two submarkets for positive net absorption with 27,000 sq. ft. and 20,000 sq. ft, respectively. Among the remaining submarkets, Southwest posted additional positive net absorption of 16,000 sq. ft., standing out as the only other area with sizeable quarterly gains. At the other end of the spectrum, Downtown recorded negative net absorption of 56,000 sq. ft., underscoring continued occupancy challenges in that segment of the market.

Construction Activity

In Q3 2026, the market’s construction pipeline remained limited and was unchanged from last quarter, with development activity concentrated in a single small project and no recent deliveries. No new inventory has completed since Sherwin-Williams new Downtown HQ of 1,000,000 sq. ft. in Q4 2025.

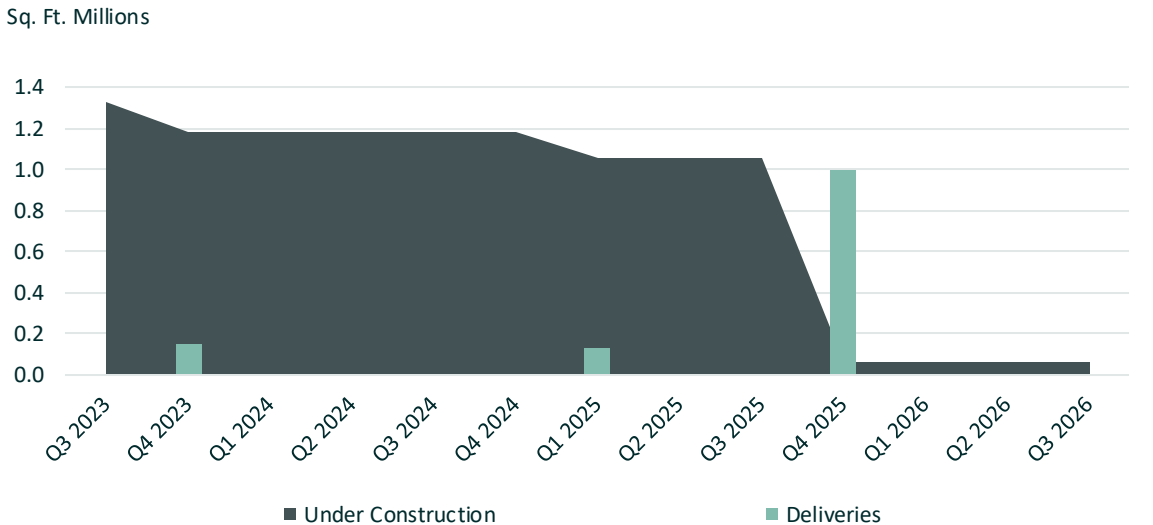
The one ongoing project was in the South at Valor Acres Phase 2, totaling 56,000 sq. ft. and fully pre-leased at 100.0% ahead of its estimated Q4 2026 delivery. With limited new inventory and many office operators electing to convert to multifamily use, the market is expected to continue to make gains in occupancy, especially in well-located suburban corridors.

Figure 4: Net Absorption Trend



CBRE Research, Q3 2026

Figure 5: Construction Activity



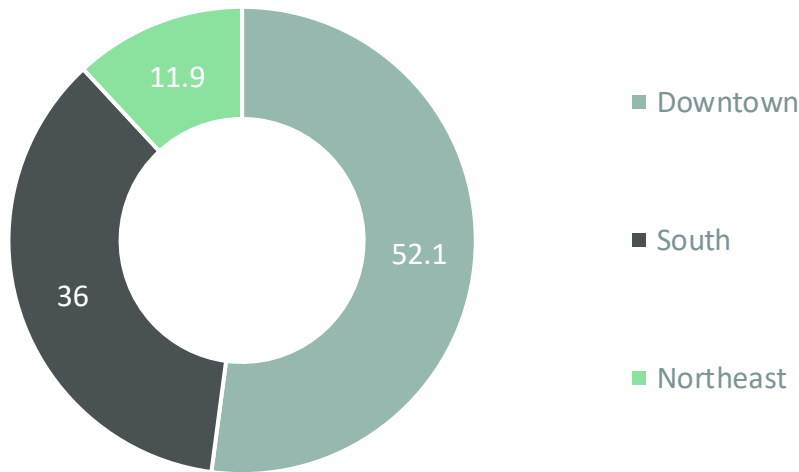
CBRE Research, Q3 2026

Leasing Activity

Leasing activity in Q3 2026 totaled 104,000 sq. ft., while year-to-date 2026 volume reached 535,000 sq. ft. This represented a 64.0% quarter-over-quarter decrease from 289,000 sq. ft. in Q2 2026 and a 32.0% year-over-year decline from 153,000 sq. ft. in Q3 2025. Leasing volumes in Q1 2026 and Q2 2026 were significantly higher, at 142,000 sq. ft. and 289,000 sq. ft., underscoring a slowdown activity this quarter.

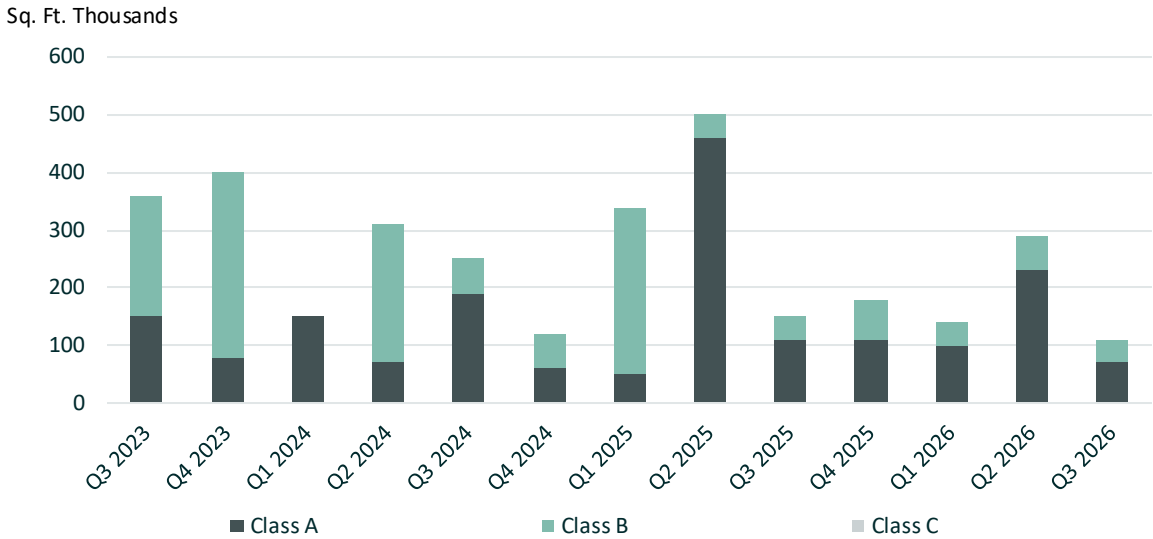
Within the market, Downtown and South recorded the strongest positive leasing activity in the quarter. Positive leasing also occurred in the Northeast submarket, which achieved 12,000 sq. ft. of Class B activity. Across these reported submarkets, total leased area in the quarter reached 103,000 sq. ft., with Downtown accounting for 54,000 sq. ft. and South for 37,000 sq. ft.

Figure 7: Leasing by Submarket (% of Total Activity)



CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Robert W. Baird & Company	17,000	Renewal	200 Public Sq	Downtown
Cigna Health and Life Insurance	14,000	Renewal	3 Summit Park Dr	South
UBS Financial Services	13,000	Renewal	600 Superior Ave	Downtown
United States of America	12,000	New Lease	6055 Rockside Woods Blvd	South
Neighborhood Construction	8,700	New Lease	12600 Triskett Rd	West
Cohen and Co.	6,500	Expansion	1350 Euclid Ave	Downtown

Source: CBRE Research, Q3 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	7.83M	17.8	21.1	18.6	2.5	22.47	2,000	1,000	-	56,000
Class B	11.35M	16.6	20.7	19.9	0.8	16.13	60,000	51,000	-	-
Class C	1.24M	8.4	10.7	10.7	-	14.67	6,000	9,000	-	-
Total	20.42M	16.6	20.2	18.9	1.4	18.63	67,000	60,000	-	56,000

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	5.44M	20.1	22.8	22.1	0.7	25.97	(1,000)	(38,000)	-	-
Class B	6.88M	31.0	36.2	35.3	0.9	18.36	(53,000)	(54,000)	-	-
Class C	1.67M	21.8	24.7	22.0	2.7	15.36	(2,000)	2,000	-	-
Total	13.99M	25.6	29.6	28.6	1.0	20.38	(56,000)	(90,000)	-	-

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	13.27M	18.8	21.8	20.0	1.7	24.11	1,000	(37,000)	-	56,000
Class B	18.23M	22.0	26.5	25.7	0.8	17.37	7,000	(3,000)	-	-
Class C	2.91M	16.1	18.8	17.2	1.5	15.19	3,000	11,000	-	-
Total	34.42M	20.3	24.0	22.8	1.2	19.57	11,000	(30,000)	-	56,000

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Downtown	13.99M	25.6	29.6	28.6	1.0	20.38	25.97	(56,000)	(90,000)	-	-
East	5.56M	17.8	20.8	19.7	1.1	21.85	23.46	20,000	14,000	-	-
Northeast	1.53M	15.6	17.1	16.4	0.7	14.91	-	1,000	8,000	-	-
South	6.33M	19.0	23.2	21.6	1.6	18.94	23.30	27,000	5,000	-	56,000
Southeast	983,000	21.9	24.0	24.0	-	16.17	17.88	(7,000)	6,000	-	-
Southwest	2.23M	12.1	13.2	12.7	0.5	15.90	21.50	16,000	30,000	-	-
West	3.79M	12.5	18.9	16.4	2.6	16.57	18.70	10,000	(2,000)	-	-
Total	34.42M	20.3	24.0	22.8	1.2	19.57	24.11	11,000	(30,000)	-	56,000

Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Cleveland, OH Employment Update

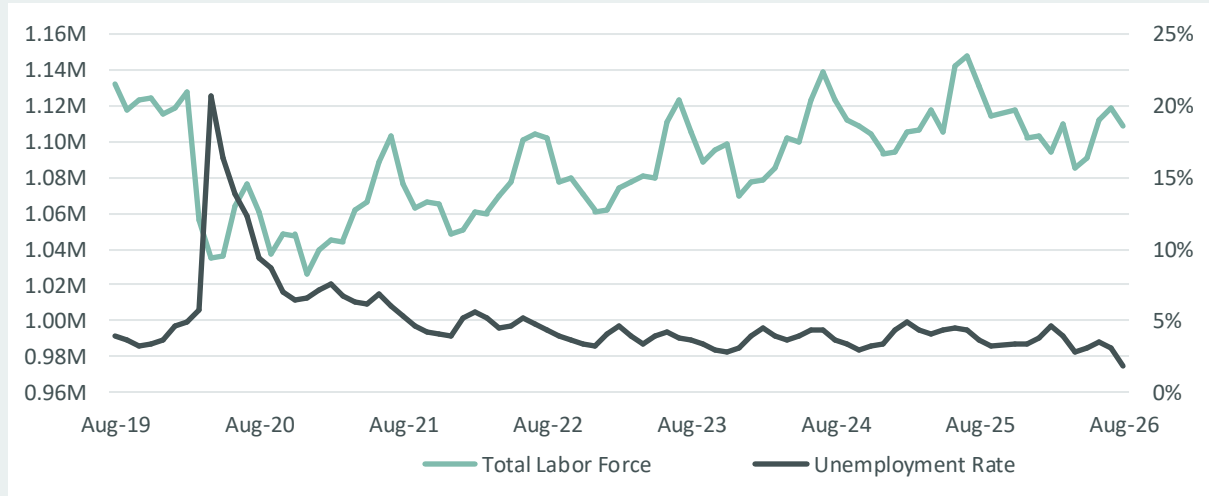


Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



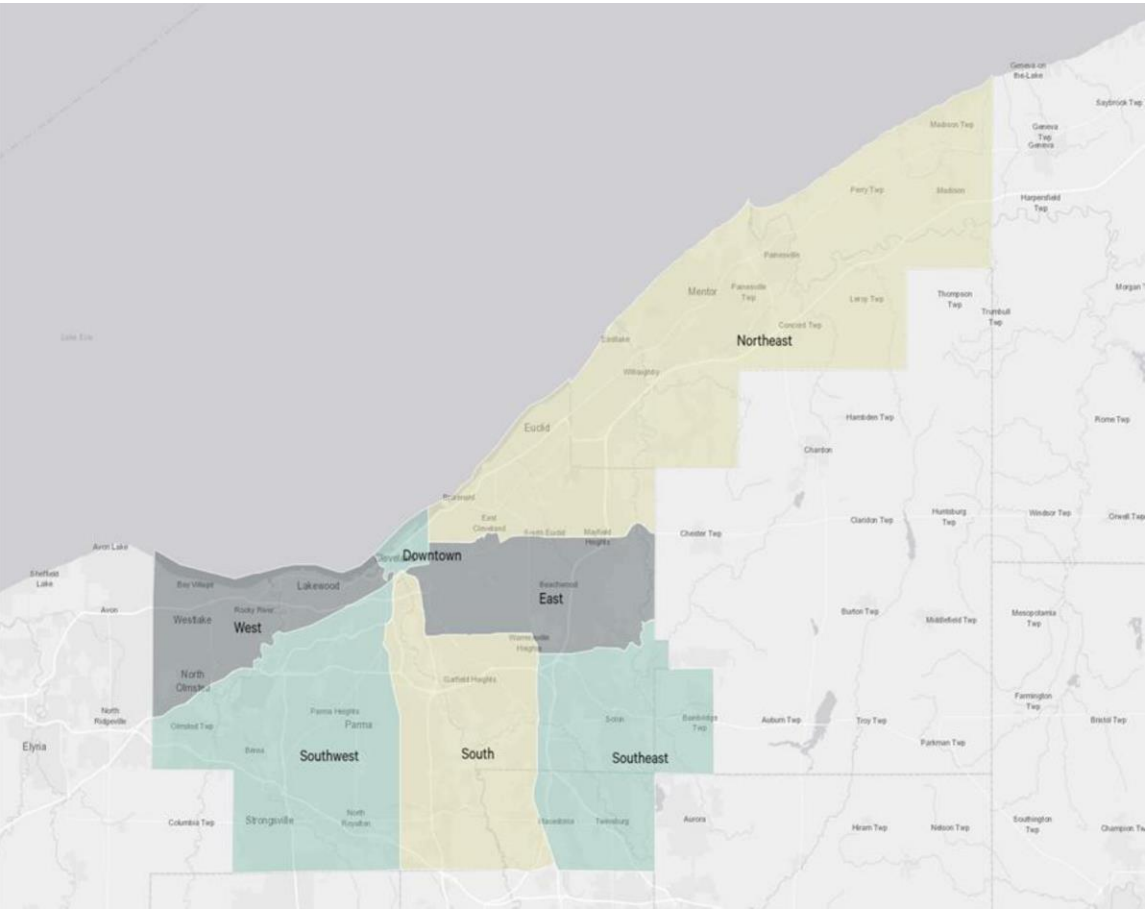
Source: US BLS, August 2026

Cleveland, OH Unemployment Rate and Labor Force Trends



Source: US BLS, August 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Office buildings 10,000 sq. ft. or greater. Excludes single-tenant owner-occupied buildings, Government owned and occupied buildings, or Medical buildings.

Contacts

Andrew Coleman
Managing Director
+1 216 406 3459
andrew.coleman@cbre.com

Lauren Tilmont
Research Manager
+1 312 416 3058
lauren.tilmont@cbre.com

Faith Engle
Field Research Analyst
+1 614 373 3218
faith.engle@cbre.com

Matt Patti
Field Research Analyst
+1 614 224 1492
matt.patti@cbre.com