

FIGURES | CLEVELAND OFFICE | Q4 2025

New construction delivery triggers vacancy disruption

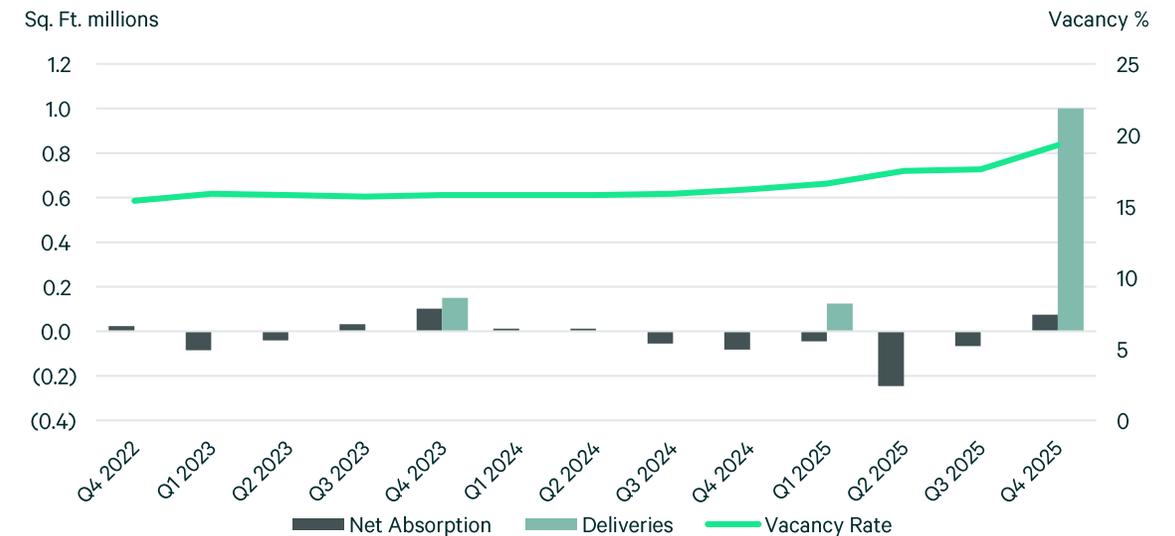


Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- Net absorption increased to positive 73,905 square feet (sq. ft.) from negative 37,519 sq. ft. in Q3 2025.
- Leasing activity totaled 216,778 sq. ft. despite limited tenant movement in Q4 2025.
- The Cleveland office market recorded a 9.6% increase quarter-over-quarter in overall vacancy, in large part due to Sherwin-Williams vacating 900,000 sq. ft. at Landmark Towers to occupy their new build-to-suit in the Downtown submarket.
- The 1 million sq. ft. Sherwin-Williams headquarters at 1 Frankfort Avenue delivered in Q4 2025, marking the largest addition to the local office inventory since Q4 2023.
- Average overall asking rates declined \$0.33 quarter-over-quarter to \$19.10 per sq. ft.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



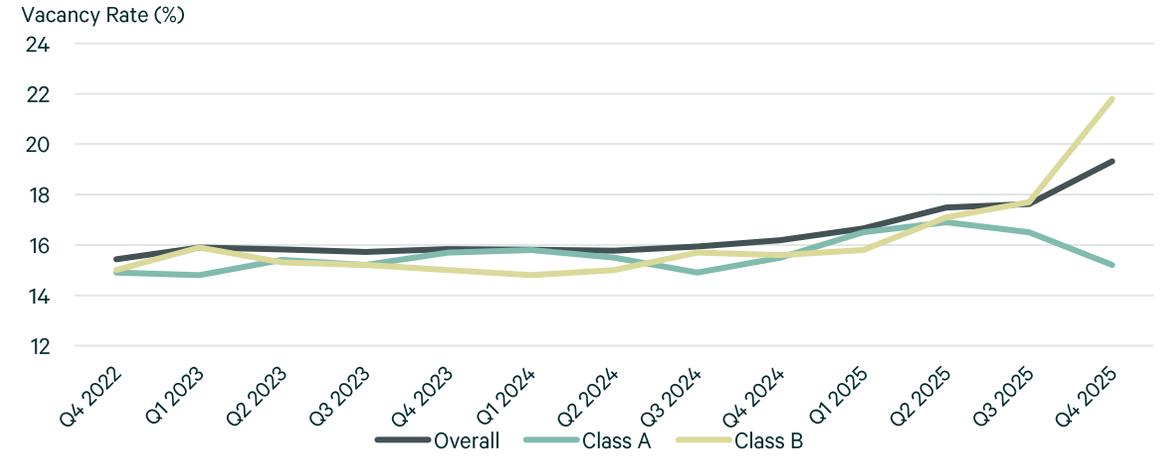
Source: CBRE Research, Q4 2025

Vacancy

In Q4 2025, the overall office vacancy rate increased 170 basis points (bps) to 19.3%. Class A vacancy fell 130 bps to 15.2% and Class B vacancy rose 410 bps to 21.8%. The large increase of Class B vacancy can be attributed to Sherwin-Williams vacating 900,000 sq. ft. at Landmark Towers in the Downtown submarket.

Over the past three years, the overall vacancy rate increased by 390 bps, with Class A vacancy increasing slightly by 30 bps and Class B increasing sharply by 680 bps. As more companies continue to mandate return-to-office, demand for high-quality and well-located office space continues to rise, contributing to the widening gap between Class A and Class B vacancy.

FIGURE 2: Vacancy Rates by Class



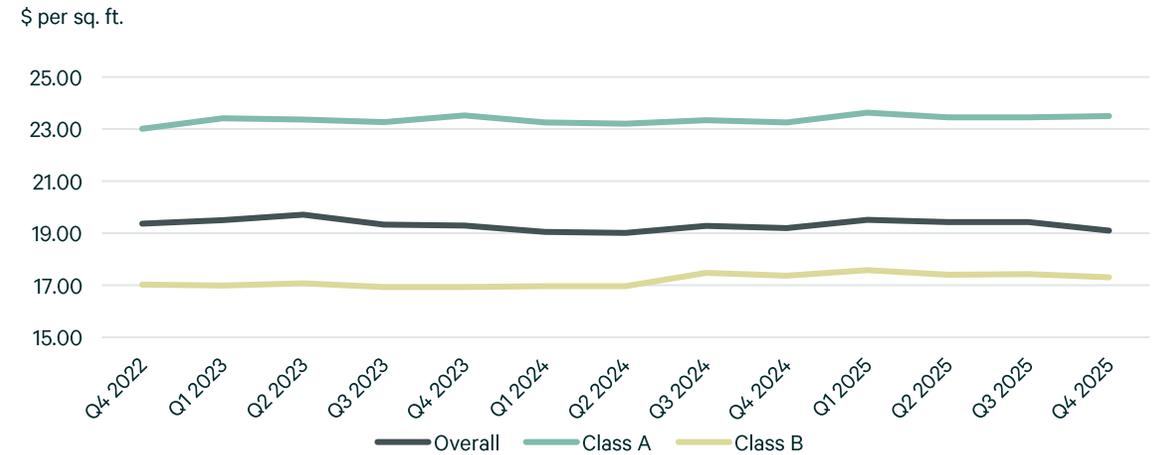
Source: CBRE Research, Q4 2025

Asking Rent

Average asking rent was \$19.10 per sq. ft. gross at the close of Q4 2025, with Class A asking rent at \$23.50 per sq. ft. and Class B at \$17.31 per sq. ft. The overall average rate decreased by 170 bps (\$0.33) quarter-over-quarter, while Class A was down slightly, 20 bps (\$0.05) quarter-over-quarter, and Class B was down 70 bps (\$0.12) quarter-over-quarter.

On a year-over-year basis, the overall rate decreased by 50 bps (\$-0.10), and over the last 3-years decreased by 130 bps (\$-0.26). While demand has stagnated overall, there continues to be demand for Class A downtown, with these spaces asking \$25.41 per sq. ft. on average, up \$0.24 from the previous quarter due to limited availability of premium product. This is further exemplified by Class A downtown availability rate of 18.5%, compared to 32.8% for Class B.

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q4 2025

Net Absorption

Market wide net absorption was positive 73,905 sq. ft in Q4 2025, with Class A net absorption at positive 1.0 million sq. ft and Class B net absorption at negative 896,752 sq. ft. This is in large part due to Sherwin-Williams moving into its new 1.0 million sq. ft. build-to-suit headquarters and vacating 900,000 sq. ft. of Class B space at the Landmark Towers, which is now being considered as a candidate for conversion.

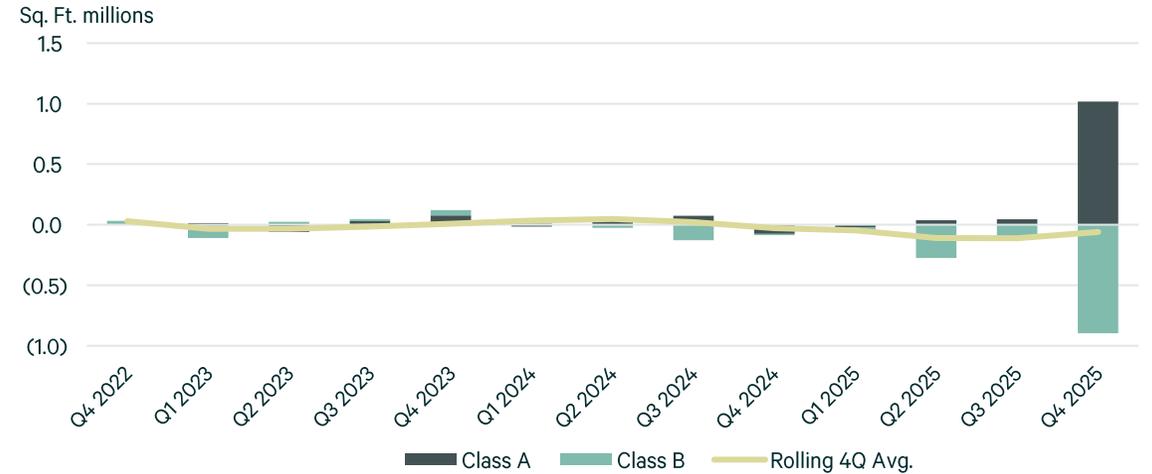
Other notable tenant movement included AmTrust downsizing by 45,000 sq. ft. at 800 Superior Avenue in the Downtown submarket and various tenants vacating 11,620 sq. ft. at 20600 Chagrin Boulevard in the East submarket.

Construction Activity

In Q4 2025 one project remained under construction; Valor Acres II office building of 40,000 sq. ft. in the South submarket. Under construction activity decelerated quarter-over-quarter from over 1.0 million sq. ft to 40,000 sq. ft. due to the delivery of the Sherwin-Williams build-to-suit headquarters.

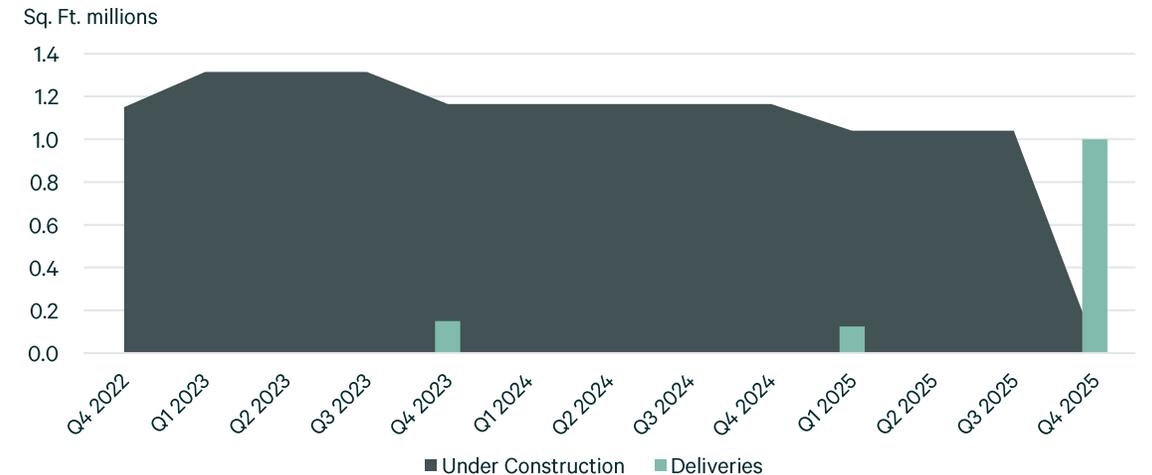
New office construction remains stagnant as builders face difficulties with increasing construction costs. Many existing owners continue to opt for office conversions, primarily for multifamily use. In 2025, approximately 230,000 sq. ft. of office space completed conversion to new use, while 515,000 sq. ft. are currently undergoing conversions. Just under 3.2 million sq. ft. of existing office inventory is still slated to undergo conversion. According to CBRE’s US Office Conversions Project report published in 2025, Cleveland’s office market has 8.4% of the inventory planned for or currently undergoing conversion. Nationally, 70% of planned and active office conversion projects are for multi-family use.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 5: Construction Activity



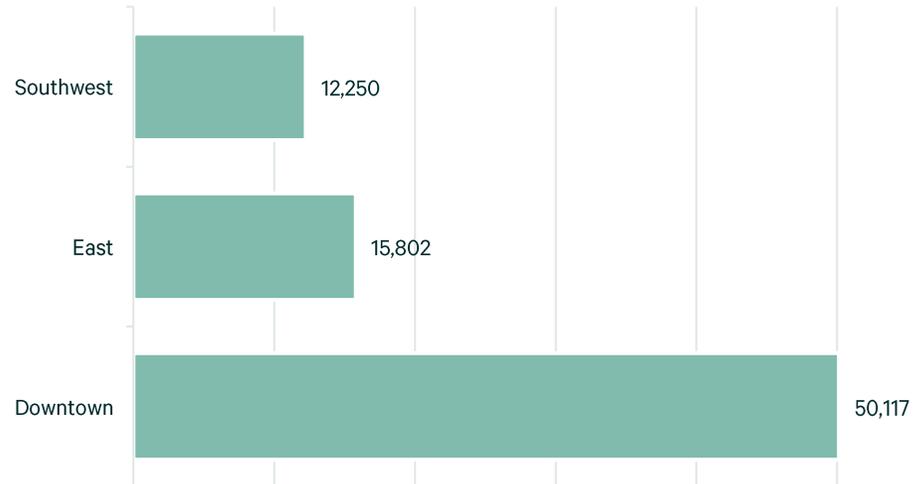
Source: CBRE Research, Q4 2025

Leasing Activity

Total leasing activity in the Cleveland office market in Q4 2025 was 216,778 sq. ft. Deals above 10,000 sq. ft. totaled 78,169 sq. ft., a -7.1 percent change from Q3, marking a record-low in activity for the past three years. The largest new lease of the quarter was signed in the East submarket by Window Nation at 23000 Millcreek Boulevard 15,802 sq. ft. and will commence in Q1 2026. The Downtown submarket dominated leasing again with two new leases signed by North Coast Media and a confidential client for 11,461 sq. ft. and 10,602 sq. ft., respectively.

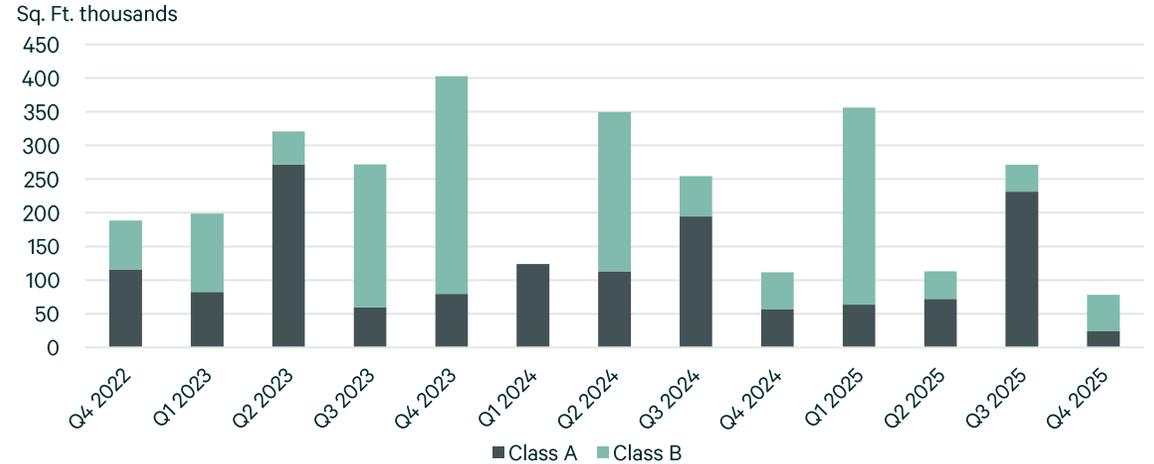
Class A leasing accounted for 31% and Class B leasing activity made up 69% of the quarter leasing over 10,000 sq. ft. However, leasing activity slowed quarter-over-quarter, falling 207,226 sq. ft. in Class A and 14,203 sq. ft. in Class B assets, respectively. Class A inventory continues to be increasingly limited, with approximately 2.4 million sq. ft. of direct availability across the market, compared to over 4.8 million sq. ft. of availability in Class B.

FIGURE 6: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Window Nation	15,802	New Lease	23000 Millcreek Blvd	East
Cleveland Teachers Union Local	14,400	Renewal	1228 Euclid Ave	Downtown
Compass Health Brands	12,250	Renewal	6753 Engle Rd	Southwest
DataBank	12,098	Renewal	1255 Euclid Ave	Downtown
North Coast Media	11,461	New Lease	1621 Euclid Ave	Downtown
Confidential Tenant	10,602	New Lease	1350 Euclid Ave	Downtown

Source: CBRE Research, Q4 2025

Market Statistics by Index

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
SUBURBAN										
Class A	7,665,953	15.3	22.3	17.8	4.5	21.95	(2,450)	105,616	0	40,000
Class B	11,090,640	17.4	23.0	22.4	0.6	16.32	11,634	(342,541)	0	0
Class C	1,238,755	10.1	13.0	13.0	0.0	14.22	(4,160)	19,001	0	0
Total	19,995,348	16.1	22.1	20.1	2.1	18.29	5,024	(217,924)	0	40,000

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
DOWNTOWN										
Class A	6,219,216	15.1	18.5	16.8	1.7	25.41	1,020,874	974,141	1,000,000	0
Class B	6,923,241	28.9	32.8	32.1	0.7	18.29	(908,386)	(977,330)	0	0
Class C	1,672,667	33.7	34.0	31.3	2.7	15.55	(43,607)	(63,227)	0	0
Total	14,815,124	23.7	26.9	25.6	1.4	19.87	68,881	(66,416)	1,000,000	0

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
METRO										
Class A	13,885,169	15.2	20.6	17.4	3.3	23.50	1,018,424	1,079,757	1,000,000	40,000
Class B	18,013,881	21.8	26.8	26.1	0.6	17.31	(896,752)	(1,319,871)	0	0
Class C	2,911,422	23.7	25.1	23.5	1.5	15.32	(47,767)	(44,226)	0	0
Total	34,810,472	19.3	24.2	22.4	1.8	19.10	73,905	(284,340)	1,000,000	40,000

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Downtown	14,815,124	23.7	26.9	25.6	1.4	19.87	68,881	(66,416)	1,000,000	0
East	5,538,130	14.6	19.6	19.0	0.6	21.21	(10,342)	(86,736)	0	0
Northeast	1,523,810	16.2	17.4	17.4	0.0	15.07	2,897	(9,149)	0	0
South	6,029,965	19.6	27.1	25.4	1.6	18.44	40,768	(5,762)	0	40,000
Southeast	983,433	22.5	24.3	24.3	0.0	16.22	5,937	(67,938)	0	0
Southwest	2,111,124	14.8	16.4	16.0	0.5	15.63	(23,092)	(12,874)	0	0
West	3,808,886	11.8	22.5	15.4	7.0	16.82	(11,144)	(35,465)	0	0
Total	34,810,472	19.3	24.2	22.4	1.8	19.10	73,905	(284,340)	1,000,000	40,000

National Economic Outlook

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

Source: CBRE Research

Cleveland, OH Employment Update

- ▼ **3.3%**
Unemployment Rate
- ▼ **1.1M**
Labor Force
- ▼ **615.3k**
Office Using Jobs
- ▼ **345.2k**
Industrial Using Jobs
- ▼ **246.7k**
Retail Using Jobs

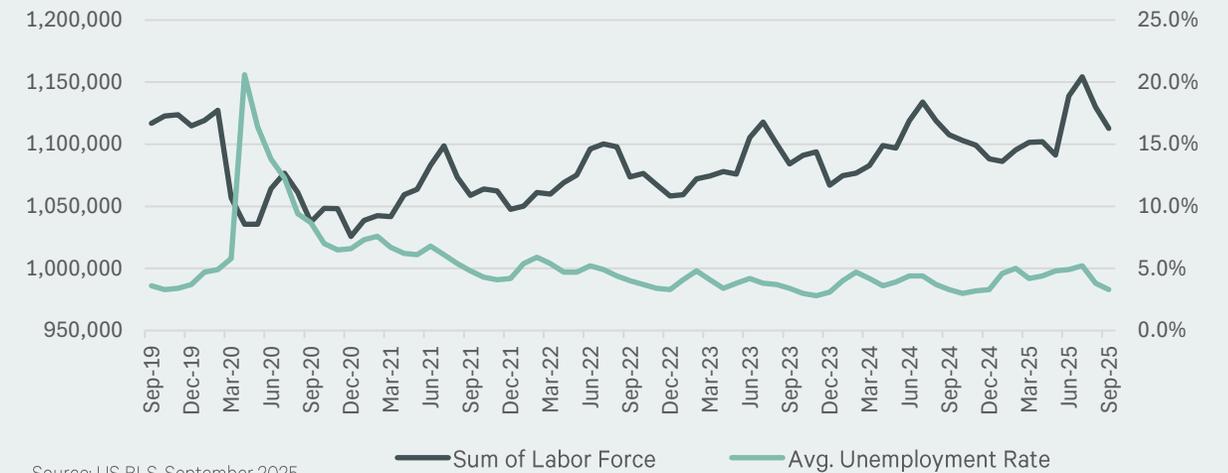
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

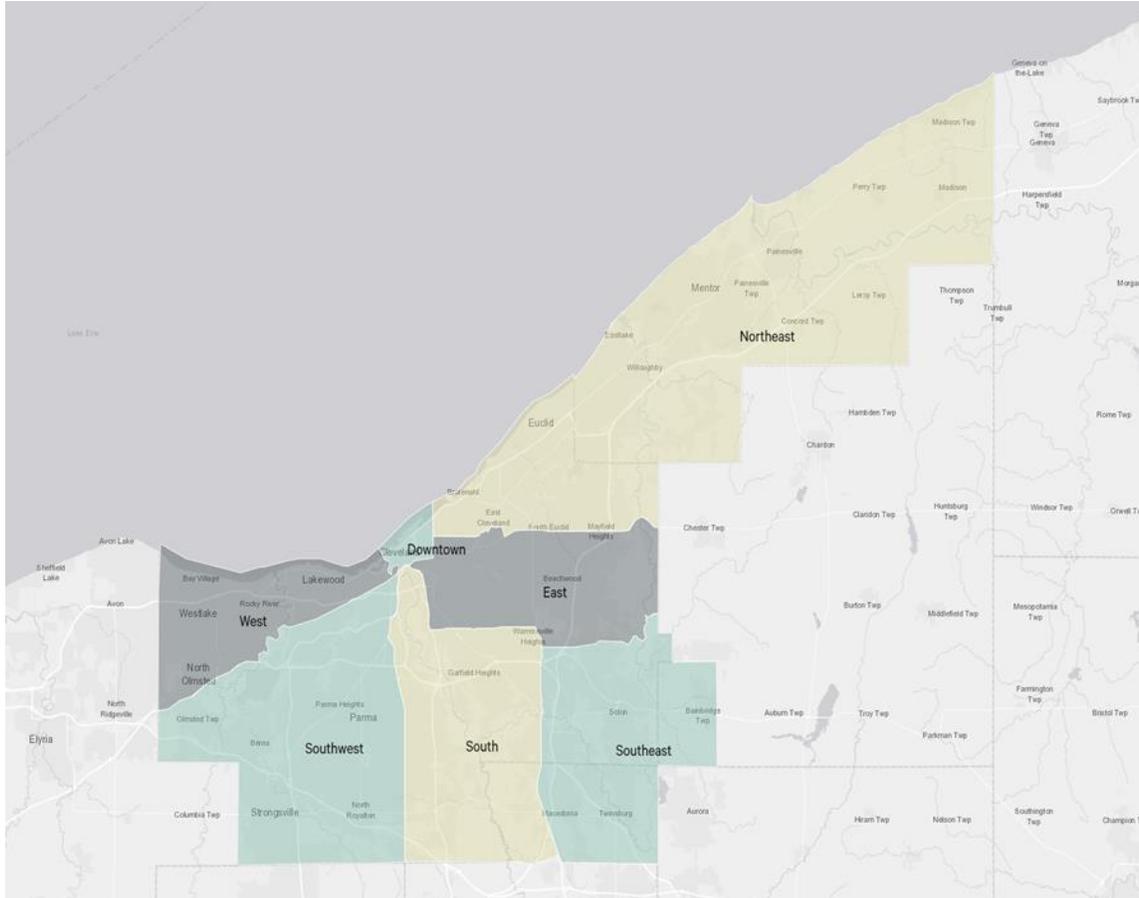
Source: US BLS, September 2025

Cleveland, OH Unemployment Rate and Labor Force Trends



Source: US BLS, September 2025

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.

Matt Patti

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

Faith Engle

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

Lauren Tilmont

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

Andrew Coleman

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