

FIGURES | CLEVELAND INDUSTRIAL | Q1 2026

Industrial Fundamentals Soften as Construction Pipeline Clears

▼ 3.9%

Vacancy Rate

▲ 1.0M

SF Net Absorption

▼ 0

SF Construction Delivered

▲ 124,000

SF Under Construction

▼ \$5.49

NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

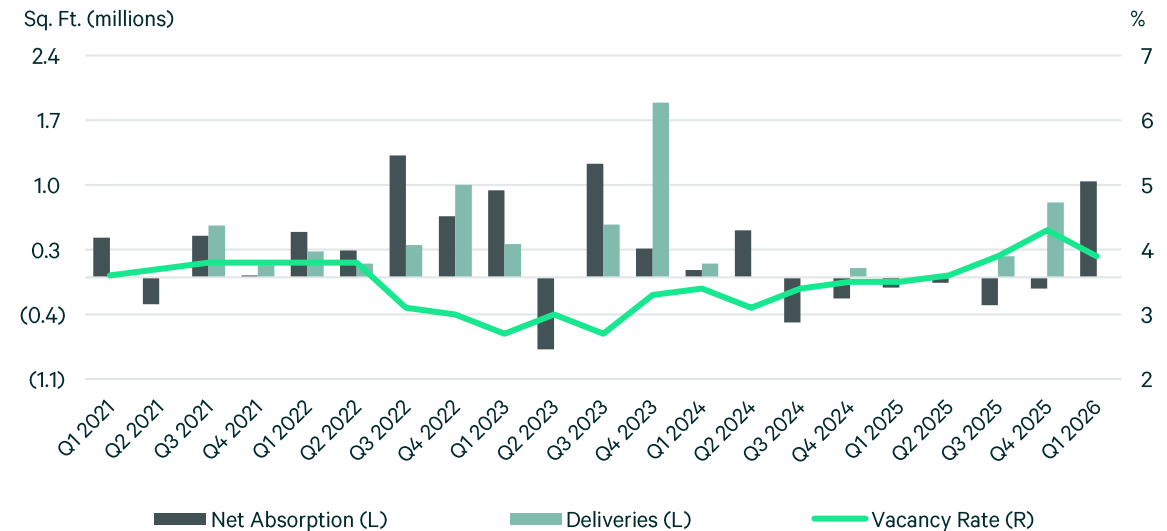
Market Overview

Market conditions improved in Q1 2026 as demand returned and new supply remained negligible. Net absorption turned positive after a year of contraction, with tenants absorbing 1.0 million square feet (sq. ft.), a reversal of approximately 1.2 million sq. ft. from the prior quarter. This demand recovery drove vacancy down 40 basis points (bps) quarter-over-quarter to 3.9%, although vacancy remains 40 bps above 2024 levels.

Availability followed a similar trajectory, declining 20 bps quarter-over-quarter as leasing activity accelerated, but remaining elevated on a year-over-year basis. Despite improved occupancy, asking rates softened modestly, declining 0.5% quarter-over-quarter and year-over-year to \$5.49 per sq. ft., reflecting continued competition among landlords.

Development remains muted, with no new deliveries in Q1 2026 and just 124,000 sq. ft. under construction, underscoring a sharply reduced pipeline relative to historical norms. Over the past five years, vacancy has remained tightly constrained, fluctuating within a narrow 2.7%–4.3% range, reinforcing the Cleveland market’s long-term supply discipline.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Availability Rate

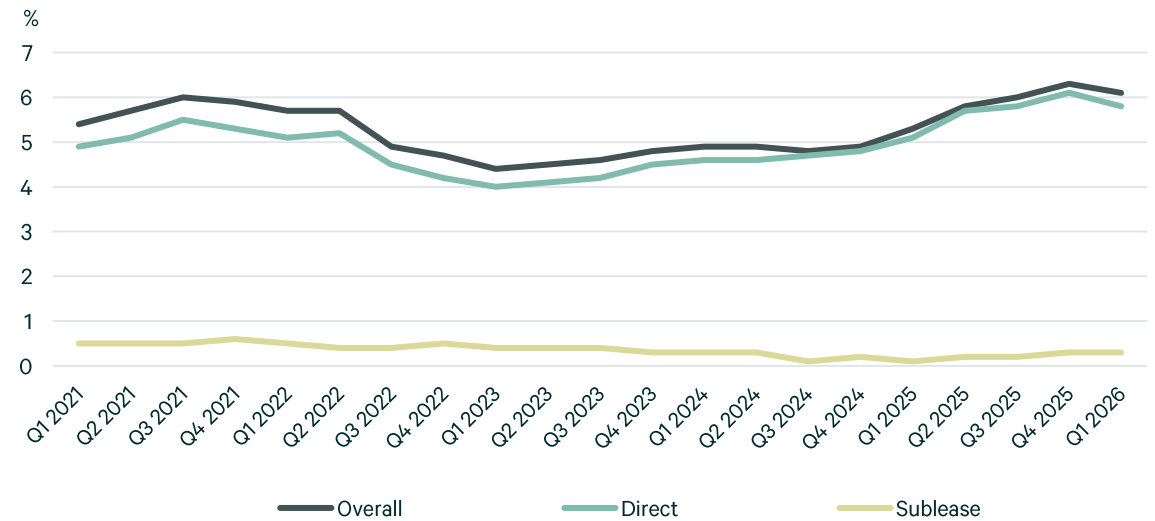
Availability tightened modestly across the Cleveland industrial market in Q1 2026, reflecting improving leasing momentum amid a constrained supply environment. Total availability declined 20 bps quarter-over-quarter to 6.1%, down from 6.3% in Q4 2025, as tenants increasingly absorbed existing space. While availability remains 80 bps higher year-over-year, the quarter's improvement signals early stabilization following a period of softer demand. Conditions varied meaningfully by submarket. The East submarket remained the tightest in the region, with availability at just 1.5%, underscoring strong tenant preference for infill locations and limited available inventory. Downtown followed at 4.0%, while availability in several suburban submarkets remained near or below market averages. In contrast, availability was elevated in peripheral locations where leasing velocity has lagged. The South submarket posted the most notable quarter-over-quarter improvement, with availability tightening by approximately 120 bps to 4.9%, driven by seven new leases totaling 201,418 sq. ft.

Asking Rate

Average asking rates moderated slightly in Q1 2026, reflecting a more competitive leasing environment as tenants re-enter the market. Market-wide asking rates averaged \$5.49 per sq. ft., declining 0.5% quarter-over-quarter (-3 bps) and 0.5% year-over-year, a modest adjustment following several years of steady growth. The decline in pricing occurred despite improving occupancy fundamentals, suggesting that landlords are selectively adjusting rates to capture demand momentum rather than signaling broader pricing pressure. The absence of new deliveries and a sharply constrained development pipeline continue to support long-term pricing stability, particularly for modern, well-located assets.

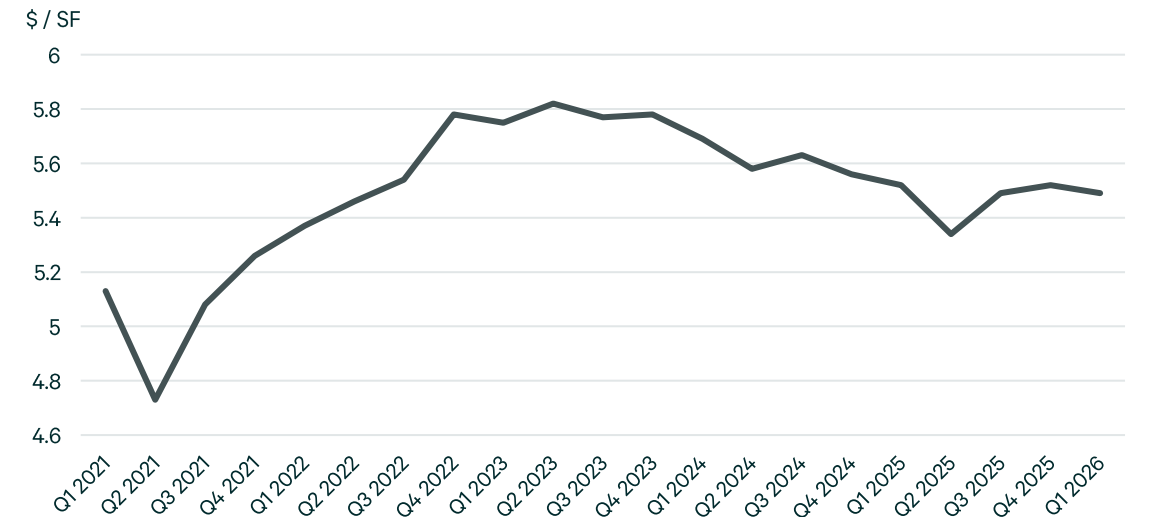
Asking rates remained highest in the East submarket at \$8.74 per sq. ft., reflecting limited supply and strong tenant preference for infill locations. The South submarket followed at \$6.39 per sq. ft., while most other submarkets clustered between \$4.08 and \$5.96 per sq. ft., underscoring continued segmentation between core and secondary locations.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



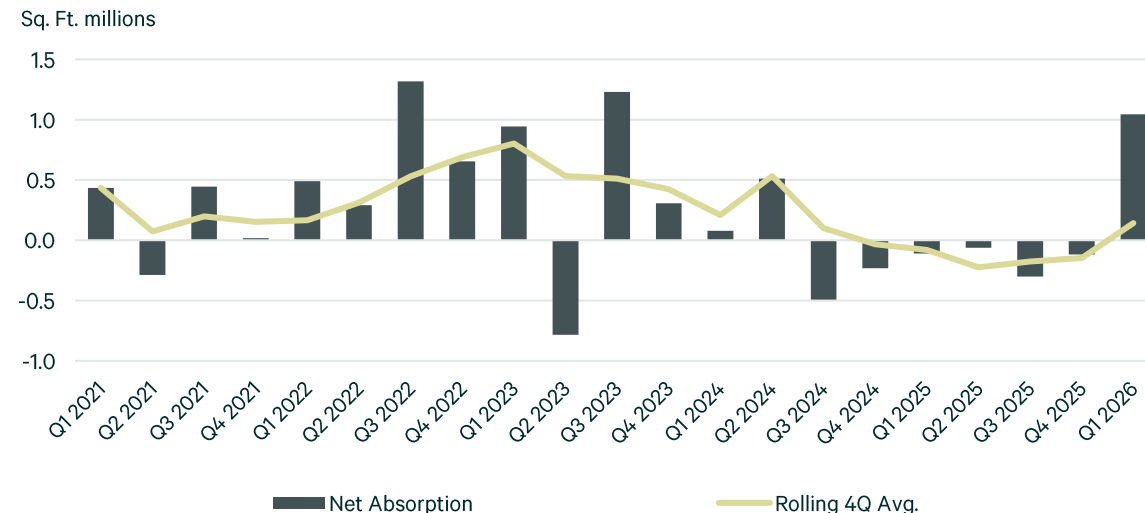
Source: CBRE Research, Q1 2026

Net Absorption

The Cleveland industrial market recorded its first positive quarter of net absorption since 2024, with 1.0 million sq. ft. absorbed in Q1 2026, marking a clear inflection point following six consecutive quarters of contraction. This rebound lifted the rolling four-quarter average to 141,000 sq. ft., up nearly 290,000 sq. ft. from Q4 2025, signaling a broad-based shift back toward positive demand.

Leasing momentum was concentrated in the Southeast and peripheral markets, supported by several large-format occupier move-ins including Bob's Discount Furniture's 458,000 sq. ft. move-in at 10182 10258 State Route 43 in the Southeast submarket and Piping Rock's 408,767 sq. ft. move-in at 9675 State Road 44. Additional gains in the Northwest (307,000) and Downtown (28,000) submarkets further reinforced the market's improving demand profile.

Figure 4: Net Absorption Trend



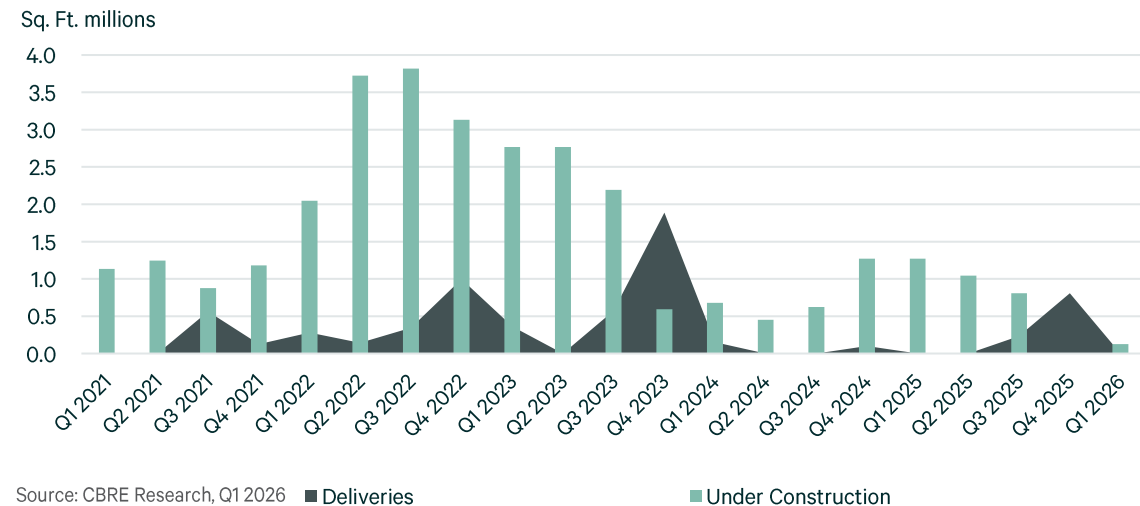
Source: CBRE Research, Q1 2026

Construction Activity

Development activity remains extremely limited, with just 124,000 sq. ft. under construction across two speculative projects and no deliveries during the quarter. The current pipeline is 90.3% below year-ago levels, significantly reducing near-term supply pressure and positioning the market for further tightening if demand continues to improve.

Construction is now concentrated in the Northwest and South submarkets, led by the 84,000 sq. ft. 37873 Avon Commerce Parkway distribution/logistics facility and the 40,000 sq. ft. 4617 East 71st Street project with delivery expected in Q3 2026. No other submarkets recorded projects under construction this quarter, leaving the pipeline limited to these two assets.

Figure 5: Construction Activity



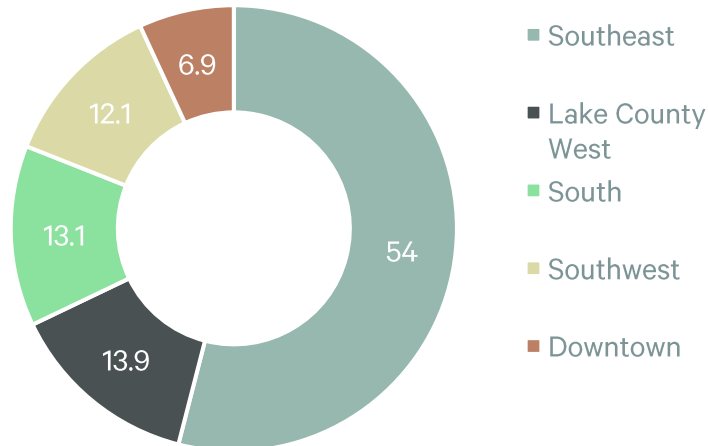
Source: CBRE Research, Q1 2026

Leasing Activity

Leasing activity strengthened further in Q1 2026, reinforcing signs of demand normalization across the Cleveland industrial market. Total leasing volume reached 1.5 million sq. ft., representing an 18.6% increase quarter-over-quarter and a 77.8% increase year-over-year, driven primarily by a resurgence in larger-format transactions. The Southeast submarket accounted for more than half of all leasing activity, driven by multiple large transactions, including HB Chemical Corp.’s 412,000 sq. ft. lease and a 210,000 sq. ft. confidential transaction. These deals underscore continued tenant demand for space in well-positioned locations.

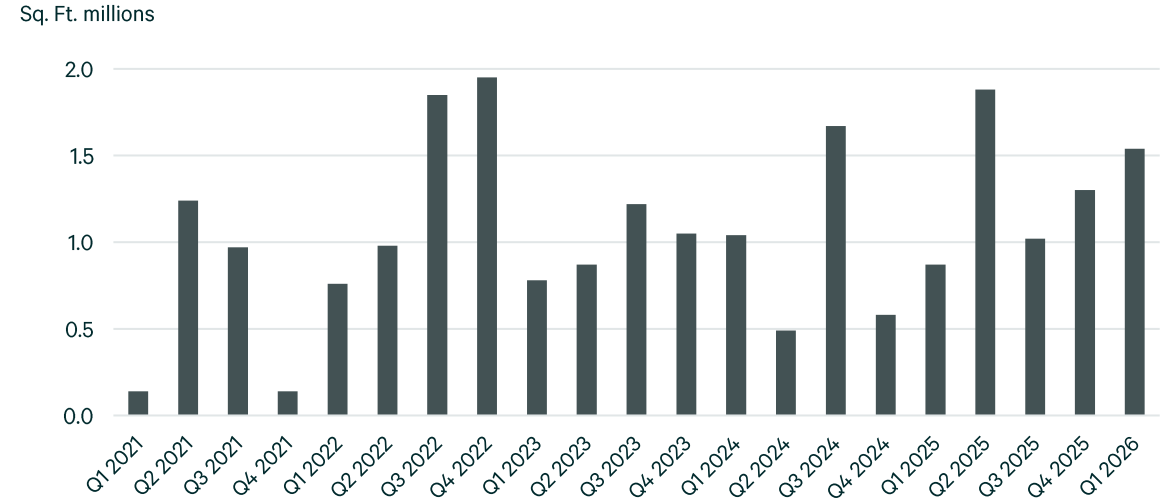
Leasing momentum was not isolated to a single area. The South, Southwest, and Downtown submarkets also posted meaningful activity, highlighting a broader recovery in tenant decision-making following an extended period of caution. Notably, the mix of transactions included both new leases and renewals, signaling that existing occupiers remain committed to the market while new entrants and expanding users re-engage. The rise in leasing activity, particularly among larger users, aligns with the quarter’s positive net absorption and tightening availability metrics.

Figure 7: Leasing Activity by Submarket (% of Total Activity over 10,000 sq. ft.)



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity over 10,000 sq. ft.



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions over 10,000 sq. ft.

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
HB Chemical Corp.	412,000	New Lease	30320 Emerald Valley Parkway	Southeast
Confidential Tenant	210,000	New Lease	2100 Highland Rd	Southeast
Confidential Tenant	113,000	New Lease	8100 Tyler Blvd	Lake County West
Avery Dennison Corp.	102,000	Renewal	8100 Tyler Blvd	Lake County West
The American Bottling	100,000	Renewal	8400 Darrow Rd	Southeast
ThyssenKrupp USA	78,000	New Lease	18300 Snow Rd	Southwest
Confidential Tenant	78,000	New Lease	1192 E 40th St	Downtown
TricorBraun	65,000	New Lease	18300 Snow Rd	Southwest

Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Deliveries (SF)	Under Construction (SF)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)
Under 100,000 sq. ft.	82.14	3.4	4.2	3.8	0.4	6.58	-	124,000	0.11	0.11
100,000-199,999 sq. ft.	53.43	2.9	5.8	5.8	0.0	5.54	-	-	(0.14)	(0.14)
200,000-299,999 sq. ft.	27.16	4.3	6.9	6.3	0.6	5.28	-	-	(0.08)	(0.08)
300,000-499,999 sq. ft.	30.14	4.6	6.5	5.8	0.7	4.73	-	-	0.92	0.92
500,000-749,999 sq. ft.	15.03	6.9	11.3	11.3	-	4.65	-	-	-	-
750,000 sq. ft.	39.00	4.4	7.6	7.5	0.1	5.10	-	-	0.24	0.24
Total	246.89	3.9	6.1	5.8	0.3	5.49	-	124,000	1.04	1.04

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Deliveries (SF)	Under Construction (SF)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)
Distribution/Logistics	126.03	4.7	7.8	7.3	0.5	5.61	-	84,000	1.47	1.47
Manufacturing - General	100.24	3.2	4.6	4.5	0.1	4.98	-	-	(0.45)	(0.45)
R&D/Flex	15.57	2.9	3.5	3.4	0.1	8.48	-	-	0.01	0.01
Other Industrial	5.05	0.3	1.3	1.3	-	5.87	-	40,000	0.01	0.01
Total	246.89	3.9	6.1	5.8	0.3	5.49	-	124,000	1.04	1.04

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Deliveries (SF)	Under Construction (SF)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)
Downtown	37.75	3.6	4.0	4.0	-	5.27	-	-	0.03	0.03
East	5.84	1.0	1.5	1.5	-	8.74	-	-	-	-
Geauga West	1.46	3.7	8.0	8.0	-	4.91	-	-	(0.01)	(0.01)
Lake County West	20.49	3.7	5.0	4.9	0.0	5.96	-	-	(0.06)	(0.06)
Northeast	24.85	2.8	5.7	5.7	-	4.08	-	-	(0.08)	(0.08)
Northwest	28.82	3.9	6.6	5.8	0.8	5.36	-	84,000	0.31	0.31
Out of Submarket	2.65	23.2	23.8	23.2	0.6	-	-	-	0.55	0.55
South	31.10	3.6	4.9	4.5	0.4	6.39	-	40,000	(0.03)	(0.03)
Southeast	52.50	4.8	7.4	6.8	0.6	5.69	-	-	0.57	0.57
Southwest	41.44	3.0	7.2	6.9	0.3	5.60	-	-	(0.23)	(0.23)
Total	246.89	3.9	6.1	5.8	0.3	5.49	-	124,000	1.04	1.04

Source: CBRE Research, Q1 2026

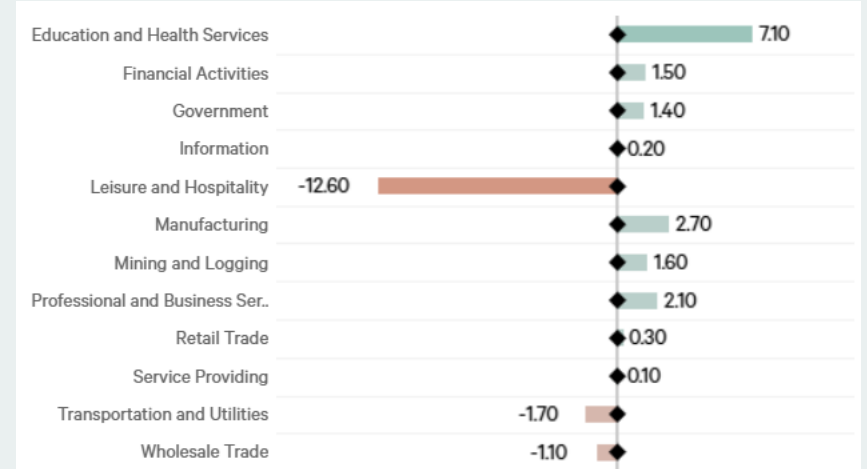
Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

Cleveland, OH Employment Update

- ▶ **3.4%**
Unemployment Rate
- ▶ **1.1M**
Labor Force
- ▶ **610.8k**
Office Using Jobs
- ▶ **348.4k**
Industrial Using Jobs
- ▶ **251.8k**
Retail Using Jobs

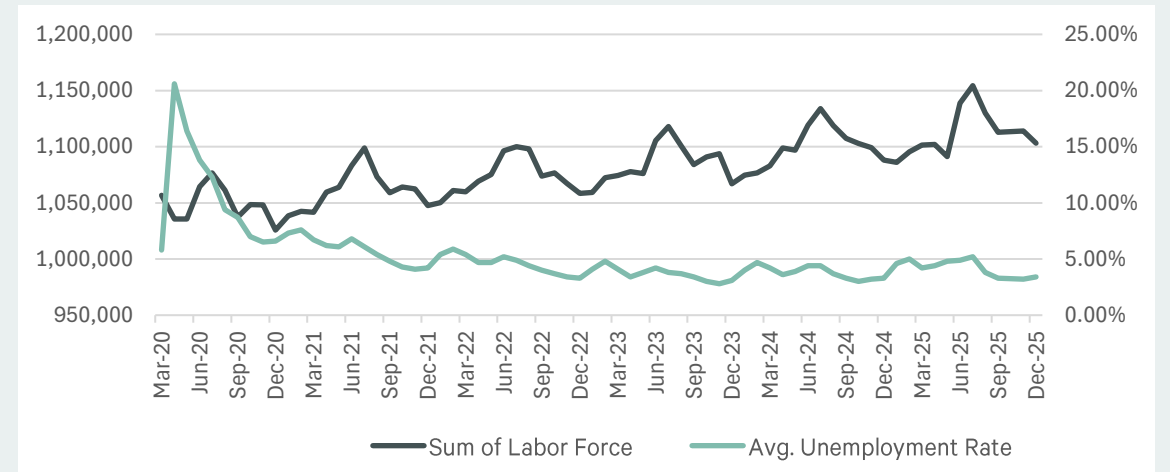
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

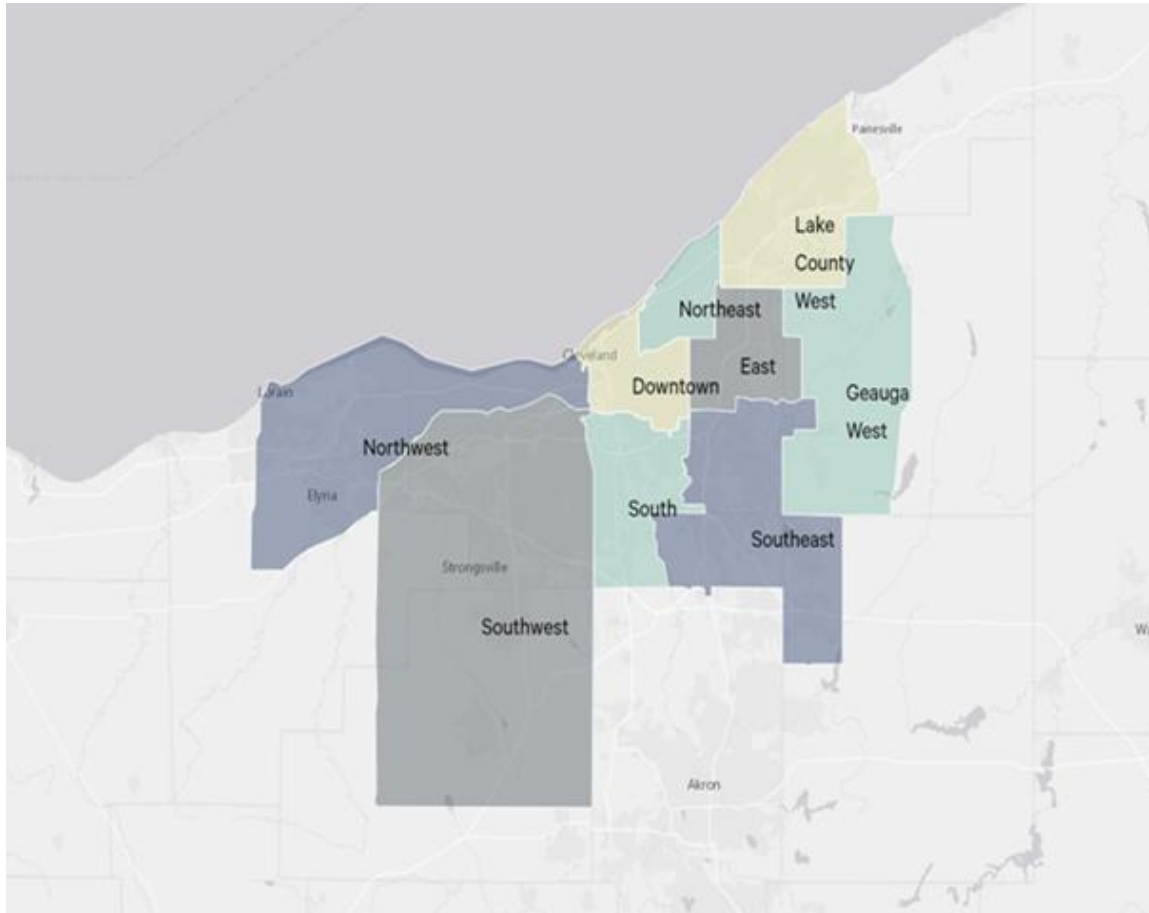
Source: US BLS, December 2025

Cleveland, OH Unemployment Rate and Labor Force Trends



Source: US BLS, December 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

Includes all industrial buildings 30,000 sq. ft. or greater in size. CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds.

Contacts

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

Lauren Tilmont

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

Andrew Coleman

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