

FIGURES | CLEVELAND INDUSTRIAL | Q3 2026

Tenant Demand Persists as Supply Conditions Rebalance

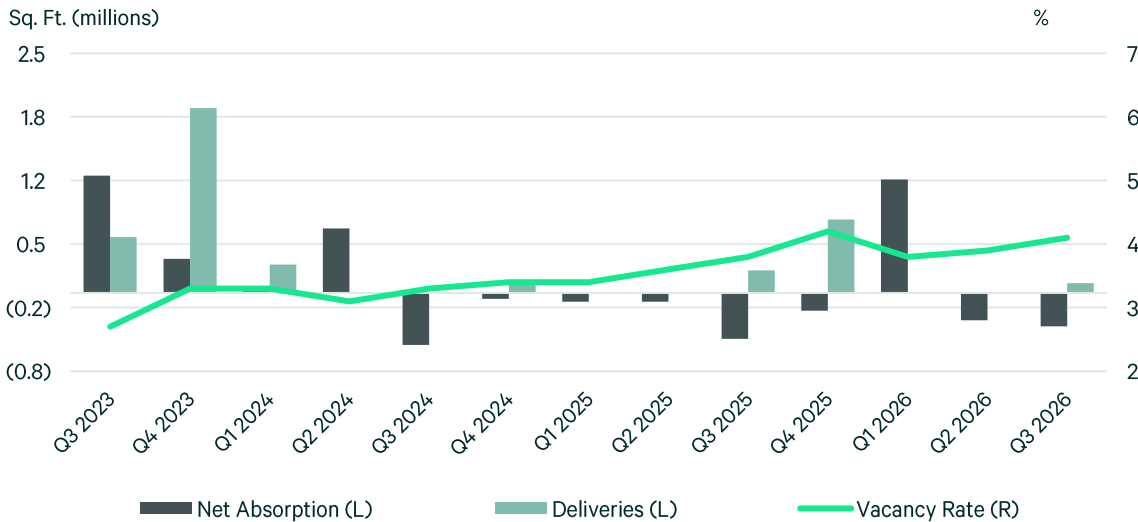
▲ 6.2%	▲ 4.1%	▼ (335.2)	▲ 95.3	▲ 642.0	▼ \$5.86
Availability Rate	Vacancy Rate	KSF Net Absorption	KSF Construction Delivered	KSF Under Construction	Avg. Direct Asking Rate (NNN/YR)

Note: Arrows indicate change from previous quarter.

Market Overview

- Leasing surpasses 1.1M sq. ft. as tenant demand remains active across Cleveland's key industrial corridors.
- Vacancy rises to 4.1% as the market transitions toward more balanced conditions.
- The market recorded 335,000 sq. ft. of negative net absorption, driven by the 250,000 sq. ft. sublease vacancy at 20001 Euclid Avenue in the Northeast submarket, and AMAC Enterprises' 160,000 sq. ft. move out at 5909 W 130th Street in the Southwest submarket
- Under construction volume across the market increased 69.4% to 642,000 sq. ft. under construction, with new speculative and build-to-suit projects.
- Two projects delivered this quarter for a total of 95,000 sq. ft., including 65,000 sq. ft. at 31369 Industrial Parkway in the Southwest submarket and 30,000 sq. ft. at 4617 East 71st Street in the South submarket

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



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Vacancy Rate

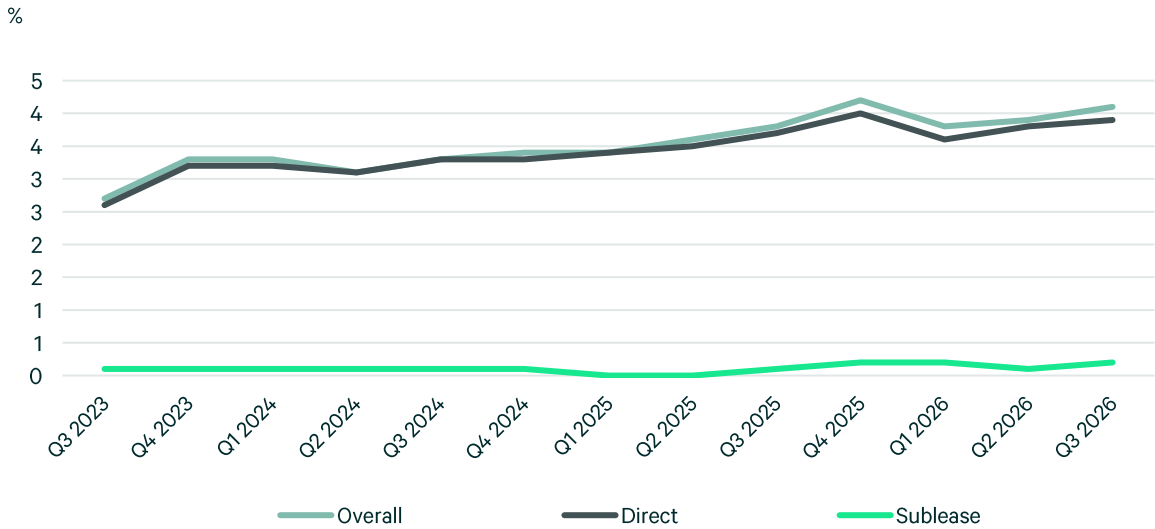
Market Tightness eases in the third quarter as overall vacancy continued to edge higher, increasing 20 basis points quarter-over-quarter to 4.1%. Increased sublease space in the Northeast submarket largely contributed to easing conditions. The market-wide sublease vacancy rate was 0.2%, up 10 bps quarter-over-quarter from 0.1% in Q2 2026, with total sublease space vacant reaching 549,873 sq. ft. Despite overall market vacancy moving into healthier levels, Direct space remains relatively tight at 3.87%.

Across submarkets, vacancy in the quarter showed wide variation, with tight conditions in several core areas and much higher rates in peripheral locations. The East submarket recorded the lowest overall vacancy rate at 1.7%, followed by Northwest at 2.8%. Out of Submarket posted by far the highest vacancy, with an overall and direct rate of 21.5%, well above the rest of the market.

Asking Rent

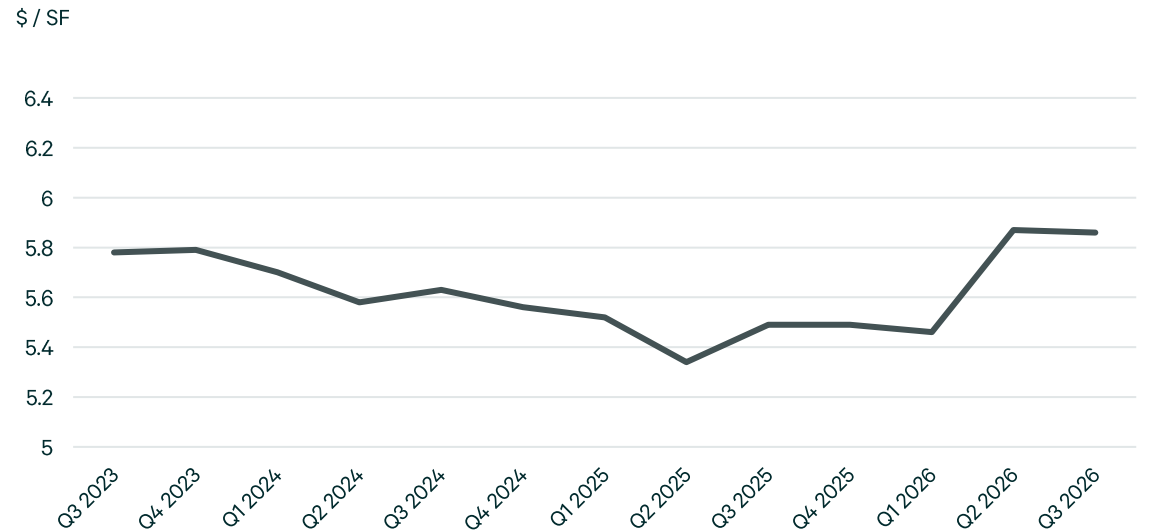
Average asking rents remained stable during the third quarter, declining only slightly from \$5.87 per sq. ft. in Q2 2026 to \$5.86 per sq. ft. The minimal change reflects the resiliency of the Cleveland industrial market as market conditions continue to normalize with rising availability and negative absorption during the quarter. Across submarkets in Q3 2026, East and South stood at the top of the rent spectrum, while Northeast was the lowest-priced area in Q3 2026. East recorded an average asking rent of \$35.59 per sq. ft., compared with \$6.27 per sq. ft. in South and \$4.12 per sq. ft. in Northeast. The remaining submarkets clustered in a tighter band, with Lake County West at \$6.23 per sq. ft., Southwest at \$5.69 per sq. ft., Northwest at \$5.61 per sq. ft., Southeast at \$5.46 per sq. ft., Downtown at \$5.10 per sq. ft., and Geauga West at \$5.03 per sq. ft.

Figure 2: Vacancy Rate



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Figure 3: Average Direct Asking Rate



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Net Absorption

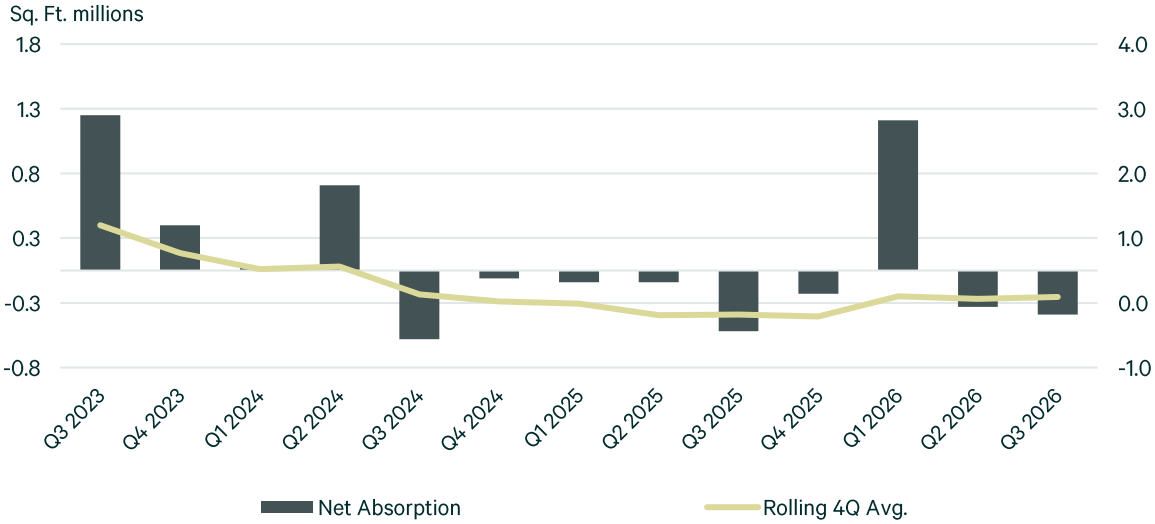
In Q3 2026, the market recorded further net occupancy contraction, though the pace shifted compared with recent quarters. Net absorption totaled negative 335,000 sq. ft. for the quarter. This total was below the negative 281,000 sq. ft. of net absorption recorded in Q2 2026 on a quarter-over-quarter basis but exceeding the negative 473,000 sq. ft. reported in Q3 2025 on a year-over-year basis.

Within the market, the Northeast and South submarkets posted the largest occupancy losses, with negative net absorption of 325,000 sq. ft. and 120,000 sq. ft., respectively. Loses in the Northeast were primarily driven by the 250,000 sq. ft. sublease vacancy at 20001 Euclid Avenue in the Northeast submarket, while the South consisted of several smaller vacancies. The Southwest also experienced notable movement with 99,000 sq. ft. of negative net absorption, led by AMAC Enterprises’ 160,000 sq. ft. move out at 5909 W 130th Street in the Southwest submarket. Despite these move outs contributing significantly to overall market activity, several submarkets recorded strong positive net absorption, including the Northwest with 249,000 sq. ft. and Downtown with 43,000 sq. ft.

Construction Activity

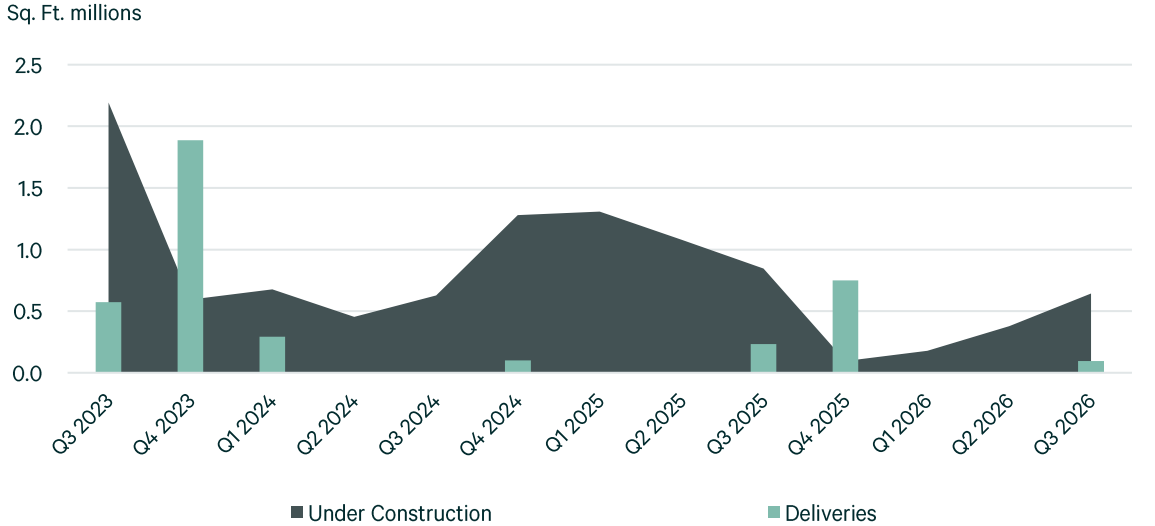
Under construction activity increased 69.4% quarter-over-quarter during the third quarter, with the development pipeline expanding to 642,000 sq. ft. as several new projects broke ground. Construction activity was concentrated in the Northwest and Lake County West submarkets, with Northwest accounting for 484,000 sq. ft. across three projects led by the 200,000 sq. ft. Ford’s Assembly Plant and Transatlantic Lines’ new 200,000 sq. ft. build-to suit at Schneider Court each, while new speculative construction in Lake County West contributed 158,000 sq. ft. at 9500 Hamilton Dr. Two projects delivered this quarter for a total of 95,000 sq. ft., including 65,000 sq. ft. at 31369 Industrial Parkway in the Southwest submarket and 30,000 sq. ft. at 4617 East 71st Street in the South submarket.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



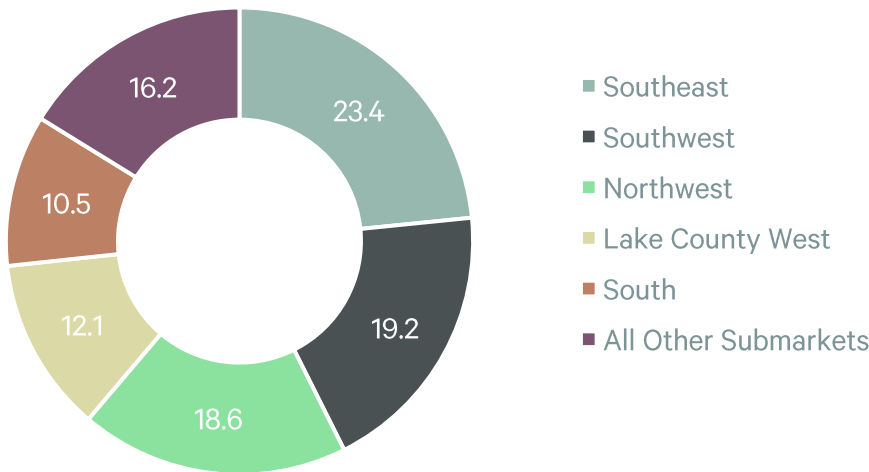
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Leasing Activity

Leasing activity in the market eased in Q3 2026 compared with Q2 2026 but remained stronger than in Q3 2025. Leased area in Q3 2026 totaled 1.11 million sq. ft., while activity in calendar year 2025 amounted to 5.40 million sq. ft. Compared with Q2 2026, Q3 2026 leasing declined 28.6% quarter-over-quarter but was 10.4% higher year-over-year than the volume recorded in Q3 2025.

Leasing was most active in the Southeast and Southwest submarkets. The Southeast recorded 260,000 sq. ft. of leased area, with the Southwest close behind at 214,000 sq. ft. Other submarkets with positive leasing included Northwest at 207,000 sq. ft., Lake County West at 135,000 sq. ft., South at 116,000 sq. ft., Downtown at 79,000 sq. ft., Northeast at 52,000 sq. ft., and Geauga West at 48,000 sq. ft.

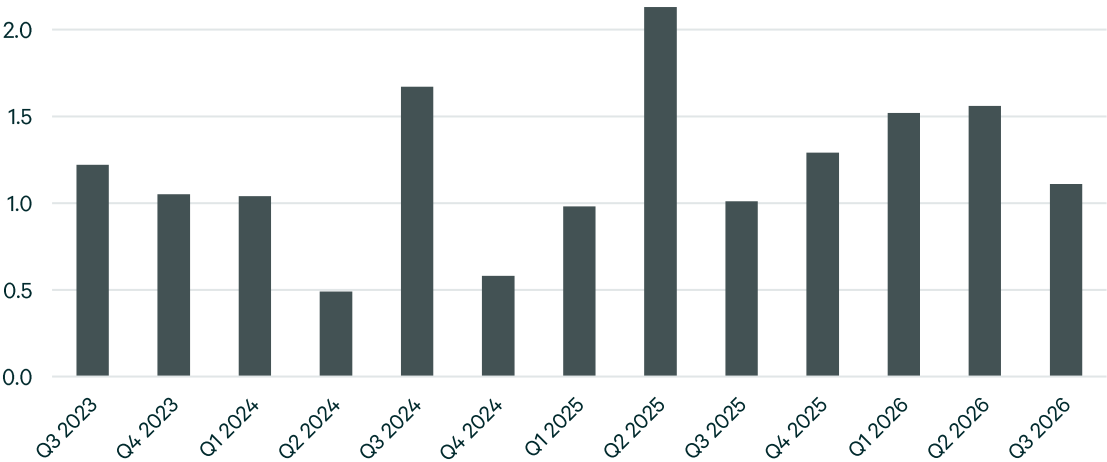
Figure 7: Leasing Activity by Submarket (% of Total Activity)



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Figure 6: Leasing Activity Trend

Sq. Ft. millions



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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Comprehensive Logistics Company	207,000	Renewal	1200 Chester Industrial Pkwy	Northwest
The Hearn Company	116,000	New Lease	5520 Chevrolet Blvd	Southwest
AMP Robotics	103,000	Renewal	6111 Cochran Rd	Southeast
Confidential Tenant	65,000	New Lease	5370 Naiman Pkwy	Southeast
Confidential Tenant	60,000	New Lease	125 Lena Dr	Southeast
Confidential Tenant	48,000	New Lease	9988 Kinsman Rd	Gauga West
XL Screw	46,000	Renewal	14720 Foltz Industrial Pkwy	Southwest
T & T Machine	45,000	New Lease	7800 Tyler Blvd	Lake County West
Voestalpine Precision-Strip	37,000	New Lease	286 W Greenwich Rd	Out of Submarket

Source: CBRE Research, Q3 2026

Investment Sale Activity

Q3 2026 industrial investment sales in the Cleveland market declined compared with Q2 2026 and Q3 2025. Sales volume in Q3 2026 totaled \$65.77 million, representing a 56.5% quarter-over-quarter decrease from \$151.26 million in Q2 2026 and a 36.7% year-over-year decrease from \$103.98 million in Q3 2025. Across Q1 2026 through Q3 2026, industrial sales volume summed to \$394.47 million. In Q3 2026, private buyers accounted for 65.7% of volume, public buyers for 30.4%, user/other buyers for 3.9%, and both institutional and cross-border buyers recorded 0.0%.

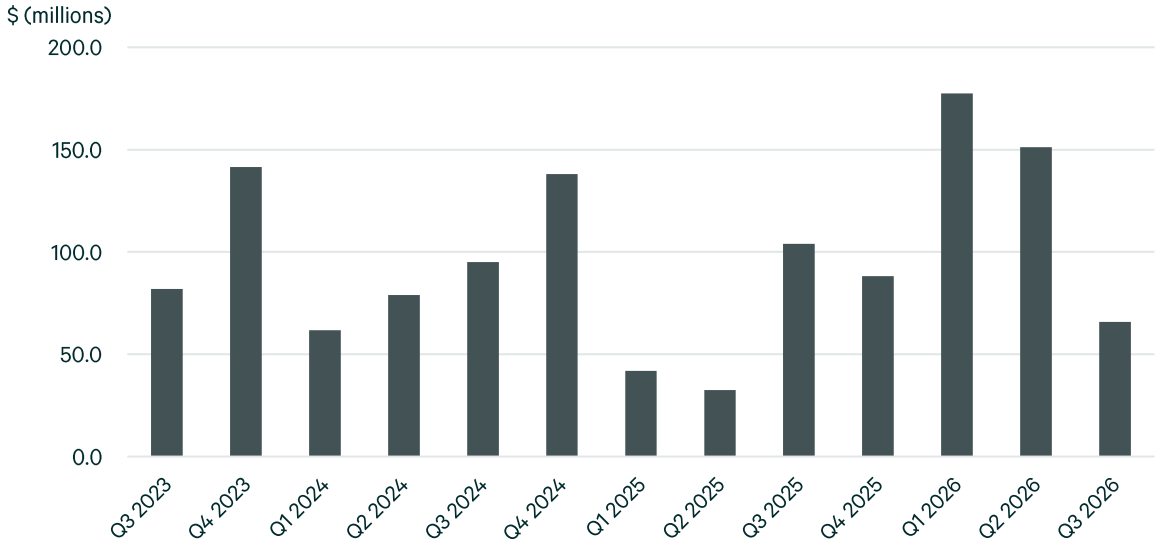
Top Q3 2026 industrial transactions in Cleveland included assets in the Southeast, Southwest, and Northwest submarkets. The largest transaction was the sale of 30301 Carter Street in the Southeast submarket to Realty Income Corp for \$20.00 million across 219,574 sq. ft., at \$91.09 per sq. ft. The second-largest sale was Spectrum Diversified Designs, also in the Southeast submarket, acquired by Sparrowhawk RE for \$11.80 million and 130,069 sq. ft. at \$90.53 per sq. ft. Top sales also included 1120 West 130th Street in the Southwest submarket, purchased by Diamond Properties for \$8.00 million for 100,301 sq. ft. at \$79.76 per sq. ft.; 1384 Hird Avenue in the Northwest submarket, acquired by 1384 Fieldhouse LLC for \$4.30 million and 18,406 sq. ft. at \$236.12 per sq. ft.; and 12200 Brookpark Road in the Southwest submarket, acquired by Industrial Realty Group for \$4.50 million across 149,377 sq. ft. at \$30.34 per sq. ft., with the six reported transactions totaling \$53.30 million.

Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
1120 West 130th Street	Southwest	Diamond Properties	\$8M	100,301	\$79.76
12200 Brookpark Road	Southwest	Industrial Realty Group	\$4.5M	149,377	\$30.34
1384 Hird Avenue	Northwest	1384 Fieldhouse LLC	\$4.3M	18,406	\$236.12
30301 Carter Street	Southeast	Realty Income Corp	\$20M	219,574	\$91.09
7005 Cochran Rd	Southeast	SparrowHawk RE	\$11.8M	130,069	\$90.53

MSCI Real Capital Analytics

Figure 9: Quarterly Sales Volume



MSCI Real Capital Analytics

Figure 11: Buyer Composition



MSCI Real Capital Analytics

Market Statistics by Product Type

Figure 12

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	127.51M	4.8	7.9	7.3	0.6	5.61	(19,000)	1.37M	95,000	442,000
Manufacturing - General	100.35M	3.4	4.6	4.2	0.3	5.08	(205,000)	(763,000)	-	200,000
R&D/Flex	15.57M	3.3	3.7	3.6	0.1	17.22	(112,000)	(71,000)	-	-
Other Industrial	4.86M	0.3	0.4	0.4	-	8.66	-	7,000	-	-
Total	248.29M	4.1	6.2	5.7	0.4	5.86	(335,000)	544,000	95,000	642,000

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 13

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	34.50M	2.6	3.5	3.3	0.3	11.27	(17,000)	40,000	30,000	-
50K-99,999 SF	47.65M	5.0	5.8	5.5	0.3	6.05	(153,000)	(422,000)	65,000	84,000
100K-249,999 SF	70.37M	3.7	5.8	5.3	0.5	5.68	(208,000)	(389,000)	-	558,000
250K-499,999 SF	41.04M	3.9	6.8	6.3	0.5	4.56	109,000	1.09M	-	-
500K-749,999 SF	15.73M	6.4	10.6	10.6	-	4.62	-	1,000	-	-
750,000 SF +	39.00M	4.2	7.2	6.4	0.8	5.29	(67,000)	224,000	-	-
Total	248.29M	4.1	6.2	5.7	0.4	5.86	(335,000)	544,000	95,000	642,000

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 14

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Downtown	37.93M	3.7	3.9	3.9	-	5.10	43,000	16,000	-	-
East	5.81M	1.7	2.3	2.3	-	35.59	11,000	(34,000)	-	-
Geauga West	1.46M	3.7	6.7	4.7	2.0	5.03	-	(10,000)	-	-
Lake County West	21.27M	4.2	4.7	4.7	-	6.23	(111,000)	(199,000)	-	158,000
Northeast	24.59M	4.3	5.2	4.2	1.0	4.12	(325,000)	(483,000)	-	-
Northwest	28.85M	2.8	6.8	6.0	0.8	5.61	249,000	613,000	-	484,000
Out of Submarket	2.85M	21.5	22.1	21.5	0.6	-	-	557,000	-	-
South	31.09M	4.1	5.6	5.6	0.1	6.27	(120,000)	(116,000)	30,000	-
Southeast	52.86M	5.1	7.5	6.6	0.9	5.46	17,000	430,000	-	-
Southwest	41.59M	3.0	7.1	6.9	0.2	5.69	(99,000)	(229,000)	65,000	-
Total	248.29M	4.1	6.2	5.7	0.4	5.86	(335,000)	544,000	95,000	642,000

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

- ▼ 1.8%
Unemployment Rate
- ▼ 1.1M
Labor Force
- ▼ 574.9K
Office Using Jobs
- ▲ 775.2K
Industrial Using Jobs
- ▼ 245.5K
Retail Using Jobs

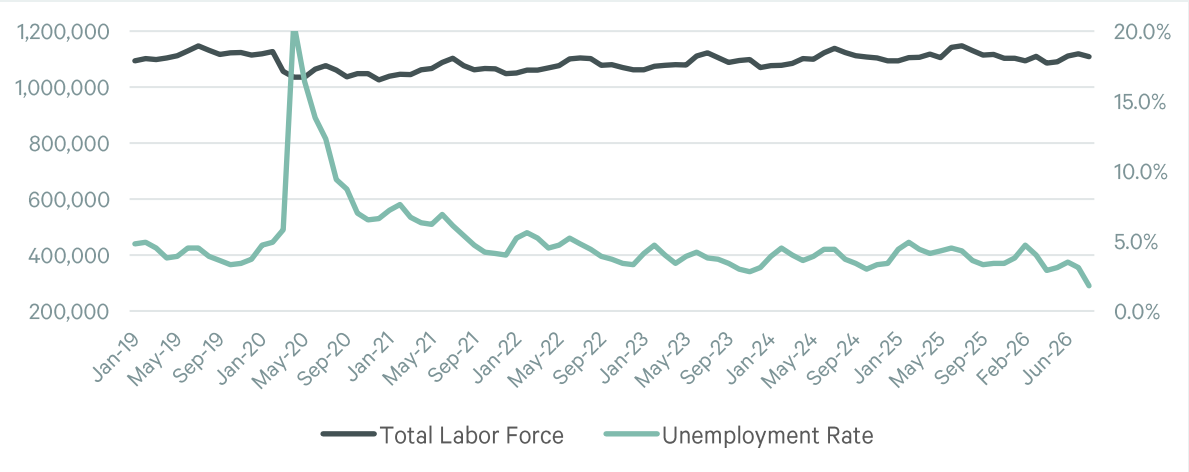
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



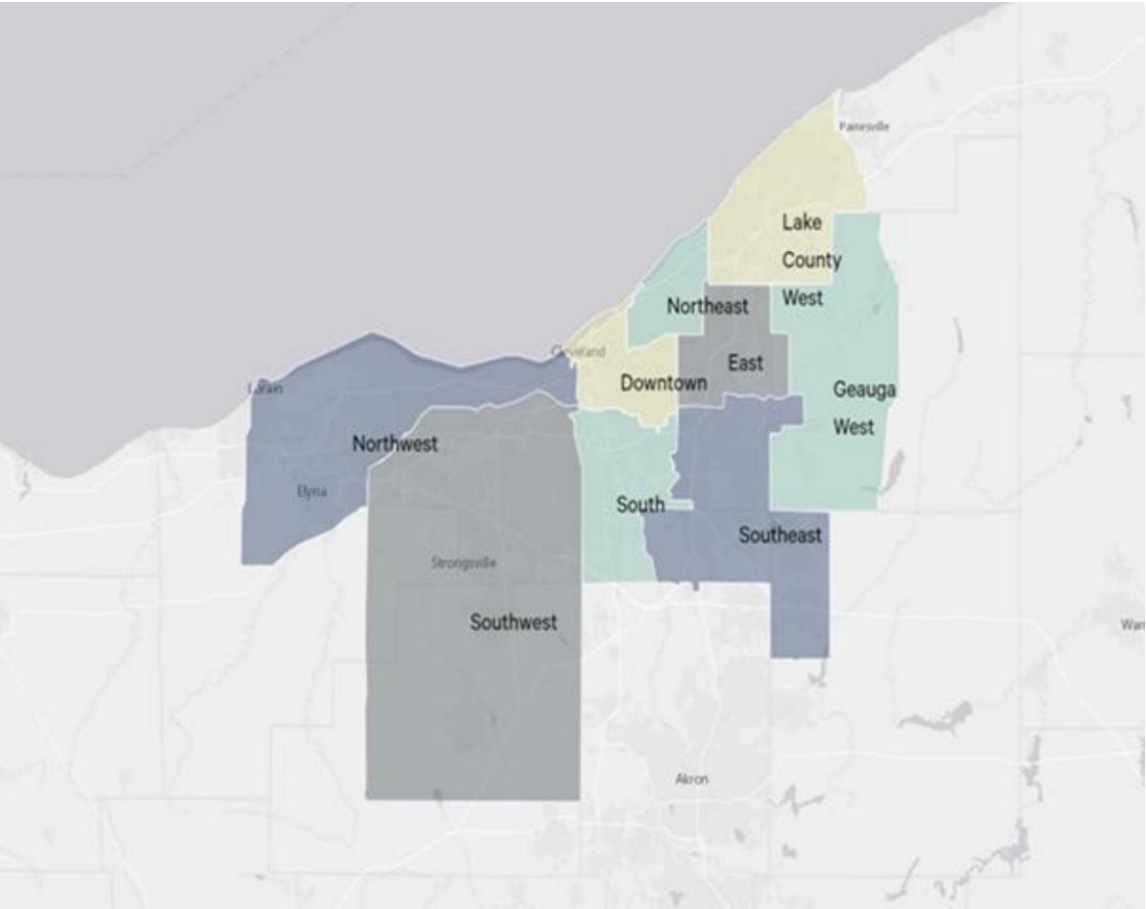
Source: US BLS, August 2026

Note: Arrows indicate month-over-month change.

Cleveland, OH Unemployment Rate and Labor Force Trends



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. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 30,000 sq. ft. or greater in size.

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