MARKETVIEW

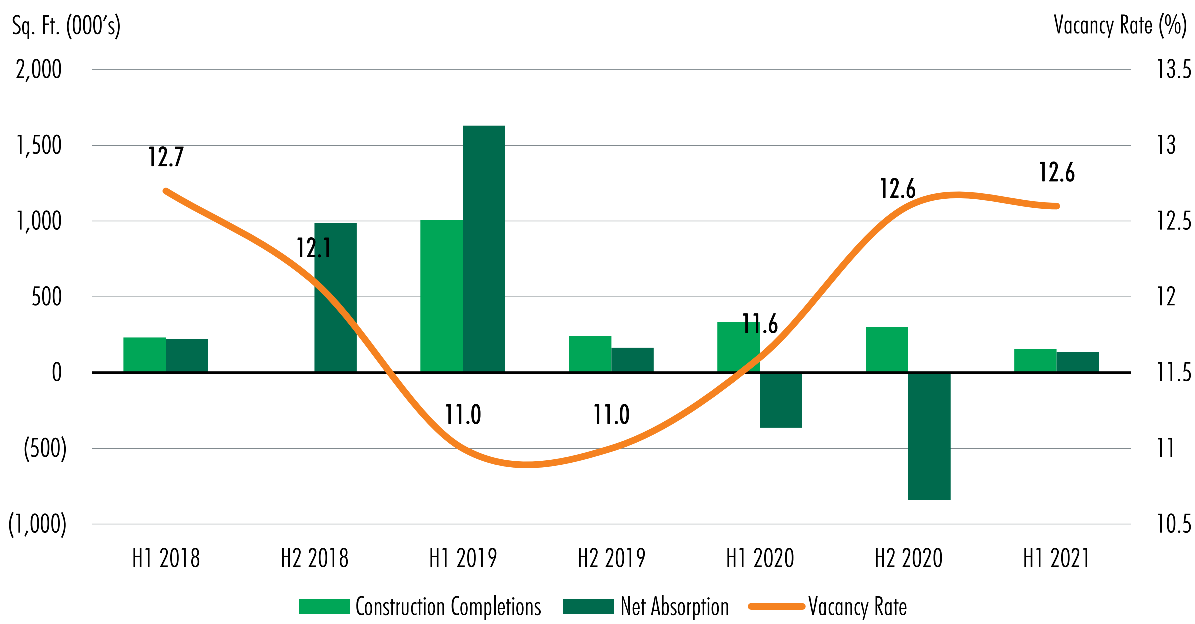
H1 2021

Cleveland Retail

Steady half as market settles

Vacancy Rate	Lease Rate	Net Absorption	Under Construction
12.6%	$13.69	137,033 SF	381,414 SF

Figure 1: Vacancy Rate vs Construction Completions and Net Absorption

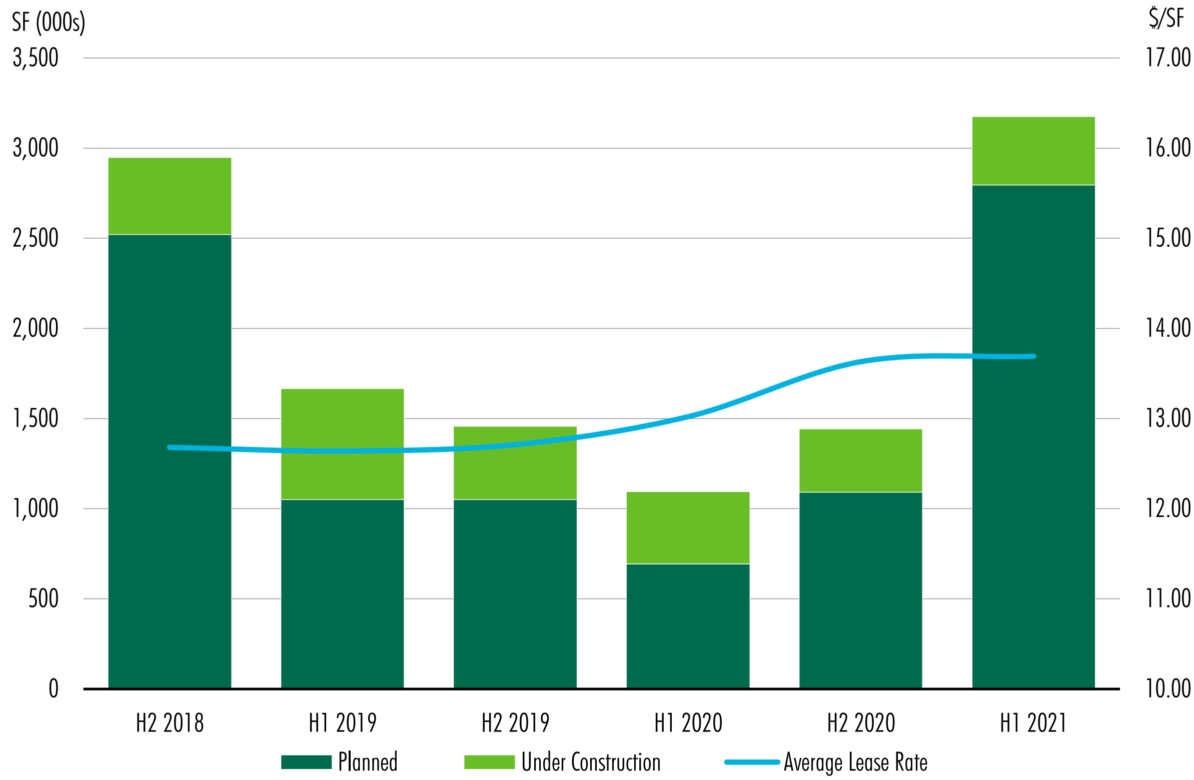


Source: CBRE Research, H1 2021

- Meijer opened a 156,000 sq. ft. location at 7701 Broadview Rd in Seven Hills.
- Five Below opened a new location at Meadowlands Town Center in Chardon.
- Sola Salon Studios has a new location at 33425 Aurora Rd in Solon.

Net absorption totaled nearly 140,000 sq. ft in H1 2021, marking the first half of positive net absorption since H2 2019. The vacancy rate held steady at 12.6%, following rising numbers the previous two halves. Construction completions were slightly down half-over-half, totaling 156,000 sq. ft.

Figure 2: Construction vs Average Lease Rate

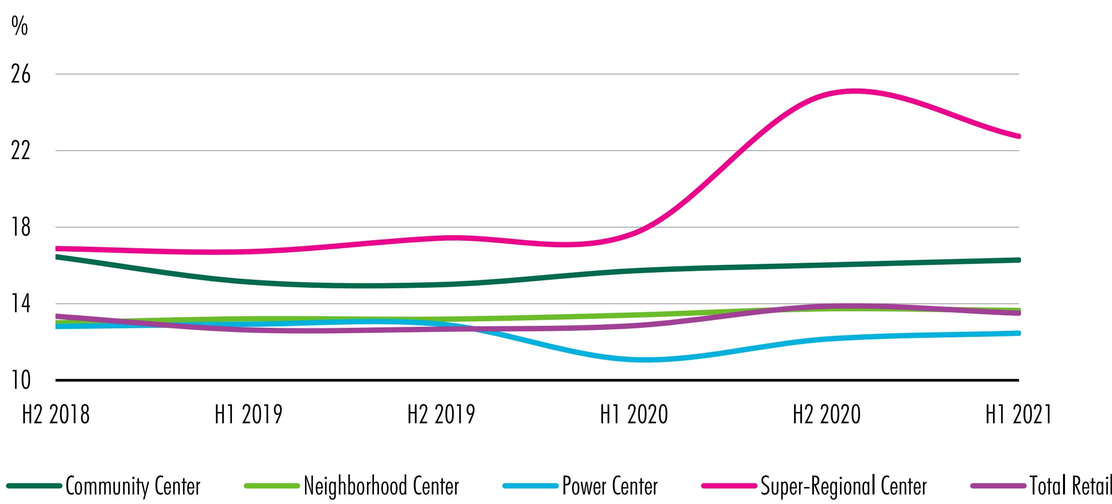


Source: CBRE Research, H1 2021.

CONSTRUCTION AND LEASE RATES

Total construction climbed substantially in H1 2021, largely due to planned construction. There are currently over 380,000 sq. ft. of construction underway in the Cleveland market. Meanwhile, planned construction rose to over 2.7 million sq. ft. The average asking lease rate rose slightly to $13.69.

Figure 3: Availability Rates by Retail Segment



Source: CBRE Research, H1 2021.

ECONOMIC OUTLOOK

2021 will exhibit the highest economic growth since the early 1980s, with GDP growth hitting 7% as the pandemic fades and society and commerce normalize. The key impediment to greater growth is a shortage of key inputs, such as labor, microchips, and raw materials. The housing market is the posterchild of this imbalance, as increased sales during 2020 caused prices to surge and inventories to shrink. But a limited supply of labor and materials is preventing homebuilders from fully responding to price signals.

Housing market momentum ultimately reflects the strong position of U.S. consumers and particularly those who increased their savings amid the pandemic. Although spending on consumer goods remained steady during 2020 households are now shifting their consumptions to services. Today, restaurant and travel demand is surging faster than establishments can match with workers, bringing relief to a hard-hit corner of the labor market. Average hourly earnings for leisure & hospitality workers surged 8% from late 2020, compared to about 2% for the broader workforce.

Wage and price escalations have driven inflationary fears. In May, core CPI grew at its fastest annual pace since the early 1990s, at 5%. Many of the drivers behind the May figure are transitory, such as a shortage of autos (both for-sale and rentals) and base effects from the drop in prices last year. The upshot is that inflation will fall from current levels but remain above the Fed's traditional 2% target through 2022. The Fed is likely to retain its 'dovish' stance but could begin to curtail its asset purchase program earlier than expected.

Figure 4: Notable Lease Transactions

Address	Sq. Ft.	Occupier/Buyer	Occupier Industry	Type
3301 – 3303 Center Rd	54,000	Marc's	Grocery Stores	New Lease
24001 – 24601 Chagrin Rd	30,696	Ross Dress For Less	Family Clothing Stores	New Lease
6581 – 6603 N Ridge Rd	22.570	Burkes Outlet	Department Stores	New Lease
15131 – 15169 Pearl Rd	15,336	Harbor Freight Tools	Hardware Stores	New Lease

Source: CBRE Research, H1 2021.

Figure 5: Market Statistics

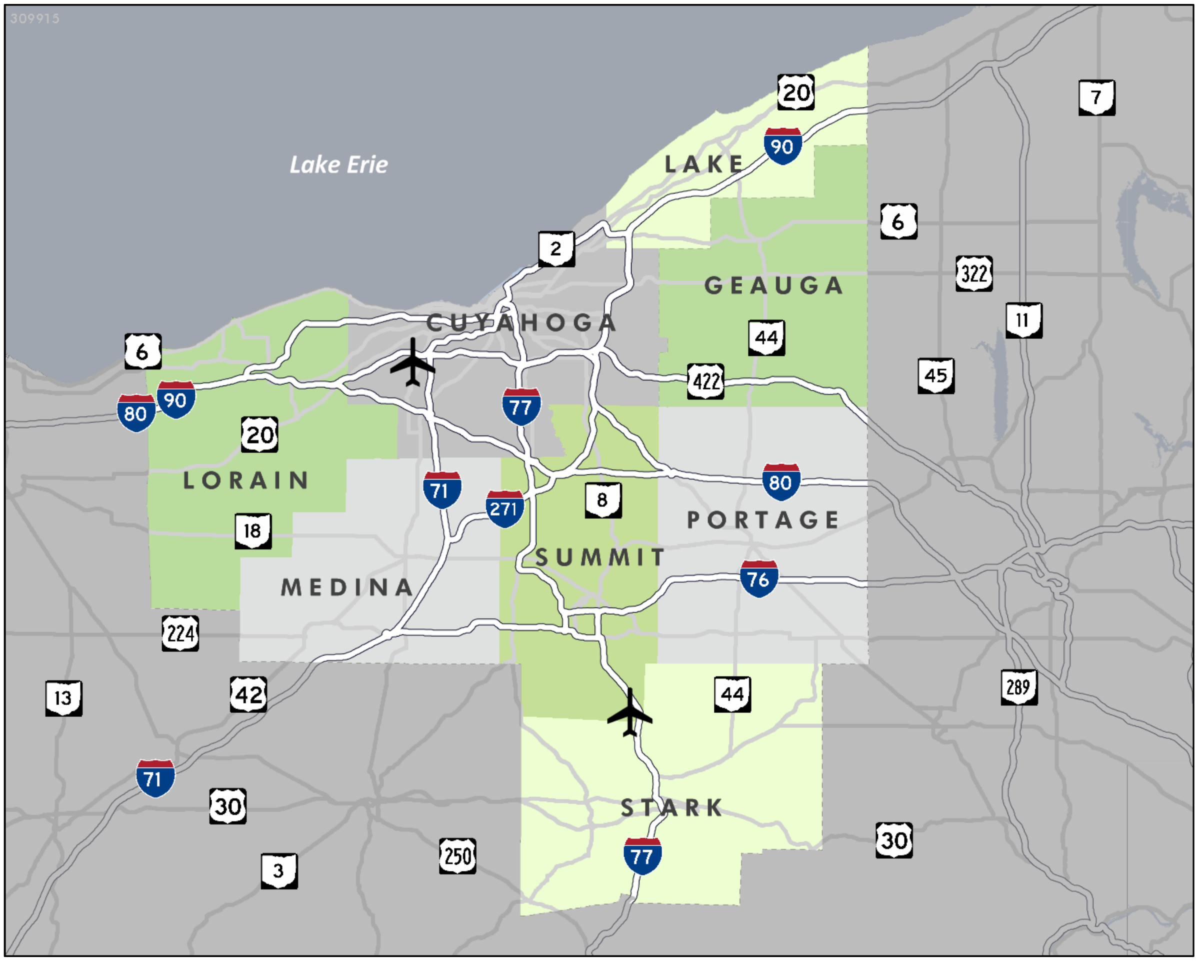
Trade Area	Net Rentable Area (SF)	Avail. Rate (%)	Vacancy Rate (%)	Planned Development (SF)	Under Construction (SF)	Asking Rate ($/SF)
Akron South	1,126,201	5.2	4.0	-	-	10.98
Alliance	1,123,285	8.0	8.0	300,000	-	11.00
Aurora-Streetsboro	1,936,895	11.1	9.8	230,000	-	15.13
Beachwood	3,258,642	7.6	7.6	-	41,948	29.67
Bedford	2,939,177	40.7	37.8	-	-	10.27
Belden Village – The Strip	4,751,864	9.4	9.0	-	181,644	13.96
Boston Heights – Hudson	326,694	4.9	4.9	-	-	10.50
Broadview Heights – Brecksville	601,174	0.9	0.9	262,709	-	14.74
Brooklyn – Brook Park	1,983,132	8.6	8.6	-	-	11.66
Brunswick – Medina	2,385,209	18.2	17.3	989,750	-	13.62
Canton – City	763,121	23.2	23.2	-	-	6.70
Chapel Hill	2,256,319	7.5	7.5	-	-	15.31
Cleveland – Downtown	1,621,904	13.9	12.7	200,000	-	17.03
Cleveland East – Euclid	1,558,395	11.2	9.5	150,000	-	11.59
Cleveland West – Lakewood	1,264,623	15.1	15.1	-	58,000	9.63
Cleveland South	1,452,909	11.3	7.9	98,250	-	12.96
Crocker Park – Westlake/Avon	4,020,704	9.4	9.2	-	-	20.33
Geauga	1,328,194	3.6	3.4	-	-	10.55
Great Lakes Mall – Mentor	4,740,092	18.4	14.3	-	-	15.57
Great Northern – North Olmsted	3,057,671	13.9	12.8	-	-	17.40
Green – South Arlington Road	1,456,453	3.2	3.2	-	-	12.02
Independence – Rockside	298,902	4.0	3.2	175,000	-	21.00
Lake County East	541,407	3.4	0.7	-	-	9.11
Lorain – Amherst	1,451,247	7.4	7.3	-	-	9.97
Macedonia	1,585,284	4.3	4.3	-	-	13.09
Massillon – Canton Center	2,795,190	17.2	17.2	-	-	9.85
Mayfield Heights	1,497,815	10.8	9.1	-	-	18.01
Middleburg Heights	1,565,877	21.9	21.9	-	99,822	15.24
Midway Mall – Elyria/Sheffield	3,630,651	22.5	22.5	73,507	-	7.51

Source: CBRE Research, H1 2021.

Figure 5: Market Statistics, cont.

Trade Area	Net Rentable Area (SF)	Avail. Rate (%)	Vacancy Rate (%)	Planned Development (SF)	Under Construction (SF)	Asking Rate ($/SF)
Parma	2,052,421	24.9	24.9	-	-	11.43
Richmond Town Square	524,111	13.0	13.0	315,000	-	12.47
Rocky River – Fairview	1,350,477	8.3	7.7	-	-	16.95
Severance – South Euclid	1,810,265	29.2	28.5	-	-	10.31
Solon – Bainbridge	1,684,567	13.2	13.2	-	-	17.59
South Park Mall – Strongsville	2,607,812	12.4	11.0	-	-	28.68
Stow – Kent	2,441,320	8.7	8.5	-	-	11.77
Summit Mall – Fairlawn	3,156,407	7.2	5.9	-	-	17.83
Tallmadge – Brimfield	777,000	2.0	2.0	-	-	10.00
Tallmadge – Mogadore	628,844	5.6	5.6	-	-	12.34
Wadsworth	1,354,140	13.8	12.4	-	-	18.61
Willoughby	2,204,633	15.2	14.5	-	-	11.42
Market Total	**77,911,028**	**13.5**	**12.6**	**2,794,216**	**381,414**	**13.69**

Source: CBRE Research, H1 2021.



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