

# NAI Daus

Industrial Report | First Quarter 2010



# Cleveland

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### TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents

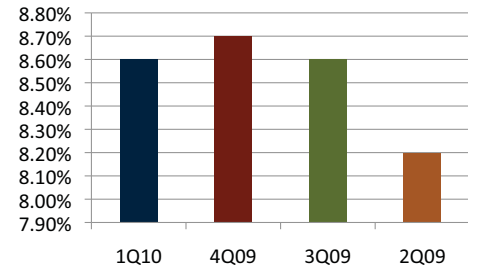


### OVERVIEW:

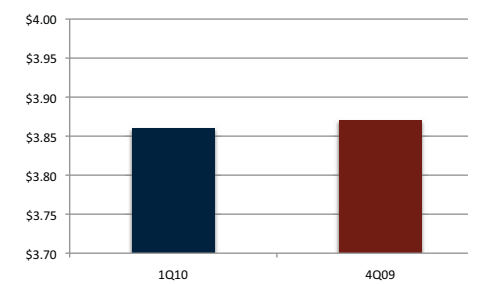
Cleveland's industrial market started off 2010 with a bit of a missed step. The overall vacancy rate had a mild increase for the quarter, ending at 8.7 percent. This compares to a rate of 8.6 percent at the end of 2009. Absorption was a negative (294,151) square feet for first quarter but, although this was the sixth consecutive quarter of negative absorption, it was significantly down from than the 7 figure numbers that hallmarked the last several quarters. One troubling trend in the market is the increase in vacant sublease space. In the first quarter 2010, this number approached 1 million square feet, after spending much of 2009 in the 600,000 square foot range. The average asking rental rate for the Cleveland industrial market was \$3.86 per square foot, which is basically unchanged from year-end 2009. New construction remained nearly non-existent, with a scant total of 41,000 square feet underway during the quarter.

There were some large leases signed during the first quarter. These include Spartan Logistics leasing 264,000 square feet at Crossroads Distribution Center in Bedford, Green Recovery Group leasing 61,000 square feet in Solon and Marine Products International leasing 33,000 square feet in Euclid. Moreover, activity levels have been on the increase since the first of the year, which will hopefully translate into positive absorption as we work through 2010.

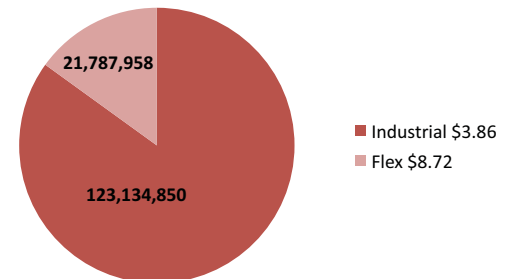
Overall Vacancy 8.6%



Average Asking Rental Rate \$10.93



Industrial vs. Flex Rental Rates NNN



### Major Lease Transactions

Tenant:	Building:	Size (SF):	Submarket:
Spartan Logistics	Crossroads Distribution Centre	264,011 SF	Southeast
Green Recovery Group	Solon Industrial	61,317 SF	Southeast
Marine Products International	International Curtis Corp. Cntr.	655,546 SF	Northeast

### Major Sale Transactions

Building	Size	Price (PSF)	Sale Date	User/Investor
18001 Sheldon	144,439 SF	\$13,800,000.00 (\$95)	2/10/2010	Investor
9505 Midwest	51,111 SF	\$1,766,000.00 (\$34)	2/25/2010	User
120 State	54,747 SF	\$2,800,000.00 (\$51)	1/8/2010	User

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## Cleveland's Total Industrial Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Construction SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
<b>Flex Market Statistics</b>	652	21,787,958	2,735,194	2,762,898	12.7%	20,801	0	14,000	\$8.72
<b>Warehouse Market Statistics</b>	9,096	393,500,915	32,051,353	32,934,595	8.4%	(314,952)	25,919	27,000	\$3.58
<b>Total Industrial Market Statistics</b>	9,748	415,288,873	34,786,547	35,697,493	8.6%	(294,151)	25,919	41,000	\$3.86



### Cleveland Submarkets

1. Outlying Lorain Ind.  
Vacancy: 40.5% YTD Abs: 164 K SF Avg. Rent: \$2.34 PSF
2. West Ind.  
Vacancy: 7.3% YTD Abs: (285) K SF Avg. Rent: \$3.42 PSF
3. Downtown Cleveland Ind.  
Vacancy: 9.2% YTD Abs: 103 K SF Avg. Rent: \$3.84 PSF
4. Northeast Ind.  
Vacancy: 8.1% YTD Abs: 148 K SF Avg. Rent: \$3.34 PSF
5. East Ind.  
Vacancy: 8.2% YTD Abs: (18) K SF Avg. Rent: \$6.75 PSF
6. South Ind.  
Vacancy: 7.0% YTD Abs: (422) K SF Avg. Rent: \$4.74 PSF
7. Southeast Ind.  
Vacancy: 8.4% YTD Abs: 39 K SF Avg. Rent: \$4.31 PSF
8. Southwest Ind.  
Vacancy: 7.1% YTD Abs: 166 K SF Avg. Rent: \$4.47 PSF
9. Medina County Ind.  
Vacancy: 10.1% YTD Abs: 84 K SF Avg. Rent: \$4.24 PSF
10. Akron Ind.  
Vacancy: 8.5% YTD Abs: (275) K SF Avg. Rent: \$3.37 PSF

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