

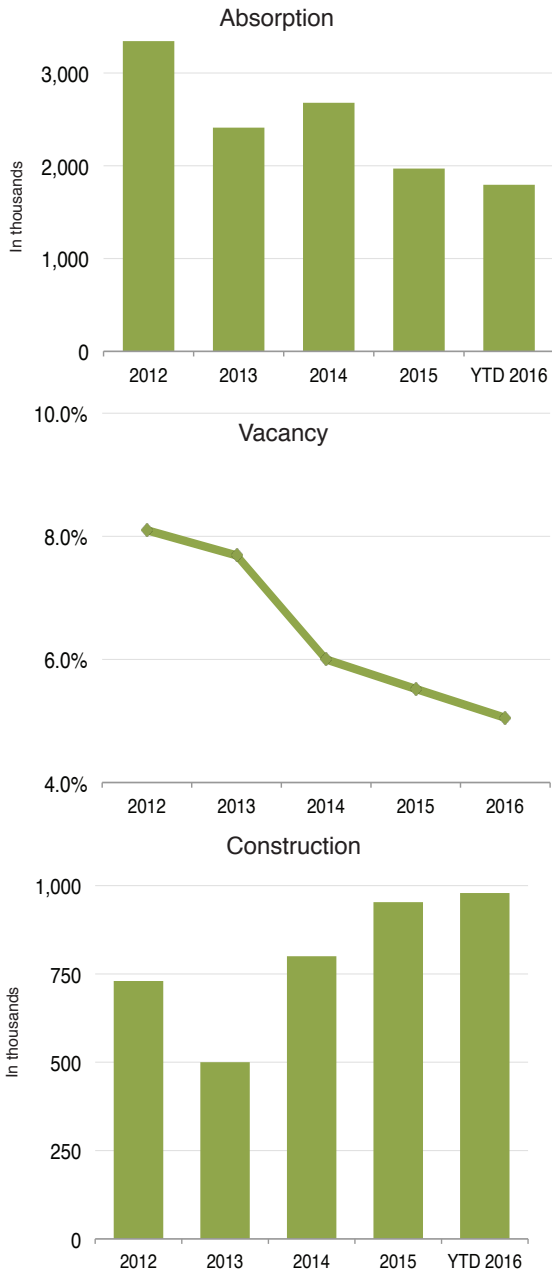
Lowest Vacancy in a Decade

Robust activity in the industrial market in Northeast Ohio has resulted in the lowest vacancy rate since 2006. In the first six months of 2016, the industrial vacancy in the region has declined 39 basis points to 5.3 percent and just over 1.5 million square feet has been absorbed. New construction is now becoming more widespread across the region and several large build to suits were completed this year. Arhaus' new 700,000-square-foot headquarters in Boston Heights was occupied this spring, RAMCO Manufacturing built a 160,000-square-foot building in Hudson and Pyrotek completed a 170,000-square-foot facility in Aurora. Additional projects under 100,000 square feet are in various stages of completion, which will add nearly one half million square feet of additional inventory.

The success of several speculative developments has mitigated concerns that leasing at higher rents would be difficult, after those projects have reached full occupancy in under 12 months. This success is prompting additional developments including on 2-phase project with over 300,000 square feet on Foltz Industrial Parkway in Strongsville and Seasons Business Center on SR 8, being built by Scannell and Fogg Builders respectively.

Amazon announced plans to build a new sorting plant in the Cornerstone Business Park in Twinsburg and was granted a 1.1 percent; 6-year income tax credit by the Ohio Tax Credit Authority with the promise Amazon creates 300 jobs. The city of Twinsburg also awarded them a 7-year, 50 percent discount on property taxes. Cornerstone, the former site of the 2.2 million-square-foot Chrysler Stamping Plant, welcomed it's first new park occupant, Vistar, in 2013 and since then has become home to FedEx, Amazon, Bridgestone and Dunkin Donuts, adding nearly 900,000 square feet of industrial space to the Southeast market, much of it new occupancy or expansion space to the region, not simply relocations.

Several very sizable leases occurred in the 2nd quarter including TTI Floorcare leasing over 300,000 square feet in Twinsburg. Comprehensive Logistics leased and occupied 340,000 square feet in the former Ford Paint Plant on Baumhart Road in Lorain. Erico moved into a former L'Oreal plant on Arnold Miller Parkway, a 195,000-square-foot building that had been vacant for a few years. Mars Electric also relocated into 108,000 square feet on Beta Drive in Mayfield Village, relocating from Mentor. All Pro Freight acquired the former Bonne Bell headquarters in Westlake and is considering relocating their corporate offices into the 170,000-square foot complex they acquired for \$4.6 million.



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Trends for 2016



2nd Qtr 2016 Industrial Market Statistics

Submarket	Existing Inventory	Vacancy		2nd Qtr 2016	YTD 2016	Under	Avg. Quoted	Avg. Quoted
	Total RBA 2016	Total SF	Vacancy %	Absorption	Absorption	Const. SF	Rates - Ind	Rates- Flex
CBD/Central	47,655,759	2,746,564	5.76%	(31,523)	40,037	—	\$3.00	\$7.50
East/Geauga	15,646,946	570,546	3.65%	47,100	78,895	—	\$4.49	\$5.50
Northeast	60,958,277	4,150,325	6.81%	72,123	(35,447)	15,000	\$3.03	\$8.25
West/Northwest	47,762,872	3,156,830	6.61%	(22,826)	44,700	68,732	\$2.69	\$9.00
Southcentral	28,504,259	1,501,189	5.27%	54,245	230,795	30,000	\$4.62	\$9.88
Southeast	86,035,331	3,842,372	4.47%	175,635	942,578	580,200	\$4.34	\$8.52
Southwest	58,731,559	1,663,648	2.83%	179,713	259,327	285,000	\$3.82	\$10.00
TOTAL	345,295,003	17,631,474	5.11%	474,467	1,560,885	978,932		

Sources: NAI Daus Research Department, Costar, Crain's Cleveland Business, The Cleveland Plain Dealer, Loopnet, Team NEO

Survey includes all industrial and flex properties over 10,000 square feet, both vacant and occupied.

Adjustments to statistical base year over year are sometimes required.

Sources: NAI Daus Research Department, CoStar, Crain's Cleveland Business, The Plain Dealer, Loopnet

Significant Transactions - 2016

Buyer/Tenant	Address	Size/Sale Price	Sale/Lease
TTI Floorcare	1793 Enterprise Parkway, Twinsburg	306,000 SF	Lease
Comprehensive Logistics	5953 Baumhart Road, Lorain	340,000 SF	Lease
AIC Ventures	12850 & 13000 Darice Pkwy, Strongsville	\$30,100,000	Sale
All Pro Freight	1006-1008 Crocker Road, Westlake	\$4,600,000	Sale
Erico	6800 Arnold Miller Pkwy., Solon	195,000 SF	Lease
Mars Electric	6660 Beta Drive, Mayfield Village	108,000 SF	Lease
MCPc Inc.	21500 Aerospace Pkwy., Brookpark	79,060 SF	Lease



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