

# Downtown Trends

## Cleveland's Central Business District Office Market Assessment

### Office

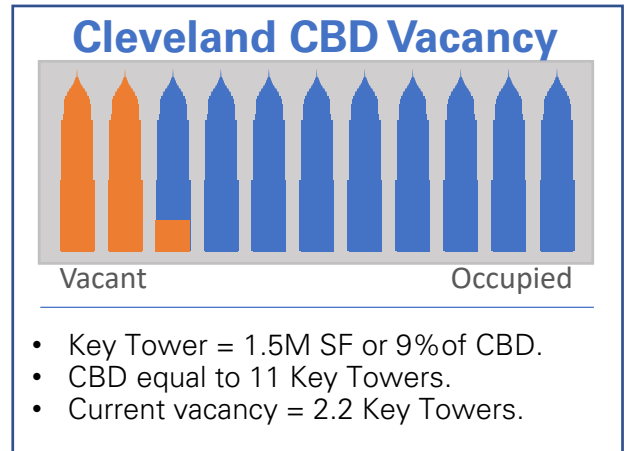
- **Office market will lose another 8 million SF in the next five years**
- Office sizes are shrinking
- Hybrid work is changing patterns
- Buildings without amenities have no future

### Apartments

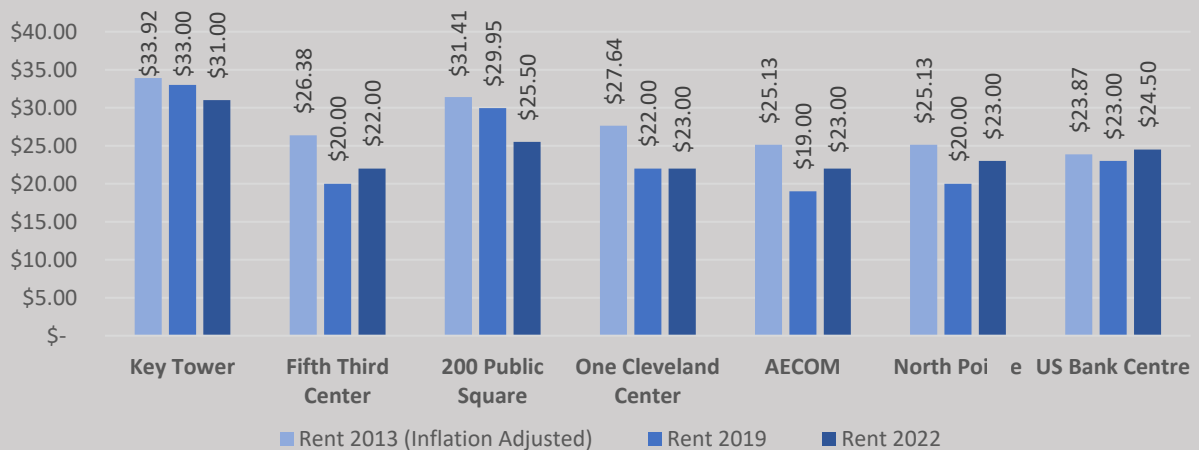
- **Due to higher interest rates, sale prices on conversions will likely plummet to the \$7 - \$10 per square foot range.**
- After adjusting for inflation, rents are same as 2005
- 7 M SF office converted since 2008.
- No conversion sales since interest rates increased.
- Apartment conversions may have been an asset bubble due to lower interest rate.

### Hotels

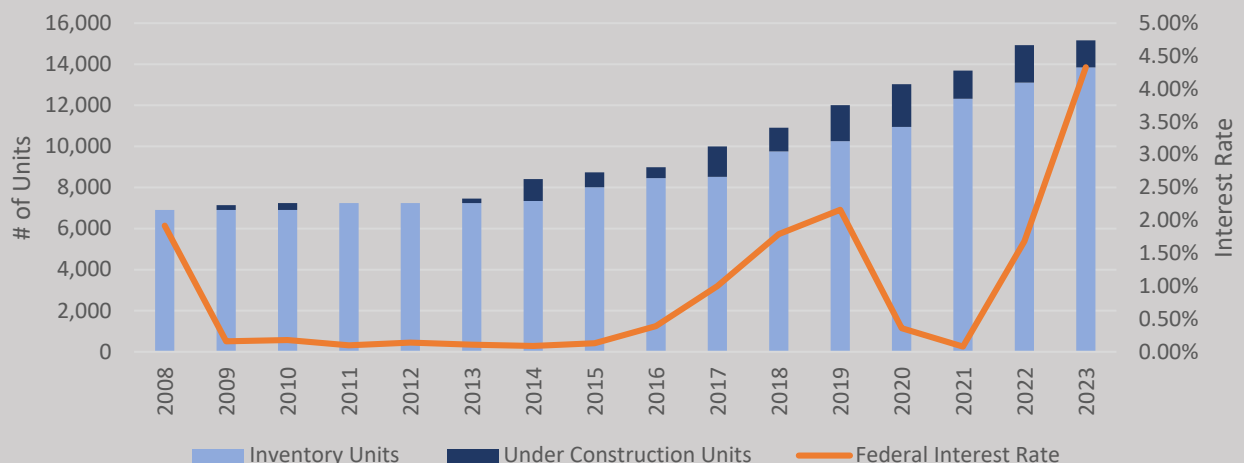
- RevPAR is at a decade high
- Cleveland benefited from large special events
- Tourism is a bright spot in the CBD



## Office Asking Rents from 2013 Compared to Today



## Were Downtown Residential Conversions an Asset Bubble?



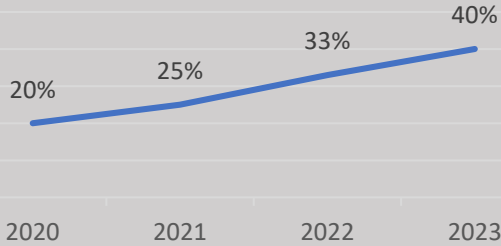
Data Source: CoStar, US Federal Reserve

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### Parking and Retail Demonstrate Daytime Population Loss

#### Downtown Parking Occupancy



#### People per 1,000 SF

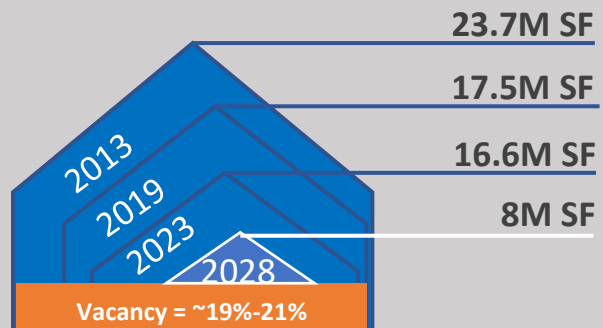


More Multifamily = less foot traffic

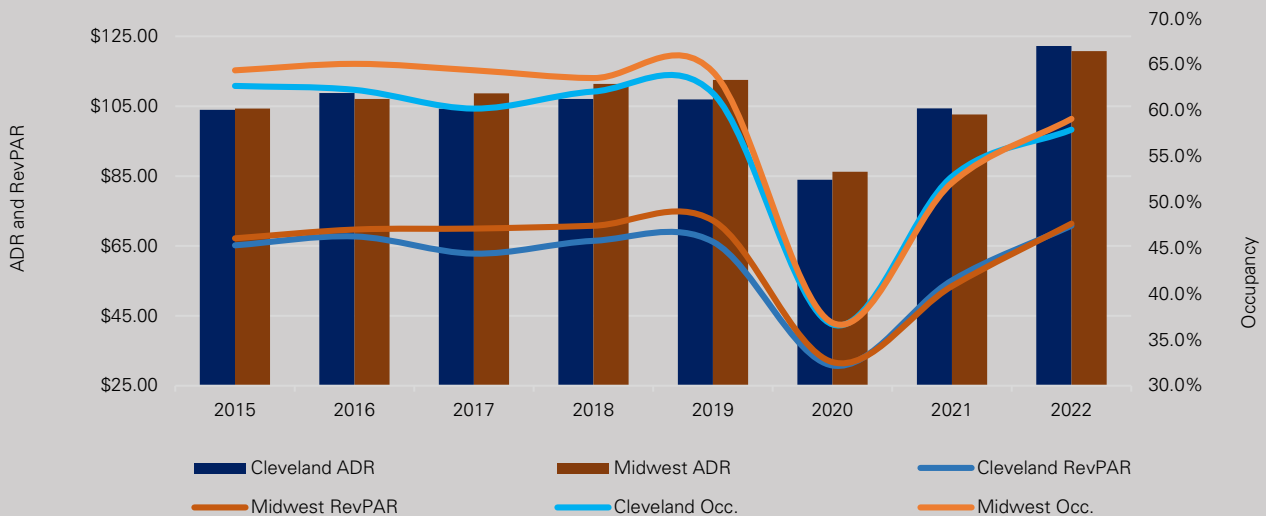
### Retail

- **CVS closed 8000 E. 9th Street, January 2023**
- 431,737 SF retail space available.
- Average listing size of 4,111 SF.
- Lease rate average \$20.08/SF.

### Office Market Lost 7.1 M SF in Last Decade



### Cleveland Hospitality Market Average, Poised for Growth



Sources unless otherwise noted: Newmark Valuation & Advisory; Newmark Research

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