

# Cleveland Industrial Market Overview

# Market Observations



## Economy

- In the second quarter of 2025, the Cleveland-Elyria-Mentor metro’s economy gained back a modest number of jobs, as total nonfarm employment increased annually by just 0.5% in May. The unemployment rate for the Cleveland-Elyria-Mentor MSA ticked slightly up to 4.2% in May 2025 – up 10 basis points from the 4.1% it finished April 2025 with, after posting 4.0% unemployment for the first three months of 2025.
- Eight of 11 industry sectors in the Cleveland market saw employment gains from May 2024 to May 2025. Of the three industrial-using or adjacent industries, the Construction sector gained a small number of jobs at 0.4%, while the Manufacturing sector increased by 0.2% and the Trade/Transportation/Utilities sector declined by 0.5%.



## Prominent Transactions and Occupations

- Headlining the second quarter’s lease transaction activity was PipingRock Health Products’ 408,767 SF signing at Turnpike Commerce Center in the Southeast submarket. The company will likely occupy the space in the third quarter. Another notable lease was IndiMade Brands inking 79,203 SF at 14450-14580 Foltz Pkwy. in the Southwest submarket. A significant occupation in the second quarter was Piston Automotive moving into 175,000 SF at 37988 Avon Commerce Pkwy. in the Northwest submarket. Unfortunately, this and several dozen other occupations in the second quarter were unable to overtake the large move-outs that transpired, including JoAnn Inc., which shut down its 1.2 million SF facility at 5455-5555 Darrow Rd. in the Southeast submarket.
- The top sale in the second quarter was the two-building portfolio, 42,400 SF purchase by Tuffli of 4535 Renaissance Pkwy. and 4450 Cranwood Pkwy. in the Northeast submarket for \$6.1 million, or \$142.69/SF. The reported cap rate for this transaction was 8.25%. Tuffli is a real estate investment company that specializes in industrial properties. Another sale of note was Sealy & Company’s investment purchase of the 98,000 SF facility at 545 Mondial Pkwy. in the Southeast submarket. Sealy paid \$8.3 million, or \$84.18/SF from previous owner AREIT (Ares Real Estate Income Trust).



## Leasing Market Fundamentals

- The Cleveland industrial market posted a steep negative absorption of 2.8 million SF in the second quarter of 2025—the lowest quarterly result in recent history, triggered by a series of high-profile closures and move-outs. As a direct result, the industrial vacancy rate increased by 100 basis points to 5.2% for the quarter. Despite this uptick, the year-to-date vacancy rate remains relatively healthy at 4.7%, still well below the long-term average of 7.4%.
- Demand for industrial space in Cleveland recovered slightly after hitting a historic low earlier in the year. Quarterly leasing volume reached 2.0 million SF, reflecting renewed activity, though it was not enough to offset significant move-outs that weighed on overall absorption.
- The market’s industrial direct average asking rent contracted year-over-year in the second quarter of 2025 by negative 3.9%, down from 2.8% in the first quarter. The second quarter saw a direct average asking rent of \$5.88/SF, which was down by \$0.14/SF from the previous quarter’s total.



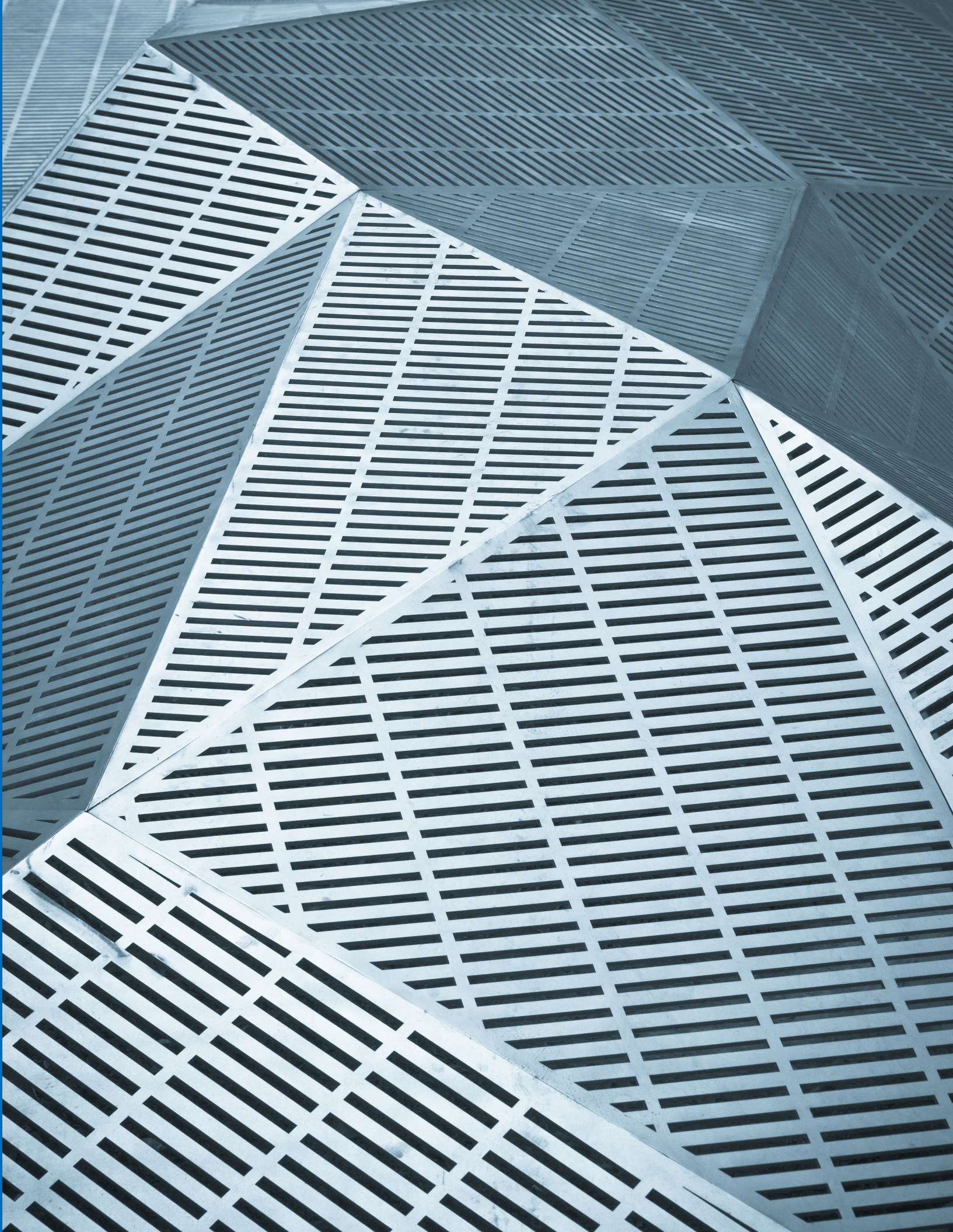
## Outlook

- Efficient supply chains are crucial to the industrial sector but rising debt costs are fueling a wave of corporate retail bankruptcies with impacts across the market. The recent financial struggles of JoAnn Inc. and Big Lots illustrate how these pressures are transforming the industrial landscape, resulting in significant consequences.
- Recent global challenges—including ongoing tariff uncertainty, persistent shipping delays, raw material shortages, and widespread logistical bottlenecks—have contributed to notable production slowdowns. In addition, the Cleveland industrial market, like its regional and national counterparts, is still navigating the aftermath of the rapid e-commerce expansion seen during and immediately after the pandemic. However, that e-commerce surge has significantly tapered off in recent quarters, creating new hurdles for the industrial commercial real estate sector as it adapts to changing demand and supply chain dynamics. In addition, the industrial development pipeline has dwindled but could turn around as economic conditions improve and as companies continue to frontload inventory to reduce potential tariff implications.

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2. Leasing Market Fundamentals
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2Q25

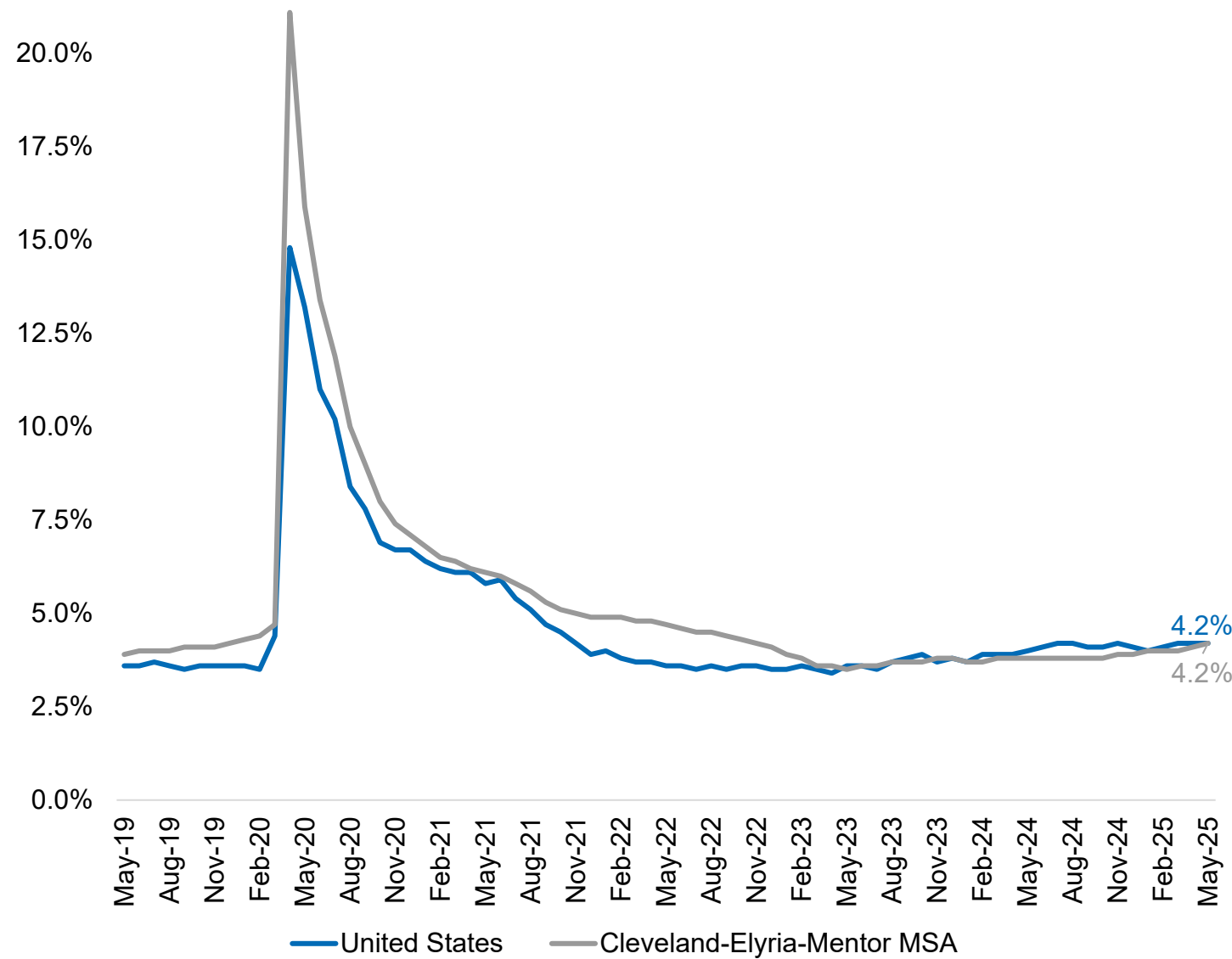
# Economy



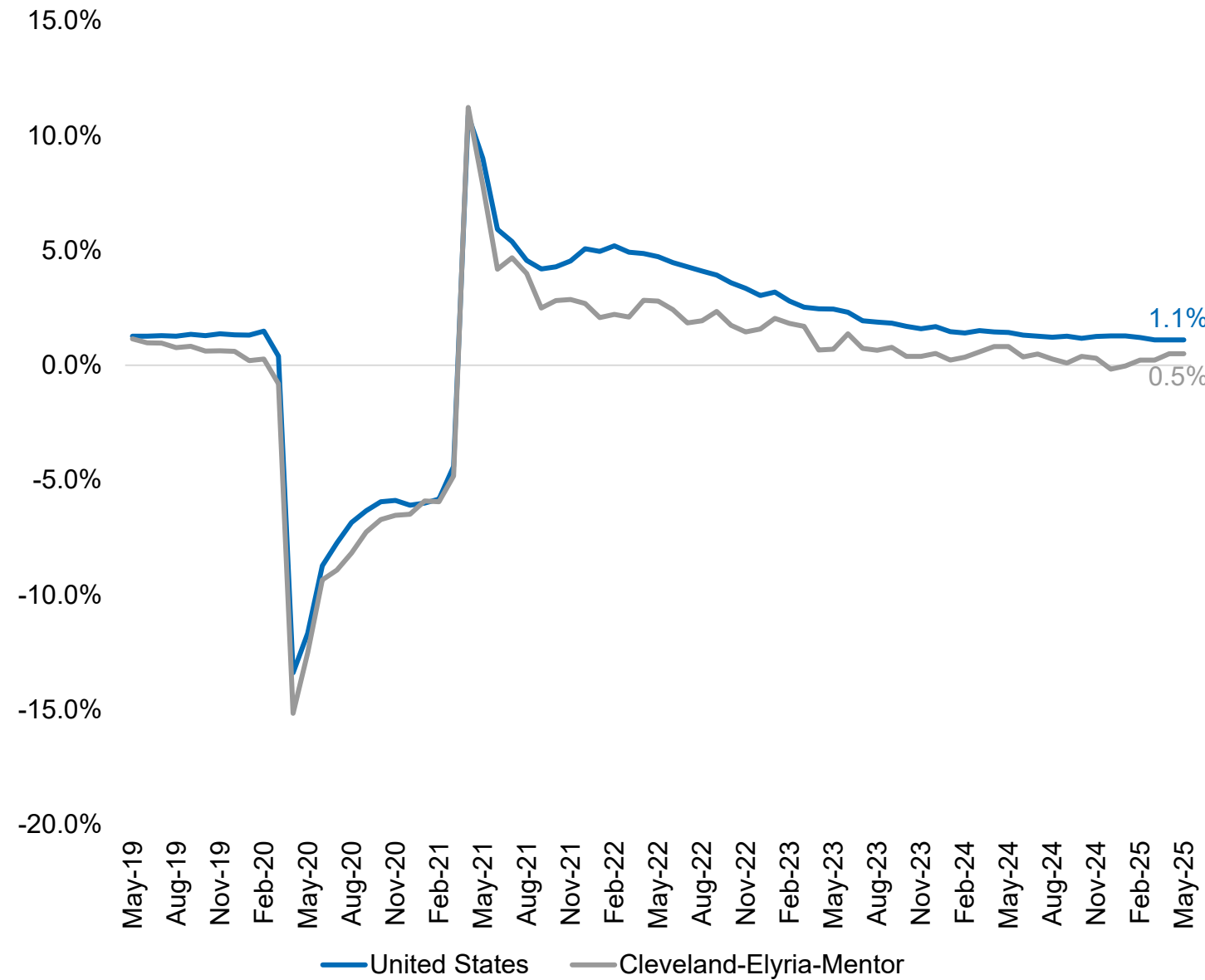
# Cleveland and United States Unemployment and Nonfarm Employment Trends

In the second quarter of 2025, the Cleveland-Elyria-Mentor metro’s economy gained back a modest number of jobs, as total nonfarm employment increased annually by just 0.5% in May. National nonfarm employment increased by 1.1%. The unemployment rate for the Cleveland-Elyria-Mentor MSA ticked slightly up to 4.2% in May 2025 – up 10 basis points from the 4.1% it finished April 2025 with, after posting 4.0% unemployment for the first three months of 2025. The national unemployment rate equaled Cleveland’s 4.2%, remaining flat from both March and April.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

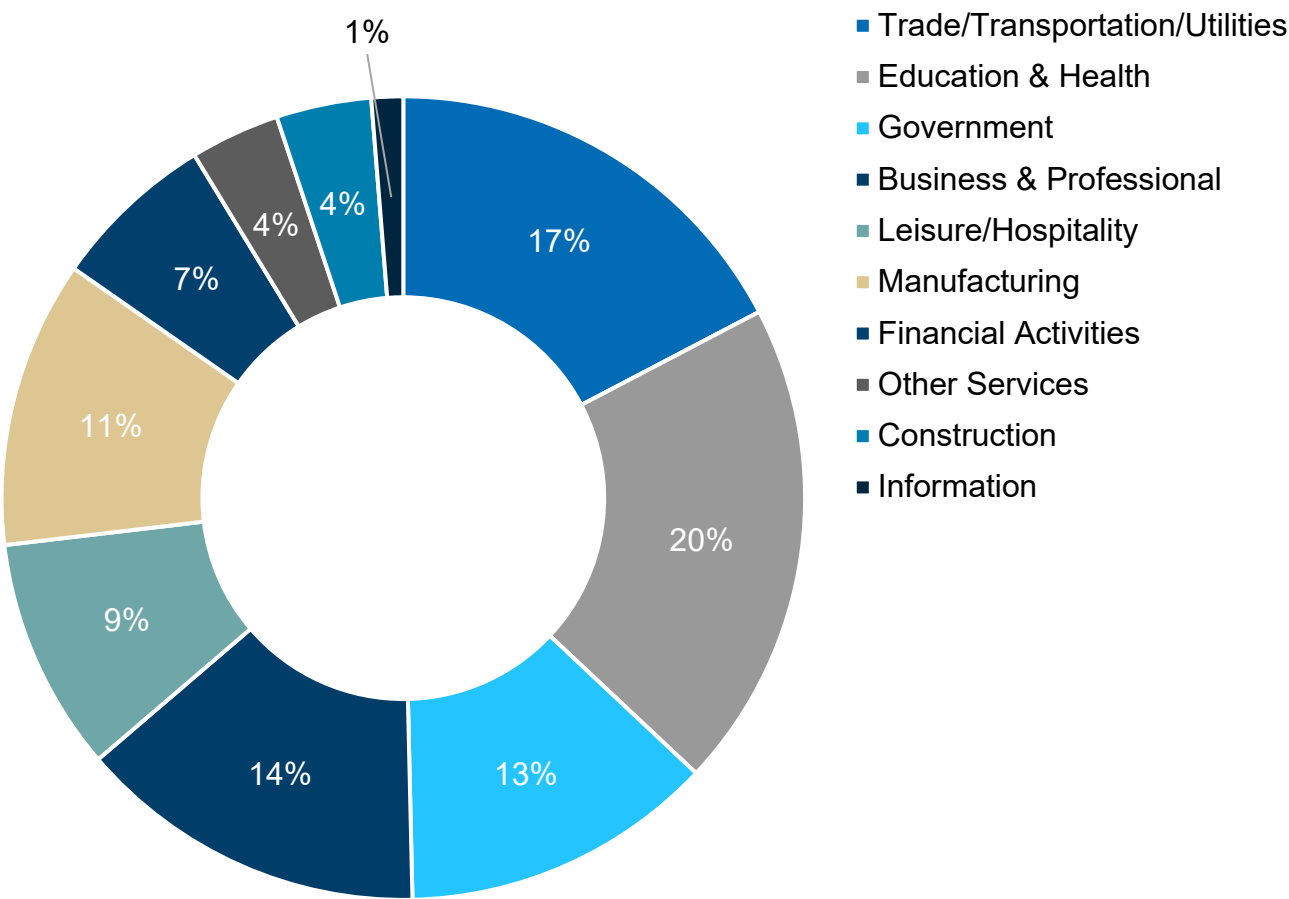


Source: U.S. Bureau of Labor Statistics, Cleveland-Elyria-Mentor MSA

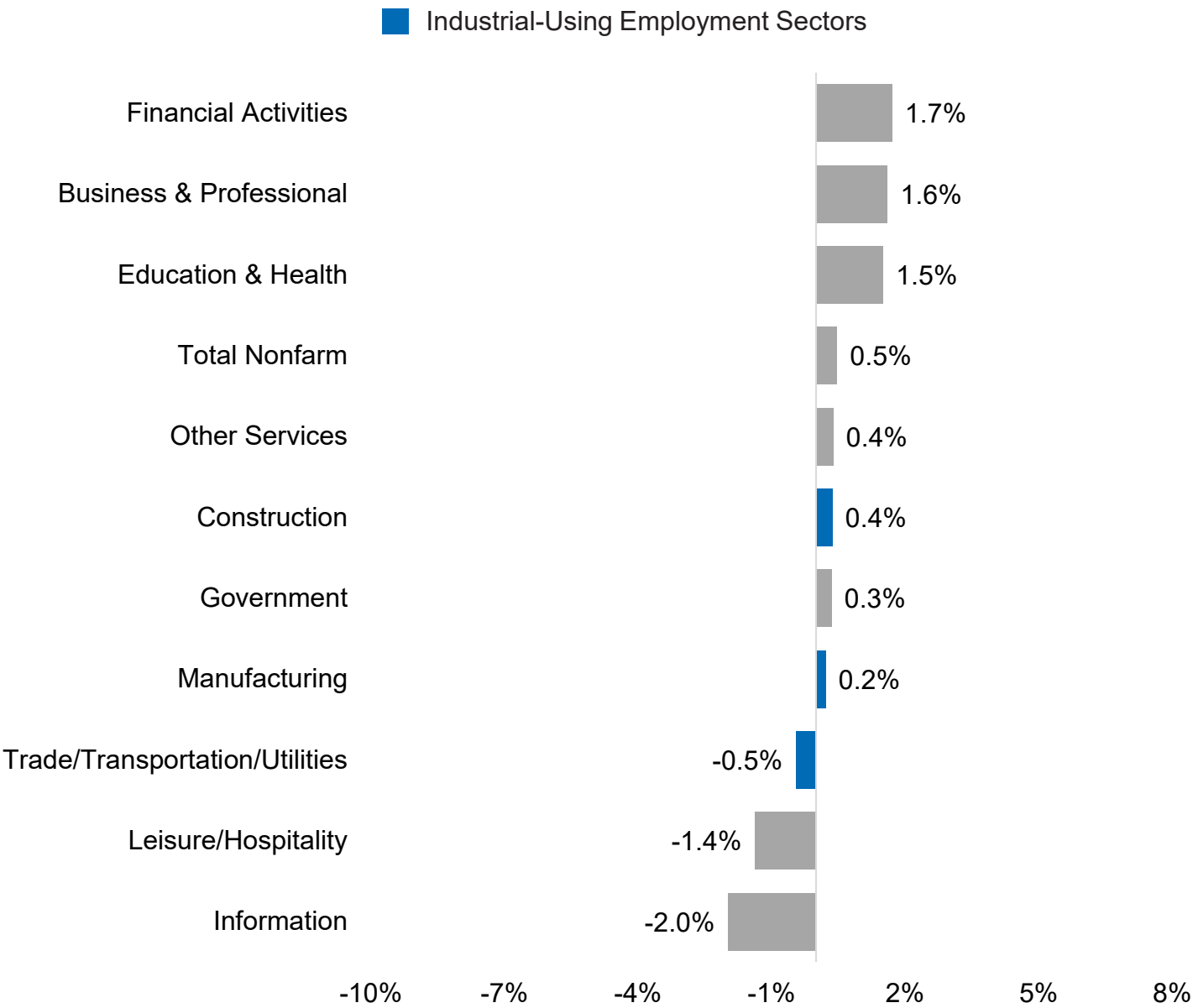
# Cleveland Market Sees Modest Job Gains in Two of Three Industrial-Using Sectors

Eight of 11 industry sectors in the Cleveland market saw employment gains from May 2024 to May 2025. Two of the three office-occupying industries experienced annual job gains, with the Financial Activities sector leading the way at 1.7%. Of the three industrial-using or adjacent industries, the Construction sector gained a small number of jobs at 0.4%, while the Manufacturing sector increased by 0.2% and the Trade/Transportation/Utilities sector declined by 0.5%.

Employment by Industry, May 2025



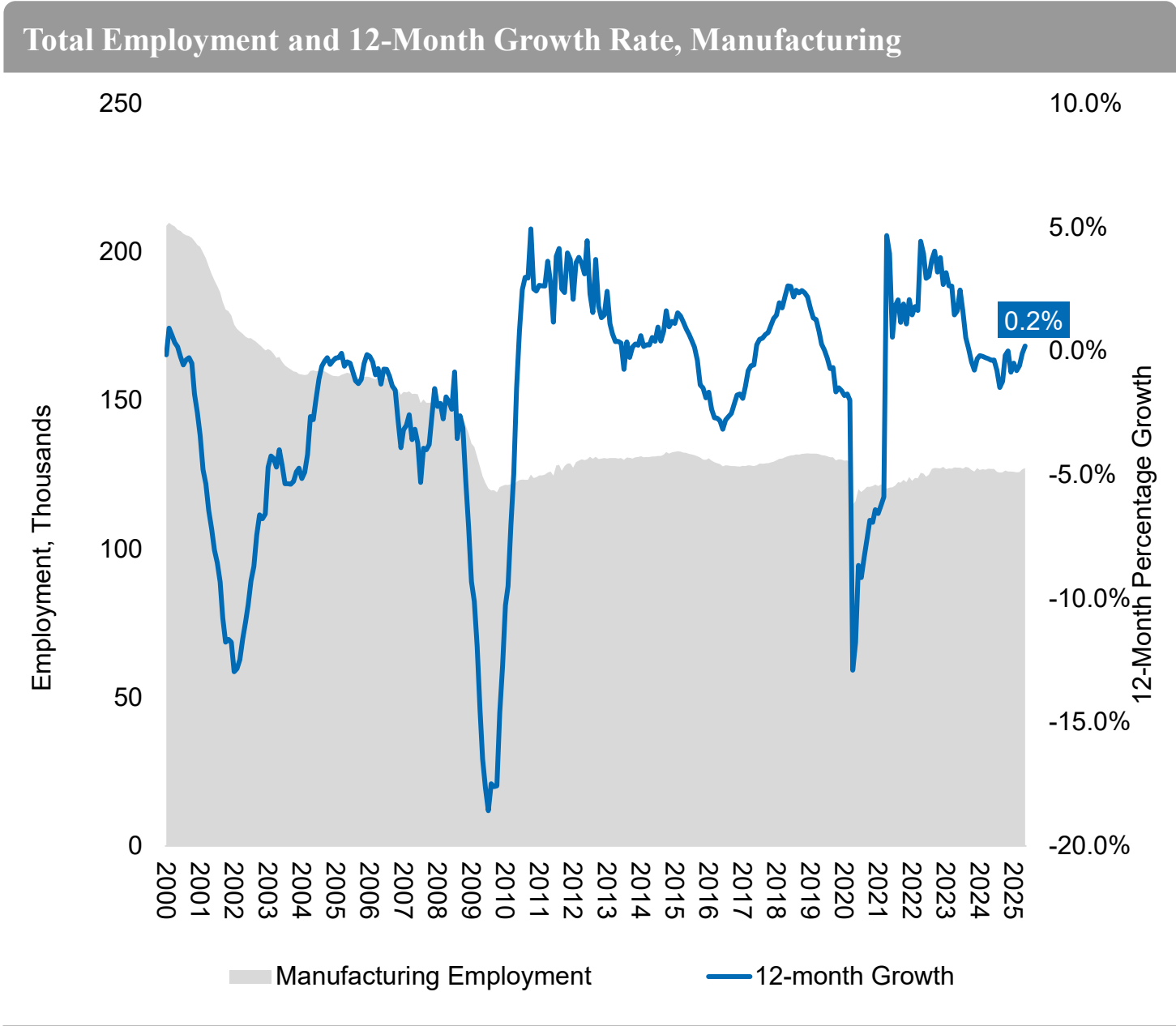
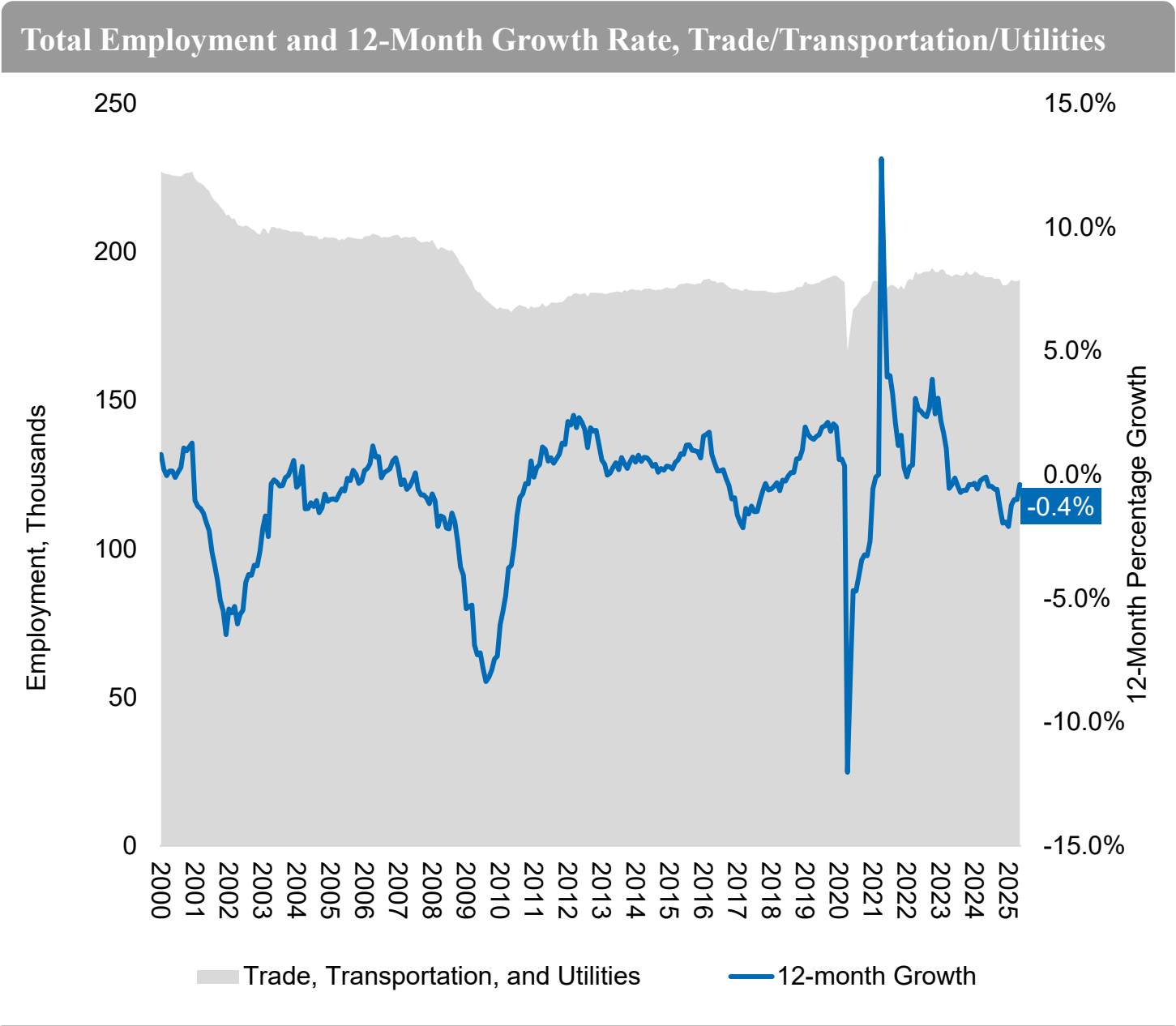
Employment Growth by Industry, 12-Month % Change, May 2025



Source: U.S. Bureau of Labor Statistics, Cleveland-Elyria-Mentor MSA

# One of Two Significant Industrial Using Employment Sectors Sees Annual Job Loss

In the Cleveland market, one of the two significant industrial sectors experienced year-over-year decline – the Trade, Transportation, and Utilities sector experienced a modest decline by 0.4%, according to May numbers, whereas the manufacturing sector saw a 0.2% increase in jobs. The manufacturing growth is likely supported by companies focusing on domestic production, efforts to rebuild inventory, and a measured recovery in select manufacturing segments. Manufacturers are also benefiting from strategic supply chain adjustments, such as nearshoring and increased investments in automation, which have helped stabilize employment and output despite a turbulent economic backdrop. Overall, while the Trade, Transportation, and Utilities sector continues to feel the impact of supply chain and demand fluctuations, and has had negative growth for 16 straight months, manufacturing in Cleveland shows resilience as companies adapt to new market dynamics.

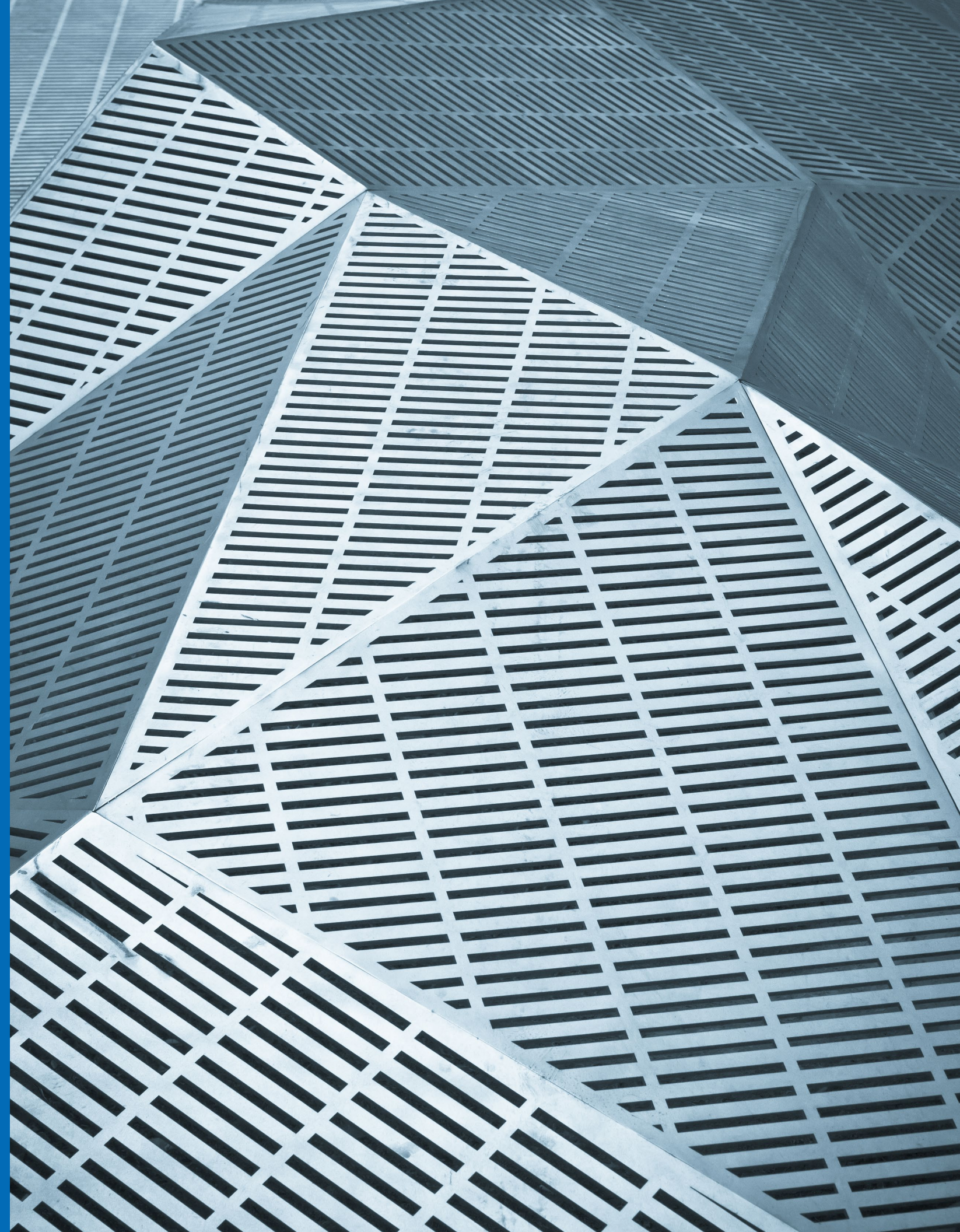


Source: U.S. Bureau of Labor Statistics, Cleveland-Elyria-Mentor MSA

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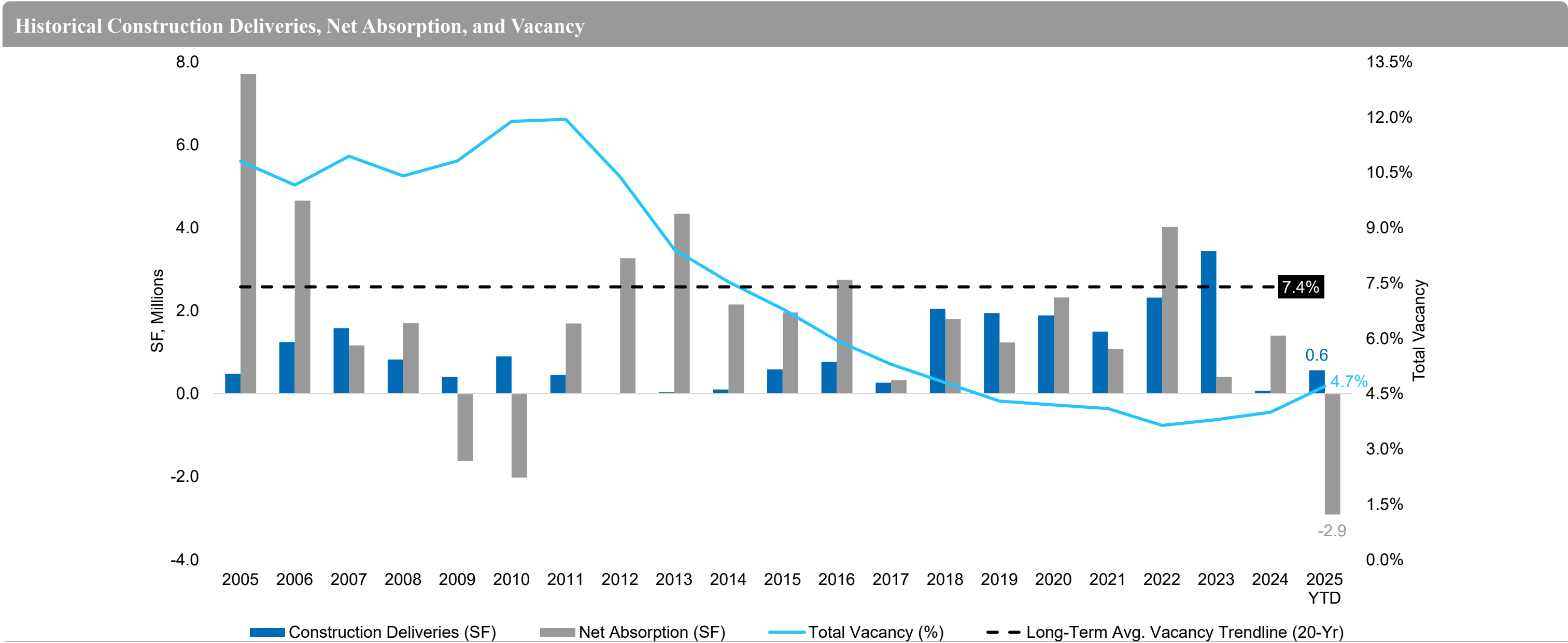
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# Leasing Market Fundamentals



# Major Closures Drive Historic Negative Absorption in Cleveland’s Industrial Market

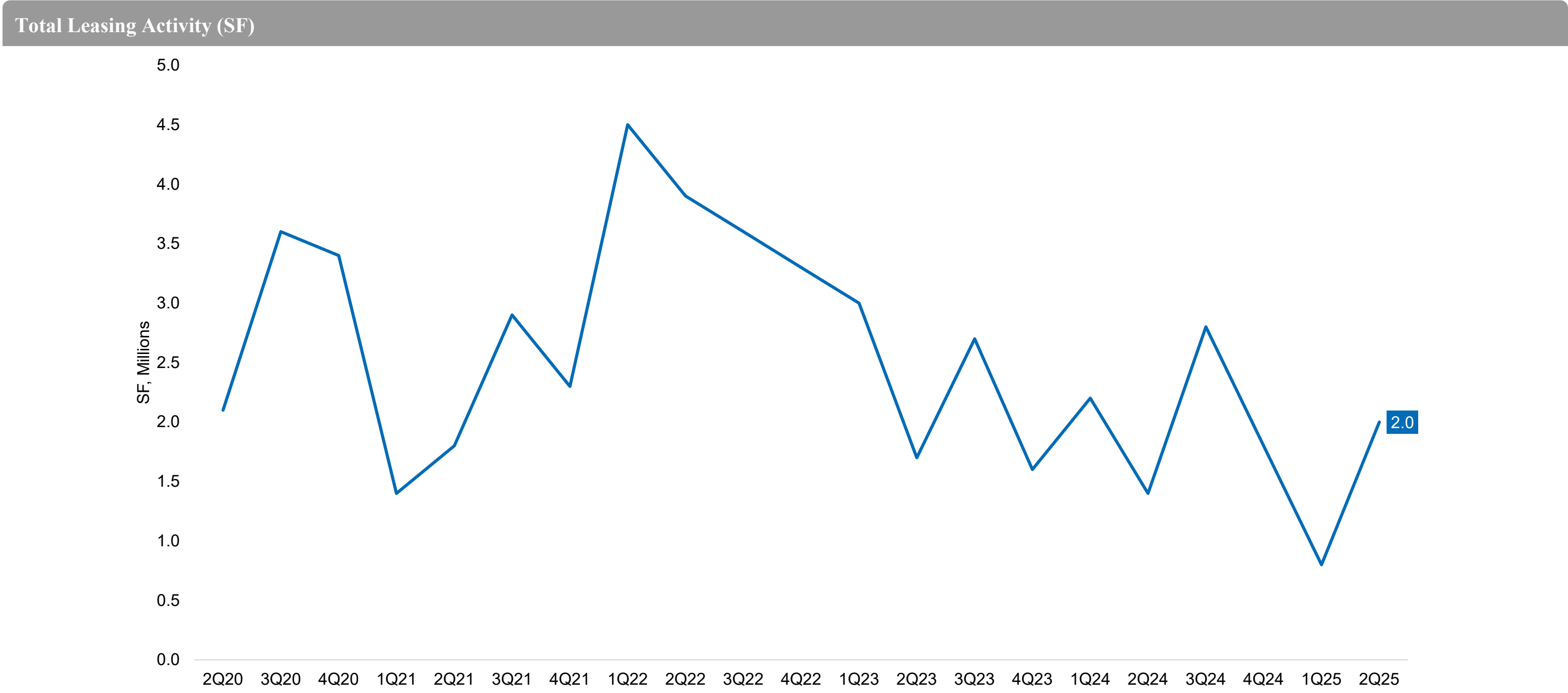
The Cleveland industrial market posted a steep negative absorption of 2.8 million SF in the second quarter of 2025—the lowest quarterly result in recent history, triggered by a series of high-profile closures and move-outs. As a direct result, the industrial vacancy rate increased by 100 basis points to 5.2% for the quarter. Despite this uptick, the year-to-date vacancy rate remains relatively healthy at 4.7%, still well below the long-term average of 7.4%. Leading the negative absorption was the bankruptcy of JoAnn Inc., which shut down its 1.2 million SF facility at 5455-5555 Darrow Rd. in the Southeast submarket. While the property benefits from a strong location and is being marketed aggressively, Cleveland has historically struggled to backfill large blocks of space quickly. Additional contributors to the downturn include True Value’s closure of 408,251 SF at 26025 1st St. in the Northwest in April, Harvest Sherwood Distributors vacating 290,791 SF at 16625 Granite Rd. in the Southeast, and Worthington Steel’s closure of a 266,837 SF operation at 4600 Heidtman Pkwy. in the Downtown submarket. Together, these events contributed to the challenges that affected Cleveland’s industrial real estate sector in the second quarter.



Source: Newmark Research

# Cleveland's Industrial Leasing Rebounds, Hinting at Evolving Supply Chain Strategies

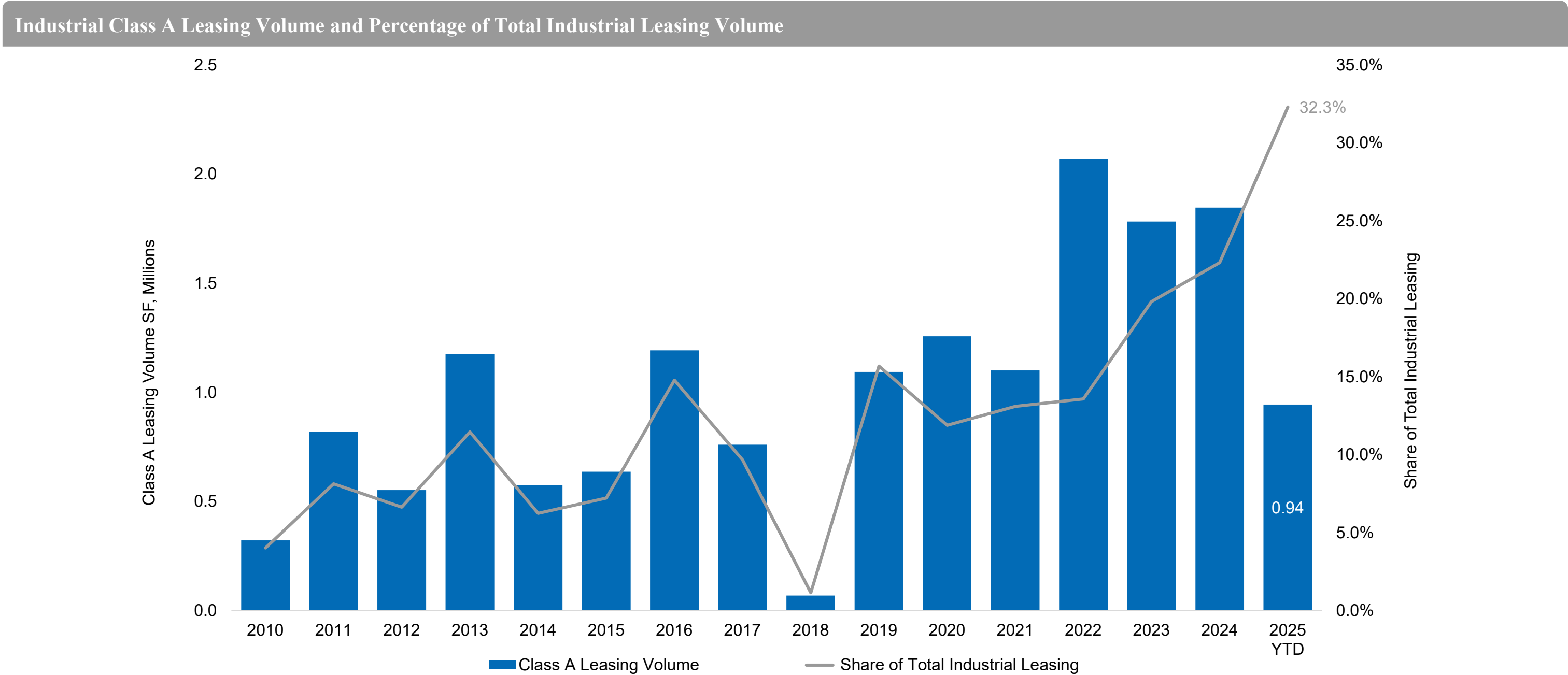
In the second quarter of 2025, demand for industrial space in Cleveland recovered slightly after hitting a historic low earlier in the year. Quarterly leasing volume reached 2.0 million SF, reflecting renewed activity, though it was not enough to offset significant move-outs that weighed on overall absorption. Still, this uptick in leasing activity is a promising sign for the remainder of the year. Traditionally, Cleveland’s industrial market has taken a measured, manufacturing-focused approach, but recent trends are beginning to suggest change. Many companies are now frontloading inventory to shield themselves from potential tariff impacts and to better manage near-term uncertainties. This shift points to an evolving strategy in supply chain management and urban logistics—one that is likely to reshape the warehouse and distribution sector in the coming quarters.



Source: Newmark Research, CoStar

# Class A Warehouse Leasing Volume

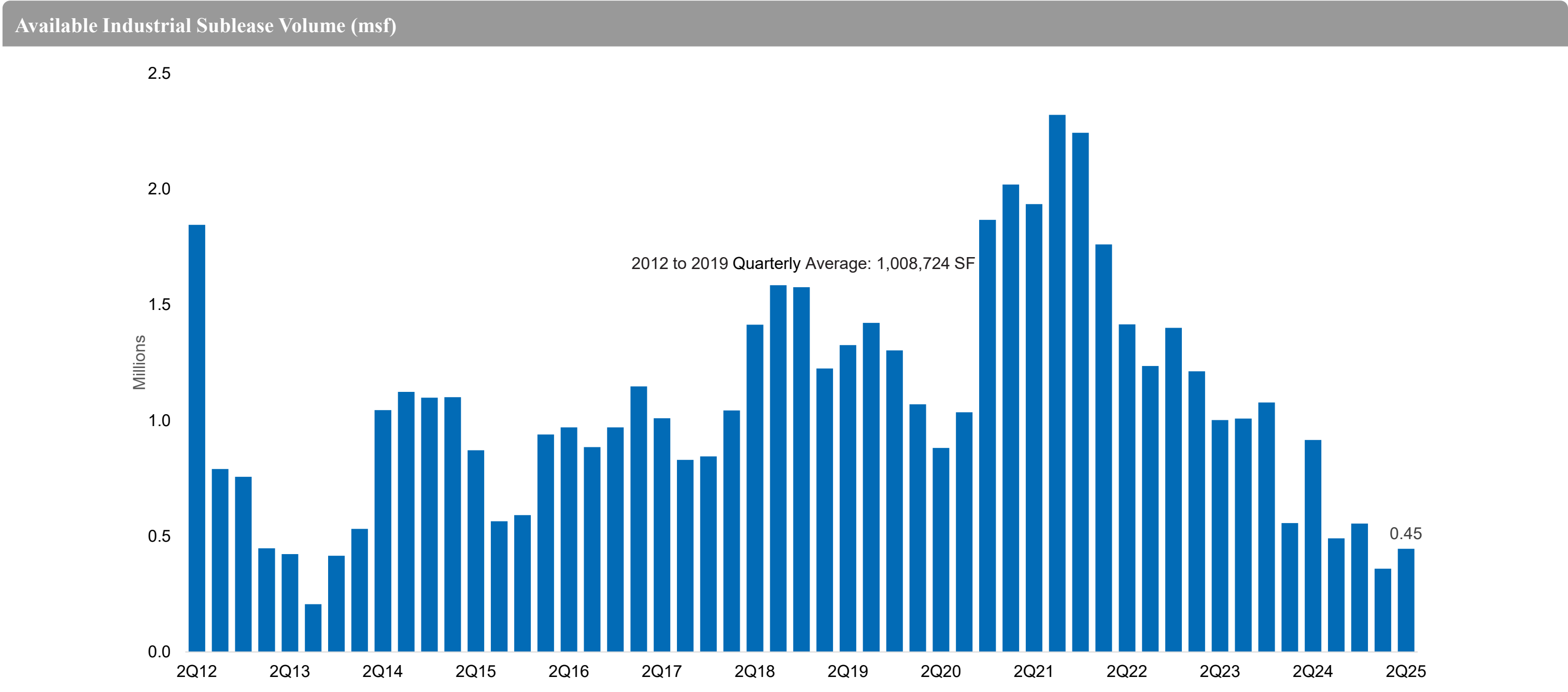
Class A warehouses helped drive leasing activity in the first half of 2025, accounting for 32.3% of all deals. At this pace, Class A leasing could near the level set in 2024, offering an encouraging outlook for the market. Leasing activity reached its peak in 2022.



Source: Newmark Research, CoStar

# Industrial Sublease Availability Back Up in 2Q

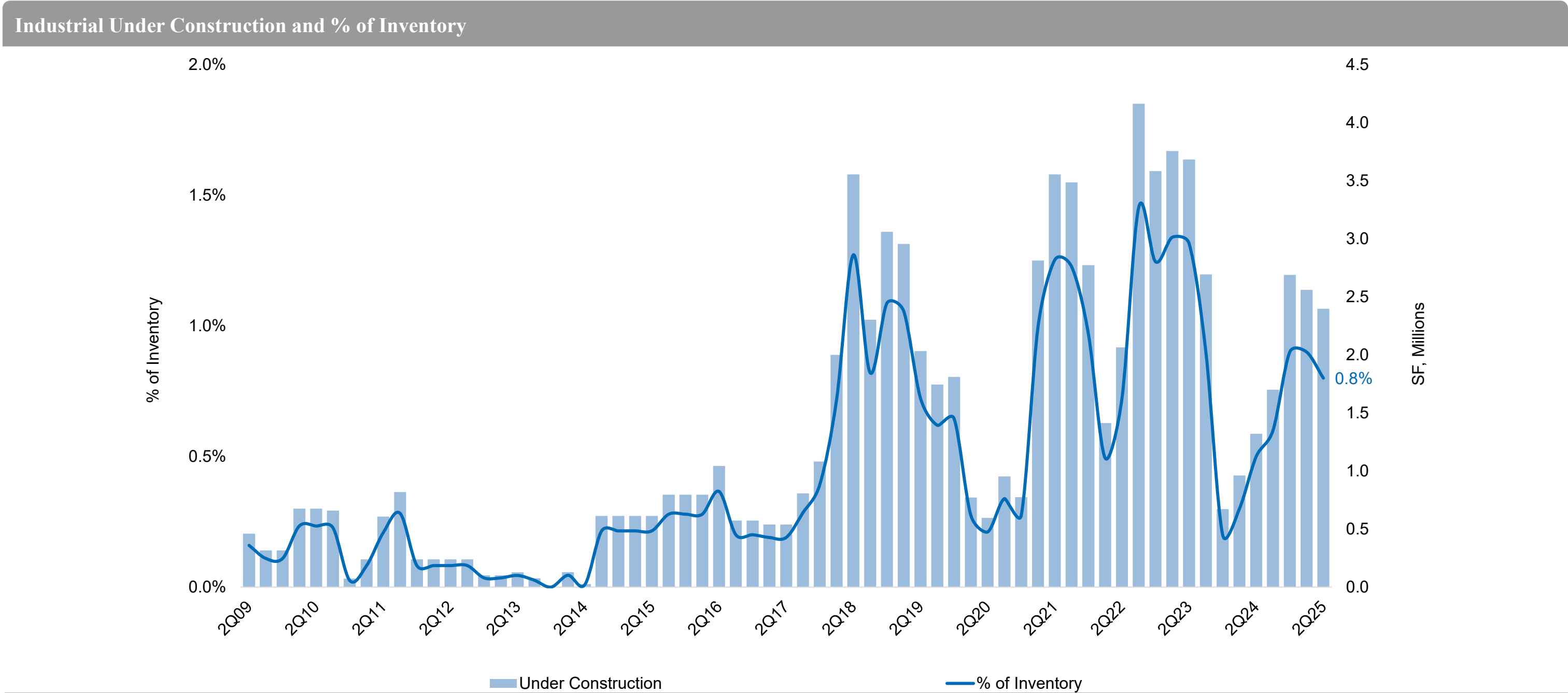
Sublease availability of 446,191 SF in the second quarter of 2025 was an increase of 86,016 SF from the previous quarter and remained significantly below the 2012 to 2019 pre-pandemic quarterly average of just over 1.0 million SF. The sublet total availability percentage was 0.2%.



Source: Newmark Research, CoStar

# Cleveland’s Industrial Construction Pipeline Shrinks as Project Delays Persist

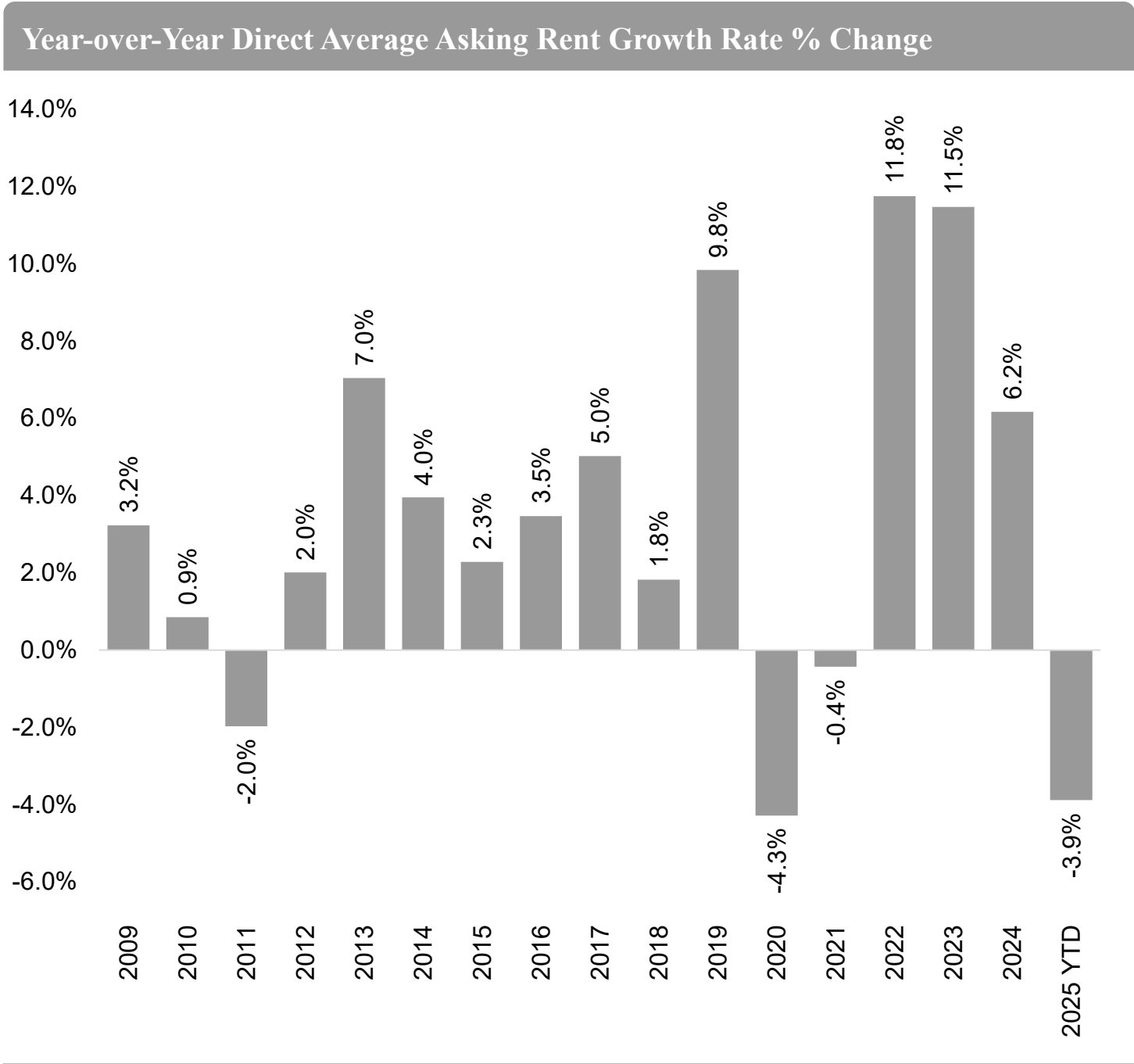
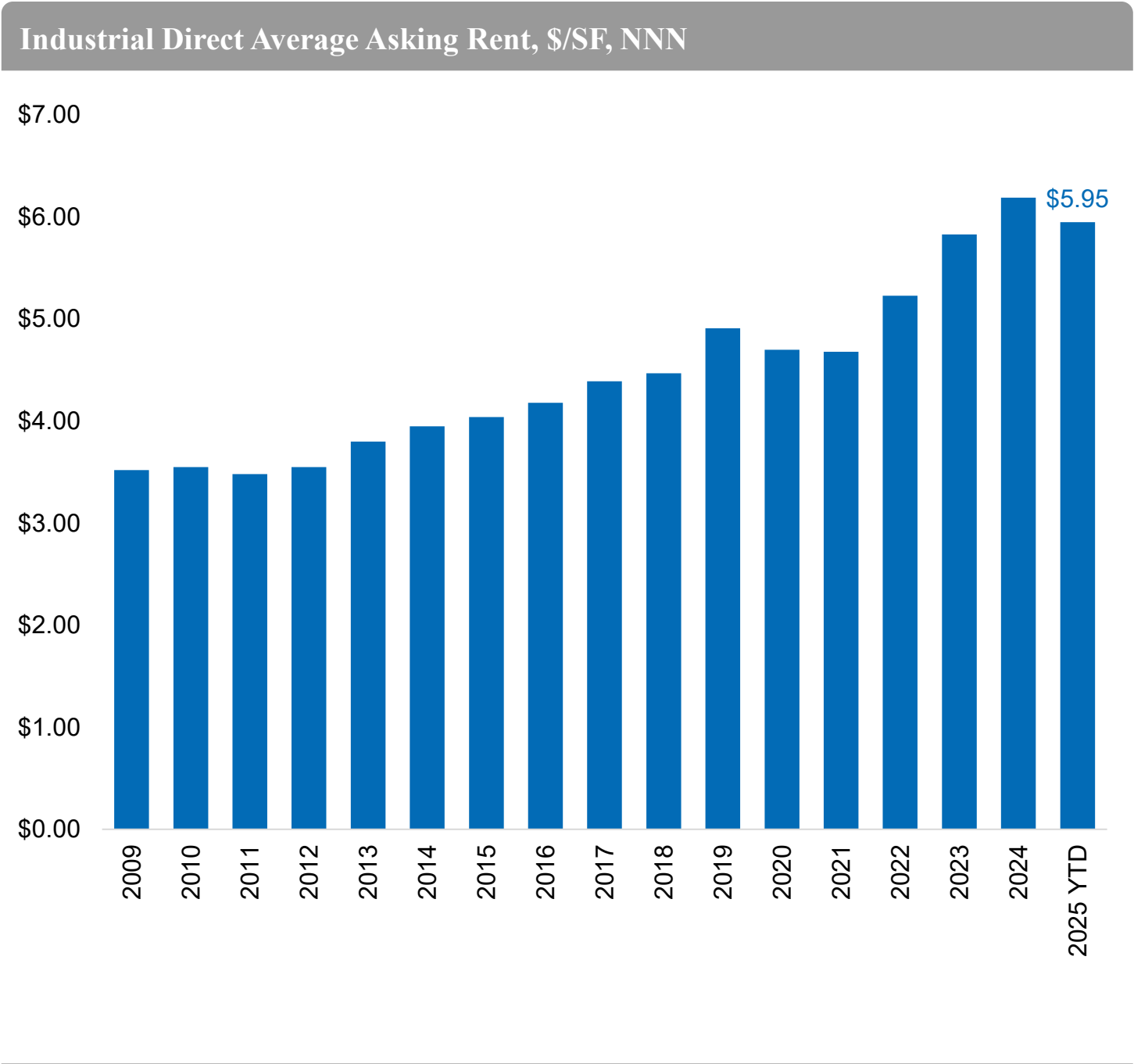
The volume of industrial space under construction in Cleveland fell to approximately 2.4 million square feet in the second quarter of 2025, representing just 0.8% of total market inventory—a decrease of 10 basis points from the previous quarter. Meanwhile, most proposed projects continue to face delays on groundbreaking, putting the near-term outlook for new supply on hold. 567,014 SF of overall industrial product has delivered through half of the year, after 248,000 SF came online in the second quarter.



Source: Newmark Research, CoStar

# Industrial Asking Rent Growth in the Negative for Second Straight Quarter

The market’s industrial direct average asking rent contracted year-over-year in the second quarter of 2025 by negative 3.9%, down from 2.8% in the first quarter. The second quarter saw a direct average asking rent of \$5.88/SF, which was down by \$0.14/SF from the previous quarter’s total. The year-to-date average asking rent was \$5.95/SF, brought down from \$6.02/SF by the second quarter’s decline.



Source: Newmark Research, CoStar

# Lease and Sale Transactions in 2Q25

## Select 2Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
PipingRock Health Products	Turnpike Commerce Center	Southeast	Direct	408,767
IndiMade Brands	14450-14580 Foltz Pkwy.	Southwest	Direct	79,203
Clecorr Packaging, Inc.	5200 Harvard Ave.	South Central	Direct	57,045
Ranpak Corporation	29309 Clayton Ave.	Northeast	Direct	55,610
Intralox LLC	8796 Independence Pkwy.	Southeast	Direct	46,951
Modular Systems Technicians	15708 Industrial Pkwy.	Downtown	Direct	31,393
A&H Equipment Co.	7171 E. Pleasant Valley Rd.	South Central	Direct	29,480

## Select 2Q25 Sale Transactions

Buyer	Building	Submarket	Sale Price	Square Feet	Price Per SF
Tuffli	4535 Renaissance Pkwy. & 4450 Cranwood Pkwy.	Northeast	\$6,050,000	42,400	\$142.69
Tenet Equity Funding SPE IV LLC	4659 Hamann Pkwy.	Northeast	\$5,000,000	49,624	\$100.76
Plymouth Industrial REIT	Dalfen/Investcorp Industrial Portfolio (21 buildings total; CLE 10 bldgs.)	Multiple	\$193,000,000	1,950,856	\$98.93
Atlantic Food Distributors	3304 W. 67th St.	Downtown	\$2,400,000	25,320	\$94.79
Sealy & Company	545 Mondial Pkwy.	Southeast	\$8,250,000	98,000	\$84.18
McHugh Properties LLC	4899 Commerce Pkwy.	Northeast	\$3,650,000	58,000	\$62.93
Postle Real Estate Corporation	5500 W. 164th St.	Southwest	\$1,470,000	31,500	\$46.67
Element Materials Technology Cleveland Inc.	5405 E. Schaaf Rd.	South Central	\$1,350,000	32,235	\$41.88
Terra Investments LLC	15708 Industrial Pkwy.	Downtown	\$1,300,000	31,939	\$40.70
Johnston Parkway Holdings LLC	4465 Johnston Pkwy.	South Central	\$3,650,000	89,900	\$40.60
Alro Steel	8383 Boyle Pkwy.	Southeast	\$8,596,907	222,860	\$38.58

Source: Newmark Research, CoStar

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## Class A Warehouse Asking Rents Trend Down At Halfway Point of the Year

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## Southeast and Northwest Lead Vacancy Increases Across Submarkets

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## Southeast Tops Submarkets in Sublet Availability

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## Year-Over-Year Rent Performance Up In Three of Six Submarkets

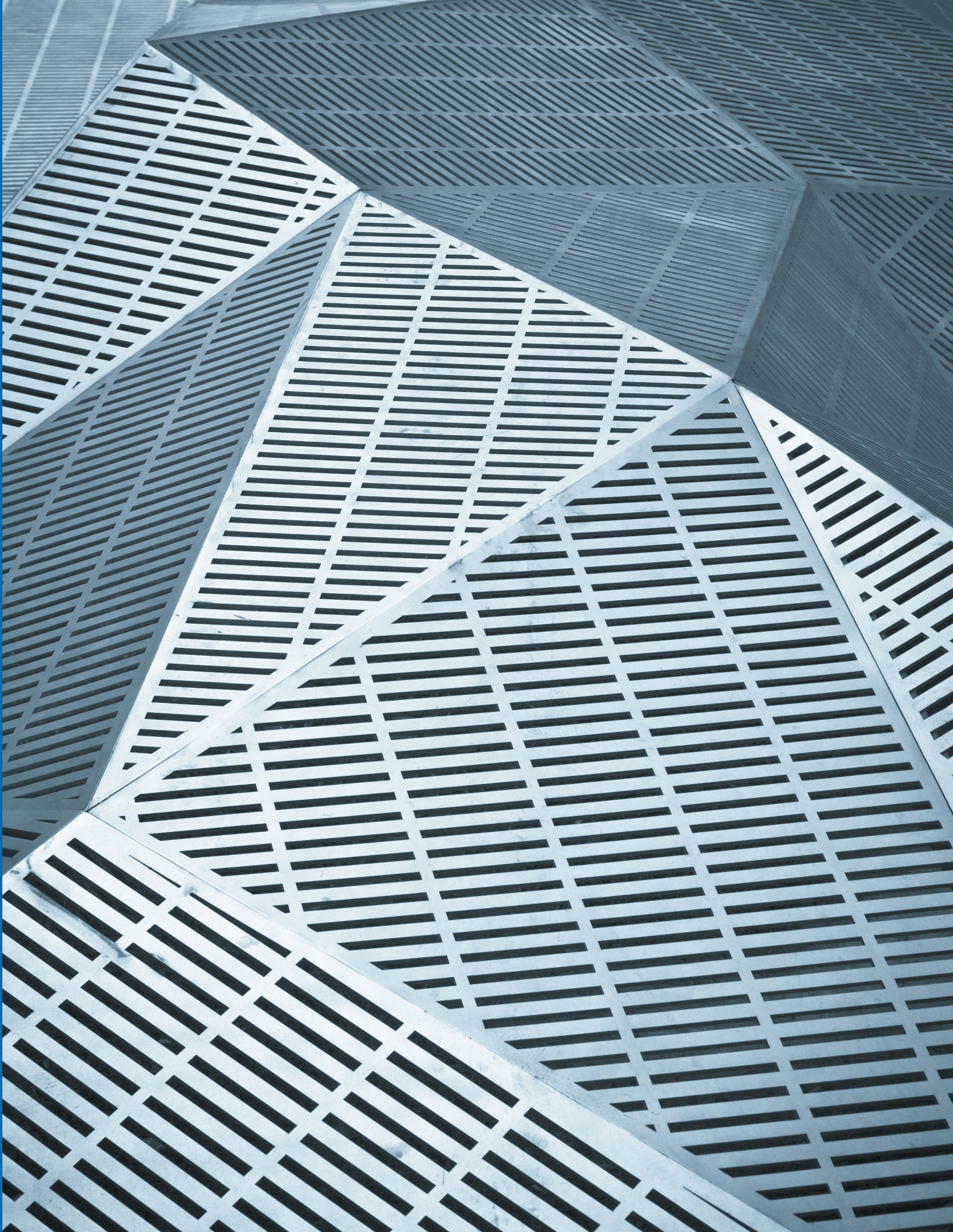
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## Industrial Prices Hold Steady

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# Appendix / Tables



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# Historical Statistical Overview



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# Digging Deeper Into Cleveland's Industrial Market

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## Submarket Overview, continued



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# Industrial Submarket Map

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## Additional Market Statistics



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