

NAI Daus

Office Report | First Quarter 2010

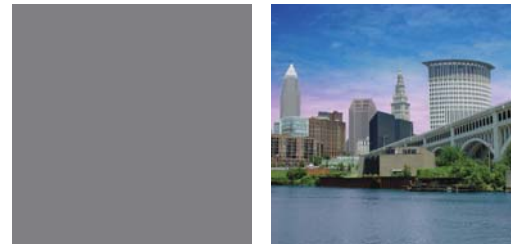


NAIDaus

Commercial Real Estate Services, Worldwide.

Cleveland

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TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents

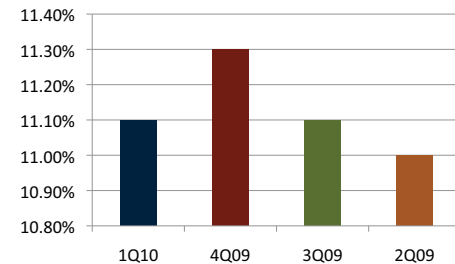


OVERVIEW:

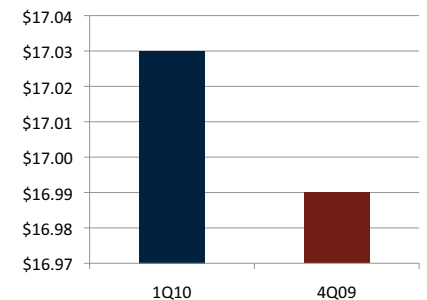
Cleveland's office market got off to a good start in 2010, with positive absorption and a decreasing vacancy rate. The overall market vacancy ended the quarter at 11.1 percent, which is a slight decrease from the 11.3 percent rate at year-end 2009. Absorption was nearly 300,000 square feet, with is the first time in the rate has been positive in over a year. Activity levels were fairly evenly split between the CBD and the suburbs. The CBD saw its overall vacancy rate end the quarter at 13.4 percent, as compared to 14 percent at the end of 2009. Absorption for the CBD was a positive 211,150 square feet. Meanwhile, the suburbs reported in with a vacancy rate of 10.2 percent at the end of the first quarter 2010. This compares to a year-end rate of 10.3 percent. Absorption for the suburbs was a positive 82,000 square feet. The average asking rental rate for the entire office market was \$17.03 per square foot. This is roughly the same as reported at the end of 2009. The CBD continued to demand a rent premium, with an average asking rate of \$17.88 per square foot, as compared to the suburban average rate of \$16.65.

Some of the larger lease deals during the quarter included University Hospitals moving into 33,000 square feet in Medina and SP Data moving into 22,434 square feet in the MK Ferguson Building in downtown Cleveland. And although there were no major office sales that closed during the quarter, it was announced that the Huntington Building, a 1.3 million square foot complex in the CBD, was under contract, with a closing expected during the second quarter.

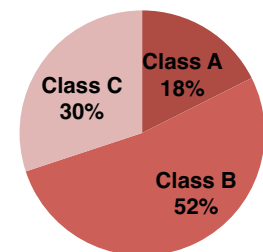
Overall Vacancy 11.1%



Average Asking Rental Rate \$17.03



Market Inventory (%)



Major Lease Transactions

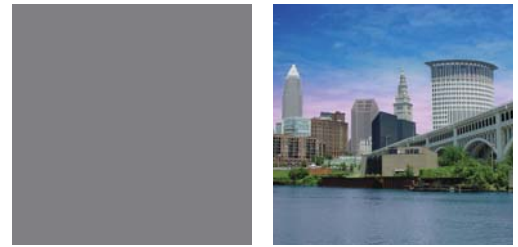
Tenant:	Building:	Size (SF):	Submarket:
University Hospitals	Waterford Office park	33,000 SF	Medina
SP Data	MK Ferguson Bldg.	22,434 SF	CBD
Mosetta	629 Euclid Avenue	80,000 SF	CBD

Major Sale Transactions

Building	Size	Price (PSF)	Sale Date	User/Investor
20575 Center Ridge	51,695 SF	\$750,000.00 (\$14)	2/23/2010	Investor
28045 Clemens	7,455 SF	\$840,000.00 (\$112)	3/18/2010	User
6020 Enterprise	8,404 SF	\$1,335,000.00 (\$159)	2/19/2010	User

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Cleveland's Total x Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Construction SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CDB	225	36,254,708	4,702,633	4,861,486	13.4%	211,150	0	0	\$17.88
Suburban	4,863	94,095,272	9,294,787	9,607,093	10.2%	82,088	0	110,948	\$16.66
Totals	5,088	130,349,980	13,997,420	14,468,579	11.1%	293,238	0	110,948	\$17.03



Cleveland Submarkets

1. Lorain County
Vacancy: 9.5% YTD Abs: (1) K SF Avg. Rent: \$16.15 PSF
2. West
Vacancy: 12.3% YTD Abs: 4 K SF Avg. Rent: \$15.92 PSF
3. Downtown Cleveland
Vacancy: 12.5% YTD Abs: 220 K SF Avg. Rent: \$17.31 PSF
4. Northeast
Vacancy: 13.5% YTD Abs: 26 K SF Avg. Rent: \$15.40 PSF
5. East
Vacancy: 11.1% YTD Abs: (404) K SF Avg. Rent: \$18.24 PSF
6. South
Vacancy: 13.1% YTD Abs: (56) K SF Avg. Rent: \$18.88 PSF
7. Southeast
Vacancy: 11.9% YTD Abs: (1) K SF Avg. Rent: \$19.26 PSF
8. Southwest
Vacancy: 8.0% YTD Abs: 36 K SF Avg. Rent: \$16.92 PSF
9. Medina County
Vacancy: 7.3% YTD Abs: 44 K SF Avg. Rent: \$16.36 PSF
10. Summit County
Vacancy: 8.8% YTD Abs: 23 K SF Avg. Rent: \$15.66 PSF

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