



NEWMARK

Cleveland Office Market Overview

1Q26



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Key Takeaways

The Cleveland office market is shifting from oversupplied toward slowly rebalancing. Vacancy has risen structurally over the past decade, reflecting softer long-term demand.



Overall conditions remain weak but are stabilizing, with structurally higher vacancy and minimal new supply.



Asking rents are inching up, but effective rents rely heavily on concessions within a modest 2–3% growth band.



Leasing volumes hinge on a limited number of large corporate moves rather than broad-based tenant expansion, a pattern that is expected to persist.



Limited new construction means weaker older assets struggle, while upgraded, well-located buildings gain leverage.

Market Observations



Economy

- Based upon estimated data, the Cleveland-Elyria-Mentor metro's economy gained a small number of jobs, as total nonfarm employment increased annually by 0.2%. National nonfarm employment also increased year-over-year by 0.2% in March. The unemployment rate for the Cleveland-Elyria-Mentor MSA stayed flat throughout the first months of 2026 at 4.3%. The national unemployment rate equaled that of Cleveland's at 4.3%.
- Seven of the 10 industry sectors in the Cleveland market saw employment losses from January 2025 to January 2026. All three office-occupying industries experienced annual job declines, with the Information sector leading the way at negative 3.5%. The Business and Professional sector accrued year-over-year job losses of negative 1.2%, while the Financial Activities sector came in at negative 0.4% year-over-year.



Leasing Market Fundamentals

- Cleveland's office market is still weak but has stabilized somewhat, with elevated vacancy, intermittent negative absorption, and virtually no new supply over the past year-plus. Over the last decade vacancy has drifted upward from the mid-teens to low-20% range, indicating a structural softening in demand relative to inventory.
- Leasing activity in the first quarter of 2026 totaled 489,245 SF, up from both the prior quarter and first quarter 2025 and exceeding three of 2025's four quarters. This volume, however, remained below the 17-year average first-quarter level of roughly 634,000 SF. Conditions appear relatively stable, with most recent leases under 10,000 SF.
- The Cleveland office market's quarterly total overall average asking rental rate increased by \$0.10/SF quarter-over-quarter to \$21.74/SF. As a result, the year-to-date 2026 total was higher than the final 2025 average asking rent total of \$21.27/SF. If the current ~2–3% growth band persists, effective rents will be heavily dependent on concessions and free rent rather than headline rate movement.



Notable Transactions and Developments

- The Western Reserve Area Agency on Aging will be leaving the CBD for the West submarket in the near future, as it purchased the 123,000 SF former Moen headquarters in North Olmsted for \$6.6 million, or \$53.66/SF.
- High-profile lease signings were scarce once again. A confidential direct deal at 6700 Euclid Ave. in the MidTown section of the CBD submarket was a highlight. Another transaction garnering headlines was a partnership between Miami University and the Cleveland Clinic, with the two leasing 7,350 SF at 10900 Carnegie Ave. at the western edge of the East submarket.
- The mixed-use conversions of the CBD's Tower at Erieview, 1301 E. 9th Street, and 1100 Superior Ave. took both properties out of inventory while they remain "under renovation" – helping to tighten vacancy, albeit technical rather than purely demand-driven. Unfortunately, several prominent office buildings in the CBD continue to struggle through commercial foreclosure and receivership, including 925 Euclid Ave., a 1.4 million SF giant with expansive floorplates and historic complexities that came to market in 1Q26.



Outlook

- The combination of high but slightly improving vacancy, negative but partly renovation-related absorption, and an inactive development pipeline suggests a market transitioning from oversupplied to slowly rebalancing, where leasing wins can have an outsized impact on metrics over the next few quarters.
- With very little new supply coming to market, marginal older buildings will face tougher conditions. By contrast, well-located, modern, or upgraded assets should see a clearer path to stabilization and, as new competition remains scarce, eventual improvements in rents and occupancy.
- Over the past four years, the market's leasing activity has been defined by a handful of outsized quarters—especially 1Q22 and mid-2023—surrounded by more average or soft periods, indicating that a few large corporate decisions, rather than broad tenant expansion, are driving the cycle. With some possible exceptions, this should continue throughout 2026.

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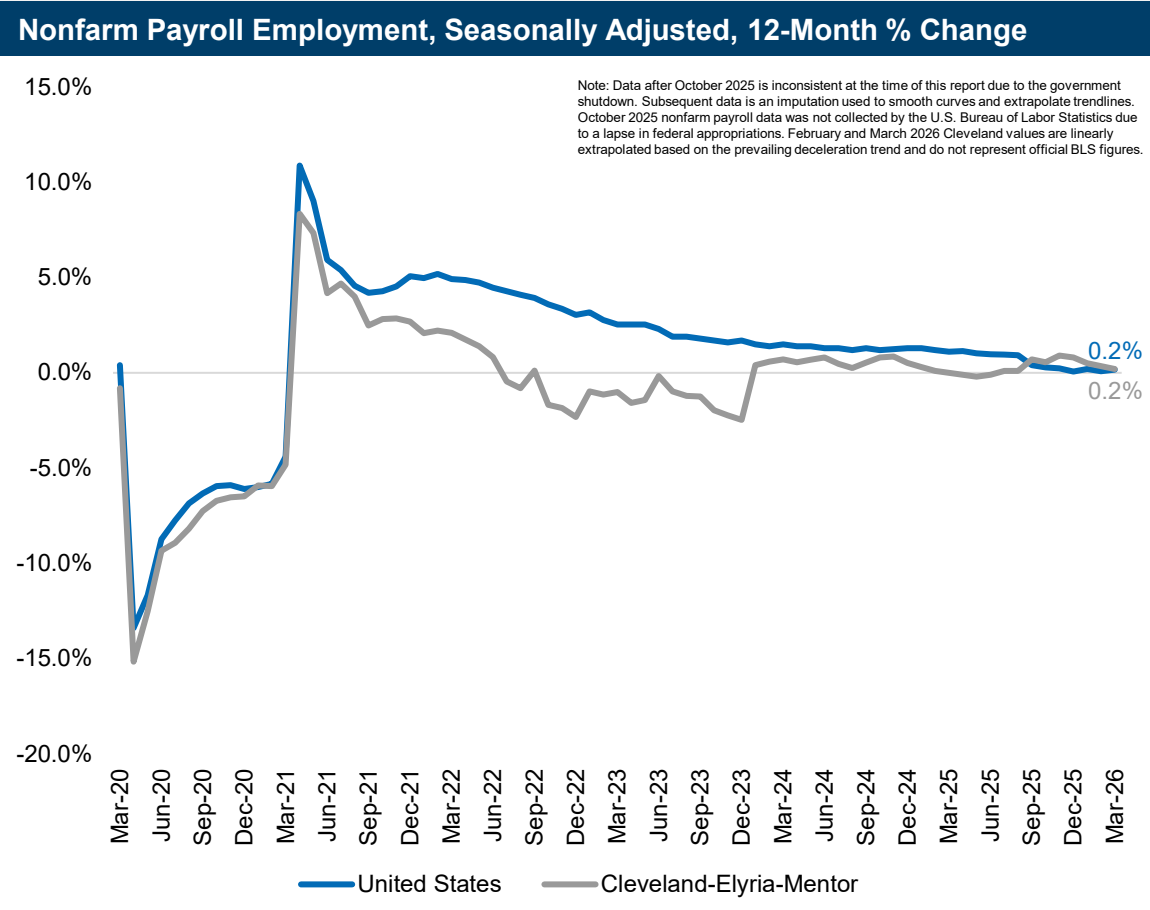
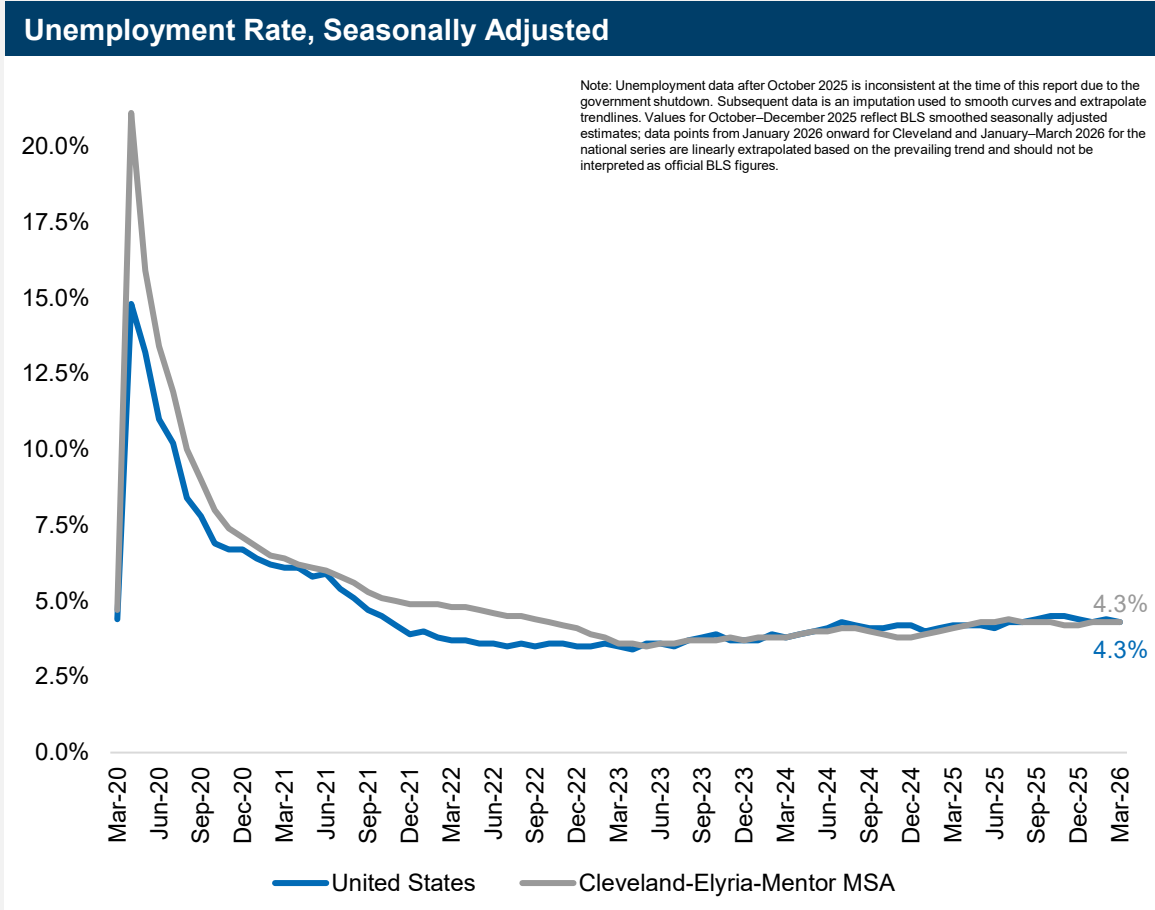
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Economy



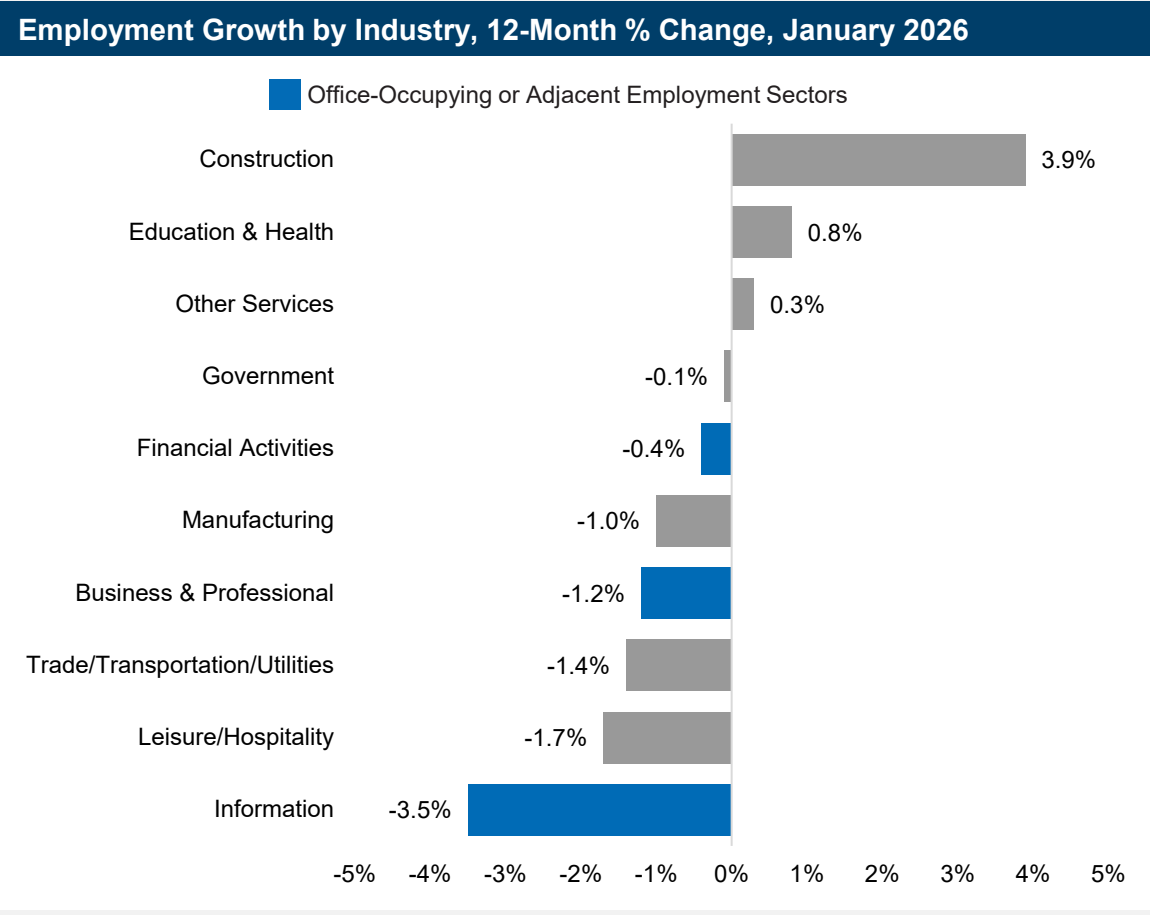
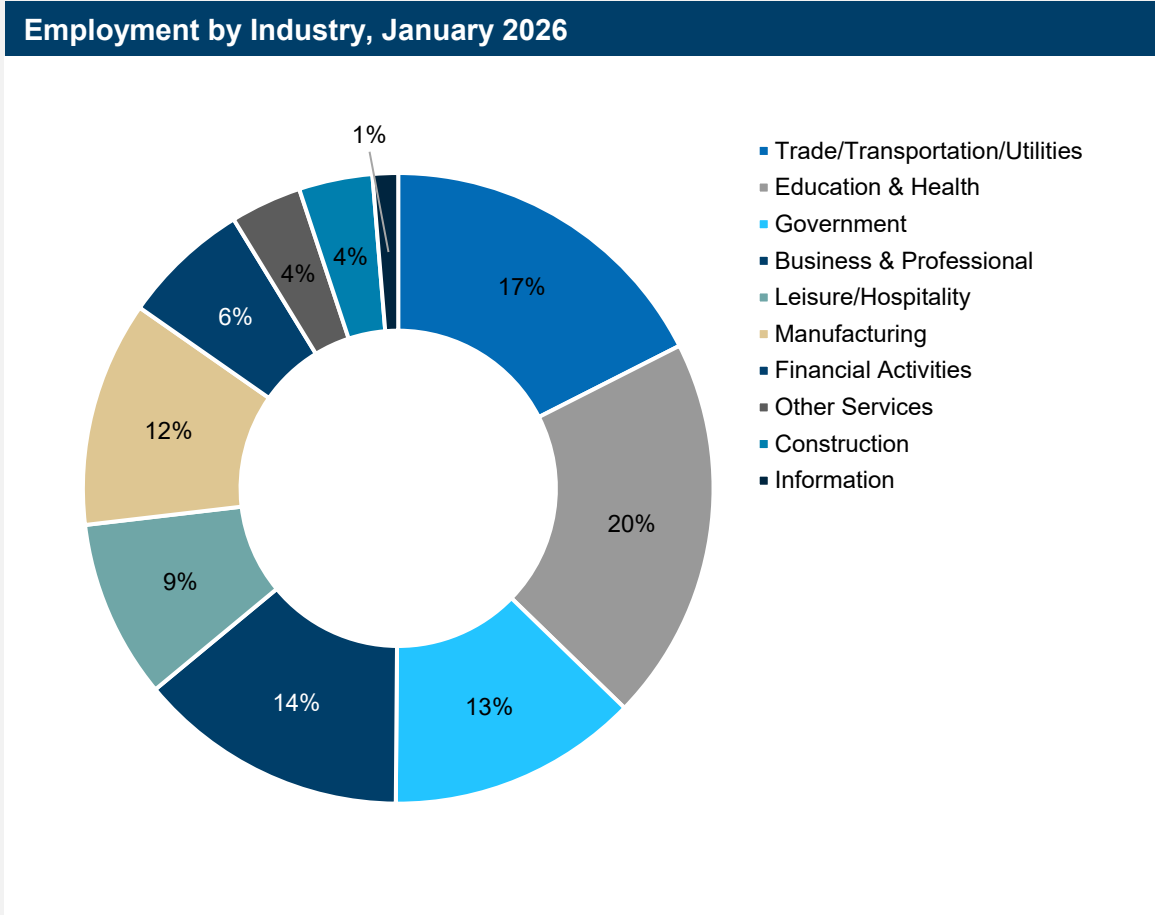
Cleveland and United States Unemployment and Nonfarm Employment Trends

Based upon estimated data, the Cleveland-Elyria-Mentor metro’s economy gained a small number of jobs, as total nonfarm employment increased annually by 0.2%. National nonfarm employment also increased year-over-year by 0.2% in March. The unemployment rate for the Cleveland-Elyria-Mentor MSA stayed flat throughout the first months of 2026 at 4.3%. The national unemployment rate equaled that of Cleveland’s at 4.3%.

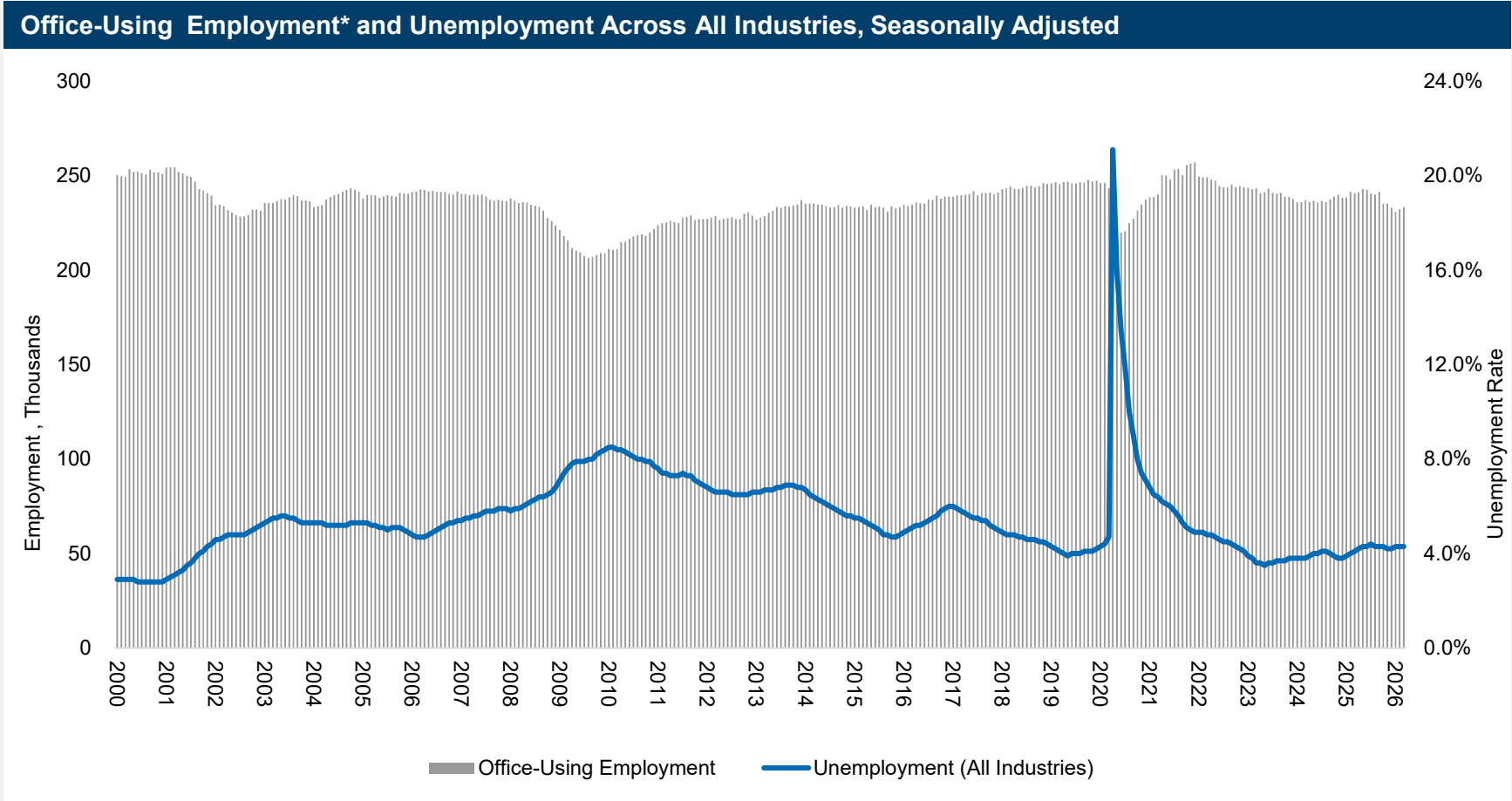


Job Losses in All Three Office-Occupying or Adjacent Industries

Seven of the 10 industry sectors in the Cleveland market saw employment losses from January 2025 to January 2026. All three office-occupying industries experienced annual job declines, with the Information sector leading the way at negative 3.5%. The Business and Professional sector accrued year-over-year job losses of negative 1.2%, while the Financial Activities sector came in at negative 0.4% year-over-year.



Estimated Office-Using Employment Numbers



- The number of estimated office-using jobs in the Cleveland market as of March 2026 was approximately 233,300. Cleveland’s office-using total of late has trended downward.
- The unemployment rate for the Cleveland-Elyria-Mentor MSA was 4.3%.
- Unemployment data after October 2025 is inconsistent at the time of this report due to the government shutdown. Subsequent data is an imputation used to smooth curves and extrapolate trendlines. Values for October–December 2025 reflect BLS smoothed seasonally adjusted estimates; data points from January 2026 onward for Cleveland and January–March 2026 for the national series are linearly extrapolated based on the prevailing trend and should not be interpreted as official BLS figures.

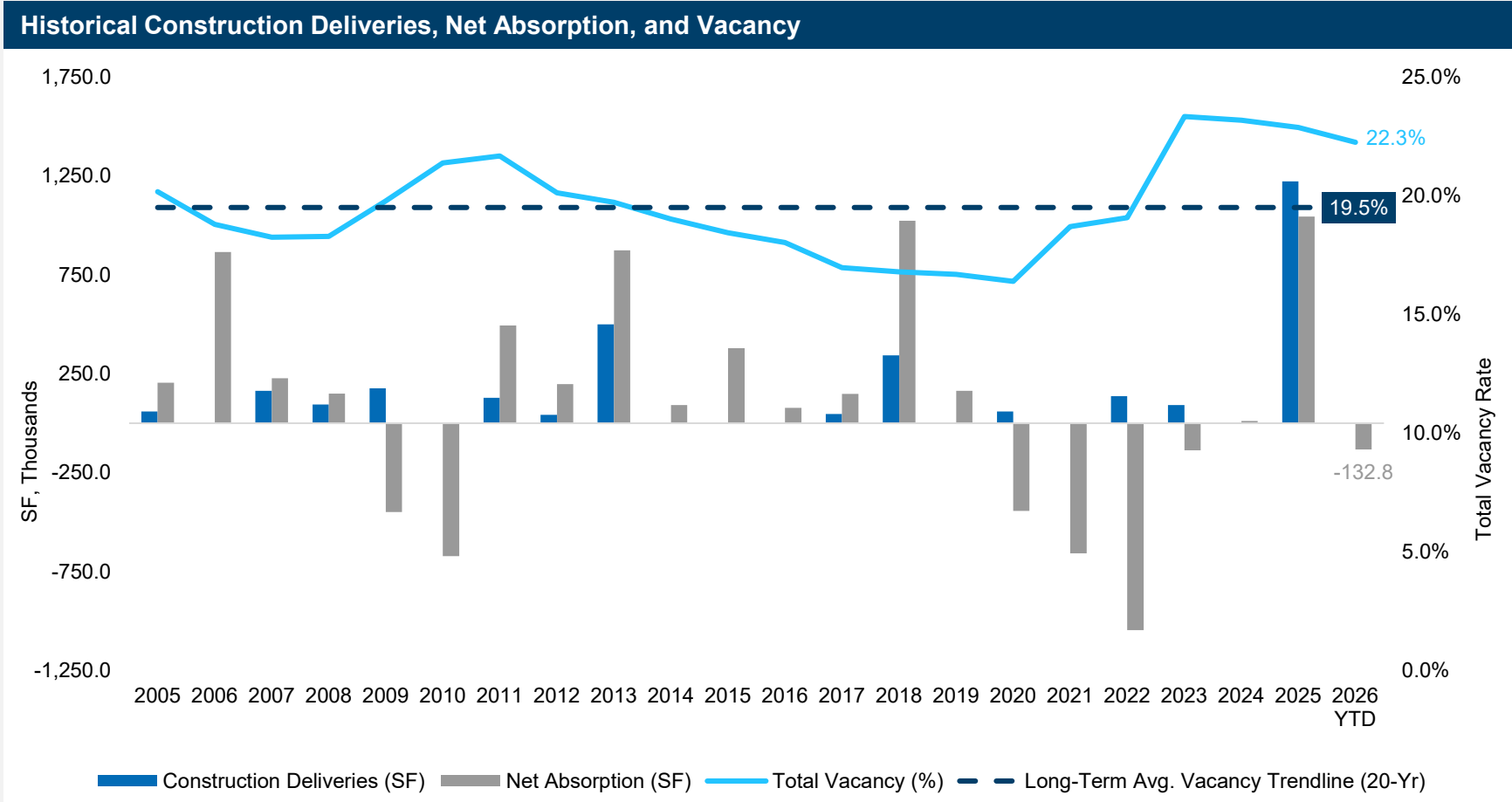
Source: U.S. Bureau of Labor Statistics, Columbus MSA
 *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information. October 2025 interpolated due to federal appropriations data lapse; February–March 2026 extrapolated based on historical seasonal patterns. Extrapolated values are estimates and subject to revision.

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Leasing Market Fundamentals

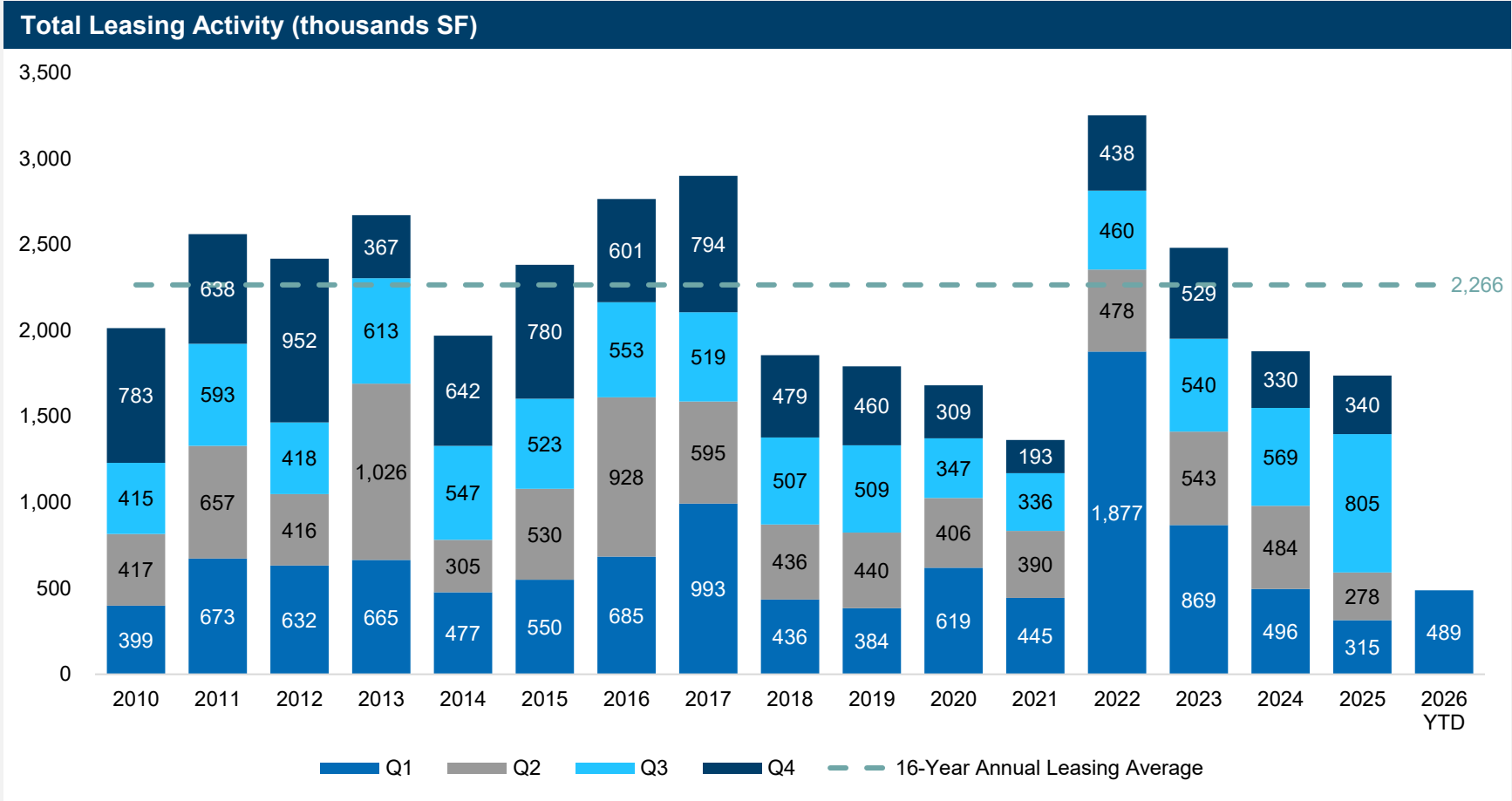


High but Improving: Cleveland Office Vacancy Ticks Down Amid Minimal New Supply



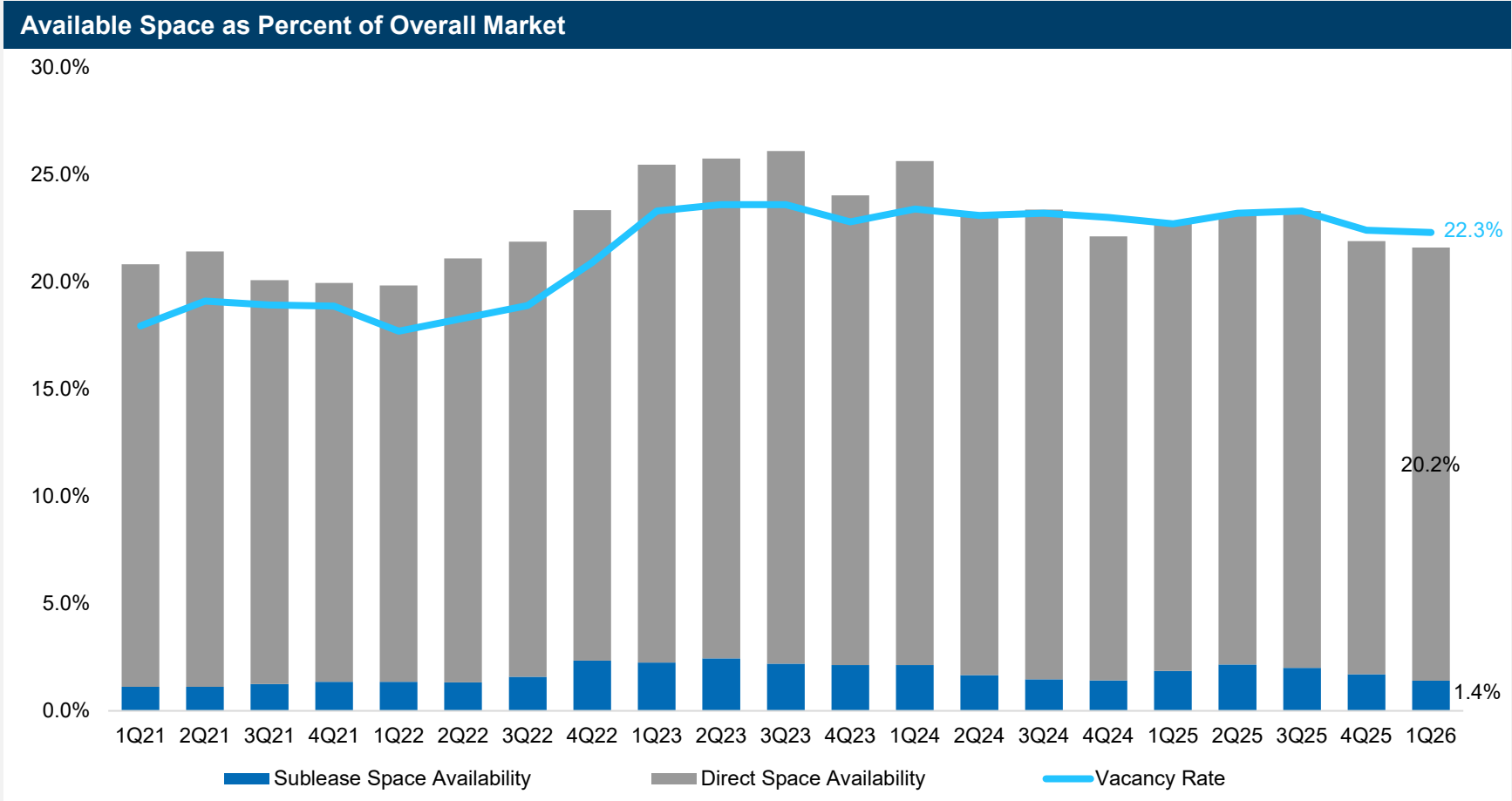
- The Cleveland office market posted 132,760 SF of negative absorption in the first quarter of 2026, giving it three out of the last four quarters in the negative.
- Despite negative absorption, the quarterly vacancy rate did not increase as it typically would because two key CBD office buildings were removed from inventory due to their “under-renovation” status – 1100 Superior and 1301 E. 9th St. The quarterly vacancy rate was 22.3%, down 10 basis points from the prior quarter.
- The 22.3% vacancy rate also represents the year-to-date total so far for 2026, down 60 basis points from the 2025 total of 22.9%.
- The current vacancy rate is still higher than the long-term 20-year average vacancy trendline of 19.5%.

Stable Cleveland Office Demand Led by Smaller Deals in Early 2026



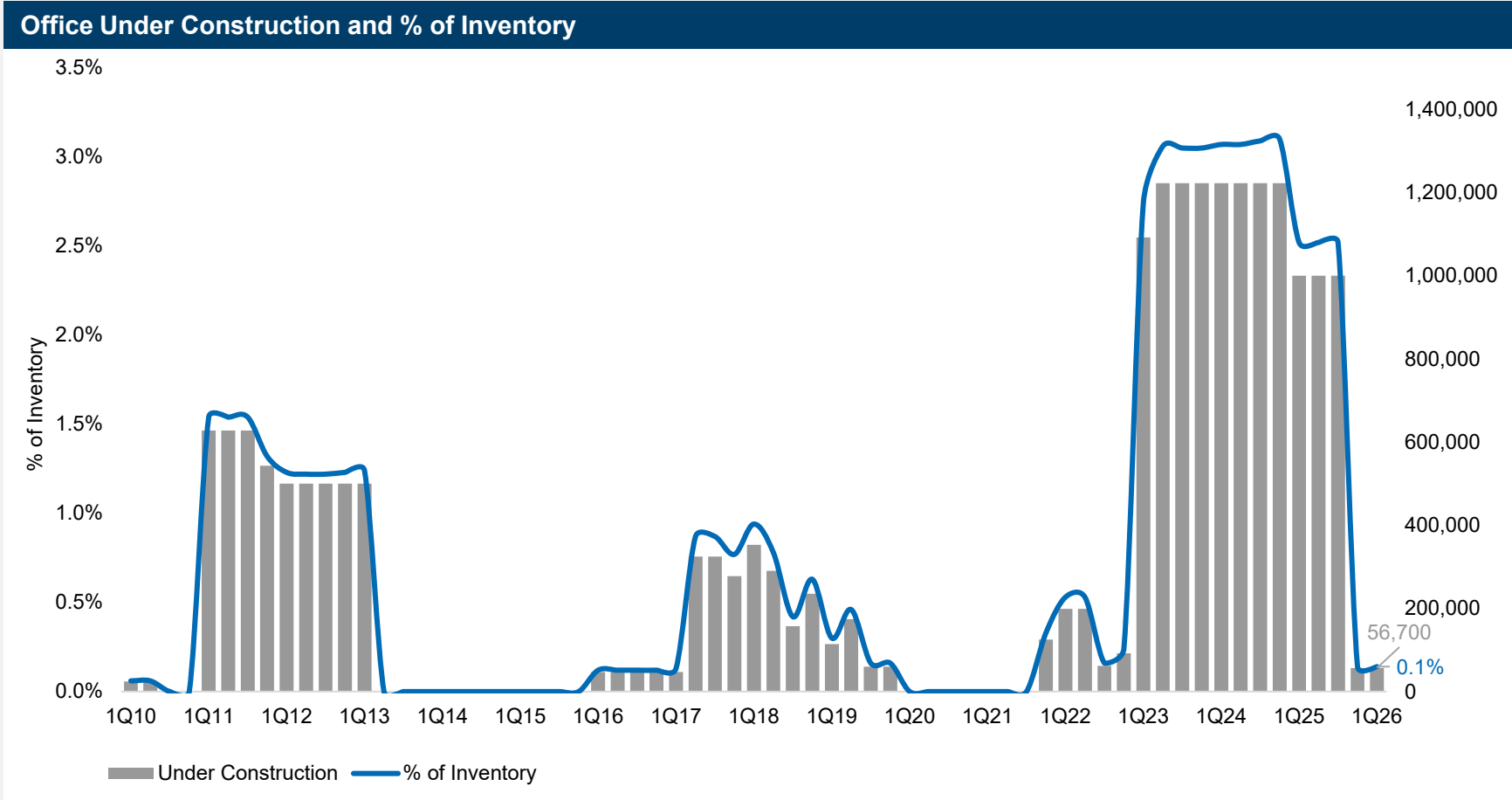
- Leasing activity in the first quarter of 2026 totaled 489,245 SF, up from both the prior quarter and first quarter 2025 and exceeding three of 2025's four quarters.
- This volume, however, remained below the 17-year average first-quarter level of roughly 634,000 SF.
- Conditions appear relatively stable, with most recent leases under 10,000 SF.
- Over the past four years, the market has been defined by a handful of outsized quarters—especially 1Q22 and mid-2023—surrounded by more average or soft periods. This indicates that a few large corporate decisions, rather than broad tenant expansion, are driving the cycle. With some possible exceptions, this should continue throughout 2026.

Sublease Availability and Overall Vacancy Drop Slightly, Direct Availability Stays Flat



- Cleveland’s direct availability percentage stayed flat at 20.2% (representing just under 8.1 million SF), while sublease availability fell 30 basis points to 1.4% (560,438 SF) from the previous quarter.
- Sublease availability may increase modestly in the near term as 2024–25 lease expirations work through, but it will probably stay a small slice of total availability, keeping the headline vacancy story dominated by direct space decisions.
- Overall quarterly total vacancy was down 10 basis points from the previous quarter to 22.3%.

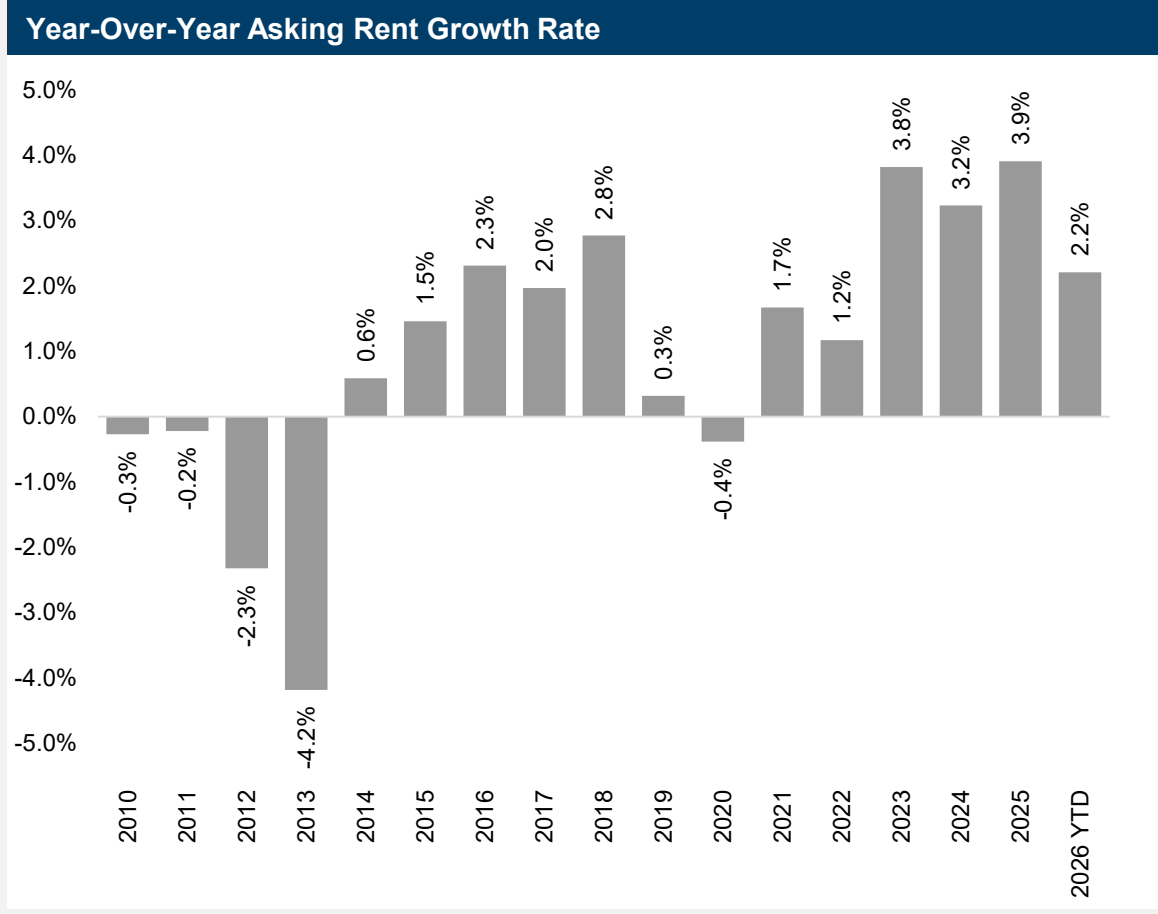
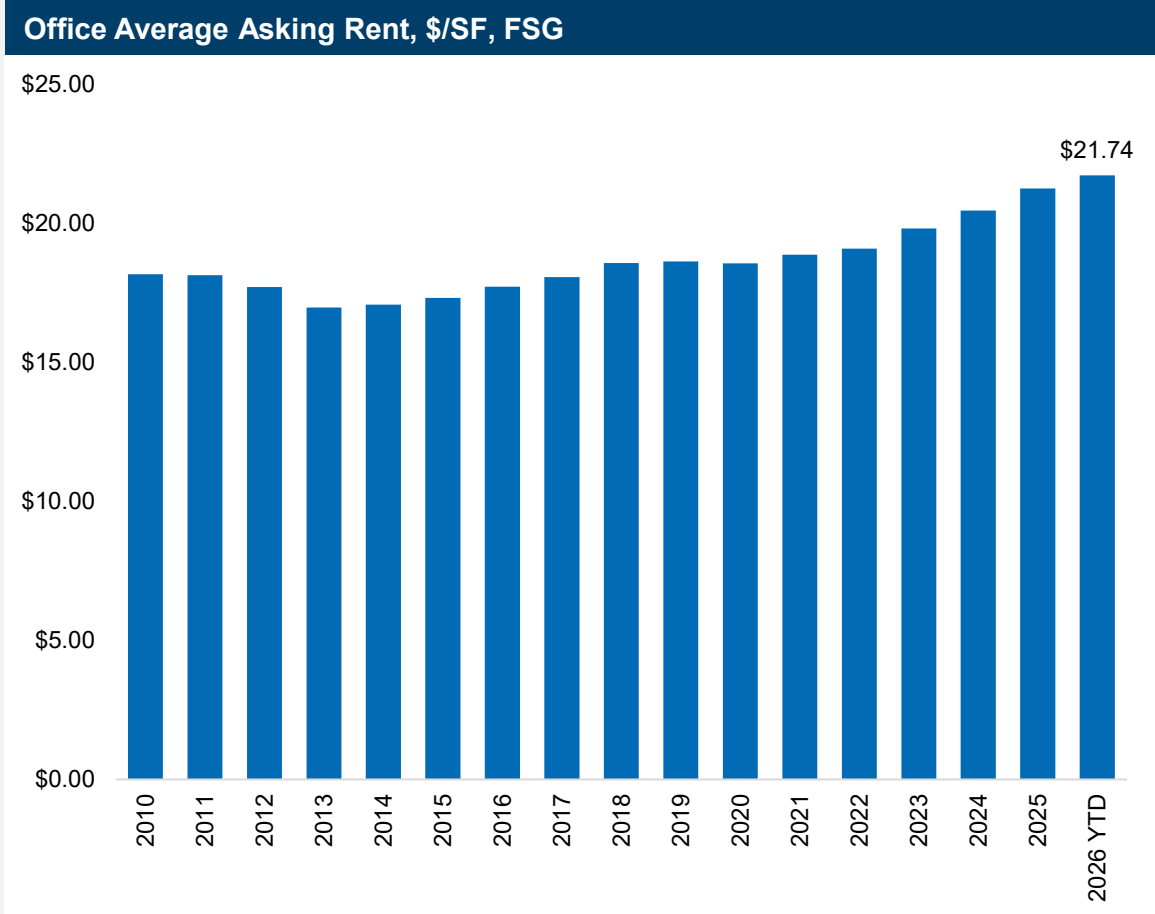
Office Construction Activity Shows Minimal Supply in the Pipeline



- The South submarket's Valor Acres II office project that measures approximately 56,700 SF was the only notable new development in the pipeline for the second quarter in a row, giving the market a 0.1% construction percent of inventory.
- With very little new supply coming to market, marginal older buildings will face tougher conditions.
- By contrast, well-located, modern, or upgraded assets should see a clearer path to stabilization and, as new competition remains scarce, eventual improvement in rents and occupancy.

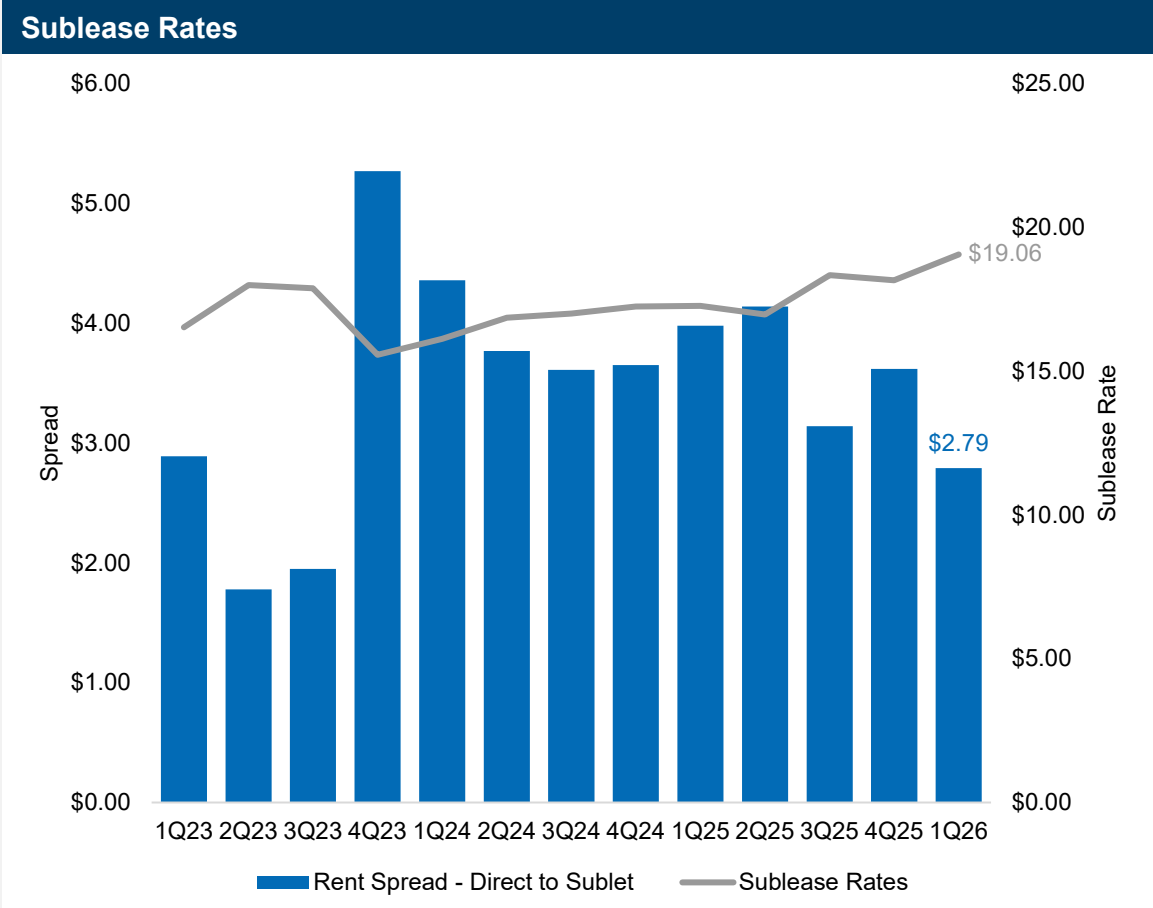
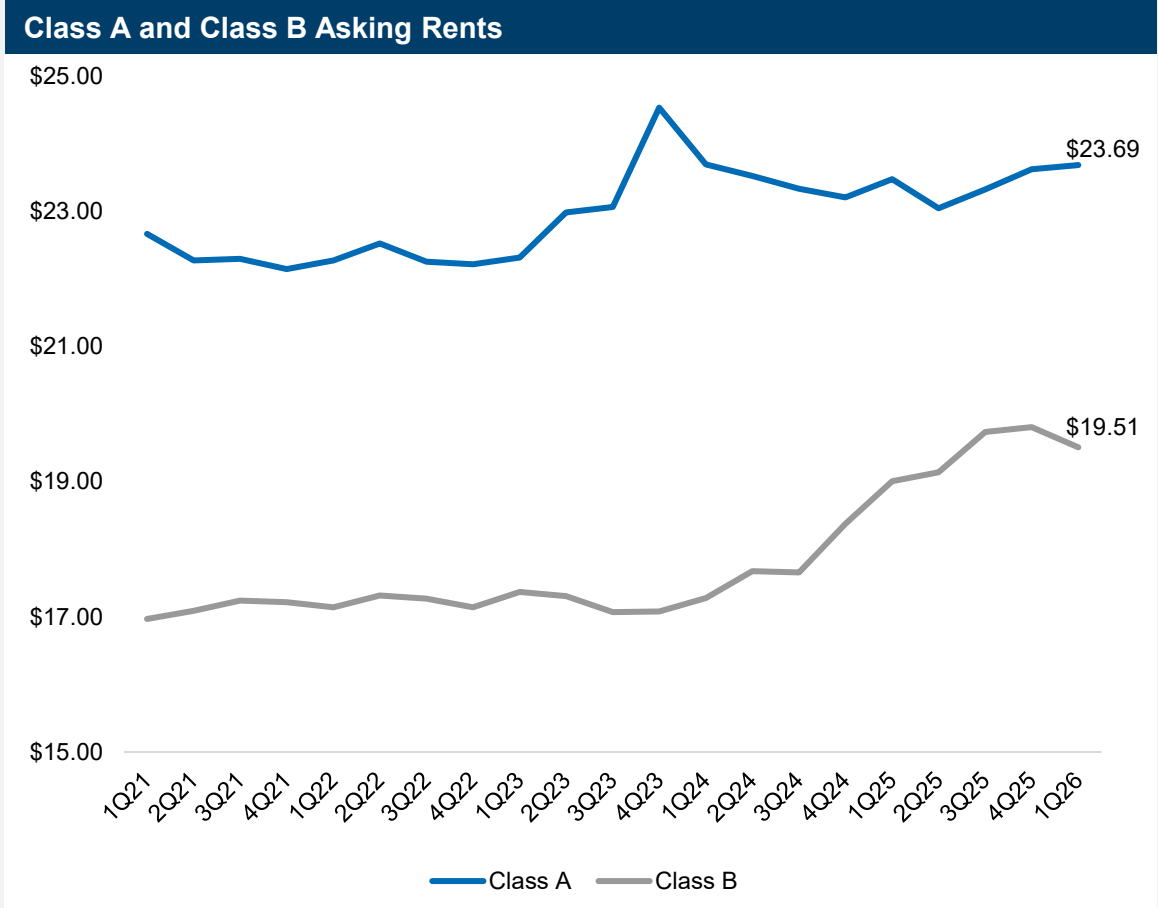
Moderate Growth Ahead: Cleveland Office Rents Poised for Slow, Sustained Increases

The Cleveland office market’s quarterly total overall average asking rental rate increased by \$0.10/SF quarter-over-quarter to \$21.74/SF. As a result, the year-to-date 2026 total was higher than the final 2025 average asking rent total of \$21.27/SF. Cleveland office asking rents have trended steadily upward since 2020, but growth has already decelerated from the 2021–2023 spike and is normalizing to more modest gains, suggesting continued but slower rent appreciation over the next few years. If the current 2–3% growth band persists, the market average would edge into the low-\$22s/SF over the next 12–24 months, with effective rents heavily dependent on concessions and free rent rather than headline rate movement.



Class A and B Asking Rent Gap Increases; Direct-to-Sublease Rent Spread Tightens

Between the fourth quarter of 2025 and first quarter of 2026, Class A and Class B asking rents continued to diverge: Class A rose by \$0.06/SF while Class B fell by \$0.30/SF after five consecutive quarterly increases. As a result, Class A remained well above Class B, and the spread widened by \$0.36/SF to \$4.18/SF—the widest in a year. Over the same period, the average asking sublease rate increased by \$0.90/SF to \$19.06/SF, narrowing the direct-versus-sublease rent spread to \$2.79/SF, the tightest margin since the third quarter of 2023.



Lease and Sale Transactions in 1Q26

Select Office Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Confidential	6700 Euclid Ave.	CBD	Direct	17,822
Alliancebernstein L.P.	127 Public Square	CBD	Extension	9,970
Miami University/Cleveland Clinic Partnership	10900 Carnegie Ave.	East	Direct	7,350
Garmann/Miller & Associates, Inc.	7100 E. Pleasant Valley Rd.	South	Direct	4,861

Select Office Sale Transactions

Buyer	Building	Submarket	Sale Price	Square Feet	Price Per SF
Western Reserve Area Agency on Aging	25300 Al Moen Drive	West	\$6,600,000	123,000	\$53.66
3100 E. 45th LLC	3100 E. 45th St.	CBD	\$2,650,000	77,629	\$34.14
7251 Engle Rd LLC	7251, 7261, 7271 Engle Rd.	Southwest	\$4,300,000	159,304	\$26.99
Century Plaza Southfield, LLC	5755 Granger Rd.	South	\$2,000,000	89,790	\$22.27
Ten Twenty Bolivar LLC	1020 Bolivar Rd.	CBD	\$2,160,000	144,676	\$14.93

Access the Extended 1Q26 Cleveland Office Market Conditions & Trends Report



Cleveland Office Market Overview

1Q26



To access, please reach out to Matthew.Orgovan@nmrk.com or your Newmark contact.

The extended version of this report includes:

- **Vacancy Rate by Submarket**
- **Sublease Availability Rate by Submarket**
- **Net Absorption Trends by Submarket**
- **Asking Rent by Submarket / Year-Over-Year Percent Change in Asking Rate**
- **Cleveland Office Average Price Per Square Foot – Combined Investment and Owner/User Sales**
- **Entire Cleveland Office Market Historical Statistical Overview, Recent Quarters**
- **Submarket Overview High-Level Highlights and Statistics**
- **Cleveland Office Submarket Map**
- **Additional Market Statistics**
- *Extensive content across 25+ slides—a detailed presentation packed with useful office information and in-depth analysis.*

Matthew Orgovan

Research Director

Cleveland and Ohio Research

Matthew.Orgovan@nmrk.com

Cleveland

1300 East 9th Street, Suite 105

Cleveland, OH 44114

t 216-453-3027

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

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