




NEWMARK

Cleveland
Industrial Market Overview

1Q26



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Key Takeaways

Cleveland's industrial market is navigating a measured recovery in early 2026, as positive absorption, supply discipline, and steady rents signal stabilization following an extended correction. Demand remains tentative relative to cycle peaks, but the convergence of a depleted construction pipeline, rising sublease awareness, and a leasing rebound positions the market for gradual improvement.



The market recorded 602,817 SF of positive net absorption in 1Q26 — its second consecutive quarter of gains.



The vacancy rate edged down 10 basis points to 6.3%, supported by limited new deliveries of just 104,862 SF and a second consecutive quarter of positive absorption.



The construction pipeline fell for the fifth straight quarter to 386,315 SF, 0.1% of inventory, with 57.0% of projects underway as build-to-suit or owner-built.



Direct average asking rents reached \$6.13/SF, surpassing the 2025 annual average of \$5.95/SF with further upside toward the \$6.20/SF cycle peak anticipated.

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. Two of the three industrial-using or adjacent industries were in the negative, as the Construction sector gained the greatest number of jobs of all the industries at 3.9%, while the Manufacturing sector decreased by 1.0% and the Trade/Transportation/Utilities sector declined by 1.4% year-over-year.



Leasing Market Fundamentals

- The Cleveland industrial market posted 602,817 SF of positive absorption in the first quarter of 2026, its second consecutive quarter of gains following five consecutive quarters of negative absorption. Cleveland's industrial leasing activity increased from 1.1 million SF in the fourth quarter of 2025 to 1.5 million SF in the first quarter of 2026, reversing two consecutive quarters of decline.
- Only 104,862 SF of new product delivered during the quarter, aligning with the recent improvement in net absorption as construction activity has slowed.
- The vacancy rate decreased by 10 basis points to 6.3% in the first quarter, down from the fourth quarter of 2025.
- The first quarter saw a direct average asking rent of \$6.13/SF, which was up by \$0.15/SF from the previous quarter's total, and above the yearly 2025 average of \$5.95/SF.



Notable Transactions and Developments

- A couple of notable leases took place in the Southwest submarket at the same property – 18300 Snow Rd. in Brook Park – with Thyssenkrupp inking 78,000 SF and TricorBraun 65,000 SF. Both are expected to occupy by the third quarter of 2026. A lease highlight in the Northeast was ProDoor Manufacturing Company's 47,250 SF at 21201 Miles Rd. in Warrensville Heights.
- Top sales this quarter were led by W.P. Carey's acquisition of the 412,171 SF facility at 30320 Emerald Valley Pkwy. in the Southeast submarket for \$31.9 million, or \$77.40/SF, followed by Coca-Cola Consolidated, Inc.'s purchase of the 225,370 SF building at 2100 Highland Rd., also in the Southeast, for \$11.2 million, or \$49.70/SF; the AYR Wellness facility at 12795 Corporate Dr. in the South Central submarket, which traded to Millstreet Capital Management for \$28.5 million, or \$486.31/SF across 58,604 SF; and Verity Capital Development LLC's \$7.8 million acquisition of three Southeast assets totaling 67,000 SF at 524, 528, and 530 E. Washington St., priced at \$117.01/SF.



Outlook

- With limited new deliveries and improving demand, Cleveland's industrial market is positioned for generally stable vacancy, steady leasing activity, and incremental rent growth through the balance of 2026, led by modern warehouse and manufacturing facilities.
- Cleveland's industrial outlook is strengthening as the U.S. Environmental Protection Agency moves to reclassify the region from ozone "nonattainment" to "attainment" under the 2015 standard, based on recent monitoring data that excludes 2023 wildfire-driven spikes as exceptional events. If finalized, the shift would ease air-permitting for new construction and major expansions, lowering regulatory friction and entitlement risk for logistics, advanced manufacturing, and other energy-intensive users across Greater Cleveland. The result is a more competitive environment for speculative development, build-to-suits, and repositioning of older industrial and brownfield assets.

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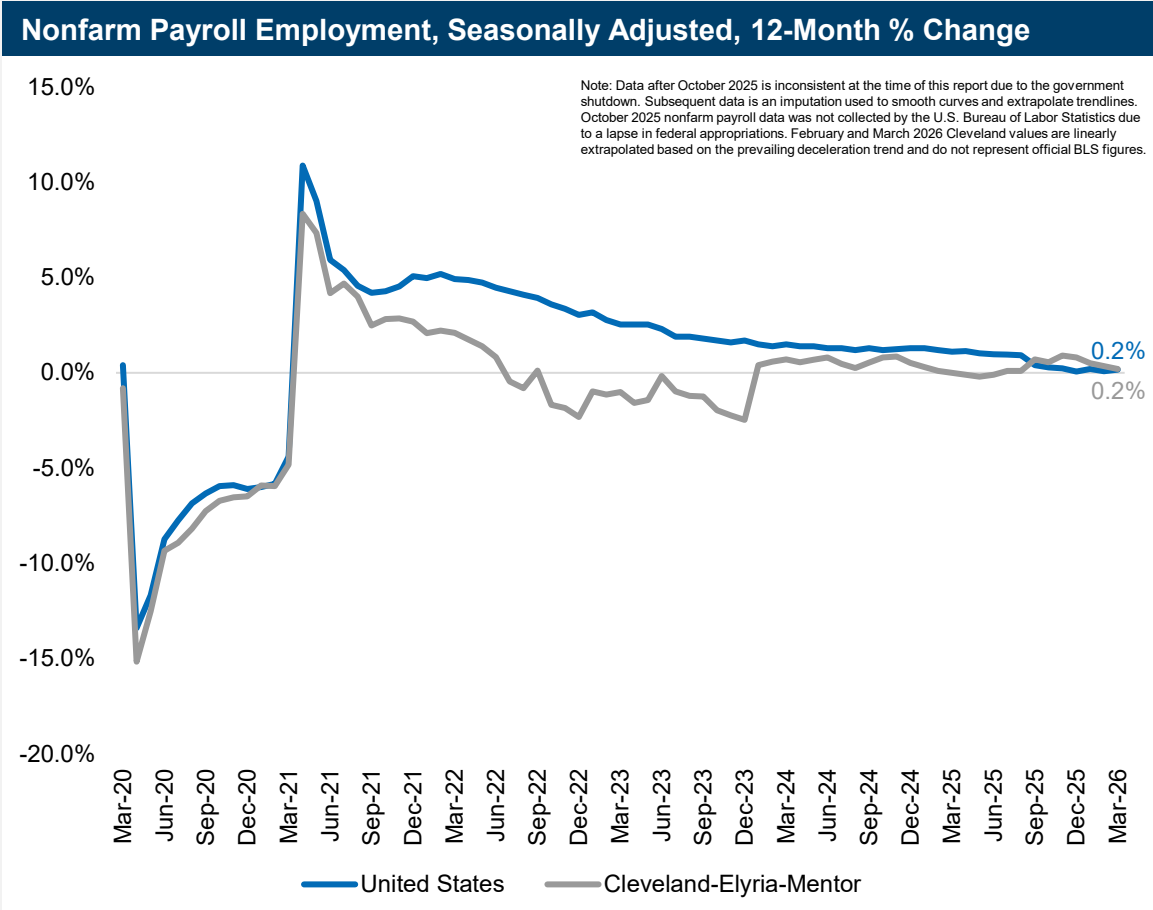
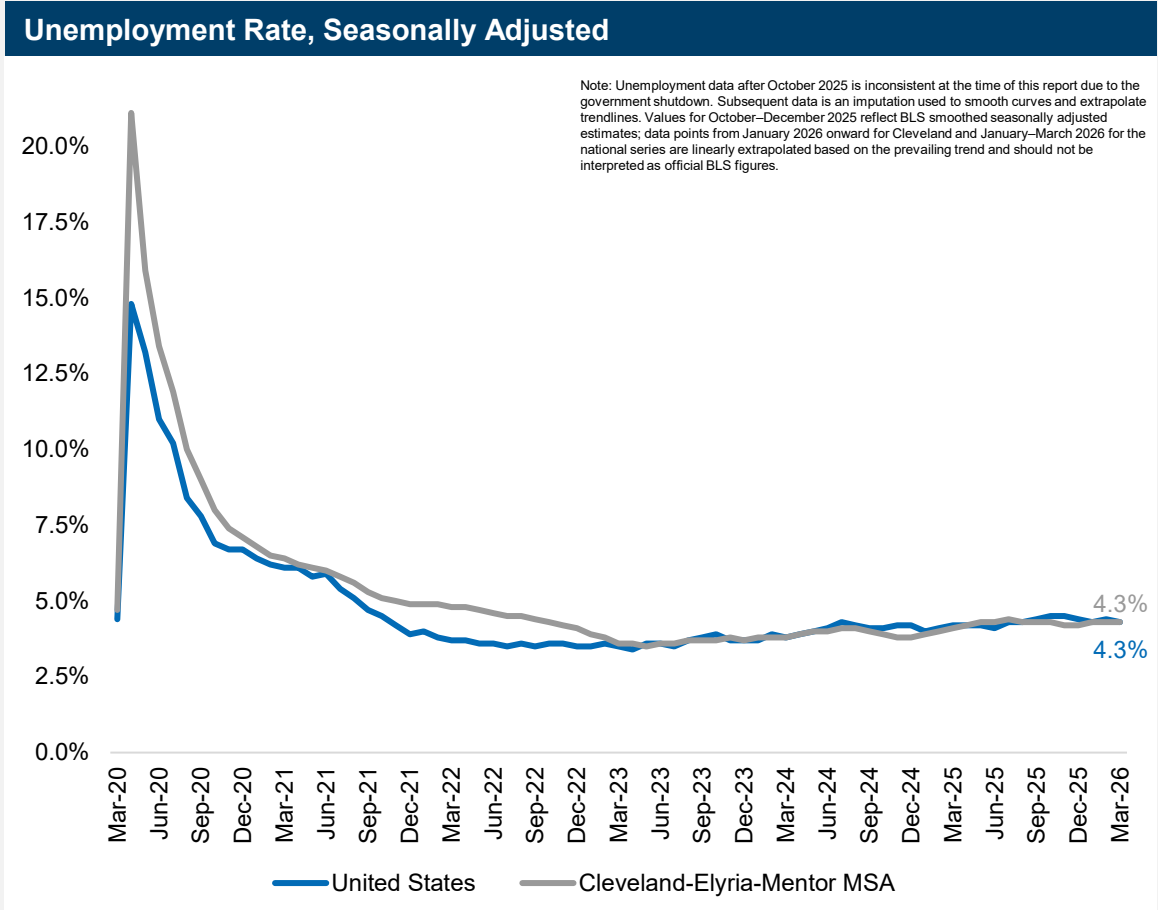
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Economy



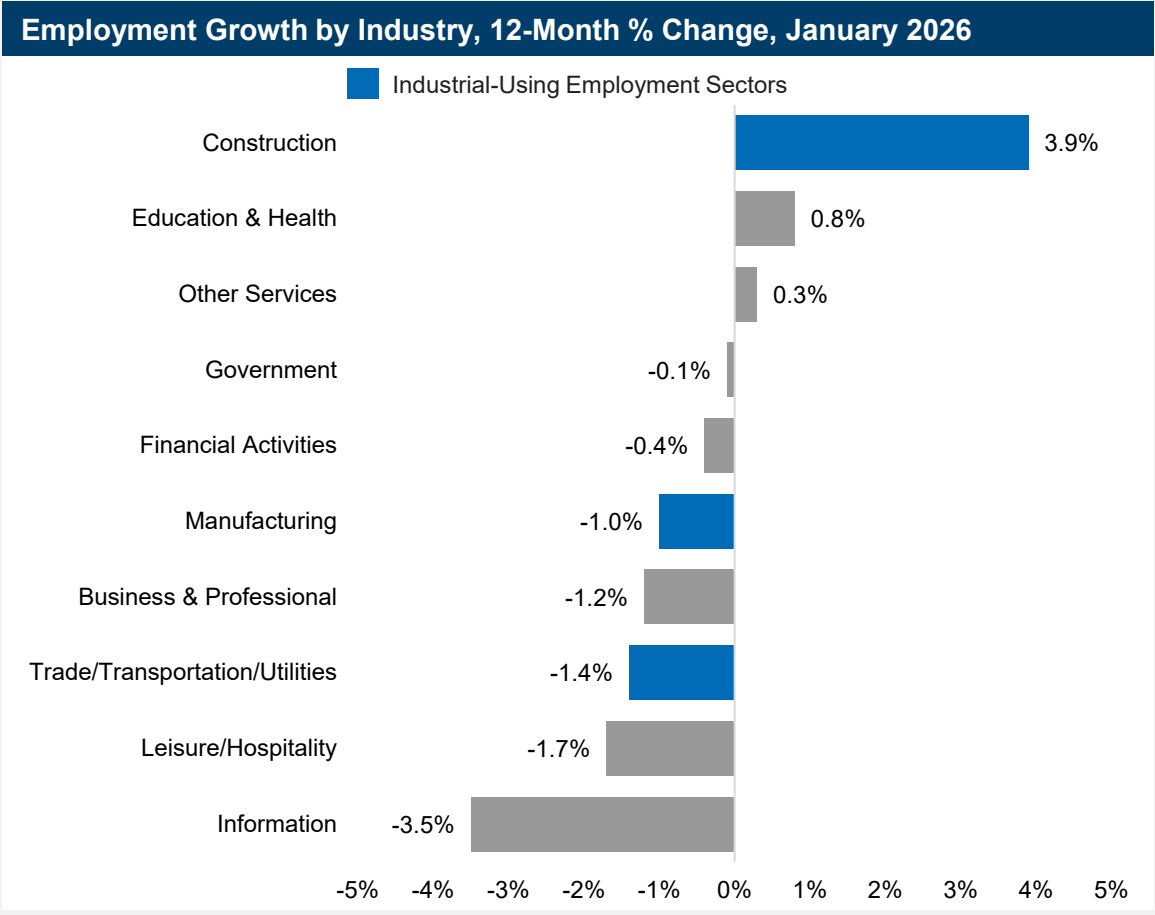
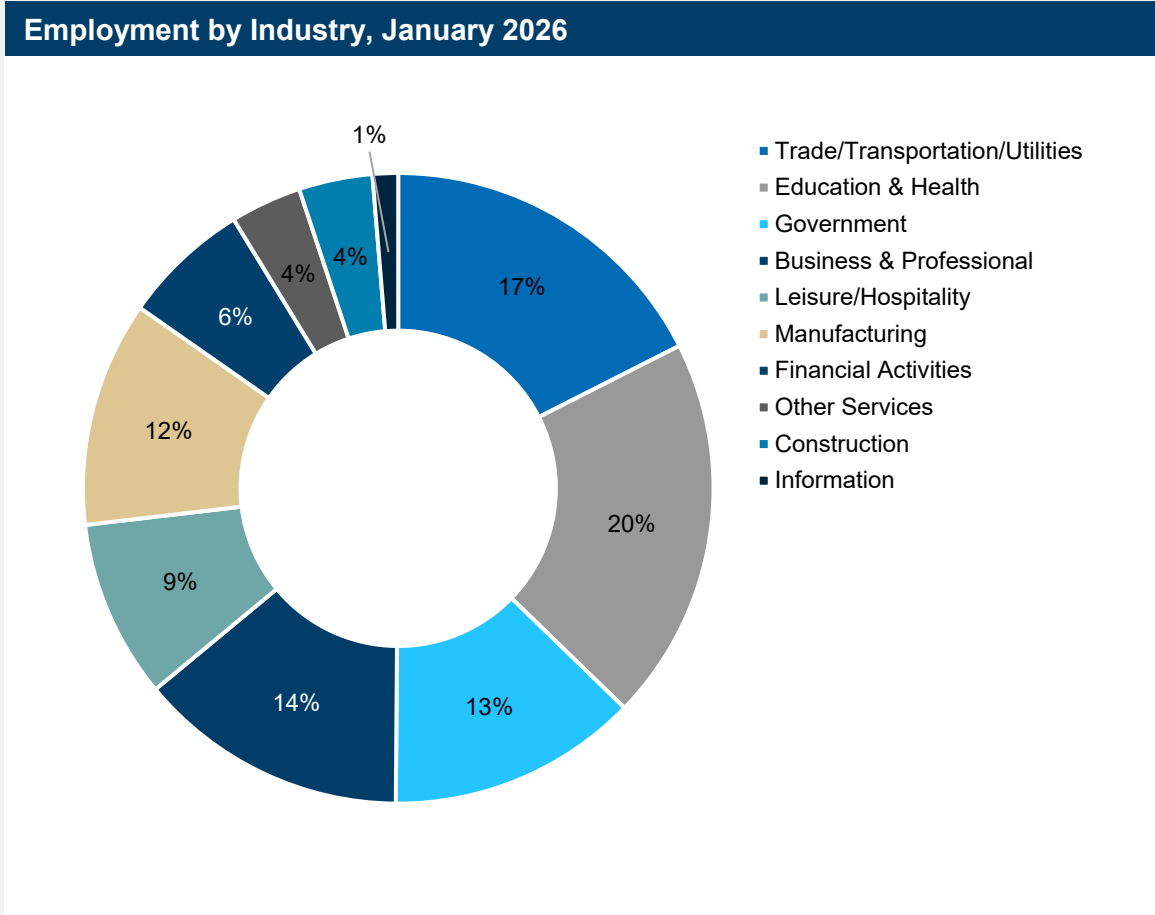
Cleveland and United States Unemployment and Nonfarm Employment Trends

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%.



Cleveland Market Sees Job Losses in Two of Three Industrial-Using Sectors

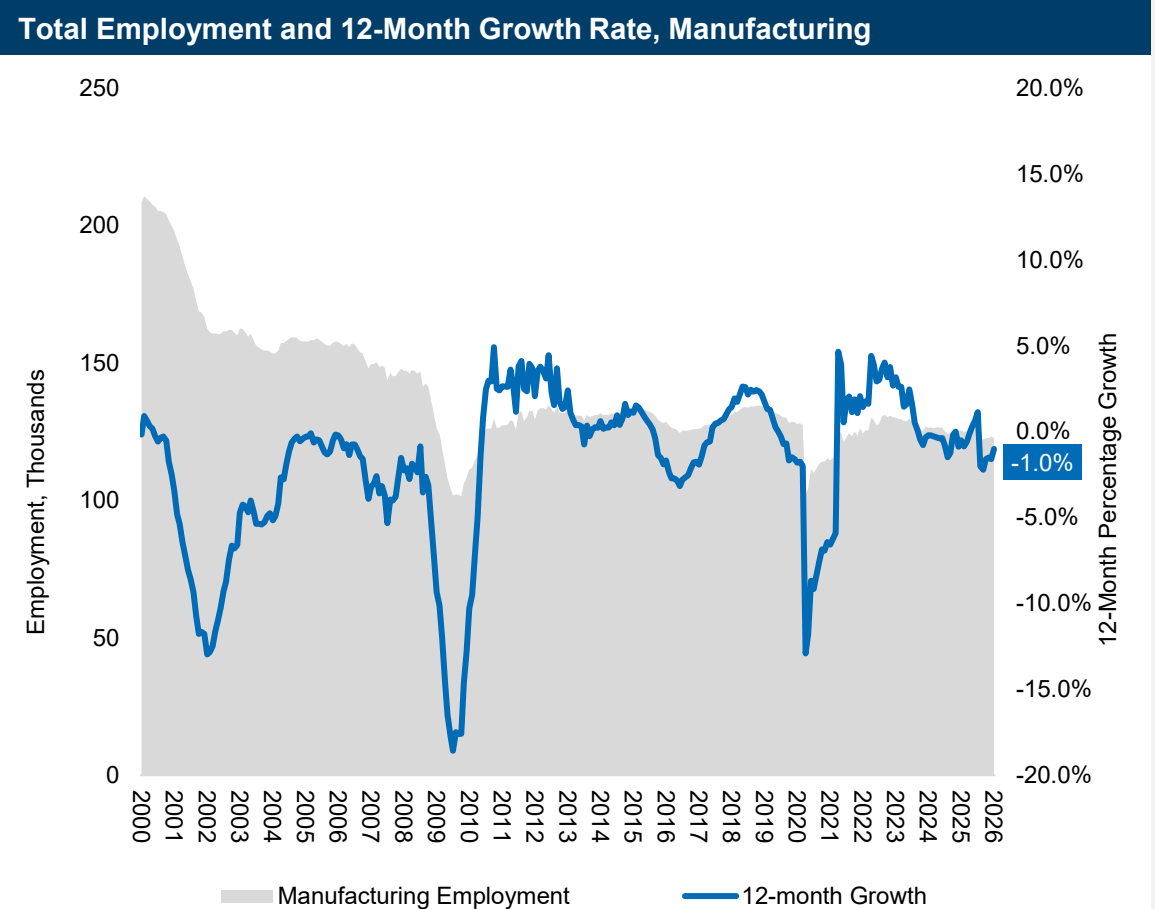
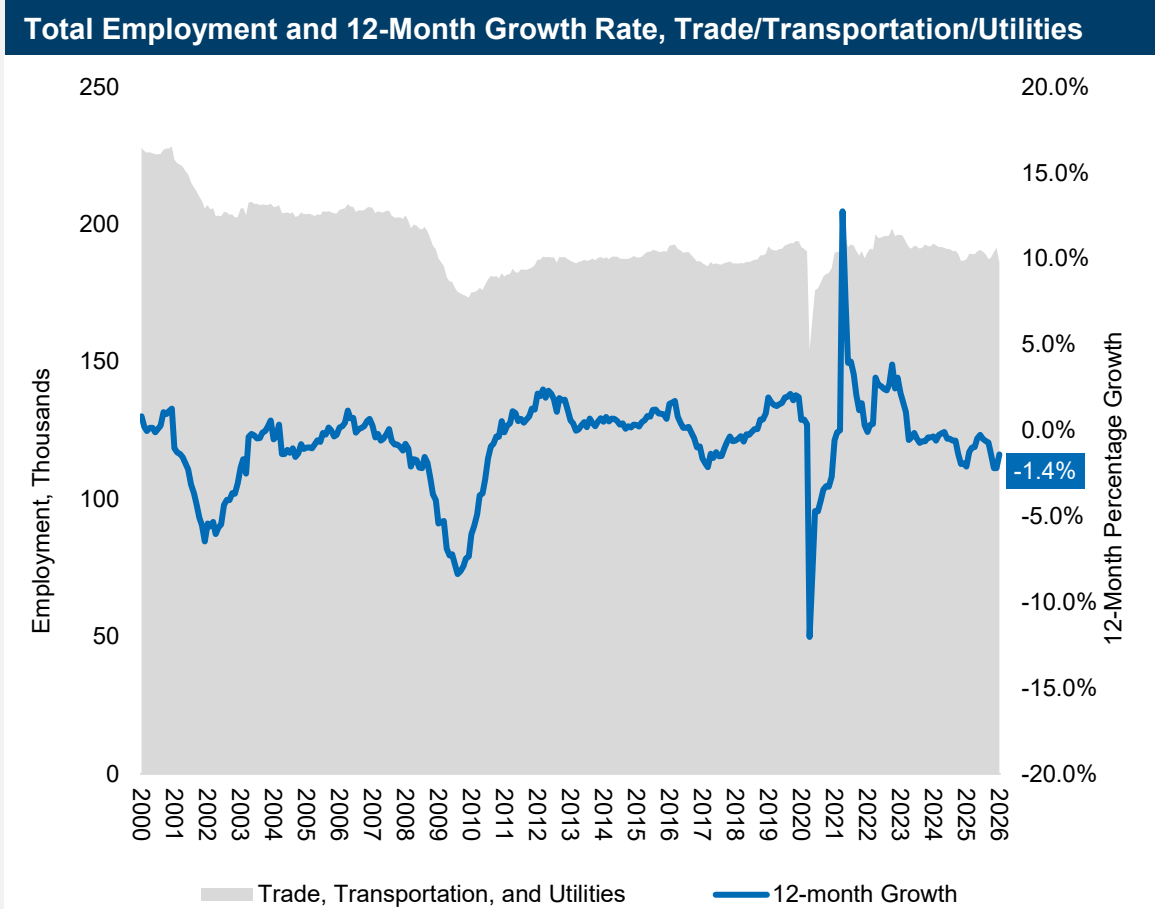
Seven of the 10 industry sectors in the Cleveland MSA saw employment losses from January 2025 to January 2026. Two of the three industrial-using or adjacent industries were in the negative, as the Construction sector gained the greatest number of jobs of all the industries at 3.9%, while the Manufacturing sector decreased by 1.0% and the Trade/Transportation/Utilities sector declined by 1.4% year-over-year.



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

Industrial Using Employment Sectors Down

In the Cleveland MSA, both significant industrial sectors experienced year-over-year January declines – the Manufacturing sector experienced a decrease by 1.0%, according to preliminary numbers, whereas the Trade, Transportation, and Utilities sector declined by 1.4%. The employment level in Manufacturing remains well below Cleveland's pre-COVID baseline underscoring the incomplete recovery and ongoing secular headwinds facing the region's industrial base. Trade, Transportation, and Utilities has been in negative year-over-year territory since October 2025, deepening to -2.2% in November–December 2025 before partially recovering to -1.4% in January — a structural softening trend.



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

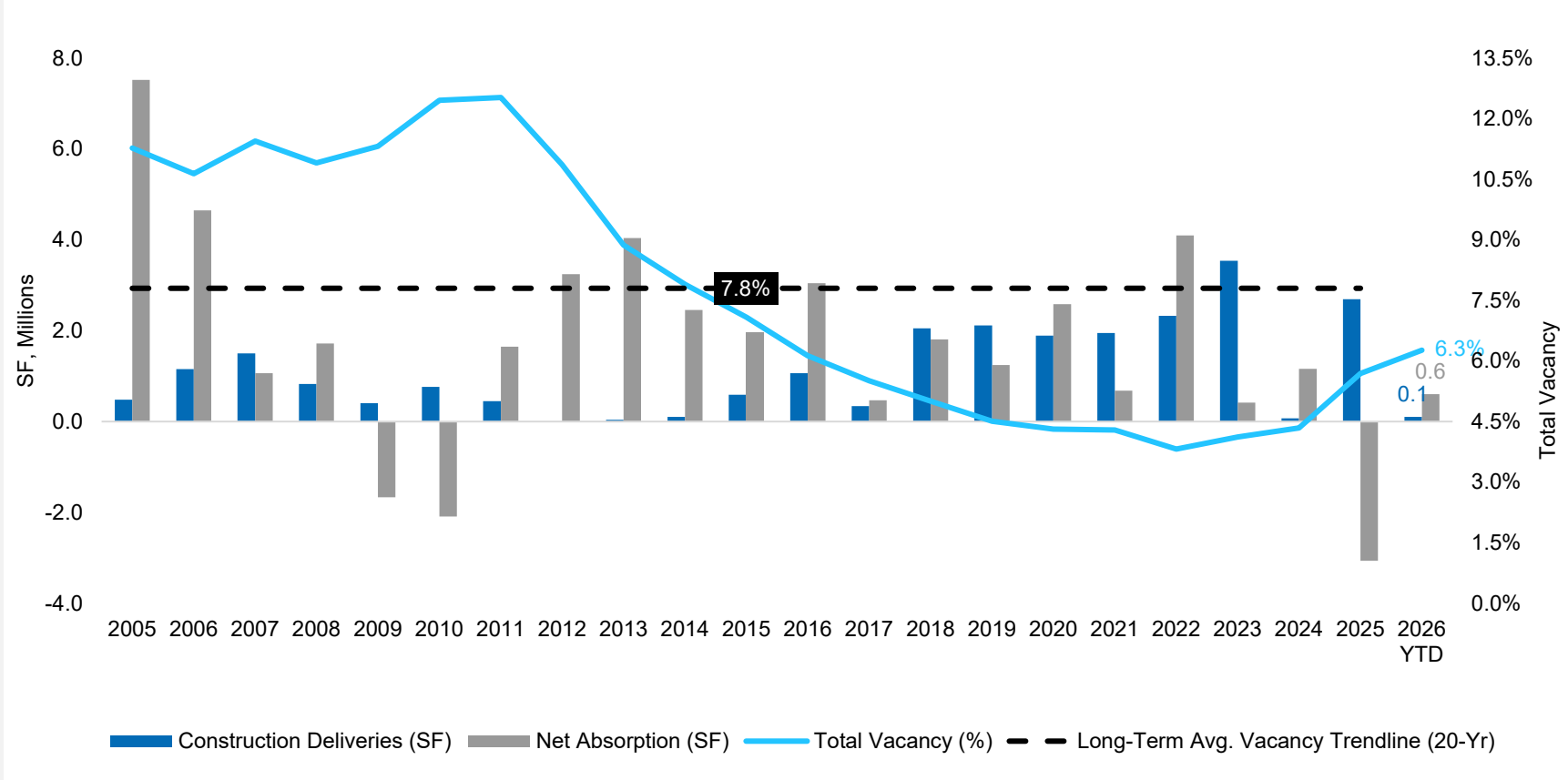
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Leasing Market Fundamentals



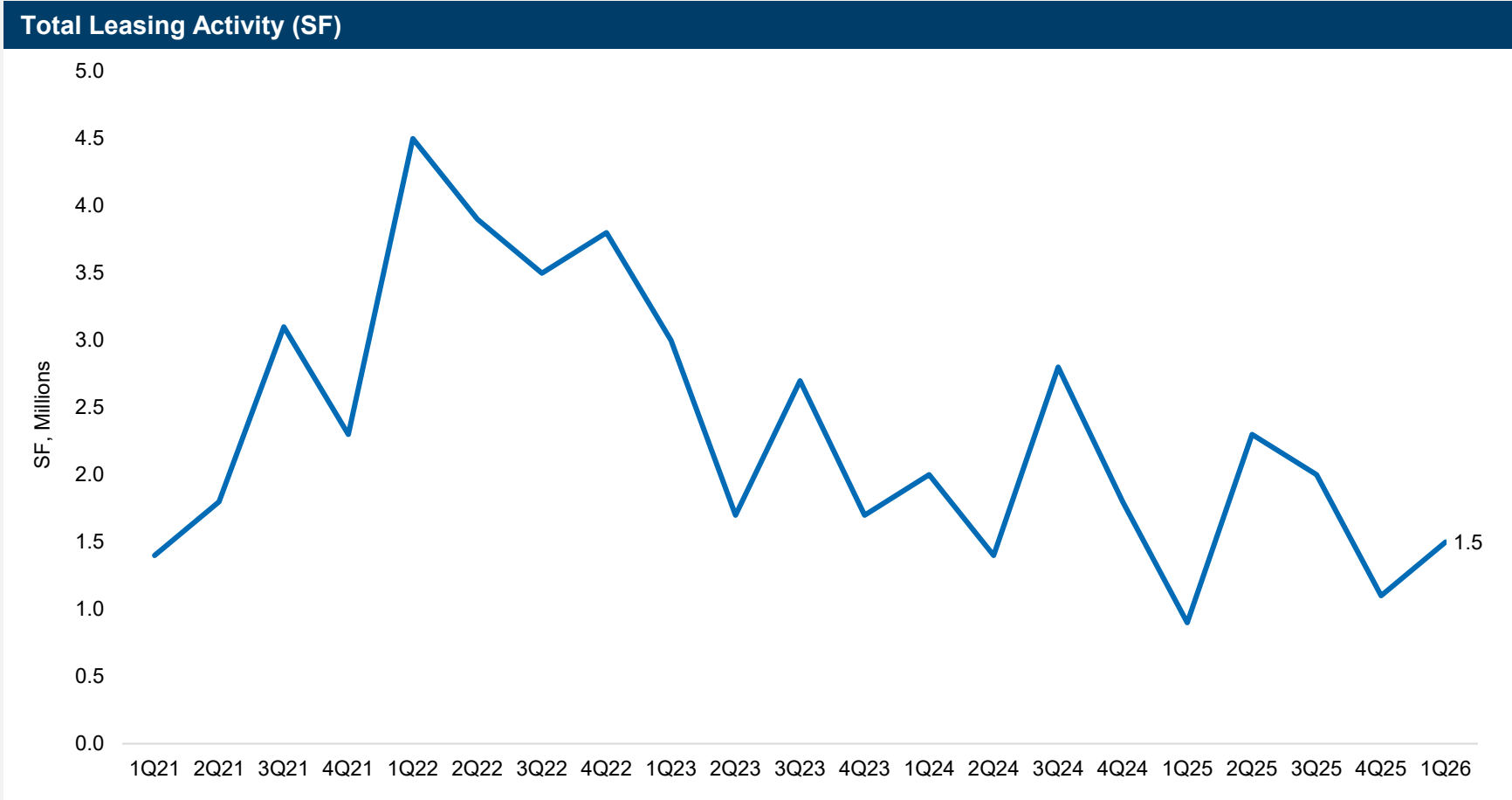
Vacancy Steady With Positive Absorption and Limited New Supply

Historical Construction Deliveries, Net Absorption, and Vacancy



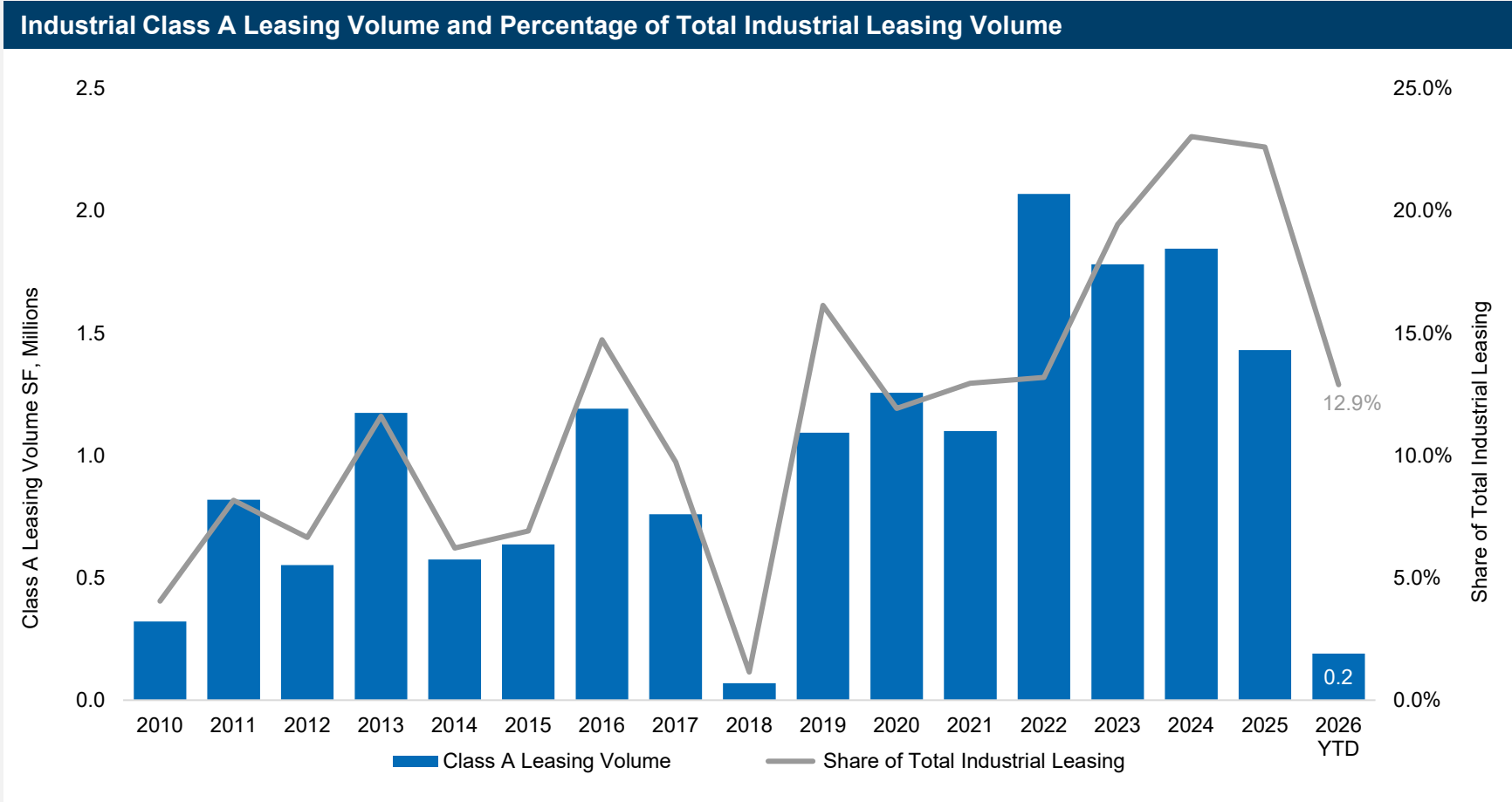
- The Cleveland industrial market posted 602,817 SF of positive absorption in the first quarter of 2026, its second consecutive quarter of gains following five consecutive quarters of negative absorption.
- Only 104,862 SF of new product delivered during the quarter, aligning with the recent improvement in net absorption as construction activity has slowed.
- The vacancy rate decreased by 10 basis points to 6.3% in the first quarter, down from the fourth quarter of 2025.
- R&D/flex product recorded 127,730 SF of negative absorption, while warehouse/distribution posted 350,456 SF of positive absorption and general industrial/manufacturing added 380,091 SF of positive absorption.

Industrial Leasing Rebounded in 1Q26 but Remains Below Recent Norms



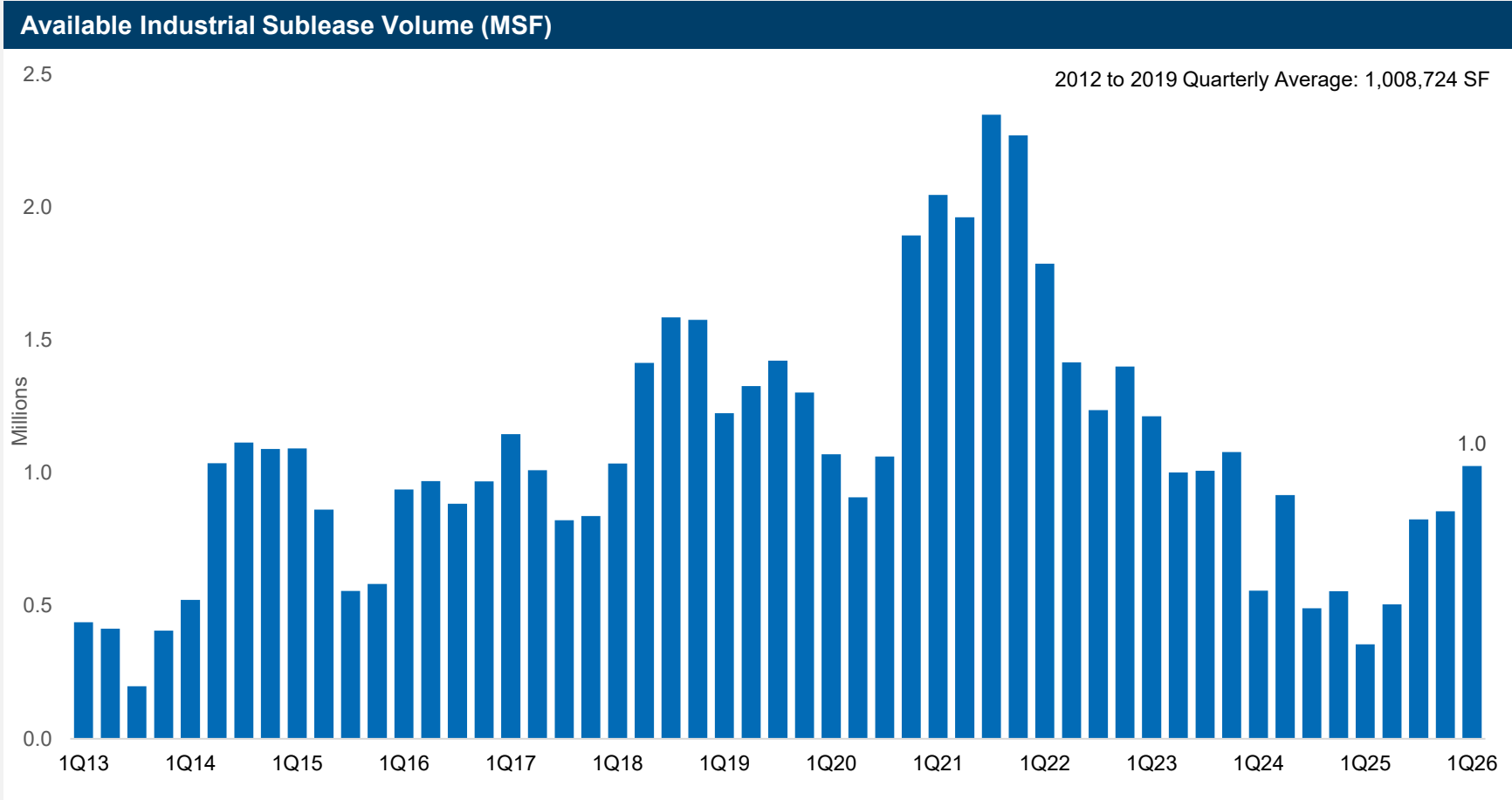
- Cleveland’s industrial leasing activity increased from 1.1 million SF in the fourth quarter of 2025 to 1.5 million SF in the first quarter of 2026, reversing two consecutive quarters of decline.
- Despite the rebound, the first quarter’s leasing remained among the weakest quarters since early 2021, indicating demand is improving but still subdued by recent standards.
- With construction muted and two straight quarters of positive absorption, the Cleveland industrial market appears positioned for generally stable vacancy and gradually strengthening leasing through the remainder of 2026.

Class A Industrial Leasing Share Compressed but Poised to Recover as Demand Firms



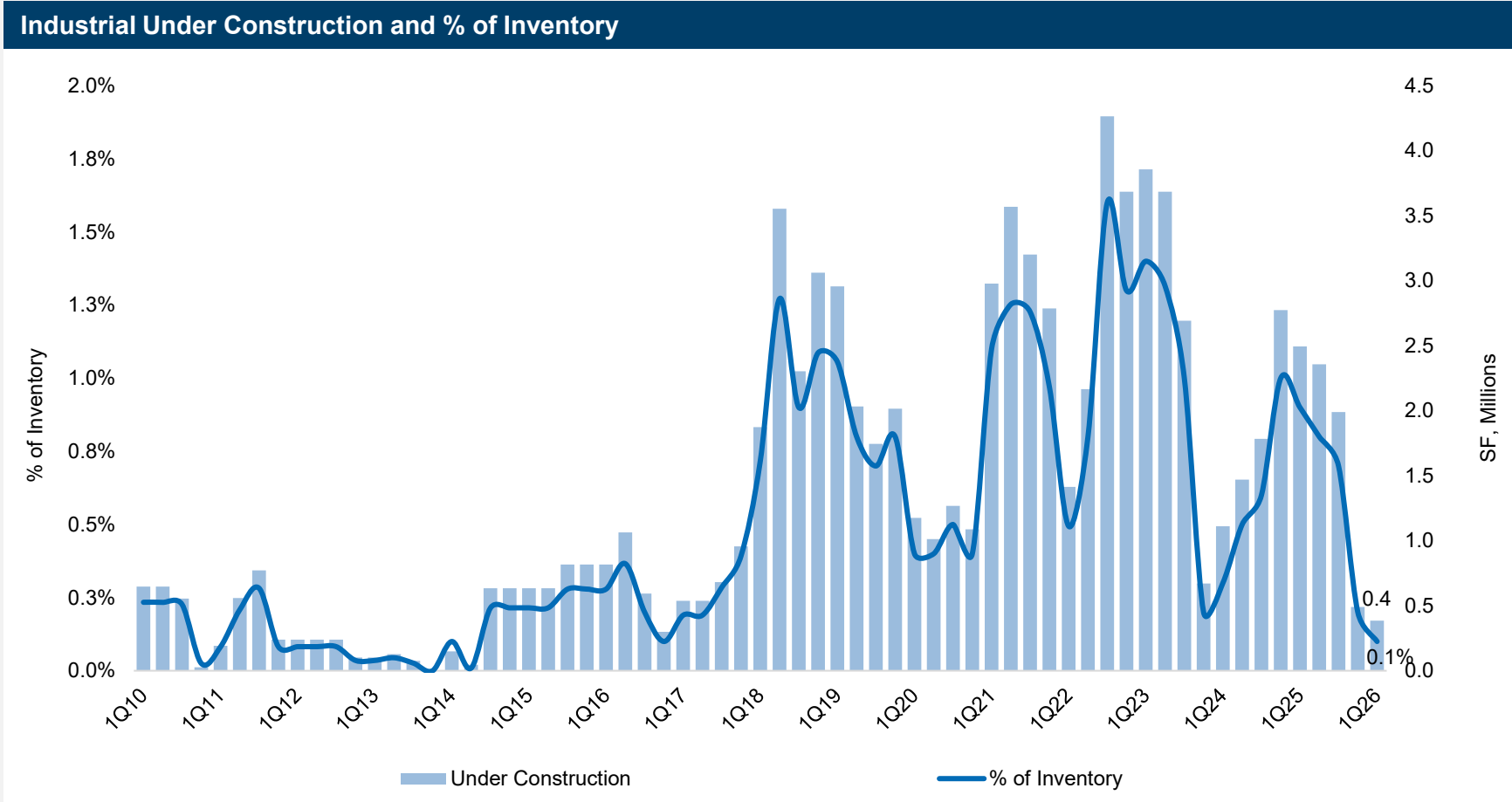
- Cleveland Class A industrial leasing reached approximately 1.4 million SF in 2025, among the highest of the current cycle, with 2026 year-to-date volume of 190,250 SF reflecting the early stage of the new year.
- Class A's share of total industrial leasing has fallen to 12.9% in 2026 year to date, down from peak shares of 23.0–24.0% in 2023–2024, indicating tenants are favoring more functional, value-oriented space near term.
- Despite the recent share compression, Class A volume has grown significantly since near-zero activity in 2018, reflecting a structural shift toward modern facilities across Cleveland's industrial base.
- Class A's share has room to normalize as manufacturing and logistics demand firms through the remainder of the year.

Industrial Sublease Availability Up For Four Straight Quarters



- Sublease availability of just over 1.0 million SF in the first quarter of 2026 was an increase of 170,404 SF from the previous quarter.
- For the first time since the fourth quarter of 2023, the mark rose above the 2012 to 2019 pre-pandemic quarterly average of just over 1.0 million SF.
- The first quarter tally represents a sublease availability rise for the fourth straight quarter.
- The sublease total availability percentage rose 10 basis points from the previous quarter to 0.4%.

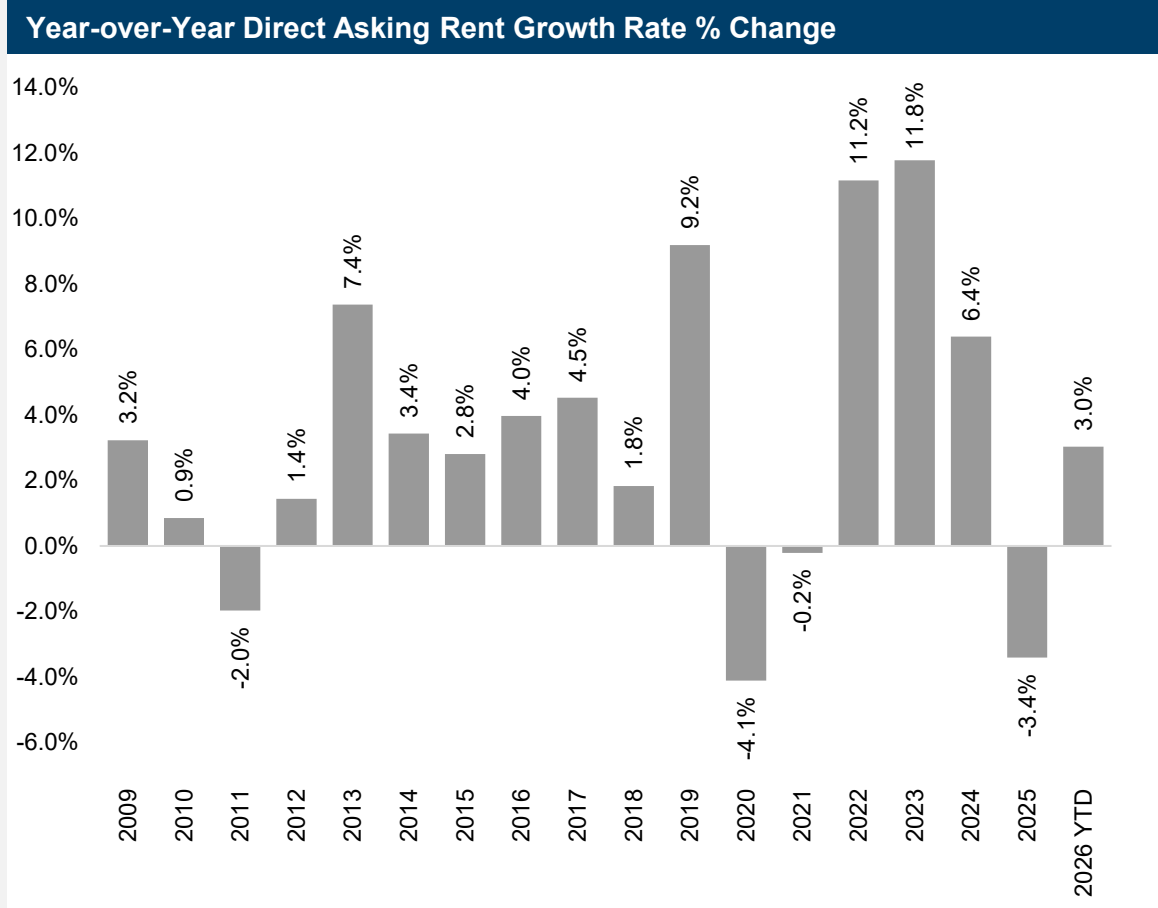
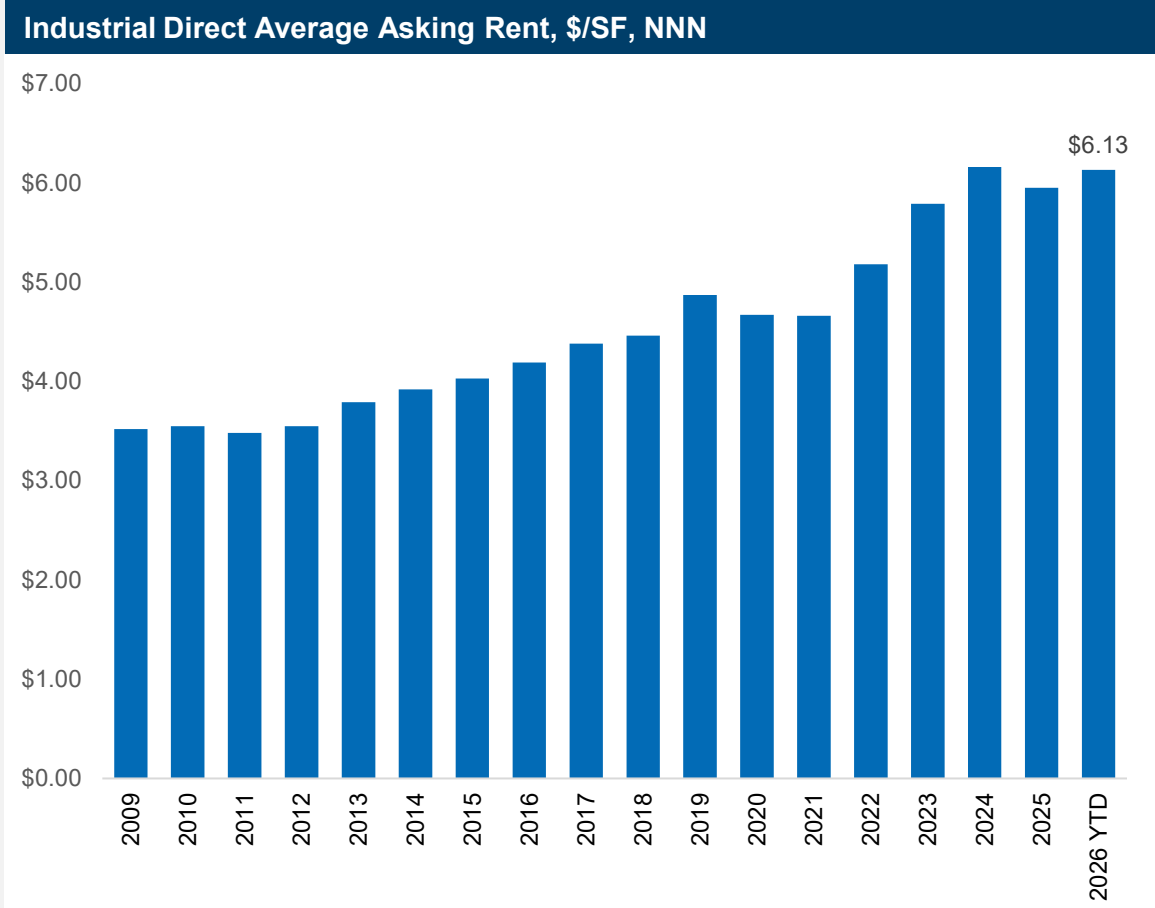
Cleveland's Industrial Construction Pipeline Declines For Fifth Straight Quarter



- Proposed speculative construction starts continued to be delayed, and 57% of projects underway are build-to-suit or owner built.
- While many proposed Northeast Ohio industrial projects may never come to fruition, over 6.0 million SF has been announced or marketed by developers and brokerage firms in recent quarters.
- With the active pipeline at its lowest level since before the 2018–2019 development cycle, the market is entering a period of supply discipline that, paired with stabilizing demand, should provide a floor for vacancy through year-end 2026.

Industrial Direct Asking Rent Growth

The market's industrial direct average asking rent is up year-over-year so far in 2026 by 3.0%. The first quarter saw a direct average asking rent of \$6.13/SF, which was up by \$0.15/SF from the previous quarter's total, and above the yearly 2025 average of \$5.95/SF. With supply constrained, positive absorption returning, and rents already rebounding to \$6.13/SF, asking rents are positioned to test or modestly exceed the \$6.20/SF cycle peak through the remainder of 2026, particularly for modern warehouse and manufacturing product where options remain limited.



Lease and Sale Transactions in 1Q26

Select Industrial Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Thyssenkrupp	18300 Snow Rd.	Southwest	Direct	78,000
TricorBraun	18300 Snow Rd.	Southwest	Direct	65,000
ProDoor Manufacturing Company	21201 Miles Rd.	Northeast	Direct	47,250
Mygrant Glass	1261-1315 Highland Rd.	Southeast	Extension	40,000
Clark's White Glove Delivery	7825 Hub Pkwy.	South Central	Direct	34,278

Select Industrial Sale Transactions

Buyer	Building	Submarket	Sale Price	Square Feet	Price Per SF
Millstreet Capital Management	12795 Corporate Dr.	South Central	\$28,500,000	58,604	\$486.31
Verity Capital Development LLC	524, 528, 530 E. Washington St.	Southeast	\$7,840,000	67,000	\$117.01
Bedrock	401 Stones Levee	Downtown	\$3,750,000	36,352	\$103.16
W.P. Carey	30320 Emerald Valley Pkwy.	Southeast	\$31,900,000	412,171	\$77.40
Diamond Properties	2300 E. Enterprise Pkwy.	Southeast	\$3,400,000	50,000	\$68.00
LayerZero Power Systems	225 Lena Dr.	Southeast	\$3,775,000	55,986	\$67.43
Weston, Inc.	6770 & 6780 Southpointe Pkwy.	South Central	\$5,000,000	75,700	\$66.05
Weston, Inc.	6900 Southpointe Pkwy.	South Central	\$1,850,000	28,800	\$64.24

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



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

The extended version of this report includes:

- **Class A Warehouse Space, Direct Average Asking Rent**
- **Total Vacancy Rate by Submarket**
- **Available Sublease Space: Concentration by Submarket / Available Sublease Space by Submarket: One Year Prior vs. Now**
- **Asking Rent by Submarket / Year-Over-Year Percent Change in Asking Rate**
- **Cleveland Industrial Average Price Per Square Foot – Combined Investment and Owner/User Sales**
- **Entire Cleveland Industrial Market Historical Statistical Overview, Recent Quarters**
- **Digging Deeper Into Cleveland’s Industrial Submarkets**
- **Submarket Overview and Statistics**
- **Cleveland Industrial Submarket Map**
- **Additional Market Statistics**
- *Extensive content across 25+ slides—a detailed presentation packed with useful industrial information and in-depth analysis.*

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