



2020 Real Estate Trends In Northeastern Ohio



Urban Land Cleveland
Institute

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EXECUTIVE SUMMARY

To summarize Northeast Ohio economic trends and the real estate market, this report utilizes a combination of quantitative and qualitative data. Information has been collected through a variety of channels including feedback from 50 key market individuals who participated in the 2019 ULI Cleveland Real Estate Trends Survey, those who took part in our focus groups, and various private and public data sources. The report should not be used as a basis for investment decisions but serves rather to inform on the state of the market in Northeast Ohio in 2019. Some details which emerged in researching the topic are:

Economic Environment Quick Facts

- Similar to last year, while overall population, households, and job growth remain flat, value is found under the surface with increasing educational attainment, low unemployment, regional productivity, and sector-specific growth.
- Survey respondents report current economic conditions as ‘Good’, but generally recommend caution and reflect an understanding that the growth cycle is nearing a downturn.
- Local developers have been contending with higher than average construction costs and low-to-moderate rental rates; tariffs are adding to the challenges facing them as they try to get projects to “pencil”.
- Survey respondents report that the most crucial market influences on real estate investment and development in 2020 will be job growth and interest rates, followed closely by income growth, GDP growth, infrastructure, and state and local budgets.
- Respondents described a high demand for improved public transportation, in line with County initiatives to promote transit-oriented development (TOD).
- Respondents report that Northeastern Ohio’s biggest need in terms of spurring development is more economic growth and a greater demand for real estate.

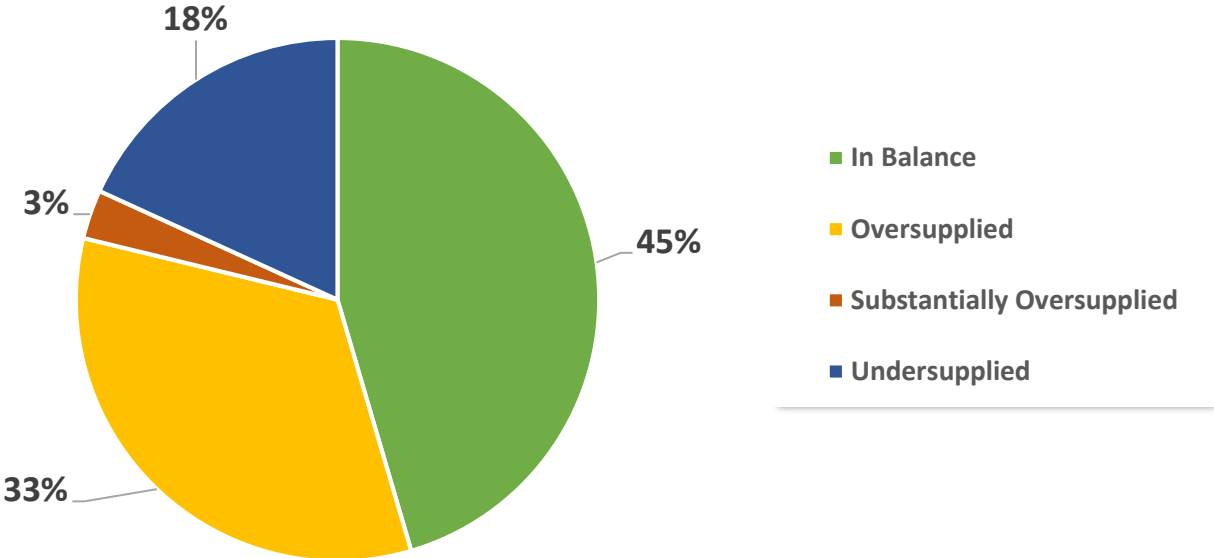
Real Estate Market Quick Facts

- Survey respondents report that, nationwide, people continue to move back downtown, looking for convenience and amenities.
- Young professionals continue to return to the Cleveland market, attracted by the affordable real estate and cost of living, as well as vibrant lifestyle and critical mass.
- There is demand for new, state of the art office space that includes modern layouts and floor plates, which can save 15-20% on occupation costs.
- Those surveyed stressed the importance of promoting the region and rebranding the negative perceptions from the past because, in their experience, many people are unaware of the high quality of life Cleveland provides.
- Changes in accounting standards as to real estate are causing corporate occupiers to look at short-term leases, due to the impact of the changes on balance sheets.

In Summary

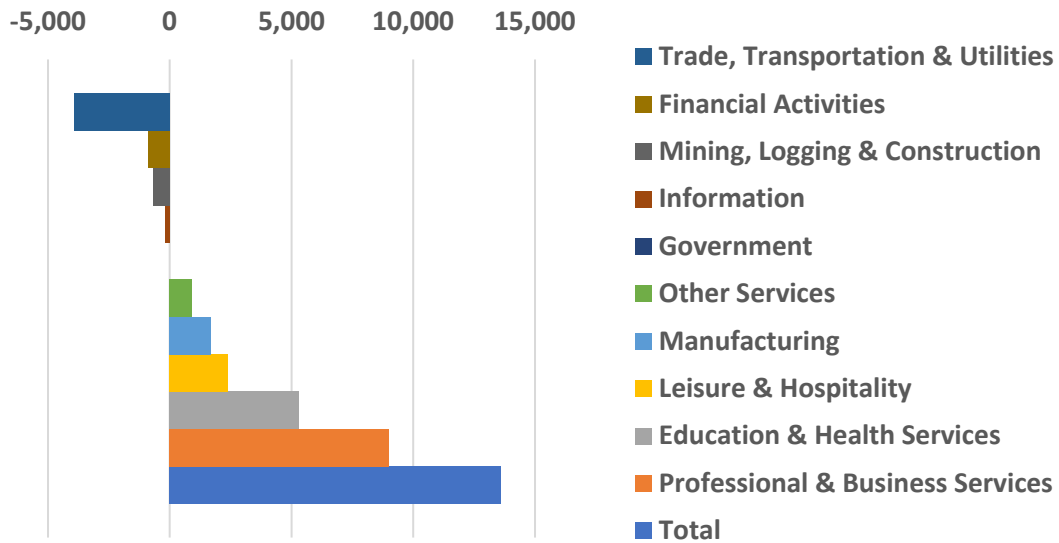
As was the case in 2019, our outlook for 2020 is cautiously optimistic. Despite expectations that a downturn is due, we see no immediate signs of it in the coming year. Job growth was strong, leading to historically low unemployment rates. The lending environment remains strong after the Fed lowered interest rates to 1.75% in September. There appears to be plenty of lending capital available. The residential and hospitality sectors are expected to experience another strong year, and other commercial sectors are holding steady, although local perceptions of them are off from last year. The Residential sector continues to thrive in downtown, University Circle, and the near west side of Cleveland.

Chart 1: Overall State of the 2020 Real Estate Capital Market



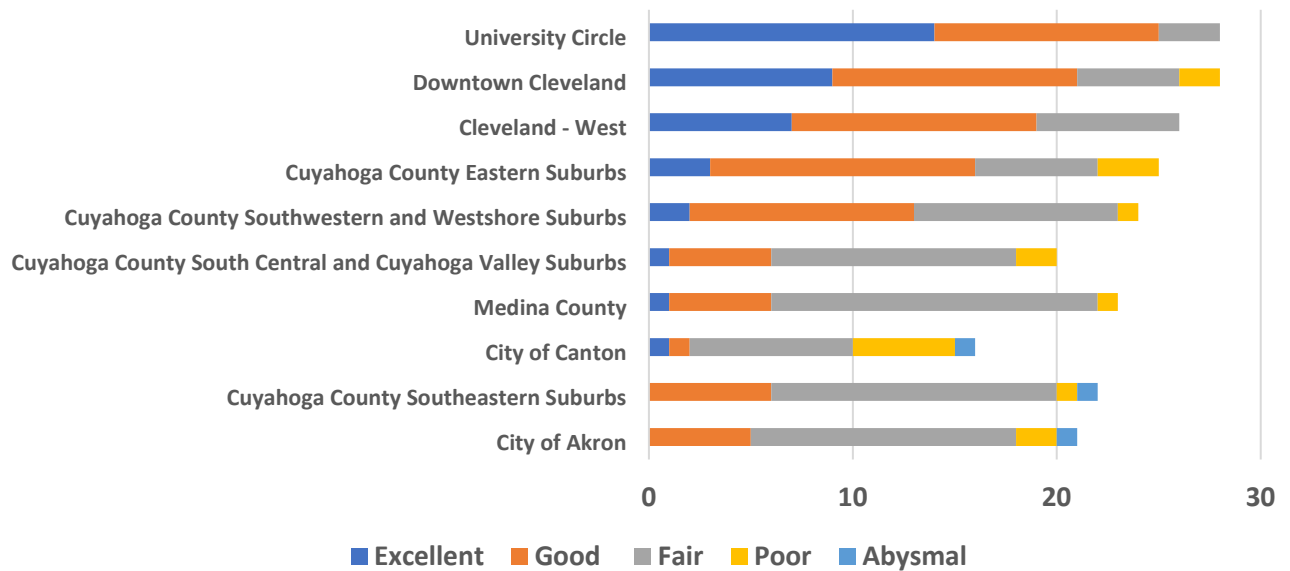
Data source: ULI Cleveland Emerging Trends 2018 and 2019 Survey Responses

Chart 2: Employment Change by Total Jobs



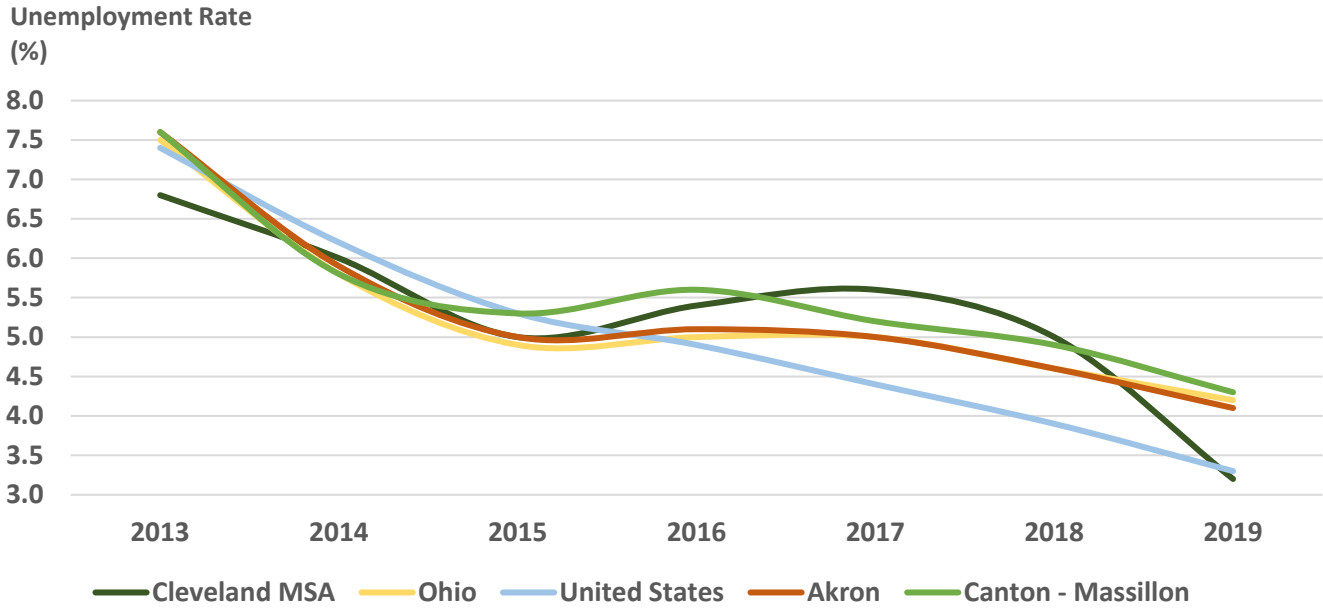
Data source: U.S. Bureau of Labor Statistics State and Area Employment, Hours and Earnings 2018-2019

Chart 3: Real Estate Prospects by Submarket



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses, Archived Emerging Trends Survey Responses (2015-2019 Reports)

Chart 4: Regional Unemployment



Data source: U.S. Bureau of Labor Statistics Unemployment Rates by County and Over-the-Year Change in Unemployment for States

BACKGROUND

This report was a collaborative effort of the ULI Cleveland, CBRE, and Cleveland State University and blends quantitative data from the annual ULI Cleveland Real Estate Trends Survey with supplementary external research. Similar to reports from past years, in-person focus groups comprised of local experts were held to both facilitate discussion and analyze regional trends. This report was a collaborative effort of the ULI Cleveland, CBRE, and Cleveland State University. Additional data were obtained from a variety of sources including US and Ohio government agencies, Western Reserve Thriving Communities Institute, the Downtown Cleveland Alliance, and others.

We owe a special thanks to the local experts who participated in the survey and focus groups in the Summer of 2019. Continued support of the Emerging Trends 2020 Report Committee has been vital to this process. Committee members for this report included Michael Smith of Barnett Advisors, Melanie Kortyka of ULI Cleveland and Jack Newton of GBX Group. Additional review and input were provided by Steve Ross of CBRE, Cathryn Greenwald and Linda Striefsky of Thompson Hine LLP, Eileen McConville of SITE Centers, Erin Ryan of Professional Service Industries Inc. (PSI) and Anthony Whitfield of Fairfax Renaissance Development Corporation.

REGIONAL DEMOGRAPHIC AND ECONOMIC TRENDS

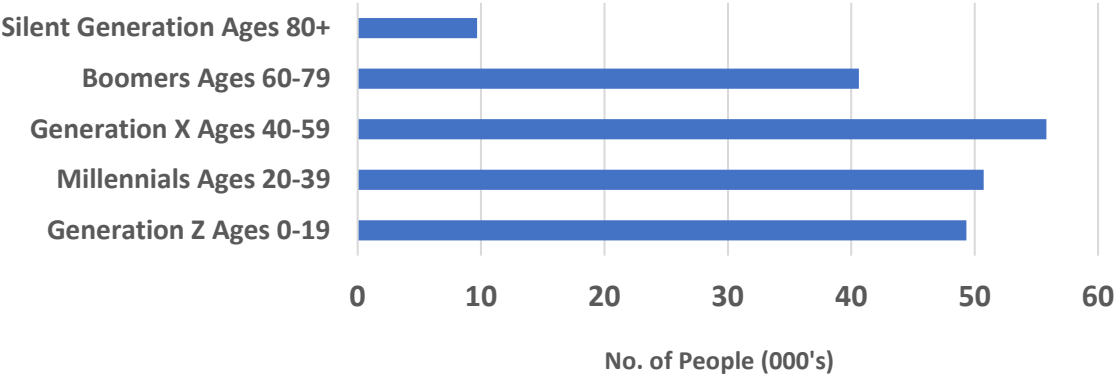
Since the Great Recession, the populations of Downtown Cleveland, University Circle, and the Near West Side (including Ohio City, Tremont, Detroit Shoreway) significantly increased. Young professionals and empty nesters are returning to the area and occupying newly constructed luxury apartment units. This trend can be attributed to increasing amenities and proximity to the Central Business District, which, with over 100,000 jobs, is Ohio’s largest employment center.

Northeast Ohio’s major data points indicate that population and households are beginning to stabilize from losses during the Great Recession. However, employment is still recovering slowly from 2010 recession lows with struggles in several sectors, including manufacturing. There are positive signs for the region as educational attainment improves. The region’s overall GDP has kept pace with national GDP and outperformed Cincinnati and Columbus in overall growth.

Population

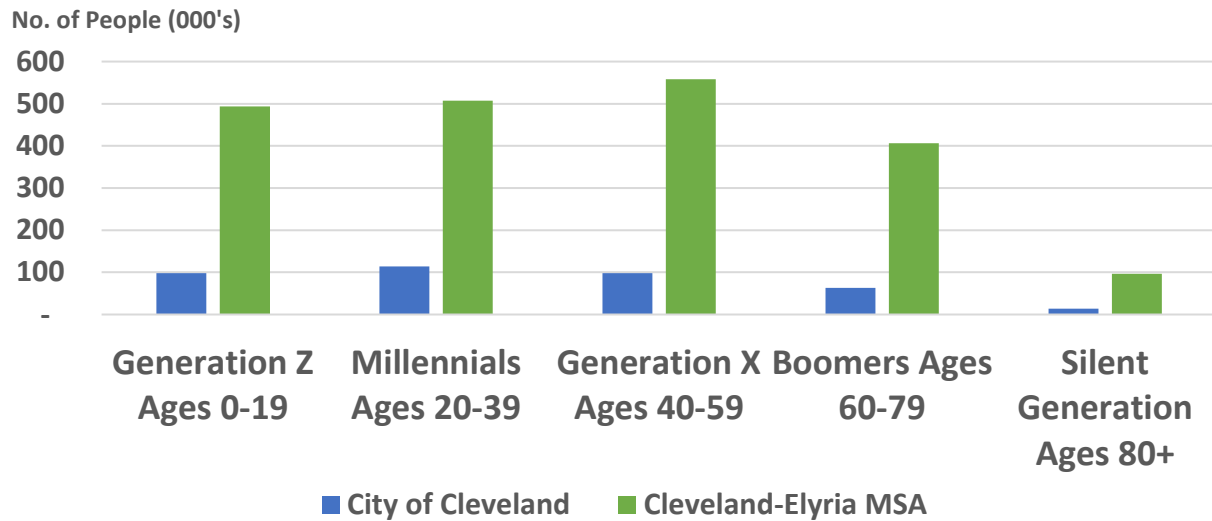
The younger age cohorts (Millennial and Gen Z) continue to grow in Northeast Ohio, accounting for roughly 49% of the estimated total population in 2018. As of 2017—the latest data available from the US Census Bureau—Cleveland’s median age is 35.8 years, down from 36.2 in 2010. Note that the millennials and Gen Z are similar in size, BUT Gen X dominates. This could be because many millennials have left, leaving their cohort smaller; some Boomers have left seeking grandchildren and warmer climates, or are starting to “die off”, or both; and many Gen X families came home to raise their children, a NEO phenomenon further demonstrated by Chart 6.

Chart 5: Northeast Ohio Generational Distribution



Data source: American Communities Survey 1-Year Estimates 2018

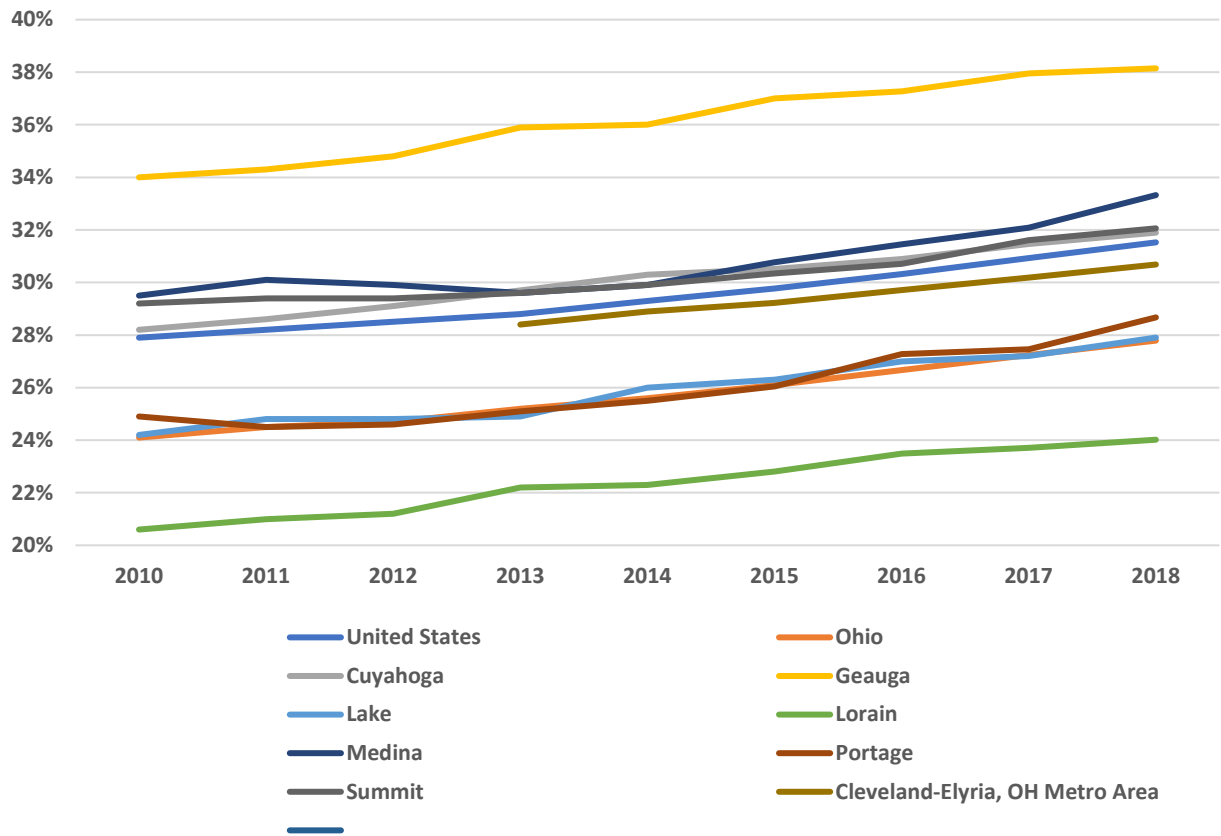
Chart 6: Northeast Ohio Generational Distribution by Area



Educational Attainment

In the past two decades, the percentage of people in Northeast Ohio without a high school diploma has dropped by 37.5%. Nearly 30% of people have at least a bachelor’s degree, which is the largest proportion in the region’s history. With a higher percent of people with education at the bachelor’s degree level or higher the State of Ohio as a whole, Northeast Ohio remains competitive with national trends. Only recently has the United States as a whole managed to reach 90% of individuals with a high school education or greater.

Chart 7: Percent of Population with a Bachelor's Degree or Higher

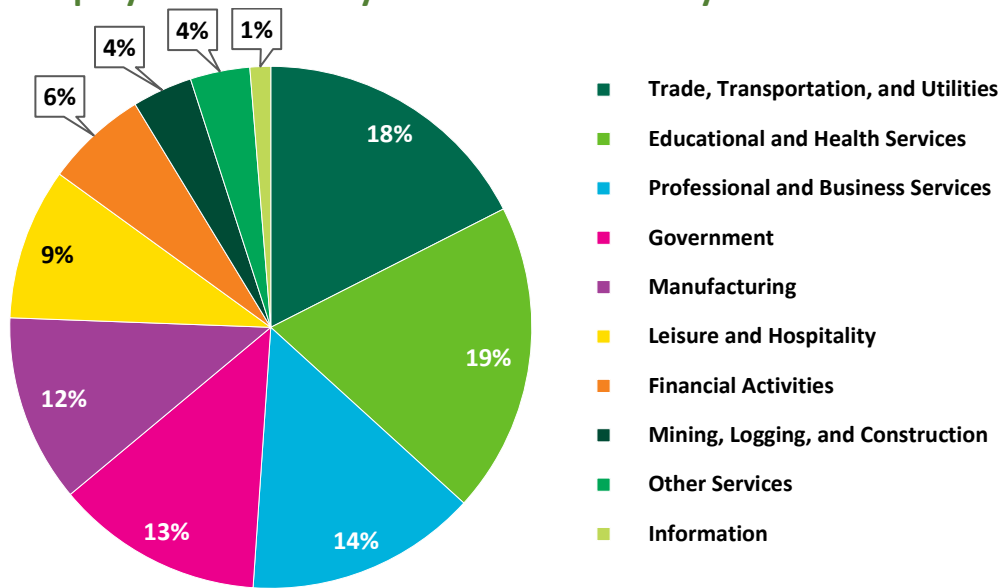


Data source: American Communities Survey 5-year estimates

Employment

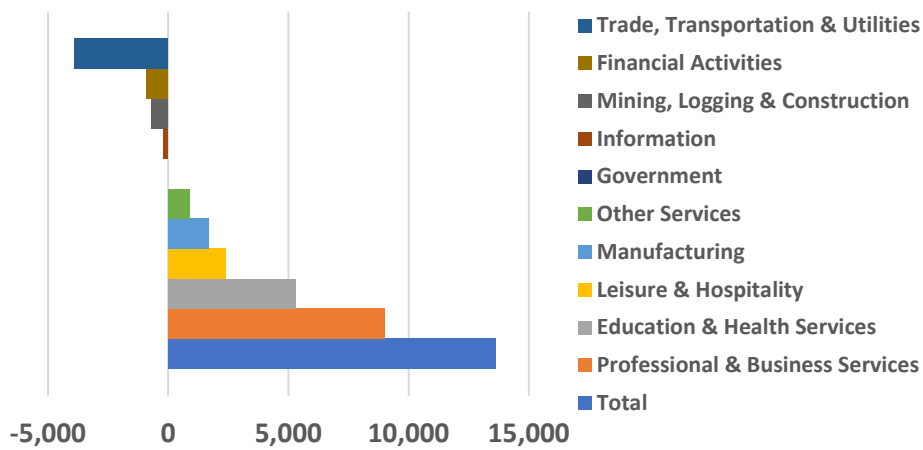
Employment in Northeast Ohio has suffered in the past year due to job loss in government, leisure and hospitality, educational and health services, professional and business services, financial activities, information, and manufacturing. The two most impacted industries are professional services and leisure and hospitality. That being said, trade, transportation, and utilities as well as construction have buoyed the losses. At 19%, the educational and health services sector remain Northeast Ohio's largest employment sector while the trade, transportation, and utilities sector is close behind.

Chart 8: Employment Sector by Share – Cleveland-Elyria MSA



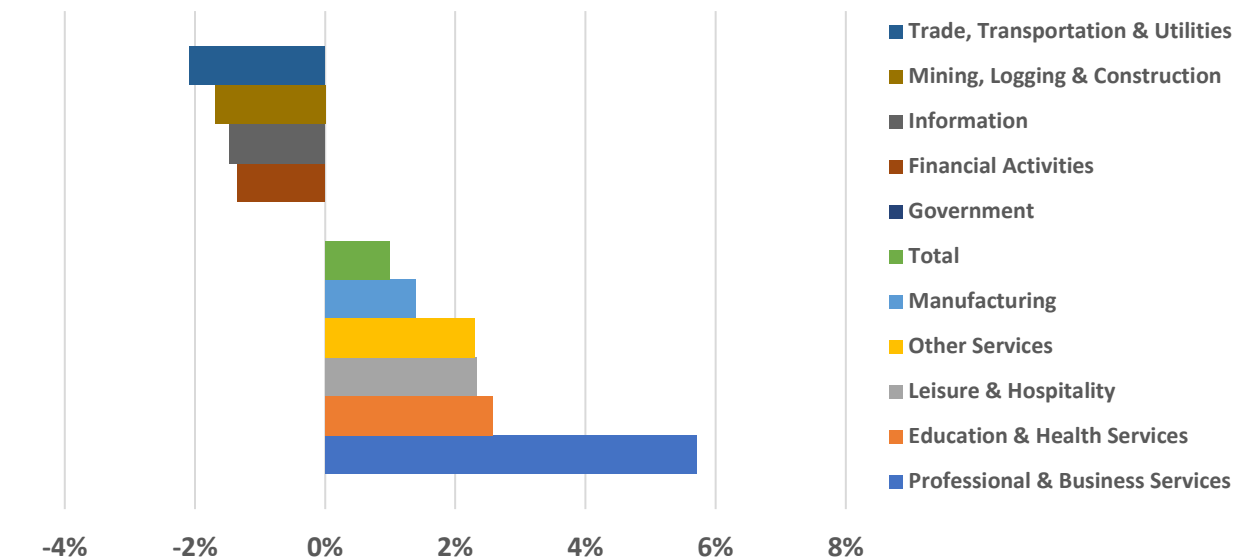
Data source: CBRE Research, Q3 2019

Chart 9: Employment Growth by Total Jobs – 2018 to 2019



Data source: CBRE Research, Q3 2019

Chart 10: Employment Growth by Percent – 2018 to 2019



Data source: U.S. Bureau of Labor Statistics State and Area Employment, Hours and Earnings 2018-2019

Cleveland’s unemployment (3.2%) has fallen below the Ohio average of 4.2%. The state has seen no change over the past year in terms of the rate of unemployment, but the Cleveland MSA has seen a decrease in unemployment by roughly 1.3%, from 4.5% in October of 2018 to 3.2% in October of 2019. This tightening labor market has impacted and will continue to influence the decisions of business location as companies attempt to locate proximate to sources of available workforce.

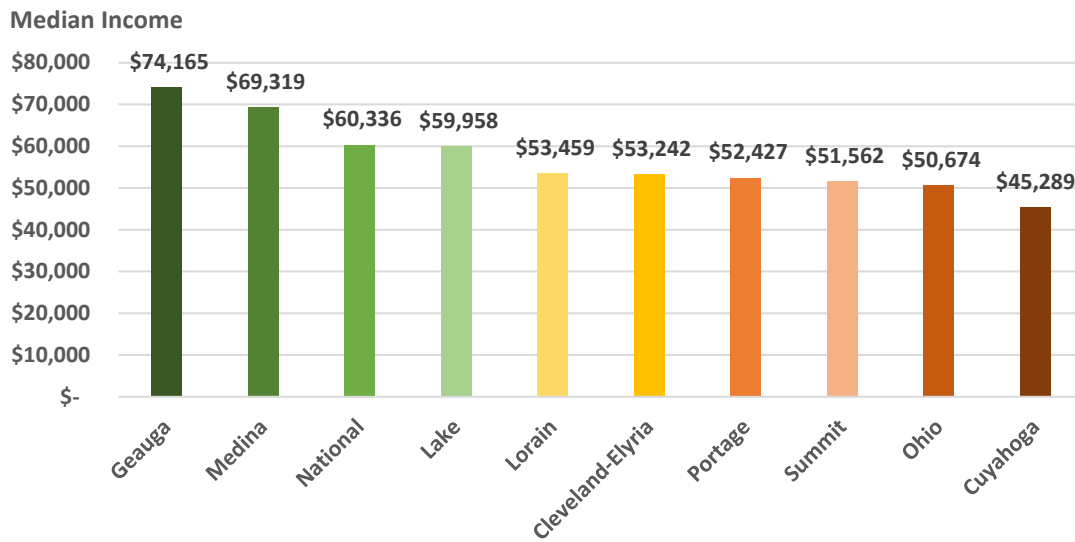
Income

Historical data indicate that median incomes in Northeast Ohio have improved over the last decade. Northeast Ohio’s shrinking unemployment rate and increasing numbers of college-educated workers are driving factors in this improvement. According to 2017 US Census Bureau data—the latest available—Geauga and Medina counties had the highest median income levels among Northeast Ohio counties in 2017 at \$77,104 and \$71,595 respectively. ¹

Over the past eight years, both mean and median income growth (non-inflation-adjusted) have improved, so that Northeast Ohio has been outperforming the State of Ohio. However, Cuyahoga County continues to have a median household income lower than that of the State.

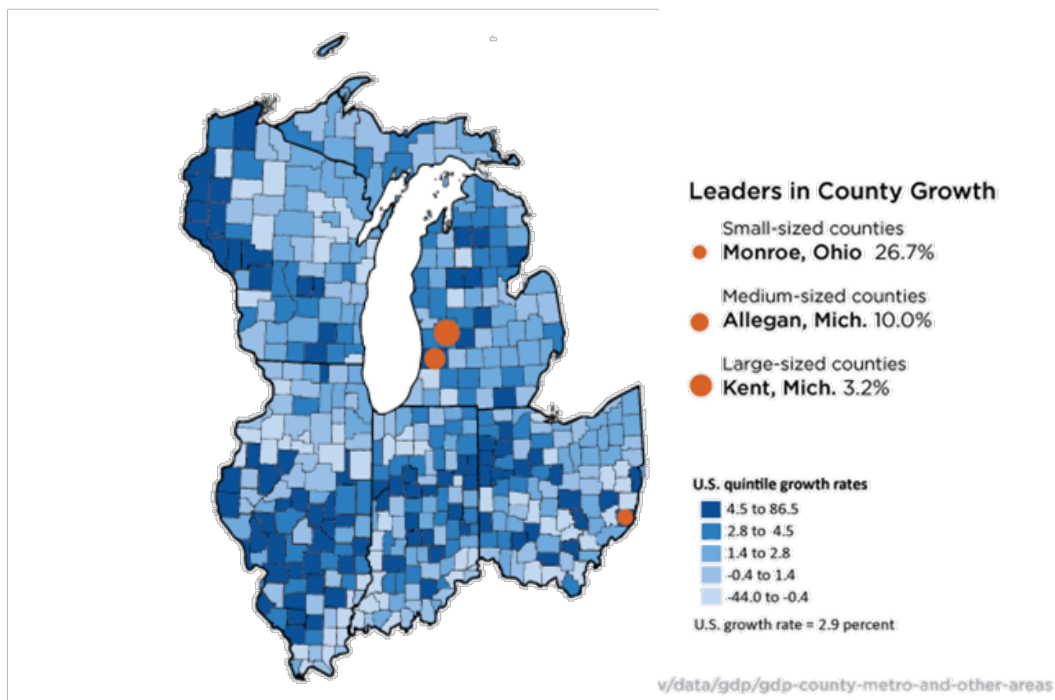
¹ Note in Chart 8 that Geauga County’s smaller population likely shows significant effects of changes in major employers.

Chart 11: Median Household Income by County, 2017



Data source: Ohio Development Services Agency, County Trends Report 2017, American Communities Survey 2017 1-Year Estimates (National, Ohio), DataUSA – inflated 2016 \$ amt (Cleveland-Elyria)

Chart 12: Percent Change in GDP by County 2018

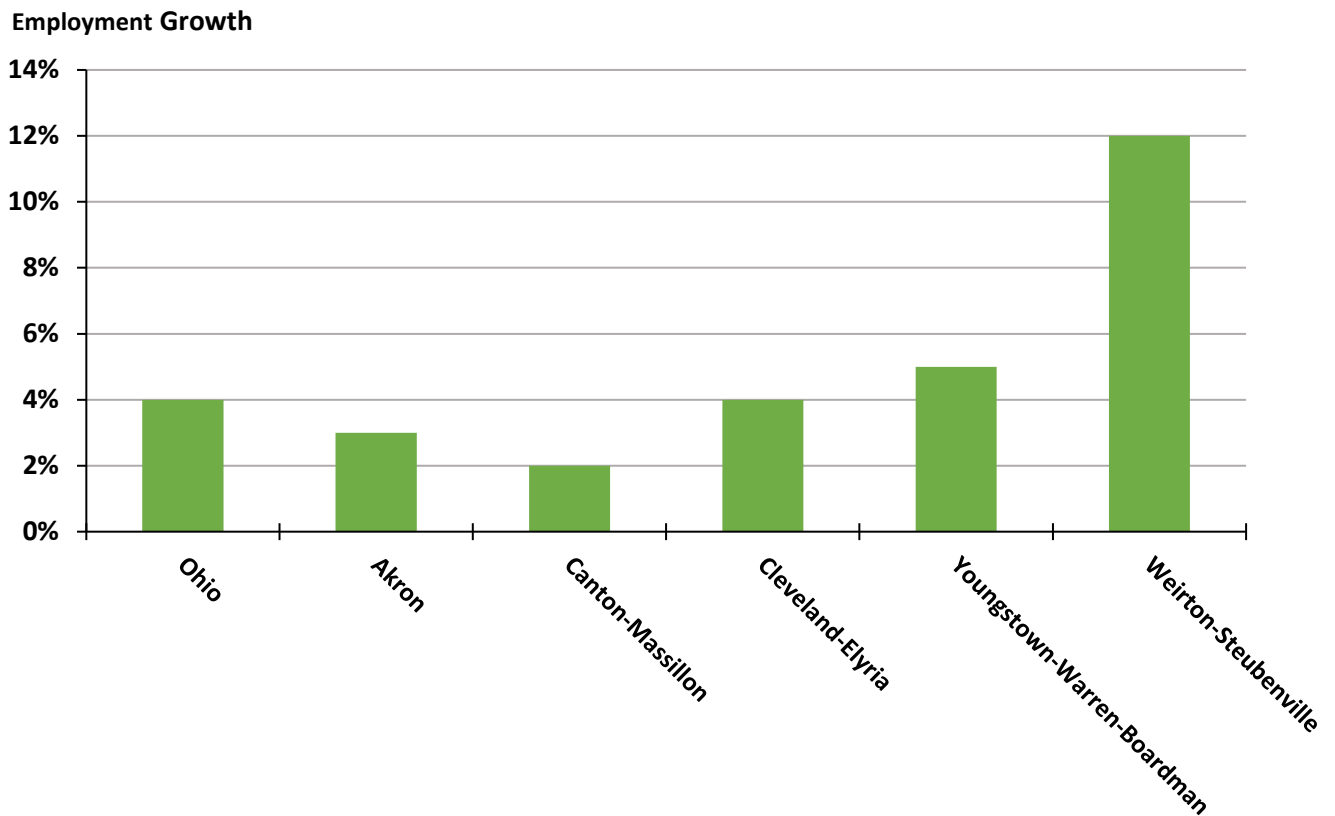


REGIONAL REAL ESTATE TRENDS

In general, the Northeast Ohio real estate market is relatively stable. This can be attributed to reduced vacancy and foreclosure rates, pre-recession level home prices, and increasing construction starts. According to the *2020 Emerging Trends in Real Estate* report for the United States and Canada, investment continues to find its way into tertiary markets like Cleveland. Increased use of big data and a need to deploy capital has benefited various sectors of the local real estate market.

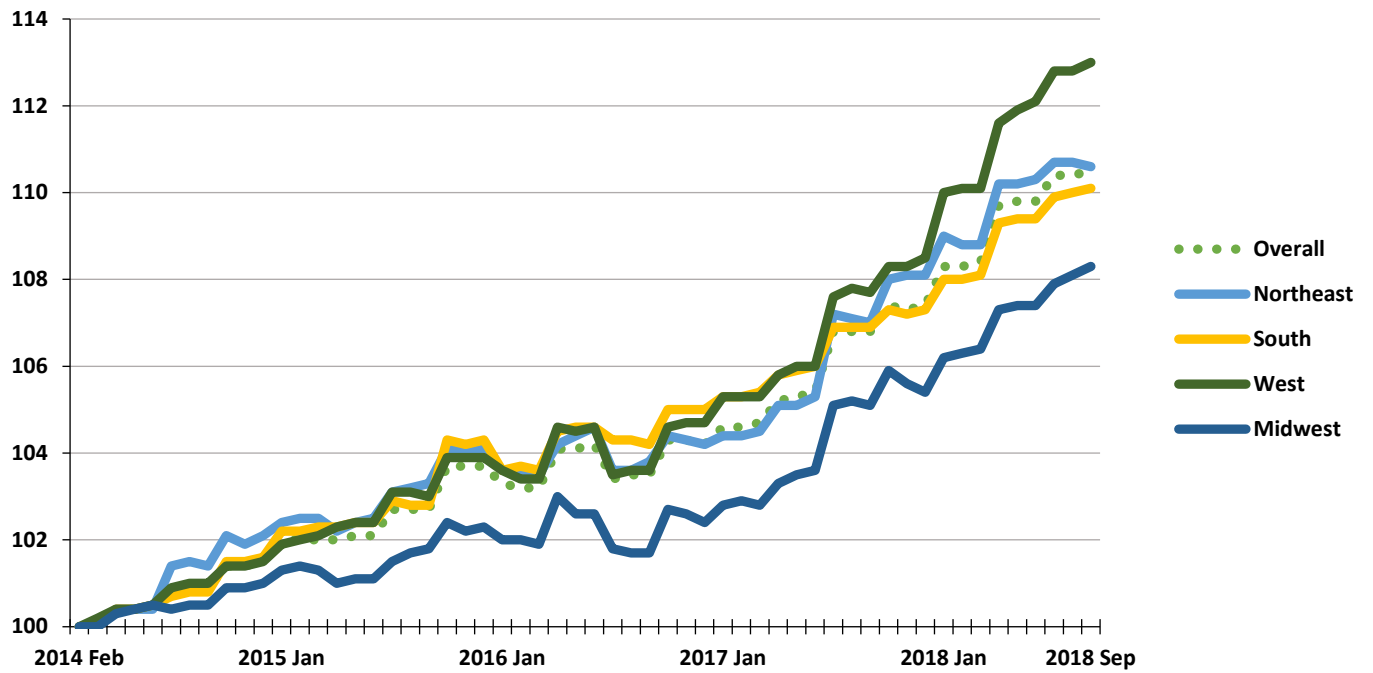
Declining vacancy rates in both multi- and single-family housing should continue in the coming year. Although absorption is expected to remain strong, survey respondents believe vacancy rates will increase as historically high levels of new product come online. Reduced foreclosure rates and rising median home prices indicate a healthier market than immediately after the subprime mortgage crisis.

Chart 13: 2017-2018 Change in Employment – Construction, Mining, and Logging



Data source: AGC of America – The Economic Impact of Construction in the United States and Ohio, 2018

Chart 14: Non-residential Construction Price Index by Region



Data source: BLS – Regional Construction Price Index (2014-2018)

THE 2019 ULI CLEVELAND EMERGING TRENDS SURVEY

The ULI Emerging Trends Report is comprised of information gathered from an online survey taken by real estate professionals. This survey, distributed during the Fall of 2019, gives insight into how these 50 individuals view the market today and how they expect trends will unfold in the upcoming year. This portion of the report contains summaries of information obtained from the survey. Graphs and charts within this section quantify responses. In comparison to last year's survey, the 2019 report saw less participation.

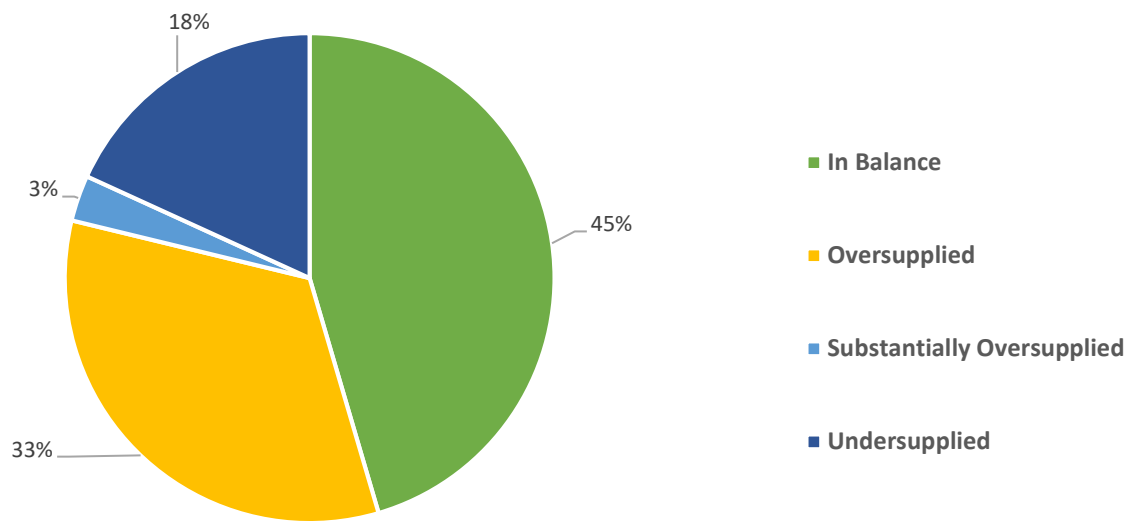
In contrast to the two previous years, a majority of respondents believe that office has reached a peak in the market cycle. Previously it had been in a recovery and growth period. Retail's decline picked up pace in 2019, officially entering the stage of 'Advanced Decline.' Unfortunately, too few respondents provided input on institutional real estate and there could not be included in this report.

CAPITAL MARKETS

Capital Availability

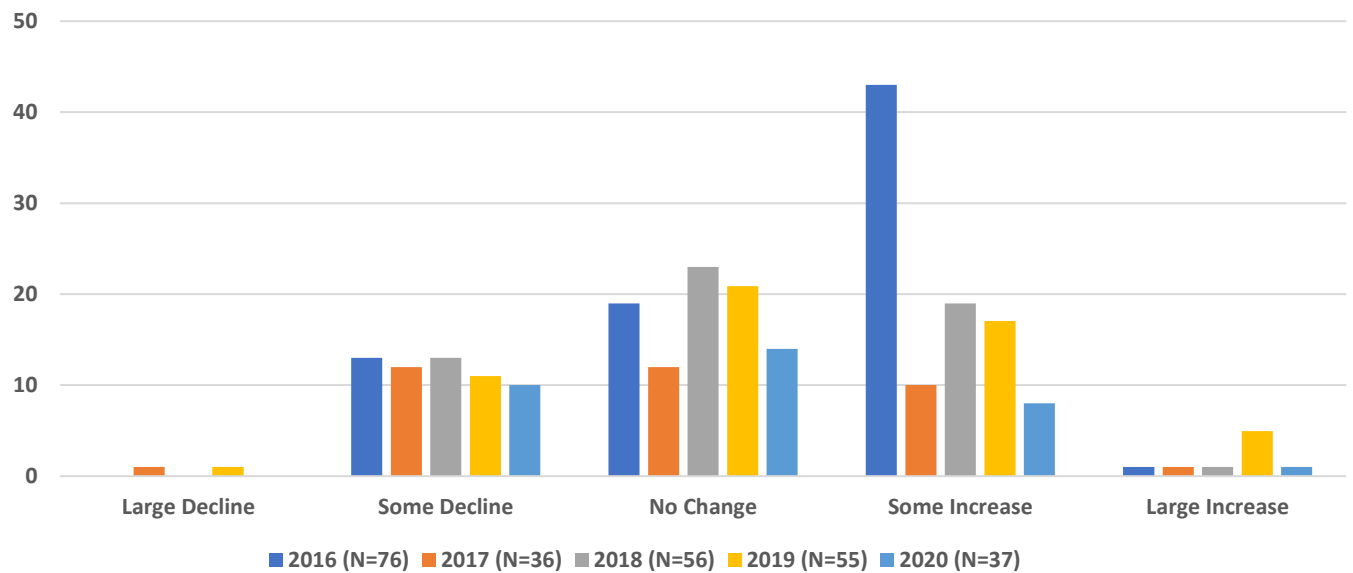
Most participants expect real estate related businesses (i.e. commercial real estate brokerage, construction, finance, etc.) to generate healthy profits in the upcoming year. However, it is worth noting that a few respondents indicated an unfavorable outlook for the real estate capital market. 51% of respondents expect the market to perform well, while another 30% believe it will exceed expectations.

Chart 15: Overall State of the Northeast Ohio Real Estate Capital Markets



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

Chart 16: Expected Change in Equity Capital



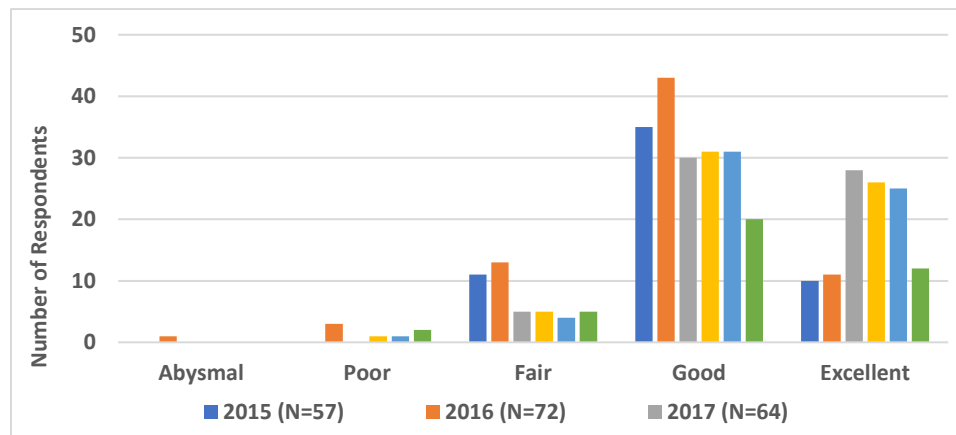
Data source: ULI Cleveland Emerging Trends 2019 Survey Responses, Archived Emerging Trends Survey Responses (2015-2019 Report)

GENERAL BUSINESS PROSPECTS

Overview

Survey respondents affirm their companies (all sectors combined) performed well in 2019. Many respondents regarded profitability as 'Good' or 'Excellent' and expect a similar outlook in 2020.

Chart 17: 2020 Profit Expectations



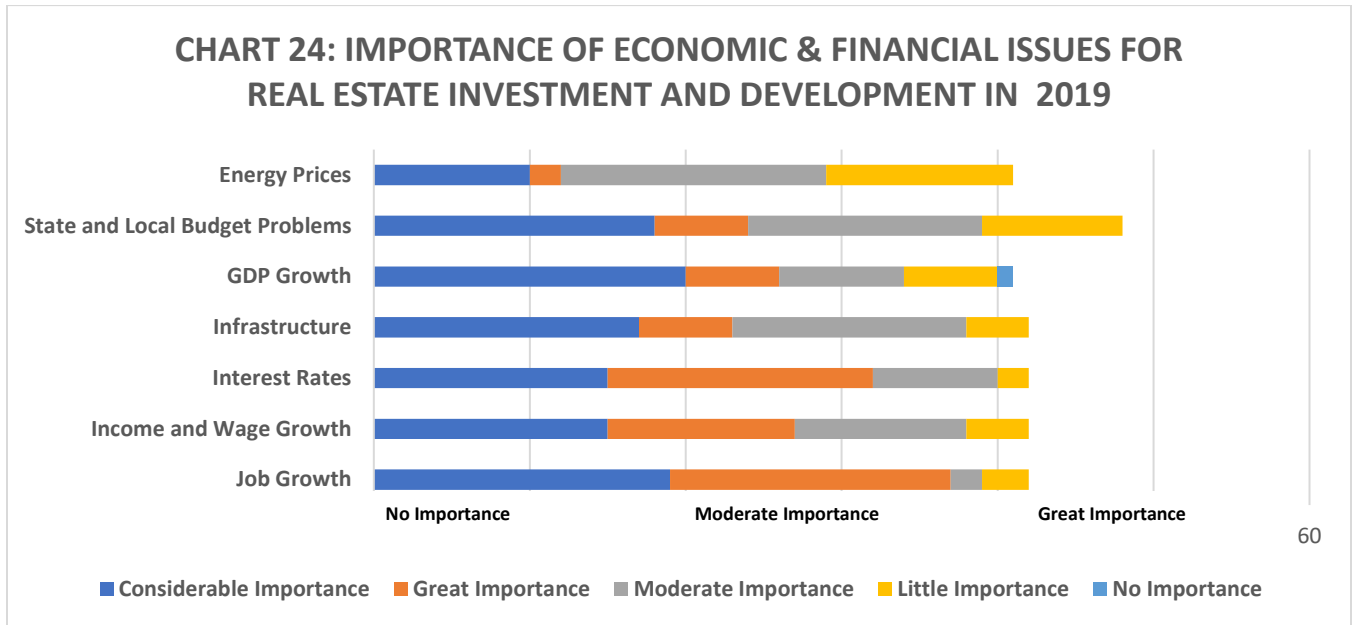
Data source: ULI Cleveland Emerging Trends 2019 Survey Responses, Archived Emerging Trends Survey Responses (2015-2019 Report)

NORTHEAST OHIO MARKET

Overview

Respondents believe that development is directly related to employment and GDP, rising and falling with those variables. State and local budget problems are a growing concern as support from the Federal Government shrinks, especially in regard to infrastructure. Low energy costs and favorable interest rates play a moderate role, though not as critical as the aforementioned factors.

Chart 18: Top Economic Issues in 2020 for Real Estate Investment



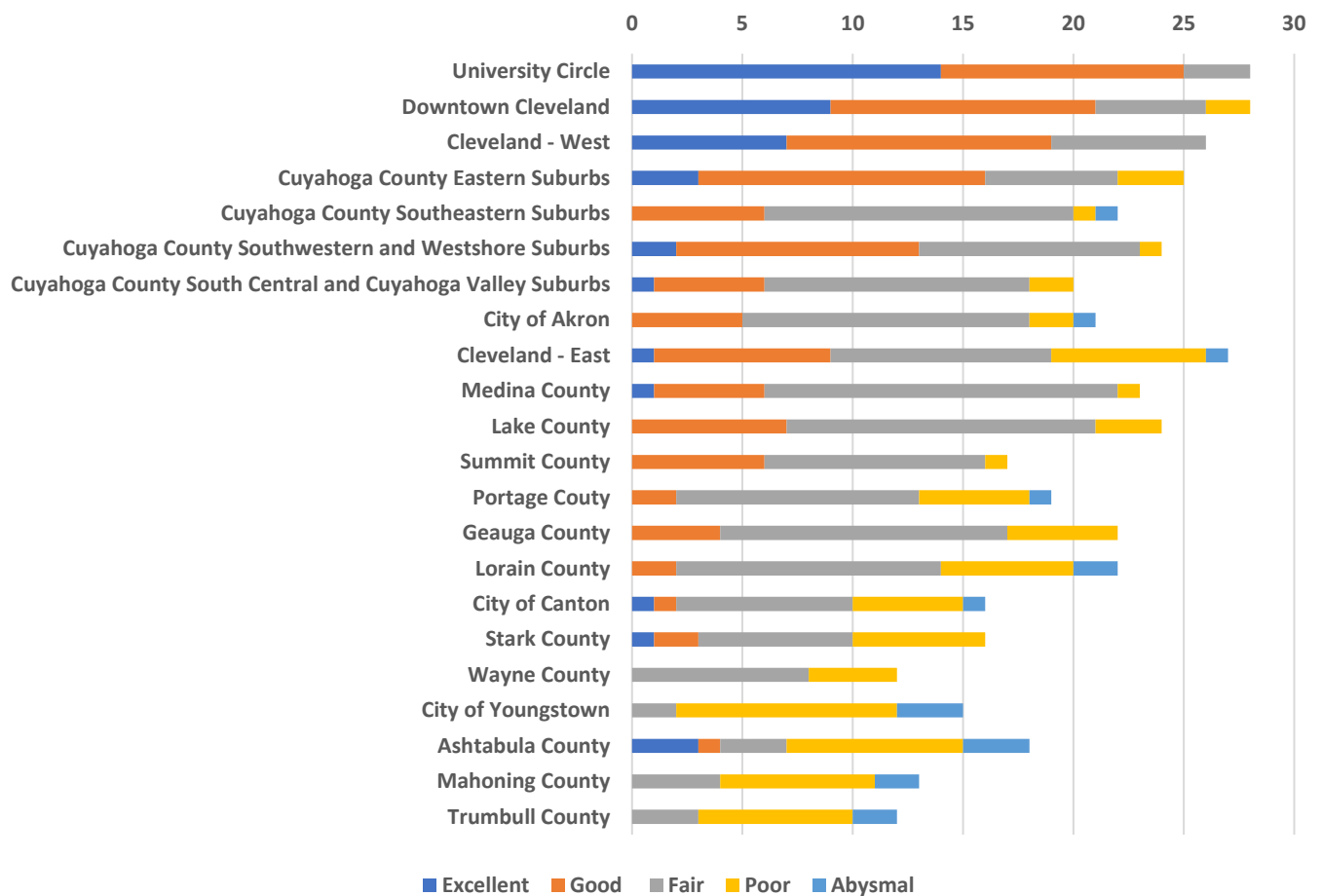
Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

NORTHEAST OHIO GEOGRAPHIC SUBMARKETS

Submarket Prospects

Respondents again identify University Circle and Downtown Cleveland as having the best real estate prospects. They expect that the western area of Cuyahoga County should join these two submarkets by year's end. In contrast, many areas experienced a noticeable dip from last year (i.e. moving from "Good" to "Fair" ratings). Prospects in Summit, Geauga, Lorain, and Lake Counties have declined, and experts expect less investment than previous years.

Chart 19: 2020 Real Estate Prospects by Submarket

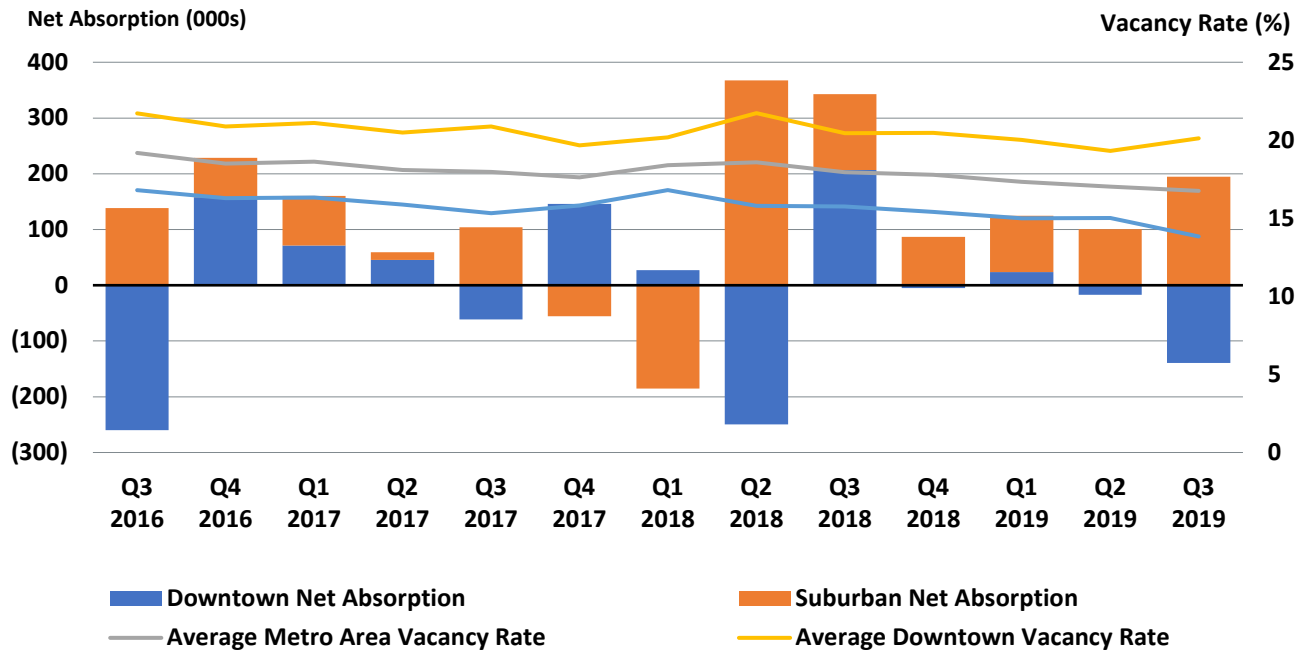


Data source: ULI Cleveland Emerging Trends 2019 Survey Responses, Archived Emerging Trends Survey Responses (2017-2019 Report)
 *no comparative data

THE OFFICE MARKET

Northeast Ohio's office market continues to perform strongly. This is especially true in the West submarket where vacancy remains low and deliveries have yet to catch up with demand. There have been some recent developments in the West submarket including Convergent East, which will add 60,000 SF at \$34 PSF. One Lakewood Place (184,000 SF RBA at \$20-24 PSF) has broken ground and is one of very few ground-up constructions projects in the west submarket in the past couple of years. Recent additions of Class-A office space in the East submarket have increased asking lease rates to \$22.25 PSF as vacancy rates continue to decline. For example, at The Offices at Pinecrest, Philips inked a full-floor deal for their healthcare IT services, demonstrating that quality product and amenities plays a role in attracting credited tenants.

CHART 20: Greater Cleveland Office Market

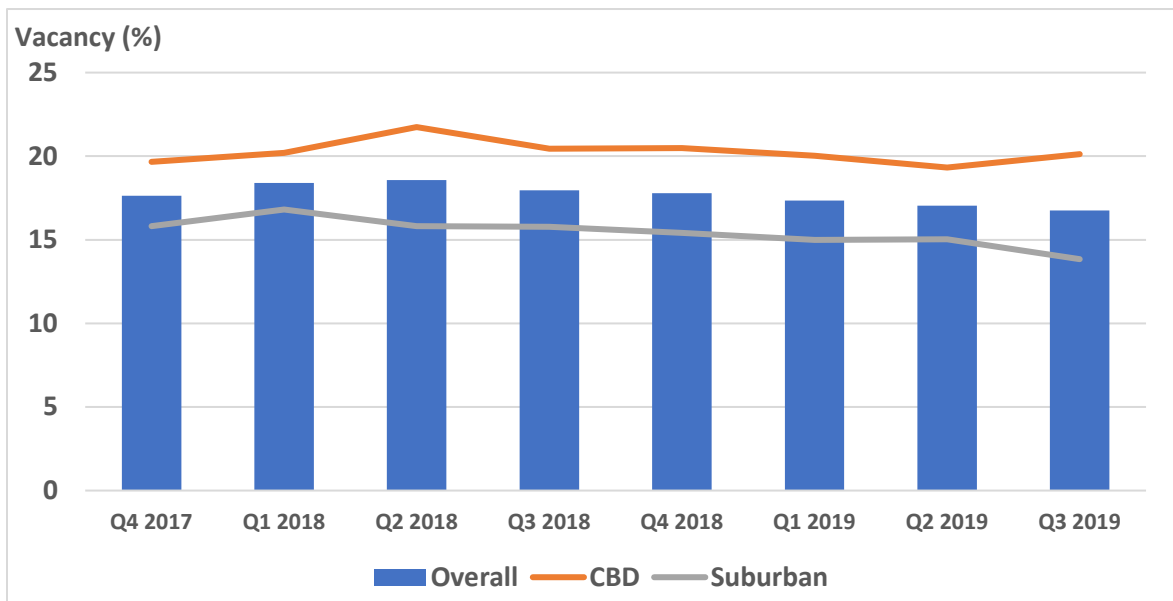


Data source: CBRE Research, Q3 2019

CBRE Trends:⁶

- Vacancy rates in the Cleveland market are around 17% and have continued to decrease for the last several quarters.
- There has been an increase in leasing activity within the central business district.
- Asking lease rates have been increasing in the downtown submarket and the Cleveland Metro has seen positive growth in the past 3 quarters.
- Net absorption in the suburban submarket has been positive for the past 7 quarters, surpassing that of the central business district.

Chart 21: Greater Cleveland Vacancy Rates



Data source: CBRE Research

CBRE notable transactions and deliveries in Q3 2019:⁷

- Progressive completed its 96,000 sq. ft. building at 747 Alpha Dr. in Highland Heights in September.
- Time Equities purchased a 163,000 sq. ft. office building in Highland Hills (acquired vacant now 67% leased).
- The SITE Centers Building at 3333 Richmond Road, Beachwood, is almost 90% leased, now that Insight2Profit signed a lease of 26,000 SF in Q3 2019.

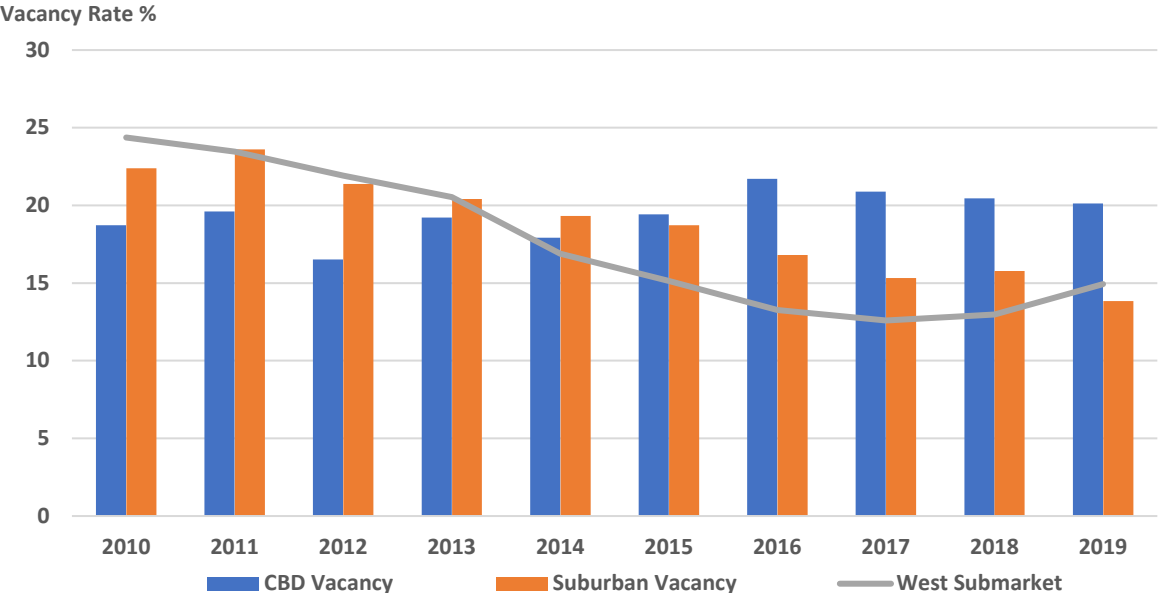
⁶ Data source: CBRE Research

⁷ Data source: CBRE Research, CoStar Office Market Report 2019

What to Watch

Since 2016, the West submarket has added nearly 860,000 square feet of office space – an inventory expansion of 10% - making it the fastest growing submarket in greater Cleveland. The Chagrin submarket was the second most active but only experienced an inventory expansion of 5%. As previously mentioned, new deliveries will bring competitive product to the West and East submarkets.

Chart 22: West Submarket Vacancy Rates vs. Overall Suburban and CBD Vacancy Rates

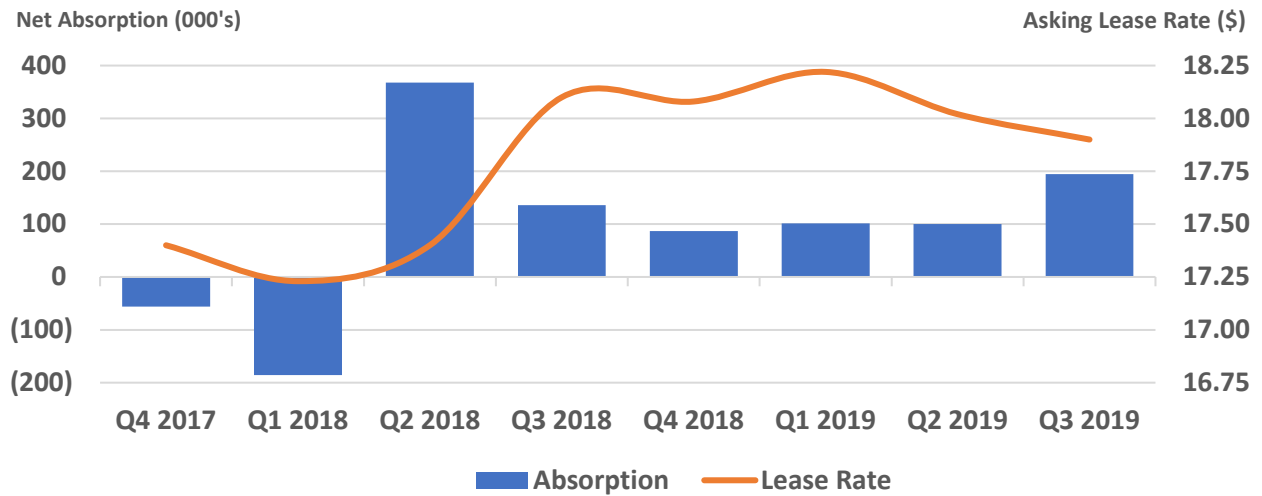


Data source: CBRE Research, Q3 2019

Suburban Office Growth

As of this report, the suburban office market is in its sixth consecutive quarter of positive net absorption. Nearly 400,000 sq. ft. of space have been absorbed this year (see Chart 23) as competitive product continues to attract tenants. Consequently, suburban vacancy rates have declined from a decade high of nearly 25% in 2010. In Q3 2019, asking lease rates decreased slightly to \$17.90, but have remain steady over the last year. This stabilization occurred after Class A product in Pinecrest and the Van Aken District caused rates to rise by nearly \$1.00 between Q2 2018 and Q3 2018.

Chart 23: Suburban Office Absorption & Lease Rates

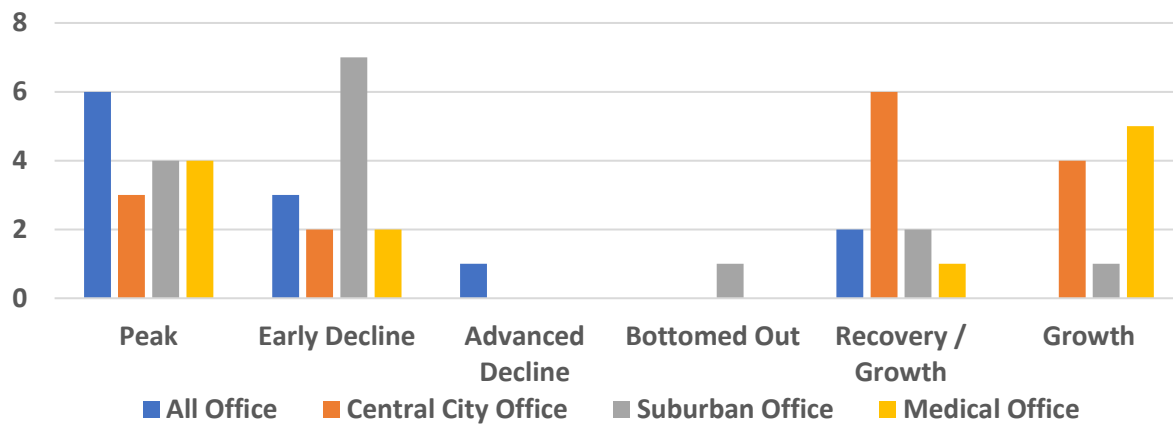


Data Source: CBRE Research, Q3 2019

SURVEY TRENDS

Asking lease rates and net absorption have outperformed historical trends. Cleveland’s office market experienced over 250,000 sq. ft. of leasing activity during Q3 2019 with new leases accounting for half of the activity while renewals/expansions accounted for 115,000 sq. ft. and 7,000 sq. ft., respectively. South and Downtown led all submarkets in total square-footage leased, though it is worth noting that most of these transactions were renewals. AML RightSource’s lease in Highland Hills boosted the Southeast submarket’s leasing activity to near 50,000 sq. ft.

Chart 24: Current Stage of the Office Market Real Estate Cycle



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

Office Recommendations

Respondents were asked to evaluate the state of Cleveland's office market at this point in the real estate cycle. Based on the roughly 30 responses, 76% of real estate professionals recommend holding on to current assets. However, 35% of respondents see positive momentum in medical office product. According to CBRE's *2019 Medical Office Trends* report, Cleveland's 410 basis point reduction in vacancy qualified as the largest year-over-year decline in the United States. Additionally, the local medical office market ranks third in terms of net absorption as a share of total inventory, beating out cities like Nashville and Columbus. To put this trend in perspective, medical office absorption between 2010 and Q2 2018 totaled 752,000 sq. ft. Between Q2 2018 and Q2 2019, there were almost 365,000 sq. ft. absorbed, over 30% of the decade's total.

THE INDUSTRIAL MARKET

OVERVIEW

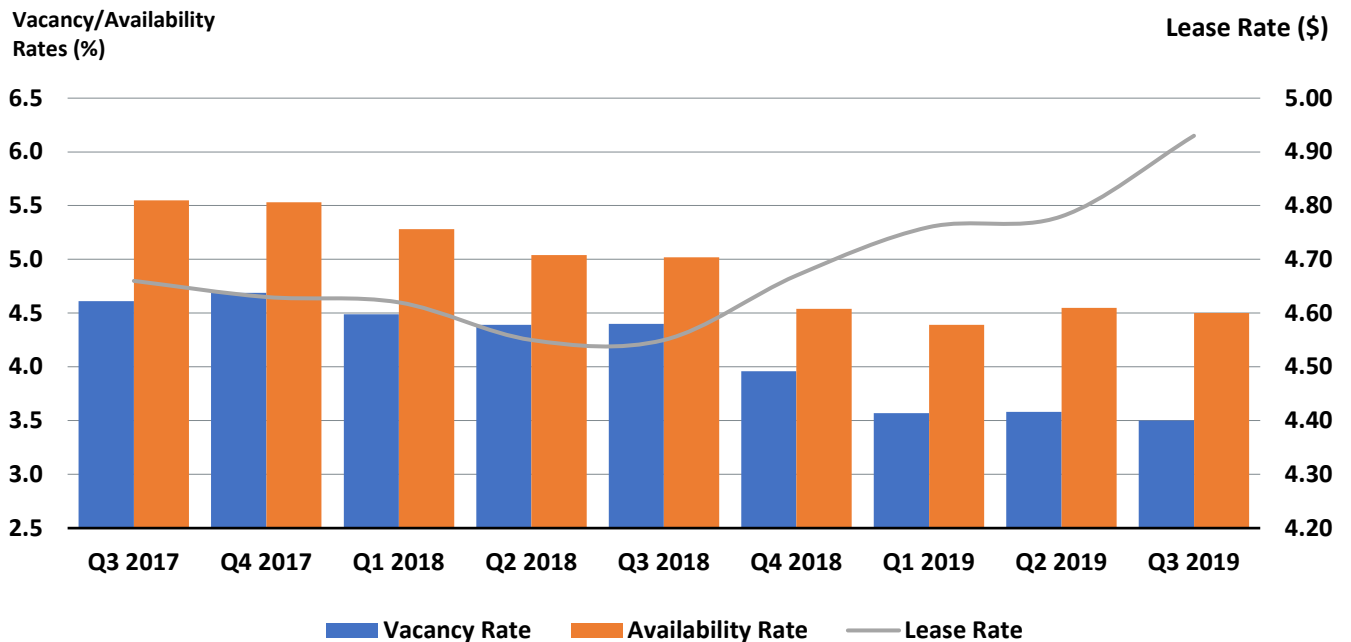
Like other Midwestern markets, Cleveland’s industrial product is experiencing historically high levels of activity. At 3.5%, vacancy rates are at the lowest point of the century. The crunch has caused average asking leases rates to climb \$0.15 quarter-over-quarter to \$4.92, marking the largest increase since Q2 2017 when it climbed \$0.19.

See Appendix B for selected industrial market statistics.

CBRE trends are as follows:⁸

- Overall, vacancy rates are stable at 3.5%.
- Lease rates have increased since Q2 2018 and have reached \$4.93 PSF.
- Availability rates in the industrial market have been decreasing since Q3 2017 and have dropped down to 4.5%.
- The market has 1.0 MSF under construction currently.

Chart 25: Greater Cleveland Industrial Market



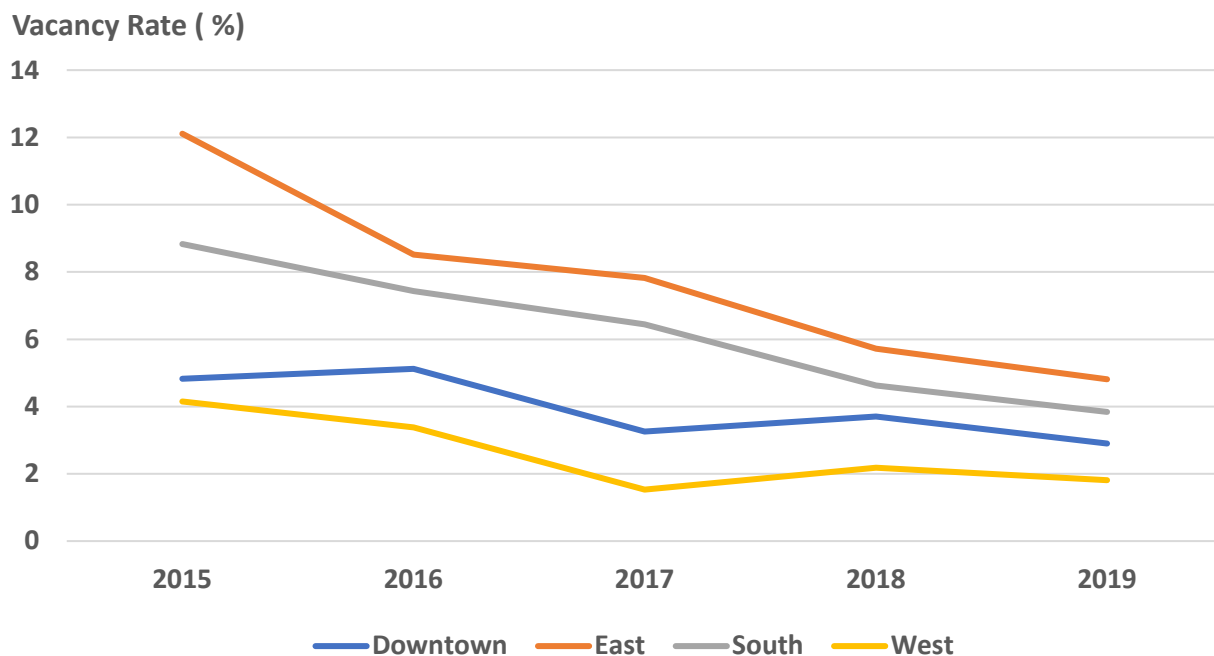
Data source: CBRE Research, Q3 2019

⁸ CBRE Research

Other notable transactions and deliveries in Q3 2019:¹⁰

- L’Oreal renewed its lease at 10345 Philipp Parkway, Streetsboro. The transaction, for nearly 650,000 sq. ft. of space, was the largest of the quarter.
- The 434,000 sq. ft. spec building at 43500 Victory Parkway in Glenwillow was delivered in September.
- In August, Atlantic Water Gardens announced its upcoming move to over 170,000 sq. ft. of warehouse space at 125 Lena Dr. in Aurora.
- Warehouse / Distribution properties accounted for over 330,000 sq. ft. of positive net absorption, the most of any property type.
- Four of the six buildings under construction in the Cleveland market are Warehouse / Distribution and total over 800,000 sq. ft.

Chart 26: Industrial Vacancy Rates



Data source: CBRE Research, Q3 2019

What to Watch

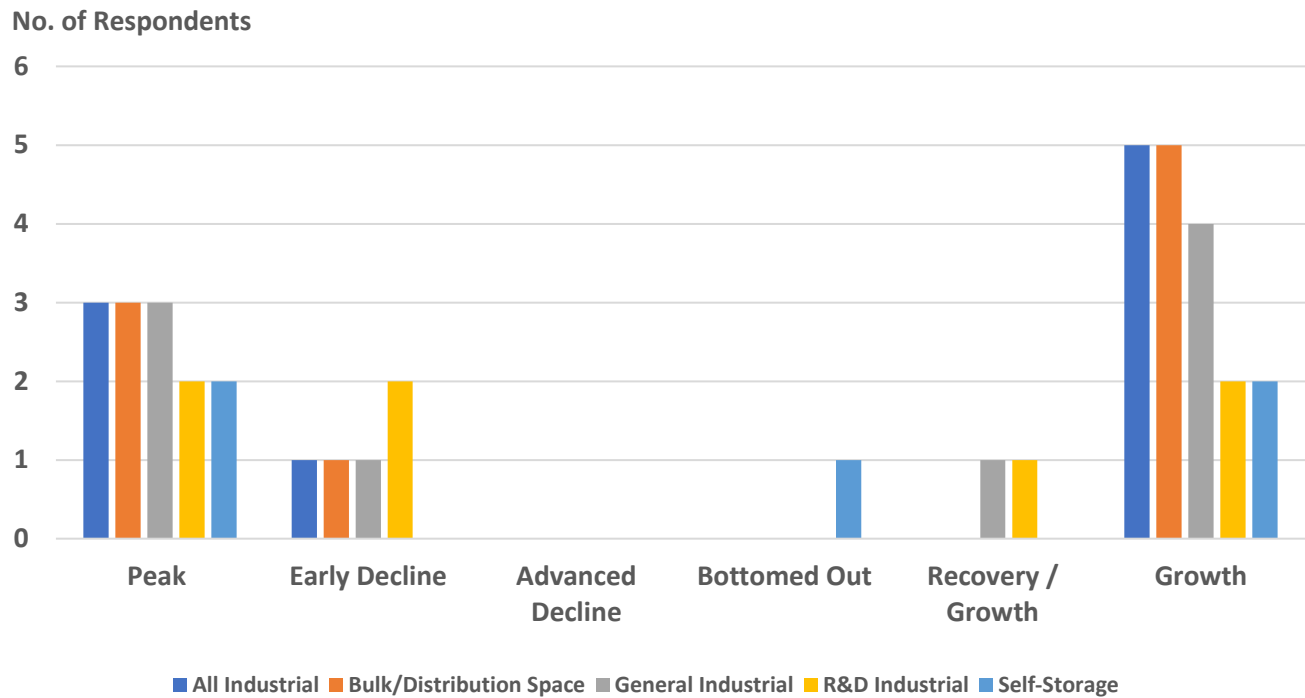
Warehouse Construction: 2019 was an active year in Northeast Ohio’s industrial market. As of Q3 2019, 50% of year-to-date net absorption occurred in the Warehouse/Distribution sector, which explains why 80% of current construction is in that property type. After 470,000 sq. ft. were added to the Northeast Ohio industrial market, there remain just under a million square feet under construction. Development in the Southeast submarket, the region’s most active, continues to lead all submarkets, despite the completion of the 434,000 sq. ft. spec building at 43500 Victory Pkwy in Glenwillow.

¹⁰ CBRE Research, CoStar Industrial Market 2018

SURVEY TRENDS

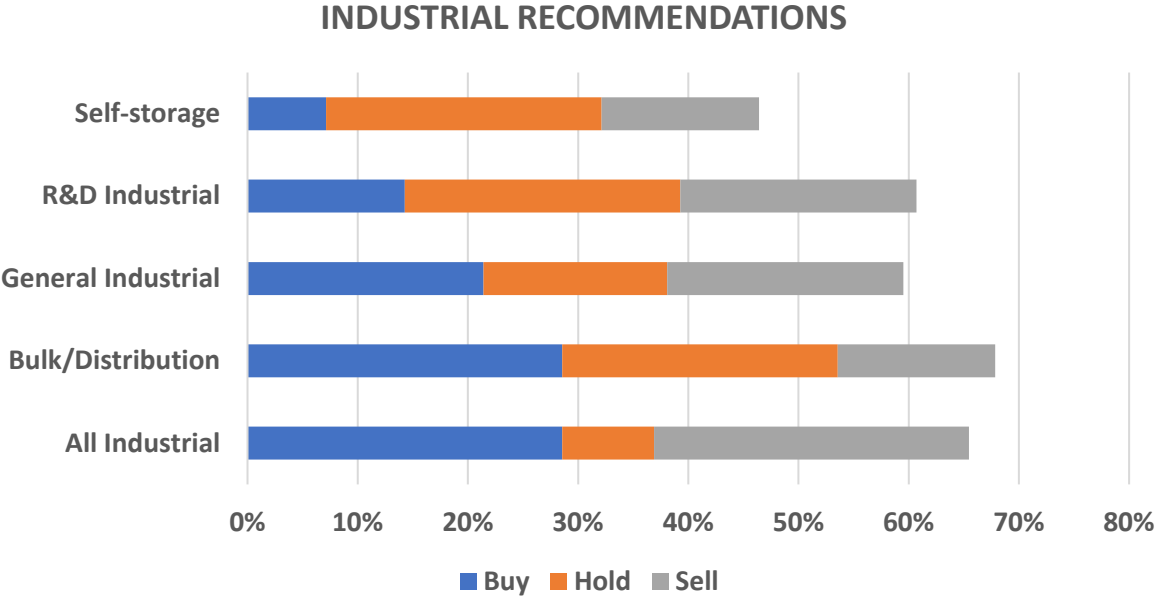
Generally, respondents are positive about the state of Cleveland’s industrial market, noting that it is in a ‘Growth’ stage. Most property subtypes have peaked while perceptions of Self-Storage are evenly divided between ‘Peak,’ ‘Early Decline,’ and ‘Growth.’ Bulk/distribution space is neck and neck with all industrial in terms of respondents’ expectations for its continued growth. Respondents made an even split between peak and growth for R&D industrial space.

Chart 27: Current Stage of the Office Market Real Estate Cycle



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

Chart 28: Industrial Recommendations



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

Industrial Recommendations

Respondents were asked to recommend their conclusions of ‘Buy’, ‘Sell’, or ‘Hold’. Based on the range of 12-14 responses, roughly 45% of investment recommendations for Warehouse/Distribution industrial in 2019 are to buy. However, respondents are evenly split between buying or selling of all industrial. Respondents suggest holding General Industrial and R&D space.

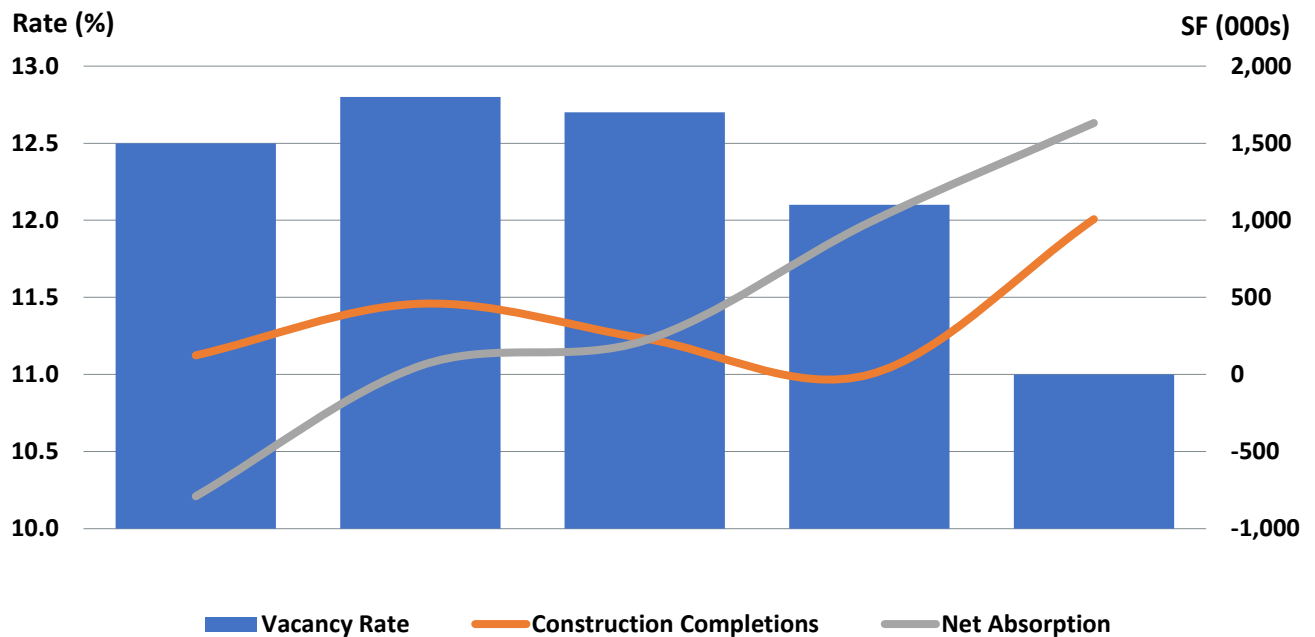
THE RETAIL MARKET

OVERVIEW

The first half of 2019 saw a strong performance by Northeast Ohio’s retail sector. Income gains and low unemployment continue to lift consumer confidence and promote higher economic activity. Years of population loss and overbuilding have taken their toll on lower quality, less desirable retail but carefully curated centers such as Crocker Park, Pinecrest, and the Van Aken District demonstrate that the sector is thriving if projects are completed with meticulous detail. Downtown Cleveland’s population growth has helped support a growing retail presence. The notable addition of Shake Shack on Euclid Avenue and the presence of regionally respected players shows that retail does indeed follow rooftops. Additionally, as Cleveland prepares for the 2021 NFL Draft, 2022 NBA All-Star Game, and the 2024 Women’s Final Four, the successes of the 2019 MLB All-Star game demonstrate how to actively support Downtown retail and hospitality sectors.

As noted in CBRE’s *Trading Places: Retail Properties Converted to Industrial Use MarketFlash*, Cleveland has seen 2.5 million sq. ft. of retail space converted into 3 million sq. ft. of industrial. In 2019, Amazon fulfillment centers replaced both North Randall and Euclid Malls. With proximity to existing transit routes and freeways, the properties have provided much needed accessible jobs.

Chart 29: Retail Market Overview



Data source: CBRE Research, H1 2019

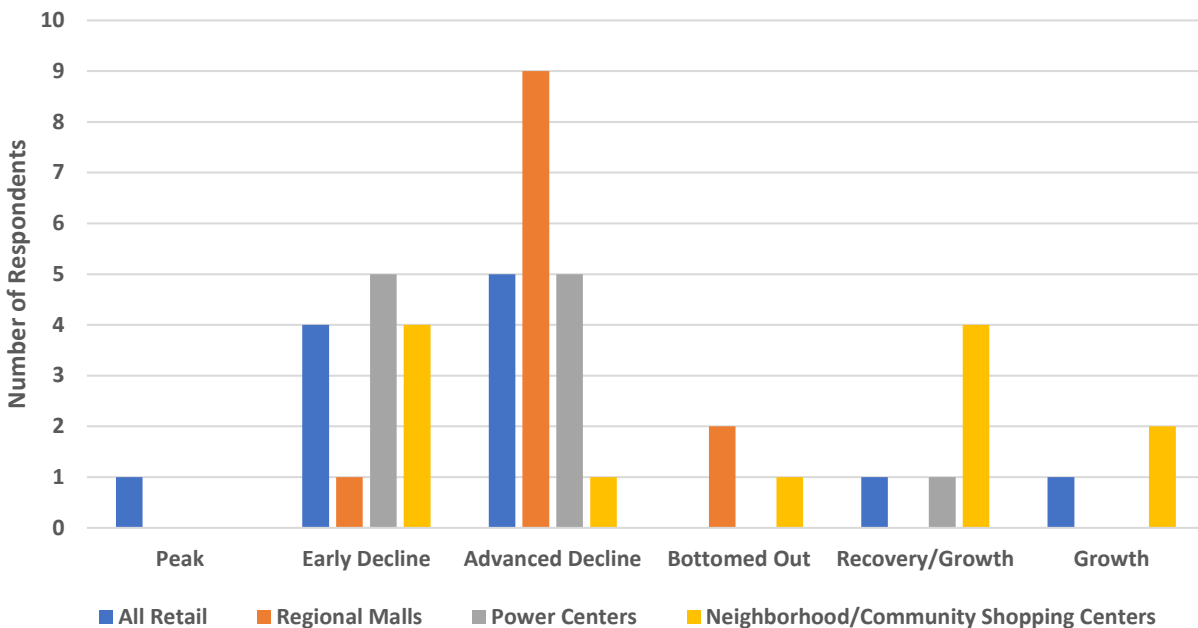
What to Watch

Transaction Trends: The Northeast Ohio Retail Market’s vacancy rate dropped over 100 bps during H1 2019. This is in part due to a decreased number of planned developments, which has tightened the market. Power Centers—defined as a collection of category-dominant anchors with a few small tenants—have the lowest vacancy rate (13%). In Q3 2019, net absorption for retail was positive at 12,000 square feet according to CBRE Research.

SURVEY DATA TRENDS

Despite positive numbers from CBRE, survey respondents consider retail to be in ‘Advanced Decline’ with most having little faith in Regional Malls. Opposite of this outlook are Neighborhood/Community Shopping Centers, which was noted as transitioning from Recovery to Growth. Meanwhile, regional malls have been attributed to early decline, advanced decline, and bottoming out.

Chart 30: Current Stage of the Retail Real Estate Market Cycle



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

Retail Recommendations

74% of investment recommendations for general retail in 2019 are to ‘Hold.’ However, 80% of respondents say to ‘Sell’ regional mall space, while other respondents are evenly split between holding and selling power centers.

THE MULTI-FAMILY MARKET

OVERVIEW

Northeast Ohio's Multi-Family market continues to absorb units, reducing vacancy that increased significantly during the Great Recession. Perhaps the most visible comeback story is Downtown Cleveland, which expects to have 20,000 residents by the end of the year. Construction is booming and deliveries will remain strong, but will most likely take slightly longer to absorb than years past. Investors see opportunity in the fact that only 2% of Downtown employees currently live in the submarket. Employers like Progressive continue to weigh a presence in the Central Business District in order to attract talent. Recent trends indicate that young talent prefers to live in dense, urban areas near work, demonstrated by the fact that nearly 40% of Downtown Cleveland residents commute by foot.

The adaptive reuse of historic properties has also helped fuel Downtown Cleveland's recent growth. Buildings along Euclid Avenue and Public Square are being given new life as apartment units. Renovation of the May Company building by Bedrock-Detroit will add over 300 units to the market, at a cost around \$140 million. Lower vacancy rates have supported new construction projects, like the Beacon and the Lumen, both on the popular Euclid Avenue corridor. Consequently, effective rents have grown by more than 3% last year, which is the most promising performance in the series of data posted since 2000.

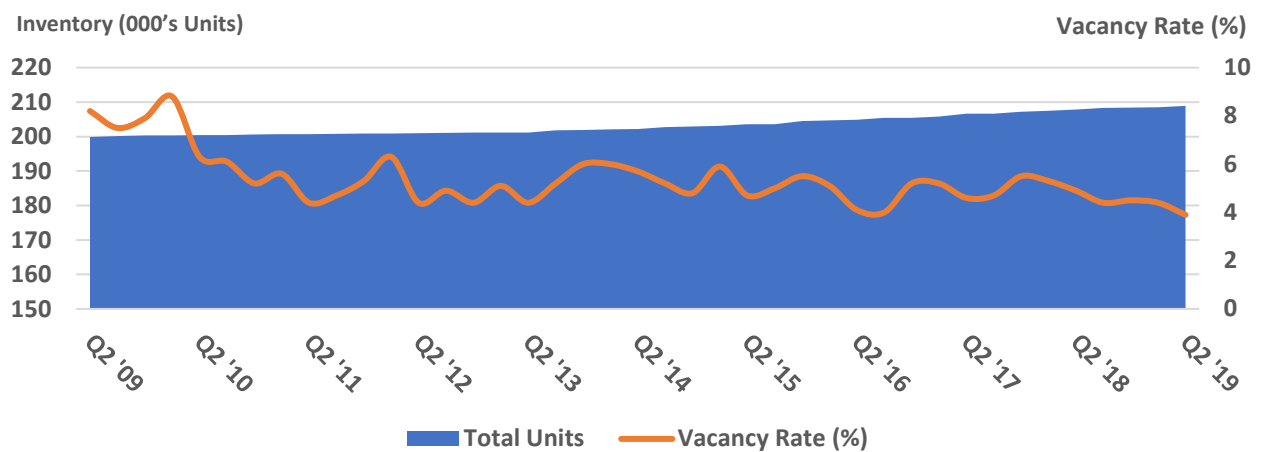
Area	Inventory	YTD Completions	YTD Net Absorption	Vacancy Rate	Rent	Rent per Sq. Ft.	Revenue per Unit
Akron, OH	43,307	179	291	3.4%	\$888	\$0.99	\$858
East Cleveland/Cleveland Heights	32,671	114	451	6.9%	\$984	\$1.27	\$917
Lakewood/Linndale/Brooklyn	22,143	0	145	3.3%	\$877	\$1.21	\$848
Euclid/West Lake County	19,913	0	155	4.5%	\$834	\$1.07	\$796
Lorain County	12,588	0	184	3.3%	\$905	\$0.94	\$876
Bedford/Garfield Heights/Bedford Heights	11,155	0	68	6.1%	\$772	\$0.92	\$725
Parma/Independence	9,605	0	73	3.7%	\$829	\$1.00	\$798
Downtown/The Flats/Warehouse District	9,273	229	333	5.8%	\$1,396	\$1.56	\$1,315
Strongsville/Berea/Brook Park	7,559	0	-15	3.8%	\$878	\$1.00	\$845
Lyndhurst/Mayfield/Richmond Heights	7,539	0	156	2.7%	\$875	\$1.07	\$851
Beachwood	6,613	0	-129	7.9%	\$1,463	\$1.46	\$1,348
Medina County	6,282	0	29	2.1%	\$898	\$0.94	\$878
Bay Village/Westlake/Rocky River	6,159	0	45	3.3%	\$1,161	\$1.15	\$1,123
Lake County/Other	5,011	0	16	2.2%	\$913	\$0.97	\$892
N. Olmstead/Fairveiw Park	4,989	0	42	2.5%	\$865	\$1.02	\$844
North Royalton/Brecksville	4,090	0	41	1.6%	\$905	\$0.95	\$891

Source: CBRE Econometric Advisors, Q2 2019

Overall regional trends are as follows¹¹:

- Lowest vacancy rates were recorded in North Royalton/Brecksville (1.6%), Medina County (2.1%), and in Lake County (2.2%).
- In contrast, the highest rates were in Beachwood (7.9%), East Cleveland/Cleveland Heights (6.9%), and Bedford/Garfield Heights/Bedford Heights (6.1%).
- The highest rents per square foot were recorded in Downtown/The Flats/Warehouse District (\$1.56), Beachwood (\$1.46), and East Cleveland/Cleveland Heights (\$1.27).
- Vacancy rates have dropped steadily from 8.2% to 3.9% in a ten-year window while asking rates have steadily risen in the same time period from \$735 to \$917.

Chart 31: Cleveland Multifamily Market Overview



Data source: CBRE Econometric Advisors, Q2 2019

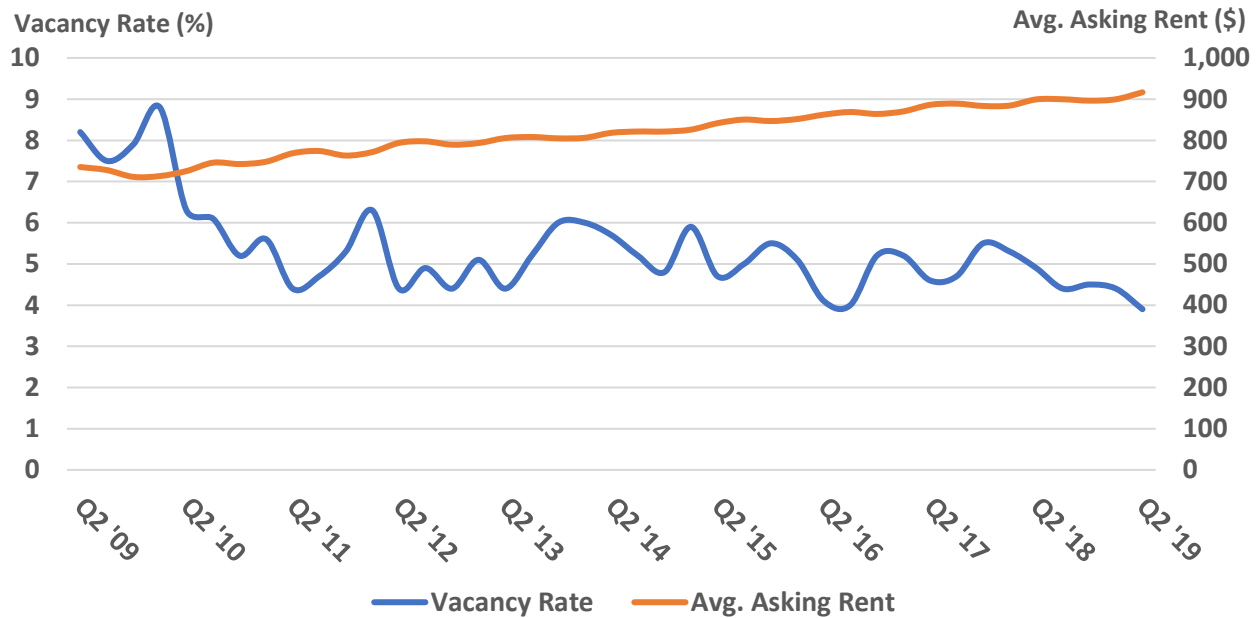
Notable transactions and deliveries in 2019

- Recent developments are catering to more luxury, high-end deliveries like the 4-star, high-rise, 187-unit Beacon project in Downtown Cleveland.
- Meeting demand for market rate apartments with over 1,200 apartments under construction along Historic Euclid Avenue.
- There are 14 properties under construction totaling 1,235 units in the Cleveland CBD Market. Recent deliveries include:
 - The Athlon at CAC – 161 units
 - Terminal Tower Residences – 297 units
 - The Avenue Townhomes – 16 units¹²

¹¹ CoStar Multi-Family 2018

¹² Downtown Cleveland Alliance

Chart 32: Cleveland Multifamily Average Asking Rent and Vacancy Trends



Data source: CBRE Econometric Advisors, Q2 2019

What to Watch

CBD Growth and Out Migration: While Downtown’s growth is impressive, continued out-migration from the City of Cleveland will favor Multi-Family in the suburbs. Additionally, in markets like Northeast Ohio, owning a home can be more cost effective than renting, especially in regard to recent completions in the Central Business District. The competitive mortgage rates make home ownership more enticing to some and compete with the urban living discussed in this section.

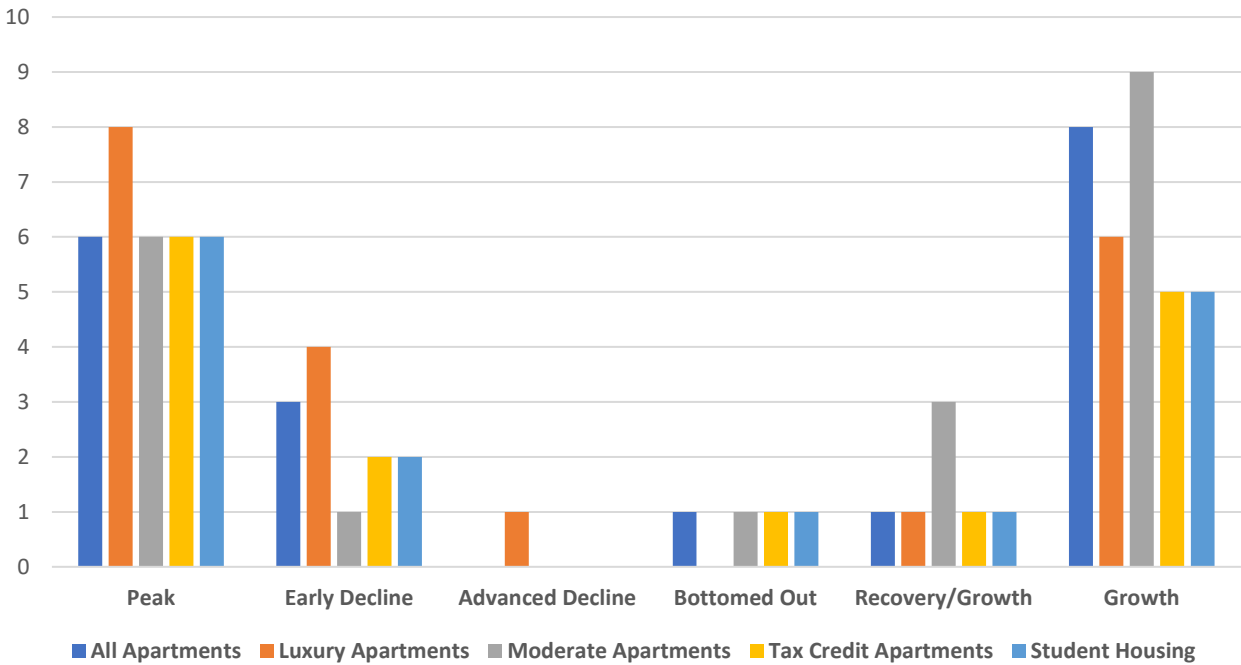
SURVEY TRENDS DATA

Respondents have mixed opinions on the status of the region’s Multi-Family market, most of which are split between the ‘Growth’ and ‘Peak’ stages. When asked specifically about Luxury Apartments, many believe the product type is leaning heavily towards ‘Peak.’ Moderate housing is considered to be squarely in the ‘Growth’ stage.

Multi-Family Recommendations

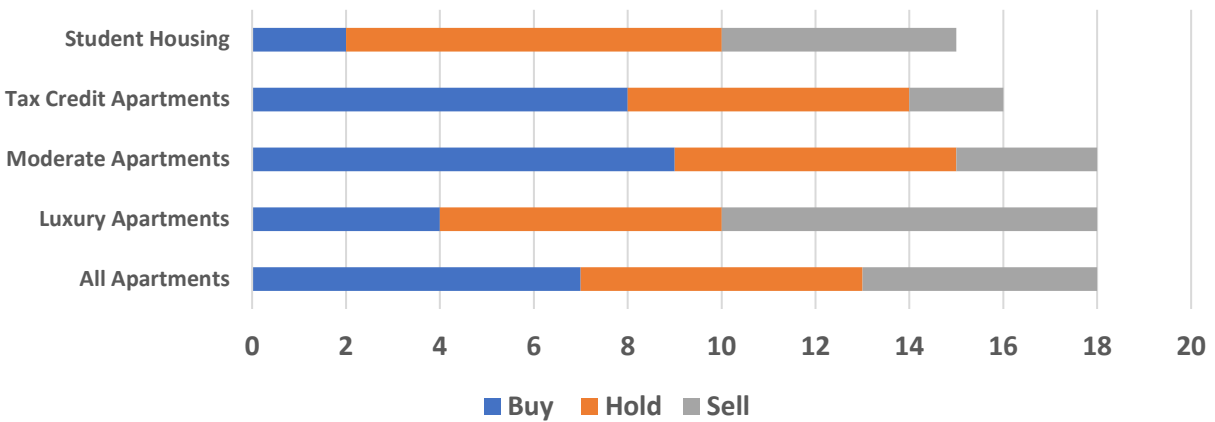
A quarter of investment recommendations for General Multi-Family in 2019 are to ‘Hold.’ However, a majority of respondents would ‘Buy’ moderate and tax credit apartments, while it is recommended to ‘Hold’ or ‘Sell’ luxury apartments.

Chart 33: Current Stage of the Multi-Family Real Estate Market Cycle



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

CHART 34: Multi-Family Recommendations



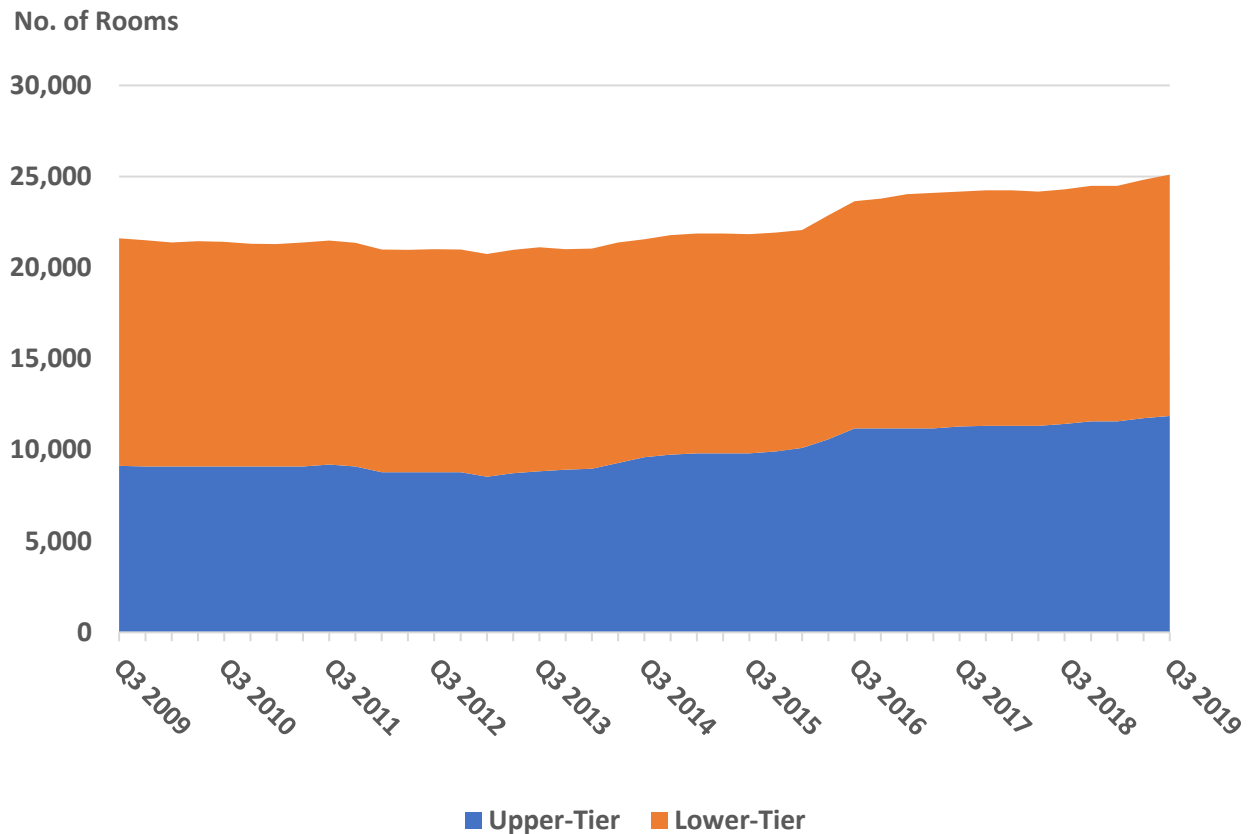
Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

THE HOTEL MARKET

OVERVIEW

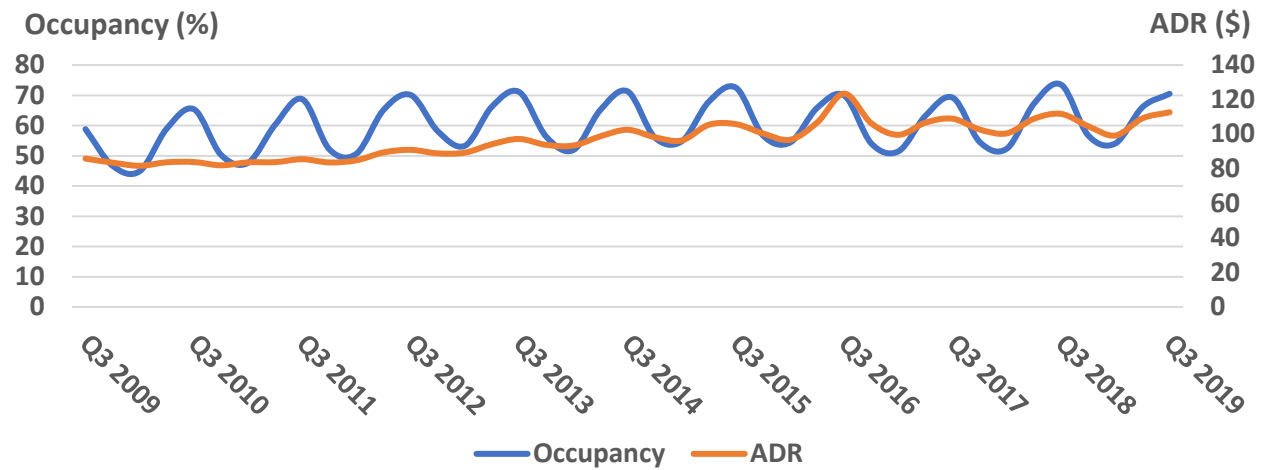
Beginning with the 2016 Republican National Convention, Cleveland’s hospitality market has performed well in relation to past trends. Between 2009 and 2019, over 3,200 rooms were added to the region and demand has steadily increased during the same stretch. Most of deliveries are in CBRE’s “Upper-Tier” category and are primarily responsible for a jump in average daily rates (ADR).

CHART 35: Greater Cleveland Hotel Inventory



Source: CBRE Econometric Advisors, Q3 2019

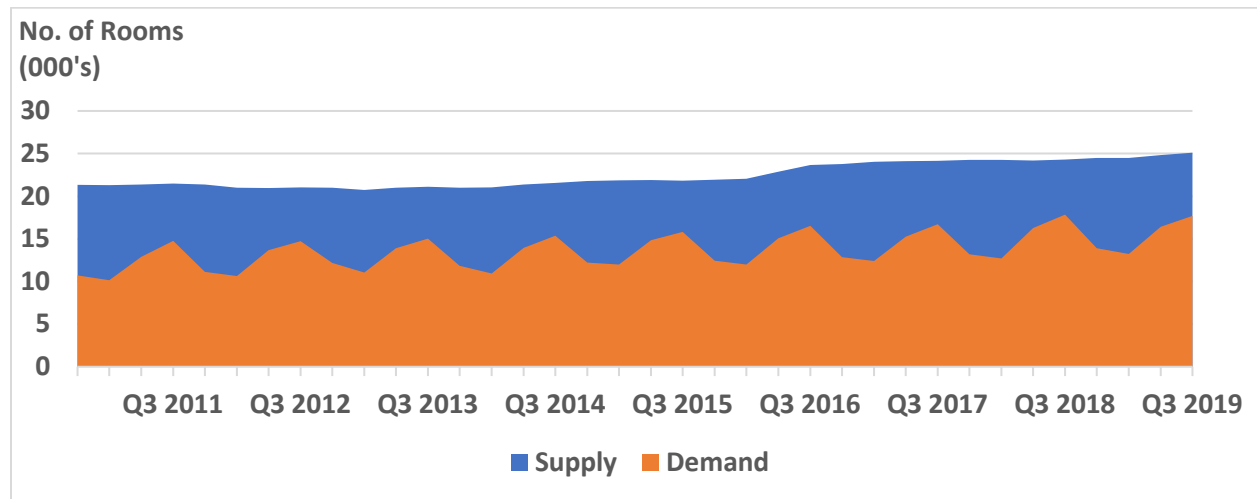
Chart 36: Occupancy vs. ADR



Source: CBRE Econometric Advisors, Q3 2019

Demand peaked in the summer of 2018, but was still up nearly 20% from 10-years ago as of Summer 2019. Events like the 2019 MLB All-Star Game, 2021 NFL Draft, 2022 NBA All-Star Game, and the 2024 NCAA Women’s Final Four will keep Cleveland in the national spotlight. As with the 2016 Republican National Convention, hotels can expect increased demand and perhaps significant bumps in other important metrics.

Chart 37: Hotel Supply and Demand



Source: CBRE Econometric Advisors, Q3 2019

Similar to the Multi-Family sector, redevelopment of historic buildings has made a notable impact on the Downtown Cleveland hotel market. Properties like the Drury Plaza and the Kimpton Schofield hope to draw guests based on unique hospitality experiences provided by their architecture and histories.

Trends are as follows for downtown Cleveland:¹³

- Occupancy rates in Downtown Cleveland (78.8%) have exceeded national rates (71.4%).
- Hotel performance has experienced growth, with \$168.83 average daily rate in 2019 in comparison to \$162.03 in 2018.
- Revenue per available room has also increased from \$127.01 in Q3 2018 to \$133.01 in Q3 2019.
- RevPAR ratings in Downtown Cleveland also are above national ratings, from \$92.20 nationally to \$133.01 here in Cleveland.

Additional trends:¹⁴

- \$9.4 billion in total economic impact, a growth of 6.5% over 2017.
- In 2018, Cuyahoga County's travel and tourism industry attracted 19.2 million visitors to the area.
- Total room nights booked in Cleveland grew a substantial 18% from 2017 to 2018, from 252,000 to 298,000.

SURVEY TRENDS DATA

Data from the ULI Cleveland survey for the hotel/hospitality sector were too low to provide sufficient analysis or detail. Data in this report are based on local research and information from external sources including groups such as Destination Cleveland and the Downtown Cleveland Alliance.

¹³ Downtown Cleveland Alliance, Q2 2018

¹⁴ Destination Cleveland

CONCLUSION

This report was completed as a collaboration of ULI Cleveland, CBRE, and Cleveland State University. It is intended to provide an overview of real estate trends in Northeast Ohio at a very broad level. It is not intended to be an exhaustive analysis of factors affecting investment, development, and real estate decision making, and should not be used as a primary source of information by those engaged in these activities. Data was gathered from a variety of sources, as noted, with a range of margins of error and dates of collection. In addition, data in some sectors was more limited than others, or had to be obtained from different sources.

It is hoped that this report will be a service to ULI members in Northeast Ohio and stimulate discussion among the membership about the real estate business and aspects of mutual interest. For detailed information and up to date projections, readers should consult their advisors.

APPENDIX

APPENDIX A - SURVEY METHODOLOGY AND RESPONDENT CHARACTERISTICS

METHODOLOGY

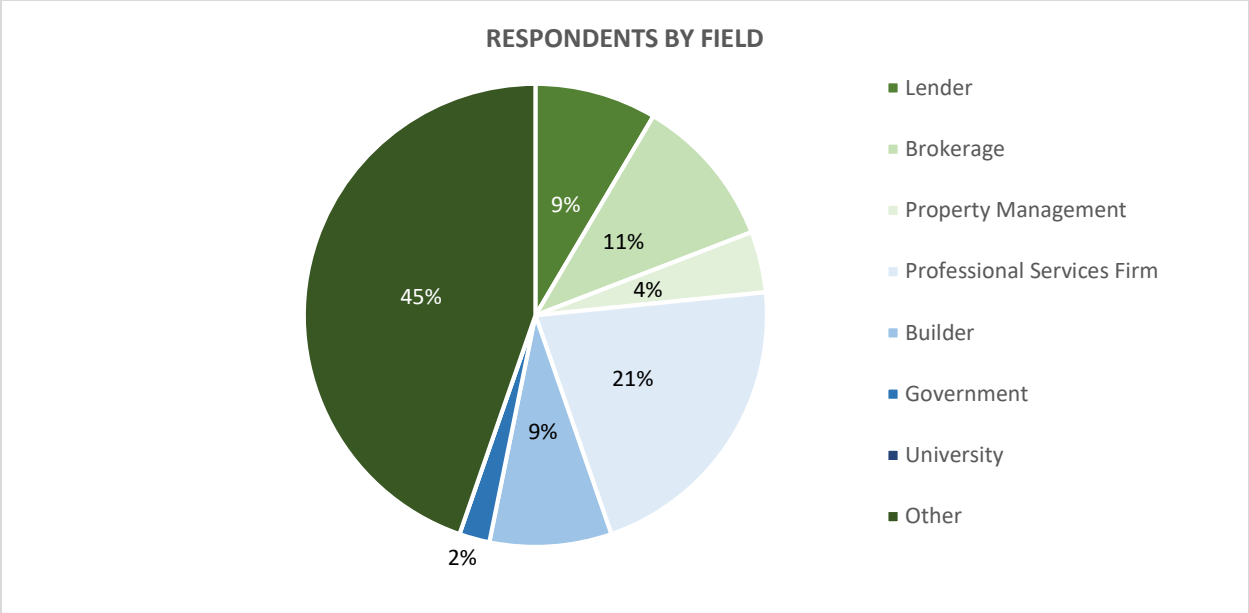
In September 2019 ULI Cleveland distributed a link to an online survey to its e-mail contact list, approximately 1300 e-mail addresses with 94% delivery. The survey was available online between August 7, 2019 and October 5, 2019. A total of 86 respondents participated in the online survey. Survey respondents answered questions related to their professions and, therefore, different sectors have a different number of responses. Not all respondents answered every question in their chosen sectors. Most questions before the property sector component of this report (apartment, retail, office, and industrial) have a sufficient sample size to be instructive (typically 17-27 responses). Each of the sector responses presented an average 20 responses, partially because housing respondents did not answer retail questions and vice versa. This is at the lower end of the range of acceptable samples and these results should be viewed with caution. When the number of responses falls below ten, the results should only be considered as anecdotal evidence of trends as determined by respondents.

The survey was sent out and answered during the Fall of 2018, but the forecasting questions refer to the respondents' expectations for the 2019 real estate market.

See Appendix C for questions asked in the survey. The questions were asked in varying formats. To provide a better comparison, the CSU Levin College Research Team converted selected answers to standardized results on a 1-5 Likert Scale. For example: 'abysmal' prospects are assigned a score of 1, 'poor' prospects are assigned a score of 2, 'fair scores' are assigned a score of 3, 'good' prospects are assigned a score of 4, and 'excellent' prospects are assigned a score of 5. The same scale is used for comparison of prospects: running from much worse (scoring a 1) to much better (scoring a 5).

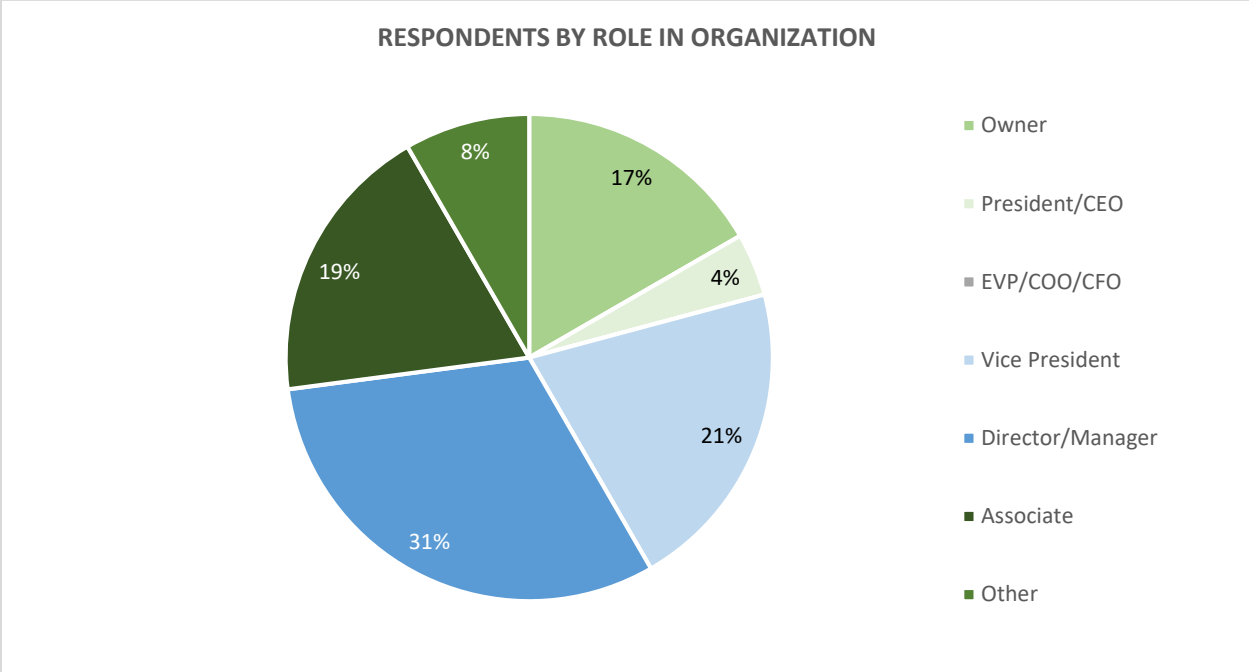
SURVEY RESPONDENT CHARACTERISTICS

There was a broad diversity of professionals enlisted to participate in the survey. The most notable fields represented were other (45%) and professional services (21%). Brokers, builders, and lenders made up roughly 30% of respondents.



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

The respondents hold a variety of positions within their fields. A little below a third of respondents were Director/Manager (31%), with Vice President (19%) trailing close behind. Others were Owner (17%) and Associates (19%) within their firms.



Data source: ULI Cleveland Emerging Trends 2019 Survey Responses

APPENDIX B –SELECTED SECTOR STATISTICS

CHART B2 OFFICE PROPERTIES UNDER CONSTRUCTION, CLEVELAND MARKET, DECEMBER 2019

Property Address	Property Name	Star Rating	RBA	Market Name	Submarket Name	Leasing Company Name
30005 Clemens Rd	Convergent East	4	60,000	Cleveland	West	JLL
Cooper Foster St	Cooper Foster & N Main St	3	12,500	Cleveland	Lorain County	Nova Development LLC
14519 Detroit Ave	Offices at One Lakewood Place	4	184,000	Cleveland	West	CBRE
925 Euclid Ave		5	455,360	Cleveland	CBD	CBRE
976 Pearl Rd		4	27,929	Cleveland	Medina County	Cushman & Wakefield CRESCO Real Estate
Sandstone Blvd	Millstone Office Centre	3	20,000	Cleveland	Lorain County	Ray Fogg Corporate Properties, LLC

Data Source: CoStar

CHART B3 OFFICE PROPERTIES UNDER CONSTRUCTION, AKRON MARKET, DECEMBER 2018

Property Address	Star Rating	RBA	Market Name	Submarket Name	Leasing Company Name
544 White Pond Dr	4	45000	Cleveland	Akron	NAI Pleasant Valley

CHART B4: NORTHEAST OHIO INDUSTRIAL MARKET STATISTICS, Q3 2019

Submarket/ Size	Net Rentable Area Sq. Ft.	Vacancy Rate (%)	Availability Rate (%)	Q3 2019 Net Absorption Sq. Ft.	YTD Net Absorption Sq. Ft.	Asking Rate (\$/SF)	Under Construction Sq. Ft.
Downtown	44,398,494	2.9	3.2	(6,426)	65,767	4.25	-
East	6,842,338	4.8	6.2	(143)	(11,272)	7.21	-
Geauga West	2,258,734	3.8	4.9	14,387	3,352	5.30	-
Lake County West	26,937,402	2.2	2.8	49,526	140,950	6.18	-
Northeast	26,732,944	4.4	4.9	0	1,052,374	2.53	205,576
South	33,762,916	3.8	4.7	115,718	177,626	5.29	-
Southeast	68,831,542	4.1	5.0	209,577	319,508	6.51	404,000
Southwest	43,721,071	4.3	6.4	166,296	720,174	3.99	100,000
West	32,772,989	1.8	2.7	76,189	72,015	4.03	272,277
Total Market	286,233,430	3.5	4.5	625,124	2,540,494	4.93	981,853

Data source: CBRE Research

CHART B5 SELECT INDUSTRIAL PROPERTIES PLANNED AND UNDER CONSTRUCTION, Q3 2019

Property Name	Building SF	Dev Type	Status	Address	County
10069 Wellman Rd	200,000	Whse/Distribution	Planned	10069 Wellman Rd, Streetsboro OH 44241	Portage
1200 SChillicothe Rd	409,495	Whse/Distribution	Under Construction	1200 SChillicothe Rd, Aurora OH 44202	Portage
14720 Foltz Industrial Pkwy 2	179,296	Whse/Distribution	Under Construction	14720 Foltz Industrial Pkwy, Strongsville OH 44149	Cuyahoga
42500 Victory Pkwy	80,000	Whse/Distribution	Under Construction	42500 Victory Parkway, Glenwillow OH 44139	Cuyahoga
43500 Victory Pkwy	434,000	Whse/Distribution	Under Construction	43500 Victory Parkway, Glenwillow OH 44139	Cuyahoga
5141 Richmond Rd	40,000	R&D/Flex	Planned	5141 Richmond Rd, Bedford Heights OH 44122	Cuyahoga
6801 Cochran Rd	166,400	Whse/Distribution	Planned	6801 Cochran Rd, Solon OH 44139	Cuyahoga
9190 Ravenna Road	64,200	Whse/Distribution	Planned	9190 Ravenna Rd, Twinsburg OH 44087	Summit
Amazon Euclid Square	660,000	Whse/Distribution	Under Construction	1155 Babbitt Rd, Euclid OH 44132	Cuyahoga
Brighton Best International	212,000	Whse/Distribution	Completed	Commerce Pkwy, Strongsville OH 44149	Cuyahoga
Cornerstone 3	300,000	Whse/Distribution	Planned	Aurora Rd, Twinsburg OH 44087	Summit
Cornerstone Spec Building 2	299,000	Whse/Distribution	Under Construction	99 Cornerstone Pkwy, Twinsburg OH 44087	Summit
De Nora Tech	110,000	Manufacturing	Under Construction	6300 Tin Man Rd, Mentor OH 44060	Lake
Heiland Electronics	181,000	Manufacturing	Under Construction	6240 Tin Man Rd, Mentor OH 44060	Lake
Interdesign, Inc	200,000	Manufacturing	Completed	30320 Emerald Valley Pkwy, Glenwillow OH 44139	Cuyahoga
Interstate East 3	21,240	R&D/Flex	Planned	26851 Miles Rd, Warrensville Hts OH 44128	Cuyahoga
Lombardo Business Pk	110,000	Whse/Distribution	Planned	5600 Cloverleaf Pkwy, Valley View OH 44125	Cuyahoga
Nexen Tire	18,000	R&D/Flex	Under Construction	4014 Route 176, Richfield OH 44286	Summit
O'Reilly Auto Parts	404,000	Whse/Distribution	Under Construction	Chamberlin Rd, Twinsburg OH 44087	Summit
Trelleborg	156,250	Manufacturing	Under Construction	285 Lena Dr, Aurora OH 44202	Portage
Twinsburg Distribution Center	205,000	R&D/Flex	Planned	Dutton Dr, Twinsburg OH 44087	Summit
FedEx	43,000	Whse/Distribution	Under Construction	CAK International Business Park	Summit
Venture Products	135,000	Manufacturing	Completed	500 Venture Dr, Orrville, OH	Wayne
Ravago	506,000	Whse/Distribution	Under Construction	5192 Lake Rd, Medina, OH	Medina
Pitt Ohio	211,000	Whse/Distribution	Under Construction	5520 Chevrolet Blvd, Cleveland, OH 44130	Cuyahoga
3310 Greensburg Rd	47,000	Whse/Distribution	Under Construction	3310 Greensburg Rd, North Canton, OH	Stark

Data Source: CBRE Research

CHART B6: INDUSTRIAL PROPERTIES UNDER CONSTRUCTION, CLEVELAND MARKET, DECEMBER 2019

Property Address	Property Name	Star Rating	RBA	Leasing Company Name
6825 Engle Rd		3	300000	CBRE
3620 Mallard Run	Phase 1	4	103527	Cushman & Wakefield CRESCO Real Estate
26751 Bluestone Blvd		4	145400	
5570 Chevrolet Blvd	PITT Ohio Trucking Terminal	4	100000	Pitt Ohio
17825 Great Lakes Pky	Great Lakes Cheese Expansion	4	290000	
38585 Jet Center Pl		4	130000	Weston, Inc.
5192 Lake Rd	Ravago	3	506000	
15335 Madison Rd	Greenleaf	4	60000	
29500 Solon Rd		3	120000	

CHART B7: INDUSTRIAL PROPERTIES UNDER CONSTRUCTION, AKRON MARKET, DECEMBER 2019

Property Address	Property Name	Star Rating	Building Class	RBA	Market Name	Submarket Name	Leasing Company Name
2488 Romig Rd	Amazon Fulfillment Center	4	A	695383	Cleveland	Akron Ind	
4930 Scarlet Ln		4	B	213687	Cleveland	Akron Ind	Ray Fogg Corporate Properties, LLC
10069 Wellman Rd		4	B	200000	Cleveland	Twinsburg/Aurora Ind	NAI Pleasant Valley

Data Source: CoStar

CHART B8: NOTABLE RETAIL TRANSACTIONS ACROSS REGION, 2019

Address	Sq. Ft.	Occupier/Buyer	Occupier Industry	Type
6221-6291 Som Center Rd	58,000	Hobby Lobby	Crafts/Toys	New Lease
26100 Lorain Rd	45,887	Morris Cadillac Buick GMC	Automotive	New Lease
7200 Brookpark Rd	31,128	Waterway Carwash	Retail-Other	New Lease
17800 Royalton Rd	30,600	HomeGoods	Retail	New Lease

Data source: CBRE Research

CHART B9: RETAIL PROPERTIES UNDER CONSTRUCTION, CLEVELAND MARKET, DECEMBER 2019

Property Address	Property Name	Star Rating	RBA	Submarket Name	Leasing Company Name
17887 Bagley Rd	The Shoppes at Bagley	3	7700	Southwest	Goodman Real Estate Services Group LLC.
34960 Center Ridge Rd		3	6000	Lorain County	RJ Wohl Company
35455 Chester Rd		2	35200	Lorain County	
34970 Detroit Rd		3	22900	Lorain County	Martins Construction & Developement
36050 Detroit Rd		2	3200	Lorain County	Goodman Real Estate Services Group LLC.
36200 Detroit Rd		3	3470	Lorain County	
1001 Euclid Ave	Euclid Grand	4	18702	CBD	
11601 Euclid Ave		3	3400	Midtown	
7787 Reynolds Rd		3	7852	Northeast	LRC Realty
17800 Royalton Rd	Royalton Collection	4	75800	Southwest	Anchor Cleveland
6237 Wilson Mills Rd		3	6700	Northeast	Hauck Holdings, LTD

Data Source: CoStar

CHART B10: ANNUAL MULTI-FAMILY TRENDS, 2018

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.3%	7.4%	6.7%	10.5%	2003 Q4	5.3%	2016 Q2
Absorption Units	1,627	584	723	2,580	2004 Q3	(1,800)	2002 Q2
Delivered Units	1,384	626	822	1,939	2015 Q3	0	2012 Q1
Demolished Units	0	21	23	108	2002 Q3	0	2018 Q3
Asking Rent Growth (YOY)	2.6%	1.3%	1.2%	4.2%	2015 Q2	-2.1%	2010 Q1
Effective Rent Growth (YOY)	3.4%	1.2%	1.3%	4.0%	2015 Q2	-2.1%	2010 Q1
Sales Volume	\$228 M	\$114.9M	N/A	\$220.7M	2018 Q3	\$33.7M	2010 Q4

Data source: CoStar

CHART B11: MULTI-FAMILY SUBMARKET INVENTORY, Q3 2018

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Beachwood	157	10,766	9.0%	5	3	333	3.1%	3	1	103	1.0%	2
2	Brooklyn Heights	58	2,453	2.0%	9	0	0	0%	-	0	0	0%	-
3	CBD	301	14,823	12.4%	4	4	416	2.8%	2	8	1,417	9.6%	1
4	East	663	31,125	26.0%	1	2	548	1.8%	1	2	96	0.3%	3
5	Lakewood	323	18,289	15.3%	2	0	0	0%	-	0	0	0%	-
6	North Olmsted	94	9,270	7.7%	7	0	0	0%	-	0	0	0%	-
7	North Royalton	34	6,889	5.7%	8	0	0	0%	-	0	0	0%	-
8	Northeast	130	9,878	8.2%	6	0	0	0%	-	1	31	0.3%	5
9	South/Southwest	286	16,319	13.6%	3	3	88	0.5%	4	2	82	0.5%	4

Data source: CoStar

CHART B12 MULTI-FAMILY PROPERTIES UNDER CONSTRUCTION, AKRON MARKET, DECEMBER 2019

Property Address	Property Name	Star Rating	Number Of Units	Style	RBA	Submarket Name
4041 Heritage Center Dr	Vitalia Senior Residences at Montrose	3			10882	Copley/Fairlawn MF
156 S Main St	The Bowery District	4	92	Mid-Rise	90000	Downtown Akron MF
159 S Main St	The Law Building	3	20	Mid-Rise	40000	Downtown Akron MF
953 E Market St	Middlebury Commons	4	40	Low-Rise	60000	Middlebury MF

Data Source: CoStar

CHART B13: MULTI-FAMILY PROPERTIES UNDER CONSTRUCTION, CLEVELAND MARKET, DECEMBER 2019

Property Address	Property Name	Star Rating	Number Of Units	Style	RBA	Submarket Name
1578 W 28th St	Dexter Place	4	119	Mid-Rise	60000	Ohio City MF
11601 Euclid Ave		3	40	Mid-Rise	40000	University Circle MF
2430 W 7th St	Grosvenor Place	4	21	Low-Rise	21000	Tremont MF
1750 Ansel Rd	Axis at Ansel	4	163	Hi-Rise	130400	Hough MF
2707 Barber Ave		2	69	Low-Rise	103070	Near West Side MF
252 Cider Mill Ln	The Orchard Apartments	3	105	Low-Rise	105000	Brunswick MF
9299 Columbia Rd	Olmsted Falls Senior Apartments	3	119	Low-Rise	119000	Olmsted Falls MF
2861 Detroit Ave	Church + State	4	161	Mid-Rise	200000	Ohio City MF
2154 Dover Center Rd	Concord Place	4	80	Low-Rise	80000	Westlake MF
158 Euclid Ave	May Co. Building Apartments	4	309	Mid-Rise	280000	Public Square MF
1001 Euclid Ave	Euclid Grand	4	237	Low-Rise	75000	Playhouse Square MF
1706 Euclid Ave	The Lumen	4	318	Hi-Rise	602000	Playhouse Square MF
3600 Jaeger Rd	The Village at Lighthouse Point - Phase II	4	56	Garden	56000	Outlying Lorain County MF
6200 Landerhaven Dr	CA Senior Living	3	100	Low-Rise	100000	Mayfield Heights MF
6200 Lear Nagle Rd		3			30000	North Ridgeville MF
33734 Lorain Ave		3			60000	North Ridgeville MF
2730 Martin Luther King Jr Dr	Legacy at Saint Luke's Pointe	4	39		100000	Woodland Hills MF
11905 Mayfield Rd	Mayfield Station Apartments	4	40	Low-Rise	38240	Little Italy MF
1937 Prospect Ave	Prospect Yard	4	42	Mid-Rise	32000	Campus District MF
2658 Scranton Rd	Tappan apartments	3	95	Mid-Rise	94526	Tremont MF
434 Station 44 Pl	Concord Station -Phase II	3	31	Mid-Rise	28000	Outlying Lake County MF
9185 Traditions Way	Traditions At Royalton Place	3	136	Mid-Rise	546636	North Royalton MF

APPENDIX C – SURVEY QUESTIONS

1. About You

2. Please indicate the primary nature of your business activity:

Private Developer /REIT/Lender/Brokerage/Property Management/Professional Service Firm (such as consultant, engineer, etc.) /Builder/Government/University/Other, please specify.

3. Which of the following best describes your role in your organization?

Owner/President/CEO/EVP/COO/CFO/Vice President/Director/Manager/Associate/Other, please specify.

4. Is your organization active in other real estate markets in the state or the U.S.?

Active in other markets in the state/Active in other markets in the U.S./All of the above/Not active in other markets

5. Please characterize the expected profitability of your real estate-related business for 2018 and 2019 (separately)

Abysmal/Poor/Fair/Good/Excellent/N/A

6. Please rate the importance of the following economic and financial issues for real estate investment and development in 2019.

Ratings: No Importance/Little Importance/Moderate Importance/Considerable Importance/Great Importance/N/A

Items rated: Job growth/Income and wage growth/Interest rates/GDP Growth/Energy prices/State and local budget problems/Infrastructure/Availability of land/Climate change (flood risk, extreme weather)/Construction Costs/Employment availability/State Historic Tax Credits/Tax Cuts/Urban retail/Workforce Development/Workforce Training/Workforce for users

7. Please rate the expected change in the availability of equity capital for real estate investment and lending.

Large Decline/Some Decline/No Change/Some Increase/Large Increase/Not applicable

8. Please rate the overall state of the real estate capital markets through 2019.

Substantially Undersupplied/Undersupplied/In Balance/Oversupplied/Substantially Oversupplied/Not applicable

9. Demographics

Household formations/Wage growth/Immigration/Other - Write In/Not applicable

10. Finance

Creative Financing (tax credits, EB-5, etc.)/Deleveraging Trends/Tighter Financing Regulations/Other - Write In/Not applicable

11. Public Leadership

Zoning Reform/Land Availability/Investment in Infrastructure/Other - Write In

12. Design

Space efficiency/Modular/Healthy/Green design/Other - Write In/Not applicable

13. Development

Mixed-use/Transit Oriented Development/Healthy/Green/Other - Write In

14. Active sectors:

Office/Retail/Residential – rental/Residential - for sale/Industrial/distribution/Hospitality/Institutional/public/Niche/alternative/Not applicable

Questions 15, 18, 21, 24, 27, 30, 33, 36 (for each sector)

Assuming that real estate generally follows cycles of peak value, decline, bottoming out/opportunity, and then recovery/growth, where on the assumed cycle would you place each sector?

Cycle location: Peak/Early decline/Advanced decline/Bottomed out/Recovery/growth/Growth

Sectors rated:

- All office/Central city office/Suburban office/Medical office
- All retail/Regional malls/Power centers/Neighborhood-community shopping centers
- All residential - for sale/Single family lot development/Single family homebuilding/Townhome/condominium construction/Affordable housing/Senior/elderly housing/Manufactured home communities
- All industrial/Bulk-distribution space/General industrial/R&D industrial/Self-storage
- All hotels/Full-service hotels/Limited-service hotels
- All institutional/public/K-12 education/Higher education/Hospitals

- State-funded development or redevelopment projects/Locally funded development or redevelopment projects
- Land/Data centers/Lifestyle/entertainment retail/Urban mixed-use properties/Mixed-use town centers/Master-planned communities/Infrastructure

Questions 16, 19, 22, 25, 28, 31, 34, 37 (for each sector)

What investment recommendation would you give for each sector in 2019?

Recommendation: Buy/Hold/Sell/N/A

Sectors rated:

- All office/Central city office/Suburban office/Medical office
- All retail/Regional malls/Power centers/Neighborhood-community shopping centers
- All apartments/Luxury apartments/Moderate apartments/Tax credit apartments/Student housing
- All residential - for sale/Single family lot development/Single family homebuilding/Townhome/condominium construction/Affordable housing/Senior/elderly housing/Manufactured home communities
- All industrial/Bulk-distribution space/General industrial/R&D industrial/Self-storage
- All hotels/Full-service hotels/Limited-service hotels
- All institutional/public/K-12 education/Higher education/Hospitals
- State-funded development or redevelopment projects/Locally funded development or redevelopment projects
- Land/Data centers/Lifestyle/entertainment retail/Urban mixed-use properties/Mixed-use town centers/Master-planned communities/Infrastructure

Questions 17, 20, 23, 26, 29, 32, 35, 38 (for each sector):

Please provide additional comments about any of the items listed above.

39.Metro Cleveland

Ratings: Abysmal/Poor/Fair/Good/Excellent/N/A

Submarkets rated:

Cleveland – Downtown/Cleveland - University Circle/Cleveland - East Side neighborhoods/Cleveland - West Side neighborhoods/Cuyahoga County Eastern Suburbs (excluding Cleveland)/ Cuyahoga County Southeastern Suburbs(excluding Cleveland)

Cuyahoga County South Central and Cuyahoga Valley Suburbs (excluding Cleveland)/

Cuyahoga County Southwestern and West Shore Suburbs (excluding Cleveland)/

Geauga County/Lake County/Lorain County/Medina County

40.Metro Akron

Ratings: Abysmal/Poor/Fair/Good/Excellent/N/A

Submarkets rated: City of Akron/Portage County/Summit County (excluding Akron)

41.Metro Canton

Rated: Abysmal/Poor/Fair/Good/Excellent/N/A

Submarkets rated: City of Canton/Stark County (excluding Canton)/Wayne County

42.Metro Youngstown

Rated: Abysmal/Poor/Fair/Good/Excellent/N/A

Submarkets rated: City of Youngstown/Ashtabula County/Mahoning County (excluding Youngstown)/Trumbull County

43. Please provide additional comments about any of the items listed above.

44. Please rate the importance of these potential needs for land use and development in Northeastern Ohio.

Ratings: Low priority/Low to moderate/Moderate priority/Moderate to high/High priority/N/A

Needs rated: Better building and zoning regulations/More economic growth (greater demand for real estate)/More workforce for construction and skilled trades/Better public transportation/Better parking in downtown-Ohio City/Greater availability of sites for development/Infrastructure

45. What is Northeastern Ohio's biggest need in terms of land use and development?

Needs rated: Better building and zoning regulations/More economic growth (greater demand for real estate)/More workforce for construction and skilled trades/Better public transportation/Greater availability of sites for development/Not applicable

46. Please provide additional comments about any of the items listed above.

47. In recent years, there has been a significant amount of multifamily rental development. Please note the extent to which you agree or disagree with the following statements.

Ratings: Strongly agree/Agree/Neutral/Disagree/Strongly disagree/N/A

Statements rated:

Development is in line with demographic trends and market demand.

There has been too much focus on high-end rental units.

Much of the new rental product is too small to continue to be competitive in the market as millennials age.

48. What real estate trend are you following most closely? (fill in)

49. Please provide additional comments about any of the items listed above.



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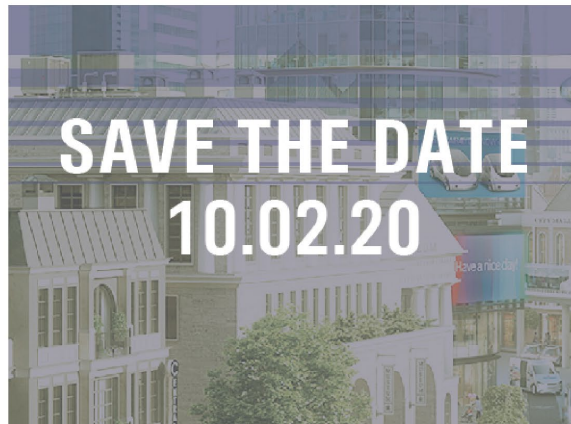
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