

# Demand for office space soared in Cleveland last year

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Demand for office space throughout the Cleveland market was high throughout 2017, despite a sluggish end to the year, according to the latest research from Newmark Knight Frank.

Newmark reported that the Cleveland office market absorbed a solid 345,830 square feet of office space during 2017. And in more good news, the overall average asking rent for this space ended the year at \$18.26 a square foot. That's up 12 cents a square foot from the fourth quarter of 2016.

Those net absorption numbers were also strong, far higher than the 18,841 net square feet that were absorbed throughout 2016.

The only negatives in the report? They came during the fourth quarter of the year, when activity throughout the Cleveland office market slowed down.

Newmark Knight Frank reported that in the fourth quarter, the Cleveland office market saw 33,348 square feet in negative absorption. This came after four straight quarters of positive absorption. The negative absorption in this quarter helped increase the overall Cleveland-area office vacancy rate to 16.4 percent. That's an increase of 20 basis points from the third quarter. It's also the first jump in vacancy since the third quarter of 2016.

The busiest area in the fourth quarter was the East submarket. The Highland Centre office building at 3900 Park East Drive in Beachwood, Ohio, came online during the quarter. Glenmede Trust moved into about 11,000 square feet in this new building in October.

Pre-leasing at the Offices at Pinecrest at 100 and 200 Park Avenue in Orange Village continued at the more than 200,000-square-foot office component at this mixed-use development, too. The demand for office space is expected to be high.

Overall, the East submarket has the second-largest amount of office inventory in the Cleveland market, behind only the city's CBD. This submarket is also home to about 216,000 square feet of office construction. Demand is high here, and asking rents continue to increase. Newmark Knight Frank reported that the fourth-quarter average asking rent in the East submarket increased to \$18.38 a square foot during the fourth quarter. That's up 44 cents a square foot from the third quarter.

The greatest amount of office absorption during the fourth quarter came in the CBD, which recorded 70,688 square feet of positive net absorption. The vacancy rate in the CBD's office market dropped by 40 basis points to 19.1 percent. The CBD also ended the year with the highest amount of absorption, 292,936 square feet.