

Cleveland Office Highlights Q4 2009

Planning Commission approves lakefront redevelopment

Leasing activity continued to slow through the fourth quarter of 2009. Subleases and vacancies continue to outpace leasing activity as employment contracted over the three-month period from August to October.

Despite a decline in the unemployment rate, total employment in the region was down over 36,000 compared to same period in 2008. In a report recently issued by the Ohio Department of Development, the leading economic indicator index for the Cleveland MSA fell 0.3 percent, suggesting employment will continue to decline through the winter.

As the economy continues to contract in the Cleveland market, vacancy should continue to increase while rental rates remain stagnant.

Leasing activity

- Wells Fargo Insurance Service renewed its 20,000 square foot lease on the 38th floor at Tower at Erieview, 1301 E. 9th Street. Wells Fargo Insurance Service will be expanding occupancy within the Tower at Erieview office with the former Wachovia office located across the street at North Point Tower
- In an off-market transaction, Buckingham, Doolittle & Burroughs LLP subleased the 16th floor, at One Cleveland Center to Mannion & Gray Co., LPA. Mannion & Gray currently occupies 7,000 square feet at the Penton Media Building in addition to the 20,000 square feet at One Cleveland Center.

Tenants in the market

- Several large law firms are currently analyzing various real estate options within the Central Business District.

Sales activity

- An affiliate of Pittsburgh-based firm, McKnight Property Management, purchased the Point 6 office building (92,208 square feet, Class B) located at 24651 Center Ridge Road in Westlake. While the actual purchase price has yet to be disclosed, it is rumored that the building was sold for approximately \$2.0 million (nearly \$22 per square foot). The purchase price is a substantial discount from the Cuyahoga County Auditor's valuation of the building at \$7.65 million.

Construction activity

- The Cleveland Planning Commission approved the redevelopment of 100 acres of land along Cleveland's lakefront. The land is currently used by the Cleveland-Cuyahoga County Port Authority and will be developed in phases while the Port Authority continues to explore the feasibility of relocating its operation to a new location near E. 55th Street.