

# CLEVELAND INDUSTRIAL MARKET

Despite the recent cascade of bad economic news, Cleveland's industrial market is still a stronghold for developers, manufacturers and distributors. As the nation's ninth-largest industrial market, Cleveland is weathering Wall Street's woes due to activity — retrofitting, redeveloping, construction — among some of its more robust industrial anchors. But the Northeast Ohio market is coping,

## FOGG RECEIVES GRANT FOR EUCLID INDUSTRIAL PARK

The state of Ohio has awarded a Job Ready Sites grant to Ray Fogg Building Methods for the development of Euclid Industrial Park in Euclid, Ohio. The proposed park spans 80 acres of the former PMX plant. The urban redevelopment, which is located at the E260th Street exit of Interstate 90, will be served by CSX and Norfolk & Southern railroads. The park could accommodate up to 1.3 million square feet of new construction. Demolition and remediation will begin early next year, and the park will be ready for development by summer.

much like the rest of the country, with the help of perennial development juggernauts such as Premier Development Partners, Geis Companies and Industrial Realty Group (IRG). Market activity continues to follow last year's trends, particularly in the eastern submarket due to its freeway accessibility, pockets of developable land and the pro-business policies of its communities. Approximately 1 million square feet of state-of-the-art warehouse space has come online within the last 12 months, of which 40 percent has been absorbed. In 2007, Weston Solutions and The Geis Companies collaborated to buy 212 acres in the Village of Glenwillow, Ohio, which resulted in the delivery of one speculative building totaling 400,000 square feet; however, the space remains vacant, as development across the region slogs through quarter four. In reassessing their operations, some customers are looking for good bulk and high-bay warehouses in the area, as distributors look to open small locations to cut transportation costs. The decrease in overall rental rates for industrial and flex space from this time last year should placate the market's slump, and hopefully invite industry to the area.

Served by freeways, good infrastructure and a business-minded municipal government, Solon, Ohio, which borders Glenwillow to the east, boasts a large supply of industrial space. South of Solon in Hudson, Ohio, a 1.25 million-square foot, five-building distribution complex formerly owned by Little Tikes is ripe for investment and development. To the west, in Lorain County, Ohio, IRG is renovating the former Ford plant and has already leased about one quarter of 1 million square feet within the reconfigured property. And in Cleveland, the Graystone Properties-owned Tyler Village, a marquee 1 million-square-foot former industrial park on the near east side of the CBD, is getting a mixed-use build out and conversion to office space. Northeast Ohio's vacancy rate at the close of the third quarter registered at 7.56 percent. Although there was no change from the previous quarter, the year-over-year statistics suggest a strong local market compared to the third quarters of 2007 and 2006, where vacancy stood at 8.28 and 9 percent, respectively, according to Colliers Ostendorf-Morris' market analysis. Rental rates held steady at \$3.79 per square foot, compared to \$3.78 in the sec-


ond quarter and down from \$3.94 this time last year. Pure industrial space increased slightly to \$3.55 per square foot, while flex rates, which represent only a small percentage of the total industrial market, endured a slight decrease to \$8.31 per square foot. Aside from development potential in the southeast submarket and the oases of restoration across the region, the Akron-Canton area in Summit County, Ohio, is proving to be a viable nexus for future growth. The \$2.9 million sale of an 88,400-square-foot property at 3833 Mogadore Industrial Parkway, along with IRG's \$900-million, 500-acre redevelopment of Goodyear's current headquarters have rallied activity. Goodyear is subleasing 120,000 square feet within a 350,000-square-foot facility to Canton-based Suarez Corporate Industries. Much to the market's delight, there's no indication that the growth is going to let up anytime soon.

— Joseph Martanovic, senior vice president, Kevin Kuczynski, senior vice president, Barry Holtzer, vice president, and Christopher Hondlik, vice president, all work at Colliers Ostendorf-Morris in Cleveland.

	BRENT BALLARD		MARA CUSHWA		GARY ELLSWORTH
	ELIZABETH GOLISH		WALTER HARPER		DOUGLAS MORGAN
	DANIEL SPIRKO		SUSAN STROM		KARLA ROGERS
	DAVID HALES	not pictured: JOHN PAUL BATT			

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Calfee, Halter & Griswold LLP

1400 KeyBank Center, 800 Superior Avenue, Cleveland, Ohio 44114 ■ 1100 Fifth Third Center, 21 East State Street, Columbus, Ohio 43215