Allegro
Real Estate Brokers & Advisors

MID-YEAR STATE OF THE REAL ESTATE MARKET 2024

PREPARED BY
ALLEGRO REAL ESTATE
BROKERS & ADVISORS

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ALLEGRO IS **UNIQUE.**

When Allegro was founded in 2001, we created a **unique commercial real estate company** differentiated from all our competitors.

We have been **changing the commercial real estate industry** one client, one transaction, one project at a time for more than two decades.

We developed a business model that **eliminates conflicts of interest** inherent in conventional commercial real estate brokerages.

We have applied our global consulting DNA to provide strategy, analysis, and execution expertise with **best-in-class methods and resources**.

We have attracted the **best and brightest talent with a diverse set of professional experiences and educational backgrounds** to generate better solutions to our clients' challenges.

We are professionals who **guarantee best-in-class services in every market in the world**.

Above all, three things set us apart from the rest: our **Salaried Team, Exclusive Occupier Focus**, and **Global Independence**...

ALLEGRO HAS **3 LINES OF SERVICE OFFERINGS.**

TRANSACTION ADVISORY SERVICES

Acquisitions

Dispositions

Portfolio Management

Lease Administration

CONSULTING SERVICES

Portfolio Optimization

Economic Incentives

Vendor/Developer Selection

Project Feasibility

Broker Opinion of Value

Site Location Strategy

Ad Hoc Consulting

FACILITY MANAGEMENT SERVICES

Facility Management

Property Condition Assessments

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ALLEGRO **SERVES ORGANIZATIONS LIKE YOURS.**

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MATERION
VORYS Vorys, Sater, Seymour and Pease LLP Legal Counsel

MCPc
DealerTire
Lay's
SMUCKER'S THE J. M. SMUCKER COMPANY
PolyOne

2023 CORPORATE SERVICES YEAR IN REVIEW

56
TOTAL TRANSACTIONS

2,164,231
TOTAL SQUARE FEET

7
TOTAL COUNTRIES TRANSACTED IN

$123 Million
TOTAL TRANSACTION VALUE

47
NUMBER OF BROKER PARTNERS

25
TOTAL STATES TRANSACTED IN

PORTFOLIO TOTALS

456
NUMBER OF LOCATIONS

14,642,887
TOTAL SQUARE FEET

$75,882,501
TOTAL ANNUAL RENT

US OFFICE MARKET

WHAT IS HAPPENING IN THE **OFFICE MARKET?**

- Vacancy rates continue to rise
- Rents are holding steady or slightly increasing, but concessions are increasing
- Leasing volume is down dramatically
- Negative absorption with little to no new construction
- Building values are less than debt owed which is creating ownership distress
- Daily occupancy is still lower than pre-pandemic and dependent on industry (e.g. law firms have higher occupancy than overall office users)
- Construction costs have risen significantly
- Majority of businesses have adopted a flexible work from home program

Allegro
Real Estate Brokers & Advisors

WHAT IS HAPPENING IN THE **OFFICE MARKET?**

AVERAGE RENT BY METRO

Market	May-24 Listing Rates	12 Month Change	Total Vacancy	12 Month Change	Top Listing	Price Per Sq Ft
National	$37.72	-1.7%	17.8%	80 bps		
Boston	$46.71	10.8%	12.1%	180 bps	Alexandria Center at Kendall Square - 75 Binney	$76.58
Dallas	$28.99	6.6%	21.6%	450 bps	McKinney & Olive	$86.31
Miami	$49.08	6.2%	12.3%	50 bps	701 Brickell	$130.00
Atlanta	$31.84	4.7%	18.5%	-90 bps	1180 Peachtree	$62.50
Detroit	$22.43	4.5%	20.8%	-450 bps	One Campus Martius	$39.13
Tampa	$29.62	3.7%	13.1%	-160 bps	Central, The	$60.00
Chicago	$27.73	1.2%	19.1%	40 bps	Innovation and Research Park	$75.00
Austin	$42.48	0.9%	23.3%	270 bps	Indeed Tower	$84.21
Phoenix	$27.70	0.6%	18.2%	-30 bps	Camelback Collective	$55.00
Philadelphia	$31.24	0.4%	15.3%	200 bps	Two Liberty Place	$53.50
Orlando	$24.53	0.4%	15.7%	-80 bps	105 East Robinson Street	$37.79
New Jersey	$34.80	0.0%	17.3%	30 bps	90 Hudson Street	$53.88
Nashville	$30.30	-0.2%	15.0%	-350 bps	Three Thirty Three	$44.88
Bay Area	$53.70	-0.6%	20.0%	230 bps	245 Lytton Avenue	$147.48
Washington DC	$39.80	-1.2%	16.0%	70 bps	500 8th Street NW	$79.58
Denver	$30.05	-1.4%	23.0%	280 bps	200 Clayton Street	$73.00
Charlotte	$30.04	-2.4%	14.7%	270 bps	Morehead Place	$46.00
Manhattan	$71.30	-3.1%	16.2%	-80 bps	One Vanderbilt	$252.00
Houston	$29.56	-3.1%	22.5%	-70 bps	Texas Tower	$62.90
Los Angeles	$40.87	-3.5%	16.7%	250 bps	100 Wilshire	$108.00
Portland	$27.50	-3.9%	16.5%	70 bps	Fox Tower	$43.38
Seattle	$36.78	-6.2%	23.0%	350 bps	1208 Eastlake Avenue East	$94.00
San Francisco	$60.79	-7.9%	25.2%	510 bps	Sand Hill Commons	$204.00
Twin Cities	$24.91	-7.9%	16.2%	-80 bps	Fifty South Sixth	$36.85
San Diego	$42.54	-11.1%	18.5%	310 bps	La Jolla Commons - Tower I	$72.60

Source: CommercialEdge. Data as of June 2024. Rent data provided by Yardi Market Insight. National rent and occupancy data is a weighted average of the top 30 markets.

WHAT IS HAPPENING IN THE **OFFICE MARKET?**

SUPPLY PIPELINE BY METRO

Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
National	83,818,754	1.2%	4.2%
Boston	13,615,390	5.4%	11.6%
San Francisco	5,166,573	3.2%	11.6%
Dallas	4,751,165	1.7%	12.2%
Austin	4,401,557	4.7%	15.2%
San Diego	4,029,166	4.2%	6.8%
Seattle	3,881,699	2.7%	7.7%
Bay Area	3,738,255	1.8%	5.1%
Miami	3,133,333	4.3%	11.2%
Manhattan	2,801,272	0.6%	2.9%
Nashville	2,683,600	4.6%	8.9%
Washington DC	2,634,594	0.7%	4.0%
Atlanta	2,594,995	1.3%	2.8%

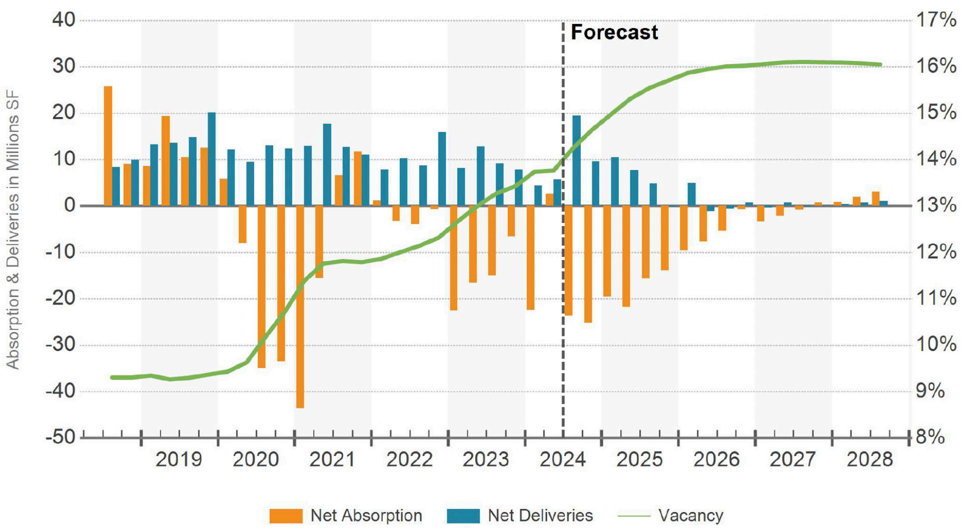
Market	Under Construction	Under Construction % Stock	Plus Planned % Stock
Denver	2,118,106	1.3%	3.7%
Philadelphia	2,083,260	1.1%	3.4%
Houston	2,028,178	0.8%	1.8%
New Jersey	1,978,689	1.0%	1.8%
Charlotte	1,800,759	2.3%	6.5%
Los Angeles	1,571,436	0.5%	3.6%
Chicago	1,008,707	0.3%	1.8%
Tampa	969,060	1.2%	6.0%
Detroit	524,000	0.4%	0.9%
Phoenix	480,763	0.3%	2.2%
Orlando	379,209	0.6%	3.9%
Portland	354,450	0.6%	1.5%
Twin Cities	35,666	0.0%	2.2%

Source: CommercialEdge. Data as of June 2024

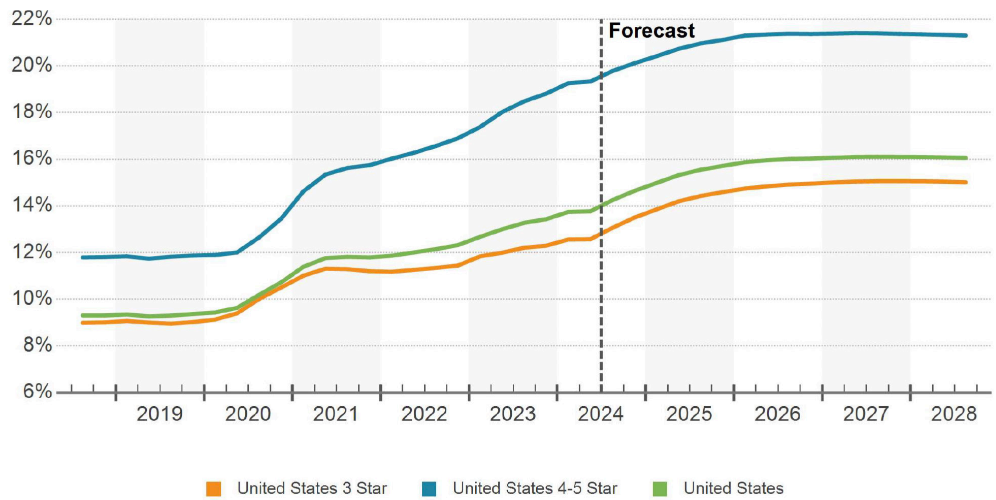
US: OFFICE MARKET

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
49.5M	(47.7M)	13.9%	0.7%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



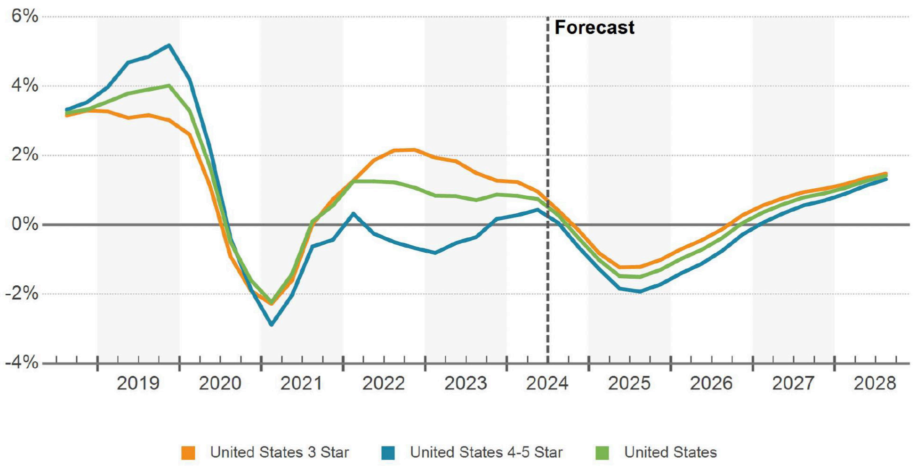
US: OFFICE MARKET RENT GROWTH

While office asking rents have largely remained stable over the past four years, aggressive discounts from new, low-basis owners and a surplus of sublease inventory are expected to push rents down in the next 12 to 18 months. National average rents stand at $35.00/SF, similar to early 2020 levels, but this is inadequate compared to a 20% increase in consumer prices during the same period. Notably, rents for 4- and 5-Star properties have fallen by over $1 since early 2020 and are projected to see the steepest declines in 2025. Market participants have reported increasingly attractive offers of free rent and tenant improvement allowances. Previously common offers of one month of free rent for every two years of lease term have shifted to one month per year. Tenant improvement allowances have also increased due to inflation and competitive pressure.

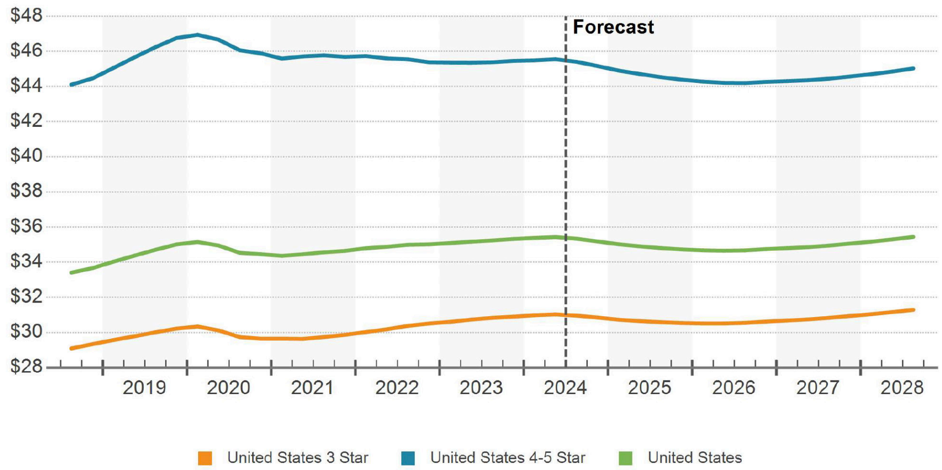
Property owners have been trading higher concessions for long-term leases to maximize future income, but this is negatively impacting net operating income (NOI). The average payback period for tenant improvement costs has risen from just over three years to more than four, risking negative returns if landlords cannot secure renewals or new tenants. As a result, landlords are shifting concession packages to prioritize rent abatements. If concessions continue to cut into income, it may become impractical to offer them, driving tenants to the sublease market, where discounts of 30% or more are common.

Additionally, the adjustment in property values could lead to lower rents as distressed properties enter the market at significant discounts. Buyers with lower cost bases can undercut competition and still generate acceptable returns, potentially pressuring other buildings to lower their asking rents, particularly in tech-centric markets like Seattle and San Francisco. However, some high-demand markets, such as Las Vegas and Miami, are seeing strong rent growth, as are many supply-constrained secondary and tertiary markets. New construction is still attracting strong rents, although concessions are impacting NOI. Overall, landlords outside these robust markets are struggling to fill vacant spaces at viable rents, leading to likely rent declines until supply growth slows significantly in 2025.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET

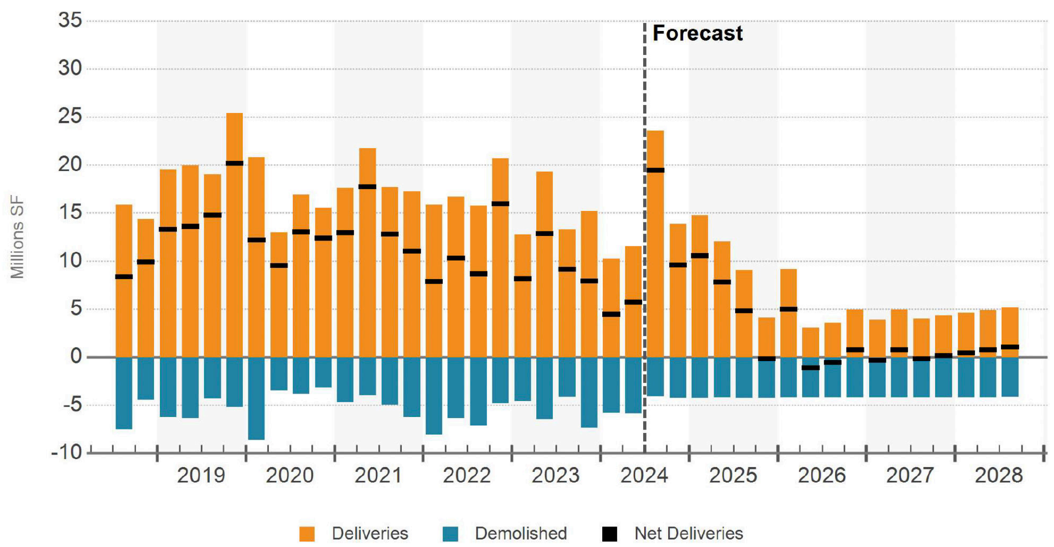


US: **OFFICE CONSTRUCTION DATA**

A decade of steady supply growth is coming to an end in 2024. Recent and upcoming additions have temporarily increased availability; however, a significant slowdown in construction could lead to a shortage of premium first-generation space within the next 18 months. Developers completed fewer than 10 million square feet (SF) in the first quarter, marking the lowest level since early 2013. Although deliveries are expected to pick up again later in 2024, the recent decline signals challenges ahead in the coming years. Since 2015, annual net supply additions have averaged just under 50 million SF, with last year's total of nearly 40 million being the lowest recorded. This year, around 45 million SF is anticipated, primarily in the second half. However, the limited number of new projects currently underway suggests that less than half that amount will enter the market in 2025, with possibly fewer than 3 million SF in 2026.

A challenging lending environment and uncertainty regarding long-term demand have hindered both new construction and redevelopment efforts. Construction starts dropped below 35 million SF in 2023, the lowest figure since 2010, and the decline is continuing, with under 5 million SF started in the fourth quarter of 2023 and approximately 4 million in the first quarter of 2024. Additionally, demolitions totaled only about 21 million SF in 2023, roughly 10% less than the average over the past decade. In the short term, some cities are facing large supply increases that seem poorly timed.

DELIVERIES & DEMOLITIONS



Given the difficulties faced by many older buildings struggling with occupancy, there has been a growing push to convert them to multifamily use. Several city governments have introduced tax incentives and zoning changes to support these conversions. However, a careful analysis of the physical and financial aspects suggests that only about 1% of office inventory qualifies as suitable candidates for conversion. Overall, the situation depicts a rapid decline in development activity that may not impact fundamentals in the short term but could ease supply-side pressure in a few years, particularly at the high end of the market.

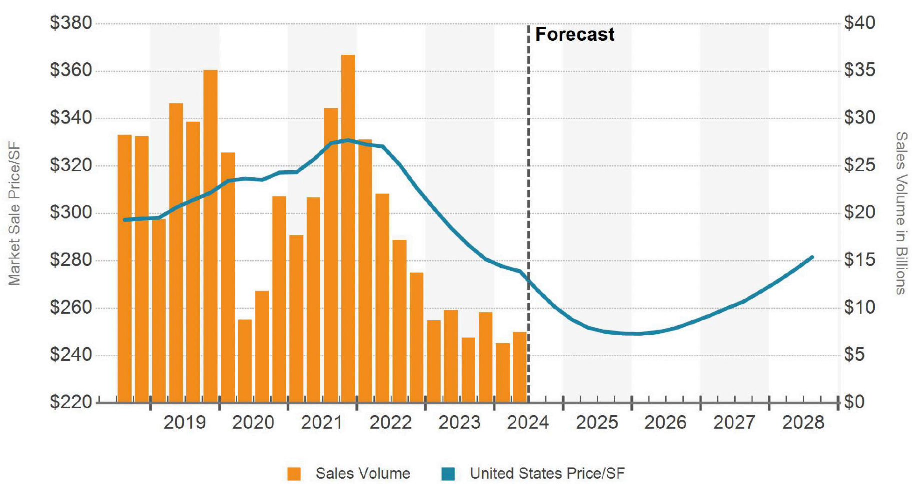
US: OFFICE SALES VOLUME

In the first half of 2024, the U.S. office sales market is showing signs of returning to a more cautious pace after appearing to stabilize in late 2023. If current trends continue, the market could see approximately $10 billion in transactions by mid-year, reminiscent of volumes last observed in the first half of 2009. Notably, owner-users have overtaken private investors as the leading buyers of significant office properties this year, reflecting a shift in investment strategy as much of the capital has adopted a 'wait-and-see' approach. This marks a departure from the trend since mid-2022, when private investors were more active while REITs and institutional investors stepped back. The last time owner-users dominated the market was in the first quarter of 2018.

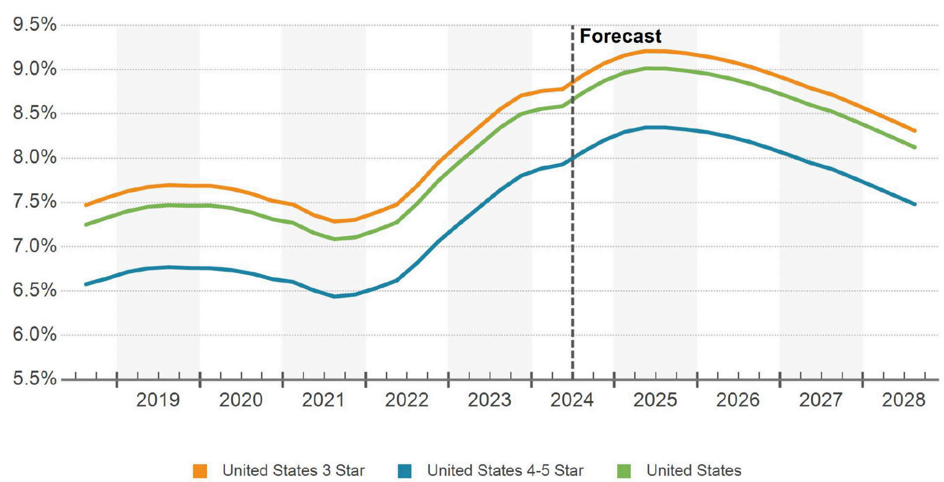
While this resurgence of owner-users may be temporary, the availability of significant pricing discounts could encourage more corporate buyers to acquire real estate. This shift prompts new strategic considerations for owners looking to sell in the near term. The steep discounts are necessary as negative absorption and slowing rent growth complicate office underwriting today. With rising vacancies, fewer deals are being priced based on going-in yields; instead, they are often determined by unleveraged internal rates of return and discounts to replacement costs due to limited debt availability. Cap rates have significantly increased from their 2021 lows, with 5-star properties experiencing yield expansions of up to 200 basis points. More commonly, 4-star properties have seen increases of 200-250 basis points, while 3-star properties have approached 300 basis points. This range places cap rates in the upper 7% to 9% range, indicating that office property values for transactions over $10 million have decreased by roughly 35% to 40% from the all-time highs in 2021, excluding medical and owner-user sales.

Debt maturities present challenges for 2024, with around $206 billion in office loans set to mature this year and an additional $180 billion maturing in 2025 and 2026 combined. With delinquency rates at 7.4%, there is a possibility they could surpass post-Great Financial Crisis levels of 10.5% in the coming year. However, as asset valuations become clearer, the substantial pool of capital remaining in the sector could provide strategic opportunities for informed investors.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



US INDUSTRIAL MARKET

WHAT IS HAPPENING IN THE **INDUSTRIAL MARKET?**

- National industrial in-place rents averaged $8.00 per square foot in June 2024, up 7.5% year-over-year
- The average net rent of leases signed over the last 12 months was $10.25 per square foot
- The national vacancy rate climbed to 5.6%, an increase of a full point from 4.6% at the end of 2023
- The amount of product under construction shrank to 381 million square feet, which represents 1.9% of the national inventory
- Interest rates and cost of construction continue to limit industrial construction starts, which are at the lowest point over the last decade
- There continues to be a wide discrepancy in average rent growth across the country. Coastal markets (Inland Empire, Los Angeles, Miami) continue to record double digit rent growth. Midwest markets (St. Louis, Kansas City, Detroit) recorded rent growth below 4% for the trailing 12 months.

WHAT IS HAPPENING IN THE **INDUSTRIAL MARKET?**

AVERAGE RENT BY METRO

Market	May-24 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	$8.00	7.5%	$10.25	5.6%
Inland Empire	$10.19	12.6%	$13.75	6.6%
Los Angeles	$14.57	11.6%	$19.28	7.3%
Miami	$11.43	11.4%	$16.98	4.5%
New Jersey	$10.71	9.6%	$13.17	5.7%
Phoenix	$8.95	8.7%	$11.94	4.7%
Orange County	$15.49	8.6%	$17.75	4.8%
Seattle	$11.18	8.2%	$12.77	7.2%
Boston	$10.58	7.8%	$13.36	9.0%
Bridgeport	$10.58	7.8%	$12.71	4.0%
Nashville	$6.02	7.7%	$9.28	3.8%
Atlanta	$5.76	7.7%	$8.84	5.6%
Tampa	$7.76	7.3%	$11.15	6.7%
Baltimore	$7.99	6.8%	$8.52	6.5%
Dallas–Fort Worth	$5.95	6.6%	$9.00	5.3%

Market	May-24 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
Central Valley	$6.25	6.5%	$9.09	4.1%
Columbus	$4.82	6.4%	$6.16	2.7%
Portland	$9.64	6.4%	$10.89	4.3%
Philadelphia	$7.76	5.9%	$9.94	4.7%
Charlotte	$6.75	5.8%	$9.82	4.1%
Cincinnati	$4.86	5.7%	$6.11	4.8%
Twin Cities	$6.86	5.4%	$7.36	5.6%
Memphis	$3.95	5.3%	$4.56	5.2%
Bay Area	$13.29	5.3%	$15.90	5.1%
Indianapolis	$4.68	5.2%	$7.25	4.7%
Denver	$8.35	4.6%	$8.51	8.4%
Houston	$6.60	4.4%	$8.02	8.0%
Chicago	$6.08	4.3%	$8.00	4.9%
Kansas City	$4.87	3.6%	$5.58	3.8%
Detroit	$6.95	3.6%	$6.70	4.9%
St. Louis	$4.89	3.4%	$5.28	7.1%

Source: CommercialEdge. Data as of June 2024. Rent data provided by Yardi Market Insight.
National rent and occupancy data is a weighted average of the top 30 markets.

WHAT IS HAPPENING IN THE **INDUSTRIAL MARKET?**

SUPPLY PIPELINE BY METRO

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	381,265,976	1.9%	4.9%
Phoenix	38,677,302	9.8%	23.1%
Kansas City	13,303,482	4.6%	16.9%
Memphis	10,000,000	3.4%	3.9%
Charlotte	9,523,370	3.0%	7.4%
Denver	7,916,286	2.9%	4.2%
Columbus	8,559,142	2.7%	4.3%
Central Valley	8,320,928	2.3%	3.0%
Philadelphia	8,564,643	1.9%	4.7%
Dallas–Ft Worth	17,331,217	1.8%	6.7%
Atlanta	10,081,904	1.8%	3.3%
Seattle	4,943,998	1.7%	4.5%
Bay Area	4,153,790	1.4%	5.5%
Indianapolis	4,761,203	1.3%	4.3%

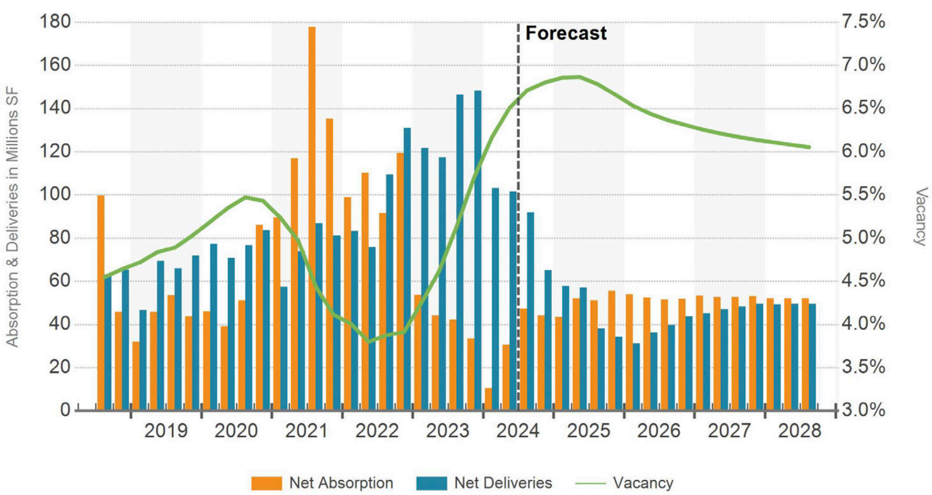
Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
Detroit	7,124,672	1.2%	2.3%
New Jersey	7,030,705	1.2%	3.0%
Houston	6,762,868	1.1%	4.4%
Tampa	3,031,121	1.1%	4.5%
Chicago	10,838,145	1.0%	2.2%
Portland	2,032,721	1.0%	2.2%
Nashville	1,739,723	0.8%	3.2%
Inland Empire	4,465,968	0.7%	7.4%
Cincinnati	2,043,197	0.7%	1.2%
Boston	1,879,391	0.7%	2.4%
Cleveland–Akron	2,486,696	0.6%	0.8%
Los Angeles	3,470,230	0.5%	2.2%
Baltimore	906,826	0.4%	1.7%
Orange County	787,108	0.4%	1.1%

Source: CommercialEdge. Data as of May 2024

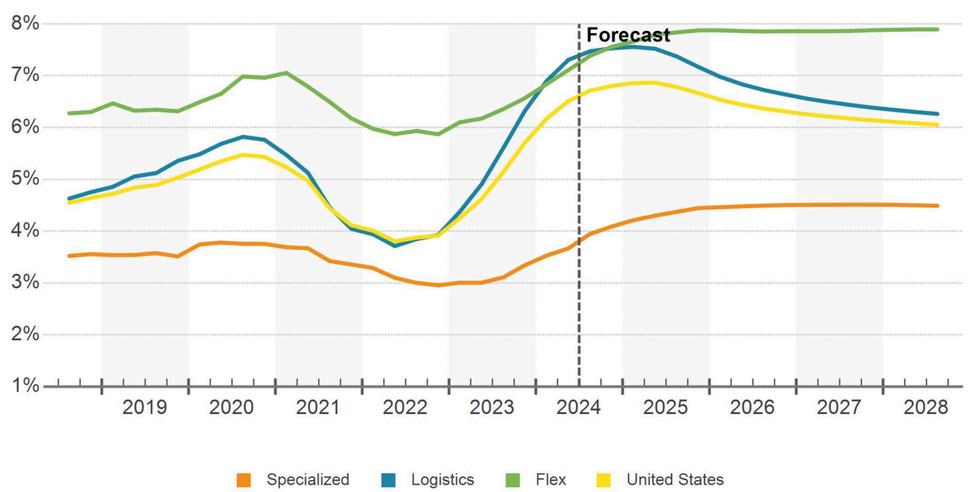
US: INDUSTRIAL MARKET

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
506M	101M	6.6%	3.9%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE

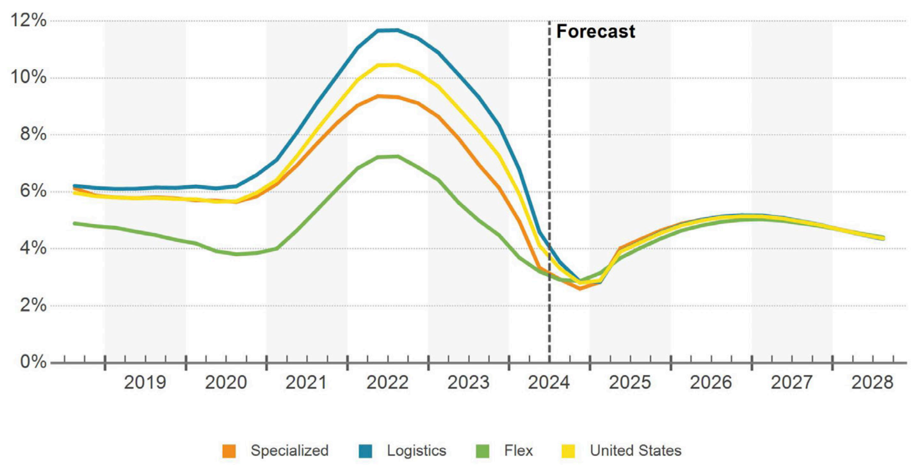


US: INDUSTRIAL MARKET RENT GROWTH

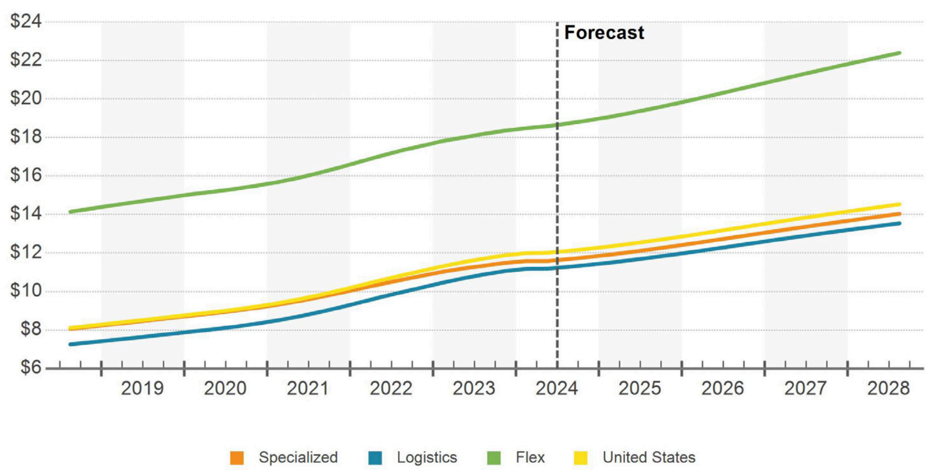
U.S. industrial rent growth has slowed from the record highs seen during the pandemic and may fall below pre-pandemic levels in the coming months. As of Q3 2024, year-over-year growth stands at a healthy 3.9%; however, this figure exaggerates recent momentum, as most gains occurred in mid-2023 when the industrial vacancy rate was lower. Over the past six months, rents have increased by just 1.8%, translating to an annualized growth rate of 3.6%. Rising vacancies through mid-2024 are likely to further decelerate rent growth, potentially resulting in a year-end figure near 3%. This would mark the first time since 2014 that annual rent growth falls below 5% nationally. However, with industrial construction starts already at a 10-year low and the U.S. industrial vacancy rate still below its 20-year average of 7.1%, there is potential for vacancy to peak at a relatively low level, supporting a rapid acceleration in rent growth once space availability tightens again.

Free rent concessions, which were virtually nonexistent in most markets two years ago, are re-emerging in areas where rents rose the most during the pandemic. For instance, brokers in the Inland Empire report that offerings of four or five months of free rent have become common for larger leases. However, concessions remain limited in many markets. In Q1 2024, one of the largest industrial REITs reported that free rent accounted for just 1.9% of the value of new leases signed in the previous 12 months, down from 3.5%–4% five years ago. Property owners have maintained higher annual escalation rates that were typical when rents were rising rapidly in late 2021 and early 2022. For industrial leases over 10,000 SF signed in the past six months, the average escalation rate is 3.4%, up from 3.0% five years earlier. So far, free rent and concessions remain favorable to property owners despite a slowdown in tenant demand. However, tenants have been able to negotiate significantly higher tenant improvement allowances in recent quarters, often related to upscale buildouts of small office spaces within larger distribution centers. One of the largest global industrial REITs reported a 13% increase in expenditures on tenant improvement allowances in 2023, despite an 11% decline in the square footage of new leases signed.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



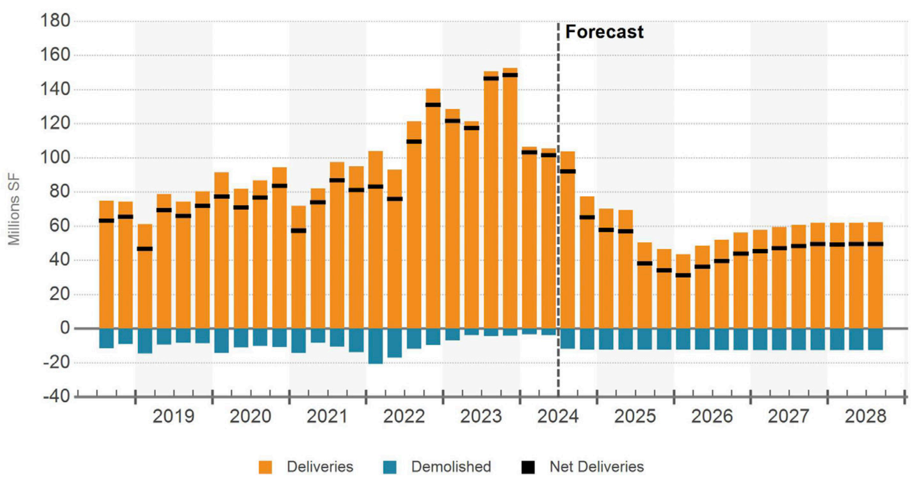
US: INDUSTRIAL CONSTRUCTION DATA

The U.S. industrial market is approaching the end of a record development phase. The volume of projects completing construction each month is expected to remain high through the summer. However, quarterly net supply additions are projected to dip below the pre-pandemic three-year average by late 2024, continuing to decline and potentially reaching a 10-year low by the second half of 2025. This gradual decrease in speculative development completions has already begun. Net supply additions across 87 markets peaked at 147 million square feet (SF), or 0.8% of inventory, in the second half of 2023. This figure dropped by 30% to 0.5% of inventory in the first quarter of 2024 and is expected to keep falling through at least 2025 due to the slowdown in groundbreakings over the past 18 months.

U.S. industrial construction starts peaked in mid-2022, but since then, higher short-term interest rates and slowing absorption have led to a steady decline in groundbreakings. Starts fell to 10-year lows in late 2023 and have continued to decrease since then. Large industrial projects typically take about 14 months to construct, meaning the low level of starts six months ago foreshadows a ten-year low in new completions by mid-2025.

While new deliveries have peaked, several Sunbelt markets with fewer development constraints are still experiencing a record supply wave, which could take tenants more than two years to fully absorb. Phoenix, Savannah, Greenville/Spartanburg, San Antonio, and Dallas-Fort Worth are notable for their risks of prolonged higher availability rates, especially among larger industrial properties, as developers have recently focused on projects of 100,000 SF or larger.

DELIVERIES & DEMOLITIONS



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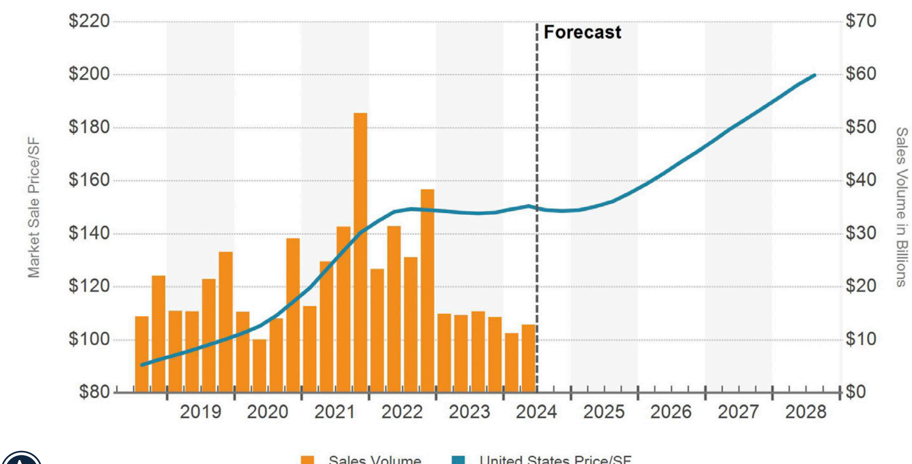
US: **INDUSTRIAL SALES VOLUME**

The industrial transaction market is currently undergoing its third phase transition in as many years. Following all-time high transaction volumes in 2022, the market returned to pre-pandemic averages in 2023. So far this year, the industrial sector is approaching the lower end of historical levels and may dip below the normal range seen between 2015 and 2019. If this trend continues, the first half of 2024 could see transaction levels similar to the first half of 2016, with just over $20 billion in trades. Private capital is leading buying activity by deal count, driven by new entrants to the sector and existing operators looking to expand their portfolios. Fund-level equity and public REITs remain active but at a slower pace than in recent years, while institutional investors are still targeting large deals but are generally less active.

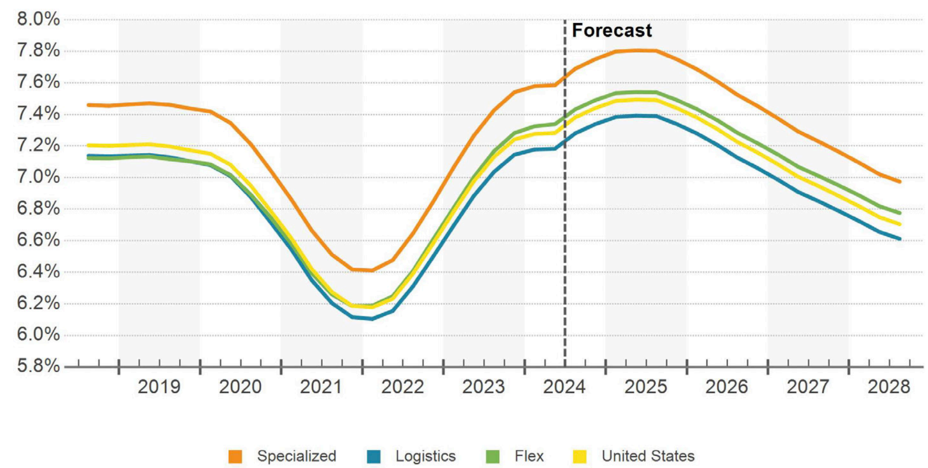
Changing underwriting standards are influencing what buyers are willing to pay for industrial assets and affecting market velocity. Annualized rent growth fell below pre-COVID trends in the first quarter and is projected to dip below 3% this year for the first time since 2013. The mismatch between a robust supply pipeline and slow absorption is raising vacancy rates, limiting buyers' ability to underwrite aggressive net operating income (NOI) growth unless in-place rents are significantly below market rates. Logistics centers have experienced the largest pricing pullback, with cap rates expanding by approximately 200 basis points for deals valued over $10 million. Although this increase in cap rates has been somewhat offset by above-trend rent growth, values in this segment have declined by nearly 20% compared to the peak in Q4 2021.

Not all industrial segments have been affected equally. General industrial properties, benefiting from shorter lease terms that allow for quicker rent adjustments to market rates, have seen cap rates rise by about 130 basis points, resulting in a value decrease of just over 10% from all-time highs. Despite the slow start to the year, the $156 billion in maturing industrial loans this year and next is expected to stimulate sales activity, as the interest rate environment will likely differ significantly from origination rates. Fortunately, a substantial amount of equity has been built up in recent years, and nearing maturity may encourage owners to realize profits and reinvest capital into new assets.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE

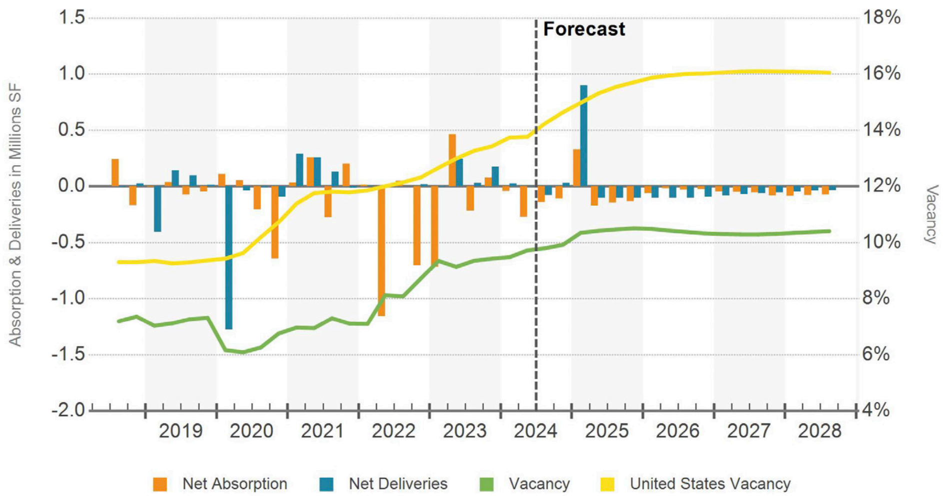


CLEVELAND OFFICE MARKET

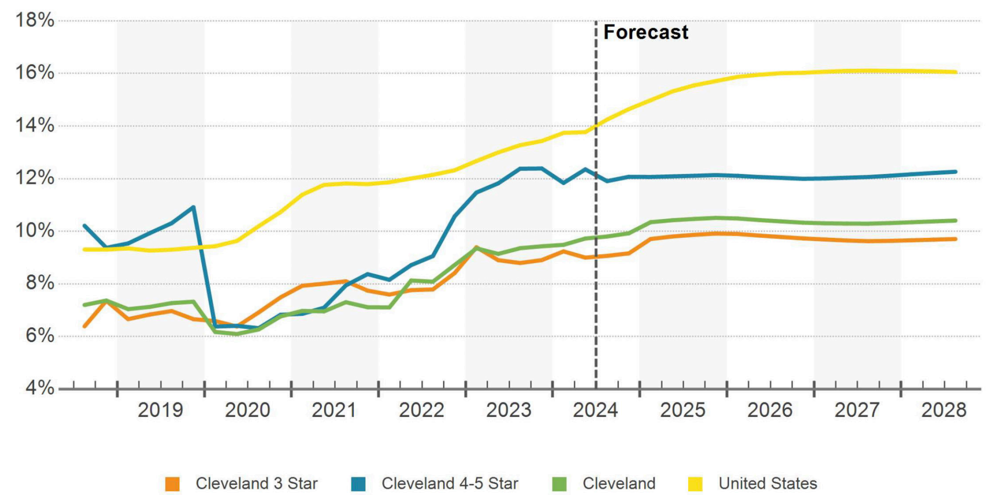
CLEVELAND: **OFFICE MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
231K	(580K)	9.9%	1.1%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



CLEVELAND: **OFFICE MARKET RENT GROWTH**

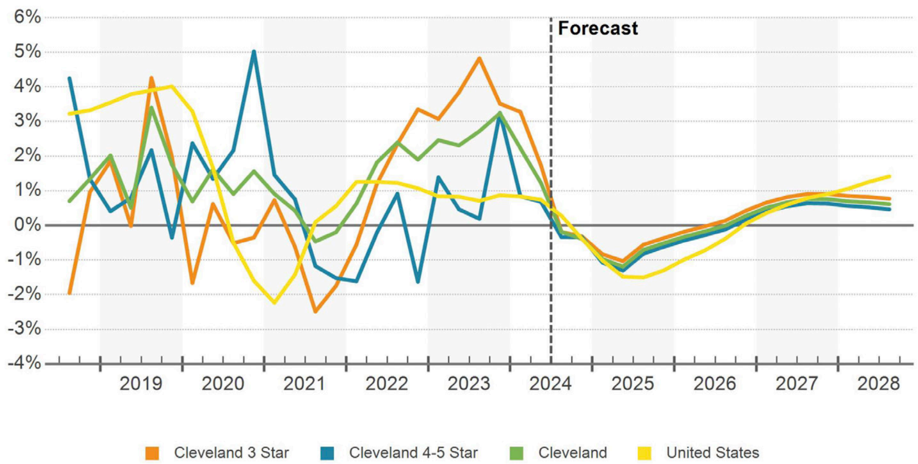
After remaining steady through 2023, office rent growth in Cleveland is slowing as of early 2024. Rents increased by 1.1% over the past year, compared to a national benchmark of 0.7%. Limited deliveries in recent years helped sustain rent growth despite negative net absorption, but ongoing challenges in the office market are likely to hinder future growth.

Cleveland's rent growth is mid-range among Midwestern markets, aligning with cities like Saint Louis and Kansas City but lagging behind Columbus, which experienced stronger job growth and pre-pandemic demand, leading to rent growth near 2%. At $19.60 per square foot (SF), market rent in Cleveland is approximately 44% below the national average, making it the most affordable office market in Ohio and slightly below Cincinnati rents, while being 13% lower than Columbus.

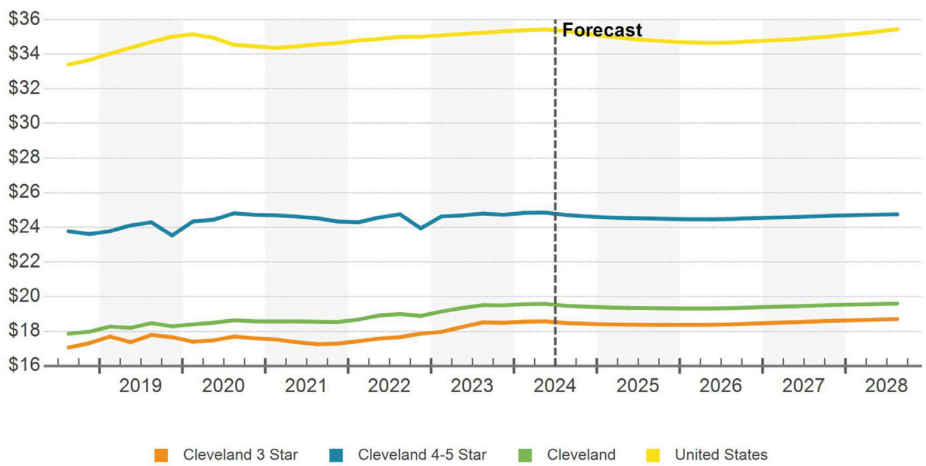
The impact of office sector challenges varies across Cleveland's market rents. In desirable suburban submarkets, such as Crocker Park and the Chagrin corridors, rents are holding firm, often exceeding $25/SF due to accessibility, amenities, and limited competition. Conversely, rents in the CBD submarket, which has experienced significant negative net absorption, are lower. For example, around 17,000 SF was leased at Oswald Centre last year, where the asking rent for the 20th-floor space was listed at $18.50/SF, following the property's return to the lender and the departure of its namesake tenant to the Flats neighborhood.

Recently renovated assets in downtown Cleveland maintain asking rents around $30/SF. Although landlords are offering generous concessions to preserve face rents, rising vacancies will exert downward pressure on rents. By mid-2024, rent growth is expected to enter negative territory, influenced by weak demographic and employment trends.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



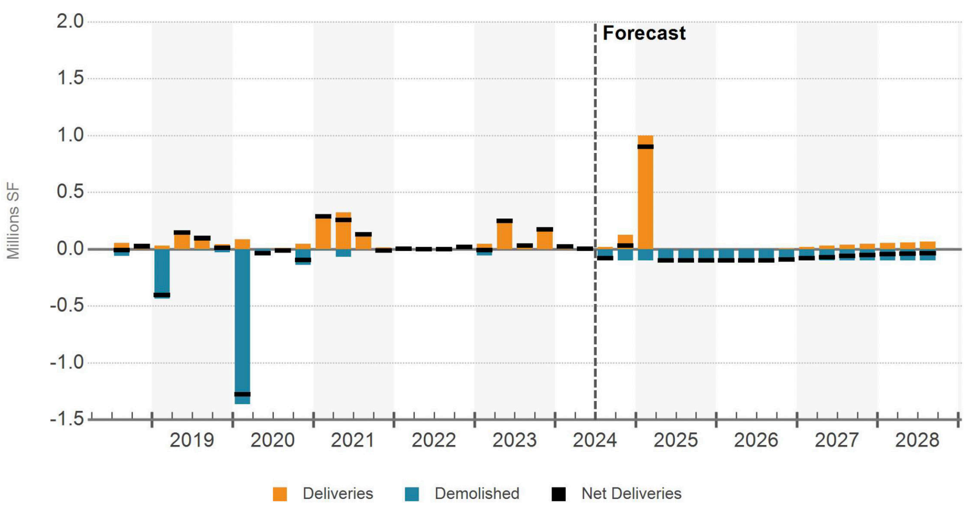
CLEVELAND: **OFFICE CONSTRUCTION DATA**

Cleveland has seen an increase in office deliveries over the past 12 months, adding just over 450,000 square feet (SF) to the market—more than double the annual average from the past three years. Medical offices accounted for 60% of these deliveries, primarily as build-to-suit projects. The largest recent delivery is a 150,000-SF property on Rockside Woods Blvd. in the Rockside Corridor submarket, which includes 60,000 SF occupied by CBIZ and was completed in Q4 2023.

Despite this rise in deliveries, Cleveland's total office inventory has remained largely unchanged over the past five years, primarily due to the removal of largely vacant buildings in the CBD. More than 4 million SF of office space has been converted to other uses, such as residential and hospitality, over the past decade. Current conversion projects include Erieview Plaza, adding 367 apartment units, 700 Prospect Avenue with 123 units, and the Baker Building, which is being turned into a boutique hotel. Near-term office inventory may see a modest increase, with around 1.1 million SF currently under construction, representing 1.0% of market inventory—higher than Cleveland's typical level but still modest compared to the national benchmark of 1.1%. The oncoming supply poses minimal risk, as speculative development comprises just 5% of the space underway.

The largest project under construction is Sherwin-Williams' new headquarters at Public Square, totaling 1,000,000 SF, marking the largest delivery in downtown Cleveland since 2002. This 36-story tower will replace the company's current offices and house 3,100 employees. Additionally, Sherwin-Williams is building a 600,000-SF research and development facility in Brecksville, with a total investment estimated at around $600 million for both projects. The largest speculative project is Valor Acres, being developed by DiGeronimo Companies near the new R&D site in Brecksville. This mixed-use development includes a 168-unit apartment building that was completed in Q4 2023, with plans for a hotel and retail space. A 127,300-SF office property is also underway and expected to deliver in late 2024, with DiGeronimo Companies relocating its corporate offices from Independence to the new site.

DELIVERIES & DEMOLITIONS



CLEVELAND: **OFFICE SALES VOLUME**

Rising vacancy rates and high debt costs are negatively impacting transaction activity in Cleveland in 2024. Sales volume in Q1 2024 reached just under $30 million, a 70% decrease from the average fourth-quarter volume in the five years before the pandemic. While transactions over $50 million were rare pre-pandemic, deals between $10 million and $40 million were more common. The office sector downturn has particularly affected eight-figure trades, with only two recorded in the past year, while most recent deals range from $1 million to $3 million.

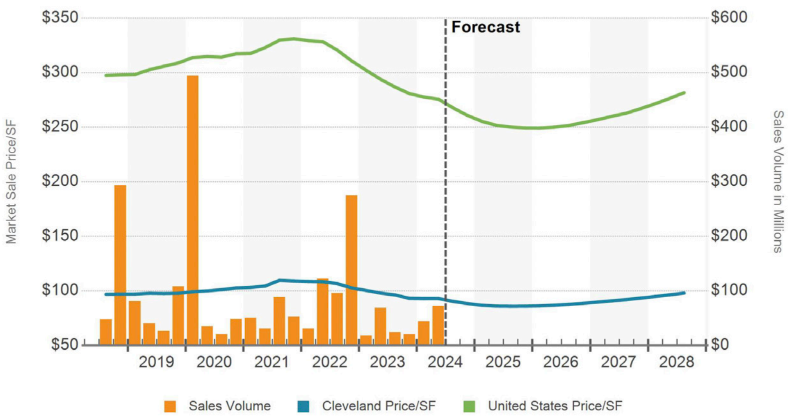
The buyer profile has shifted in recent quarters due to the decline in larger transactions. Over the past five years, REITs and public buyers made up one-third of total volume, but this share dropped to just 2% in the past 12 months. Institutional investor activity also decreased, accounting for only 6% of annual sales. Private buyers and users filled the gap, comprising 85% of transaction volume in the last year.

The challenging office environment, especially in the CBD submarket, has affected asset values. In April, downtown Cleveland's third-largest office tower, 200 Public Square, sold for $54 million, or $42.50/SF, reflecting a 70% drop in value from its 2018 sale for $187 million ($147.30/SF). The property's 30% vacancy contributed to the steep discount, and the sale excluded a seven-story parking garage, which sold separately for $31 million. Market participants expect the new owner, Namdar Realty Group, to offer rents as low as $24/SF, while competitors need $30/SF.

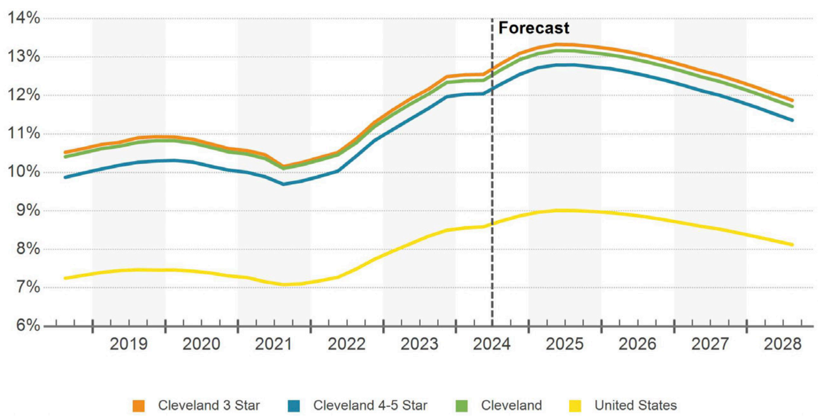
Value declines are also evident in the suburbs. In March, Avalair Group purchased 6200 Oak Tree Boulevard in the Rockside Corridor for $15.5 million ($68.96/SF), 32% below comparable properties. The asset was 62% leased at the time of sale, and the buyer saw it as a value-add opportunity due to its unique amenities, including an on-site daycare center and auditorium. Medical office properties accounted for many top deals recently, representing one-third of sales volume over the past six months, up from 19% the previous year.

Transaction activity in Cleveland is expected to remain subdued amid high interest rates and slowing rent growth. Institutional investors may continue to delay capital deployment, creating opportunities for users and private investors to acquire discounted assets.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



CLEVELAND: **NOTABLE OFFICE SALE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
200 Public Sq, Cleveland, OH 44114

SALE DATE
April 3, 2024

SELLER
DRA Advisors.

BUYER
Namdar Realty Group

SALE PRICE
$54,000,000

PRICE/SF
$41.96

BUILDING SIZE
1,287,001 SF

PROPERTY ADDRESS
747-755 Alpha Dr, Highland Heights, OH 44143

SALE DATE
March 28, 2024

SELLER
Progressive Insurance

BUYER
Park Place Technologies

SALE PRICE
$17,000,000

PRICE/SF
$49.96

BUILDING SIZE
340,268 SF

PROPERTY ADDRESS
6200 Oak Tree Blvd, Independence, OH 44131

SALE DATE
March 12, 2024

SELLER
JDI Realty

BUYER
Avalair Group

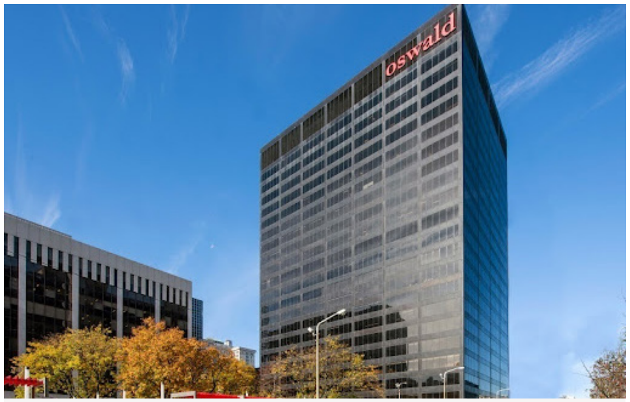
SALE PRICE
$15,513,000

PRICE/SF
$68.96

BUILDING SIZE
224,943 SF

Allegro
Real Estate Brokers & Advisors

CLEVELAND: **DISTRESSED ASSETS IN THE MARKET**



PROPERTY ADDRESS
1100 Superior Ave E, Cleveland, OH 44114

BUILDING SIZE
625,239 SF

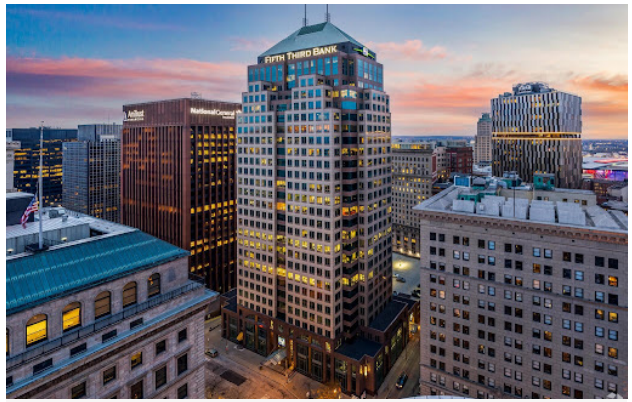
OCCUPANCY
67.5%

CURRENT OWNER
LNR Partners (In Receivership)

DEBT REMAINING
$45,406,563

CURRENT INTEREST RATE
4.66%

DEBT MATURITY RATE
May 6, 2024



PROPERTY ADDRESS
600 Superior Ave E, Cleveland, OH 44114

BUILDING SIZE
570,001 SF

OCCUPANCY
75.3%

CURRENT OWNER
Prime Finance (Foreclosure Auction)

DEBT REMAINING
$57,300,000 (Original Mortgage in 2019)

CURRENT INTEREST RATE
Unknown

DEBT MATURITY RATE
Unknown

PROPERTY ADDRESS
1215 Superior Ave E, Cleveland, OH 44114

BUILDING SIZE
164,139 SF

OCCUPANCY
79%

CURRENT OWNER
Guy Kahan (In Foreclosure)

DEBT REMAINING
$9,700,000

CURRENT INTEREST RATE
Unknown

DEBT MATURITY RATE
Loan defaulted March 23, 2023

CLEVELAND: **LARGE BLOCK OFFICE SPACE ON THE MARKET**

PROPERTY ADDRESS
1801 Superior Ave E, Cleveland, OH 44114

LARGEST CONTIGUOUS SPACE AVAILABLE
169,769 SF

RENTAL RATE
Withheld

BUILDING SIZE
415,874 SF

YEAR BUILT/RENOVATED
2001

LANDLORD / OWNER
ICP LLC

PROPERTY ADDRESS
200 Public Sq, Cleveland, OH 44114

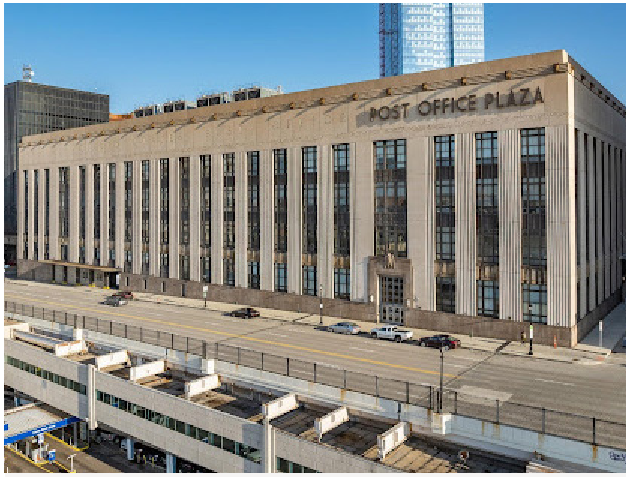
LARGEST CONTIGUOUS SPACE AVAILABLE
124,087 SF

RENTAL RATE
$25.50 - $27.50

BUILDING SIZE
1,287,001 SF

YEAR BUILT/RENOVATED
1985

LANDLORD / OWNER
Namdar Realty Group



PROPERTY ADDRESS
1500 W 3rd St, Cleveland, OH 44113

LARGEST CONTIGUOUS SPACE AVAILABLE
117,64 SF

RENTAL RATE
Withheld

BUILDING SIZE
455,000 SF

YEAR BUILT/RENOVATED
1925/1990

LANDLORD / OWNER
K&D Real Estate Services

CLEVELAND: **NOTABLE OFFICE LEASE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
23700 Chagrin Blvd, Beachwood, OH 44122

SQUARE FEET LEASED
62,748 SF

TENANT
Master Builders

DATE SIGNED
January 15, 2024

BUILDING SIZE
163,407 SF

LANDLORD / OWNER
BASF

PROPERTY ADDRESS
50 Executive Pky, Hudson, OH 44236

SQUARE FEET LEASED
46,666 SF

TENANT
Confidential

DATE SIGNED
May 7, 2024

BUILDING SIZE
70,000 SF

LANDLORD / OWNER
Benedict Realty Group

PROPERTY ADDRESS
1400-1422 Euclid Ave, Cleveland, OH 44115

SQUARE FEET LEASED
24,000 SF

TENANT
DLR Group

DATE SIGNED
June 17, 2024

BUILDING SIZE
337,000 SF

LANDLORD / OWNER
Playhouse Square Real Estate Services

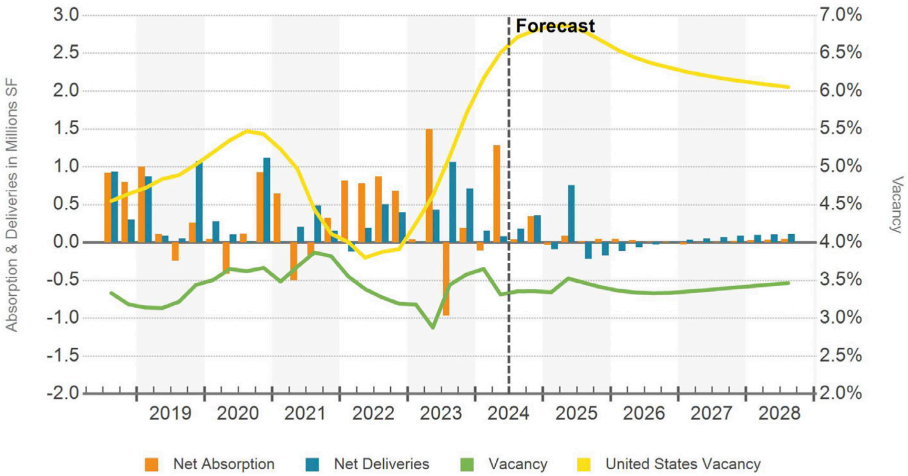
CLEVELAND INDUSTRIAL MARKET

Allegro
Real Estate Brokers & Advisors

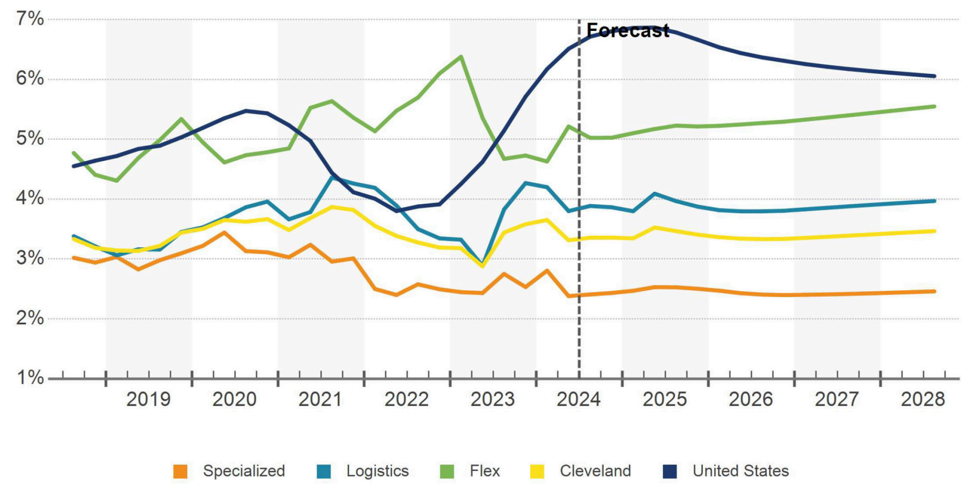
CLEVELAND: **INDUSTRIAL MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
2M	317K	3.4%	5.6%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



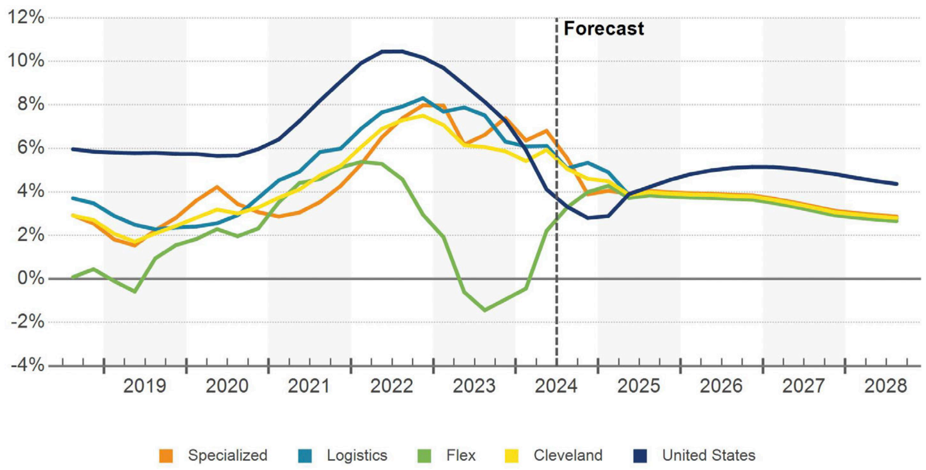
CLEVELAND: **INDUSTRIAL MARKET RENT GROWTH**

Like national trends, industrial rent growth in Cleveland is slowing as net absorption levels off. Annual increases peaked at 7.5% in late 2022, and as of the third quarter of 2024, the average growth is 5.6%, compared to a national benchmark of 3.9%.

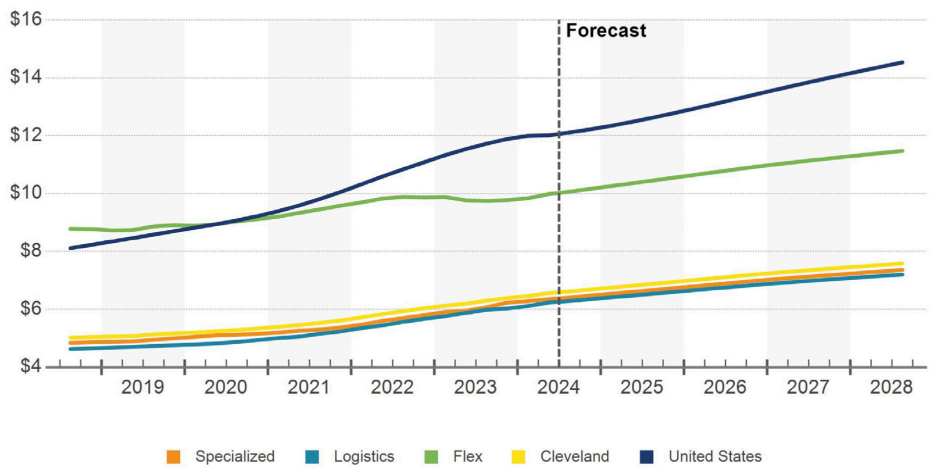
While rent growth is expected to continue decelerating through 2024 in the Base Case forecast, annual gains are projected to remain above pre-pandemic levels in the near term. Limited deliveries in Cleveland over recent years have enabled landlords to maintain a healthy pace of rent increases, with growth expected to hover around 4% over the next three years.

Cleveland is a relatively affordable industrial market, with average rents at $6.50/SF—about half the national average and among the lowest in the Midwest. Logistics space rents average $6.20/SF, with recently delivered properties commanding a 10% to 15% premium. Rents for manufacturing space vary significantly, but due to the scarcity of modern facilities, rents for recently delivered manufacturing properties are above the market average of $6.30/SF.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



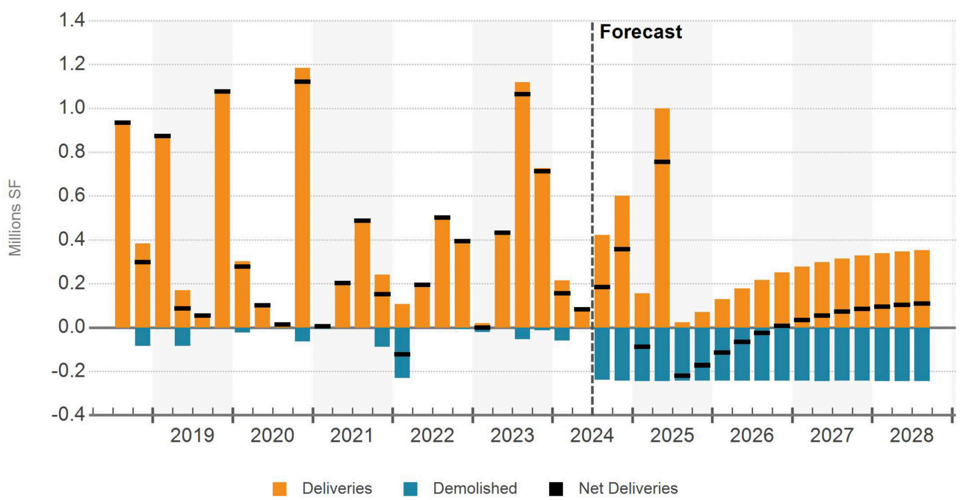
CLEVELAND: **INDUSTRIAL CONSTRUCTION DATA**

Supply additions in Cleveland have been minimal in recent years, with industrial inventory growing only 1.2% over the past three years, compared to 7.4% nationally. A key reason for this slow growth is the lack of vacant land available for new development. Market participants indicate a shortage of shovel-ready sites, making it challenging to build the modern industrial space that is in high demand. Consequently, many recent deliveries have involved repurposed retail locations and aging manufacturing facilities.

One of the largest projects in 2023 was developed on the site of the former Ford Stamping Plant in Walton Hills. Local developer DiGeronimo Companies, in partnership with Scannell Properties, completed a 247,000-SF distribution facility as part of the Forward Innovation Center redevelopment. This project could ultimately encompass up to 2.1 million SF. Another component, located in Brook Park at the former Ford Cleveland Engine Plant No. 2, has also delivered its first building of 247,000 SF, which is leased to Victory Packaging. An additional 127,000-SF property is currently under construction and is expected to be completed by mid-2024, with plans for a total of 3 million SF on the 210-acre site.

Elevated construction financing costs have contributed to a decline in construction starts, which are at a multi-year low in Cleveland. Currently, about 2.2 million SF is underway, representing just 0.6% of total inventory—well below regional peers and the national average of 1.8%. Most ongoing projects are between 50,000 SF and 150,000 SF, with few exceeding 200,000 SF, and there is an even mix of logistics and manufacturing facilities.

DELIVERIES & DEMOLITIONS



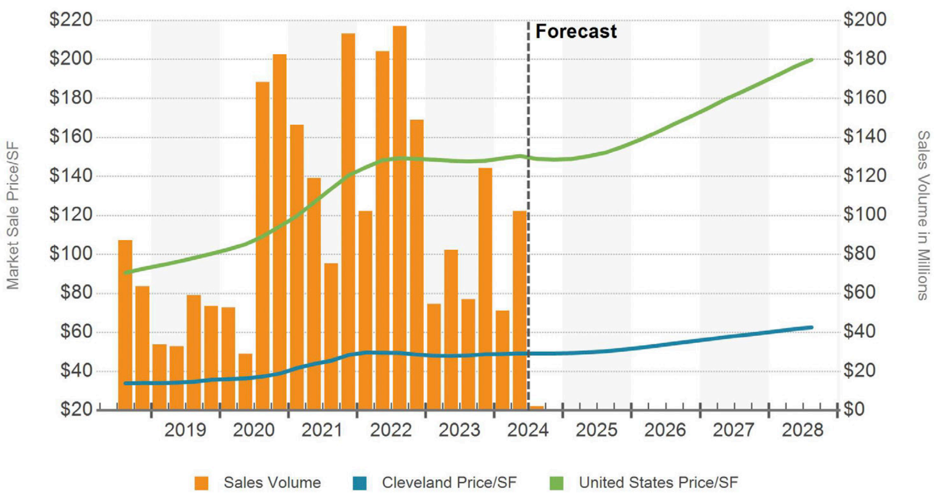
CLEVELAND: **INDUSTRIAL SALES VOLUME**

Although investment activity in Cleveland has decreased from recent highs, it remains strong compared to pre-pandemic averages. In the first quarter of 2024, over $100 million in transactions took place, marking a 70% increase over the second-quarter average from the five years prior to the pandemic. While deals exceeding $40 million were uncommon before the pandemic, transactions between $10 million and $30 million were more frequent. The impact of high interest rates is primarily felt in larger transactions, with only seven trades above $10 million recorded so far this year, less than half of last year's total.

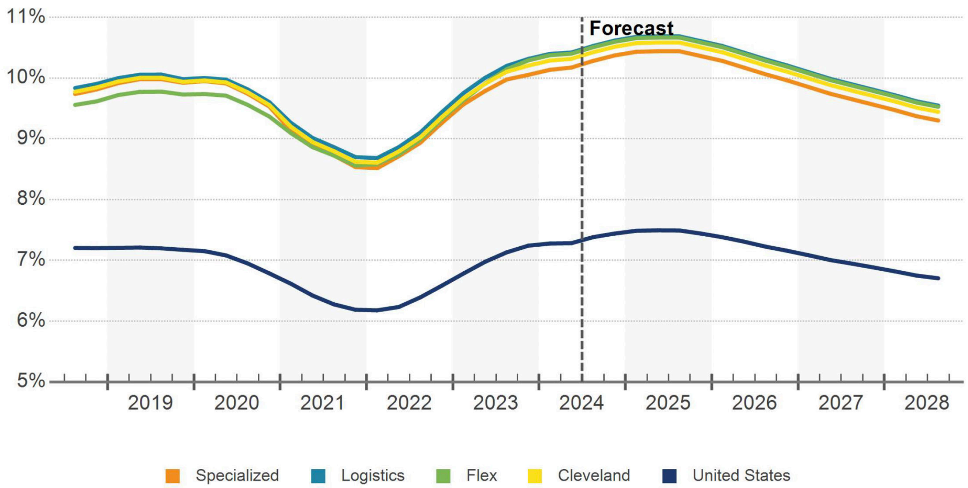
The buyer profile has shifted recently, with a notable decline in larger transactions. Historically, institutional buyers were rare, and most significant deals came from public REITs or private developers. While some institutional activity continues, the majority of top transactions are now led by developers, with individual buyers and users also playing a significant role. Assets delivered within the last decade are helping to support market pricing. For instance, in the fourth quarter of 2023, Boston-based Trident Capital Group purchased a 185,000-SF warehouse at 14790 Foltz Parkway in Strongsville, built in 2016, for $15 million. At $81.30/SF, the price aligns with comparable properties sold in mid-2022 before interest rates began to rise.

The largest sale to date occurred in April when Royal Oak Realty Trust from Rochester, New York, acquired a 347,000-SF warehouse in North Ridgeville for $36.5 million ($105.13/SF). Completed in 2017, the property is fully leased to Riddell Sports Group. Fully leased assets have been a primary target for investors in Cleveland throughout 2023. In the third quarter of 2023, local developer Industrial Commercial Properties sold a 150,000-SF warehouse at 7000 Denison Ave. in the Downtown South Submarket. Fully leased by packaging company Greenbridge in late 2022, the property was purchased by New Jersey-based developer ARCTRUST for $11.7 million ($77.66/SF). This building had last sold to Industrial Commercial Properties in late 2021 for $2.6 million ($17/SF).

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



CLEVELAND: **NOTABLE INDUSTRIAL SALE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
7501 Performance Ln, North Ridgeville, OH 44039

SALE DATE
April 16, 2024

SELLER
LCN Capital Partners

BUYER
Royal Oak Realty Trust

SALE PRICE
$36,500,000

PRICE/SF
$105.13

BUILDING SIZE
347,205 SF

PROPERTY ADDRESS
30701 Carter St, Solon, OH 44139

SALE DATE
January 10, 2024

SELLER
Cosmax USA Corp

BUYER
Mytee Products

SALE PRICE
$11,520,000

PRICE/SF
$38.10

BUILDING SIZE
302,368 SF

PROPERTY ADDRESS
12420 Plaza Dr, Parma, OH 44130

SALE DATE
May 30, 2024

SELLER
North Coast Bearings, LLC

BUYER
ProEquity Asset Management

SALE PRICE
$10,300,000

PRICE/SF
$93.64

BUILDING SIZE
110,000 SF

CLEVELAND: **LARGE BLOCK INDUSTRIAL SPACE ON THE MARKET**

PROPERTY ADDRESS
6200 Riverside Dr, Cleveland, OH 44135

LARGEST CONTIGUOUS SPACE AVAILABLE
724,413 SF; 400,000 SF

RENTAL RATE
$6.00/SF NNN

BUILDING SIZE
2,367,787 SF

YEAR BUILT
1950

LANDLORD/OWNER
ICP LLC

PROPERTY ADDRESS
7130 Krick Rd, Walton Hills, OH 44146

LARGEST CONTIGUOUS SPACE AVAILABLE
642,053 SF

RENTAL RATE
Witheld

BUILDING SIZE
642,053 SF

YEAR BUILT
1971

LANDLORD/OWNER
ICP LLC

PROPERTY ADDRESS
26300 Miles Rd, Bedford Heights, OH 44146

LARGEST CONTIGUOUS SPACE AVAILABLE
375,000 SF

RENTAL RATE
$5.50/SF NNN

BUILDING SIZE
375,000 SF

YEAR BUILT
1969

LANDLORD/OWNER
Premier Development Partners

CLEVELAND: **NOTABLE INDUSTRIAL LEASE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
1210 Massillon Rd, Akron, OH 44306

SQUARE FEET LEASED
241,565 SF

TENANT
Withheld

DATE SIGNED
March 19, 2024

BUILDING SIZE
609,654 SF

LANDLORD / OWNER
ICP LLC

PROPERTY ADDRESS
21160 Drake Rd, Strongsville, OH 44149

SQUARE FEET LEASED
139,136 SF

TENANT
BidFTA

DATE SIGNED
February 20, 2024

BUILDING SIZE
214,803 SF

LANDLORD / OWNER
ICP LLC

PROPERTY ADDRESS
5300 Lakeside Ave E, Cleveland, OH 44114

SQUARE FEET LEASED
106,580 SF

TENANT
Withheld

DATE SIGNED
January 25, 2024

BUILDING SIZE
106,580 SF

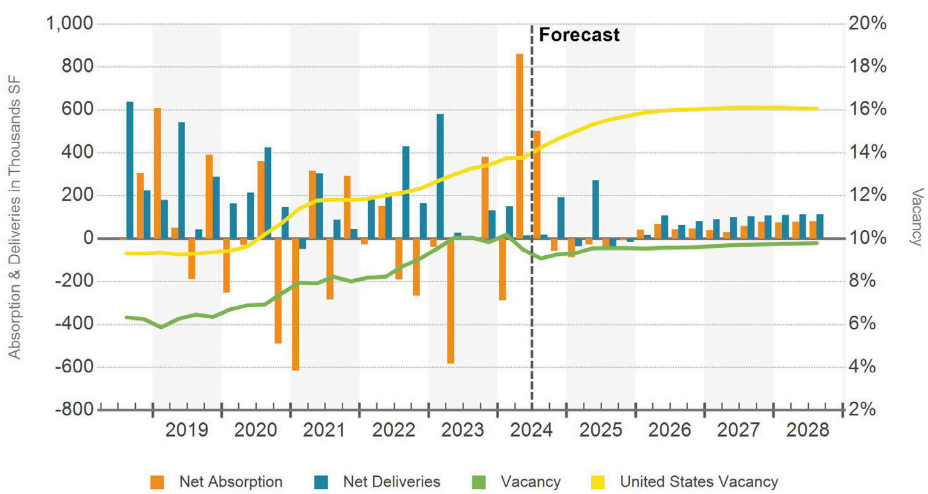
LANDLORD / OWNER
ICP LLC

COLUMBUS OFFICE MARKET

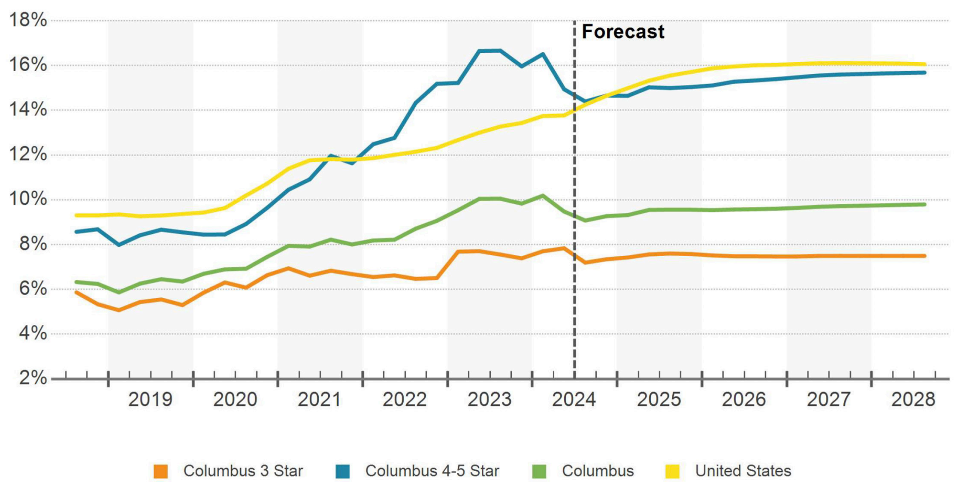
COLUMBUS: **OFFICE MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
593K	1.4M	9.1%	2.2%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



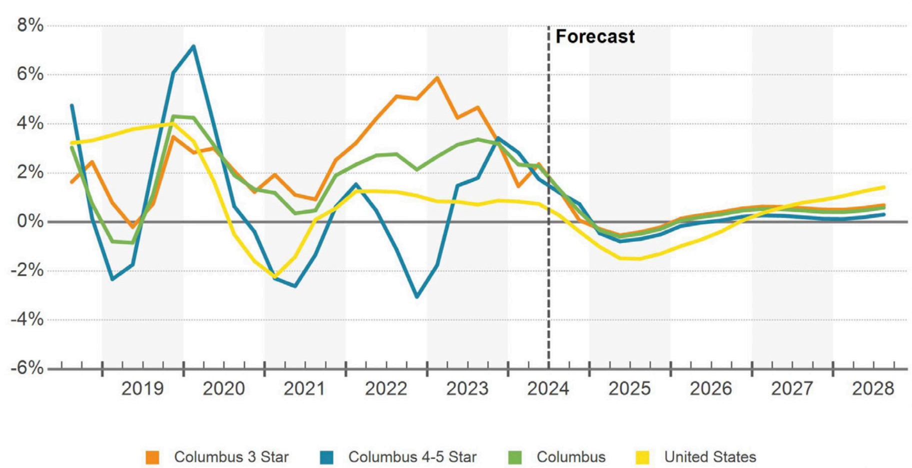
COLUMBUS: **OFFICE MARKET RENT GROWTH**

While national rent growth has remained steady in recent quarters, Columbus has experienced a notable slowdown, with growth down 120 basis points quarter over quarter. At 2.2%, Columbus still performs well compared to the national benchmark of 0.7%, ranking as the second-highest market in the Midwest for rent growth, just behind Minneapolis. Instead of reducing rents in response to shifting market conditions, landlords have chosen to increase concessions and offer substantial tenant improvement (TI) allowances to maintain face rents. Market participants report instances of around six months of free rent offered on a 10-year lease, along with generous TI packages.

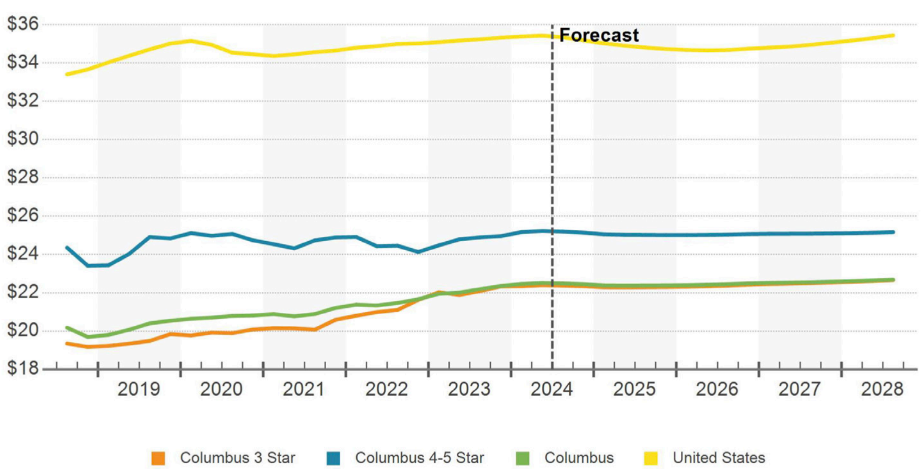
However, leases signed in the past six months indicate that weak demand trends are beginning to pressure asking rents. In the first quarter of 2024, Homeside Financial leased 26,600 SF at Waters Edge I in New Albany, with the space listed at $14.95/SF—40% below similar properties. A similar trend is observed in the Polaris submarket, where 48,000 SF at The Offices at Westar is advertised for $13.95/SF. Rents have fared better in Downtown Columbus, particularly in newer developments located in the Franklinton neighborhood. Earlier this year, Gilbane Building Company leased 14,600 SF at Gravity II on a 10-year term, starting at $22/SF. Nearby, Burgess & Niple leased 14,200 SF at 330 Rush Alley, with an asking rent of $21.95/SF. These rates are approximately 15% below the average for 4- and 5-star buildings in Downtown Columbus built in the past decade.

With sublease space remaining near record levels, tenants can find high-quality options at discounted rates, further impacting landlords' ability to sustain face rents. Currently, sublet space in Columbus totals 1.9 million SF, representing 12% of the total available space in the market, slightly below the national average of 15%. While landlords have managed to offer attractive concessions to uphold asking rents, rising vacancy rates are expected to exert downward pressure on rents, leading to a deceleration in rent growth. According to the Base Case forecast, rent growth is projected to approach zero by late 2025, with an average increase of just 0.4% per year over the next three years.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



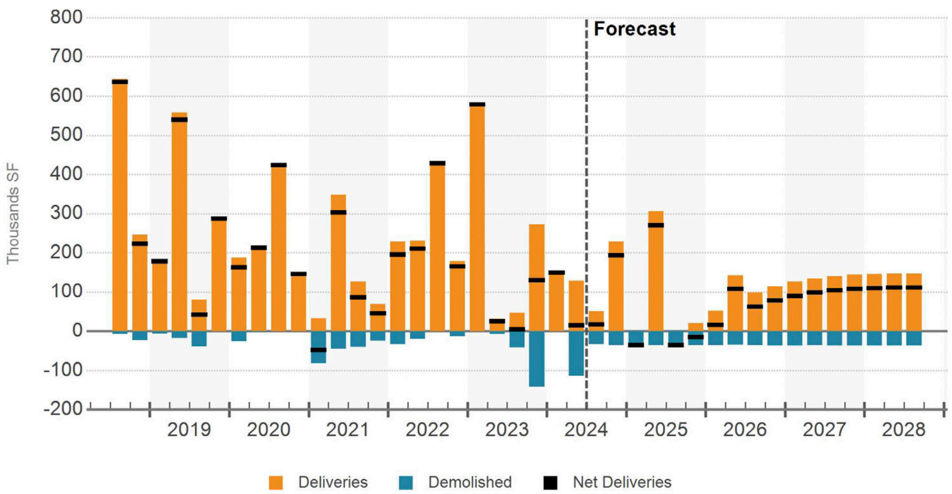
COLUMBUS: **OFFICE CONSTRUCTION DATA**

The pace of deliveries in Columbus has slowed, with only 300,000 SF of net deliveries recorded in the past year—just 23% of the annual average from the five years before the pandemic. Many of the recent top deliveries have come from mixed-use developments. Notably, in January, The Offices at Astor Park contributed 144,000 SF to the market. Astor Park also features the new $315 million Lower.com Field, over 440 residential units, and a 2.5-acre riverfront park, with BBI Logistics occupying 120,000 SF at the property.

Looking ahead, delivery activity in Columbus is expected to remain modest, as construction has declined for the third consecutive quarter, with around 800,000 SF currently underway, representing 0.7% of market inventory—below the national benchmark of 1.1%. The Hilliard submarket is particularly active, with 416,000 SF (or 17% of its inventory) under construction. One significant project is TruePointe, a 26-acre mixed-use development initiated last summer by developers Equity and Milhaus. This project includes a 191,000-SF office building set to be completed in 2025, with Advanced Drainage Systems leasing 75,000 SF at the site in the third quarter of 2023. TruePointe will also feature 42,000 SF of retail and restaurant space, luxury apartments, and a 108-key hotel.

Another mixed-use development is taking shape in the Italian Village neighborhood just north of downtown Columbus. A 101,000-SF office building is currently under construction at Jeffery Park, located on the former Jeffery Manufacturing site. This project will include 17,000 SF of retail space, 600 rental units, 185 single-family homes, and a 1.6-acre park. Additionally, in downtown's Brewery District, another 155,000 SF of office space is expected to be completed in the third quarter of 2024. Local real estate firm Stage Capital Partners is overseeing the historic renovation of 477 S Front Street, which will include two historic buildings offering office space, 40 apartments, six restaurants and bars, an event space, and a 350-space parking garage.

DELIVERIES & DEMOLITIONS



Allegro
Real Estate Brokers & Advisors

COLUMBUS: OFFICE SALES VOLUME

Negative net operating income (NOI) growth and rising borrowing costs are dampening transaction activity in Columbus. In Q1 2024, sales volume reached just under $50 million, a 37% drop from the average first-quarter volume pre-pandemic. While eight-figure transactions were previously common, only one has occurred in the past year, with most recent deals ranging from $3 million to $6 million.

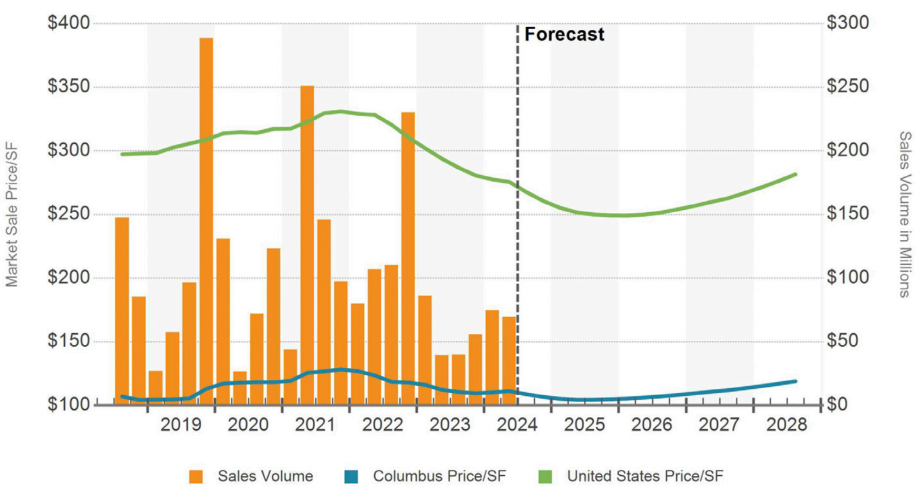
The buyer landscape has shifted, with a notable decline in larger transactions. Institutional buyers, which previously accounted for a quarter of total volume, have largely been replaced by private buyers, including developers and individual investors. High-vacancy properties have pressured market pricing; for example, a 205,000-SF property in New Albany sold for $8 million ($39.40/SF) despite being only 34% leased.

Owner-user deals are increasing, such as Cornerstone Academy Community School's purchase of two West Campus Road buildings for $18 million. At $155/SF, this reflects pre-COVID pricing.

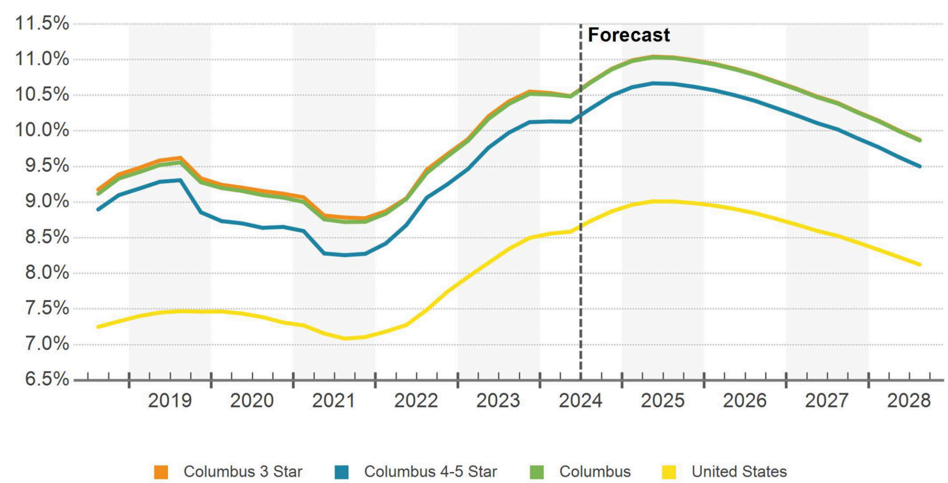
Medical office transactions represent 24% of total volume over the past six months, up from 12% the previous year. The top sale was the Gahana Officenter, a fully leased 40,300-SF property, sold for $6.1 million ($152/SF) — nearly 20% below the initial asking price, indicating a 14% decline in medical office values compared to a year ago.

Overall, transaction activity in Columbus is expected to remain subdued due to high interest rates and slowing rent growth, potentially providing opportunities for users and private investors to acquire discounted assets.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



COLUMBUS: **NOTABLE OFFICE SALE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
8050 E Main St, Reynoldsburg, OH 43068

SALE DATE
May 14, 2024

SELLER
The Daimler Group Inc.

BUYER
Hammes Partners

SALE PRICE
$22,750,000

PRICE/SF
$362.25

BUILDING SIZE
62,802 SF

PROPERTY ADDRESS
3435 Stelzer Rd, Columbus, OH 43219

SALE DATE
March 21, 2024

SELLER
Dale P. & Marlene H. Scherber

BUYER
IRA Capital, LLC

SALE PRICE
$21,500,000

PRICE/SF
$90.72

BUILDING SIZE
237,000 SF

PROPERTY ADDRESS
4650 Lakehurst Ct, Dublin, OH 43016

SALE DATE
May 16, 2024

SELLER
GIC Real Estate

BUYER
Heart of Ohio Classical Academy Foundation

SALE PRICE
$7,500,000

PRICE/SF
$45.55

BUILDING SIZE
164,639 SF

COLUMBUS: **DISTRESSED ASSETS IN THE MARKET**

PROPERTY ADDRESS
41 S High St, Columbus, OH 43215

BUILDING SIZE
907,010 SF

OCCUPANCY
86.5%

CURRENT OWNER
Hines

DEBT REMAINING
$134,475,797

CURRENT INTEREST RATE
3.53%

DEBT MATURITY DATE
October 7, 2026

PROPERTY ADDRESS
180 E Broad St, Columbus, OH 43215

BUILDING SIZE
656,934 SF

OCCUPANCY
63.7%

CURRENT OWNER
U.S. Bank (Sheriff's Auction, $12.6M Purchase Price)

DEBT REMAINING
$17,351,238

CURRENT INTEREST RATE
4.23%

DEBT MATURITY DATE
May 1, 2023

PROPERTY ADDRESS
250 Old Wilson Bridge Rd, Worthington, OH 43085

BUILDING SIZE
90,014 SF

OCCUPANCY
71.0%

CURRENT OWNER
Amcor

DEBT REMAINING
$4,893,362

CURRENT INTEREST RATE
4.89%

DEBT MATURITY DATE
October 6, 2025

COLUMBUS: **LARGE BLOCK OFFICE SPACE ON THE MARKET**

PROPERTY ADDRESS
5100 Rings Rd, Dublin, OH 43017

LARGEST CONTIGUOUS SPACE AVAILABLE
406,000 SF (Sublease Through November 2029)

RENTAL RATE
$20.00/SF Full-Service Gross

BUILDING SIZE
406,000 SF

YEAR BUILT
2001

LANDLORD / OWNER
Herber Kendall

PROPERTY ADDRESS
5525 Parkcenter Cir, Dublin, OH 43017

LARGEST CONTIGUOUS SPACE AVAILABLE
285,421 SF

RENTAL RATE
$13.50/SF NNN

BUILDING SIZE
321,597 SF

YEAR BUILT
1995

LANDLORD / OWNER
Group RMC

PROPERTY ADDRESS
10 W Nationwide Blvd, Columbus, OH 43215

LARGEST CONTIGUOUS SPACE AVAILABLE
200,000 SF

RENTAL RATE
Withheld

BUILDING SIZE
200,000 SF

YEAR BUILT
2012

LANDLORD / OWNER
Nationwide Mutual

COLUMBUS: **NOTABLE OFFICE LEASE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
7400 W Campus Rd, New Albany, OH 43054

SQUARE FEET LEASED
36,189 SF

TENANT
Withheld

DATE SIGNED
May 1, 2024

BUILDING SIZE
205,000 SF

LANDLORD / OWNER
Joe Hakim

PROPERTY ADDRESS
5900 Parkwood Pl, Dublin, OH 43016

SQUARE FEET LEASED
32,980 SF

TENANT
Withheld

DATE SIGNED
June 18, 2024

BUILDING SIZE
164,900 SF

LANDLORD / OWNER
Group RMC

PROPERTY ADDRESS
65 E State St, Columbus, OH 43215

SQUARE FEET LEASED
31,644 SF

TENANT
Withheld

DATE SIGNED
April 1, 2024

BUILDING SIZE
495,000 SF

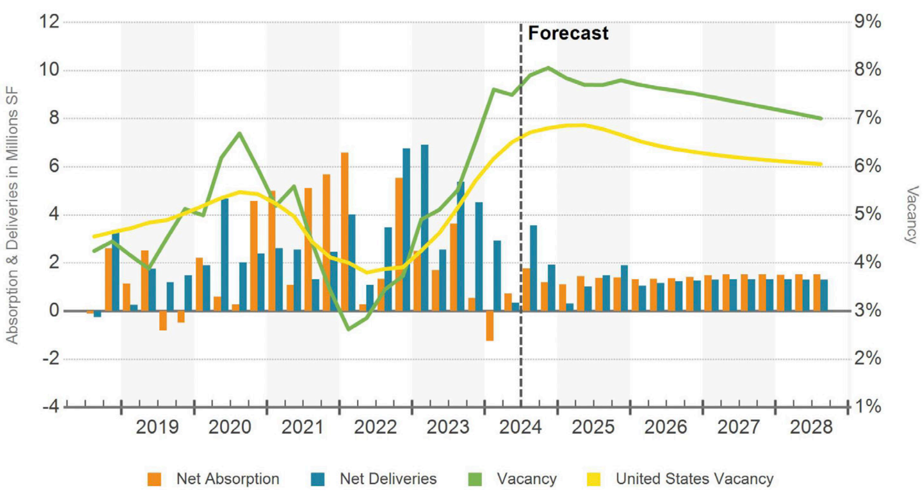
LANDLORD / OWNER
Group RMC

COLUMBUS INDUSTRIAL MARKET

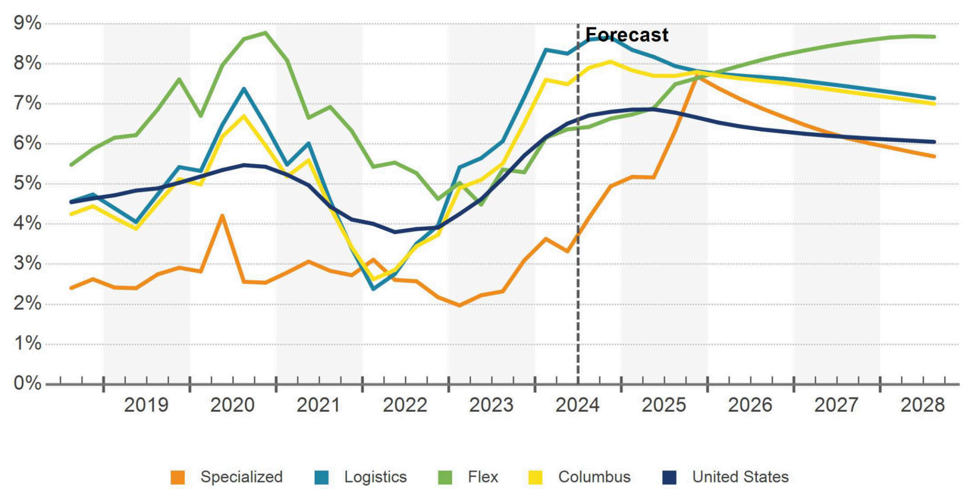
COLUMBUS: **INDUSTRIAL MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
13M	4M	7.4%	8.5%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



COLUMBUS: **INDUSTRIAL MARKET RENT GROWTH**

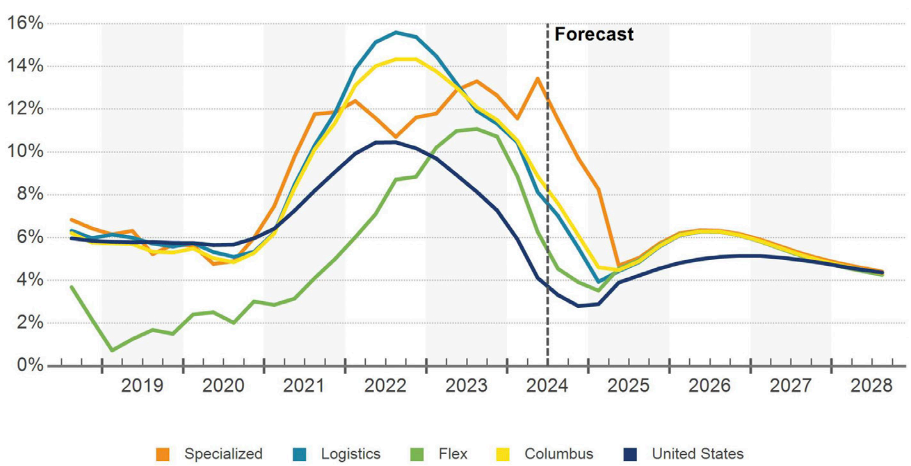
Rent growth in Columbus is slowing as availability rises. Year-over-year growth, which peaked at 14% at the start of 2023, has dropped to 8.5% as of Q3 2024. Despite this decline, rent increases remain above the 10-year average of 7.5% for Columbus and significantly exceed the national benchmark of 3.9%. Although rent growth is expected to continue decelerating through 2024 due to declining demand and increasing supply, the near-term outlook is positive. By 2025-2026, rent growth is projected to stabilize, aligning with pre-pandemic levels.

Columbus is an affordable industrial market, with average rents at $8.20/SF, placing it in the mid-range among peer markets in the region. Logistics rents average $7.80/SF, about 30% below the national benchmark. Big box distribution properties ranging from 250,000 SF to 500,000 SF have slightly lower average asking rents at $7.25/SF. For example, the 333,000-SF Bolton One distribution center, delivered in 2023, is currently listed at $7/SF, reflecting a high availability rate of 11% for larger properties in Columbus, which is over 100 basis points above the national average.

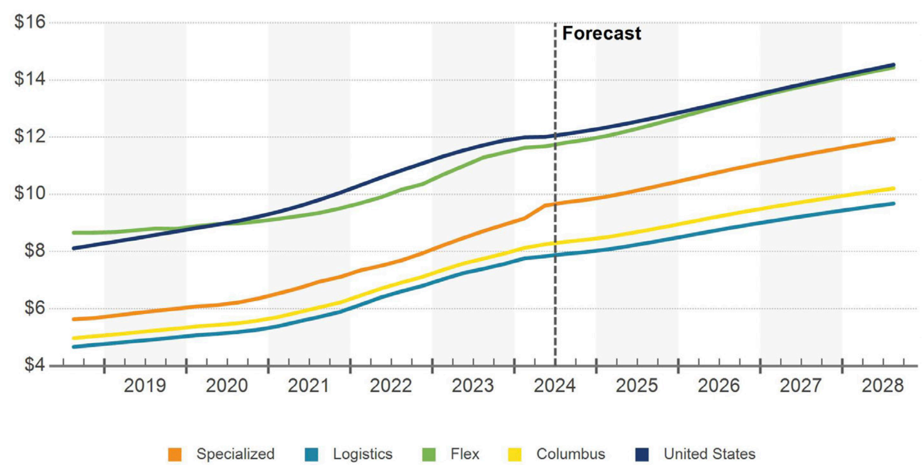
In contrast, mid-sized distribution centers with tighter availability command higher rents. In the Airport Submarket, a 208,000-SF property under construction is advertising rents at $8.50/SF, similar to a 100,000-SF property in the Southeast Submarket, also listed at $8.50/SF.

Sublease listings are significantly lower than market rates and vary by location and quality. For instance, a 125,000-SF sublease in a 2013 distribution center in the Delaware County Submarket is priced at $7.40/SF, approximately 34% below average asking rents for similar properties in the area. Additionally, a 183,500-SF sublease deal signed in Grove City, located in the Southwest Submarket, was secured at $3.50/SF, roughly half the average asking rent for comparable properties in that area.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



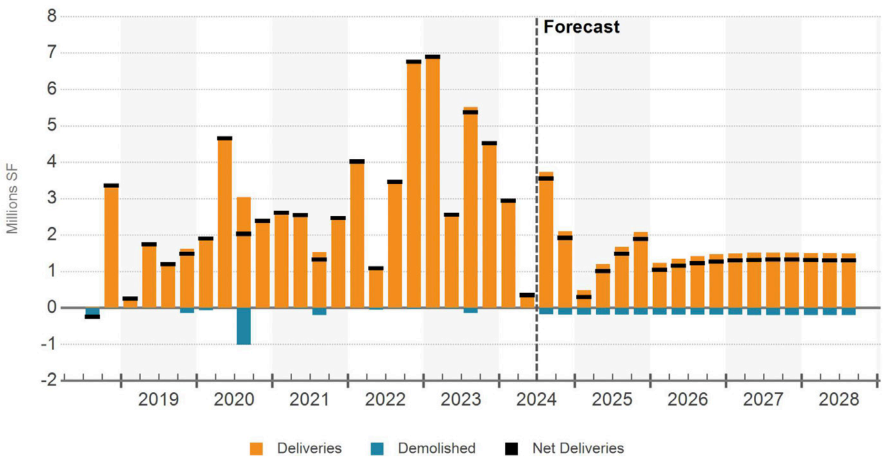
COLUMBUS: **INDUSTRIAL CONSTRUCTION DATA**

Columbus has recently overtaken Cleveland as Ohio's largest industrial market, boasting over 370 million SF of space as of Q3 2024. It is one of the fastest-growing markets in the region, with industrial stock increasing by 20% over the past five years, compared to the national rate of 10%. In 2023, deliveries reached a record high, adding over 18 million SF—three times the annual average prior to the pandemic. In 2024, nearly 3 million SF has already been delivered, with an additional 5.8 million SF expected later this year, continuing to pressure availability.

Despite high delivery levels in the near term, developers are scaling back new construction due to rising interest rates. As a result, total construction in Columbus has dropped to its lowest level since 2019, with 8.5 million SF underway, representing about 2.3% of inventory, consistent with the national benchmark. While speculative construction still makes up over half of total space underway nationwide, its share in Columbus has significantly decreased, with about one-third of the space currently available, down from 55% a year ago.

The influx of new supply is likely to impact some of Columbus' fastest-growing submarkets, such as Licking County and Pickaway County, where newly constructed spaces may take longer to lease. These submarkets account for over half of all space underway in Columbus, and their availability rates are already more than 300 basis points above the market average.

DELIVERIES & DEMOLITIONS



COLUMBUS: **INDUSTRIAL SALES VOLUME**

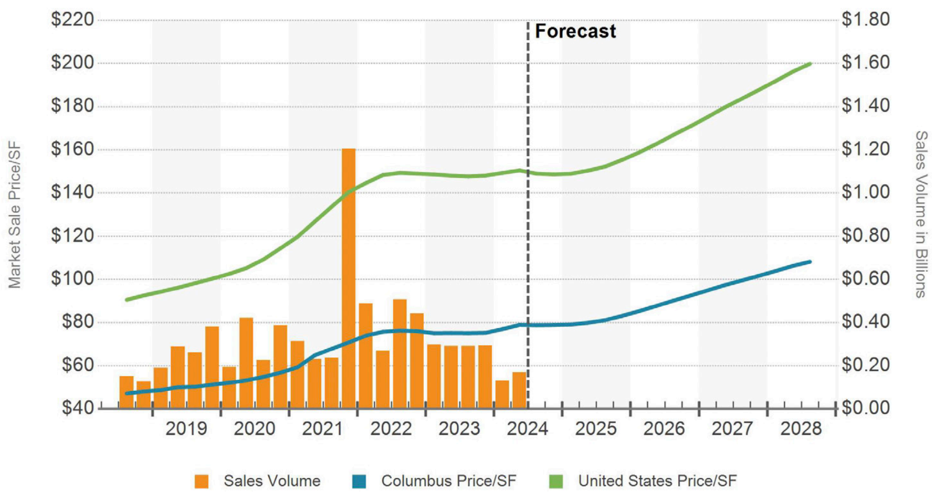
After a steady pace in 2023, investment activity in Columbus declined in Q1 2024, with approximately $131 million traded—marking the lowest first-quarter volume since 2015 and down 16% from the average in the five years before the pandemic. While elevated interest rates have dampened sales, the market's relative affordability, strong rent growth, and expanding advanced manufacturing sector continue to attract investor interest.

The buyer profile has shifted in the past year, with institutional investors accounting for just 26% of sales, down from an average of 35% over the previous five years. Instead, users and private buyers made up 40% of sales volume during the same period. As leasing trends soften, buyers are increasingly targeting assets with in-place cash flow, particularly fully leased, recently delivered properties. These properties typically traded between $30 million and $50 million ($80-$100/SF), down from $40 million to $90 million ($100-$130/SF) in 2022. One of the notable transactions occurred in Q3 2023 when Core5 Industrial Partners sold a 700,000-SF distribution center at the C5 I-70 Logistics Center in Etna to Hines Global Income Trust for $67 million. At $96/SF, this sale was about 20% below comparable properties in the area that traded before the Federal Reserve's rate hikes.

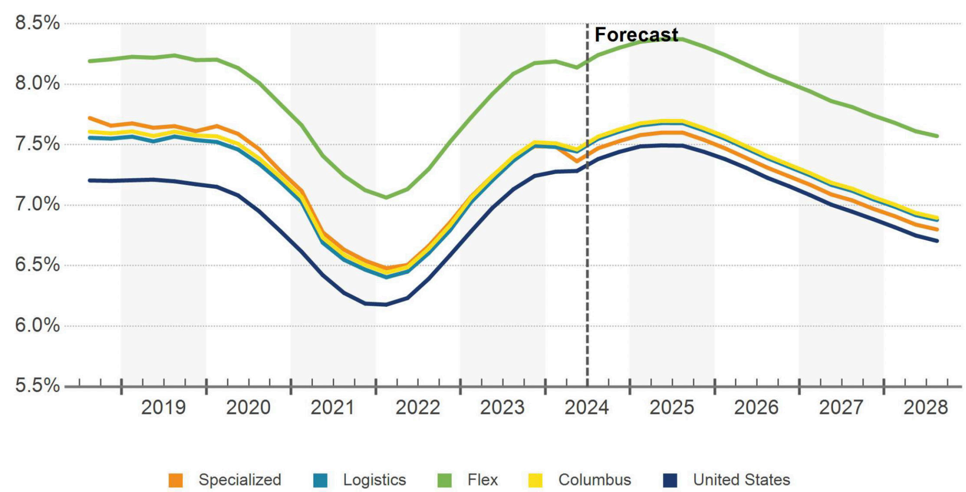
In Q4 2023, Core5 also sold a 1.1 million-SF property in West Jefferson to Cabot Properties for $89.5 million. This asset, which was fully leased to Home Depot, traded at $80/SF, in line with comparable properties sold in 2021 and early 2022. The higher-than-average rent growth and limited competition from new supply in West Jefferson likely support property values.

Properties sold in 2024 have seen more significant value declines. In April, Building 2 at Rickenbacker Exchange was sold for $94 million to W.P. Carey, a public REIT. Delivered in 2022, the 1.2 million-SF property was over 50% leased to Babylist and traded at $78.75/SF, representing a 27% decline compared to recent comparable sales. Looking ahead, transaction activity is expected to moderate as interest rates remain high and rent growth slows. As more speculative projects enter the market, investors may become hesitant to acquire properties in lease-up, potentially weighing on overall volume in Columbus.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



COLUMBUS: **NOTABLE INDUSTRIAL SALE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
714 Bosses Way, Commercial Point, OH 43137

LARGEST CONTIGUOUS SPACE AVAILABLE
1,198,965 SF

RENTAL RATE
Withheld

BUILDING SIZE
1,198,965 SF

YEAR BUILT
2023

LANDLORD / OWNER
Withheld

PROPERTY ADDRESS
5235-5251 West Pointe Dr, Groveport, OH 43125

LARGEST SUBLEASE SPACE AVAILABLE
1,166,015 SF

REMAINING LEASE TERM
10 Years

RENTAL RATE
Withheld

BUILDING SIZE
1,166,015 SF

LANDLORD / OWNER
GIC Real Estate

PROPERTY ADDRESS
44 Commerce Pky, West Jefferson, OH 43162

LARGEST SUBLEASE SPACE AVAILABLE
1,090,000 SF

RENTAL RATE
1,090,000 SF

BUILDING SIZE
1,090,000 SF

YEAR BUILT
2022

LANDLORD / OWNER
Stonemont Financial Group

COLUMBUS: **LARGE BLOCK INDUSTRIAL SPACE ON THE MARKET**

PROPERTY ADDRESS
12530 Refugee Rd SW, Pataskala, OH 43062

LARGEST CONTIGUOUS SPACE AVAILABLE
1,277,851 SF

RENTAL RATE
Withheld

BUILDING SIZE
1,277,851 SF

YEAR BUILT
2023

LANDLORD/OWNER
TPAGroup

PROPERTY ADDRESS
714 Bosses Way, Commercial Point, OH 43137

LARGEST CONTIGUOUS SPACE AVAILABLE
1,198,965 SF

RENTAL RATE
Withheld

BUILDING SIZE
1,198,965 SF

YEAR BUILT
2023

LANDLORD/OWNER
Withheld

PROPERTY ADDRESS
44 Commerce Pky, West Jefferson, OH 43162

LARGEST CONTIGUOUS SPACE AVAILABLE
1,090,000 SF

RENTAL RATE
$5.25 NNN

BUILDING SIZE
1,090,000 SF

YEAR BUILT
2022

LANDLORD/OWNER
Stonemont Financial Group

COLUMBUS: **NOTABLE INDUSTRIAL LEASE TRANSACTIONS FIRST HALF 2024**

PROPERTY ADDRESS
5235-5251 West Pointe Dr, Groveport, OH 43125

SQUARE FEET LEASED
1,116,015 SF

TENANT
Maersk

DATE SIGNED
June 13, 2024

BUILDING SIZE
1,166,015 SF

LANDLORD / OWNER
GIC Real Estate

PROPERTY ADDRESS
6766 Pontius Rd, Groveport, OH 43125

SQUARE FEET LEASED
754,000 SF

TENANT
Honeywell

DATE SIGNED
April 1, 2024

BUILDING SIZE
754,000 SF

LANDLORD / OWNER
Blackstone Real Estate Income Trust, Inc.

PROPERTY ADDRESS
3755 Hayes Rd, Groveport, OH 43125

SQUARE FEET LEASED
640,640 SF

TENANT
Confidential

DATE SIGNED
February 26, 2024

BUILDING SIZE
640,640 SF

LANDLORD / OWNER
JobsOhio

QUESTIONS & ANSWERS

> **I'm proud to be part of a team that's been disrupting the commercial real estate brokerage industry for over two decades. We've built a conflict-free business model that puts clients first. If a company doesn't select Allegro to lead their real estate projects, I feel like we have failed them.**
>
> MICHAEL CANTOR

MICHAEL CANTOR

President & Chairman, Principal

mcantor@allegrorealty.com

216-965-0619

Education & Licensures:

- B.S. in Business and B.A. in English from Miami University
- J.D., Cleveland-Marshall College of Law at Cleveland State University, concentrations in real estate and environmental law
- Member of the Ohio Bar
- Licensed Ohio Real Estate Principal Broker

Notable Clients:

MEDICAL MUTUAL OF OHIO

Benesch

WESTFIELD

CLEVELAND STATE UNIVERSITY 1964

With three decades of experience in commercial real estate, Michael works with corporate, public sector, and real estate industry clients with global, national, and regional real estate portfolios providing strategic real estate planning, corporate real estate services, and transaction advisory services to global and national real estate portfolios. Michael also serves as the firm's Managing Director and has helped Allegro expand its client base and service capacity, increased its value and revenues, and has received numerous awards for performance excellence. Prior to joining Allegro, Michael served as a Senior Manager in the Real Estate Solutions practice of Deloitte, providing corporate services to Fortune 1000 companies, management consulting services to REITs, and development consulting services (including economic and real estate development) to public sector entities. Previously, he served as Vice President of Cleveland Real Estate Partners, which was acquired by Deloitte in 1999.

Michael enjoys public speaking and has done so for organizations such as CoreNet Global, NAIOP, Baldwin Wallace University, the Ohio State Bar Association, and Cleveland Metropolitan Bar Association. He has been frequently published and interviewed in international, regional, and local industry journals and business publications.

> The rapid pace of work and continual need to address client's ever-evolving requirements with new solutions makes my responsibilities an intellectual challenge and a rewarding experience. Each day presents a new opportunity to work with my teammates, analyze data, and carve a path forward.
>
> DAMON TASEFF

DAMON TASEFF

Chief Executive Officer, Principal

dtaseff@allegrorealty.com

216-965-0622

Education & Licensures:

- B.A. in Business Administration from Ohio University
- M.B.A. in Finance from the Weatherhead School of Management at Case Western Reserve University
- SIOR Designation
- Licensed Ohio Real Estate Management Level Broker

Notable Clients:

MATERION

DealerTire

MILLCRAFT Just ask.

THE CENTERS Health. Family. Work. Hope.

Damon has spent his entire professional career consulting clients in all facets of the commercial real estate industry, acting as a pragmatic, educated, and skillful advisor and broker. By leveraging his skill set in strategic planning, portfolio management, and financial analysis to address real estate problems with practical and effective solutions, he has successfully consulted and advised a wide range of clients including private and publicly traded corporations, public sector entities, and non-profits.

Today, at Allegro, he assists his clients with the transaction of real estate across the globe — purchasing and leasing assets of all categories. Whether office or industrial, his clients have relied on him to understand market dynamics and create the best possible solutions. Additionally, he consults and provides strategic solutions for organizations that need counsel with their real estate portfolios. His ability to combine transactional expertise with strategic consultation creates a service delivery paradigm tailored exactly to the true needs of most clients.

Prior to joining Allegro, Damon served as Assistant Vice President within the Strategy and Analysis Group in the Corporate Real Estate Department at Bank One in Chicago, Illinois. During this time, he was responsible for the analysis of real estate transactions within the Bank One portfolio including office, retail, and operational assets. Additional responsibilities included excess asset disposition and corporate portfolio realignment resulting from the acquisition of First Chicago Bank, and asset review for pending corporate merger and acquisition targets.

> I love what I do. I love understanding the dynamics of the marketplace, coming up with and negotiating both practical and creative solutions, and helping our clients execute on their objectives. I love driving around seeing the tangible results of our efforts for our clients and the positive impact our work has on our community.
>
> ADAM GIMBEL

ADAM GIMBEL

General Counsel, Principal

agimbel@allegrorealty.com

216-965-0616

Education & Licensures:

- B.S. with a major in Marketing and a minor in Psychology, Indiana University
- J.D., University of Miami School of Law
- Licensed Real Estate Associate in the State of Ohio

Notable Clients:

Medical Mutual, Benesch, MCPc, Fox Sports

Adam practices in the firm's Tenant Advisory and Corporate service lines, advising businesses, corporations, and public sector clients with real estate needs on a local, national, and international basis. Adam has over 25 years of experience in the professional services sector, including both legal and commercial real estate positions. He leverages his diverse professional background to advise Allegro's clients in services ranging from strategic real estate consulting to transaction advisory services.

Over the past 15 years, Adam has focused his career in the commercial real estate industry, including previous positions as Director of Investment Services for a real estate asset management firm and Vice President of Business Development & General Counsel of a retail brokerage. Prior to entering the commercial real estate field, Mr. Gimbel practiced law for 11 years with private firms in Chicago and Cleveland.

> What sets Allegro apart is our team approach. I can leverage skill sets and diverse professional backgrounds from across the company to produce optimal results for our clients.
>
> JONATHAN ELSON

JONATHAN ELSON

Senior Manager

jelson@allegrorealty.com

216-331-7183

Education & Licensures:

- Bachelor of Science, Miami University
- Licensed salesperson in the State of Ohio

Notable Clients:

MATERION

VORYS Higher standards make better lawyers.

RUSSELL EQUIPMENT COMPANY

For over a decade, Jonathan Elson has been advising occupiers and owners of commercial real estate. Jon's responsibilities at Allegro include management of industrial and office tenant and buyer representation services and management of residual property listings for corporate clients. Jonathan is recognized for his analytical evaluation of each transaction and interest in developing long-term relationships with his clients. This approach has resulted in the successful representation of local and multi-market clients in nearly $400 million of transaction volume.

Jonathan's real estate career began in South Florida with a focus on industrial and office properties until he was selected to assist in the opening of his prior firm's Cleveland office in 2015.

Prior to his career in commercial real estate, Jonathan worked for the Columbus Crew of Major League Soccer.

> Working in real estate presents unique and motivating challenges every day. Forging relationships with clients and coworkers while problem solving for a variety of clients from law offices to distribution fulfillment centers is both exciting and fulfilling work.
>
> ETHAN HARRISON

ETHAN HARRISON

Manager

eharrison@allegrorealty.com

216-331-7181

Education & Licensures:

- Bachelors of Science in Business Administration with a specialization in Finance, Fisher School of Business, Ohio State University

Notable Clients:

DealerTire

PERSPECTUS

MILLCRAFT
Just ask.

Ethan Harrison joined Allegro as an Associate supporting the Corporate, Transactional, and Consulting service lines. Ethan's experience in commercial real estate financing along with an untapped passion for Person to Person consulting led him to Allegro where he specializes in managing corporate real estate portfolios and local office and industrial tenant representation projects. Ethan is responsible for identifying and analyzing real estate options for his clients while consulting them during the entire process through lease execution. Ethan works directly with his clients on a daily basis.

Ethan is also involved as Engagement Chair for Young Jewish Columbus.