Allegro
Real Estate Brokers & Advisors

CURRENT STATE OF THE REAL ESTATE MARKET

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	CONSULTING SERVICES	FACILITY MANAGEMENT SERVICES
Acquisitions	Portfolio Optimization	Facility Management
Dispositions	Economic Incentives	Property Condition Assessments
Portfolio Management	Vendor/Developer Selection	Project Management
Lease Administration	Project Feasibility	
	Broker Opinion of Value	
	Site Location Strategy	
	Ad Hoc Consulting	

ALLEGRO **SERVES ORGANIZATIONS LIKE YOURS.**

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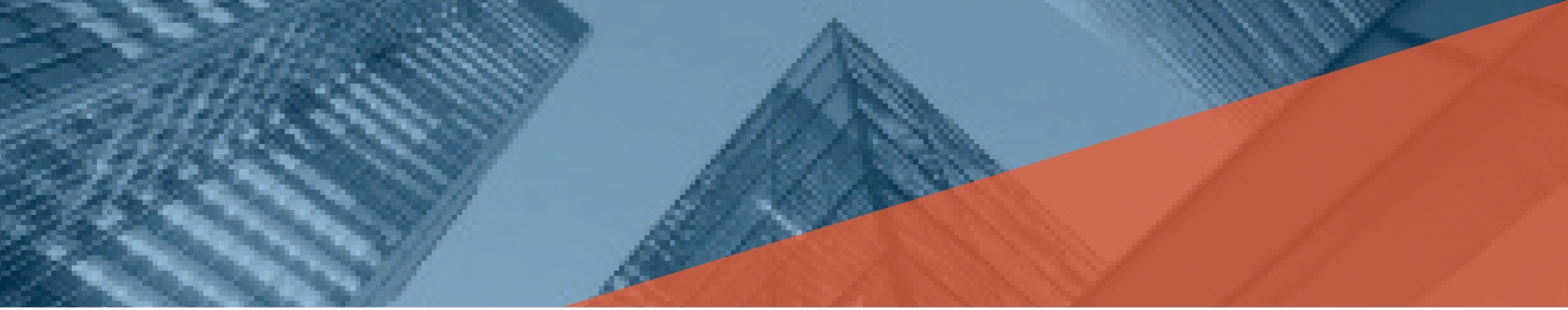
- Timken
- Lincoln Electric
- Millcraft
- Cleveland State University
- American Greetings
- Avery Dennison
- Westfield
- Spartech
- Tarkett
- Benesch Attorneys at Law
- County of Cuyahoga Ohio
- The Centers Health. Family. Work. Hope.
- Materion
- Vorys, Sater, Seymour and Pease LLP Legal Counsel
- MCPc
- 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

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)

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

U.S. OFFICE ATTENDANCE TRENDS IN 2023

Most organizations have an established policy on attendance and stated expectations for people to work at the office 2-4 days per week.

- 14% of organizations have "full-time office" policies requiring five days per week in the office.
- 81% have some type of hybrid/flexible attendance policy
- Only 4% of organizations remain "fully remote."
- 1% of organizations have no set policy.

Variations exist in attendance policy based on the industry. Those that are equipment-dependent (e.g., life sciences, industrial & logistics, etc.) require more days of in-office work.

- Tech companies are most likely to have remote-centric attendance policies, while companies in financial and professional services, life sciences and law lean more office-centric.

POTENTIAL IMPACTS ON TALENT ATTRACTION AND RETENTION

For 2023, fully remote companies have had an average turnover rate that is nearly 10 percentage points higher than companies in all other attendance categories and may be at a slight disadvantage in attracting new talent.

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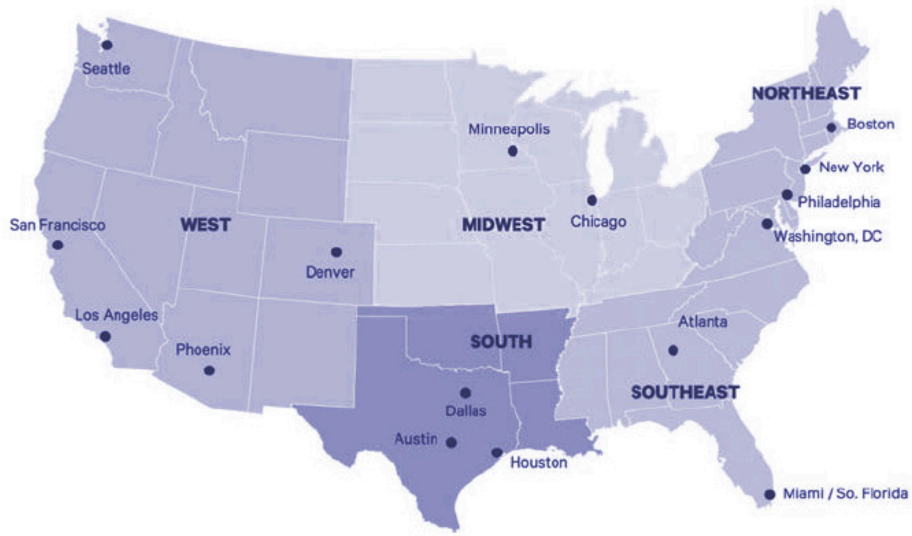
COST BREAKDOWN **DATA & GRAPHS**



Breakdown chart demonstrates the spend for each city within the specified cost categories for a low-high range (construction, professional fees, FF&E, technology).

Each city demonstrates the range of total project costs for law firms. All costs are expressed in $US per rentable square foot (RSF).

City	Region	Total			Construction			Professional Fees			Furniture, Fixtures & Equipment (FF&E)			Technology		
		Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
Atlanta	Southeast	**$215**	**$293**	**$371**	$154	$210	$265	$17	$23	$29	$32	$45	$58	$12	$16	$19
Austin	South	**$205**	**$279**	**$353**	$145	$197	$249	$16	$22	$28	$32	$45	$58	$11	$15	$18
Boston	Northeast	**$248**	**$337**	**$427**	$182	$246	$311	$20	$27	$35	$32	$45	$58	$14	$18	$23
Chicago	Midwest	**$256**	**$348**	**$441**	$188	$256	$323	$21	$28	$36	$32	$45	$58	$15	$19	$24
Dallas	South	**$208**	**$284**	**$359**	$148	$201	$255	$16	$22	$28	$32	$45	$58	$11	$15	$19
Denver	West	**$217**	**$295**	**$374**	$156	$211	$267	$17	$23	$30	$32	$45	$58	$12	$16	$19
Houston	South	**$205**	**$279**	**$354**	$146	$198	$250	$16	$22	$28	$32	$45	$58	$11	$15	$18
Los Angeles	West	**$251**	**$341**	**$432**	$184	$250	$316	$20	$28	$35	$32	$45	$58	$14	$19	$23
Miami / So. Florida	Southeast	**$212**	**$289**	**$366**	$151	$206	$260	$17	$23	$29	$32	$45	$58	$12	$15	$19
Minneapolis	Midwest	**$235**	**$320**	**$405**	$171	$232	$293	$19	$26	$33	$32	$45	$58	$13	$17	$21
New York	Northeast	**$271**	**$369**	**$466**	$201	$273	$345	$22	$30	$38	$32	$45	$58	$16	$20	$25
Philadelphia	Northeast	**$238**	**$323**	**$409**	$173	$235	$297	$19	$26	$33	$32	$45	$58	$13	$18	$22
Phoenix	West	**$214**	**$292**	**$369**	$153	$208	$263	$17	$23	$29	$32	$45	$58	$12	$16	$19
San Francisco	West	**$273**	**$371**	**$469**	$203	$275	$347	$23	$31	$39	$32	$45	$58	$16	$20	$25
Seattle	West	**$253**	**$345**	**$436**	$186	$253	$319	$21	$28	$35	$32	$45	$58	$14	$19	$23
Washington, DC	Southeast	**$252**	**$343**	**$434**	$185	$251	$317	$21	$28	$35	$32	$45	$58	$14	$19	$23

TOTAL COST BREAKDOWN IN US$

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

- National industrial in-place rents averaged $7.55 per square foot in October, up 7.6% year-over-year
- The national vacancy rate stood at 4.6%, unchanged month-over-month
- Nearly 513 million square feet of industrial space was under construction nationwide
- Industrial transactions totaled $44.4 billion through October, trading at an average sale price of $131 per square foot
- Western markets claimed eight of the top 10 highest sale prices nationwide, with the Bay Area closing October at an average of $340 per square foot
- Chicago logged the largest sales volume in the Midwest, closing $1.63 billion in industrial deals
- Dallas-Fort Worth led the South in development with a 42.4 million-square-foot pipeline and sales with a $2.29 billion deal volume
- In areas with significant new construction, such as Dallas, Phoenix and the Inland Empire, leasing activity and correlated rental rates are showing signs of softening.
- Fairly wide discrepancy in per foot sales prices and rental rates across the country.

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

AVERAGE RENT BY METRO

Market	Oct-23 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	$7.56	7.6%	$10.28	4.6%
Inland Empire	$9.17	15.2%	$18.49	4.3%
Orange County	$14.01	12.3%	$18.94	4.6%
Los Angeles	$13.58	12.3%	$20.57	5.9%
Miami	$10.62	10.3%	$15.81	4.3%
Boston	$9.98	9.0%	$12.66	7.2%
Seattle	$10.67	8.9%	$15.58	4.8%
New Jersey	$9.96	8.7%	$13.91	5.3%
Bridgeport	$8.67	7.8%	$10.98	3.2%
Phoenix	$8.41	7.5%	$10.96	2.4%
Atlanta	$5.58	7.3%	$8.25	3.9%
Nashville	$6.00	7.1%	$8.98	1.5%
Portland	$9.28	6.9%	$11.22	4.3%
Dallas–Fort Worth	$5.67	6.8%	$7.91	4.1%
Bay Area	$12.63	6.8%	$18.35	3.9%

Market	Oct-23 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
Philadelphia	$7.48	6.3%	$9.95	4.0%
Baltimore	$7.69	6.1%	$9.71	4.4%
Columbus	$4.61	6.0%	$6.87	1.6%
Central Valley	$6.03	5.8%	$9.39	5.0%
St. Louis	$4.63	5.2%	$4.27	6.6%
Tampa	$7.27	5.1%	$9.37	5.8%
Twin Cities	$6.61	4.9%	$7.82	5.6%
Memphis	$3.80	4.7%	$3.94	4.0%
Detroit	$6.68	4.5%	$6.41	5.8%
Denver	$8.17	4.2%	$9.16	6.7%
Indianapolis	$4.59	4.1%	$4.85	3.1%
Houston	$6.41	4.1%	$7.89	6.7%
Kansas City	$4.74	3.9%	$5.00	3.0%
Chicago	$5.87	3.9%	$6.75	4.9%
Charlotte	$6.35	3.8%	$7.09	2.2%
Cincinnati	$4.73	3.7%	$5.91	5.5%

Source: CommercialEdge. Data as of October 2023. 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	512,537,552	2.7%	6.5%
Phoenix	47,336,968	12.7%	36.8%
Dallas	42,425,506	4.6%	9.8%
Inland Empire	25,746,160	4.1%	10.8%
Denver	10,164,966	4.0%	6.1%
Charlotte	11,984,100	3.8%	9.6%
Memphis	10,845,290	3.8%	4.6%
Kansas City	10,209,831	3.7%	18.0%
Houston	17,206,945	2.9%	5.0%
Philadelphia	11,068,220	2.6%	7.3%
Columbus	7,458,110	2.5%	6.2%
Central Valley	7,106,107	2.1%	2.8%
Indianapolis	7,042,306	2.0%	6.5%
Bay Area	5,650,404	1.9%	3.6%
Tampa	5,073,126	1.9%	6.4%

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
Nashville	3,713,304	1.8%	4.1%
Chicago	17,981,820	1.7%	3.9%
Detroit	8,612,581	1.6%	2.7%
Bridgeport	3,346,344	1.6%	2.7%
New Jersey	7,317,855	1.3%	3.9%
Seattle	3,617,718	1.3%	4.0%
Cincinnati	3,510,363	1.2%	2.3%
Atlanta	4,886,431	0.9%	2.5%
Twin Cities	3,035,673	0.9%	2.5%
Boston	2,254,880	0.9%	1.9%
Baltimore	1,675,100	0.8%	2.4%
Cleveland	2,661,775	0.7%	1.1%
Los Angeles	4,531,682	0.6%	2.1%
Orange County	1,021,119	0.5%	0.9%
Portland	563,594	0.3%	2.1%

Source: CommercialEdge. Data as of October 2023

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

SALES ACTIVITY

Market	YTD Sales Price PSF	YTD Sales (Mil, as of 10/31)
National	$131	$44,403
Inland Empire	$250	$3,733
Los Angeles	$314	$3,558
Dallas	$126	$2,397
Bay Area	$340	$2,278
New Jersey	$216	$2,248
Houston	$129	$2,065
Phoenix	$158	$1,942
Chicago	$87	$1,634
Atlanta	$107	$1,151
Twin Cities	$97	$852
Orange County	$304	$802
Charlotte	$96	$731

Market	YTD Sales Price PSF	YTD Sales (Mil, as of 10/31)
Philadelphia	$113	$669
Indianapolis	$104	$668
Tampa	$119	$649
Cincinnati	$99	$592
Boston	$135	$583
Baltimore	$122	$535
Bridgeport	$91	$500
Columbus	$80	$492
Seattle	$199	$445
Detroit	$74	$437
Denver	$131	$333
Nashville	$119	$272
Memphis	$72	$255

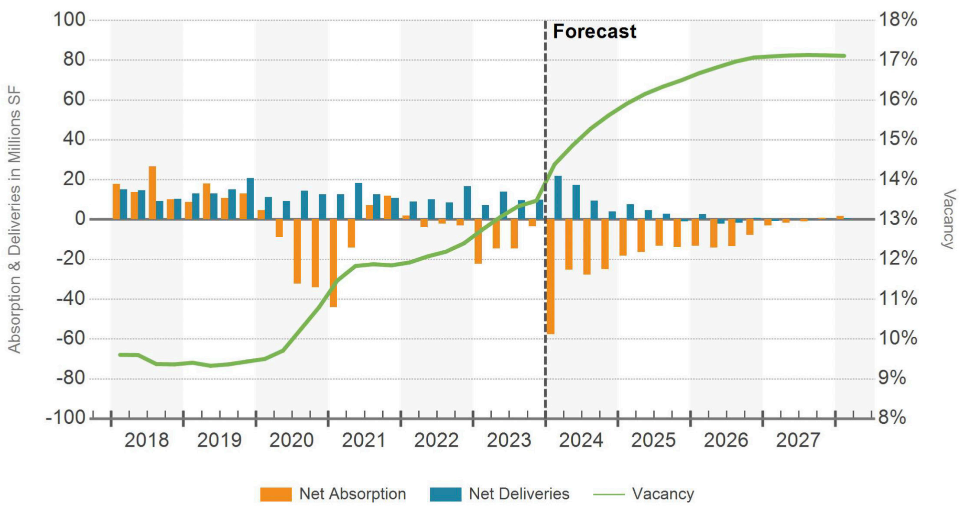
Source: CommercialEdge. Data as of October 2023

US OFFICE MARKET

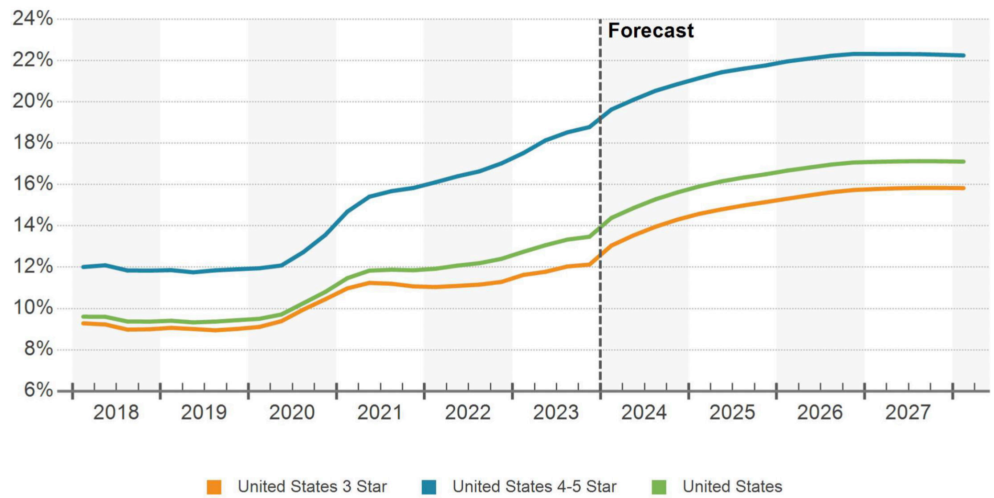
US: OFFICE MARKET

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
55.1M	(69.7M)	13.7%	0.7%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE

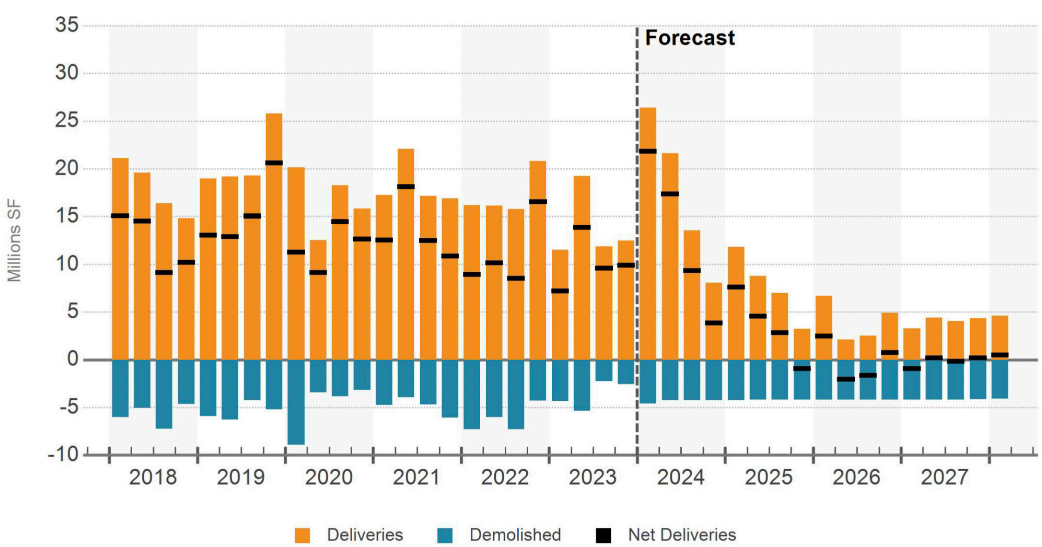


US: OFFICE CONSTRUCTION DATA

A little over 53 million SF in new office inventory completed in 2023 with about 15 million SF in obsolete stock being demolished or converted. The resulting 37 million SF in net deliveries was the lowest amount since 2014, though the expected 56 million in 2024 would be the second-most over the same period. Thus, with demand still faltering, new supply should exacerbate vacancy in the near term. By 2025, however, supply pressure should lessen quickly. Construction starts have been moderate throughout the pandemic era and are now slowing rapidly, due in part to a difficult lending environment. Starts in 2023 totaled about 30 million SF, about half the average of the previous 3 years and on par with 2010 as the lowest since 2000. Given the historical and ongoing resilience of new inventory, this could lead to countercyclical tightness at the top of the market in a few years.

Given the struggles of a significant number of older, occupancy-challenged buildings, suggestions of converting them to multifamily use have been increasing, especially in highly urbanized areas of major markets that depend on vibrant occupancy to increase the property tax base. In October, the Biden administration announced a set of initiatives designed to support conversions. The most meaningful aspects appear to be identifying surplus transit-oriented and other government-owned properties and streamlining the process to transfer them to local governments and nonprofit organizations that intend to convert them into housing.

DELIVERIES & DEMOLITIONS

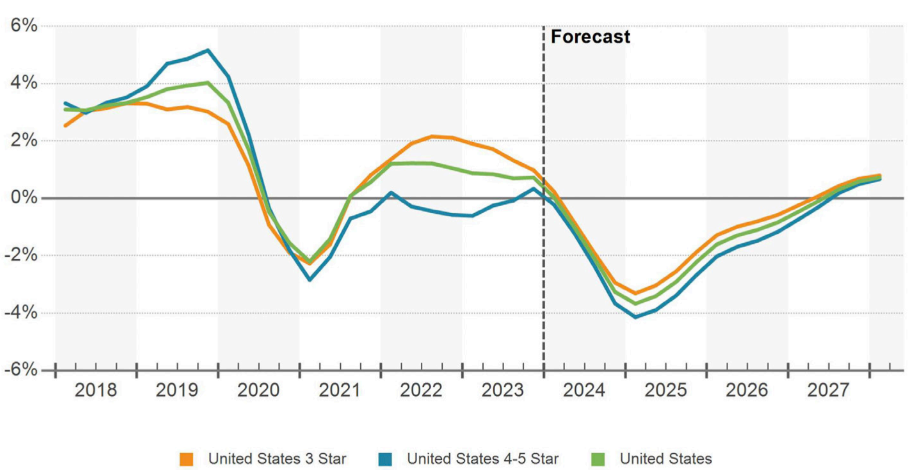


US: **OFFICE MARKET RENT GROWTH**

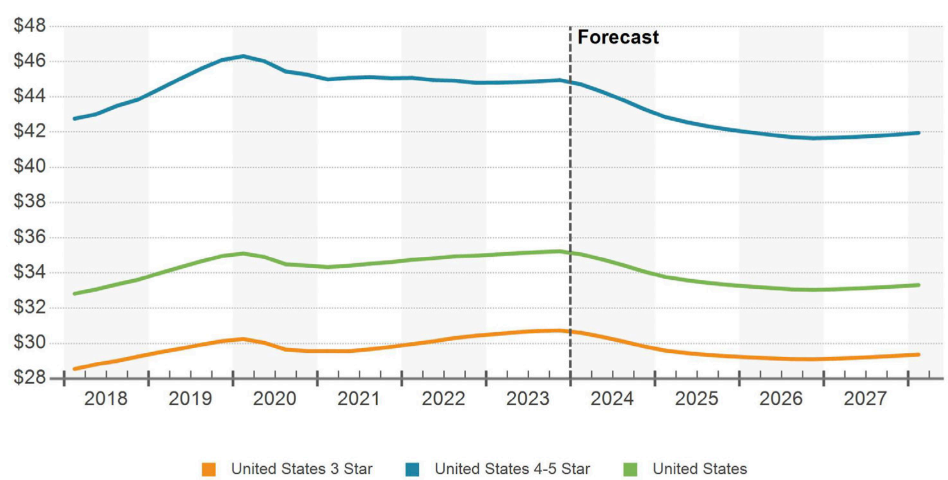
Though office rents have recovered somewhat since a pandemic-induced dip, outsized sublease availability, which in some markets is being offered at discounts of 30%-50% to direct rates, has put downward pressure on growth. At $35.00/SF, national average rents are on par with what they were entering 2020. In a sign of the general turmoil in the marketplace, rents at 4- & 5-Star properties have failed to keep even this pace, standing at $45.00/SF, about $1 below where they were at the end of 2019.

The competitive reality currently facing landlords is another necessary input into interpreting rent growth. For many months, players in the market have been reporting generous concession packages, including longer periods of free rent (a common rule of thumb in many markets is one month of free rent for every year of term) and higher tenant improvement allowances intended to attract tenants and help them adapt to rising build-out costs. In practice, this means that landlords are sometimes giving up 40-50% of the value of the lease in concessions in exchange for the security of a 10-year lease. Thus, effective rents are under stress for most properties in most markets. Market conditions could soon put pressure even on face rents. Landlords' costs to build out space have risen with inflation, and many are also facing higher interest payments. At a certain point, the cost of lease concessions will eat so far into income that it will no longer make sense to offer them. Tenants may then turn to discounted sublease space as an alternative, leaving landlords struggling to compete.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET

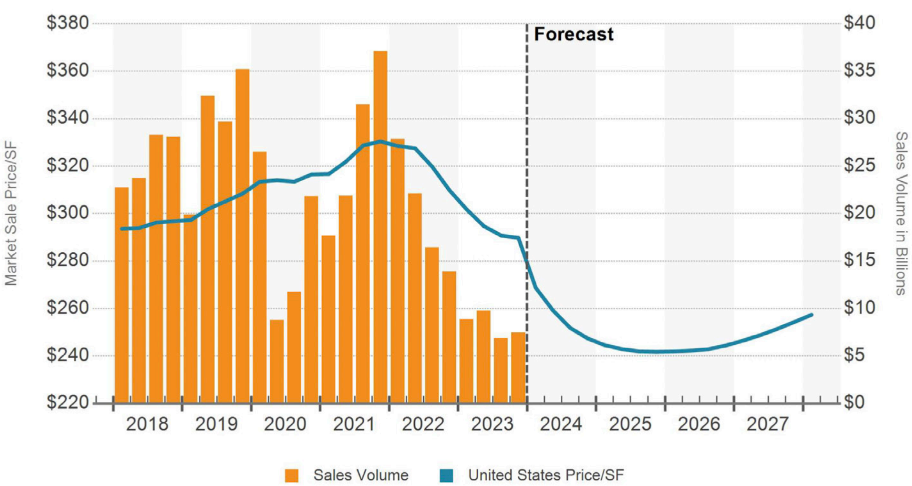


US: OFFICE SALES VOLUME

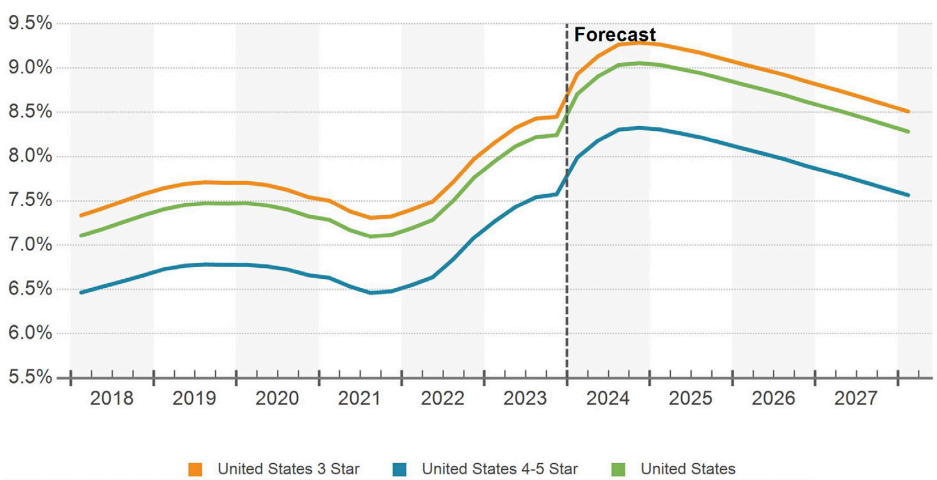
The office sector's challenges continue, with increasing vacancies, heightened tenant improvement costs and waning rent growth tempering investor interest. Trailing 12-month transactions through September 2023 amounted to a restrained $39 billion, a level reminiscent of the post-Global Financial Crisis recovery in 2010. As quarterly sales volumes have dipped below the pandemic's lows, 23Q3 sales volumes fell 75% below the five-year average leading up to 2019. This mirrors the figures from early 2010. Typically, the fourth quarter concludes each year with a surge in transaction activity. Yet, the final quarter of 2023 looks to be dragging in an unremarkable print through early December. The decline in larger deals has reshaped the most active buyer profile. Traditionally, institutional and REIT investors have been responsible for around 40% of acquisitions, while private buyers have accounted for a similar share. However, private buyers have now stepped to the fore, representing about half of all purchases today.

Regarding cap rates, single-tenant properties with credit and long-term lease durations can still register cap rates between the upper 5% and 6% range. However, as investors pivot from high-risk assets, which typically involve properties of lower quality and older construction, multi-tenant properties are experiencing the exponential effects of rising uncertainty. Specifically, since the cap rate lows of 2021, new Class A properties with strong credit and lease term have seen yields rise by approximately 150-175 basis points, Class B properties by 200-225 basis points, and Class C properties or those facing occupancy and geographic challenges by as much as 300 basis points. On a look-forward basis, debt maturities present potential challenges for 2024. Around $117 billion in office loans will mature next year, and nearly another $100 billion in 2025. With delinquency rates climbing by 5.6 percentage points since December 2022, now at 7%, there's a possibility these could return to post-GFC levels in the next several quarters.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE

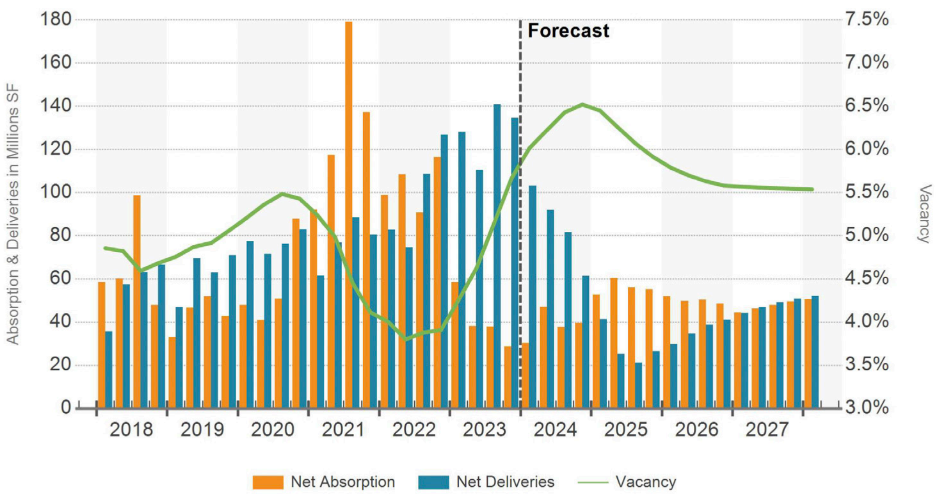


US INDUSTRIAL MARKET

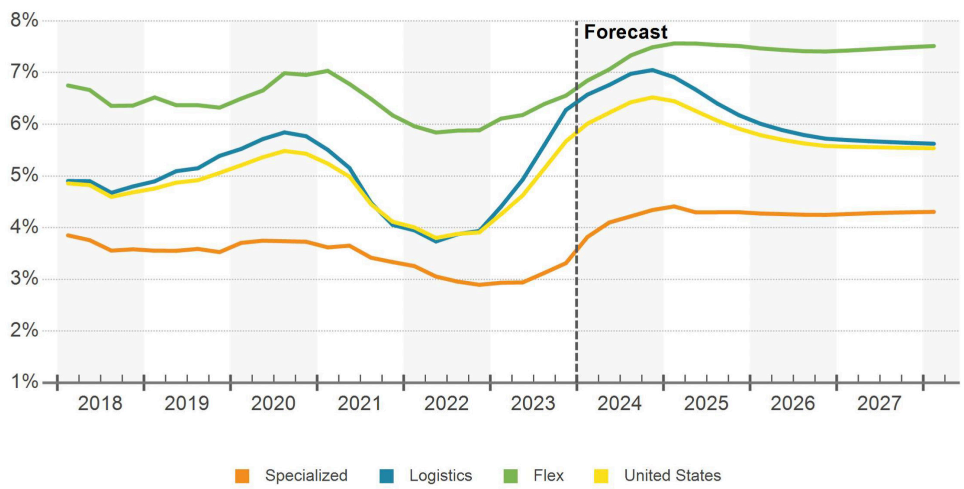
US: INDUSTRIAL MARKET

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
525M	129M	5.8%	6.1%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE

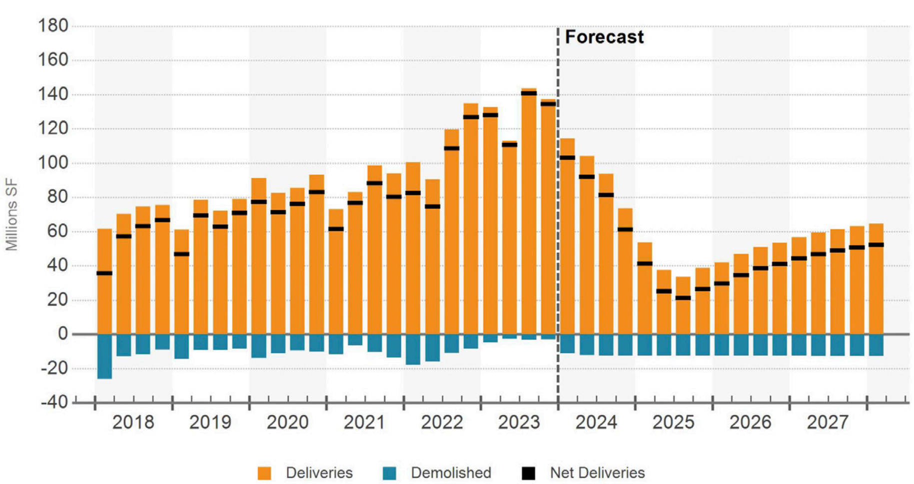


US: INDUSTRIAL CONSTRUCTION DATA

As an after-effect of the surge in groundbreakings for new distribution centers during the pandemic, the stock of U.S. industrial properties is now growing at the fastest pace in more than three decades. Over the past 12 months, the total stock of U.S. industrial space has grown by 2.8%, almost triple the pre-pandemic 20-year average for annual supply growth. New deliveries will likely remain elevated for the next six to nine months, driving the national vacancy rate higher. The current tally of projects under construction is only 40% preleased, and remains massive, amounting to 2.4% of existing U.S. inventory. However, most large developments that have finished construction during the second half of 2023 broke ground during the summer and early fall of 2022. Since late autumn of 2022, higher interest rates have been causing developers to pull back on new construction starts, which fell to a 10-year low during 2023Q3. This signals that the number of speculative developments completing construction each quarter will begin to decline rapidly by the second half of 2024 and likely hit a 10-year low in 2025, as a result of the pullback in starts that has recently gotten underway.

Across the entire U.S. there is about 1.9 billion SF of industrial space listed as available for lease among existing properties and 400 million SF of unleased space currently under construction. Even in the unlikely event that all of this space were to deliver vacant and remain unleased through 2024, these supply additions alone would only increase the total square footage of existing available space, to about 2.3 billion SF, comparable to the amount of available space that was on the market in 2016, and a fraction of the peak of 3.4 billion SF that was available for lease in 2010 following the Great Recession. Risks of oversupply are most heavily concentrated among properties 500,000 SF or larger. Many national developers have focused on building projects in that size range during recent years, citing the fact that it takes a similar amount of time to secure land and permitting for a 1 million-SF distribution center as it does for a 150,000- SF property, and therefore, building big is a more efficient use of time and capital.

DELIVERIES & DEMOLITIONS

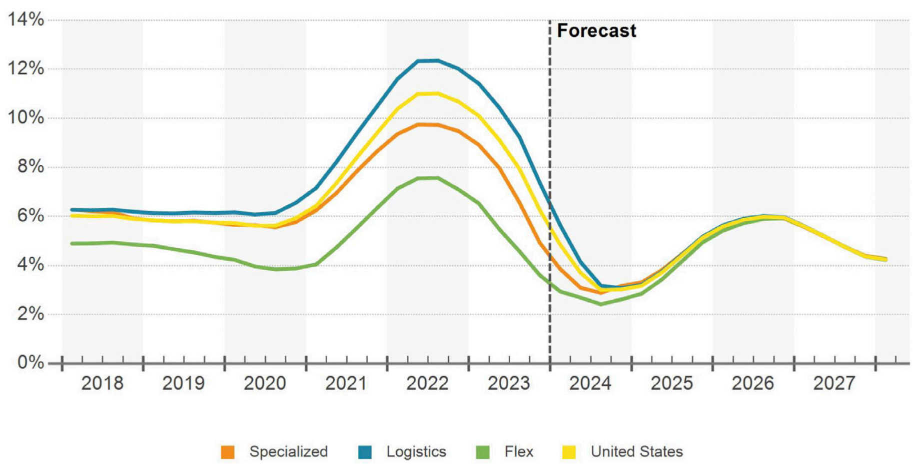


US: INDUSTRIAL MARKET RENT GROWTH

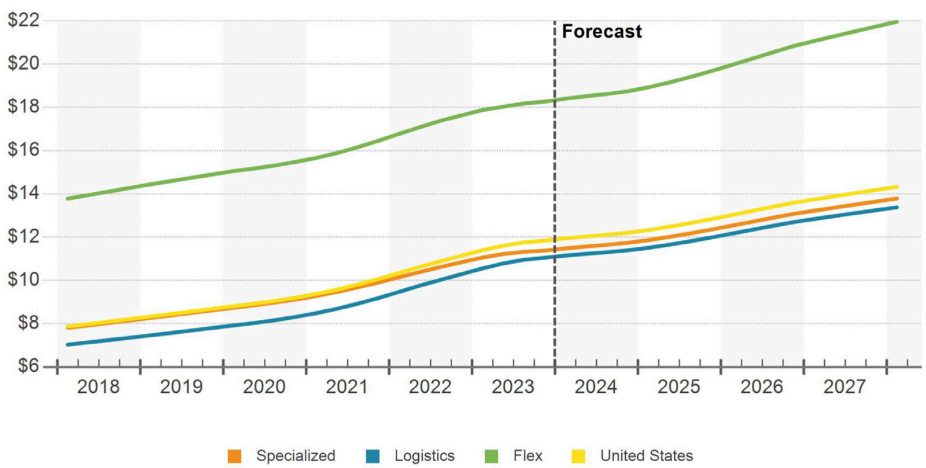
U.S. industrial rent growth has decelerated significantly from the record highs set during the pandemic, and risks falling to levels below even pre-pandemic norms in the months ahead. Year-over-year national rent growth still stands at a healthy 6.1% as of 2024q1. However, this overstates recent momentum, since most of these year-over- year gains were achieved in early 2023, when the U.S. industrial vacancy rate was rising much more slowly than it is today. During the third quarter of 2023 alone, rents advanced by just under 1.1%, representing an annualized pace of 4.6% growth. Preliminary estimates show growth slowed further in the final months of 2023. However, with industrial construction starts already at a 10-year low, and the U.S. industrial vacancy rates still near the lowest levels ever recorded prior to the pandemic, there is clear potential for the national vacancy rate to ultimately peak at a relatively low level that would support a quick acceleration in rent growth once space availability begins to tighten again.

Landlords and brokers continue to hold free rent concessions at relatively low levels, although they are coming back into the picture, with brokers in markets where tenant demand has cooled most, such as Southern California, reporting offerings of two or three months are now common on new leases after being nonexistent just 12 months earlier. Still, one of the largest industrial REITs reported free rent totaling 1.6% of the value of new leases signed over 12 months ended in 2023Q3, an all-time low and well below levels of 3.5%–4% reported five years ago. Property owners have also held on to the higher annual escalations rates that became common when rents were rising fastest in late 2021 and early 2022. For industrial leases over 10,000 SF signed across the U.S. in 2023, the average escalations rate collected is 3.5%, up from the average of 2.9% collected on similar lease deals signed five years earlier in 2018.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET

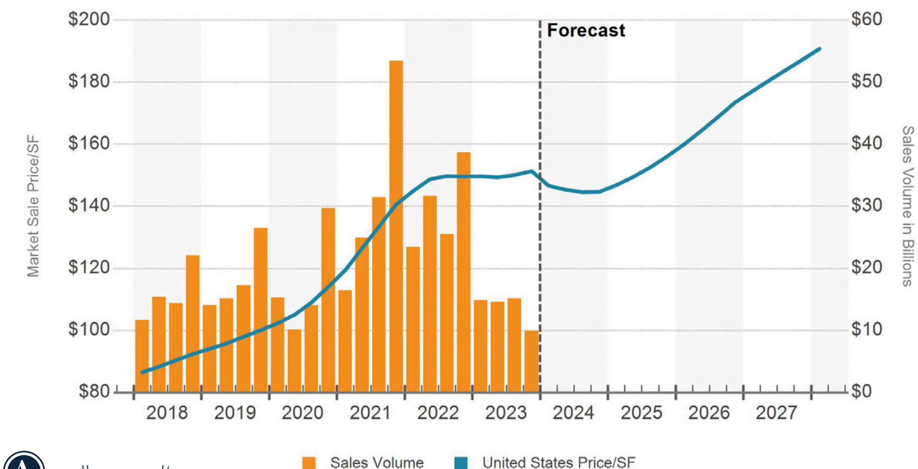


US: INDUSTRIAL SALES VOLUME

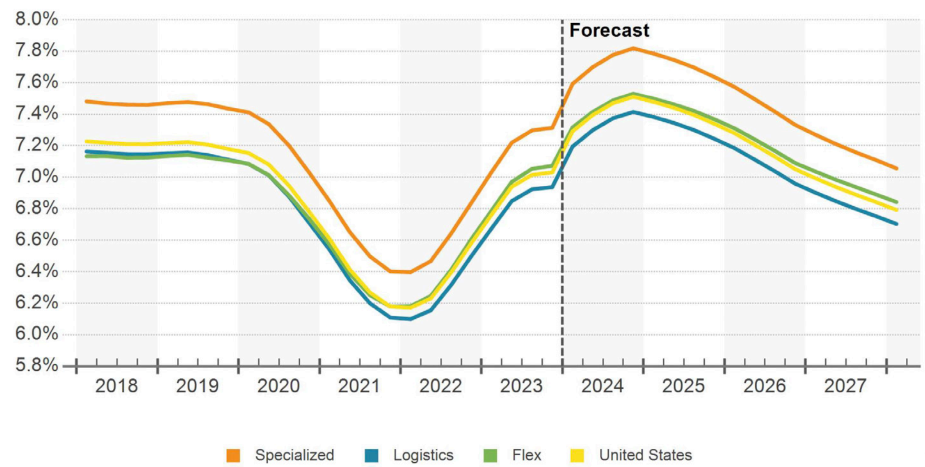
The industrial investment market returned to its pre-Covid sales volume in the third quarter, with just over $44 billion trading in the first nine months of the year. For context, 2019 transaction volume through the same period amounted to a little more than $46 billion, while the five-year pre-pandemic average reached $39 billion. However, the pace of individual transactions decelerated visibly as trailing 12-month closings fell 36% compared to the same period in 2022. Increased property valuations propped up the level of total consideration, which masked the sharp reduction in transaction counts, marking the lowest tally of industrial trades since the third quarter of 2012.

This slowdown highlights the lingering impacts of rising interest rates and the commensurate uncertainty around asset pricing as rent growth has begun to decelerate. However, private capital remains at the forefront of buying activity, fueled by a steady tide of fresh entrants to the sector and existing operators' efforts to beef up their portfolios. Not to be left behind, institutional and public REIT investors persist in their pace of acquisitions, homing in on first-class developments and prime locations. Yields on stabilized industrial investments continue to price in a tight range over treasuries. The mid-year drop seen in the 10-year treasury note provided ammunition for cap rates to dip slightly heading into the third quarter. However, treasury yields reversed sharply, which marched cap rates upward as the market accepted the potential for a sustained period of higher borrowing costs. Properties offering in-place rents substantially below market can still see cap rates in the upper 4% range, but a growing portion now trades in the low 5% spectrum. These yields were once seen in the low- to mid-3% range before the Federal Reserve's rate hiking campaign began in 2022. By contrast, secondary markets and deals with a restrained mark-to-market opportunity can see pricing in the 5% to 6% band, as investors in these markets are less willing to apply negative leverage beyond the first couple of years. At the top end of cap rates, deal profiles that lack a sizeable rent growth story and rely on bank or CMBS debt can find yields in the 6% and 7% range.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



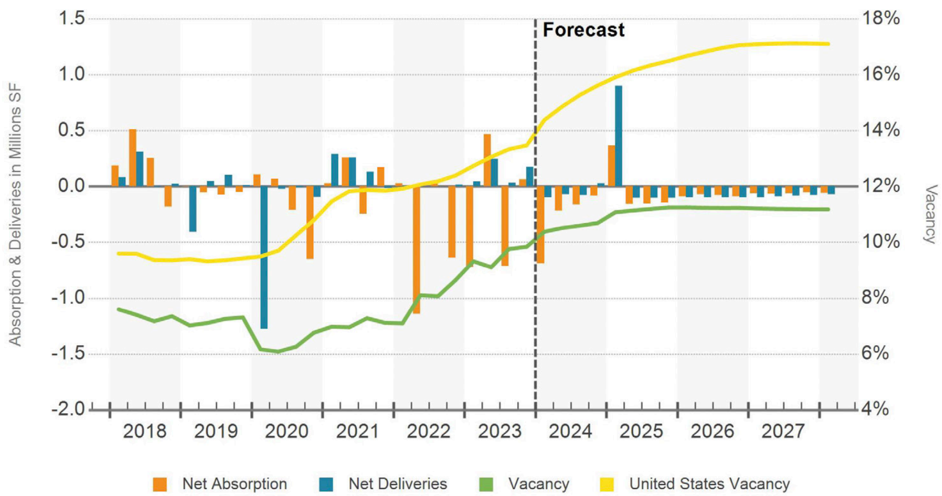
CLEVELAND OFFICE MARKET

Allegro
Real Estate Brokers & Advisors

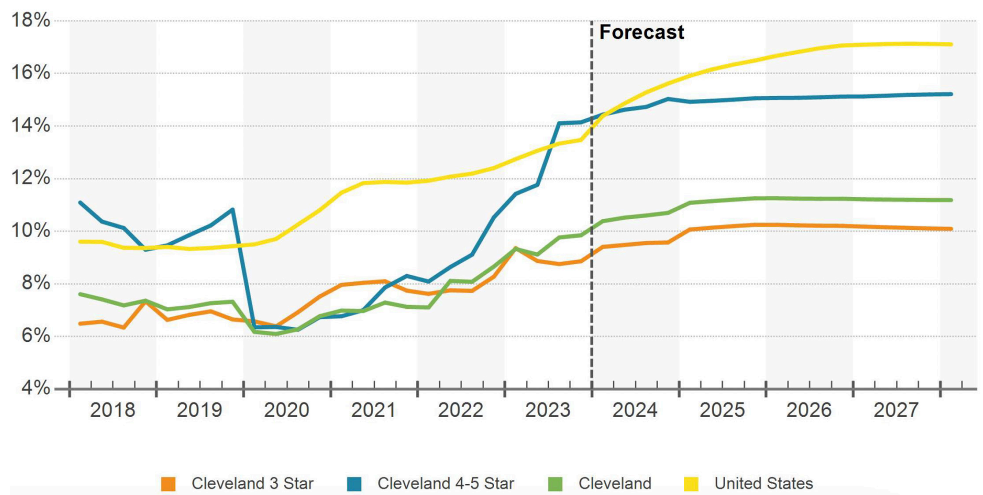
CLEVELAND: **OFFICE MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
499K	(931K)	9.9%	2.1%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE

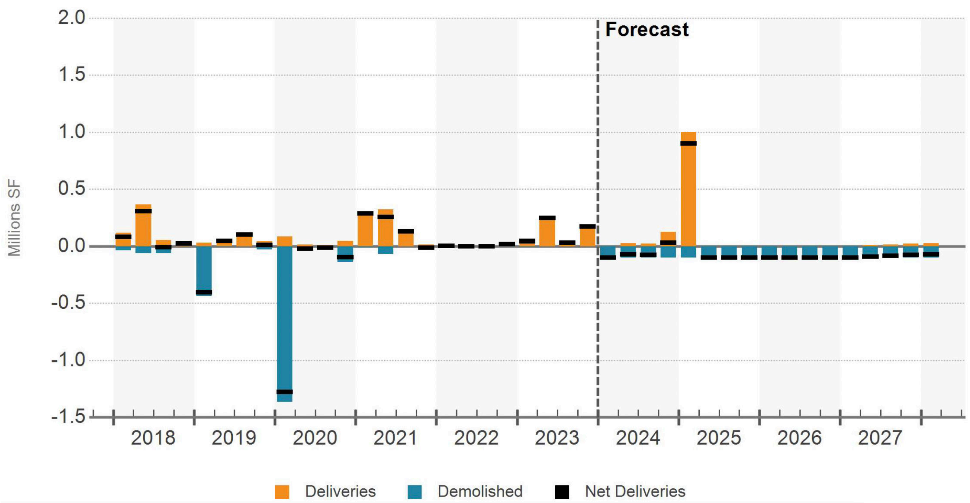


CLEVELAND: **OFFICE CONSTRUCTION DATA**

Office development in Cleveland was limited over the past decade, and few deliveries entered the market in recent years. In fact, total office inventory in Cleveland contracted by 1% since 2018. The removal of largely vacant office buildings, particularly in the CBD, is the main driver of Cleveland's shrinking office inventory. More than 4 million SF of office space was removed from downtown Cleveland over the past decade and converted into other uses, namely residential and hospitality. Conversion activity is ongoing in the market, and current projects include Erieview Plaza, which will add 367 apartment units to downtown in early 2024, 700 Prospect Avenue, which will deliver 123 units next year, and the Baker Building which is being converted into a boutique hotel. Construction activity moderated in recent months and 1.2 million SF underway, representing 1.0% of market inventory compared to the national benchmark of 1.2%. Oncoming supply presents minimal risk to the market as speculative development accounts for just 10% of space underway.

Paint and coatings giant, Sherwin-Williams, is behind the largest project underway. The company's new headquarters just off of Public Square will total 1,000,000-SF and will be the largest delivery in downtown Cleveland since 2002. The 36-story tower will replace the company's current offices and will house 3,100 employees. Sherwin-Williams is also building a new 600,000-SF research and development facility in Brecksville. Total investment for both projects is estimated around $600 million. The largest speculative project is Valor Acres, a mixed-use development that includes residential, hospitality, and retail space. A 127,300-SF office property is underway and slated to deliver in late 2024. Canvas, a 200-unit apartment project, is also underway.

DELIVERIES & DEMOLITIONS



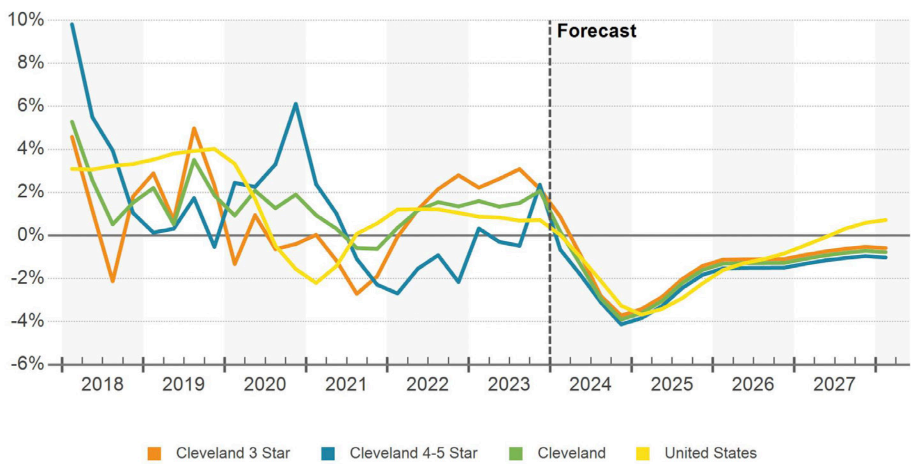
CLEVELAND: **OFFICE MARKET RENT GROWTH**

Office rent growth in Cleveland held steady over the past four quarters while the national rate continues to soften, down around 40 basis points year over year. Limited deliveries over recent years helped to keep rent growth steady in Cleveland even in the face of negative net absorption. Minimal additions to sublease availability also helped to keep rent growth solid in Cleveland.

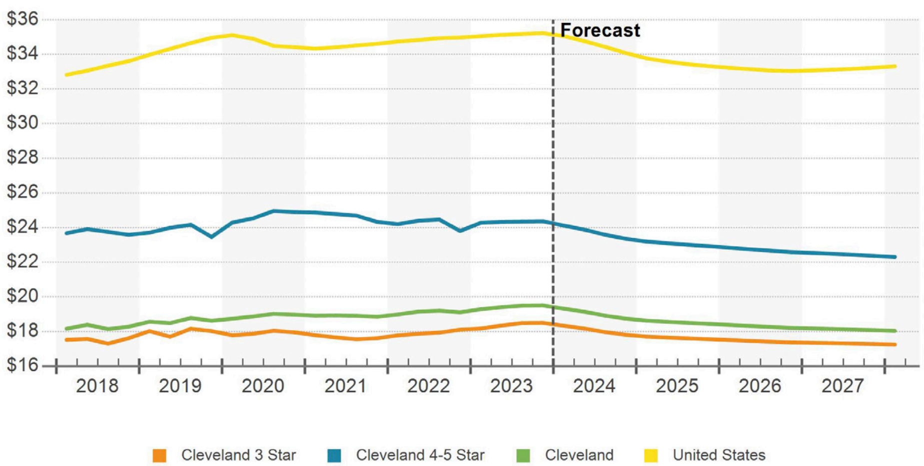
Rent growth in Cleveland is mid-range among Midwestern markets. Variance in rent growth among Cleveland's submarkets is minimal. Gains are weakest among major office submarkets and sit around 1.3% in the Chagrin Corridor, Rockside Corridor, and the CBD. Smaller submarkets where demand held up somewhat better in recent quarters see the strongest gains, such as the South and Southwest submarkets where rent growth averages around 1.8%. At $19.50/SF, rents in Cleveland are up 3.6% relative to pre-pandemic levels, while average rents for the U.S. remain in line with early 2020 levels.

Many recent lease deals show tenants shrinking their footprints and targeting high-quality space, which increases their rent per SF. In fact, rent growth accelerated among 4- & 5-Star space, despite rising vacancy, and is up from -2.6% in early 2022 to 2.3%. Recently renovated and upgraded properties are behind the top leases signed in recent months, where asking rents are advertised in the $21/SF to $22/SF range in the CBD and suburban submarkets such as Chagrin Corridor and Rockside Corridor.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET

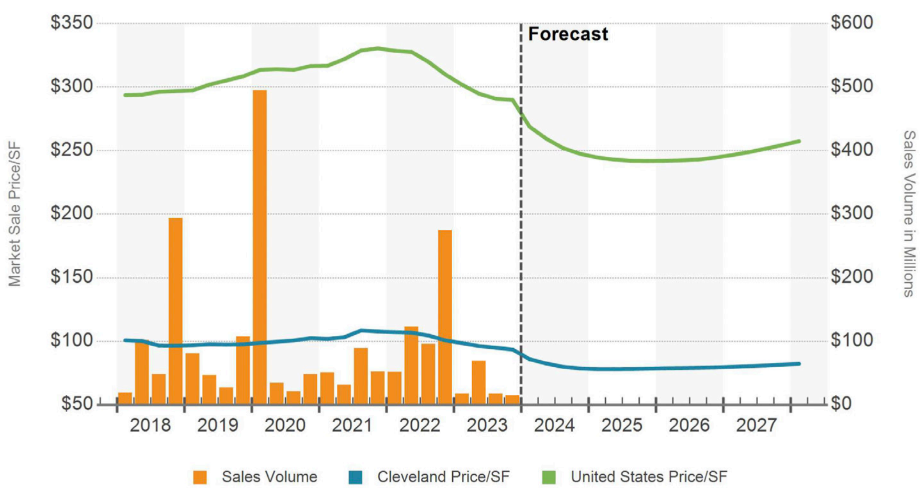


CLEVELAND: **OFFICE SALES VOLUME**

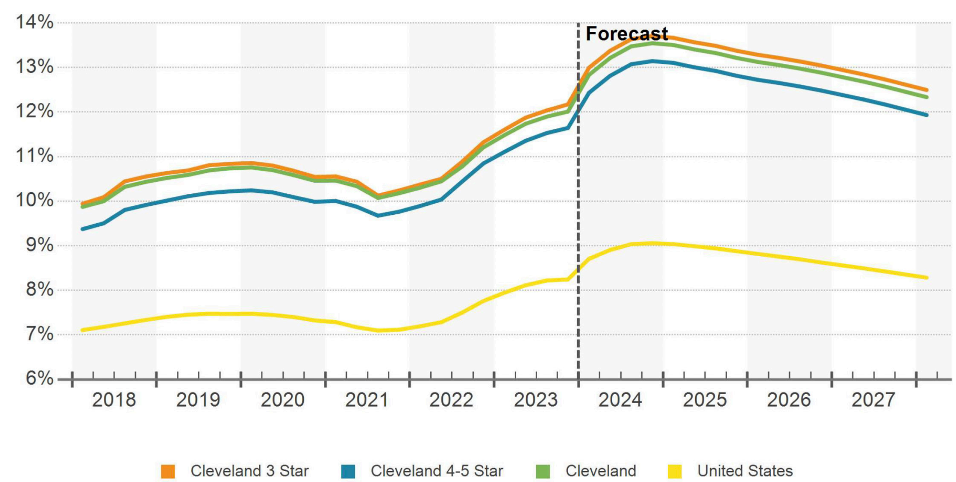
Softening market conditions and the rising cost of debt continue to weigh on transaction activity in Cleveland heading into the final months of 2023. Sales volume in 23Q3 totaled just under $20 million, which is 80% below the average in the five years prior to the pandemic and the weakest third quarter total since 2009. While sales above $50 million were rare in the market prior to the pandemic, it was not uncommon to see deals closing between $10 million and $40 million. The downturn in the office sector is felt most among eight figure trades of which only two were recorded year to date, an 80% decrease compared to the same period last year.

The active buyer profile has shifted in recent quarters considering the significant move away from larger deals. Over the past five years, acquisitions from institutional buyers were rare and the bulk of top deals came from public REITs, private equity, or other private buyers such as developers. Activity was largely concentrated in the CBD and many of the top deals were purchased by developers for renovation or conversion such as the AECOM Building, Post Office Plaza, and 200 Public Square. While developers still represent some of the top deals in the market year to date, individual buyers represent the lion's share of transaction activity. Medical office properties were behind many of the top deals over recent years and have continued to trade in recent months. Cap rates on medical office deals have increased since early 2022, and several medical office properties traded in the first half of 2022 with cap rates in the mid-6% to mid-7% range. Cap rates on fully leased medical office properties listed for sale remain elevated and sit in the 8-9% range.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



CLEVELAND: **REPRESENTATIVE OFFICE TRANSACTIONS OF Q4 2023**

PROPERTY ADDRESS
1925 Enterprise Pky, Twinsburg, OH 44087

SALE DATE
December 15, 2023

SELLER
Time Equities, Inc.

BUYER
PepsiCo, Inc.

SALE PRICE
$8,250,000

PRICE/SF
$48.96

BUILDING SIZE
168,487 SF

PROPERTY ADDRESS
21100 Southgate Park Blvd, Maple Heights, OH 44137

SALE DATE
October 20, 2023

SELLER
ICP LLC

BUYER
Jack Trocki Development Company

SALE PRICE
$3,577,757

PRICE/SF
$37.17

BUILDING SIZE
96,262 SF

PROPERTY ADDRESS
8300 Tyler Blvd, Mentor, OH 44060

SALE DATE
November 16, 2023

SELLER
Albert Moretti

BUYER
Brian Intihar

SALE PRICE
$1,400,000

PRICE/SF
$74.88

BUILDING SIZE
18,696 SF

CLEVELAND: **DISTRESSED ASSETS IN THE MARKET**

PROPERTY ADDRESS
1100 Superior Ave E, Cleveland, OH 44114

OWNERSHIP STATUS
Receivership

PREVIOUS OWNER
American Landmark Properties

CURRENT OWNER
LNR partners

DEBT REMAINING
$45,770,030

TRANSFER DATE
January 4, 2023

PROPERTY ADDRESS
950 Main Ave, Cleveland, OH 44114

OWNERSHIP STATUS
Foreclosure Auction

PREVIOUS OWNER
Wolstein Group

CURRENT OWNER
Axonic Capital

DEBT REMAINING
$75,000,000

TRANSFER DATE
TBD

PROPERTY ADDRESS
600 Superior Ave E, Cleveland, OH 44114

OWNERSHIP STATUS
Foreclosure Auction

PREVIOUS OWNER
TIER REIT, Inc.

CURRENT OWNER
Hertz Investment Group

DEBT REMAINING
$49,250,000

TRANSFER DATE
TBD

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

PROPERTY ADDRESS
6801 Brecksville Rd, Independence, OH 44131

LARGEST CONTIGUOUS SPACE AVAILABLE
229,000 SF

RENTAL RATE
$15.00/SF NNN

BUILDING SIZE
229,000 SF

YEAR BUILT
1958/2011

LANDLORD / OWNER
Cumberland Real Estate Development

PROPERTY ADDRESS
200 Public Square, Cleveland, OH 44114

LARGEST CONTIGUOUS SPACE AVAILABLE
124,087 SF

RENTAL RATE
Withheld

BUILDING SIZE
1,269,584 SF

YEAR BUILT
1985

LANDLORD / OWNER
DRA Advisors

PROPERTY ADDRESS
600 Superior Ave E, Cleveland, OH 44114

LARGEST CONTIGUOUS SPACE AVAILABLE
101,721 SF

RENTAL RATE
$22.00/SF Mod. Gross

BUILDING SIZE
570,001 SF

YEAR BUILT
1991

LANDLORD / OWNER
Hertz Investment Group

CLEVELAND: **COMPLETED OFFICE LEASE TRANSACTIONS IN Q4 2023**

PROPERTY ADDRESS
950 Main Ave, Cleveland, OH 44114

SQUARE FEET LEASED
80,000 SF

TENANT
Oswald Companies

DATE SIGNED
December 2023

BUILDING SIZE
550,000 SF

LANDLORD / OWNER
Axonic Capital LLC

PROPERTY ADDRESS
950 Main Ave, Cleveland, OH 44114

SQUARE FEET LEASED
26,706 SF

TENANT
Aon

DATE SIGNED
December 2023

BUILDING SIZE
550,000 SF

LANDLORD / OWNER
Axonic Capital LLC

PROPERTY ADDRESS
20445 Emerald Pky, Cleveland, OH 44135

SQUARE FEET LEASED
22,939 SF

TENANT
DSV

DATE SIGNED
October 2023

BUILDING SIZE
87,674 SF

LANDLORD / OWNER
Amsdell Companies

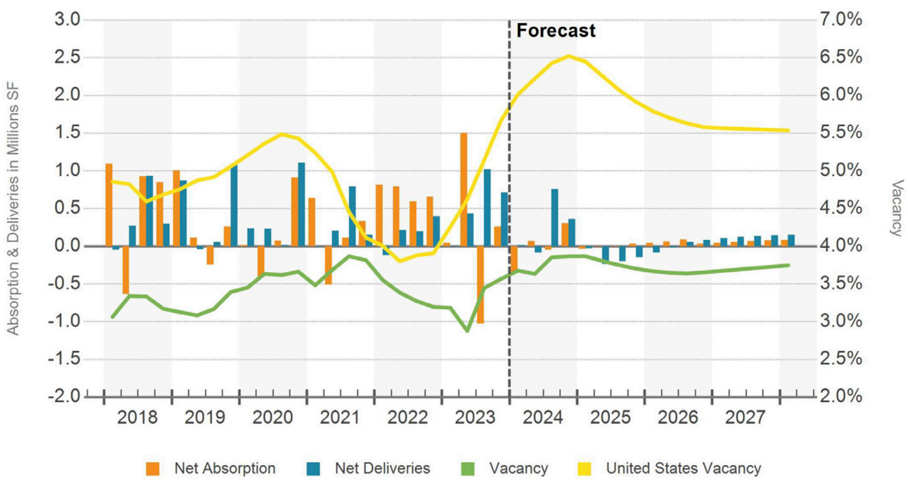
CLEVELAND INDUSTRIAL MARKET

Allegro
Real Estate Brokers & Advisors

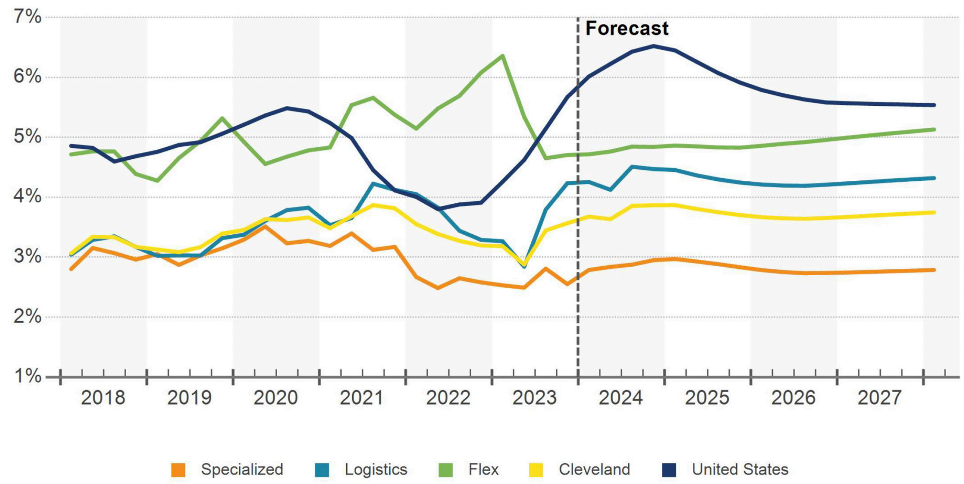
CLEVELAND: **INDUSTRIAL MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
2.3M	419K	3.7%	5.1%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE

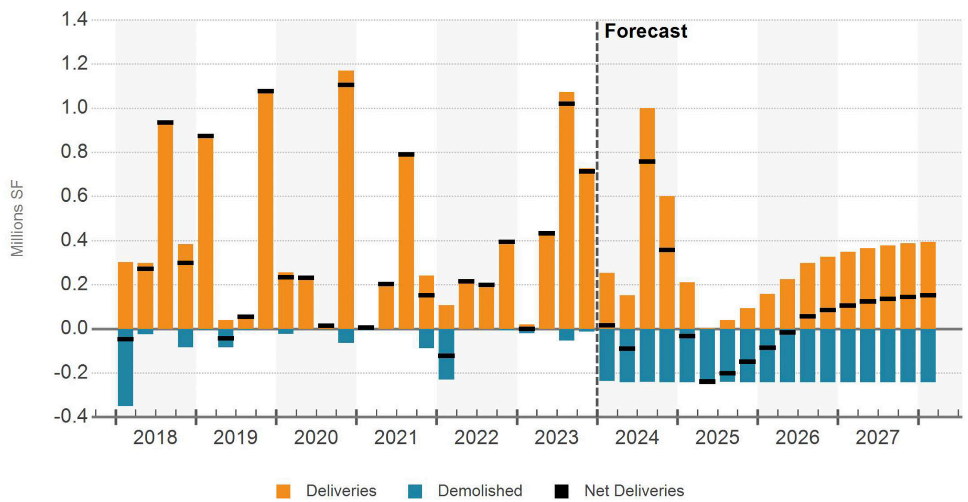


CLEVELAND: **INDUSTRIAL CONSTRUCTION DATA**

Supply additions have been minimal in Cleveland in recent years. Industrial inventory in the market grew just 1% over the past three years compared to 6% for the U.S. overall. A key factor behind Cleveland's modest construction pipeline is a lack of vacant land open for new development. Market participants report a lack of shovel ready sites in Cleveland, which makes it difficult to build modern industrial space that is in high demand. In fact, many of the market's recent deliveries have consisted of repurposed vacant retail locations and aging manufacturing facilities or built on the site of demolished properties.

Elevated construction financing costs are weighing on construction starts, which sit at a multi-year low in Cleveland. Around 2.2 million SF is underway, representing 0.6% of inventory, which is well below peer markets in the region as well as the national average of 2.4%. A unique redevelopment opportunity is supporting record level industrial construction in Cleveland. The site of the former Ford Cleveland Engine Plant No. 2, which closed in 2012, is being redeveloped into 3 million square feet of modern industrial space. Developers Weston Inc., DiGeronimo Companies and Scannell Properties are developing the 210-acre site. Branded as the Forward Innovation Center, the multi-phase project will be the largest industrial development in Cleveland in recent years and will be one of only six projects larger than 500,000 square feet to deliver since 2000. The first building, totaling 247,000 SF, delivered this summer and is leased to Victory Packaging.

DELIVERIES & DEMOLITIONS



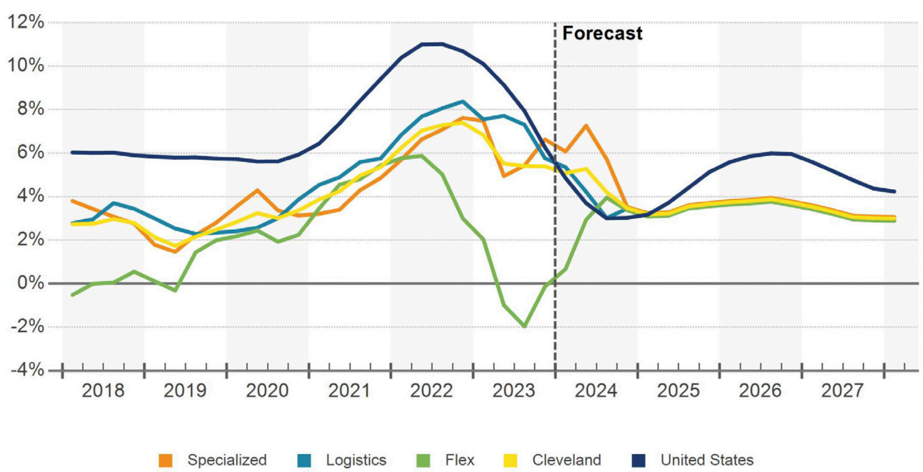
CLEVELAND: **INDUSTRIAL MARKET RENT GROWTH**

Similar to national trends, industrial rent growth in Cleveland is cooling as market fundamentals return to pre-pandemic levels. Annual gains peaked late last year at just over 8%, and as of the first quarter of 2023, gains average 5.1%.

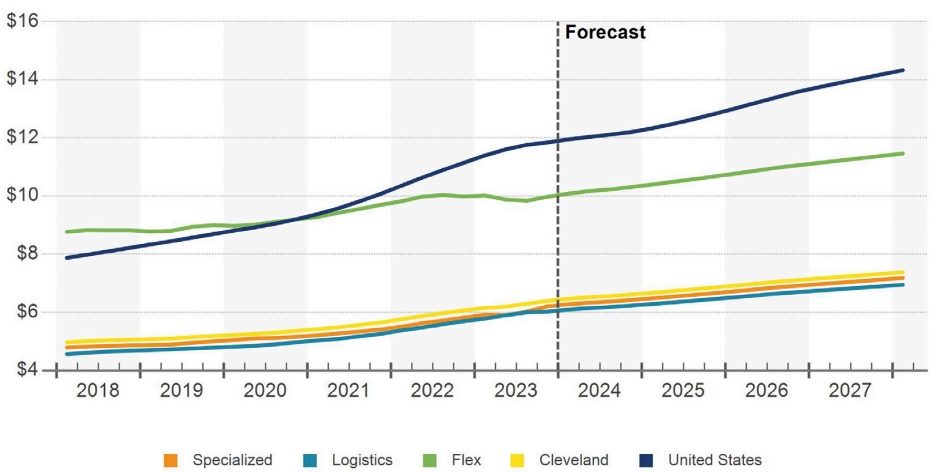
Cleveland is a relatively affordable industrial market, with rents averaging $6.40/SF, or about half of the national average and mid-range among Ohio's major markets. Asking rents for manufacturing space in Cleveland sits around $6.20, but asking rents on recent deals sit much lower.

Rent growth is fairly consistent across most of Cleveland's submarkets, which average within the 6% to 7% range. Submarkets where annual gains sit above 8% include strategically located areas with tight vacancy such as the Downtown Southeast and Lakewood submarkets. Areas with the highest rents are those with large shares of higher-rent flex space, including the Brecksville/Valley View and Kirtland/Willoughby Hills, where flex space represents over 20% of industrial inventory and rents average more than $8/SF. Rents are lowest in submarkets with a large share of aging inventory such as Wickliffe/Willowick, Euclid, and Downtown East.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



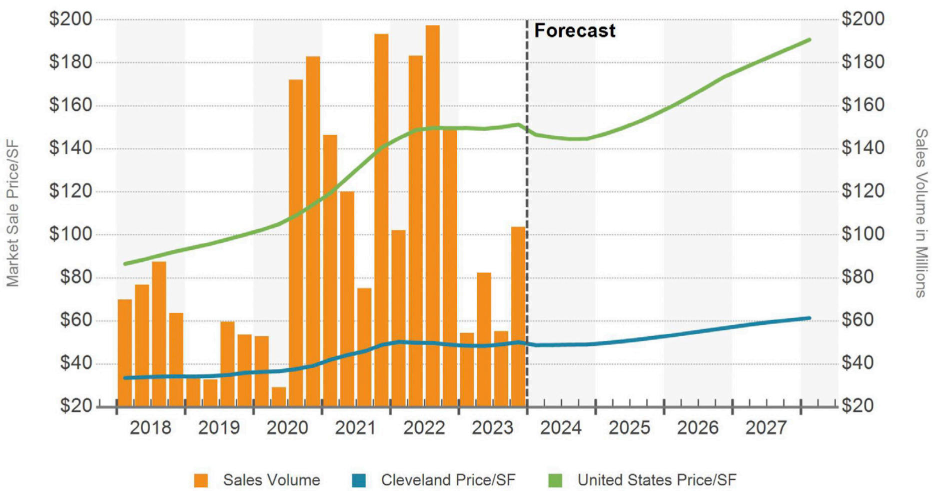
CLEVELAND: **INDUSTRIAL SALES VOLUME**

Investment activity is maintaining a steady pace in Cleveland, and $55 million traded hands in the third quarter. While elevated interest rates are weighing on activity relative to recent years, sales volume is still in line with pre-pandemic levels. Over the first three quarters of the year, sales volume totaled around $191 million, which is just 9% below the annual average in the three years leading up to the pandemic.

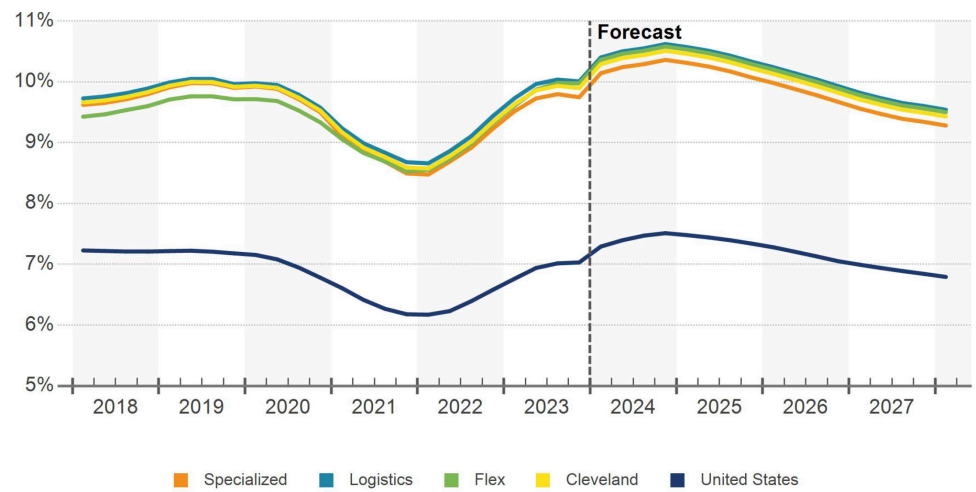
While sales above $50 million were rare in the market prior to the pandemic, it was not uncommon to see deals closing between $10 million and $30 million. The effects of high interest rates are felt most among larger deals, and just four eight-figure trades were recorded year to date.

The active buyer profile has shifted in recent quarters considering the significant move away from larger deals. Over the past five years, acquisitions from institutional buyers were rare and the bulk of top deals came from public REITs or private buyers such as developers. While there is still some activity from institutional players, the lion's share of top deals come from developers, with users and individual buyers also filling the gap.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



CLEVELAND: **REPRESENTATIVE INDUSTRIAL TRANSACTIONS OF Q4 2023**

PROPERTY ADDRESS
5300 Majestic Pky, Bedford Heights, OH 44146

SALE DATE
December 13, 2023

SELLER
LCN Capital Partners

BUYER
AIC Ventures

SALE PRICE
$22,400,000

PRICE/SF
$68.98

BUILDING SIZE
324,752 SF

PROPERTY ADDRESS
26400 Richmond Rd, Bedford Heights, OH 44146

SALE DATE
October 2, 2023

SELLER
Jade-Sterling Steel Co., Inc.

BUYER
Real Capital Solutions, Inc.

SALE PRICE
$17,300,000

PRICE/SF
$83.01

BUILDING SIZE
208,420 SF

PROPERTY ADDRESS
14790 Foltz Pky, Strongsville, OH 44149

SALE DATE
December 1, 2023

SELLER
Founders Properties

BUYER
Trident Capital Group

SALE PRICE
$15,050,000

PRICE/SF
$81.26

BUILDING SIZE
185,210 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

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
Withheld

BUILDING SIZE
642,053 SF

YEAR BUILT
1971

LANDLORD / OWNER
ICP LLC

PROPERTY ADDRESS
26300 Miles Rd, Bedford Heights, OH 44146

LARGEST SUBLEASE 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: **COMPLETED INDUSTRIAL LEASE TRANSACTIONS IN Q4 2023**

PROPERTY ADDRESS
1000 Keystone Pky, Cleveland, OH 44135

SQUARE FEET LEASED
170,985 SF

TENANT
Withheld

DATE SIGNED
October 2023

BUILDING SIZE
400,000 SF

LANDLORD / OWNER
Weston, Inc.

PROPERTY ADDRESS
1955 Midway Dr, Twinsburg, OH 44087

SQUARE FEET LEASED
100,800 SF

TENANT
Withheld

DATE SIGNED
October 2023

BUILDING SIZE
100,800 SF

LANDLORD / OWNER
Weston, Inc.

PROPERTY ADDRESS
9525 Hamilton Dr, Mentor, OH 44060

SQUARE FEET LEASED
84,770 SF

TENANT
IRBE

DATE SIGNED
October 2023

BUILDING SIZE
125,000 SF

LANDLORD / OWNER
Withheld

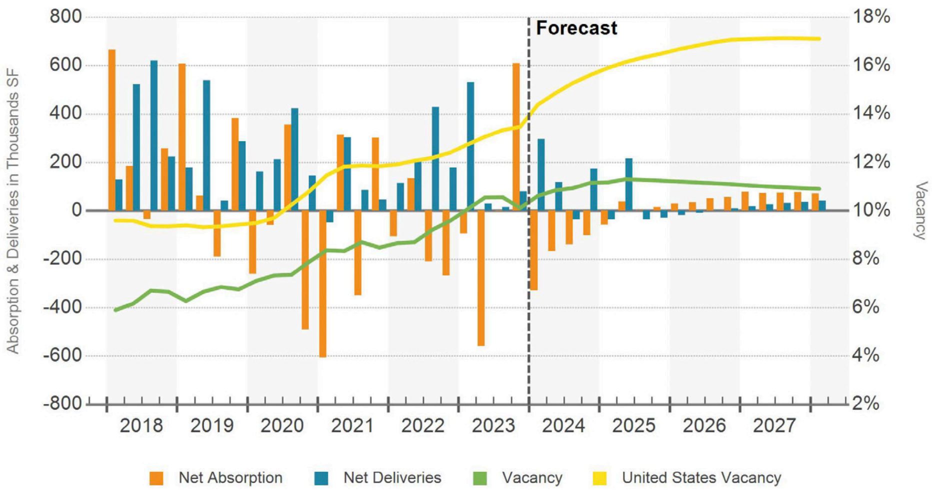
COLUMBUS OFFICE MARKET

Allegro
Real Estate Brokers & Advisors

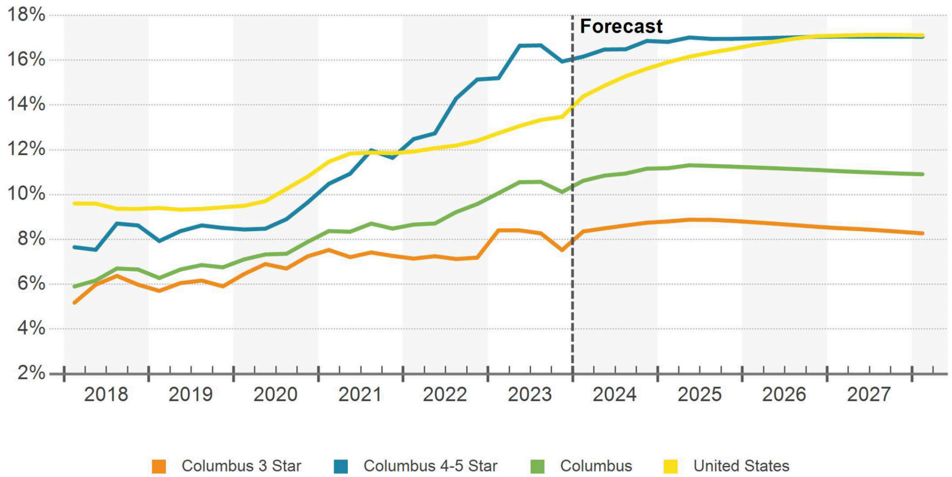
COLUMBUS: **OFFICE MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
833K	(176K)	10.2%	2.3%

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



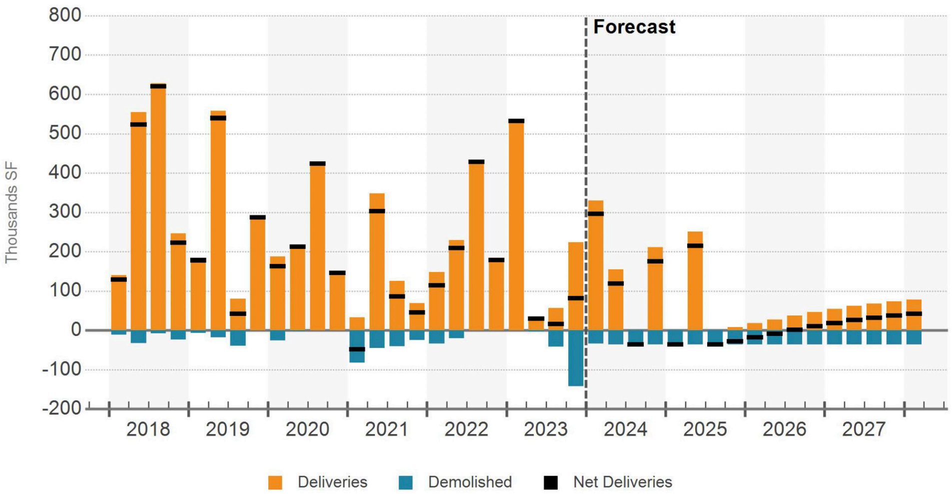
COLUMBUS: **OFFICE CONSTRUCTION DATA**

Columbus is a fairly active market for development, and inventory grew 4.6% in Columbus over the past five years compared to a 3.3% increase at the national level. Activity is concentrated in several areas including the West, North Central, and Westerville submarkets.

The largest delivery in 2023 is Building 2 of the new CoverMyMeds campus in Franklinton in the West submarket. Developed by Dallas-based Cambridge Holdings, the 218,000-SF Building One delivered in 2021, followed by the 200,000-SF Building Two in 23Q1. The $240 million campus development was supported by city and state tax incentives, with CoverMyMeds pledging 1,000 new jobs in coming years. In recent months, however, the company announced layoffs, about 800 nationwide, and is marketing up to one floor, or 51,500 SF, of space for sublease.

Construction activity moderated over the past two years and 950,000 SF underway, representing 0.8% of market inventory compared to the national benchmark of 1.2%. Oncoming supply presents some risk to the market as speculative development accounts for 42% of space underway. Activity is concentrated in the Hilliard submarket where 250,000 SF, or 10% of submarket inventory, is underway.

DELIVERIES & DEMOLITIONS



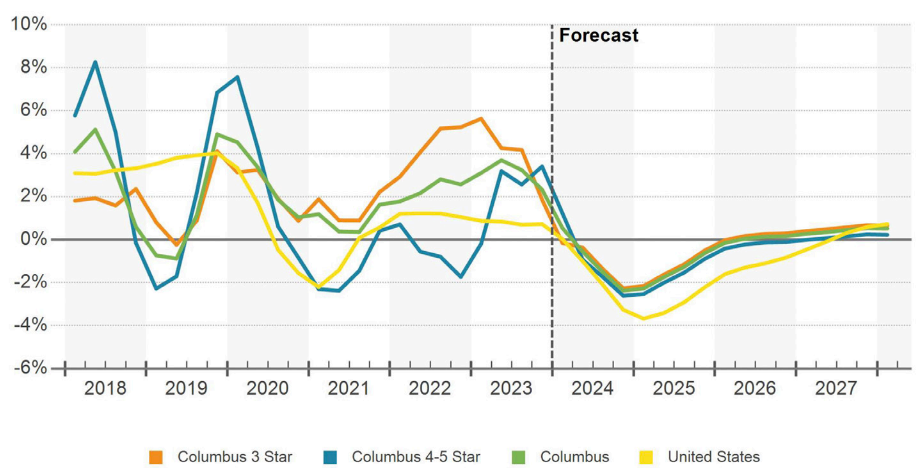
COLUMBUS: **OFFICE MARKET RENT GROWTH**

Office rent growth in Columbus was solid over the past four quarters while the national rate continues to soften. As of the first quarter, rent growth in Columbus sits at 2.3% compared to the national benchmark of 0.7%, and is in line with the 10-year average.

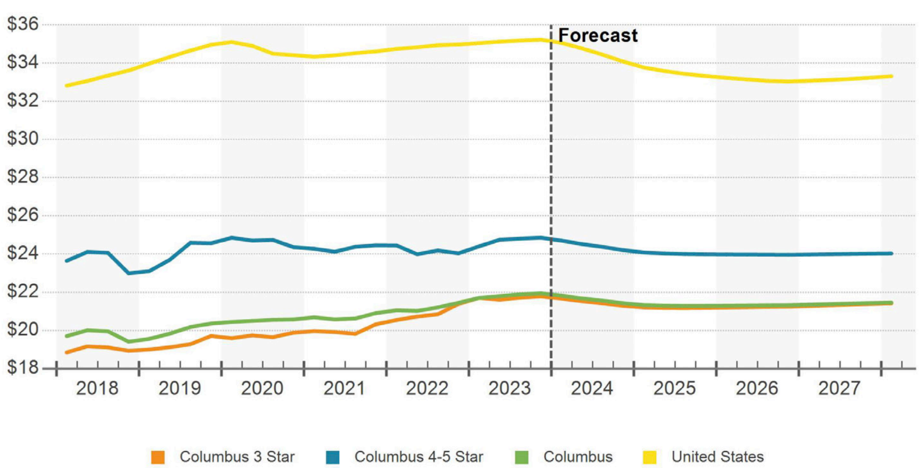
Rent growth in Columbus is the strongest among Midwestern markets and ranks among the top markets in the U.S. for this metric. Rather than lower rents in response to shifting market conditions, landlords have opted to increase concessions or offer generous TI allowances to maintain face rents. Market participants report around six months of free rent offered on a 10- year lease, and exorbitant tenant improvement packages, which reflect the sharp increase in construction costs, as well as tenant demands for upgraded and amenitized spaces. Variance in rent growth among Columbus' submarkets is minimal. Gains are strongest in areas with tight vacancy and few deliveries, such as Grandview/Upper Arlington and Outlying Delaware County where gains sit around 3%. Areas with higher vacancy and a high share of lower-rated product see the weakest growth, such as Worthington and Hilliard where rent growth is below 2.5%.

At $22.00/SF, rents in Columbus are up 6.8% relative to pre-pandemic levels, while average rents for the U.S. remain in line with early 2020 levels. While remaining affordable relative to most of the nation's top office markets, Columbus is among the region's priciest office markets. With the share of sublease space near record level, tenants are able to find high-quality space often at a discount. Sublet space amounts to 2.2 million SF and represents 15% of total available space in the market, slightly below the national benchmark of 17%. In mid- 2023, 44,000 SF of sublet space was leased at 1105 Schrock Rd. in Worthington. Asking rents were advertised at $16.50/SF which is 18% below market rents for 4- & 5-star space in Worthington.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



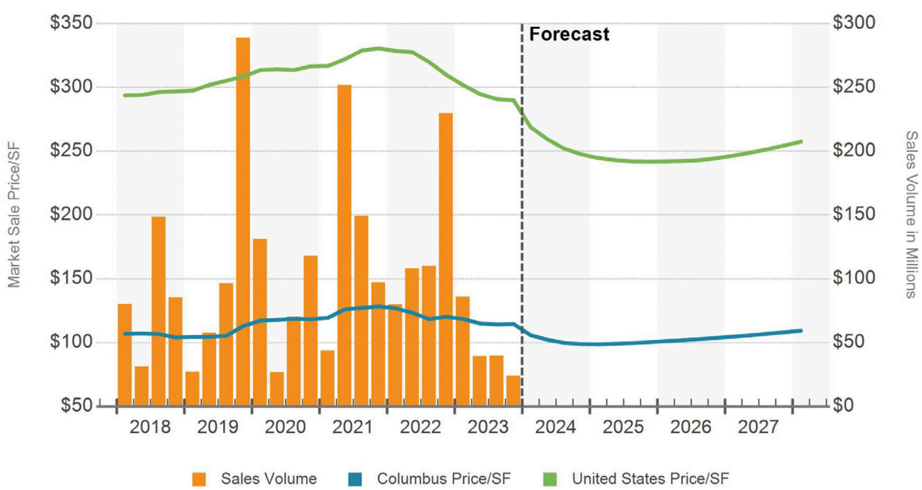
COLUMBUS: **OFFICE SALES VOLUME**

Softening market conditions and the rising cost of debt continue to weigh on transaction activity in Columbus heading into the final months of 2023. Sales volume in 23Q3 totaled just under $40 million, which is 63% below the average in the five years prior to the pandemic and the weakest third quarter total since 2011. While sales above $50 million were rare in the market prior to the pandemic, it was not uncommon to see deals closing between $10 million and $30 million. The downturn in the office sector is felt most among eight figure trades of which only three were recorded in 2023, a 50% decrease compared to the same period in 2022.

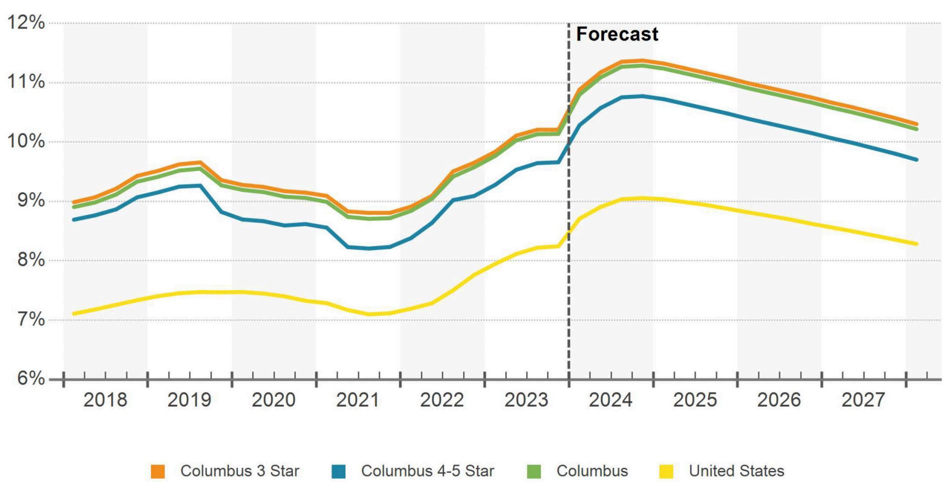
The active buyer profile has shifted in recent quarters considering the significant move away from larger deals. Over the past five years, acquisitions from institutional buyers were rare and the bulk of top deals came from private buyers, such as developers and private REITs. Activity was largely concentrated in the Downtown and northern suburbs, such as Easton and Westerville, with recently renovated or delivered properties behind the top sales.

High-vacancy assets were behind some of the top deals in Columbus in 2023 and have weighed on pricing in the market. The largest sale of the third quarter closed in July when US Bank acquired the 657,000-SF Continental Plaza for $12.6 million ($19.18/SF). The property was sold at sheriff's auction, after going into foreclosure in 2023. While Continental Plaza was 64% leased at the time of sale, occupancy dropped to 43% when the Ohio Secretary of State's office relocated in September.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



COLUMBUS: **REPRESENTATIVE OFFICE TRANSACTIONS OF Q4 2023**

PROPERTY ADDRESS
535 Officenter Pl, Gahanna, OH 43230

SALE DATE
December 27, 2023

SELLER
National Veterinary Associates, Inc.

BUYER
Realty Income Corporation

SALE PRICE
$4,525,000

PRICE/SF
$395.92

BUILDING SIZE
11,429 SF

PROPERTY ADDRESS
5775 Perimeter Dr, Dublin, OH 43017

SALE DATE
December 29, 2023

SELLER
Rea & Associates

BUYER
O'Brien Robinson Construction Services, Inc.

SALE PRICE
$3,950,000

PRICE/SF
$102.68

BUILDING SIZE
38,469 SF

PROPERTY ADDRESS
867 Mount Vernon Ave, Columbus, OH 43203

SALE DATE
November 30, 2023

SELLER
York Masons Building Assoc

BUYER
Maroon Arts Group

SALE PRICE
$2,900,000

PRICE/SF
$107.62

BUILDING SIZE
26,946 SF

COLUMBUS: **DISTRESSED ASSETS IN THE MARKET**

PROPERTY ADDRESS
41 S High St, Columbus, OH 43215

BUILDING SIZE
907,010 SF

OCCUPANCY
87.1%

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
5000 Arlington Ctr Blvd, Upper Arlington, OH 43220

LARGEST CONTIGUOUS SPACE AVAILABLE
100,000 SF; 15,000 SF

RENTAL RATE
$20.00/SF

BUILDING SIZE
202,444 SF

YEAR BUILT
1973

LANDLORD / OWNER
LD DI Asset Co LLC

PROPERTY ADDRESS
8111-8131 Smiths Mill Rd, New Albany, OH 43054

LARGEST CONTIGUOUS SPACE AVAILABLE
87,500 SF

RENTAL RATE
Withheld

BUILDING SIZE
175,000 SF

YEAR BUILT
2013

LANDLORD / OWNER
Thirty-One Gifts LLC

PROPERTY ADDRESS
371-528 Maier Pl, Columbus, OH 43215

LARGEST CONTIGUOUS SPACE AVAILABLE
87,350 SF; 57,500 SF

RENTAL RATE
$10.00/SF - $15.50/SF

BUILDING SIZE
259,640 SF

YEAR BUILT
1949

LANDLORD / OWNER
E.V. Bishoff Company

COLUMBUS: **COMPLETED OFFICE LEASE TRANSACTIONS IN Q4 2023**

PROPERTY ADDRESS
3075 Loyalty Cir, Columbus, OH 43219

SQUARE FEET LEASED
60,000 SF

TENANT
Wells Fargo

DATE SIGNED
December 2023

BUILDING SIZE
240,000 SF

LANDLORD / OWNER
Cantor Fitzgerald Income Trust, Inc.

PROPERTY ADDRESS
9200 Worthington Rd, Westerville, OH 43082

SQUARE FEET LEASED
19,217 SF

TENANT
Withheld

DATE SIGNED
November 2023

BUILDING SIZE
136,318 SF

LANDLORD / OWNER
IMC Real Estate

PROPERTY ADDRESS
10 W Broad St, Columbus, OH 43215

SQUARE FEET LEASED
17,151 SF

TENANT
Babin Law

DATE SIGNED
October 2023

BUILDING SIZE
407,472 SF

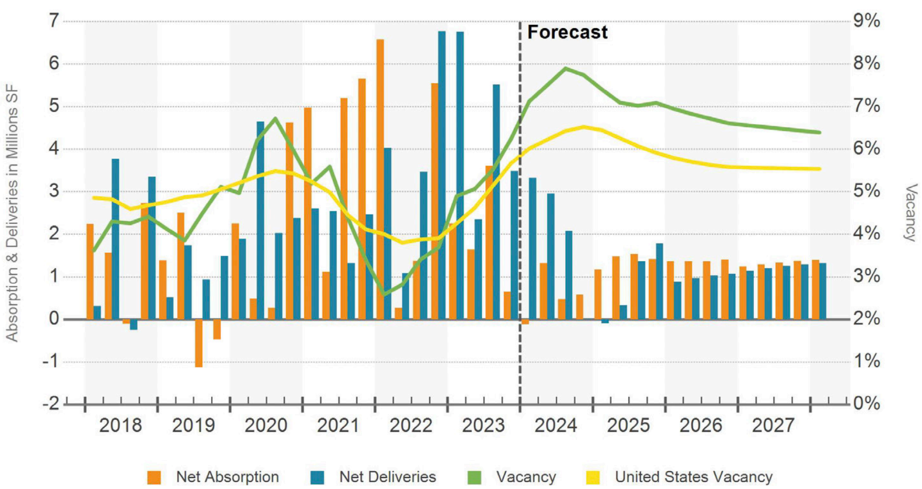
LANDLORD / OWNER
Square Deal Capital

COLUMBUS INDUSTRIAL MARKET

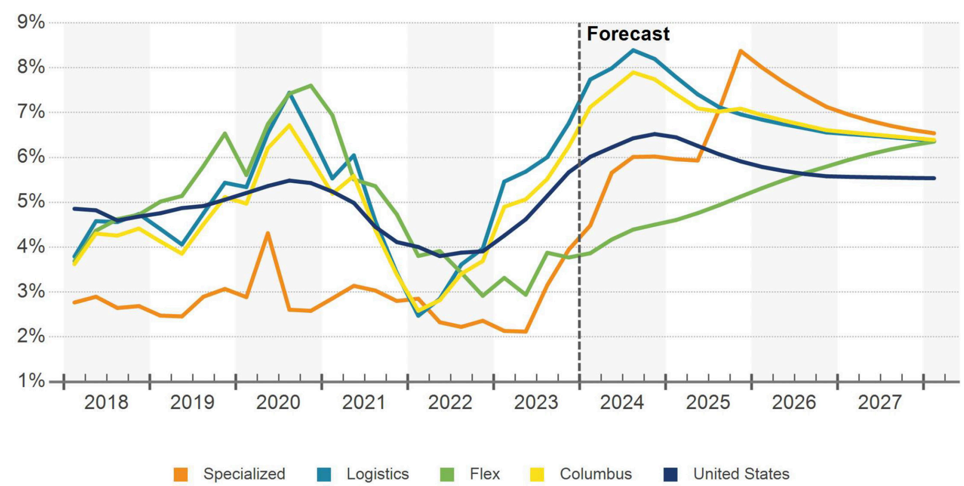
COLUMBUS: **INDUSTRIAL MARKET**

12 MO DELIVERIES IN SF	12 MO NET ABSORPTION IN SF	VACANCY RATE	12 MO RENT GROWTH
18M	**7.7M**	**6.4%**	**9.3%**

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



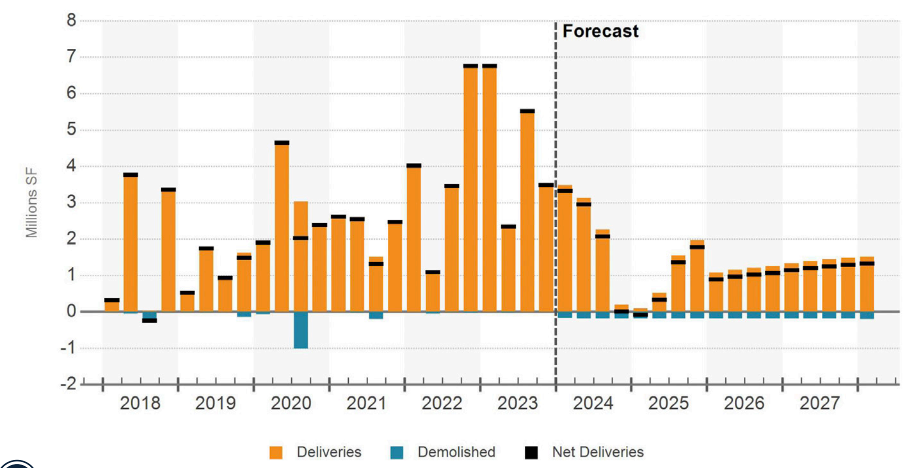
COLUMBUS: **INDUSTRIAL CONSTRUCTION DATA**

Columbus recently became Ohio's largest industrial market and is home to more than 355 million SF as of the first quarter of 2023. Industrial stock expanded nearly 20% over the past five years relative to the national rate of 9.3%.

While construction activity is moderating from recent record highs, deliveries are set to hit an all-time high in 2023 and will place significant pressure on vacancy over the next 12 months. Around 10.8 million SF is underway in Columbus, representing 3.0% of inventory compared to the national benchmark of 2.4%. As large-scale properties tend to be more economical to build, developers in Columbus have added properties larger than 500,000 SF to the market at record pace. Inventory among this size range expanded 43% over the past five years and the availability rate averages around 9.3% which is well above the market average of 8.5%. Supply pressure will likely hit large-bay properties the hardest as it accounts for more than 60% of unleased space underway in Columbus relative to 39% for the U.S. overall.

Pressure from oncoming supply will likely be more pronounced in some of the fastest growing submarkets such as Licking County and Pickaway County where newly built spaces could remain on the market longer. Inventory in Licking County grew 50% over the past five years while inventory in Pickaway County more than doubled. Availability among properties 500,000 SF and higher sits just under 30% in both submarkets, and some of the largest projects under construction Columbus are located here. Central Ohio is a rapidly growing hub for data centers with companies such as Google, Amazon, and Meta expanding their footprints in the region. Key infrastructure such as an abundant fiber network, reliable electric service, substantial water and land access, as well as a limited occurrence of natural disasters makes Columbus a sought-after location for cloud computing. Around 17% of industrial space added to Licking County over the past five years is attributed to data centers.

DELIVERIES & DEMOLITIONS



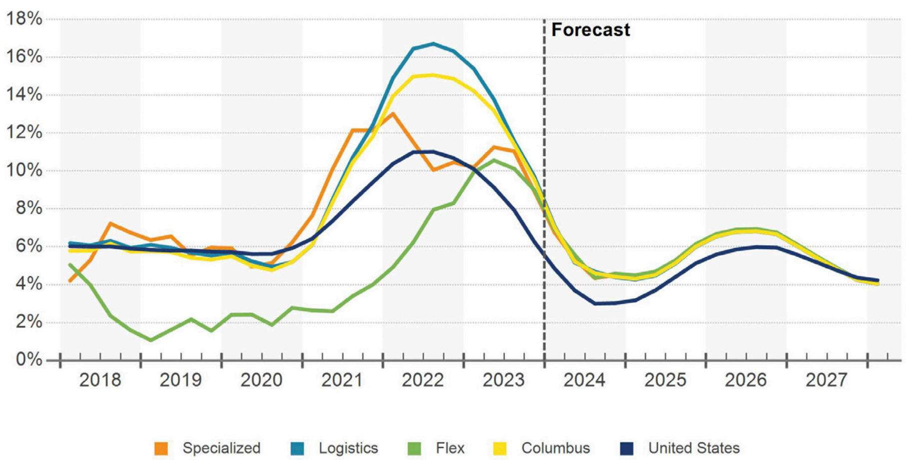
COLUMBUS: **INDUSTRIAL MARKET RENT GROWTH**

With vacancy on the rise, rent growth in Columbus is slowing from its break-neck pace. Annual gains peaked in 22Q4 at nearly 18% and as of the first quarter, gains average 9.3% and still far outperform the national average of 6.1%.

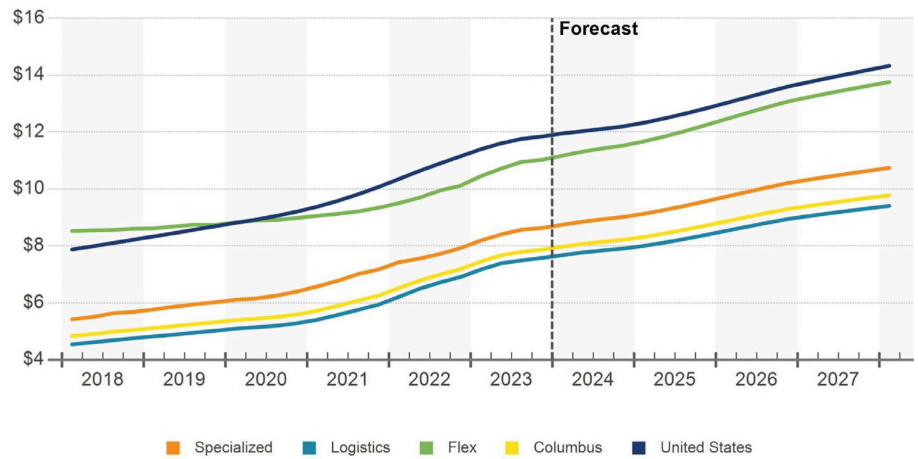
Rents in the first half of 2023 grew 7.7%, a slower pace than the same period in 2022 when rents grew 9.7%. This is still healthy relative to the five-year pre-pandemic average when rents increased an average of 5% per year. While a swift deceleration is anticipated in the coming months, the near-term outlook is healthy, and rents grow an average of 5% annually over the next three years. Columbus is a relatively affordable industrial market, with rents averaging $7.90/SF, or 32% below the national average and mid-range among Ohio's major markets. Asking rents for logistics space in Columbus sits around $7.60/SF, or 32% below the National Index

Rents in larger submarkets with plenty of inventory tend to be more affordable. With nearly 74 million SF of industrial space, Southeast is Columbus' largest submarket and average asking rents sit around $6.90/SF. A 21,600-SF leased was signed in 22Q4 at a multi-tenant warehouse on 5835 Green Pointe Dr. in Groveport. Asking rents for the space were listed at $5.50/SF. Rents on sublease listings are significantly undercutting market rents and see a wide range depending on location.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET

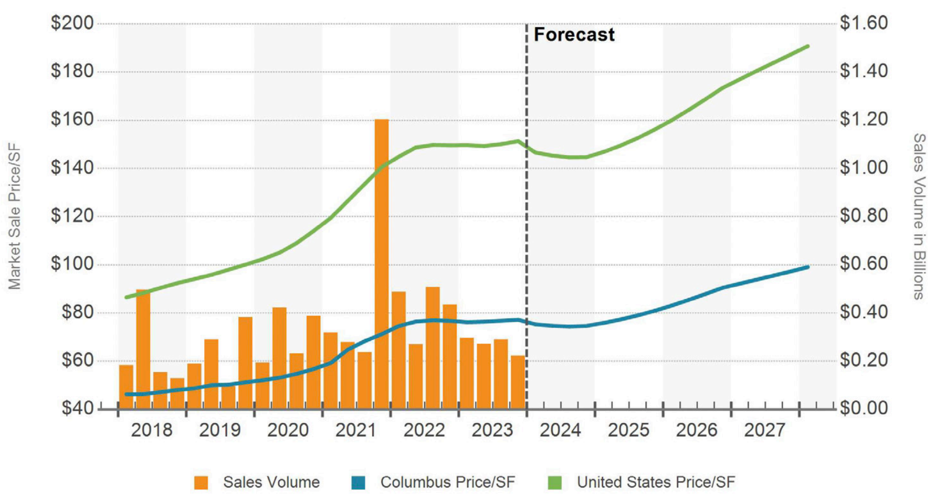


COLUMBUS: **INDUSTRIAL SALES VOLUME**

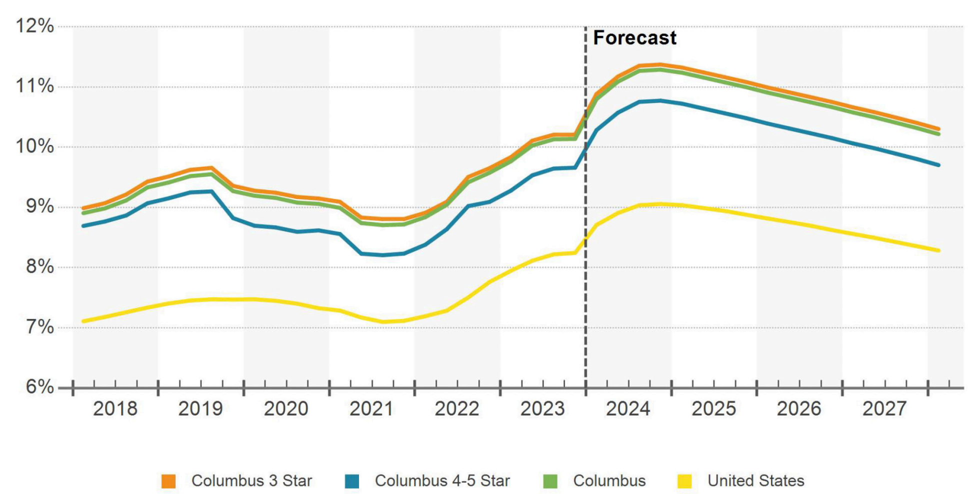
Investment activity continues to moderate in Columbus, moving through the second half of 2023. Overall transaction activity is still healthy, and sales volume in the first half of 2023 totaled around $530 million, in line with the mid-year average in the three years leading up to the pandemic. Sales volume will likely continue to moderate through the remainder of the year as market conditions soften and interest rates remain elevated. While institutional buyers are behind several of the top deals in the market, they are notably less active when compared to recent years. Users and private buyers stepped in to fill the gap and represent the lion's share of deals in the market.

Private out-of-state buyers are behind many of the top deals in the market in recent months and represent more than 80% of the buyer profile over the past year. Triple-net lease deals are well-represented among the top sales in Columbus in recent months. With elevated interest rates, investors tend to target properties with secure income streams in place. The Southeast Submarket, namely the area surrounding Rickenbacker International Airport, is a strategic location for industrial tenants and continues to draw the attention of investors. One of the top sales last year closed in 23Q1, when Transwestern Investment Group acquired a 582,400-SF warehouse at Rickenbacker Global Logistics Park. The property delivered in 2022 and is fully leased to DHL. The property traded for $52 million, or $89/SF, which is in line with comparable properties that traded in 2021.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



COLUMBUS: **REPRESENTATIVE INDUSTRIAL TRANSACTIONS OF Q4 2023**

PROPERTY ADDRESS
70 Enterprise Pky, West Jefferson, OH 43162

SALE DATE
October 6, 2023

SELLER
Core5 Industrial Partners

BUYER
Cabot Properties Inc

SALE PRICE
$89,500,333

PRICE/SF
$79.75

BUILDING SIZE
1,122,212 SF

PROPERTY ADDRESS
5400 Old Fisher Rd, Columbus, OH 43228

SALE DATE
December 20, 2023

SELLER
YRC INC

BUYER
XPO Logistics

SALE PRICE
$42,866,883

PRICE/SF
$286.57

BUILDING SIZE
149,586 SF

PROPERTY ADDRESS
2653 Global Ct, Groveport, OH 43125

SALE DATE
November 15, 2023

SELLER
Pizzuti Global Court LLC

BUYER
Wafra, Inc.

SALE PRICE
$16,401,626

PRICE/SF
$83.51

BUILDING SIZE
196,400 SF

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

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: **COMPLETED INDUSTRIAL LEASE TRANSACTIONS IN Q4 2023**

PROPERTY ADDRESS
521 Exchange Way, Commercial Point, OH 43117

SQUARE FEET LEASED
757,719 SF

TENANT
Withheld

DATE SIGNED
December 2023

BUILDING SIZE
1,194,865 SF

LANDLORD / OWNER
Withheld

PROPERTY ADDRESS
1675 Watkins Rd, Columbus, OH 43207

SQUARE FEET LEASED
290,573 SF

TENANT
Withheld

DATE SIGNED
October 2023

BUILDING SIZE
290,573 SF

LANDLORD / OWNER
Clear Height Properties

PROPERTY ADDRESS
5830 Green Pointe Dr, Groveport, OH 43125

SQUARE FEET LEASED
114,239 SF

TENANT
Withheld

DATE SIGNED
October 2023

BUILDING SIZE
320,657 SF

LANDLORD / OWNER
STAG Industrial, Inc.

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.