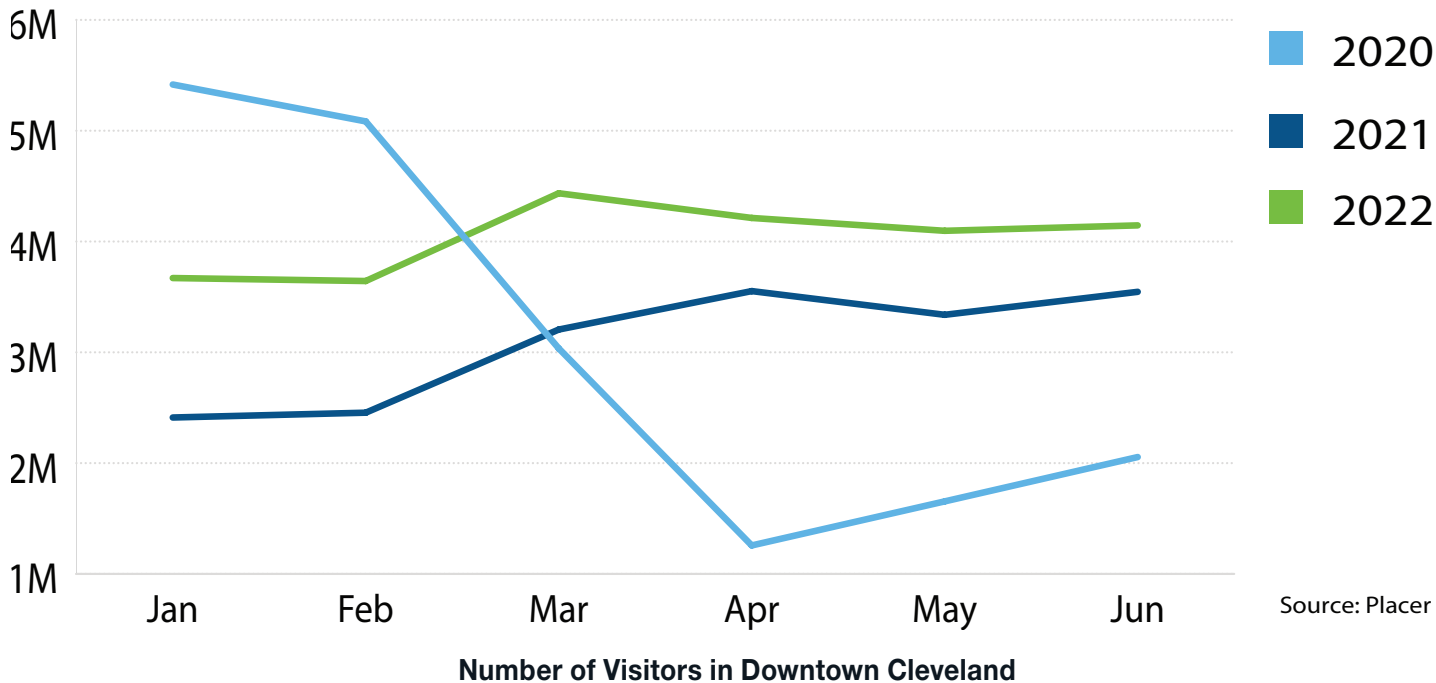


DOWNTOWN CLEVELAND

2022 MIDYEAR MARKET UPDATE



In many ways, 2022 has felt like the first year of “normalcy” as we emerge from the pandemic. Vaccines have been available for over a year, events have resumed, and workers are returning to the office at increasing rates. That has been borne out during the first half of this year as Downtown Cleveland has seen growth or stabilization across the residential, office, and hospitality sectors. At the same time, though, our national and local economies deal with continued challenges, and it is too soon to speak with certainty about how the long-term recovery of downtowns will look. DCA is focused on accelerating our recovery by uplifting small businesses, supporting development, and enhancing the pedestrian experience in Downtown Cleveland to make it a place in which it is easy and attractive to live, work, visit, and invest.

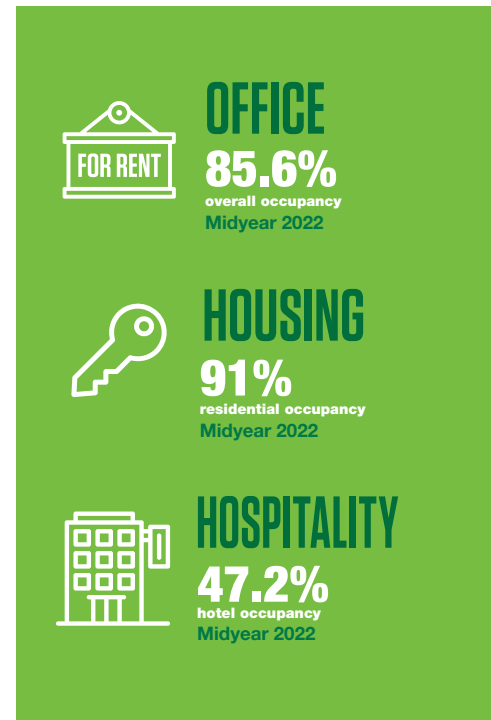


Jumpstarting the urban economy relies upon people regularly choosing to come to Downtown Cleveland. For the past nine months, DCA has been tracking this using foot traffic as the central metric. This has been a bright spot in the first half of the year, as we have experienced a steady upward trend in activity, with occasional dips caused by emerging COVID-19 variants or severe weather, and occasional spikes caused by major events like the NBA All-Star Game, St. Patrick's Day parade, and Pride in the CLE. So far this year, **24.2 million visits have been made to Downtown Cleveland**, over 6 million more than the same time frame last year.

Visitors and eventgoers, while critical to the health of the city, are only one piece of the puzzle. Downtown Cleveland's long-term recovery will require stabilization of our workforce and sustained growth of our population, both of which show signs of hope. Downtown led the Cleveland area office market in net absorption with almost 59k square feet. Employers continue to develop their return to office policies, influencing their real estate needs. Though some companies are downsizing their spaces, **we are seeing a flight to quality as others move to highly-amenitized (and in some cases larger) offices** to cultivate attractive workplaces for their returning employees. Overall occupancy rates reached 85.6%.

Downtown's residential population is a strength in terms of our economic recovery and neighborhood vitality. In the first half of this year, housing occupancy reached over 91%, the highest since 2019, even with the recent addition of 114 new units at 75 Public Square which aims to be nearly full by fall. **Rising occupancy rates amid growing housing stock means that the market is able to continually absorb units, indicating a sustained demand for downtown living.** Overall, \$825 million of construction is currently underway, adding over 968 rental units and 14 townhouses.

Finally, our hospitality industry has made a comeback with an average occupancy rate of 47.2%. March and May occupancy surpassed 50%, 50.6% and 57% respectively, soaring above January's 32.8% according to STR data. The NBA All-Star weekend as well as the many events held at the Huntington Convention Center, and resumed business travel are most likely the main contributors to this recovery.





FIRST HALF HIGHLIGHTS

The Connection is Stronger Downtown Campaign

Launched multimedia strategic marketing campaign to rally the community to get back to “real life” in Downtown Cleveland and make it easy and attractive for workers to return to the office.

Employer Return-to-Work Toolkit

Developed a platform of resources for employers to make the transition back to the office as seamless as possible.

Development Advocacy

Advocated for a development-friendly and investment-ready Downtown through the City’s new residential tax abatement policy, an expanded State Historic Tax Credit program (SB 225), an improved property tax valuation and administration process (HB 126), and a Transformational Mixed-Use Tax Credit award for Millennia’s Centennial project to add over 800 units of workforce housing.

New Events and Activations

Activated our public spaces to create an exciting Downtown environment with new events including Lunch in the Lane, Music on the Malls, Paint in the Park, and Warehouse Wednesday: Courtyard Crawl.

Sherwin-Williams Groundbreaking

Supported the start of construction on the one-million-square-foot global headquarters in the heart of Downtown Cleveland.

CleCoin

Created a Downtown Cleveland currency that can be used at a variety of participating shops and restaurants to support local businesses.

WHAT’S NEXT

DCA Organizational Strategic Plan

Deliver our first organizational strategic plan early this fall, guiding our work as we lead Downtown’s recovery over the next five years.

Downtown Transportation TICI Study

Complete our work with NOACA to provide recommendations to improve Downtown’s transportation network to enhance livability.

Superior Hill Park Mural

Add public art and colorful seating to this formerly underutilized park in the Warehouse District.

Lighthouse Park

Complete the development of Lighthouse Park in the Warehouse District, which will add a fun amenity to the neighborhood and honor the area’s history.

CrossCountry Mortgage

Welcome 650 new jobs to downtown this fall upon the completion of the new corporate headquarters.

Seasonal Community Events

Celebrate our 4-season city by producing beloved events including Christmas in July, Kid Fish CLE, and Winterfest.

HOUSING & DEVELOPMENT

For Sale Housing Unit Profile

	Q1 2022	Q1 2021	% CHANGE
Properties Sold	24	16	+50%
Average Sale Price	\$317,779	\$270,023	+17%
For Sale psf	\$225.68	\$197.39	+14%

Housing Market

	MIDYEAR 2022	Q1 2021	% CHANGE
Total Units	9,178	8,579	+7%
Occupancy	91%	83%	+800bps
Average Rent psf	\$1.72	\$1.57	+9%

Housing Development

	UNDER CONSTRUCTION
Rental	968
For Sale	14

- 3000+ units planned for Downtown Cleveland, including MRN's for-sale condo development, The Residences at the Guardian
- 900 planned for Flats alone

Downtown Construction Projects

Project	Investment Amount	Expected Completion Date	Project Scope
Sherwin Williams HQ	\$400M	2024	1M sf
45 Erieview	\$102M	2024	368 units
City Club Apartments	\$100M	2023	300+ units
Renaissance Hotel	\$62M	2023	491 rooms
55 Public Square	\$59M	2022	221 units
CrossCountry Mortgage HQ	\$46M	2022	168k sf
Fidelity Hotel	\$28M	2023	71 rooms
Flats East Bank Phase 3	\$18M	2024	-
Knez Townhomes Phase 2	\$9M	2022	14 homes
Lighthouse Park	\$600k	2022	-
TOTAL	\$825 million		

Q2 2022 **20,500** Downtown Residents





OFFICE

Office Market Statistics

	CLASS A (JLL)	Q2 2021	CLASS B (CBRE)	Q2 2021	OVERALL (CBRE)	Q2 2021
Average Lease Rate	\$24.99	\$25.81	\$18.00	\$17.96	\$20.34	\$19.84
Net Absorption	-31,395 sq/ft	-74,283 sq/ft	8,034 sq/ft	-66,108 sq/ft	58,918 sq/ft	-19,898 sq/ft
Occupancy	85.0%	87.1%	85.5%	78.6%	85.6%	81.1%

Notable Lease Signings

NAME	ADDRESS	BUSINESS TYPE	SQ. FOOTAGE
Benesch	Key Tower	Legal	164,000
McDonalds Hopkins	Fifth Third Center	Legal	59,190
Reminger	200 Public Square	Legal	58,568
Spaces	Western Reserve	Co-Working	27,000

HOSPITALITY

Hotel Performance Jan-May 2022

JAN-MAY	OCCUPANCY	AVERAGE DAILY RATE	REVPAR
2020	28.8%	\$111.86	\$34.40
2021	36.0%	\$145.55	\$52.34
2022	47.3%	\$161.63	\$76.47

MONTH	OCCUPANCY	AVERAGE DAILY RATE	REVPAR
Jan	32.8%	\$139.91	\$42.58
Feb	47.1%	\$193.32	\$90.98
March	50.6%	\$151.87	\$76.86
April	49.1%	\$156.28	\$76.79
May	57.0%	\$165.93	\$94.53

