

# INVESTMENT FORECAST

Office  
Cleveland Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

## Class Divergence Stands Out While Transaction Velocity Modestly Increases

**Class A tailwinds lift outlook.** Cleveland's favorable corporate tax treatment has long drawn large employers, including several Fortune 500 companies. However, the metro's ranking as ninth in office inventory per capita has also left it more exposed to today's softer demand environment. Despite this, completions for 2026 are entirely pre-leased. Less than 400,000 square feet of office space is scheduled to deliver this year, though the market is still expected to record its fourth year of net relinquishment since at least 2008. With over half of the metro's inventory concentrated in Class B/C — and vacancy in that segment weakening heading into the year as upper-tier assets posted mild improvements — overall momentum may remain soft. Even so, Class A properties built after 2010 continue to outperform, posting sub-5 percent vacancy last year and demonstrating tenant preference for higher-quality space. Additionally, Cleveland's office-conversion activity is removing underutilized buildings from inventory, easing pressure on the market, especially in the CBD, where projects like Erievue Tower are underway.

**Smaller-sized assets dominate sales mix.** In 2025, Class B/C buildings under 30,000 square feet captured their largest share of trading volume in over five years as investors targeted smaller, older properties — a shift from larger-format-focused sales in prior years. Entering 2026, Cleveland's average price per square foot sat just under \$90 — still the lowest among regional peers — alongside a modest uptick in trading activity, reflecting relative affordability within the Midwest. Even so, weakening fundamentals in the B/C segment may prompt buyers focused on cash flow to grow more cautious. However, early signs of firmer Class A performance could draw interest from well-capitalized investors toward the top of the quality spectrum.

## 2026 MARKET FORECAST

+0.7%



**Employment:** The addition of 8,000 roles this year will account for only about 40 percent of last year's tally, with traditional office-using employment edging up by 800 positions in 2026.

300,000  
sq. ft.



**Construction:** Inventory growth pulls back to 0.3 percent, as only a handful of completions are scheduled this year. Roughly 85 percent of the deliveries will be medical offices.

+50 bps



**Vacancy:** Despite supply pressure easing this year, vacancy is expected to increase to around 12.1 percent. The elevated rate will still rest more than 300 basis points below the U.S. level.

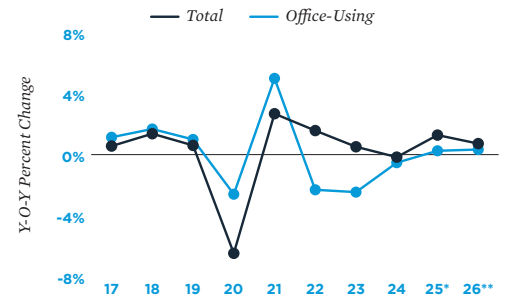
-0.3%



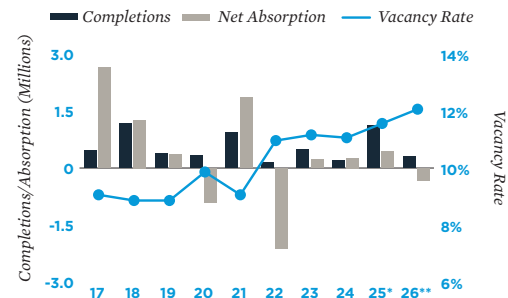
**Rent:** The average asking rent will decrease marginally, reflecting negative net absorption and rising vacancy. This year's metric of \$17.35 per square foot nearly matches that of Columbus.

**INVESTMENT:** *Cleveland's growing support for office conversions — offered through tax credits and streamlined approval processes — enhances opportunities for investors to reposition underused assets.*

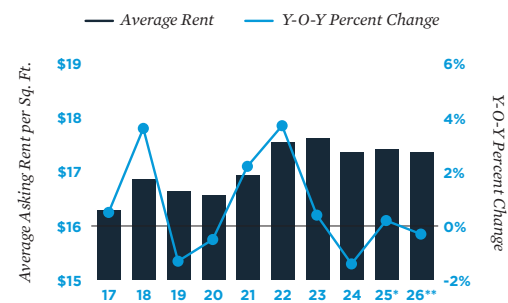
### Employment Trends



### Supply and Demand



### Rent Trends



\* Estimate \*\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.