

# CBD Office Market

## Zombie Space Impacting Vacancy



Eleven properties are negatively impacting the perception of vacant and available space in the CBD. These properties, termed ‘zombie properties,’ have large blocks of vacant space that are not actively marketed to the office community. These properties include buildings that are pending conversion from office to residential, or are functionally obsolete. Downtown Cleveland’s zombie properties include:

- ◆ Standard Building
- ◆ Leader Building
- ◆ 75 Public Square
- ◆ Garfield Building
- ◆ Halle Building
- ◆ Former Cleveland Athletic Club
- ◆ 925 Euclid Avenue
- ◆ Superior Lofts
- ◆ Tower at Erieview
- ◆ Terminal Tower
- ◆ 3101 Euclid Avenue

The Tower at Erieview has more than 250,000 square feet of vacant space. However, 180,000 to 225,000 square feet will be converted in the coming years to residential apartments. Therefore, while the space is vacant, the building ownership is not actively marketing the space. Zombie space adversely impacts the vacancy rate of the Class B and Class C CBD markets. The Class B CBD market has 24.0% vacancy. However, when the zombie property space is removed from the survey, the vacancy rate declines to 18.2%. This figure includes Forest City’s expected move to Key Tower. The Class C CBD market vacancy similarly drops drastically from 22.4% to 15.4% when the zombie properties are removed. The amount of vacant and available space in the CBD is overstated when the zombie properties are included.

