

Improving Outlook

Progress in 2013 promises bright 2014 for commercial real estate in Cleveland

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There's a sense of optimism regarding commercial real estate in the City of Cleveland. Not only are people in the industry feeling it, but they can also see it in the form of more deals getting done.

In 2013, credit was more readily available for development and refinancing. With more cash flowing, area developers and property owners saw opportunities they had not seen in many years and were quick to act upon them – especially in the area of residential housing. High demand, combined with high occupancy rates, particularly in and around the downtown area, drove much of the development.

What were some of the more significant accomplishments within the City's limits in 2013? Starting with the east side, the University Circle area experienced tremendous growth, including:

- Completion of phase I of the Uptown Apartments, including retail and residential housing lease-ups, and the beginning of phase II
- Renovation of housing units for students at The Music Settlement
- Expansion of galleries at the Cleveland Art Museum
- Opening of the Marriott Courtyard on Cornell near University Hospitals

Midtown Cleveland also saw growth through such projects as:

- Completion of construction in the Euclid Corridor between 65th and 75th streets
- Renovation of the Agora Building on Euclid to be used as incubator space for new business
- Preservation of the Agora Theatre
- Expansion of Cleveland State student housing on Chester between 26th and 30th streets
- Extension of Cleveland State campus to provide for its new Department of Theatre and Dance
- Renovation of Playhouse Square



Photo by Jim Maguire

CENTER OF ATTENTION Downtown Cleveland saw its share of development in 2013, including the opening of the Global Center for Health Innovation and Cleveland Convention Center.

Of course, downtown Cleveland saw more than its share of development:

- Preliminary construction of Cuyahoga County headquarters building on East 9th Street, including redevelopment of the Rotunda
- Sale of building by Cleveland Municipal School District, which moved into vacant space at 11th Street and Superior Avenue
- Construction of Old Bond Court Hotel
- Preliminary construction to convert the old East Ohio Gas Building on East 9th Street into apartments
- Development of Flats East Bank, including announcement of numerous leases and promising lease-up projections
- Completion of the Global Center for Health Innovation and Cleveland Convention Center
- Connection of the north and south sides of the Shoreway with completion of the underground connector

While much of this work had been projected for 2013 earlier in the year, few people would have expected as much progress on many of the construction projects, including all the work being done by The Geis Companies on East 9th Street.

Such development also translated into other benefits, including the creation of numerous construction jobs and the attraction of more people to live downtown.

Based on the progress made in 2013, the new year is promising equally positive growth. Money from lenders for real estate projects is expected to be available at the current level or possibly even at an accelerated pace. Thanks to decisive governmental action, tax credit programs (which were instrumental in building up the City of Cleveland in recent years) will continue to be available, especially in the form of New Markets Tax Credits. Although the City of Cleveland continues to be challenged in the area of job creation, the downtown area is still attracting people

to move downtown. With the success of multiple initiatives designed to combat “brain drain,” downtown Cleveland will be home to more young adults than what most of us can remember.

Some of the more noteworthy commercial real estate projects projected for the City in 2014 (starting on the west side) include:

- Completion of The Shoreway apartments near The Gordon Square Arts District
- Phase II development of the Flats East Bank project which will likely include apartments and some office space
- Ongoing development on East 9th Street at Euclid, including development of The Rotunda and the 1010 Euclid Avenue building
- Opening of the new Heinen’s grocery store on East 9th Street, occupying more than 35,000 square feet
- Development of the Metropolitan Hotel on East 9th Street with apart-

ments above (projected to be the tallest residential apartment building in the City)

- Completion of the Cuyahoga County Headquarters building, which will bring 770 jobs to the location
- Construction of the new Kimpton hotel and apartments in the old Schofield Building on the southwest corner of East 9th and Euclid
- Development of a new, yet undetermined, mixed-use project in the old Huntington Building
- Construction of the Le Meridien Hotel on East 9th Street
- Completion of new streetscaping for Playhouse Square
- Development of new apartments in the old East Ohio Gas building
- Tentative construction near Browns Stadium as part of the overall lake-front development plan (final bidders to be chosen in 2014)

- Addition of the Hofbrauhaus, a Germany-based franchise with an 1100-seat beer garden under cover and onsite brewery, at 15th and Chester (to also house a refurbished Hermit Club)

As was the case in 2013, these new projects projected for 2014 are expected to have a significant impact on the local job market with nearly 1,000 new jobs being created just at the corner of East 9th Street and Euclid Avenue.

So hang on to your hat if you work in the commercial real estate market, because 2014 is promising a whirlwind of activity. That’s good news for a city that has struggled for the past decade to rebound from an economy characterized by an extremely tight lending market. **P**

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