

Port hopes land deal is near for Eaton headquarters in Flats

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Most of a \$500-million redevelopment along the east bank of the Flats could be finished by late 2010. That would include a 150-room hotel, more than 430 residences, a public park and about 975,000 square feet of offices.

[Cleveland's port](#) leaders hope they're close to a land sale with developer Scott Wolstein, at a price of \$1.3 million per acre for the [Eaton Corp.](#)'s proposed headquarters in the Flats.

Wolstein's development company would pay the port \$11.44 million for the 8.8 acres that Eaton is considering for its new corporate campus, under the framework of a deal that port officials released Tuesday.

The port also could finance up to \$150 million of the Eaton project, said Cleveland-Cuyahoga County Port Authority President [Adam Wasserman](#).

Wolstein spokeswoman [Nancy Lesic](#) described the proposal as a "milestone" that shows progress.

Talks between the port and Flats East Development LLC -- led by Wolstein and his mother, Iris -- are still early and complicated, Lesic cautioned.

"But we're having productive conversations with both the port and Eaton," Lesic wrote in an e-mail, "and we remain hopeful that we can play a role in keeping Eaton in Cleveland."

The Wolstein family hopes to land Eaton as a major tenant in its \$522 million redevelopment of the region's one-time party central.

And city officials are eager to keep the largest Fortune 500 company with headquarters downtown. Eaton wants to move from its site at 1111 Superior Ave. and is also considering sites in the suburbs, including Independence.

An Eaton spokeswoman declined to comment.

Wasserman said he's confident the port has done its part to strike a deal with Wolstein.

"We're close enough to a deal where we can arrive at the final details after [the Wolstein company] completes its discussions with Eaton," Wasserman said.

Wasserman said the port, working with a real estate consultant, has crunched through multiple factors in negotiating land value and price with Wolstein.

"It's land in a working port but adjacent to an area that's going to be developed," Wasserman said.

The \$11.44 million price "looks like a nice deal for the port," said Paul Stroud, a veteran licensed agent with the [Chartwell Group](#), a commercial real estate firm.

But he also said owners of parcels up the river are asking for similar prices per acre.

Warren Morris, chief executive of [Colliers Ostendorf-Morris](#), said neither side would seem to have reason to complain.

The proposed price "reflects a seller who wants to be treated fairly, but is a good corporate citizen," said Morris, whose company is one of the largest commercial real estate firms in Ohio.

In a recent meeting with the city, the Wolstein company's [plans for the Flats](#) east bank showed a two-building campus for manufacturing giant Eaton.

The site sits within a loop of RTA's waterfront rapid-transit line, which Wolstein's company would pay to enlarge.

The port's proposed deal with Flats East Development includes an option to finance the project for up to \$150 million.

The port would construct and own the headquarters buildings and lease them to Wolstein. His company would sublease to Eaton, whose rent payments would cover the bond payments.

Advantages to port financing include below-market interest rates and an exemption from sales tax on construction materials, port officials said.

If a land sale is reached and construction begins, work must be completed by Dec. 31, 2011, under the proposal.

The port would have no limits on its use of land and docks north of the proposed Eaton site. And there would be no constraints on how the port develops that land in the future, under the proposed deal.

The port plans to redevelop the site into a mixed-use lakefront neighborhood once it moves to a new port, proposed north of the East 55th Street lakeshore.

Plain Dealer Reporter [Michelle Jarboe](#) contributed to this report.