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## Cleveland Retail Market

For years, Northeast Ohio's retail scene was defined by the absence of several prominent national chains. Yet, in 2003 and 2004, many of those chains have flocked to the area because local developers spread the word that Cleveland features attractive, and largely unserved, demographic pockets. Most of this activity occurs under the direction of locally based private developers.

To encourage the influx of national retailers, the trend in Northeast Ohio is the development of new, and the redevelopment of old, town centers, according to Michael Cantor, principal of Allegro Realty Advisors in Cleveland. There has been a focus on the primary commercial zones of Northeast Ohio's urban neighborhoods and inner-ring suburbs, as well as outer-suburban and exurban areas. Activity has occurred at all levels.

In Lyndhurst, Legacy Village added 600,000 square feet in October 2003 to the fashion district along Cedar Road. Developed by First Interstate Properties, the center features several retailers and restaurants new to Northeast Ohio. Stark Enterprises also completed a \$50 million expansion and renovation of its 315,000-square-foot Eton Collection, a retail and office complex in Woodmere. Crocker Park, a New Urbanism project developed by Stark, will open this month in Westlake with 1.7 million square feet of retail, restaurants, residential and office space.

"Related to this are a few projects focused on redevelopment of historical town centers, most notably in the southeast suburb of Hudson," Cantor says. The \$50 million, 190,000-square-foot First & Main mixed-use project, developed by Fairmount Properties and Tom and Joy Murdough, will be complete this fall. Omni Realty and Samstel Group have proposed the 350,000-square-foot Promenade of Hudson in the area as well.

Also engaged in urban retail, mixed-use redevelopment and commercial district upgrades are the inner-ring suburbs of Shaker Heights, Cleveland Heights, Lakewood and University Heights.

Traditional centers are also being developed in untraditional locations. Brownfield redevelopment is proposed along Interstate 77 on surplus property around the former LTV Steel and current ISG manufacturing complex. First Interstate Properties recently signed a purchase agreement with ISG to develop Steelyard Commons, a 1 million-square-foot power center on the west side of this industrial valley. City View Center, being developed by Heritage Development in Garfield Heights, will include 504,000 square feet of retail built atop the Cuyahoga Valley. Heritage also is expected to begin a 400,000-square-foot center in Wadsworth.

Leasing activity in Northeast Ohio is stable, according to several national retail trend studies. In downtown Cleveland's Warehouse District, retail space is leasing at \$25 per square foot, per year. Rental rates for in-line shopping in the Cleveland area are \$16 per square foot, per year. "The overall market vacancy rate is currently just over 11 percent, offset by positive absorption of just over 500,000 square feet," he says.

"Vacancy rates for neighborhood centers were less than 10.5 percent in 2003, while power centers were more than 9 percent and regional malls just over 5.5 percent," Cantor says. "The Northeast Ohio market appears capable of absorbing this recent national demand which is expected to continue through 2005."

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