

## **Downtown Cleveland** Alliance

Downtown Cleveland Alliance is the not-for-profit organization dedicated to building a dynamic downtown. It is committed to making downtown Cleveland the most compelling place to live, work, play and visit in the region.

Downtown Cleveland Alliance, working hand-in-hand with downtown property owners, creates forums for communication and involvement by a diverse group of downtown stakeholders, including local development corporations, city and county governments, civic and arts organizations, residents, young professionals and business stakeholders. By facilitating the collaboration of these groups, DCA strives to enhance the quality of life in the urban core by implementing initiatives like the Clean & Safe Program, economic development assistance, marketing & special events, advocacy and strategic projects.

Funding is provided by Downtown Cleveland property owners who have jointly agreed to a special assessment to be used to augment services. This is not a tax, and the funding does not take the place of tax-funded initiatives. It's an investment made by members to enhance the growth, improvement and development of Downtown Cleveland.

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#### DOWNTOWN CLEVELAND MARKET UPDATE-QUARTER 4 SUMMARY

With a \$3.5 billion investment boom in full swing, Downtown Cleveland continued to attract businesses, residents, and visitors seeking an exciting environment in which to work live and play.

Driven by businesses committed to attracting the best available talent, the office market experienced its 7th consecutive quarter of positive net absorption. Office occupancy also continued to increase, rising to 81.6 percent. CBRE 4th Ouarter Marketview.

A 7th consecutive quarter of apartment occupancy of at least 95 percent illustrates the insatiable demand for downtown living options. With a strong pipeline of over 1100 units projected to enter the market within the next 18-24 months, housing developers are beginning to meet this pent up demand.

Retailers are following the people. New restaurants continue to stream into Downtown Cleveland, and the recently rebranded "5th Street Arcades" are attracting retailers oriented toward serving the surging downtown office and residential populations.

Reflecting the Millennial Generation's preference for walking, cycling, and transit, RTA posted a second consecutive year of a 4 percent increase in ridership, including a nationwide leading 9.1 percent leap in commuter rail ridership.

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#### **5TH STREET ARCADES**



Entrepreneurs looking to launch or expand their small business now have the opportunity to apply for a grant worth between \$15,000 and \$20,000 through the Downtown Cleveland Alliance 5th Street Arcades Retail Development Grant Competition, a program of the Charter One Growing Communities initiative. Winning businesses will join a community of 30 retailers — 10 of which have opened in the past six months — at the rapidly expanding 5th Street Arcades, located in downtown's Gateway District.

### **GEIS/COUNTY**



Geis Companies has been selected by Cuyahoga County Executive Ed FitzGerald and approved by Cuyahoga County Council to build a brand new, 222,000 square foot county headquarters for 750 county employees at the intersection of E. 9th and Prospect. Additionally, the project calls for mixed-use development of the Breuer Tower and 1010 Euclid building, as well as preservation of the Cleveland Trust Rotunda.

#### **MEDICAL MART & CONVENTION CENTER**



The Cleveland Medical Mart has announced tenants, including Philips Healthcare/University Hospitals, Johnson Controls and Cleveland Clinic/GE Healthcare. The \$400 Million project is expected to open in July 2013 and attract an estimated 300,000 annual visitors to Downtown Cleveland. The first event scheduled for the convention center is the Senior Games in July of 2013, with an estimated 13,000 athletes and 35,000 visitors.

## MAJOR INVESTMENTS & DEVELOPMENT UPDATE

#### INNERBELT BRIDGE CONSTRUCTION



Construction of the new westbound Interstate 90 Innerbelt Bridge – the first of the pair that will replace the aging span – continues at pace and is expected to be open to traffic this fall. This rendering shows the completed pair of bridges. Both are expected to be complete and open to traffic late in 2016.

#### NINETWELVE/EAST OHIO BUILDING



The former East Ohio Gas Building will undergo a \$66 million renovation, after receiving a \$5 Million historic tax credit from the State of Ohio. Construction on the project is expected to begin in late 2013 and will include over 220 market rate apartments and first floor retail.

#### 1100 SUPERIOR



Formerly known as the Diamond Building, the 576,086 square foot building adjacent to Perk Park at Chester Commons will soon be renamed "Oswald Centre" in honor Oswald Companies' decision to lease 71,000 square feet for its 220 employees. Other new tenants include; Osborn Engineering, leasing 27,000 square feet for 70 employees; and BrandMuscle, occupying 40,000 square feet for their fast-growing software company of more than 150 employees. Also in 2012, First American Title Insurance Company renewed their lease of 54,066 square feet.



## OFFICE MARKET UPDATE

#### OFFICE MARKET OVERVIEW

Seventh consecutive quarter with positive net absorption and a decreasing vacancy rate.

- -Since first quarter 2011, vacancy has dropped 4.9% from 23.3% to 18.4%
- -The PlayhouseSquare District saw the greatest drop in vacancy; it decreased by 1.7%.

The NineTwelve and Warehouse Districts saw the greatest increase in average lease rates.

The fourth quarter saw many early lease renewals and "blend and extend" transactions.

The majority of fourth quarter leasing activity in the region took place in the CBD. (Source: Jones Lang LaSalle)

#### OFFICE MARKET ANNOUNCEMENTS

#### **Q2** Tenant Announcements, Recommitments & Expansions:

BrandMuscle; Britton Gallagher; Dwellworks; Quicken Loans Inc; OM Group, Inc.

#### Q3 Tenant Announcements, Recommitments & Expansions:

Willis of Ohio, Inc; Osborn Engineering; Grant Thornton; Bizdom; Cohen & Company; Renner, Otto, Boisselle & Sklar, LLP, US Bank

#### Q4 Tenant Announcements, Recommitments & Expansions:

Oswald Companies (expanding from 48,000SF to 71,000SF)

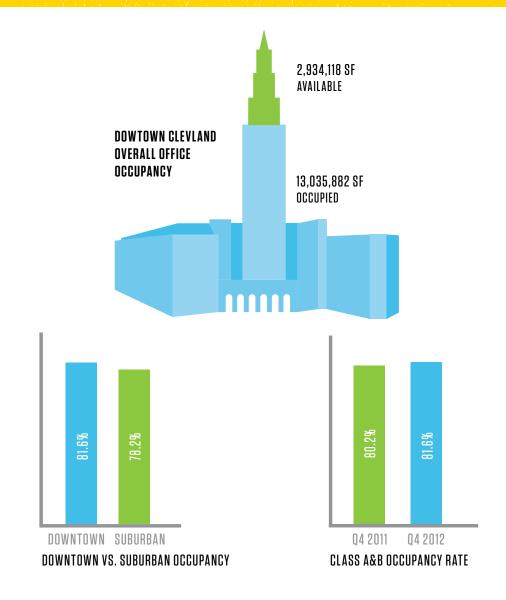
Westlake Reed Leskosky (relocating to 24,000SF)

Britton Gallagher (6,000SF expansion)

OnShift (12,088SF renewal)

Urbancode, Inc. (14,594SF attraction)

Colliers International (5,000SF attraction)



Q4: 2012 OFFICE MARKET UPDATE

## QUARTERLY TRACKING

	20 2011	3Q 2011	4Q 2011	10 2012	20 2012	3Q 2012	4Q 2012
Net Absorption (SF)	57,428	103,964	281,078	93,521	44,914	56,975	30,667
Vacancy	22.9%	22.3%	19.8%	19.2%	18.9%	18.6%	18.4%

### **MAJOR LEASE TRANSACTIONS**

COMPANY NAME	BUILDING	LEASE TRANSACTION
Britton Gallagher	1375 E. 9th Street (One Cleveland)	6,000 SF (Expansion)
OnShift	1621 Euclid	12,088 SF (Renewal)
Osborn Engineering Co.	1100 Superior	27,000 SF (Relocation)
Oswald Companies	1100 Superior	71,000 SF (Relocation)
Urbandcode, Inc.	1228 Euclid	14,594 SF (Relocation to CBD)
Westlake Reed Leskosky	1422 Euclid (Hanna Bldg)	24,000 SF (Relocation)

### DOWNTOWN VS. SUBURBAN OFFICE SPACE OCCUPANCY

	CLEVELAND CBD	CLEVELAND SUBURBS
Average Lease Rate \$ SF/YR	\$17.25	\$16.82
Net Absorption (SF Quarterly)	30,667	13,672
Vacancy Rate	18.4%	21.8%

#### MARKET COMPARISON BY CITY (CLASS A & B SPACE)

CITY NAME	RENTABLE SF	VACANCY RATE	NET ABSORPTION	AVERAGE SF RATE	SF CONSTRUCTION
Indianapolis*	11,449,718	17.5%	(6,477)†	\$18.27	18,000
Baltimore	12,441,037	19.2%	(39,484)	\$20.69	0
Cleveland	15,974,494	18.4%	30,677	\$17.25	450,000
Columbus*	11,403,257	17.3%	24,991	\$18.22	280,000
Cincinnati*	14,556,593	22.4%	(13,481)	\$20.45	300,000
Detroit*	15,944,807	24.3%	33,766	\$18.62	0

<sup>†</sup> Year to Date Net Absorption

Office market data source CBRE 4th Quarter Market View unless otherwise noted

 $<sup>*</sup> Includes \ Class \ C \ Office \ Space$ 

#### HOUSING MARKET OVERVIEW

The Downtown housing market continued to thrive. The fourth quarter marked 7 consecutive quarters of at least 95 percent occupancy of market rate apartments. Even with new units in the NineTwelve and Campus Districts entering the market, the occupancy rate held steady at over 96 percent. Several downtown buildings continue to have wait lists several hundred people and many months long. The capacity to grow the downtown residential population appears to be only limited by how quickly the market can deliver new product, making the 1165 units projected to enter the market over the next 18 months welcome news. The sale of the AmeriTrust Complex, auctioning of the historic Cleveland school board building, and plans for Phase II of the Flats East Bank waterfront development offer additional opportunities to meet the insatiable demand for downtown housing.

#### HOTEL MARKET OVERVIEW

Visitor traffic to Downtown Cleveland continued to rise in the fourth quarter, with hotel occupancy rates rising even though the opening of the Medical Mart & Convention Center is several months way. Hotel occupancy increased to 80.3% percent in October, marking a 5.7 percent improvement over September and a 17.5% improvement over October 2011. The hotel market is project to tighten considerably with the opening of the Medical Mart & Convention Center in mid-2013. Even with 4 hotel projects in development, including 2 that are under construction, hotel demand is projected to steadily increase following the opening of the Medical Mart & Convention. Major events like the 2013 Senior Games, 2014 Gay Games, and 2015 NCAA Tournament and Rock & Roll Hall of Fame Induction Ceremony will combine with already increasing convention bookings to drive demand for hotel development.

#### **NEW HOUSING PROJECT UPDATE**

DESCRIPTION Truman Building Chester Commons	LOCATION 1030 Euclid Avenue 1120 Chester Avenue	ESTIMATED UNITS 26 36
Schofield Building	2000 E. 9th Street	50
Reserve Square	1701 E. 12th Street	232*
Hanna Annex	2051 E. 14th Street	102
East Ohio Gas Building	1717 E. 9th Street	223
Lofts at Rosetta	629 Euclid Avenue	98
Avenue District	1211 St. Clair Avenue	56†
The Langston	2100-2200 Chester	308‡
Park-Southworth Building	2015 Ontario Street	34

\*After this addition, Reserve Square will have nearly 1,000 in total.
†28 of the units are currently available for lease.

‡194 of the units are currently available for lease.

1165

NEW RESIDENTIAL UNITS AVAILABLE IN THE NEXT 18 MONTHS



East Ohio Apartments, opening in 2014



Rendering of the new Lofts at Rosetta, opening in April 2013

Q4: 2012 HOUSING MARKET UPDATE

### **HOUSING MARKET**

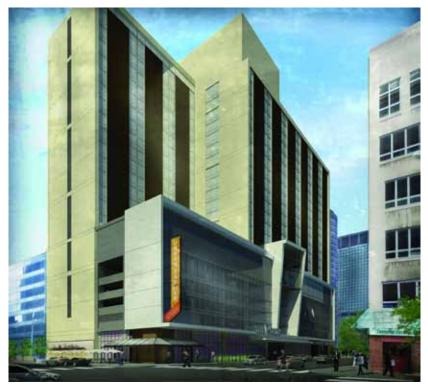
		Q4 2011	Q4 2012
RENTAL	Total Units:	4,171	4,705*
	Occupancy:	95.9%	96.2%
	PSF rental:	\$1.05	\$1.14
	*220 new rental units	now online	
OWNED	Total Units:	936	936
	Num. Sold:	10	13
	Avg. Sale Price:	\$207,305	\$182,269
	PSF For Sale:	\$172.27	\$150.50

### HOTEL OCCUPANCY

OCT 2011	OCT 2012
\$112.33	\$117.75
\$70.52	\$94.53
62.8%	80.3%
	\$112.33 \$70.52

### MAJOR HOTEL PROJECT UPDATE

DESCRIPTION	LOCATION	ESTIMATED UNITS
Westin	777 St. Claire Ave	481
Aloft	W. 10 St	140
Kimpton	E 9 & Euclid Ave	120



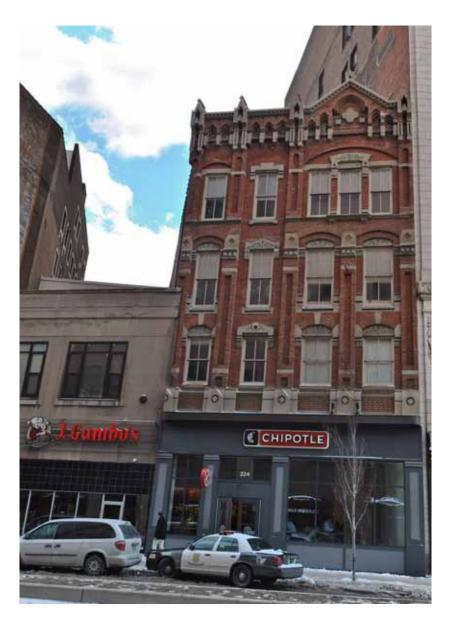
Westin Hotel opens in Spring 2014. The new 481 room hotel will include Urban Farmer, a restaurant serving breakfast, lunch and dinner.

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NEW HOTEL UNITS

AVAILABLE IN

THE NEXT 18 MONTHS



#### ARRIVED IN 2011-2012

B Spot (Horseshoe Casino)

Bar Louie

The Bike Rack

Black Dog Kitchen & Bar

Brgr9

Charka Exotic Indian Cuisine

CLE Clothing

Cleveland Pickle

Colossal Cupcakes

Constantino's Market (expansion)

Corky & Lenny's (Horseshoe Casino)

Cowell & Hubbard

El Guero Mexican Grille

Hodge's

Noodle Cat

Potbelly's Sandwich Shop

Pura Vida

Rosie & Rocco (Horseshoe Casino)

Tavo

Taza

Tilted Kilt

Winks Bar and Grill

#### **ANNOUNCED FOR 2013**

Alex Bistro & Bar

Barroco Grill

Chipotle

Chocolate 76

Cibreo Italian Kitchen

Curious Cleaveland

Dos Tequilas (Flats East Bank)

Fifth St Lounge

Flip Side (Flats East Bank)

J. Gumbo's

Ken Stewart's (Flats East Bank)

Lago (Flats East Bank)

Parnell's Pub

Red the Steakhouse

Society Lounge

Stonetown Soul Fusion

Subway

Take 5 Rhythm and Jazz

Toby Keith's I Love This Bar (Flats East

Bank)

Tomo Hibatchi

Urban Farmer (Westin Hotel)

Willeyville (Flats East Bank)

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY MONTHLY RIDERSHIP REPORT: FOURTH QUARTER 2012

#### PERFORMANCE OVERVIEW:

Ridership comparisons between Q4 2011 and Q4 2012 are displayed below:

		Q4 2012	Q4 2011	Q4 DIFFERENCE
	Bus	8,682,783	8,523,298	1.87%
	Healthline	1,209,800	1,172,100	3.22%
	Total Bus	9,892,583	9,695,398	2.03%
RAPID TRANSIT	Rail	2,372,195	2,256,999	5.10%
PARATRANSIT	Paratransit	166,718	146,976	13.43%
TROLLEYS	Trolleys (E & B Lines)*	298,555	243,824	22.44%
	Total Ridership	12,440,110	12,107,367	2.75%

<sup>\*</sup>New Trolleys added 9/10/12, see below

Red Line ridership in December was approximately 525,000. This represents the highest Red Line ridership in more than 40 years and 3.5% above last year's "best" December ridership. This is also the ninth month in 2012 where Red Line monthly ridership is above 500,000.

Once they arrive Downtown, workers, visitors, and residents are choosing to ride the free trolleys. In the past year, there has been a 22% increase on the B and E lines. C- Line, L-Line and NineTwelve ridership for Q4 is at 34,361, giving all the trolleys a combined fourth quarter ridership of 332,916.

Major improvements are happening at the Airport Rapid Station for those traveling to Cleveland Hopkins International Airport on the Red Line. Customers are currently served by bus between Brookpark Rapid Station and the Airport Station and may need a little extra time for their travels during the six month project – but when it is complete – the new station will make the airport to downtown commute a breeze for years to come. It's still the best price in town - \$2.25 for a ride!

# STEP-BY-STEP: 3 EASY STEPS FOR USING THE NINETWELVE TROLLEY





Using the new trolley is simple.

First. Select where you would like to park.

- The Municipal Parking Lot (Muny) near I-90 is only \$3.00 / day.
- The Gateway East Garage near Quicken Loans Arena is just \$4.00 for early bird commuters.
- The Cleveland Bike Rack (for bicycle commuters) is \$5.00 a day, or \$25.00 per month, to park your bike.

**Second.** Find your nearest trolley stop.

- Go to the nearest trolley stop between 6:00am and 9:00am. Trolley stops are designated by a "NineTwelve Trolley" sign.
- The NineTwelve trolley will come every 15 minutes. The trolley runs in a continuous loop runs along E. 9th Street with a turnaround at E. 4th and Prospect/Huron. You can board a trolley at any one of the numerous stops in either direction.

Third. Enjoy a quick, easy trip...

...and disembark at the stop nearest to your place of employment in the NineTwelve District.

• To return to where you parked, simply board the NineTwelve Trolley at one of the designated stops between 3:00pm and 6:00pm. Disembark at the trolley stop nearest where you parked, walk to your car or bicycle, and quickly slip out of downtown.

#### It's that easy!

