Ohio Passenger Rail News, Summer 2014

\$5.5 billion in development

Ohio's central cities, like most nationwide, are seeing an incredible amount of new development to accommodate a huge shift in population demographics. Baby Boomers are downsizing in retirement with many seeking apartments or townhomes in cities where they can walk to restaurants, theaters and sporting venues.

With even greater vigor, their Millennial kids are seeking urban settings where they can live car-light or car-free to spend money on things they use more: phones, pads, apps, bikes plus food and drink. Considering that many Millennials are just now starting to move out of their parents' houses following the Great Recession, we are in the early stages of a tectonic shift.

Combined, those two largest-ever generations represent half of America's population. And progressive cities are vying with each other to grab as many as they can.

By contrast, cities that fail to offer more rental housing clustered around expanded public transportation networks are making themselves irrelevant says Fitch Ratings, an agency which measures the fiscal soundness of municipalities for bond investors.

"Public transportation investment strategies will need to transform if trends toward increased multifamily housing, declines in driving, and increasing public transportation usage continue over the long run," according to a March 12, 2014 press release from Fitch.

"In our view, the transportation needs of the next 50 years will be markedly different from those of the past 50 years," Fitch continued. "U.S. policymakers must begin adapting their current decisions to these future needs. If these trends persist and meaningful policy changes are not made, the risk to the public transportation system would have negative implications for the entire economy."

City leaders and real estate developers nationwide are recognizing fixed-route rail and bus rapid transit (BRT) corridors are long-term assets to build around. Not only do they reduce the transportation costs for each household but they improve access to jobs, shopping, medical care and social life. In fact, many are developing a lowmileage lifestyle around transit.

The station-area developments aren't the low-density, sprawling, single-use, car-centric designs of the past 70 vears. Instead, they're dense, more vertical, mixed-use and pedestrian-friendly – a design theme called Transit-Oriented Development (TOD).

As Cleveland has Ohio's only rail transit system and BRT line, All Aboard Ohio decided to measure what real estate developments are popping up near its stations. What we found was \$5.5 billion worth of new development completed or announced since 2012 within 2,000 feet of a rail or BRT station.

Downtown Cleveland and its immediately surrounding neighborhoods now command the highest apartment rents in the entire metro area and the lowest vacancies of about 2%, according to Marcus & Millichap Real Estate Investment Services. Population in those core-city neighborhoods is growing faster than anywhere else in Northeast Ohio, now up to about 50,000 people.

In downtown alone, seven buildings (mostly old office towers) over 10 stories are being converted to housing. Of those, four are taller than 20 stories. Many more small

"TOD on Tap" Registration Name(s): Address: State: ZIP: City: Phone: (Email: Register me (us) for All Aboard Ohio's "TOD on Tap" tour: ___\$25 per person includes: RTA Day Pass, food and drinks at both stops. We will start at basement bar at Bar Cento, 1948 W. 25th (RTA Red Line: Ohio City Station), ride Rapid to Pearl Of The Orient, 20121 Van Aken Blvd. (RTA Blue Line: Farnsleigh station). Registration deadline is September 15, 2014

Clip or photocopy registration form and mail with check or money order to:

All Aboard Ohio 850 Euclid Avenue. Suite 1026 Cleveland, OH 44114-3357

For more information/last-minute registrations call Ken Prendergast at (216) 288-4883.

buildings are being converted to housing. Multiple conversions or new-build projects announced every month, so the list on these pages will soon be

Former suburban developers are turning their attentions to investing in the urban core, especially around transit stations. Northern Ohio's largest apartment owner, K&D Management LLC, is selling apartment properties in Cleveland's suburbs to invest in downtown. Geis Companies, one of the largest developers of suburban industrial parks in Northeast Ohio, is now developing offices, apartments and retail along the Greater Cleveland Regional Transit Authority's (GCRTA) Health-Line BRT between downtown and University Circle.

And between the HealthLine's Stearns/Stokes station and the Red Line's new University Circle-Cedar station, longtime

suburban developers First Interstate Properties and Petros Development are due to start construction next year on a 28-story apartment tower. First Interstate built suburban strip malls and Petros built McMansions on cul-de-sacs – but that's become so 20th century.

"It's really clear to me," developer Sam Petros said in the Cleveland *Plain Dealer* on April 10, 2014. "Jobs drive housing, and housing drives retail. It's not hard to look around and see where the (construction) cranes are and where the jobs are."

All Aboard Ohio will highlight some of these developments with the help of guest speakers during its "TOD On Tap" bar hop on transit from 5-8 p.m. on Thursday, Sept. 18. See registration information on this page.

The first stop on the TOD On Tap tour will be Ohio City on the near-west side where dozens of development projects are underway or about to begin. Two of the largest developments will surround the Red Line's Ohio City station – the West 25th-Lorain TOD and the Ohio City Townhomes.

There are more than 100 rail and BRT stations in Greater Cleveland for developers to build around, along rapid transit lines carrying more than 53,000 riders each weekday. There are 52 stations on 39 route-miles of rail transit with five routes emanating from downtown's Tower City Center hub. Budgeted capital improvements



Ken Prendergast photo

The \$421 million Flats East Bank development is a new urban neighborhood rising next to a light-rail Waterfront Line station. It includes a 21-story office building (95% leased), Aloft Hotel, 250 apartments, a second office building, multiple restaurants, live stage and riverside boardwalk. Other built-from-scratch, transitsupportive neighborhoods are popping up at five other rail stations city-wide — not including smaller-scale developments.

to Cleveland's rail system for 2012-2017 total \$180 million for rebuilt stations, trains, tracks, bridges, tunnels, electrical systems and a short extension of the light-rail

The last project is for a short extension to the east side of the new Van Aken District TOD. All Aboard Ohio member Joe Shafran is a leader in the Van Aken District along with the Ratner and Miller families. The Van Aken District will be the second stop on the TOD On Tap tour Sept. 18.

Between 2012-2017, the Greater Cleveland Regional Transit Authority has budgeted \$180 million to rehabilitate, modernize and expand its 39-mile rail system.

Bridges: \$10.0 million **Station improvements:** \$3.6 million Major station projects (UC-Cedar, Lee/Van Aken, East 116th, Little Italy, Brookpark, East 105th): **\$55.0** million Track rehabilitation: \$20.8 million **Red Line S-Curve:** \$7.0 million **Red Line Airport tunnel:** \$10.0 million **\$14.2** million **Electrical systems:** Heavy-rail fleet overhauls: \$10.0 million Light-rail fleet state of good repair: \$5.5 million Blue Line extension: \$44.0 million



Ohio City Market TOD will replace a strip mall built in the 1980s.

at Cleveland transit stations

This list shows all the real estate projects at \$10 million or more that were built or announced after 2012 and are within 2,000 feet of rail and/or BRT stations. All are in Cleveland unless otherwise noted, with the nearest rail/BRT transit station(s) identified. They include their developers and are listed from largest to smallest in terms of dollars.

- Cleveland Lakefront: mixed-use neighborhood; North Coast station, Waterfront Line; Cumberland/ Trammel Crow/Bellweather, \$700 million.
- Global Center for Health Innovation: convention/showrooms; Tower City station, Red/ Blue/Green/Waterfront/HealthLine; MMPI & Cuyahoga County, \$465 million.
- Horseshoe Casino: casino; Tower City station, Red/ Blue/Green/Waterfront/HealthLine; Rock Gaming/ Caesars, \$450 million.
- Flats East Bank: mixed-use neighborhood; Flats East station, Waterfront Line; Wolstein/Fairmount, \$421 million.
- Cleveland Museum of Art: museum expansion; Adelbert station, HealthLine; CMA, \$350 million.
- **6** The 9: mixed-use towers; East 9th station, HealthLine; Geis, \$326 million.
- **7 Hilton Hotel**: convention-sized hotel; Tower City station, Red/Blue/Green/Waterfront/HealthLine; Hilton/Cuyahoga County: \$272 million.
- 8 One University Circle: residential tower; Stokes-Stearns station, HealthLine, UC-Cedar station, Red Line; First Interstate/Petros, \$130 million.
- 9 May Company: apartments; Tower City station, Red/Blue/Green/Waterfront/HealthLine; Landmark RE, \$128 million.
- **10** FirstEnergy Stadium: modernization; West 3rd station, Waterfront Line; Cleveland Browns, \$120
- 11 Cleveland Institute of Art: educational; East 115th station, HealthLine & Little Italy station, Red Line; CIA, \$119 million.
- 12 Intesa: mixed-use neighborhood; East 115th station, HealthLine & Little Italy station, Red Line; Coral/Panzica, \$110 million.
- **13** Battery Park: mixed-use neighborhood; Edgewater Park station, Gold Line; Vintage, \$100 million.
- 14 Cleveland Data Center: telecommunications offices; Playhouse Square station, HealthLine; ByteGrid, \$100 million.
- 15 Upper Chester: mixed-use neighborhood; East 93rd station, HealthLine; Finch, \$94 million.
- **16** Market District TOD: mixed-use neighborhood; Ohio City station, Red Line; Howard Properties, \$90

- **17** Medical Education Building: educational; East 93rd station, HealthLine; Cleveland Clinic/CWRU, \$80
- Pathology and Laboratory Medicine Institute: offices; East 105th station, HealthLine; Cleveland Clinic, \$75 million.
- 19 Residences at 1717: apartment tower; East 9th station. HealthLine; K&D, \$70 million.
- 20 Uptown: mixed-use neighborhood; East 115th station, HealthLine & Little Italy station, Red Line; MRN, \$66 million.
- Residences at 668: apartment building; East 6th station, HealthLine; K&D, \$65 million.
- Tamar Maltz Performing Arts Center at The **Temple-Tifereth Israel**: arts complex; East 105th station, HealthLine; CWRU, \$64 million.
- Van Aken District (Shaker Heights): mixed-use neighborhood; Warrensville station, Blue Line; RMS, \$64 million (phase1).
- **Westin Hotel**: hotel; East 6th station, HealthLine & Tower City station, Red/Blue/Green/Waterfront line; Westin, \$64 million.
- Standard Building: apartment tower; Tower City station, Red/Blue/Green/Waterfront/ HealthLine; Weston, \$60 million.
- Le Meridien Cleveland: boutique hotel; East 9th station, HealthLine; JHB Hotel, \$55 million.
- Langston Apartments: student housing; East 19th & East 24th stations, HealthLine; Buckingham/Polaris/ CSU, \$54 million.
- 28 St. Lukes Manor: senior apartments; East 116th station, Blue/Green lines; Pennrose, \$53 million.
- 29 1750 Euclid: apartments; East 19th station, HealthLine; Clayco, \$50 million.
- **30 Ohio City Townhomes**: mixed-use neighborhood:
- Ohio City station, Red Line; Abode, \$50 million. **Schofield Building**: apartments/Kimpton Hotel; East
- 9th station, HealthLine; CRM, \$50 million. Tinkham Veale University Center: student center;
- Adelbert station, HealthLine; CWRU, \$50 million.
- Center for Innovations in Health Professions: education; East 19th station, HealthLine, CSU, \$45
- Drury Hotel: renovation of former school district HQ; East 6th station, HealthLine & Tower City station, Red/Blue/Green/Waterfront line; Drury Hotels, \$40
- Calfee Headquarters: office building renovation; East 6th station, HealthLine & Tower City station, Red/Blue/Green/Waterfront line; Calfee, \$38 million.

Prospect Ave E

Cedar Ave

- **Midtown Tech Park**: new office buildings; East 66th & East 71st stations, HealthLine, Geis/Hemingway, \$37 million.
- 37 School of the Arts: municipal school; Stokes-Stearns station, HealthLine, UC-Cedar station, Red Line; CWRU, \$36.5 million.
- Rock & Roll Hall of Fame & Museum: museum; North Coast station, Waterfront Line; RRHOFM, \$35 million.
- **39** Garfield Building; apartments; East 6th station, HealthLine & Tower City station, Red/Blue/Green/ Waterfront line; Millennia, \$32 million.
- Allen Theater: entertainment; Playhouse Square station, HealthLine; Playhouse Square, \$30 million.
- 41 Breakwater Bluffs: mixed-use neighborhood; Edgewater Park station, Gold Line; NRP Group, \$30 million (Phase 1).
- Think[box]: technology incubator; Stokes-Stearns station, HealthLine, UC-Cedar station, Red Line; CWRU, \$30 million.
- 43 Worthington Building: apartments; Tower City station, Red/Blue/Green/Waterfront/HealthLine; Dalad Group, \$30 million.
- Museum of Contemporary Art: Uptown museum; East 115th station, HealthLine & Little Italy station, Red Line; MOCA, \$27 million.
- Courtyard By Marriott: Uptown hotel; East 115th station, HealthLine & Little Italy station, Red Line; Marriott, \$27 million.
- Hanna Annex: apartments; Playhouse Square station, HealthLine; K&D, \$24 million.
- Amtrust Financial: office tower renovation; East 9th station, HealthLine; Amtrust, \$20 million.
- Residences at Playhouse Square: apartments; Playhouse Square station, HealthLine; Slyman Group, \$16 million.
- **Lincoln Building**: mixed use; East 6th station, Health-Line & Tower City station, Red/Blue/Green/Waterfront line; Breen, \$15 million.
- 50 27 Coltman Townhomes: townhouses; East 115th station, HealthLine & Little Italy station, Red Line; Abode, \$11 million.
- Giant Eagle Market District/Brickhaus: mixed use; West 117th station, Gold Line; Abode/Carnegie, \$11
- **52** Hazel 8: apartment complex; East 115th station, HealthLine & Little Italy station, Red Line; WXZ, \$10.5 million.
- **63** APFU Apartments: senior housing; West 117th station, Red Line; NRP Group, \$10 million.
- **54** Shoreway Lofts: apartments; Edgewater Park station, Gold Line; Catanzarite, \$10 million.

\$5.483 billion total real estate investments built/announced since 2012 within 2,000 feet of Cleveland rail/BRT

NOTE: Many smaller, infill-type developments aren't included as they are too small and too numerous to count. The actual total likely exceeds \$5.5 billion.

- Greater than \$200 million \$50 million - \$199 million
 - \$10 million \$49 million

Items in black are located off map.



