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MIXED-USE

TOWER CITY CENTER

CLEVELAND, OHIO

PROJECT TYPE

A 17-acre, mixed-use complex developed in downtown Cleveland to revitalize a historic but deteriorated development linked directly to the region's principal mass transit hub. The project features the complete renovation of an obsolescent retail arcade and conversion of abandoned space in the old Union Railroad Terminal into a 360,000 square-foot shopping center, preservation of the historic Terminal Tower, renovation of the adjoining former post office building for new office space, development on existing foundations of an additional office building and a luxury hotel, and complete rebuilding of the rapid transit tracks and station beneath the complex.



The new skylight concourse is the focal point of the project; its design is intended to be reminiscent of old railway stations.

SPECIAL FEATURES

- Mixed-use complex
- Infill development
- Renovation and redevelopment
- Joint development

DEVELOPER/OWNER

Forest City Enterprises, Inc./Tower City Development, Inc.
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Cleveland, Ohio 44113
216-241-8550

PLANNER/ARCHITECT

RTKL Associates, Inc.
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GENERAL DESCRIPTION

Tower City Center is a redevelopment project that capitalizes on existing structures and design opportunities to help rejuvenate the lakefront sector of downtown Cleveland. The historic Terminal Tower complex (constructed in the late 1920s), once a thriving regional business and transportation hub, had fallen on hard times. The developer of the revitalized center, Forest City Enterprises, is based in Cleveland but has developed major retail and mixed-use complexes in many cities in the United States. Motivated by a strong belief in the capability of retail uses to inject life into existing commercial complexes, the developer sought to make Tower City Center a new focus for downtown shopping by linking an existing department store with a new retail mall. To generate a "critical mass" of marketable space sufficient to support redevelopment, the developer incorporated both new and renovated office buildings and a hotel into the project and retained and improved important physical connections to adjoining office and hotel buildings. The developer also sought to create a multiuse, multi-modal transportation center that could serve urban mass transit, high-speed rail, and commuter passengers traveling to and from downtown.

The complex today consists of over 360,000 square feet of redeveloped and expanded retail shops on three levels, an 11-screen cinema complex, over 1 million square feet of office space in three historic buildings and two new buildings, a new 208-room luxury hotel, new transit station waiting areas and access ways, and 3,150 parking spaces. It is physically connected to Dillard's department store, the newly renovated 500-room Stouffer Tower City Plaza Hotel, two additional office buildings, and the city's new Gateway stadium and arena. (The Terminal Tower building furnishes an important entranceway into the complex but is under separate ownership and is not considered an integral part of the project.)

The project, therefore, acts as an important central activity point for all of downtown Cleveland, linking the busy transit station, central business and shopping activities, and major public sports and cultural facilities. With other significant private and public investment in downtown, it has been a catalyst for revitalization of the city's central business district.

PROJECT HISTORY

Developers of the Tower City Center began with a large, historically significant complex that, although strategically located on the riverfront in downtown Cleveland, was badly deteriorated and under-utilized. Constructed in the late 1920s, the project in its heyday functioned as the hub of downtown Cleveland, but the bankruptcy of the original developers in the Great Depression of the 1930s ended plans for further development. Few improvements were made in subsequent decades, and in 1976 the adjacent Hotel Cleveland, long a downtown landmark, declared bankruptcy. In 1977 cross-country passenger rail service was halted, and in 1982 the U.S. post office building next to the project was vacated. By the early 1980s, although intact, the office and shopping complex had become a symbol of the general decline of downtown Cleveland.

Forest City Enterprises acquired most of the Tower City property in 1982 and initiated planning and development of Tower City Center. The post office was purchased in 1983. The developer worked with the Dallas office of RTKL Associates, Inc., to design a functional and attractive retail space within the cramped, dark, and stodgy setting of the historic buildings. Together they spent considerable effort in determining building components and spaces that could be preserved and negotiated major changes in the existing transit station areas and access ways.

Construction began in 1988, and the retail mall opened in March 1990 to wide acclaim and interest. The office buildings and hotel also have proven successful, even during the recent economic decline, and Forest City Enterprises expects soon to begin planning an extension of the development toward the river.

PLANNING AND DESIGN

The project site occupies 34 acres centered within a triangular, five-block section of

Cleveland's downtown. When acquired by Forest City Enterprises, the structures consisted of the Terminal Tower, the abandoned rail terminal, including a 50,000-square-foot retail arcade stretching from the Terminal Tower through the rail terminal, and the foundation structure, including a number of bridges for city streets as well as foundation supports constructed in the 1920s for buildings never developed.

Although the Terminal Tower was in fairly good condition and had a number of attractive features, including a handsome entrance portico with a decorated barrel-vaulted ceiling and wall murals, the remainder of the space presented many design problems. The two-level retail arcade was drab and dark. The rail terminal building contained no grand spaces such as those in the Washington, D.C., and St. Louis terminals—just a modest waiting area with faux classic columns around the walls and a vast area of "back-of-the-house" office and storage space. The station platforms were reached from three concourses that split up the retail space. The platforms themselves were dark and uninviting.

The planners and architects set out to design an attractive retail mall that would retain as much of the historic structures as was feasible given the change in building use. Working within the existing axes of the site and buildings, the designers created a series of three grand spaces for the retail mall. The first, Tower Court, is between wings of the Terminal Tower. The second, Station Court, located under Prospect Avenue, surrounds the transit station entrances. The Second Concourse, the third and largest of the spaces, faces the river and is covered by an arched glass skylight reminiscent of old railway stations. At the riverfront edge of the Skylight Concourse, a two-level food court sits above a two-level underground parking structure in space formerly occupied by train tracks. In all three spaces, fountains and decorative art and sculpture create interesting centers of activity. The retail arcade connects through restored portals with the Stouffer's Tower City Plaza Hotel and Dillard's department store.

Beneath the new retail mall, the transit-related renovations included moving the old station nearer the center of the project, building new platforms and waiting rooms, improving track and escalator systems, designing pedestrian accessways through the retail spaces, and constructing an atrium to open up the transit space to the retail arcade. These major alterations in the original transit configuration created more compatible and convenient spaces for both transit passengers and retail shoppers.

On either side of the Skylight atrium on the south side of Prospect Avenue, the architects used the old foundation columns as bases for a new 360,000-square-foot, 13-story office building and a 208-room Ritz-Carlton Hotel with four additional floors of office space. Both can be entered directly from the retail arcade, although the hotel lobby on the sixth floor is accessed by elevators. The developer created a new passage under West Third Street into the former post office, now the MK-Ferguson Plaza building, where the designers refurbished the lobby's art deco marble floor, transaction windows, and writing desks and carved out two large atriums from the massive floorplates to bring natural light to the interior office spaces.

Significant design elements of the historic structures have been incorporated in the redeveloped complex. The small retail arcade in the old central concourse was largely retained in its original layout. The decorated ceiling and wall murals in the Terminal Tower entranceway into the complex were cleaned, regilded, and repainted. Lighting fixtures in the rail terminal building were restored and rehung, some in their original places. Large decorative medallions from the former arcade railings were incorporated in the new balustrades throughout the project. Classic columns in the old waiting room were retained in the Skylight Concourse of the new arcade. Doorways to public streets were retained and restored.

CONSTRUCTION

Three aspects of project construction are especially noteworthy. Before any construction or redevelopment could be undertaken, the bridge structures were repaired over a two-year period at a cost of \$18 million. The major front-end expenditure was contributed mostly through public transportation funding sources arranged by the city.

The original 1920s design for the complex envisioned future construction of a 25-story, U-shaped office tower around the arcade, for which the foundation and columns up to street level were constructed. Project engineers and architects determined that the columns could be used for new buildings, although they recommended limiting buildings to 13 stories to avoid differential settlement problems. The new hotel and office buildings flanking the arcade are built on those foundations.

Finally, because the developer plans future expansion of the project toward the riverfront, the finish materials of the southernmost section—the location of the food court—were less expensive than the remainder of the project. In addition, the parking areas under the structure have been improved only modestly, with the expectation that they will be extensively reconstructed during the future expansion.

PUBLIC/PRIVATE RELATIONSHIPS

The project required an enormous amount of interaction between developer, the developer's designers, and a host of public agencies.

Early in the development process, the city's rapid transit agency agreed to give the developer management responsibility for the rail transit reconstruction to ensure its coordination with the construction schedules of the other parts of the project. The redesign and reconstruction of the transit station necessitated extensive negotiations and cooperation with the Greater Cleveland Transit Authority, which now owns the station and tracks. The Ohio Department of Transportation and the Urban Mass Transit Administration (now the Federal Transit Administration) contributed financial support for renovations and oversaw administration of the project. A substantial part of the renovation and construction costs of transit passenger accessways was funded by the Federal Transit Administration. Additional funding came from the federal Urban Development Action Grant program, through the city of Cleveland.

Because so much of the complex was designated a historic landmark and tax credits for historic renovation were important to the project's financial viability, the developer entered into lengthy (and continuing) discussions with the Ohio State Preservation Office and the National Park Service, which must both approve any changes to historic structures and elements, and the Federal Advisory Council on Historic Preservation, which advises the National Park Service. The developer, for example, had to obtain approval for replacing the steep pedestrian ramps that led to the transit station, for redesigning the old transit waiting room as an integral part of the arcade, and for altering some shopfronts in the arcade. Approvals also were necessary for the restoration of the post office building, which retained the 1930s art deco look of the lobby section. The post office building received tax credits, but the National Park Service denied tax credits for the central concourse, where designers replaced the old, narrow corridors to the transit stations with an atrium covered by a skylight.

MARKETING AND MANAGEMENT

From its beginning, the developers sought to emphasize the importance of Tower City Center as a centerpiece of downtown revitalization and source of civic pride. The retail leasing program was *originally* targeted to high-profile, mid- and upmarket national tenants such as Gucci, Fendi, Barneys, Disney, Liz Claiborne, The Limited, and Victoria's Secret. Several tenants were one-of-a-kind stores in the Cleveland region.

Cleveland's citizens have responded enthusiastically. The grand opening of the retail mall and passenger station enticed over 2 million people to visit the center during the first weekend. Many stores broke all records for opening-day sales. Rail transit ridership rose by 30 percent following the opening of the arcade, to an average of 30,000 passengers per day. With bus ridership of 90,000, over 120,000 people are brought to the complex each day.

About 85 percent of the 361,000 square feet of retail space was leased in the first year of the project. Actual retail rents have stayed close to planned rents. Most retail tenants have exceeded their sales projections. The center's average sales have been about \$300 per square foot, which is considered excellent for a downtown location. Sales are expected to increase

once department stores are added and the nearby Gateway stadium and arena complex, which is scheduled to hold 285 events a year, is opened in 1994.

Office space in the project has reached an overall occupancy rate of 79 percent. Tenants include a large engineering and construction firm that leases 380,000 square feet; other major tenants occupy spaces of 20,000 to 30,000 square feet. Office space lease-up has been slowed by the downsizing of several large companies, leaving a shortfall between planned and realized office rental rates. Nevertheless, the developer believes that the market for top-quality office space is recovering and that Tower City Center is uniquely positioned to capitalize on future market growth.

Considering that the project opened during a nationwide recession that hit real estate activity especially hard, the developer believes that the project's performance has been very good.

EXPERIENCE GAINED

- Tower City Center has attracted a strong daytime market of business, professional, and public employees, many of whom use the transit station. The center has not performed as well as expected in attracting evening shoppers, but with the advent of the new stadium and arena in 1994 and the turnaround in the economy, evening traffic should increase dramatically.
- The developer's attempts to bring in *too many* high-end retailers to occupy large spaces proved to be an error, given the strong market of middle-income shoppers. The tenant and space mix have been adjusted, and new retailers are performing much better than some original tenants.
- The project could not have succeeded without substantial funding support from public sources. Such support, however, required a major upfront investment of time and staff support to negotiate understandings with public officials.
- From the city's perspective, the project has stimulated renewed investment in downtown at a time when the declining economy threatened to scuttle recent revitalization programs. Without the Tower City Center, it is doubtful whether nearby projects such as the Gateway stadium and arena or the 70-story Society Center office building would ever have made it to the drawing board.
- The complete rebuilding of the rail transit station and the concurrent expansion of activities around the station have reinvigorated rail transit travel in Cleveland. At the same time, the station has proved a boon for workers and shoppers within the project.

PROJECT DATA

LAND USE INFORMATION¹

Site Area (Phase I): 17 acres
 Total Site Area: 34 acres

Retail

Gross Leasable Area: 361,000 square feet
 Gross Building Area: 450,000 square feet

Office

Gross Leasable Area: 951,000 square feet
 Gross Building Area: 1,014,000 square feet

Hotel Rooms: 208

Parking Spaces: 3,150

Station Areas: 123,000 square feet

Transit Accessways: 99,500 square feet

DEVELOPMENT COST INFORMATION²

Site Acquisition Cost \$19,788,000
 Bridge Repair Cost 18,000,000
 Site Development and Construction Costs 226,200,000

Soft Costs

Architecture/engineering	16,580,000
Development/management	13,400,000
Leasing	12,200,000
Tenant buyouts	5,810,000
Financial fees, etc.	16,510,000
Tenant allowances	<u>59,200,000</u>
Total Development Cost	\$387,688,000

RETAIL TENANT INFORMATION

<i>Classification</i>	<i>Number of Tenants</i>	<i>Total GLA (Square Feet)</i>	<i>Percent of Retail GLA</i>
Fast food	15	10,773	3.0%
Restaurant	5	30,687	8.5
General merchandise	20	54,006	15.0
Clothing/accessories	34	149,781	41.5
Shoes	5	8,185	2.0
Jewelry	4	3,219	1.0
Gifts/specialty	10	25,947	7.0
11-screen cinema	1	56,807	16.0

Other	<u>17</u>	<u>12,100</u>	<u>3.5</u>
Total	111	351,605	97.5%

Average Lease Rates

Office:

Skylight Office Tower: \$22 per square foot

Chemical Financial Tower: \$23.73 per square foot

MK-Ferguson Plaza \$14 per square foot

Retail: \$22 per square foot for stores, \$81 per square foot for food court tenants

Hotel Room rates: \$135 to (\$950 per night

Notes:

¹ These figures do not include the Terminal Tower or adjacent buildings not owned by the developer

² These figures do not include Terminal Tower or the purchase and renovation of certain riverside property

DEVELOPMENT SCHEDULE

Site Purchased: November 1982

Bridge Repairs: 1984-1986

Planning Started: October 1986

Construction Started: July 1988

Leasing Started: Mid-1989

Project Completed: Retail: March 1990

Station and hotel: December 1990

Skylight Office: June 1991

DIRECTIONS

From Cleveland International Airport: By car, travel north on I-71 which will merge with I-90. Exit on Ontario and turn north; turn left on Huron Road and proceed to the project. By rapid transit, board at the airport and exit in the project.

Driving Time: 15 minutes in non-peak traffic.

The Project Reference File is intended as a resource tool for use by the subscribers in improving the quality of future projects. Data contained herein were made available by the Development team and constitute a report on, not an endorsement of, the project by ULI - The Urban Land Institute.

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DOCUMENT IMAGES



The new skylight concourse is the focal point of the project; its design is intended to be reminiscent of old railway stations.



Exterior view of the complex from across the Cuyahoga River, showing the new retail mall (under barrel vault) located between the new office building and the hotel, with the historic Terminal Tower building behind.



The new Station Court provides direct connections between the Cleveland transit system and the project's retail and public areas. Pictured is the transit fare collection area (left) and the escalators/stairs to the retail level (right).



Interior of the Prospect Avenue entrance, featuring a domed skylight and elevator/escalator access to the lower level retail and transit areas.



Exterior view of the new Ritz-Carlton hotel main entrance and building facade.



