

NEOtrans

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Seven proposed office towers in Cleveland? Yep, seven.



A half-dozen new office towers could grace downtown Cleveland, plus another tower in University Circle, within the next five years. Each is due to a number of fast-growing companies that are in need of more office space, amenities and corporate identity that meets their growing employment and corporate needs (LoopNet).

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It's a contradiction. Cleveland and the rest of the nation are in the midst of an historic office market slowdown that will likely last well into the post-pandemic era. And yet, Cleveland may be the recipient of up to seven new office towers in the next five years or so -- six of those could rise downtown and one in University Circle.

That's a stunning possibility for two reasons.

First, many companies plan to continue to rely on remote working for years after the pandemic eases over the next few months. For example, employment screening firm Asurint will go all-remote work from now on. They will sublease two of its three floors at 1111 Superior Ave., retaining the remaining floor only for training, onboarding and meetings, a real estate industry source said.

Asurint is not alone. Many other businesses are finding themselves with too much office space during and likely after the pandemic. Cresco Real Estate has a page on its [Cleveland Web site](#) dedicated just to companies who have a pandemic-related surplus of office space and need to sublease it.



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Second, it's stunning because, after the 57-story Key Tower was completed 30 years ago, only two 20-plus-story office towers were added in downtown Cleveland -- the Carl B. Stokes Federal Courthouse, 801 W. Superior Ave., and the Ernst & Young Building, 950 Main Ave.

So how might Cleveland conceivably go from two new office towers in 30 years to seven new towers in five years during one of the worst office markets in the past 75 years?

The answer is found at seven large employers -- Benesch Friedlander Coplan & Aronoff, Cleveland-Cliffs, Cleveland Clinic, Cuyahoga County, McDonald Hopkins, Rocket Mortgage and Sherwin-Williams. They have some of the largest office employment growth among large employers locally. And they are not planning to keep their office staffs working remotely.



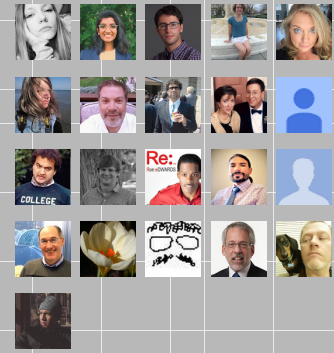
Fast-growing law firm Benesch has been seeking a new home for years and has been patient with Stark Enterprises' plans to build that new home at the long-planned nuCLEus development (Stark).

BENESCH FRIEDLANDER COPLAN & ARONOFF

Benesch, one of Cleveland's largest and fastest growing law firms, has more than 200 attorneys and hundreds more employees in Cleveland and nationwide. The firm was founded in 1938 and is enjoying a growth spurt in recent years.

Since making its debut on the AmLaw 200 list in 2016, populated by the 200 largest law firms in the nation, Benesch has risen to 168th with 2019 revenues of \$160 million. In just the past two years, more than 80 attorneys have joined the firm.

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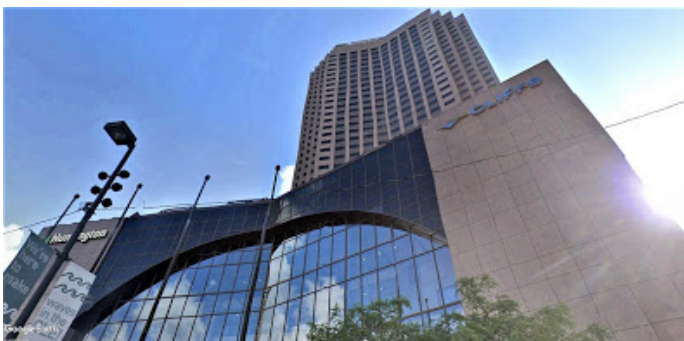
To continue this growth, Benesch needs more space than the multiple floors it occupies at the 46-story 200 Public Square. It proposes to be the anchor office tenant, including naming rights, of Stark Enterprises' office tower at the long-planned **nuCLEus mixed-use development** on the southeast corner of Prospect Avenue and East 4th Street.

Benesch's growth is revealed by its evolving space needs at nuCLEus. When it first signed on in 2015, Benesch requested 66,500 square feet of office space. Two years later, it upped its space needs to 100,000 square feet. At last report, which is now a year old, Benesch needed 180,000 square feet.

That was when a groundbreaking date for nuCLEus was **days away** from being announced. The pandemic and its assault on the retail and college housing sectors, both prominent in Stark's portfolio, forced Stark to postpone nuCLEus' start.

Since then, Ohio's General Assembly and Gov. Mike DeWine enacted the **Transformational Mixed Use Development (TMUD) tax credit**. The TMUD credit, offering up to \$100 million per year for Ohio urban real estate developments, is the brainchild of Stark founder Bob Stark who originally sought it to close a financing gap for a taller version of nuCLEus.

Stark is running out of excuses to not build nuCLEus and, according to sources, intends to break ground by the end of this year. The only question is, will Stark build a 25-story office building as it proposed a year ago or go back to its original plan of a 50-plus-story mixed-use skyscraper, boosted by TMUD?



When you've devoured as many big corporations as Cleveland-Cliffs has in the last two years, it's time to either let out your belt and add more office space at your existing HQ building or get a new wardrobe in the form of a new building. Cliffs is reportedly pursuing the latter. Where it will land is still unknown, however (Google).

CLEVELAND-CLIFFS

The pandemic is winding down and Cleveland-Cliffs' restructuring is winding up. Over the past year, it has been assimilating its new corporate acquisitions, AK Steel and ArcelorMittal USA that returned it to the ranks of the Fortune 500. Now, the enlarged firm is looking to bring its collaborating headquarters workforce together under one roof.

Except for one thing -- there is no roof in downtown Cleveland with enough contiguous office space below it to comfortably accommodate this expanded powerhouse of natural resource shipping and metalmaking. We're talking office space for roughly **1,400 to 1,700 Cleveland-Cliffs HQ employees**, equaling anywhere from 255,000 to 340,000 square feet.



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One that could -- The Ellipse, the completely empty, 496,000-square-foot, 16-story former Ameritech Building constructed in 1983 at 45 Erieview Plaza -- has been **taken off the market** by its owner, New York City-based Somera Road.

Interestingly, Cleveland-Cliffs or other prospective end users aren't considering this building and its massive floorplates for offices. Real estate sources won't say why, but the deductive reasoning suggests a buyer is looking at it for non-office uses. Stay tuned.

The added employees from recent corporate acquisitions can't fit at Cleveland-Cliffs current HQ -- about 110,000 square feet in 200 Public Square. There isn't enough space available at the 1.2-million-square-foot office tower to squeeze in the HQ staff of the 174-year-old company.

But if both Cleveland-Cliffs and Benesch leave 200 Public Square, it will create a large vacancy at the 1985-built tower. The building is 83 percent leased but could drop to 65 percent with these two significant departures.

At this time, it appears that Cleveland-Cliffs isn't considering staying at 200 Public Square to expand into Benesch's space. The reason is that Benesch's offices are 10 floors away from Cleveland-Cliffs' offices. Companies don't like to be separated by multiple floors.

Instead, multiple sources said last October that **Cleveland-Cliffs wants a new HQ building**. Now as we head into spring and out of the pandemic, there is word that Cleveland-Cliffs has begun scouting downtown for a new HQ development site.

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Given the square-footage numbers mentioned earlier, Cleveland-Cliffs' HQ could rise anywhere from 10-20 stories tall, not including any extra office space for future growth or lease, plus space for mixed uses and/or structured parking.

Depending on its design that might add non-office uses, the new Cleveland-Cliffs HQ could end up being a prominent building in downtown's skyline. At the very least, it might develop another one of those unsightly, windswept downtown parking craters, home of wintertime trash-nadoes.



Another high-rise appears to be in the offing for the University Circle area, and we're not talking about the 24-story Artisan apartment tower that's due to see construction start in April. Instead, at or near this intersection of East 105th Street and Carnegie Avenue, the new Global Center for Pathogen Research & Human Health is proposed to rise. At left in this February 10 view is the 16-story Cleveland Clinic's W.O. Walker Center with the 20-story One University Circle seen at right (KJP).

CLEVELAND CLINIC

The blob that ate Cleveland's East Side continues to grow with the addition of a new Neurological Institute and an expanded Cole Eye Institute. But those two additions, totaling 500,000 square feet, could be matched by one new huge building -- the Global Center for Pathogen Research & Human Health.

Here's one development that was actually boosted by the pandemic. The desire for identifying and addressing viral threats is always there, but the COVID-19 pandemic galvanized medical, political and corporate interest in more aggressively targeting them. And Cleveland is where that battle will be joined.

Modular Offices

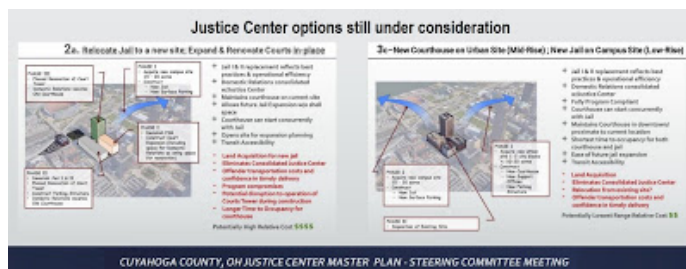
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While it is unfair to characterize the new pathogens center as a Cleveland Clinic project, there's no denying the elephant in the room here. There are multiple partners involved, as the new facility got a \$565 million shot in the arm from the [State of Ohio's Innovation District](#) program. Some \$200 million to \$300 million will go to the new pathogens center.

Also, the Ohio Development Services Agency recently awarded a 15-year job creation tax credit for the pathogens center that would take effect Jan. 1, 2024 -- suggesting that's roughly when the new building would open and employees would start working there. That means construction would have to get underway early in 2022. Potential construction contractors were contacted by Cleveland Clinic last fall.

A significant portion of the Innovation District funding will help pay for the pathogens center, proposed to rise at or near the intersection of East 105th Street and Carnegie Avenue. Cleveland Clinic will also contribute significant funding.

Given the lack of land in that area to build 500,000 square feet of offices and research nodes in a horizontal campus setting, this structure is likely to rise vertically. Even if floorplates are large, such as in the 30,000-square-foot range, this could be a 15-20 story building. Look for plans to become public sometime this summer.



The Justice Center Steering Committee was on course to decide today on whether to build a new, larger courthouse tower or rebuild and expand the existing, cramped, poorly built and aging courthouse tower in downtown Cleveland. But that decision will be postponed to next month's meeting (CC Public Works).

CUYAHOGA COUNTY

It's generally true that Cuyahoga County and its government aren't exactly growing sources of employment. But some aspects of county government are, including legal matters involving housing, environmental cleanup, probate,

domestic, treatment of drug abusers rather than imprisonment, as well as other civil and criminal cases.

Squeeze all of that into an aging, poorly built Justice Center, 1200 Ontario St., and you end up with a mess. There are offices located in hallways, former closets or in neighboring buildings because more than 877,000 square feet of uses don't easily fit into a 600,000-square-foot, 25-story tower.

Rebuilding and adding onto the existing courthouse will end up costing county taxpayers more over the next 30 years than if they build a new courthouse tower, a planning study shows.

At the February meeting of the **Justice Center Steering Committee**, the **planning team said** it hoped to get a report out to the executive committee by March 12. With that report, the executive committee would recommend a course of action for the steering committee.

This is not an easy decision for the executive and steering committees. It represents an investment of \$400 million to \$600 million in taxpayer dollars. The committees are taking more time to review options, so a decision on whether to build a new courthouse or rebuild/expand the old is not on the steering committee's **March 25 agenda**.

If the committee chooses a new building, it will be located downtown. It's where all of the courthouse's support infrastructure is already located such as law offices, parking, public transportation and restaurants. **One rumored site** for the new courthouse tower is the Fort Huntington Park, located across Lakeside Avenue from the existing courthouse.

The relocation offers exciting possibilities for the redevelopment of the existing Justice Center property. That includes a new, more user-friendly park that is surrounded by high-rise residential and offices above ground-floor shops along the sidewalks and restaurants fronting the new park.



Now in downtown's Fifth Third Center, McDonald Hopkins is reportedly looking for larger digs that it can call its own, including new amenities that will help its efforts recruiting younger talent (Hertz).

MCDONALD HOPKINS

Like Benesch, McDonald Hopkins is a fast-growing Cleveland-based law firm. Last year, the firm celebrated its 90th year in business and was ranked as the 274th largest law firm in the USA. That's an increase from 320th place just two years earlier, according to law.com. It now has 149 lawyers in five offices across the country.

McDonald Hopkins is located on multiple floors in the low-20s of Fifth Third Center, 600 Superior Ave., a 28-story, 446-foot-tall tower built in 1991. Not only does the firm need more contiguous office space, it wants its own building with its name on it -- like many law firms do. It also wants an amenities-laden building to aid in recruiting new talent to the firm, real estate sources said.

"We always have to be thinking about what's next," said McDonald Hopkins President Shawn M. Riley in an interview in the [Cleveland Jewish News](#). "The moment one rests on one's laurels or rests on one's success is the moment competition passes by. We don't want to be reacting to opportunity and growth -- we want to be out in front of it."

He cited the need for adding offices in Nashville, Charlotte, Atlanta, Austin and potentially other cities. That also means adding management and administrative support positions at its Cleveland headquarters.

Although the future office and amenity space needs of McDonald Hopkins are unknown, they are substantial enough to warrant internal company discussions about seeking a new office tower, sources said.

They said it's too early to reveal potential sites, but somewhere in the heart of downtown Cleveland's business district is a logical place. Where else would we expect an aspiring, identity-conscious law firm to plop down a new office tower?



This conceptual rendering of the Riverview phase of Tower City Center was developed to give Bedrock Real Estate Services a sense of how it could develop the area between Huron Road and the Cuyahoga River. That will reportedly include a new office building for fast-growing Rocket Mortgage (Vocon).

ROCKET MORTGAGE

Here's yet another firm that has seen stunning growth in recent years. Rocket Mortgage, an affiliate of Quicken Loans that launched in 2015, has its headquarters in Detroit. But its back-office functions are in downtown Cleveland. The firm does business with customers entirely online.

Even though it is not yet six years old, its Cleveland presence has grown from 400 jobs at the Post Office Plaza, 1500 W. 3rd St., to 700 jobs occupying 150,000 square feet at the Higbee Building, 100 Public Square. Now, it intends to expand its staffing by at least another 700 jobs and potentially 1,000, supported by a [\\$975,000 Job Creation Incentive Program grant](#) from the city.

Rocket Mortgage needs to expand its office footprint to 300,000 square feet. It may need even more as the nation's largest mortgage firm continues to grow. And that's a big reason why a new office tower in downtown Cleveland is being considered by billionaire Dan Gilbert & Co.

According to Jones Lang LaSalle's (JLL) 2020 [Cleveland Skyline Report](#), there's only about 130,000 square feet of office space not yet leased in the Higbee Building. Of the total 815,000 square feet of space in the 13-story building, 527,000 square feet is used for offices; the rest is the Jack Casino.

Even if the Higbee Building had room for the lending firm's expansion, there's another reason why it may move. A Gilbert-controlled firm no longer owns the Higbee Building and has also sold the casino operations. As one might expect, Gilbert & Co. doesn't like paying rent to outside firms if it doesn't have to.

Gilbert's Rock Ohio sold the building and the Thistledown Racino property in a lease-back deal in October 2019 for \$843 million to Vici Properties. The casino operations sold in January and will move its headquarters and about 90 jobs from Detroit to Cleveland, further constraining space at the Higbee Building.

Sources said in [a recent NEOtrans article](#) that the site being considered for the new Quicken Loans/Rocket Mortgage office building is Tower City Center's Riverview parking lots between Huron Road and the Cuyahoga River.

There, Gilbert-controlled Bedrock Real Estate Services is working with Cleveland-based architectural firm Vocon Partners LLC and Toronto-based engineering firm IBI Group. Site analysis work is due to get underway next month on the Riverview site, the sources said.

This narrow strip of land is owned by Bedrock partner Rock Ohio Caesars Cleveland LLC. Within that strip yet split by Canal Road are two parcels -- the 8.5-acre, 678-space Tower City Riverview Parking public lot and the 11-acre, 1,330-space Tower City Riverview South employee parking lot.

Not all of the huge site will be developed for an office building offering at least several hundred thousand square feet. Recently, Vocon developed a highly conceptual rendering showing residential, commercial, structured parking and recreational uses to accompany the office building.

Considering the potential scale of the project and the variety of mixed uses, including costly structured parking, it is possible that one of the Gilbert-controlled companies will seek a TMUD tax credit to support the Riverview development project.



Official site plan for the new Sherwin-Williams global headquarters whose largest building will be an office tower that's about 35 stories and roughly 500 feet tall. The location is west of Public Square in downtown Cleveland (SHW).

SHERWIN-WILLIAMS

And finally, here's the best-known of the seven office towers proposed in Cleveland. Everyone by now surely knows that Sherwin-Williams (SHW) is building a 1-million-square-foot global headquarters in Cleveland. And NEOtrans has covered this project extensively from the inside and out, more than any other media outlet.

Most recently, we reported details about SHW's plans for their roughly 35-story, 500-foot-tall tower. Way back in January, NEOtrans was **first to report the HQ site plan**. The HQ tower will rise at the northwest corner of West 3rd Street and Superior Avenue. North of the HQ, across Frankfort Avenue and west of West

3rd will be a large parking garage with ground-floor commercial uses on West 3rd.

Between the HQ tower and Public Square will be a two- to three-story-tall learning center which some members of SHW's HQ design team are calling the new Center of Excellence (CofE). The global coatings giant has a CofE in the ornate former Midland Bank lobby at its existing HQ, 101 W. Prospect Ave.

But the new CofE will reportedly feature more than just a primer on the paint company's history. It will have a conference center for corporate training and board meetings. Atop this short building will be a rooftop event patio for outdoor events, including after work cocktail parties.

The design of the tower will reportedly be a modern glass box, but could feature some curves or angles to make it a little more interesting -- if C-suite executives are so inclined. Design team members also want the HQ tower, parking garage and new CofE to be connected by sky bridges.

Sources said the tower apparently will not have any public uses such as retail or restaurants, possibly including along the sidewalks of Superior and West 3rd. This appears contrary to the city's 2016-passed [Urban Core Overlay District](#) that applies to new buildings in the entire central business district. We'll see if that HQ design approach survives City Hall scrutiny.

The headquarters plan is rounded out by future development sites at the west and north edges, adjoining the Historic Warehouse District. Those plots of land, owned by Sherwin-Williams, are reportedly to be developed by others to extend the low- to mid-rise mixed-use buildings of the Warehouse District into the new HQ's campus. Look for the HQ plans to be submitted to the city by summer and construction to start by Christmas.

END

Posted by [Ken Prendergast](#) at [4:00 AM](#)



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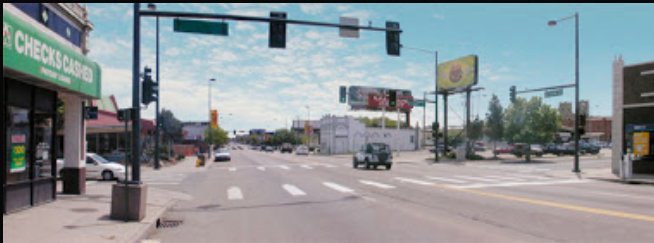
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