



 Downtown Cleveland Alliance™

**2022 DOWNTOWN CLEVELAND
YEAR IN REVIEW**

Downtown Cleveland is navigating historic challenges across market sectors. The persistence of remote work, perceptions of public safety, and aging public infrastructure contribute to this environment, but in the face of these headwinds, Downtown Cleveland has remained resilient. Our city is a national leader in converting historic office space to new uses. 2022 closed with over \$1 billion in real estate and infrastructure investments underway, businesses committing to the core, and steady residential growth. It is critical that we leverage these assets and make sound public policy decisions to complete our center city's evolution into the inclusive, welcoming, and vibrant 15-minute urban core of tomorrow.

The 2022 Market Year in Review report focuses on the economic dynamics of Downtown Cleveland. It explores key trends in the office, retail, residential, and hospitality markets. It also provides an overview of real estate development and planning efforts. The report's geography is bound by the Cuyahoga River to the west, North Coast Harbor to the north, E30th to the east and the innerbelt to the south.



KEY RECOVERY TRENDS

OFFICE FLIGHT TO QUALITY

This ongoing trend has defined commercial real estate decisions for office-using businesses since the pandemic. Employers continue to favor buildings with better amenities, aiming to create commute-worthy environments to attract talent as they adapt to hybrid work culture. In many cases, these moves include downsizing office space. This trend has resulted in overall negative net absorption of office space but positive absorption in Class A space.

CONVERSION FROM OFFICE TO RESIDENTIAL

Downtown Cleveland's national leadership in the conversion of historic buildings into residential properties has been central to our success in growing the population and rightsizing our real estate economics post-Great Recession. As demand for Class B office space decreases while housing demand remains strong, many of Downtown's older office buildings are being converted to residential. In 2022, Erieview Tower and The Apollo won state historic tax credits for their pending conversions, the residential conversion of 75 Public Square was completed, and work progressed on the redevelopments of 55 Public Square and The Bell.

HOSPITALITY REBOUNDS

Business and leisure travel were severely affected by the pandemic, but both made significant strides toward recovery over the last year. Downtown hotel occupancy peaked at 70% in August, which is three percentage points higher than the average hotel occupancy in 2019. Cleveland Hopkins International Airport saw 86% of 2019's passenger traffic. Additionally, Huntington Convention Center's event pipeline for the coming years is strong.

RETAIL BACKFILLING

Downtown retail has struggled for several reasons over the past three years, including decreased foot traffic, increased prices due to inflation, and challenges with staffing. Though we have lost some amazing small businesses, in many cases, spaces have been backfilled quickly. Examples from last year include House of Creole filling the space formerly occupied by Sixth City Sailor's Club, Cordelia filling the space left vacant after Lola's closure, and Geraci's announcing plans to move into the former Vincenza's space.



PROGRESS AT A GLANCE

51M
VISITS DOWNTOWN

45
NEW STOREFRONT
BUSINESSES

20K+
DOWNTOWN
RESIDENTS

83.8%
OVERALL OFFICE
OCCUPANCY

60%
PEAK RETURN TO
OFFICE RATE

100K+
DOWNTOWN
EMPLOYEES

16
PROJECTS UNDER
CONSTRUCTION

12
PROJECTS
PROPOSED

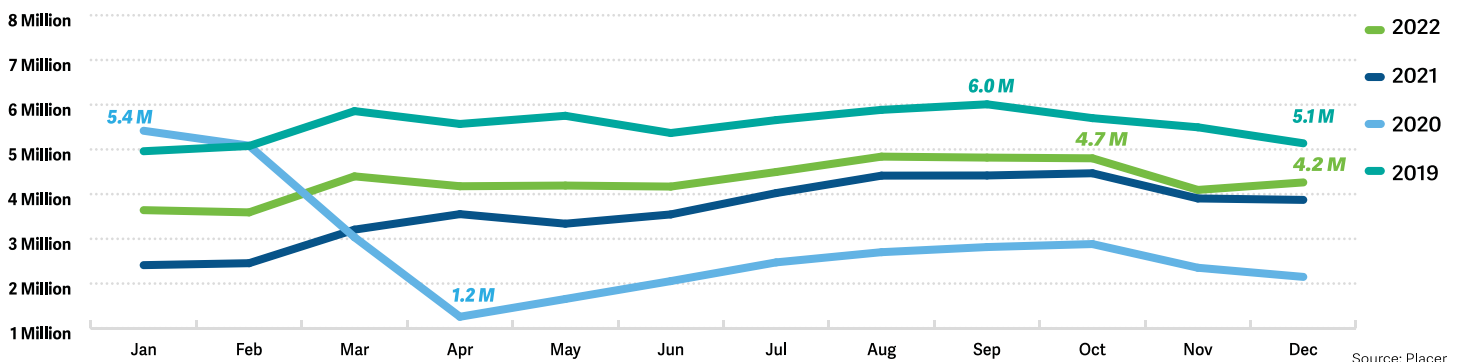
4
PROJECTS
COMPLETED

70%
PEAK HOTEL
OCCUPANCY

19
HOTELS
DOWNTOWN

294
NATIONAL EVENTS/
CONVENTIONS

FOOT TRAFFIC



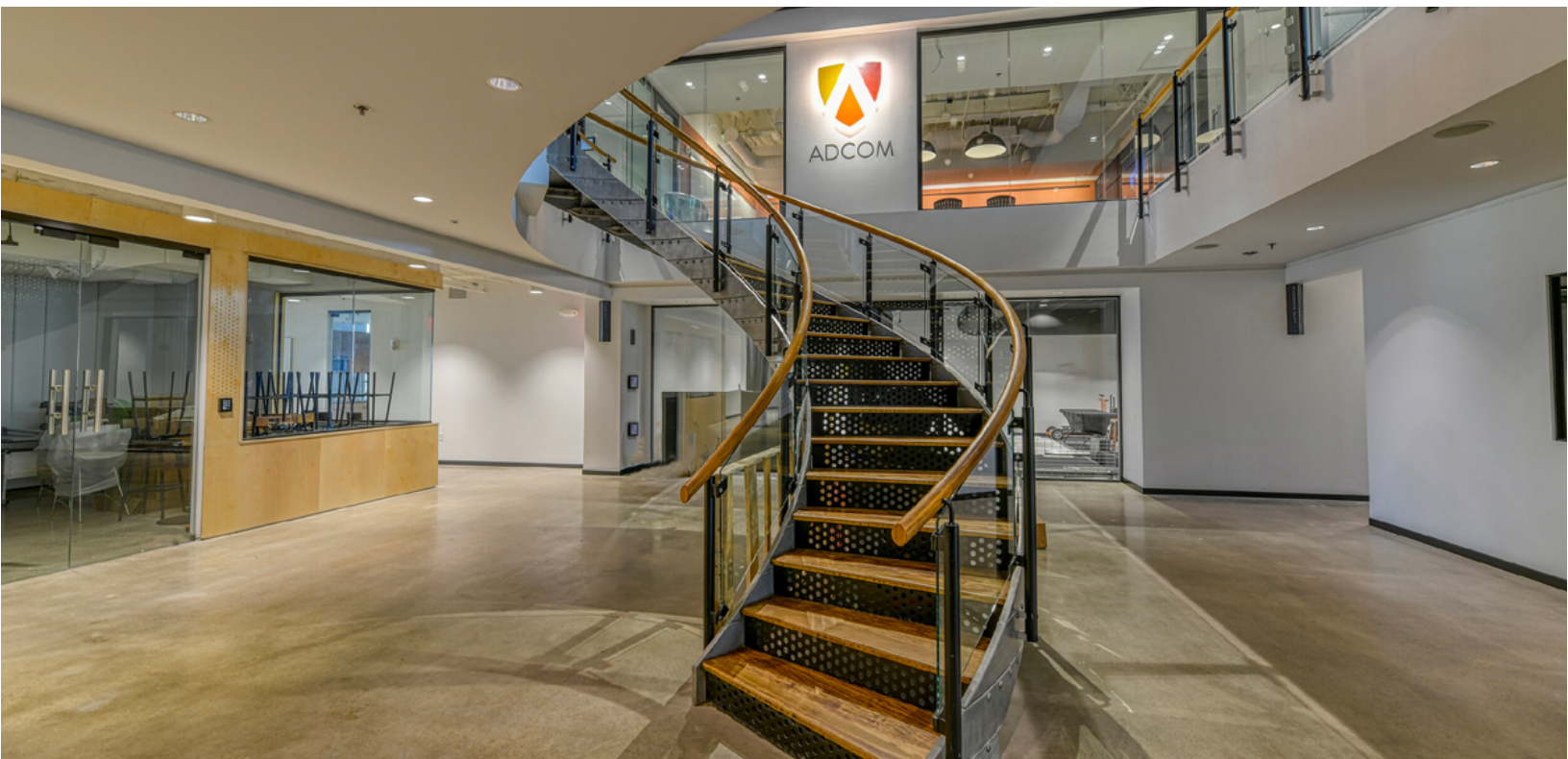
OFFICE MARKET

The Downtown office market is the sector most in flux in the post-pandemic economy. Three years later, with hybrid work remaining prevalent, employers continue to emphasize flexibility. While some employers are choosing to lease smaller offices for their hybrid workforce, a handful of others are choosing to lease larger office spaces with a focus on dynamic and collaborative spaces. Regardless of size, employers overwhelmingly choose to move their offices to higher class, highly amenitized buildings in an effort to entice employees back into the office.

Downtown Cleveland saw by far the largest net absorption of Class A office space among peer cities as a result of this trend. This has helped Class A occupancy and leasing rates remain relatively stable.

	INVENTORY	OCCUPANCY RATE	OVERALL NET ABSORPTION	CLASS A NET ABSORPTION	AVERAGE LEASE RATE
Downtown Cleveland	13,040,714	83.8%	-19,337	143,076	\$21.18
Suburban Cleveland	19,282,006	85.9%	-16,767	-251,223	\$17.66
Downtown Columbus	13,883,774	78.8%	37,499	-617	\$22.63
Downtown Cincinnati	10,814,713	83.8%	43,552	-6,174	\$22.54
Downtown Detroit	18,443,908	86%	-115,651	-330,651	\$24.02
Downtown Pittsburgh	24,188,121	82.9%	-17,318	13,372	\$27.26
Downtown Philadelphia	45,675,938	85.2%	-852,074	-208,995	\$34.80

CBRE, JLL



OFFICE MARKET

With ongoing uncertainty about the future of work, it is imperative that Downtown Cleveland be competitive in attracting new office-using businesses to generate income tax revenue for city services and maintain a healthy customer base for small businesses. Job creation tax credits or grants are proven tools to attract businesses, but we should also consider incentivizing and supporting upgrades to outdated office spaces that meet the needs of modern users.

In 2022, Downtown Cleveland was home to just under 101k jobs, making it the densest job center in Ohio. As Downtown has evolved from a traditional 9-5 central business district to a “live, work, play” urban core, both the percentage and absolute numbers of individuals living and working in Greater Downtown has increased by approximately fifty percent since 2010.

6,000 jobs added or retained with both the completion of CrossCountry Mortgage’s HQ in the Superior Arts District and the significant progress made on the Sherwin-Williams Co Headquarters off Public Square.

NOTABLE OFFICE LEASES

RECOMMITMENTS

Benesch
City Club of Cleveland
Dix & Eaton
Dollar Bank
Flack Global Metals
Osborn
Reminger
Sherwin-Williams Co.

RENEWALS

Barnes Wendling
Hahn Loeser & Parks LLP
McDonald Hopkins
Level 3 Communications

CrossCountry Mortgage doubled down on office-based work with the completion of their \$46M headquarters in the heart of the Campus District. The project marks the company's move of 600 jobs into the city from the suburbs.

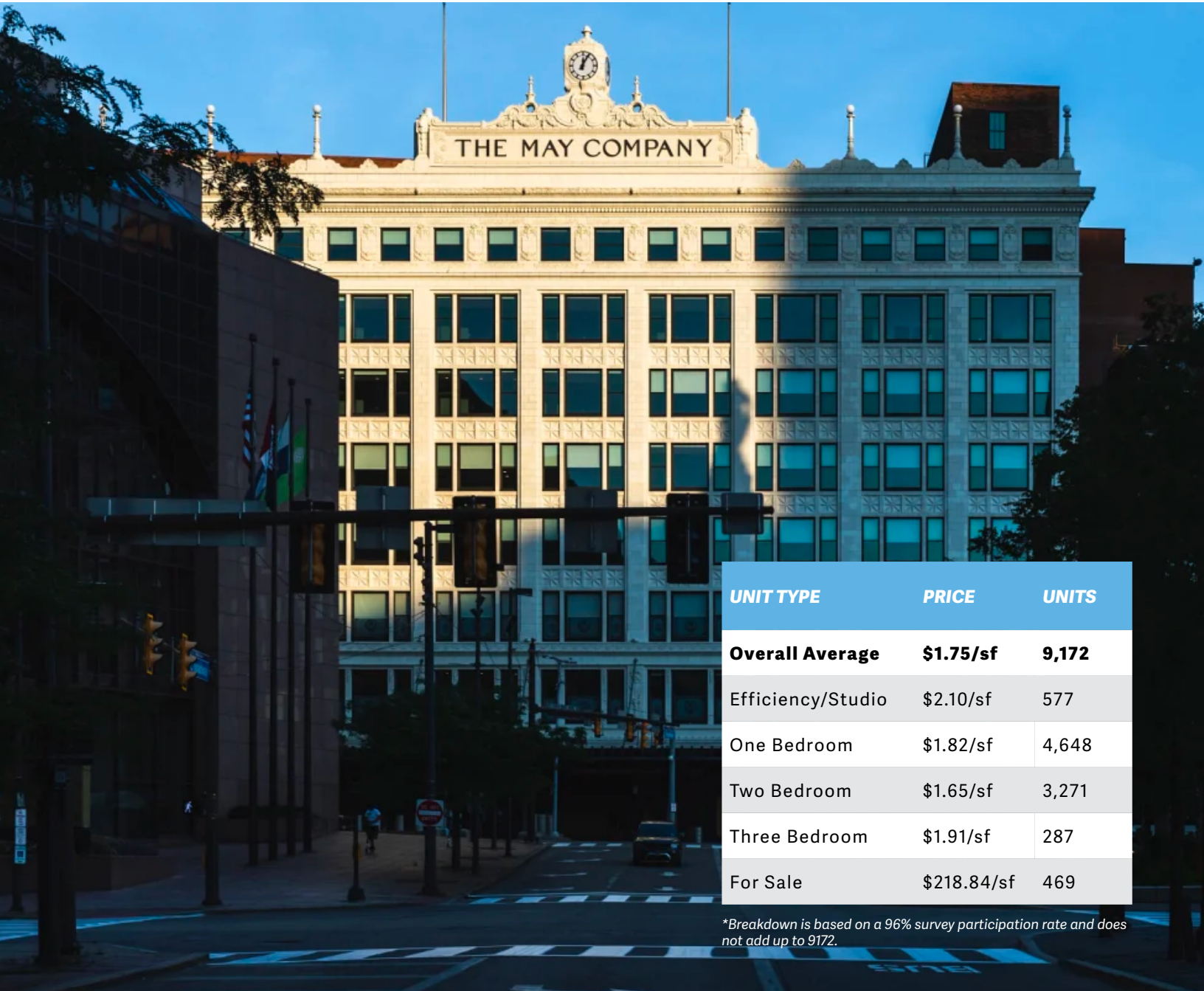


RESIDENTIAL

Downtown Cleveland is the largest residential Downtown in Ohio, and the population growth of the last decade shows no signs of slowing. With 9,641 units of housing, approximately 20,750 people call Downtown Cleveland home.

Since the completion of the prior Downtown Cleveland Housing Demand Analysis in 2018, a total of 2,138 rental homes were added in the Downtown Core from 2018 to 2022 (or approximately 428 per year), and yet occupancy rates continue to increase. This tells us that there is strong ongoing demand for Downtown living.

With over 1000 units already having been built in the 2020s and 2,633 units currently under construction, rental market growth is set to exceed the significant growth of the 2010s before the middle of the decade.



UNIT TYPE	PRICE	UNITS
Overall Average	\$1.75/sf	9,172
Efficiency/Studio	\$2.10/sf	577
One Bedroom	\$1.82/sf	4,648
Two Bedroom	\$1.65/sf	3,271
Three Bedroom	\$1.91/sf	287
For Sale	\$218.84/sf	469

**Breakdown is based on a 96% survey participation rate and does not add up to 9172.*



RESIDENTIAL

2022 had the highest number of condos sold in recent years with 112 sales, 22 more than in 2021. That being said, Downtown Cleveland has one of the lowest homeownership rates, at 6.3%, compared to 11 peer cities with an average of 22.5%. Projects like MRN's 629 Lofts, and the Knez Townhomes will bring new for-sale stock to market but more aggressive development incentives will be needed to increase homeownership rates.

To sustain our residential growth and diversify our housing stock, we must be intentional in advocating for equitable housing development. This includes incentivizing affordable and mixed-income housing development, incentivizing for transit-oriented development, and realigning the use of Historic Tax Credits and Low-Income Housing Tax Credits at the state level.

RETAIL

Despite ongoing headwinds, Downtown Cleveland's retail market has experienced growth. Almost half of all Downtown business openings since March 2020 happened in 2022. Overall, 91 businesses have opened and 48 have closed since the onset of the pandemic, resulting in a net gain of 43 businesses. In 2022 alone, 45 new businesses opened.

BUSINESS OPENINGS

Agave & Rye	Infinite Boutique
Anna in the Raw	Jade Asian Fusion
bites	LashBag
Blue Agave	LB Salon
Cavs Team Shop	Lost Social Club
CityBreaks Barbershop	Mitchell's Scoops (Heinen's)
Clevo Books	Modbites by Nuevo
Cocky's Bagel	Ninja City (Global Center)
Cordelia	Ninja City (Tower City)
DarlaFoxx	Nite Cat
Feet Geeks	Play Maysie
Filter	Pulp
Fin & Feather	Rainbow
Fitworks	Rally House
The Flower Petal	Rum Runners
The Fruit Stand	Sora
Goat Hill Clothing	Sushi En
Green Goat Café	1942 Tacos & Tequila
Green Light Tattoo & Art Gallery	Unscript'd Boutique
House of Creole	Welcome to the Farm
Hydration Spark	Xzotic Boutique
Inca Tea	Yum Village
Indie E4th	

TOWER CITY

There is a significant connection between a strong sense of place and the viability of retail in a given area. Through space enhancements and aggressive tenant attraction, Bedrock continues to make this connection as they reimagine Tower City as a modern hub for meeting, shopping, and dining. The space improvements, including a collaboration with Cuyahoga Valley National Park to build an indoor park and the addition of seating and planters along the exterior facing Public Square, create a unique experience in the center of Downtown.



HOSPITALITY & TRAVEL

Entering 2022, the travel and hospitality industries were severely hamstrung by the omicron spike. The January hotel occupancy rate was just 32.8%. That quickly turned around in February, thanks in part to the 2022 NBA All-Star Weekend which brought the national spotlight to Downtown Cleveland. As business and leisure travel began picking up again, occupancy rates continued to increase, peaking in August at 70.2% (3 percentage points higher than the overall average occupancy in 2019). Overall, Downtown Cleveland averaged an occupancy rate of 55% in 2022.

Downtown Cleveland has a total of 4415 rooms spread over 19 hotels. \$102 million is being invested in Downtown hotels with the historic renovation of the Renaissance Hotel and the addition of the Fidelity hotel.

HOSPITALITY STATS

	OCCUPANCY	AVERAGE DAILY RATE	REVPAR
2020	26.2%	\$117.22	\$30.69
2021	45.0%	\$159.87	\$71.68
2022	55.4%	\$176.16	\$97.53

Downtown's hospitality industry beat STR predictions in all 3 sectors. 8.6 million passengers passed through Cleveland Hopkins International Airport. This represents an 86% return to 2019 levels. RTA ridership reached 18.8 million in 2022, 57% of 2019 ridership.



REAL ESTATE DEVELOPMENT

2022 saw the completion of 75 Public Square, CrossCountry Mortgage's new headquarters, and two new public spaces in the Warehouse District: Superior Hill Park and Lighthouse Park.

There are sixteen major projects underway Downtown, totaling over \$1B in investment underway plus an additional \$600k in development planned.

	INVESTMENT	UNITS
The Bell (45 Erievue)	\$102M	367 rental
City Club Apartments	\$100M	304 rental
55 Public Square	\$59M	202 rental
Knez Townhomes Phase 2	\$9M	27 for sale
Innovation Landing	\$8M	52 rental
Residences at the Guardian	-	14 for sale
Scholar House	\$12M	42 rental
Bolivar Road Apartments	\$18M	184 rental
Silver Hills	-	304 rental
NRP Scranton Project	\$100M	316 rental,
Sherwin-Williams HQ	\$300M	1,000,000 sf of office space
Progressive Field	\$202.5M	Major Renovations
Renaissance Hotel	\$74M	Major Renovations
Fidelity Hotel	\$28M	97 rooms
Public Square Updates	\$3M	Removal of Jersey barriers, installation of bollards
Centennial*	\$520M	-
Tower at Erievue*	\$136M	210 hotel rooms
700 Prospect Ave.*	-	130 rental
1020 Bolivar and Bolivar Apartments*	-	203 rental

*Plans and numbers are subject to change.



VISIONARY PLANNING

The volume of planned investment and large-scale improvements in the pipeline signals a bright future for Downtown Cleveland. The transformational planning efforts listed below, which were announced or begun over the course of 2022, are an indicator of Downtown's future vitality.

- **CLEVELAND STATE UNIVERSITY MASTER PLAN:** CSU announced their \$650M master plan which will overhaul the Campus District with the goal of attracting 4,500 additional students and 200 new faculty members by 2025.
- **SUPERIOR AVENUE MIDWAY:** The first fully protected midway bicycle path of its kind in Cleveland, significantly funded through Congestion Mitigation and Air Quality grants. The project secured full funding in 2022.
- **CANAL BASIN PARK:** Canalway Partners, Downtown Cleveland Alliance, the City of Cleveland, Cuyahoga County and Cleveland Metroparks are working closely together to create a plan for a park that will serve as a gathering place, interpretive park and connective hub at the northern end of the Towpath. In 2022, the Towpath Trailhead was officially completed, adding seating, bike racks and a water fountain. Further major improvements are planned to transform the whole park into an interpretive site that honors the location's important history.
- **BEDROCK STREET GREENING:** Bedrock implemented privately funded streetscape enhancements, creating a greener and more pedestrian-friendly Downtown.
- **MEMORIAL BRIDGES LOOP TRAIL:** Federal funding was secured at the end of 2022. This infrastructure project will connect nodes of protected bike and pedestrian paths to a highly protected three-mile urban loop.
- **E. 4TH STREET REFRESH:** MRN unveiled plans to update Downtown's original pedestrian street. The renovations will create new vibrant, active public spaces along and adjacent to the main restaurant corridor.
- **PLAYHOUSE SQUARE MARQUEES:** Five theater marquees (Connor Palace, Key Bank State, Mimi Ohio, Allen, and Hanna) are being replaced as part of Playhouse Square's \$10 million investment to brighten its front doors and create a unified aesthetic experience for the district.
- **SISTERS OF CHARITY MASTER PLAN:** A master planning process was initiated to create a hospital campus that responds to the needs of its neighbors and helps address the social determinants of health and poverty.
- **PROGRESSIVE FIELD RENOVATIONS:** With public and private funds totaling above \$200 million, Progressive Field will renovate most of the interior spaces and areas surrounding the stadium, creating more social spaces, public plazas, and improving all office-related functions.
- **WATERFRONTS:** One of the defining concepts of Downtown's growth is the "shore to core to shore" idea: creating a cohesive and walkable Downtown in which residents and visitors can seamlessly go from Riverfront to Lakefront (see below for more details on those masterplans).



CUYAHOGA RIVERFRONT MASTER PLAN

Bedrock unveiled their 15-20 year vision for a vibrant, mixed-use development on the riverfront, developed in partnership with Adjaye Associates. The project will reimagine 35 acres of the riverfront, transform Tower City Center, and prioritize accessibility, equity, sustainability, and resilience with the development of an 18-hour, 15-minute downtown. The long-term vision includes 2,000 residential units, 850,000 square feet of office space, new parking, 12+ acres of public space and opportunities for future hospitality, retail, and entertainment venues.





NORTH COAST CONNECTOR

Downtown's lakefront is a differentiator, and it is central to our identity as a city. The City of Cleveland has engaged James Corner Field Operations to develop a vision and plan to connect the Downtown core to the shore of Lake Erie. The team held a series of community input sessions last year to educate and gather information on the people's priorities for this once-in-a-generation project. The completion of the North Coast Connector will be critical for talent attraction and retention, economic growth, and environmental enhancement.