



Public Square

Cleveland | Ohio

A case study examining the impact of the \$50.0 million redesign of Public Square on the commercial real estate sector in downtown Cleveland.



Public Square redo triggers \$1.2 billion of investment

Core measures of success

- ✓ Public Square's redesign triggers \$559.3 million of office investment, adjacent asset values increase significantly.
- ✓ Multifamily construction around Public Square totals \$382.5 million, more than 1,300 apartment units are added.
- ✓ The residential population in the neighborhood grows from below 500 to over 2,300 residents in just five years.
- ✓ Retail occupancy in the immediate vicinity increases 20% as the area experiences a net gain of 30 retailers.

Introduction

Redesigning Public Square was not easy. It took 8 years of planning, 15 months of construction, and \$50.0 million in public and private funding for the project to come together. Strategically located in the center of downtown Cleveland, this park is an oasis in the middle of an urban jungle. It has been nationally recognized as a catalytic investment that helped rejuvenate Cleveland's urban core and it continues to spur economic activity nearby.

A transformational project indeed, the reimagined Public Square is now designed as a destination for individuals while still acting as the primary transit hub for the region. To achieve this, Ontario Street, which previously bisected the space was removed. Additionally, Superior Avenue was condensed by 29 feet in width to shift away from the former car-centric theme. Now a platform for social gatherings and home to year-round programming, this park drives community engagement for the entire city.

The redevelopment of Public Square has also advanced Cleveland's economy by triggering an additional \$1.2 billion in private investment in adjacent properties. Investor interest continues to rise, and as a result, nearly every building around the square has sold within the last five years. Moreover, the neighborhood has welcomed an additional 1,800 residents, office occupancy rates have improved, and retail vacancy has declined. To fully gauge Public Square's impact, these factors will be examined in detail on the following pages.



“The improvements [to Public Square] echo projects in places like New York, Washington, and Chicago, where public green spaces have been incorporated with economic development plans.”

-The New York Times, June 2016

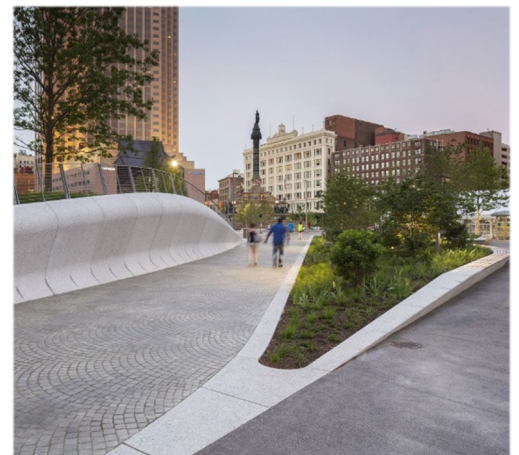
Public Square

Project history

Back in 1796, Moses Cleaveland crafted the idea of Public Square as a social gathering place where commerce would ensue. 220 years later, James Corner and his company, Field Operations, reimagined the site for the 21st century. Corner partnered with two civic organizations, LAND Studio and the Group Plan Commission, to successfully guide the project from concept to reality.

On the financial side, LAND Studio and the Group Plan Commission faced challenges with raising capital for the project. However, private donations from the Cleveland Foundation (\$8.0 million), the Gund Foundation (\$5.0 million), and the KeyBank Foundation (\$4.0 million) were sufficient to initiate the project’s ground breaking.

The redesign of Public Square was completed at a momentous time in Cleveland, just weeks before the 2016 Republican National Convention and soon after the Cleveland Cavaliers won their first NBA championship. With a renewed sense of optimism, Clevelanders have embraced Public Square’s makeover with open arms. Residents can enjoy hundreds of annual events conducted by the square’s own non-profit organization, which serves to manage the square while enhancing opportunities for individuals and businesses located downtown.



“They’re moving to Cleveland because they want a downtown community. They want a downtown neighborhood, and this is a critical part of it: a new Public Square...”

*-Armond Budish, July 2016
Cuyahoga County Executive*

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Multifamily registers \$382.5 million of new construction

The residential sector is thriving around Public Square. Developers, investors, and millennials all want to be where the action is at. With six new developments representing \$382.5 million of investment, Public Square has become a powerful asset to adjacent landlords and a highly sought after amenity. More than 1,300 units have come online in the last five years, which is a 342% increase from the pre-existing level. This has led to a significant increase in rents, which are 19% above the metro average. Despite the influx of new units, occupancy has remained elevated at 95%.

Residential population grows from below 500 to over 2,300 residents

Residential demand in downtown Cleveland is concentrated near Public Square. Apartments in proximity to Public Square have welcomed an additional 1,800 residents over the last five years. Now more than 2,300 residents live within the square’s vicinity; a stark contrast to the sub-500 residents living there just five years ago. Consequently, median household income levels have increased by 14% and are on par with the metro average. Meanwhile, the percentage of residents with a bachelor’s degree has increased dramatically from 29% to 42%.



"It's the connector that we always needed. Every great city has a central downtown park, a green space to gather. Now we have ours."

*-Ari Maron, June 2016
Former Land Studio board member*

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Retail occupancy around Public Square increases 20%

Retail occupancy surrounding Public Square has increased 20% over the last five years, fueled by increased population, tourism, and office employment. This is quite significant given that retail occupancy across the region has been declining due to the impacts of e-commerce. A total of 700,000 square feet of retail exists around the square, and since June of 2014, the area has experienced a net gain of 30 retailers. Retail rents have also increased over the studied time period, increasing 8% to \$27.50 triple net. For comparison, retail rents across the region declined 8% over the same period.

Public Square's redesign triggers \$559.3 million of office investment

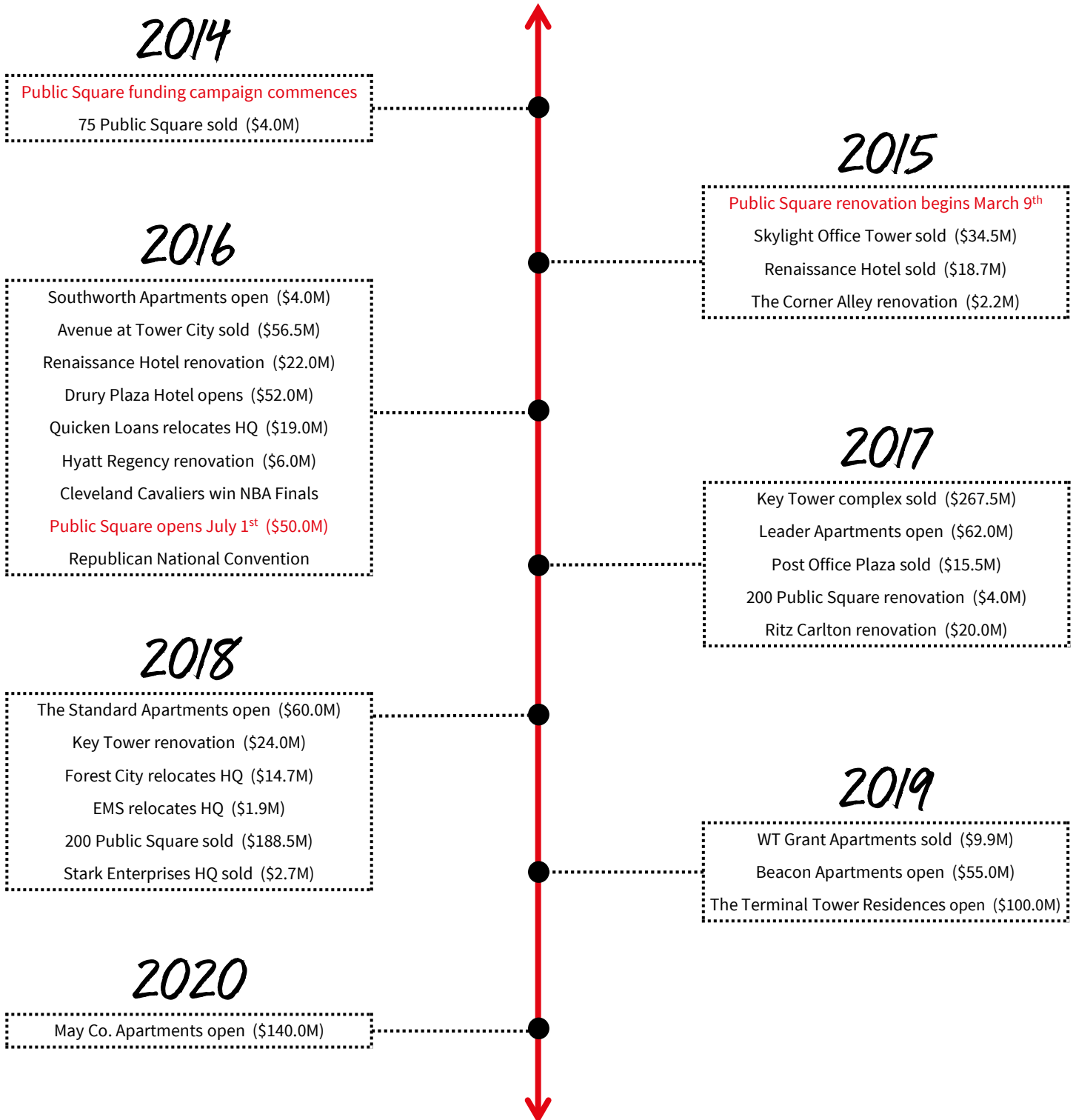
The transformation of Public Square has had a significant impact on the downtown office market. Vacancy surrounding the square has declined 4% and the average rent has increased by an astounding 21%. This has created immense interest from the investor community. A total of nine office buildings adjacent to Public Square have sold within the last five years for a combined value of \$559.3 million; with several of those assets significantly increasing in value. As an example, Key Tower sold in 2017 for \$267.5 million, an 83% increase over the prior trade in 2009. Similarly, 200 Public Square sold in 2018 for \$187.0 million, a 32% increase over its previous trade in 2005.



“Last year, Cleveland issued construction permits for projects valued at \$1.5 billion, much of it in the city center.”

-Edward Rybka, June 2016
Cleveland’s Chief of Regional Development

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Note: The timeline above denotes significant investments around Public Square since the funding campaign commenced.

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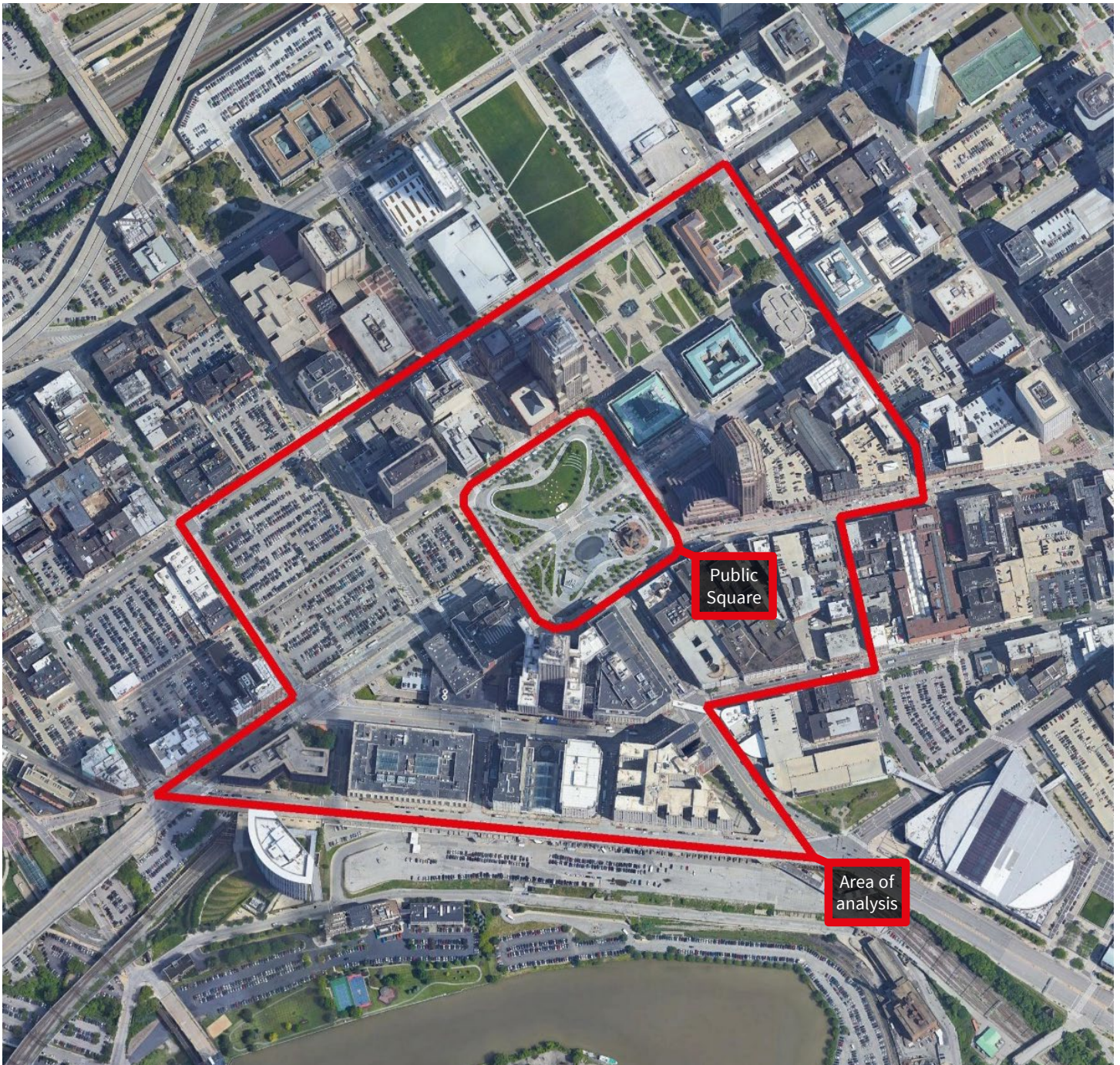
“The new Public Square symbolizes an age in which cities are reshaping urban spaces for people, not automobiles.”

-The Plain Dealer, May 2016

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Area of analysis

The redesign of Public Square has had a positive impact on the entire community, but as one would expect, the benefits are most apparent in the immediate vicinity. For this case study the area of analysis outlined below was used to examine investment activity. The area of analysis represents a roughly two-block radius around Public Square.





Contact



Johnathan Miller
Research Analyst
+1 216 937 4381
johnathan.miller@am.jll.com



Andrew Batson
Vice President, Research
+1 216 937 4374
andrew.batson@am.jll.com

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