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Cover photo: Quadax, Inc.  
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by Scott Pease

Properties (ISSN 033-1287) is published monthly for architects, engineers, building owners and managers, general contractors, home builders, mortgage bankers, savings and loans, real estate agents, appraisers, servicers and suppliers in Northern Ohio by Properties, Inc., 3826 W. 158th St., Cleveland, Ohio 44111. Copyright © 2009 by Properties, Inc. All rights reserved. Reproduction or use, without written permission, of editorial or pictorial content is strictly prohibited. Periodicals postage paid in Cleveland, Ohio and additional offices. Subscription rates: one year \$24.95, single copy \$6.95, back issues \$10 when available. Postmaster: send change of address notices to Properties, P.O. Box 112127, Cleveland, Ohio 44111.

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Photo courtesy of the Glidden House

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January 2009

## Incline in '09



KEN KRYCH

**H**appy 2009! Let's endeavor to make it a good one by helping each other keep moving up and forward. With all the doom and gloom from most of the media 24/7, it may be difficult to remain optimistic but I believe that now, more than ever, is the time we *need* to be optimistic in order to turn around a potentially vicious circle. Like the man said years ago, "Tough times never last but tough people do!"

We are proud here at *Properties* that we are one of the few that focuses on the positive, while reflecting the best work of imaginative, hard working people and bringing the right people together to form new, winning relationships through advertising efforts. And we look forward to another year of celebrating successful efforts in Northeast Ohio.

### *Look Back, Look Forward*

Speaking of looking forward, this month is our annual Financial Review and Forecast issue, which looks at our local region and the national picture across the complete spectrum of residential, industrial, commercial-retail and institutional work. This year's special section includes a roster of knowledgeable individuals, such as the team of C. B. Richard Ellis, once again spearheaded by Robert F. Redmond, SIOR, vice president); Trista McClelland, residential expert at Atwell-Hicks Development Consultants; McGraw-Hill Inc. on the national front; Collier Ostendorf Morris International; and Alec Pacella, of NAI DAUS, who shares expert analysis and education on real estate finance issues every month in *Properties*. We thank all

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of these fine folks for their exceptional contributions.

We would also like to thank the good people at Quadax Inc. and extend congratulations as they enjoy their newly completed headquarters in Middleburg Heights. The transformation of this facility, formerly home to Harvest Publishing many years ago, is a remarkable achievement and we are proud to feature it as our cover story this month.

We also extend congratulations to Kowit & Passov Real Estate Group, which recently completed the first phase of its smart, bold Richmond Highlands development in Warrensville Heights.

We wish to extend thanks to the good people at the Glidden House for their cooperation as we highlight their recently completed, beautiful renovation. I have a soft spot for the Glidden House as 20-some years ago I was part owner of another publishing company headquartered in the original Glidden Building on the west side. Much of the marble and millwork are similar in both buildings. I would think Mr. Glidden felt at home in both.

Last but not least, we extend our thanks for the cooperation and support of the International Masonry Institute (IMI) and to Tom Nagy and staff of IMI who were very cooperative in helping us give everyone a much better idea of all the fine things they do to contribute to the building environment of our region.

*Coming next month*

Looking ahead, February is our special Landscaping and Outdoor Lighting issue so we urge experts in their field to contact us for features.

And if your company is having an important anniversary this year, let us know as soon as possible to schedule a potential feature profile.

We appreciate all your feedback and want to continue to work in partnership to showcase the biggest, best and most unique projects, profile, people and products in 2009.

Cheers,



Kenneth C. Krych  
Owner/Publisher

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# PROPERTIES PEOPLE

Highlighting notable industry events



1



2



3

1 Marine Corps Staff Sergeant **Robert Tomoto** (U.S. Marine Corps), Captain **Chris Lalak** (U.S. Marine Corps) and **Stephen M. Kinn** (Construction Employees Association)

2 **Phil Soroki** (Ullman Electric)

3 Over 100 attendees brought toys to be distributed to needy children in Cuyahoga and Lorain Counties.

## Construction Safety Council Breakfast

At a recent breakfast held at the Holiday Inn in Independence, the Construction Safety Council (CSC) of Northeast Ohio achieved a dual purpose. A presentation was delivered by Phil Soroki, of Ullman Electric, on high voltage electrical safety and newly developed safety work clothing. Additionally, the event included a collection of donations for Toys-For-Tots, which gathers and distributes toys to needy children of over 60,000 families in Northeast Ohio. This year over 120 attended the meeting with well over 100 donations accepted by the Marine Corps Reserve. **P**



1



2



3



4



5



6

## Krill Company Open House

Recently, The Krill Company, Inc. held its annual holiday open house at its headquarters on Main Avenue in the West Flats. Over 180 architects, engineers, sub-contractors, associates and clients enjoyed a fun-filled event with unique decorations, entertainment and wonderful food and drinks. **P**

1 **Dave Cubero** (MCM Company, Inc.) and **Chris Zielinski** of (MCM Company, Inc.)

2 **Matthew D. Heisey** (Vocon), **Gina Gerken** (Studio Graphique) and **Rachel Downey** (Studio Graphique)

3 **Christopher Kaczmar** (Kaczmar Architects) and **Robert Jordan** (Barber & Hoffman Inc.)

4 **Jan Carpenter** (Cleveland Foundation), **Kevin Robinette** (Westlake Reed Leskowsky Architects) and **Laura Lash** (Cleveland Foundation)

5 **Dragan Dukich** (Gleeson Construction, Inc.), **Mike Gleeson** (Gleeson Construction, Inc.) and **Rick Ziska** (Ziska Architects)

6 **Shawn Dixon** and **David Fischback** (The Krill Company)



1



2

1 2009 HBA President **Jeff Budzowski** (left) and Family

2 2009 HBA Executive Committee and HBA past presidents and wives

## Home Builders Association Awards & Installation Banquet

The Home Builders Association of Greater Cleveland recently held its 65th Annual Awards & Installation Banquet at the Hyatt Regency Cleveland at the Arcade. The Friday night event included industry awards for high achievement throughout 2008 (see page 47 for more details) as well as the swearing-in of the 2009 Board of Trustees and the 2009 Executive Committee. Entering its 66th year, The Home Builders Association of Greater Cleveland's mission is to enhance their members' ability to meet the housing needs of the general public by providing superior service and benefits to those engaged in the home building industry. **P**



## 7-Point Challenge Reaches 100 Endorser Milestone

**T**hanks to the commitment of BOMA member companies and local associations around the country, BOMA International's 7-Point Challenge has reached a milestone of 100 endorsers. This achievement demonstrates commercial real estate's commitment to voluntarily transform the marketplace through aggressive but attainable targets, and could not be accomplished without the support of committed BOMA members. Not only does the challenge benefit the environment, and in many cases the bottom line, it also shows that commercial real estate truly "walks the walk" when BOMA fights mandates and lobbies for green incentives on Capitol Hill.

BOMA International called upon all commercial real estate owners and property managers to accept the 7-point challenge to reduce the use of natural resources, non-renewable energy sources and waste production and to work in coordination with building management, ownership and tenants to achieve the following goals:

1. Continue to work towards a goal to decrease energy consumption by 30% across your portfolios by 2012;
2. At least once a year, benchmark your energy performance and water usage through EPA's EnergyStar benchmarking tool and share your results with BOMA;
3. Provide education to your managers, engineers and others involved in building operations, to ensure that equipment is properly installed, commissioned, maintained and utilized;
4. Perform an energy audit and/or retro-commissioning of your building, and implement low-risk, low-cost and cost effective strategies to improve energy efficiency with high returns;
5. Extend equipment life by improving the operations and maintenance of building systems and ensure equipment is operating as designed;
6. Through leadership, positively impact your community and your planet by helping to reduce your industry's role in global warming; and

7. Position yourself and the industry as leaders and solution providers to owners and tenants seeking environmental and operational excellence.

"Thank you to everyone who has signed on to the 7-Point Challenge," says Richard D. Purtell, chair and chief elected officer of BOMA International. "Together we are taking steps to positively impact our planet and achieve market transformation. These 100 endorsers understand that optimizing energy performance is important to the triple bottom line – people, planet and profit – and we only expect the momentum to grow."

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**Melissa Johns**

Communications Manager  
BOMA Greater Cleveland

For more info on this article or BOMA Greater Cleveland, contact Melissa Johns at 216.575.0305 or [mjohns@bomacleveland.org](mailto:mjohns@bomacleveland.org)



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# Glidden House Goes Green

## RBI Design Group, Designer Walls team up to renovate boutique hotel

Photos courtesy of the Glidden House

**R**BI Design Group President Mary Cunningham has been designing and re-designing the unique upscale interiors of boutique hotel The Glidden House Inn since 1987. The Glidden House, located in Cleveland on the Case Western Reserve University campus, was formerly the mansion of Francis K. Glidden, completed in 1911. Prior to 1987, the mansion was dissected and utilized as classroom facilities for Case Western Reserve.

In the late 1980s, new ownership restored the historic mansion to its prior grandeur by creating eight luxury suites and converting the structure into a boutique hotel. Along with the mansion suites, a historically accurate addition was constructed to the rear of the mansion, adding 52 new guest rooms.

The challenge for RBI Design Group was to capture the ambience of a Victorian bed and breakfast on a limited budget, which required taking the



**DEVELOPING DESIGN** The goal for RBI Design Group was to evolve the Glidden House's Victorian bed and breakfast appearance into a boutique urban scheme.

finishes out of the hands of the general contractor. Recognizing the need for a turn-key operation, RBI partnered for the first time with Designer Walls, Inc., a full service finishing contractor, to complete the project. Twenty years later, RBI Design and Designer Walls once again

partnered to renovate the Glidden House rooms and suites with a completely new look and approach – going green.

The design criteria was to evolve the Victorian bed and breakfast appearance into a boutique urban scheme offering additional amenities than were originally



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4	Asbestos & Hazardous Materials Abatement	14 days	Fri 10/26/07			10/26	11/14			
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**SUSTAINABLE STAY** The Glidden House Inn is one of the first hotels in Cleveland to utilize a green approach in a major renovation.

offered in the first renovation and utilizing environmentally green products.

The Glidden House Inn is one of the first hotels in Cleveland to carry through with the green approach in a major renovation. RBI selected green materials including carpets, wallcoverings, upholstery furnishings and quartz countertops. Careful attention was also given to the recycling of existing carpets and wallcoverings.

"Ahead of its time in hospitality, going green was a challenge," Cunningham says.

The finished project is sleek, posh and urban with each mansion suite being uniquely different in finishes and furniture.

The Designer Walls Inc. partnership was key to quality construction and well-timed turn over of completed rooms.

"We understand the hospitality industry and the need to turn over completed rooms in a timely and seamless manner with little disturbance to the ongoing operation of the hotel," says Kathy Pierce, president of Designer Walls, Inc.

Pierce says the joint venture between design firm RBI and contractor Designer Walls is an unbeatable and unprecedented team in the hospitality marketplace as together they bring a wealth of experience, knowledge and passion in undertaking a project of this nature. They both have a genuine love and interest in the Glidden House property and subsequently developed a long-term committed relationship with both owner and management staff, she says. **P**



2008

FINANCIAL REVIEW & FORECAST

2009

Crunching the numbers on Northeast Ohio's  
real estate & construction markets

# Look Back, Look Forward

## An overview of Greater Cleveland commercial real estate 2008/2009

Story & photos provided by CB Richard Ellis, Inc.

**M**any readers interested in the state of commercial real estate look forward to consensus among those professionals who carefully observe and analyze their markets of special focus. The continued influence of Wall Street and traditional capital markets, as well as REIT and CMBS interests, forced increased sharing of data, resulting in reduced disparity of market statistics. In addition, the continued consolidation of the commercial real estate services industry has resulted in fewer providers, reducing the number of sources of information. Also, those companies along with other independent data sources have refined their research techniques, resulting in findings that are more consistent with each other – although there are still disparities among the various sources that amount to as much as 7% in valuation calculations. We are not done yet.

Unfortunately, attention to the kinds of detail referenced above will most likely take a holiday as the real estate industry reacts to recent economic disasters. Most institutions, firms and individuals are mostly concerned now with the fundamentals of owning, operating and using real estate as they are affected by the economy. Even the “green” movement could stall somewhat during 2009 due to the financial environment for all types of facilities.

Please read on to ascertain how the CB Richard Ellis market reporters see perceive last year’s conditions and view the outlook for 2009.

### Northeast Ohio Office Outlook

By Robert F. Redmond, SIOR  
Senior Vice President, Office Properties  
CB Richard Ellis



The national office vacancy rate dropped from 17% in 2001 to 12.7% in 2007. It has been forecasted by Lawrence Yun, chief economist of

the National Association of Realtors (NAR), to increase to 13.4% by the end of 2008, as this publication goes to press, and to 14.4% by the end of 2009. Growing health in the office market

occurred through 2007 mainly because of increases in white-collar employment in many sectors of the economy. That resulted in increased absorption and, coupled with slowed construction, made office investments very attractive. The major reason for this was the strength of the economic sectors that continued their expansion such as finance, high tech, health care and international trade. Markets that are the best right now with the lowest vacancy percentages include New York City, California’s Orange County, Ventura County, Riverside, Los Angeles, San Francisco, Washington, D.C., and Seattle. The office sector nationally was the sector of choice for investors through 2007, falling second to retail in 2008. All of this will change during 2009 as the Federal Government tries to fix the complex problems resulting from the “Economic Tsunami” that has occurred. The fundamentals of the office market were not very bad for all of 2008, but will soften in 2009. The “office” sector of commercial real estate usually is the last to flow into and out of a recession. Construction should slow or cease, resulting in some kind of recovery in 2010, according to experts.

The overall Cleveland area office vacancy rate is currently 17.3%, down from 17.9% a year ago. That amounts to just over six million square feet of vacant office space, which includes

nearly 452,000 square feet of sublease space that is currently on the market. In 2002, the amount of sublease space exceeded 1.2 million square feet. It has steadily declined to the current level. It will probably increase in 2009, due to decreased employment and resulting reduction in space needed by employers. The overall outlook for the Cleveland area office market is somewhat cloudy for 2009, due to the economy as well as the takeover of National City Bank by PNC, which could result in vacated space due to this specific acquisition. There were, however, many significant lease transactions that enabled tenants to improve their occupancy circumstances. “All real estate is local,” to quote Lawrence Yun. The dynamics of the Cleveland CBD and the six suburban submarkets, however, require further explanation because each geographical area has unique characteristics resulting from typical tenants in these areas.

### Cleveland Central Business District

The vacancy rate in the Central Business District (CBD), the most telling of all multi-tenant office building statistics, is 18.2%, slightly up from 2007. The CBD vacancy rate is higher than the suburbs, at 17.3%. Class A Downtown vacancy declined for two years and is currently 11.6%. Only one Class A building, 200 Public Square,



has had sufficient space to accommodate a large tenant shopping for new space but no longer can accommodate the need. Huntington Bank recently signed a lease for about 100,000 square feet and should relocate in the foreseeable future. Since there are no large blocks of Class A space, market demand requires at least one new structure once financing is available.

Class B vacancy downtown is near an all time high of 28.2%. It is interesting to note that an unusually large proportion of the Class B vacancy is concentrated in just a few buildings. Of the 2 million vacant square feet, 62% is accounted for by seven of the 33 buildings; namely, Huntington Building, which now has 300,000 square feet available, 1717 East Ninth Street (East Ohio), 65-75 Erieview Plaza, Terminal Tower, IMG Center, Hanna Building, and The Leader Building. The remaining space availability is spread throughout the balance of those buildings



Source: CB Richard Ellis

tracked in CB Richard Ellis's CBD Class B database. The Huntington Building situation is quite interesting. All tenants' leases expire in October 2011, when the Huntington Bank master lease expires. Some tenants have already made commitments to relocate by then but it remains to be seen what the ownership

will do to entice other tenants to renew. Maybe Cuyahoga County offices should be consolidated there.

The "Big News" in 2007 was that eight large tenants were evaluating six proposed projects for relocation during the period from 2011 to 2013 within the Central Business District, totaling about 1.3 million square feet of space. As of the fourth quarter 2008, four of them satisfied their objectives. Ernst & Young (a project this author worked on) signed a lease for 155,000 square feet, as did Tucker Ellis, for 100,000 square feet, both for Scott and Iris Wolstein's Flats East Bank project. A third firm, Squire Sanders & Dempsey, renewed at Key Tower. A fourth, Huntington Bank, recently signed a lease for 100,000 square feet at 200 Public Square. That represents nearly half of the aforementioned demand for new space. The newest and best space here now commands lease rates in excess of \$30 per square feet.



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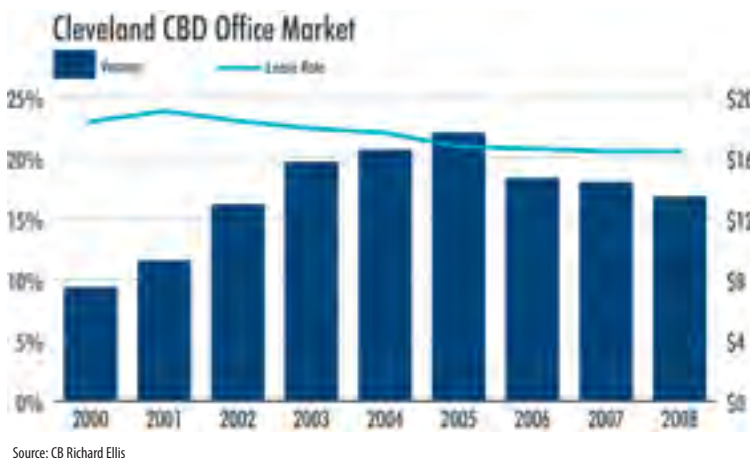


Four other tenants who allegedly have been evaluating such projects for the same period include Baker & Hostetler, Eaton Corporation, Calfee Halter & Griswold, and Porter Wright, Morris & Arthur. The next six months should reveal the direction these tenants will take.

Disappointing news is the Flats East Bank project is currently “on hold” due to the unavailability of private and public funding. This is tempered somewhat because much demolition and site work has been completed and the Regional Sewer District is continuing to finish the already funded \$8 million project to lay new pipe separating the sanitary and storm sewers. As it has been explained, this is being done to enable Scott Wolstein to resume work on his project and achieve the original schedules, once funded.

#### Cleveland Suburban Office Market

The suburban office market is comprised of 396 office buildings that CB Richard Ellis tracks in Cuyahoga County and selected contiguous municipalities. It has continued to grow during the past few decades. Since 1997 new construction has amounted to 3.8 million square feet, although fortunately for market stability, new construction declined steadily since 2001. In 2004 only 184,278 square feet of office space was constructed, while in 2005 and 2006, none. Two new buildings were completed in 2007, including Crocker Corporate Center (across from Crocker Park) and The Elk and Elk Building (in Landerhaven). Landerwood Crossings 51,000 square feet opened in 2008, anchored by Smith Barney, has no space available now that Majestic Steel USA has signed for 21,000 square feet. Total suburban inventory now accounts for 52% of the Cleveland market with 18.2 million square feet. The Cleveland suburban office market continues to expand



toward Akron in Hudson, Twinsburg, Streetsboro and Richfield.

Suburban vacancy peaked in 2002 and 2004 at 18.6% and 19.0% respectively. It changed direction several times during the past few years and was 16.6% at the end of 2008. Vacancy rates in the mid to high teens continue to provide opportunities for tenants wishing to expand or relocate to negotiate good deals.

Average asking lease rates varied around the \$17 per square foot per year range from 2003 to 2006 with rates for the highest quality buildings reaching \$24, the peak rate in 2000. Last year, the average settled at \$16.88 with the highest at \$29. The reason why the average is so low is the weighted average of Class A, B and C space with the highest amount of vacancy is in the lower priced Class B space. It is anticipated that lease rates will decline during 2009 and stabilize in 2010 as vacancy rates react to business conditions.

There are six submarkets in the suburbs. The east and south, each over five million square feet, account for 60% of the inventory and historically command the highest lease rates. Their vacancies are 11.8% and 22.3% respectively, actually the lowest and highest of the two largest suburban submarkets. The actual lowest is the Solon (southeast area) at 9.9%. The health of these two submarkets is due in large part to the success of many small to mid-size, privately held companies based there. The south market's continued high vacancy is due mainly to vacancies created by

the AirGas acquisition of Linde and NovaStar's departure at 6200 Oak Tree Boulevard in 2007, as well as slow recovery of the kinds of firms that characteristically occupy the Rockside area, mainly technology companies. The west suburbs vacancy increased slightly, with the completion of new office spaces at Crocker Park and Crocker Corporate Center, and is currently 22.3%.

The 2009 Cleveland Outlook bar chart forecasts a somewhat challenging year for the office market.

#### Northeast Ohio Industrial Market Outlook

By David Ford, CCIM  
Senior Associate, Industrial Properties  
CB Richard Ellis



Following a healthy first quarter, the 2008 Cleveland Industrial Market ended with more questions than answers. The effects of the global credit

crisis, the uncertainty of the automotive industry's future, as well as the outcome of our auto-dependent manufacturing market have yet to be resolved. Major credit-driven transactions and investment sales have all but stopped following the Wall Street meltdown. The last significant industrial portfolio transaction in the region was the sale of the GEIS Companies' 800,000-square-foot portfolio to the Harbor Group – Chelms Properties investment group.

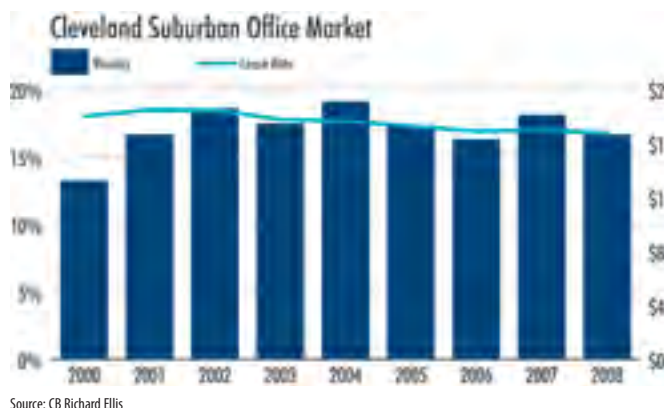
Despite the uncertainty of the overall economy throughout the fourth quarter of 2008, Cleveland's vacancy remained low in relation to the national market and rental rates were stable to moderately lower. Statistically, fourth quarter 2007 to fourth quarter 2008 showed a decrease in average lease rates from

\$4.71 to \$4.54 per square foot and a slight increase in availability rates from 6.45% to 6.47%. Year-to-date total activity was significantly lower at 5.4 million square feet versus 7.5 million square feet in the previous year. New construction activity between 2007 and 2008 remained steady, under one million square feet.

Some of the significant market activities of 2008 that will impact 2009 include:

- First Industrial Realty Trust maintained their commitment to the Northeast Ohio market with the acquisition of the 257,000-square-foot Consolidated Plastics plant in Twinsburg.
- Industrial Realty Group continues to invest in our market

– Stuart Lichter, with local development partner Chris Semarjian, announced major progress with their five acquisitions from 2007, including the nationally significant Goodyear Headquarters project, Euclid's Argo Tech property, Canton's Hoover facility, the



Quarries project in Amherst and the former Ford Motor Company Lorain facility.

- Ray Fogg Building Methods announced plans to acquire the 80-acre Chase Brass/PMX site in Euclid from Commercial Development with assistance from the Clean Ohio Fund for Brownfield's redevelopment.
- Premier Development Company (Ross Farro and Spencer Piszak) continue to make their presence felt in the industrial market. They recently completed three projects in Glenwillow including Dot's build-to-suit office and distribution facility, a 130,000-square-foot speculative multi-tenant building, and the construction of Interdesign's new headquarters. They also acquired the 320,000-square-foot Dedicated Logistics facility on Grant Ave.
- Conclusion of the GEIS-Weston partnership with the completion of Diamond Center in Glenwillow, a 400,000-square-foot, state-of-the-art distribution speculative building, which will provide bulk warehouse users an excellent leasing opportunity.

Until there is a resolution for the automotive bailout plan in the first quarter of 2009, the future of our industrial market will be uncertain at best. If the automotive producers or Tier 1, 2 or 3 suppliers decide to close major facilities in Northeast Ohio, we will see an increase in available space, which will draw the remaining tenants in the market from newer, higher-priced facilities to lower-cost redevelopment spaces. The sizeable vacancies resulting will hold down prices, putting all landlords in tight price competition to the benefit of tenants.

As a result of the credit crisis, we expect to see opportunity for non-institutional, cash (or lower-leveraged) investment buyers to take value-add positions in our market.

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expect to see more LEED-certified construction projects as developers and users seek to differentiate themselves from the competition and save resources through efficient building methods and operations.

Despite the economic environment, our outlook remains positive that we will accomplish projects like the Medical Mart and relocation of the Port of Cleveland, which will attract medical device manufacturers and improve transportation infrastructure for the region. Northeast Ohio has world-class expertise in advanced manufacturing systems and we expect to benefit from the new administration's commitment to new energy technology, national infrastructure improvements, access to clean water from the Great Lakes and opportunities to utilize a highly-skilled labor force.

## Northeast Ohio Retail Market Outlook

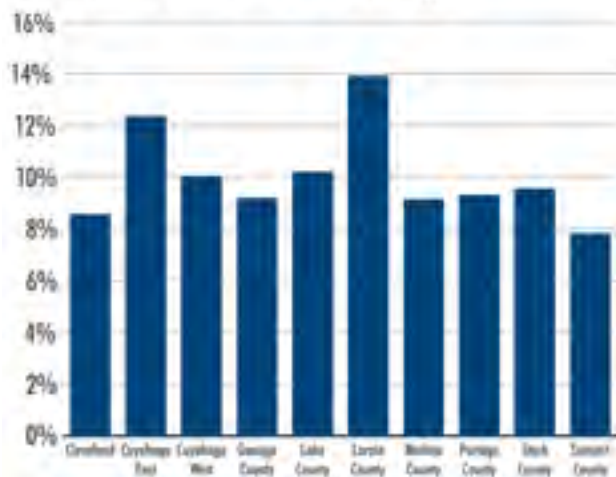
By Keith Hamulak  
Senior Associate, Retail Properties  
CB Richard Ellis



Greed is *not* good, Mr. Gekko. The bankers, retailers and investors that listened to you are realizing their mistakes. It is too late for them to make it right. Instant gratification. The money is gone. Now what? Regret, remorse, resentment. Mr. Banker regrets not doing thorough due diligence on the property. Mr. Retailer has remorse for opening another store within three miles of two other locations, and investors across the country resent the commercial real estate sector altogether.

Black Friday numbers were weak and for many retailers, this will be their last holiday season in business. Several retailers had credit lines terminated before Thanksgiving and were unable to purchase inventory to sell during the holidays. Their fate has been sealed

## Northeast Ohio Retail Vacancy



Source: CB Richard Ellis

and liquidation is the only option. It comes as no surprise that U.S. retail store closures are at a six-year high and vacancy rates are expected to increase substantially. Regional malls and power centers are expected to experience the highest increase in vacancy, followed by

lifestyle and grocery anchored shopping centers. Northeast Ohio will experience vacancy increases in all counties making up the Cleveland Metropolitan Statistical Area. Asking rental rates are expected to fall by 20% or more and motivated shopping center owners could include tenant improvement allowances that will not be amortized into the lease. The landlord market that has existed since 2002, which drove grocery anchored centers' rental rates into the mid \$20's for secondary markets and mid \$30's for primary markets, is no longer sustainable.

Unsophisticated or neophyte investors acquired triple net leased assets in Northeast Ohio at a record pace over the past five years. The investment medium provided a predictable income stream and a fixed rate of return. Many

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of these triple net leased assets are occupied by casual theme restaurants, the single most affected retail sector in this recession. As casual theme restaurants file bankruptcy and reject leases,

look for owners to try and replace the tenants with regional or local restaurant operators to take advantage of the existing infrastructure and maximize value. If a restaurant tenant cannot be

identified, look for owners to return the property to the lender for the value of the land.

Retail activity will slow dramatically in 2009, except for a couple of retailers. Trends to look for will include automotive aftermarket, discount stores and contractually obligated franchisees actively pursuing and consummating deals in 2009. Expect new construction activity to be at the lowest levels in more than a decade.

On a positive note, there will be opportunities amid the recession. Shopping center acquisition opportunities will become more transparent in the first and second quarters of 2009. Investors familiar with purchasing mortgage instruments are the most likely beneficiaries of this real estate cycle. Investors with cash will have the opportunity to acquire discounted assets from highly leveraged organizations. In closing, the recession will facilitate a correction that is necessary for a sustainable real estate market to prosper.

### Northeast Ohio Equity Market Outlook

By Vicki Maeder, CCIM

Vice President, Investment Properties  
CB Richard Ellis



When 2008 began last January, the expectation was that the year would be slower paced with a decrease in sales activity due to the change in the capital markets.

Interest rates at that time were low and spreads were widening. Accordingly, it became more difficult to finance real estate investments, because the lenders in the market were changing as the CMBS markets had or would soon disappear. As each month began to unfold, the bumpy waters that we were in started churning, resulting in an unprecedented cycle.

Those with experience in the cyclical nature of the real estate business were shocked to see the changes that came as major institutions and lenders

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disappeared – household names in the industry seemed to vanish overnight. To find the credit markets almost frozen as the year ended was amazing to say the least.

Although business has not stopped entirely, the volume of deals is significantly down from last year. Several of the larger downtown buildings that had been on the market were sold to well-capitalized buyers. Others were removed from the market to be brought back another day. In the suburbs, the large portfolios that had been offered failed to close as the capital markets tightened further. The individual building sales were of smaller-sized assets than in previous years.

Retail investment sales also suffered, as this product type is now experiencing near-record store closures as a result of bankruptcy and poor sales. Other product types, such as apartment, industrial, hotel and self-storage all are facing many of the same issues in various degrees.

The number of buyers who are active in the market has greatly diminished. It has been very difficult for buyers to underwrite deals based on lending issues. Many lenders have been pushed out of the market, and those who remain are extremely cautious.

Consequently, lending terms frequently change or the lenders back out entirely. More equity is often required along with a personal guarantee. In the meantime, other well-capitalized buyers are sitting back waiting to find the distressed sellers and the value-added opportunities. There is an overtone of “wait-and-see” as to how far property values will fall, and where cap rates will end up. Cash is king, and will continue to be in this next cycle.

Not a very cheerful picture or situation that we find ourselves in at this time of year. The expectation is that 2009 is going to be a tough one, as it is going to take time to balance out and cure the problems that we are faced with in this country. The market will correct itself, but it will take a long time to do so. **P**



## Leaders in Residential Building 2008

Provided by Trista McClelland, Atwell-Hicks Development Consultants

**L**and development consulting firm Atwell-Hicks is proud to provide you with a summary of its 2008 Residential Market Report. The firm has resumed the production and distribution of this report from Calabrese, Racek, & Markos (CRM) in an effort to continue providing critical market data on a quarterly basis. We've implemented some modifications and improvement based on subscriber feedback on previous reports.

The full report is compiled using data obtained directly from the individual building departments in the eight counties which comprise the Cleveland Metropolitan Statistical Areas as well as Stark County. The report covers all housing starts from January 1, 2008 to September 30, 2008. The report does not include any information on apartments.

The Residential Market Report ranks Cities, Builders, and Subdivisions strictly in terms of the number of new homes started and built. This numerical ranking should not be misconstrued as Atwell-Hicks' endorsement of any one particular Builder, Subdivision, or City over another. **P**

*Trista McClelland is a research specialist with Atwell-Hicks Development Consultants. She can be reached at 30575 Bainbridge Rd. Suite 180, Solon, Ohio 44139 or by calling 440.349.2000.*

### Top Cities

County	City	Units
Lorain	North Ridgeville	212
Lorain	Avon City	114
Medina	Brunswick Hills	78
Medina	Avon Lake City	69
Lorain	Berea	68
Cuyahoga	Montville Township	65
Portage	Concord Township	64

### Top Home Builders

Builder	Units
Ryan Homes	771
Pulte Homes	156
Oster Homes	123
Unmistakably Premier Homes	71
Drees Homes	53
Habitat for Humanity	48
Petros Homes	42

### Top Subdivisions

Subdivision	City	Units
Sandstone Ridge	Berea	212
Meadow Lakes	North Ridgeville	114
Pioneer Ridge	North Ridgeville	78
Montrose Park	Copley Township	69
Autumnwood	Brunswick Hills	68
Lake Erie Shores	Painesville Township	65
Cobblestone Park	Montville Township	64

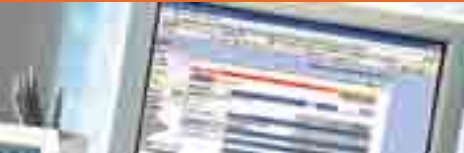


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# Construction Outlook 2009

## McGraw-Hill foresees continued decline in construction starts throughout 2009

The upheaval in the financial markets during September and October of 2008 has presented the construction industry with its most difficult environment since the early 1990s. With the beginning of the credit crunch a year ago, there was the sense that with each new wave of crisis, the situation could go from bad to worse, as financial institutions absorbed the mounting losses from mortgage-backed securities. The extent to which conditions deteriorated in September, and the actions taken by the federal government to stem the crisis, were startling in their speed and scope.

In early September, the federal government assumed control of the mortgage giants Fannie Mae and Freddie Mac, announcing that it would provide as much as \$200 billion to help them deal with the heavy losses from mortgage defaults. During the week of September 15 the investment bank Lehman Brothers went bankrupt, insurance giant AIG received an \$85 billion cash infusion from the federal government, and investors began to pull out of money market funds. Credit markets locked up, with banks moving to protect their capital positions as they brought interbank lending to a virtual halt. On September 25, Washington Mutual was closed by the federal government in the largest failure of a U.S. bank, and its assets were sold to JP Morgan Chase.

Numerous steps have been taken to deal with the crisis. The federal government guaranteed deposits on money market accounts, and the massive \$700 billion bailout or rescue plan was proposed in an attempt to deal with the problem of toxic mortgage assets in a systemic manner. Congress agreed to a modified rescue package on October 3, in which the bad mortgage debt would be purchased through the Troubled Assets Relief Program (TARP). However, confidence continued to erode, both domestically and globally.

The Pattern of U.S. Construction Starts							
Billions of Dollars							
	2003	2004	2005	2006	2007	2008	2009
<b>Total Construction</b>	531.6	593.2	670.2	689.6	634.4	555.5	514.6
	+5%	+12%	+13%	+3%	-8%	-12%	-7%
<b>Single-Family Housing</b>	242.3	282.7	315.5	272.4	201.2	128.8	126.6
	+13%	+17%	+12%	-14%	-26%	-36%	-2%
<b>Multifamily Housing</b>	41.0	50.4	68.5	70.0	62.9	44.0	41.4
	+19%	+23%	+36%	+2%	-10%	-30%	-6%
<b>Commercial Buildings</b>	58.8	67.2	72.2	93.0	99.8	89.8	79.0
	-1%	+14%	+7%	+29%	+7%	+10%	-12%
<b>Institutional Buildings</b>	90.3	89.1	100.1	110.6	116.6	124.4	121.0
	0	-1%	+12%	+11%	+5%	+7%	-3%
<b>Manufacturing Buildings</b>	6.9	8.0	10.1	13.6	17.5	29.6	20.3
	+25%	+17%	+26%	+34%	+28%	+69%	-32%
<b>Public Works</b>	83.5	88.2	96	112.5	120.9	114.8	109.5
	-5%	+6%	+9%	+17%	+8%	-5%	-5%
<b>Electric Utilities</b>	8.9	7.4	7.9	17.5	15.5	24.0	16.8
	-25%	-17%	+6%	+123%	-12%	+55%	-30%

Source: McGraw-Hill Construction

On October 8, the U.S. and other nations conducted a coordinated cut in short-term interest rates. On October 10, the U.S. Treasury indicated that it would more directly inject capital into banks through the purchase of bank stocks, as part of the \$700 billion rescue package.

Will these unprecedented efforts work? Investors had substantial concerns on this matter during October, as shown by the wide swings and losses in the stock market. The important point is that these efforts will require time to have an impact, and in the near term (i.e., the end of 2008 and early 2009) the news about the economy will show continued weakness. After 1.6% expansion in 2008, the U.S. economy is anticipated to grow just 1.0% for the full year 2009. The GDP reading at the start of 2009 will be flat to negative, but with improving liquidity in the financial markets GDP growth should move back to the 2% to 3% range by year's end.

The easing of the financial stress will take place gradually, and next year will still be a tough funding environment for commercial buildings, particularly for those developers seeking to refinance short-term debt. State and local governments have also been affected by the tough funding environment, and in some cases are beginning to defer construction projects.

Against this backdrop, it's forecast that the overall level of construction starts in 2009 will slide another 7% to \$515 billion, after the 12% decline in 2008. The following are the main points for next year's construction market:

- Single-family housing for 2009 will be down 2% in dollars, corresponding to a 4% drop in the number of units to 560,000 (McGraw-Hill Construction basis). This is a less severe reduction than what took place during 2007 and 2008, as the various steps taken to stabilize the housing market, such

as shoring up the financial positions of Fannie Mae and Freddie Mac, finally have some positive impact on mortgage availability.

- Multifamily housing will retreat 6% in dollars and 8% in units, after the sharp plunge witnessed during 2008. Tight credit and weak employment are the negatives for the multifamily sector, but it's also expected that a recapitalized Fannie Mae and Freddie Mac will continue their efforts to provide additional liquidity for rental housing development.
- Commercial buildings will drop 12% in dollars and 15% in square feet, similar to the declines experienced in 2008. Stores and warehouses will continue to lose momentum, the office correction will be steeper, and hotel construction will finally pull back after its lengthy boom.

The tight credit market means even greater scrutiny of projects by lenders at a time that market fundamentals are deteriorating.

- Institutional buildings will slip 3% in dollars and 6% in square feet, as the financial crisis affects funding coming from states and localities. School construction has been supported by numerous bond measures passed in recent years, although financial stress will cause more of these projects to be deferred in the near term. The other institutional structure types, such as healthcare facilities, will also weaken in 2009.
- Manufacturing buildings will plunge 32% in dollars after an exceptional 2008 that was lifted by the start of several massive oil refinery expansion projects. Investment in new plants will be restrained by tight

credit and diminished capacity utilization in a slow economy.

- Public works construction will fall 5%, given flat funding at the federal level combined with restraint by state and local governments. To help the stalled economy, Congress may push through a second stimulus bill that provides money for infrastructure work.
- Electric utility construction will retreat 30% after surging 55% to a near record amount in 2008. The level of construction starts estimated for 2009 would still be the fourth highest this decade, and activity related to alternative power generation such as wind and solar will stay brisk. **P**

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## Delayed Economic Recovery Expected, According to Colliers Int'l Client Survey

**A**mid what's been a crippling credit crisis, real estate investors look toward 2009 with marked conservatism and caution, believing a bounce-back should not be expected until well into next year. This is according to a survey conducted by Colliers Investment Services Group, a division of Colliers International, a leading global real estate services firm. Despite an overarching wish for a more liquid market, the consensus among investors is that transaction volumes will not pick up until Q3 2009, at the earliest.

Colliers' survey and resulting 2009 outlook indicates that 22% of investors foresee being active buyers in the first half of 2009, but an overwhelming 78% said they wouldn't venture back into the market until the latter half of the year. A number of concerns govern this majority mindset. Deflation is a major issue, and many investors believe values will continue to trend downward well into the coming year. The frozen credit markets are an ongoing stressor, as well, and have left many investors "sitting on the sidelines" and carefully guarding capital, effectively in a state of avoidance until the debt markets reopen. On the flip side, sellers are also relatively non-participatory, being quite resistant to sell at today's prices.

"Even with extensive monetary and fiscal stimulus by U.S. policymakers and others, including the recent historic Fed rate cut, the banking sector has undergone significant damage, and this has greatly diminished the appetite for lending," says Bob Pinkard, chairman of Colliers Pinkard, the Washington, D.C.-area affiliate of Colliers International. "Deleveraging is underway in all asset classes, and the U.S. commercial real estate market is no exception."

This scenario, however, will not last forever. In the coming months, the credit markets will begin to stabilize, as will the economy, and investors will begin dipping their toe back in the water. Colliers foresees very little in the way of new commercial real estate construction in 2009 and ongoing weak demand for all types of space – but leases will be signed and properties will trade hands, albeit on a more limited scale.

"Who will be buying and selling in 2009? In every downturn, opportunistic

buyers have always stepped forth," says Ross Moore, Colliers International's executive vice president of market & economic research. "High net-worth individuals, off-shore investors and private equity groups will be scouring the market in search of attractively priced properties. Institutional investors with a long-term investment horizon will also be availing themselves of the opportunities that are certain to arise, even if the near-term outlook is gloomy. Sellers will include lenders looking to off-load assets they no longer want to carry, private investors seeking to free up capital for other uses, institutions that aren't prepared to actively manage impacted real estate, and finally funds that will have been forced to liquidate as investors call in redemptions."

So what will prompt participants' re-entry into the market? Colliers' survey respondents cite available debt, some semblance of stability in the job market, a sense that we've hit bottom and a pick-up in sales volume – which would provide the comparables so sought-after by investors.

Indeed, as 2009 unfolds, the market will show new glimmers of stabilizing, but much of the year will be spent trying to re-price assets and determine the "new" value of real estate. The CMBS market is unlikely to stage any type of quick comeback, so adequate access to private debt capital will be crucial. Furthermore, successfully refinancing debt that's coming due will be a key element in any return to a "more normal" market. These factors, over time, will be instrumental in establishing a new foundation – and the latter half of 2009 should mark the start of a new beginning for commercial real estate. **P**

*Colliers International is a global affiliation of independently owned commercial real estate firms. This article is the result of an informal survey of clients during Dec. 2008, conducted by Colliers Investment Services Group. Questions were focused on how the current economic and financial conditions have impacted investors and current projections on when and under what circumstances they might re-enter the market as either a buyer or seller. Over 120 companies, consisting of public and private developers, REITs and owners contributed to the survey results summarized here.*

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## Quick Change World



ALEC J. PACELLA

If you are a regular reader of my Financial Strategies column (and shame on you if you are not), you will remember that 2007 was a landmark year in the investment market for Cleveland, with just over \$1.7 billion of investment real estate changing hands. It was the third consecutive year in which the volume eclipsed \$1 billion and by far was the largest volume ever. As we headed into 2008, the market forecast was mixed. The leasing markets were showing good velocity and there was a supply of “hangover” offerings that were on the market but didn’t close in 2007.

But a growing storm was brewing in both the lending market and the broader economic outlook and there was a general uncertainty associated with an election year. As the year wore on, it became obvious that the market would be hard-pressed to repeat its performances of years past. To find out how things shook out and where we landed, read on.

### Brother, can I borrow... anything?

Heading into 2008, everyone knew that the lending world had changed. The crisis in the sub-prime sector was quickly spreading to the traditional segment, causing a growing concern among lenders. But in late second quarter, the movement toward conservatism turned into a landslide and

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resulted in many lenders slamming on the brakes. The impact on the real estate investment market was devastating, as the market went from having five or six lenders for every deal to five or six deals for every lender. And the few lenders that did have the lights on were highly selective and flew toward quality of both buyer and property. The story gets even more bizarre when the broader debt markets are considered. A year ago, the 10-year treasury (a bell-weather rate for commercial lending) was trading at 4.12% and, as I write this in late December, the rate has fallen to an astounding 2.10%. However, rates for traditional commercial real estate loans have actually increased and most lenders have eschewed quoting on the traditional "spread" over a basis and are now quoting with a "floor." Mix in a decrease in loan to value ratios and an increase in debt coverage ratios and the first question on every investor's lips is, "can I get this financed?"

### REIT-reat!


One of the primary catalysts of the investment market over the past few years has been REITs. Unlike the go-go markets of Atlanta, Dallas and Los Angeles, Cleveland historically hasn't been considered a hotbed of REIT activity. But several have been very active here over the past few years, helping to contribute to the record volume of sales activity. And while lenders were hitting the brakes in 2008, REITs were hitting the skids. NAREIT, an industry trade group, maintains a composite index of REITs and this index dropped 85% over the course of the year. This breathtaking decrease in share price created a type of triple-whammy for many REITs. They couldn't acquire assets because any excess capital was needed to help buoy underlying financial fundamentals and pay out their required dividend. They couldn't dispose assets because there was little to no market for their product, particularly given the values that most of these assets have been booked over the past several years. And

they couldn't raise additional capital, as both the debt and the equity markets were unforgiving. The bottom line is that REITs all but shut down over the latter half of the year, as sheer survival took precedent over all else.

### Blue-light special

Over the past few years, the retail segment was leading the charge for the white-hot investment segment. Pricing was aggressive, volume was surging and it was not uncommon for a shopping center to be sold and then resold within a few short years as investors from outside the region rushed in to get

their piece of the pie. The retail segment is still a leading indicator for the investment segment but the picture is quite different now. Helping to paint that picture has been mounting tenant struggles, eroding consumer spending and a dearth of new product built within the last five years. A poster-child for the segment is City View Center in Garfield Heights. The center was purchased in late 2006 at the peak of the market, reportedly at a cap rate of 6%. Since then, the center has lost four of its anchor stores, out-parcel development is at a standstill and the whole immediate area has been on hold. As a

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result, the center's value today is likely a far cry from the \$100 million that it garnered a mere two years ago.

### Jackrabbit start, turtle finish

Heading into 2008, the office segment held much promise. Several high-profile downtown towers were put on the market in late 2007 and these, coupled with the remaining suburban assets that were being marketed by Duke Realty, looked to carry the office segment through a good portion of the year. And the year did get started as planned, with North Pointe Tower, One Cleveland Center and 55 Public Square all trading in the first part of the year. However, this segment's time in the sun was short-lived, as Duke's suburban assets never transferred and office sales over the second half of the year fell off a cliff. So what happened? In addition to the aforementioned issues in the credit market, this segment was viewed with a good dose of skepticism. There was concern about tenant exposure to the banking sector (that proved to be accurate). There was concern that several high-profile, large-footprint tenants had leases expiring in the near term, which could change the landscape of downtown (which also proved to be accurate). And there was concern that new large-scale construction was a distinct possibility (which looked to be accurate but now appears to be delayed). When all the dust settled, the office segment did have the highest sales volume among the primary sectors and accounted for almost half of the total volume. However, this can be considered a hollow victory, as all of its volume was achieved in the first six months of 2008.

### Low stress

Over the course of 2008, the housing market continued to languish, with foreclosures being front and center. But the commercial and industrial markets have been surprisingly resilient. Sure, the sales volume is down and the credit markets are upside down but there have been few distressed sales and even fewer properties participating in the foreclo-

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sure process. There are a few reasons for this disparity. A primary factor is that the underlying real estate fundamentals continue to remain healthy. To be fair, vacancies have ticked up a bit and leasing velocity has slowed, but not enough to cause financial stress. Aiding this has been a limited amount of new speculative construction (retail notwithstanding), which avoided a glut of space being dumped on the market. Another factor is that, for the most part, the current generation of ownership is well capitalized and has used debt with discretion. And finally, although we did see a run-up in pricing locally, it was mild in comparison to the boom markets in the southern and western portions of the U.S. In fact, in a recent study of troubled assets conducted by Real Capital Analytics, Cleveland ranked as the fifth least-risky market, with the riskiest markets being New York, Los Angeles, Las Vegas, Miami and Washington DC. This is

primarily due to over-inflated property values, shaky real estate fundamentals and high levels of leverage associated with these markets.

### Slow but steady

Although the volume was certainly well off the pace of prior years, the deal flow for multi-family properties was steady from start to finish. There are a few reasons for this. As previously mentioned, the housing market languished but this provided opportunity for multi-family, as people continued to be dislocated from single-family homes. Additionally, many chose renting over buying, given the general economic uncertainty. And finally, underwriting criteria was kindest to multi-family properties and this was the one segment that actually had some financing alternatives.

Now that all of our window-dressing is out of the way, it's time for the punch

line: what was the total sales volume for 2008? Drumroll please... \$546 million. When I look at that number, I feel a bit torn. Part of me (the glass half-empty part) feels despair. Last year, our volume was three times greater and it feels like the whole industry took the second half of the year off. But part of me (the glass half-full part) feels relief. To achieve this volume in the wake of a financial meltdown and amidst one of the worst economic crises of our generation speaks to the resiliency of both this market and the people that do business in it. I don't think it can get much worse and, in fact, expect it to get markedly better. But those details will have to wait another month. **P**

---

*Alec Pacella, CCIM, senior vice president at NAI Daus, can be reached by phone at 216.831.3310, ext. 125 or by email at [apacella@naidaus.com](mailto:apacella@naidaus.com).*

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## Real Property Values Are Declining – Is Your Tax Bill?

**D**eclining real property values are taking center-stage in the today's headlines, both nationally and in Northeast Ohio. Have you ever thought about your or your company's real property tax liability in such a context? Are your or your company's real property taxes going down with property value? Understanding the process may help in determining if you should challenge the value attributed to your or your company's real property.

The procedure by which property is valued for tax purposes is set forth in Ohio Revised Code Chapter 5713. Real property is taxed at 35% of its true value, which is referred to as the assessed value for property. The county auditor is charged with adjusting the assessed value of each parcel within a county every three years. There are two different evaluations that occur: "Reappraisal Year" and "Update Year." The Reappraisal Year occurs every six years, and during the Reappraisal Year each parcel is viewed and evaluated based on market conditions. The Update Year occurs three years after the Appraisal Year, and involves re-valuing property without physical inspection. This is often done using computer-

assisted modeling of value changes by neighborhood and type of property within the county. The value of property is based on its condition on January 1 of each year. While 2008 was a Reappraisal Year in Summit County, 2009 will be an Update Year in Cuyahoga, Portage and Lorain Counties, and 2010 is the Update Year for Medina County.

The county auditor's valuation of property may be challenged. Pursuant to Section 2, Article XII of the Ohio Constitution, real property is to be taxed "according to value." Ohio Revised Code Section 5713.03 also requires that each separate tract of property be valued according to its "true value." Section 5713.03 states, in relevant part, that "[t]he county auditor, from the best sources



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of information available, shall determine, as nearly as practicable, the true value of each separate tract, lot, or parcel of real property and of buildings, structures, and improvements located thereon."

This begs the question: How is "true value" of property determined? True value is equivalent to fair market value, which the Ohio Supreme Court in *State ex rel. Park Investment Co.* (1964), 175 Ohio St. 410, has defined as follows:

*The best method of determining value, when such information is available, is an actual sale of such property between one who is willing to sell but not compelled to do so and one who is willing to buy but not compelled to do so. In Re Estate of Sears (1961), 172 Ohio St. 443, paragraph 2 of syllabus. This, without question, will usually determine the monetary value of the property. However, such information is not usually available, and thus an appraisal becomes necessary. It is in this appraisal that the various methods of evaluation, such as income yield or reproduction cost, come into action. Yet, no matter what method of evaluation is used, the ultimate result of such an appraisal must be to determine the amount which such property should bring if sold on the open market.*

In sum, when a property is recently the subject of an arm's length transaction between a willing seller and willing buyer, the sale price of the property will constitute the value for taxation purposes. The determination of how "recent" a real property transaction has to be is determined on a case-by-case basis. Generally one year or less is a good rule of thumb, but the purchase price of property in a transaction occurring later may still be relevant. It is important to note that only the value of real property, not the value of personal property, is considered when determining real property value. It should be noted that an arm's length sale may not be considered evidence of true value if the sale was not arm's length, for example sales involving bankruptcy or lease-backs.

When real property was not subject to a recent sale or such sale was not conducted at arm's length, then an appraisal or other evidence may be necessary to challenge the county's real property value applied to the subject property, especially when the market has drastically declined, as in today's current economy. Generally,

when a recent arm's length sale is not available, there are three other property valuation approaches used in determining true value:

- (1) *Cost Approach to Value* – determines value by estimating the costs to reproduce the improvements to the property based on current prices of labor and materials;
- (2) *Market Approach to Value* – the value of the property is determined by analyzing recent sales of similar properties; and

- (3) *Income Approach to Value* – the value of the property is based on the net cash flow that can be produced by the property, capitalized at the rate of return that would be required based on the risk associated with holding the property.

Given the drastic decline in the real estate market and corresponding real property values, it may be beneficial to review your own industrial, commercial, retail, business and/or residential real property tax liabilities to see if they have also declined. If you disagree

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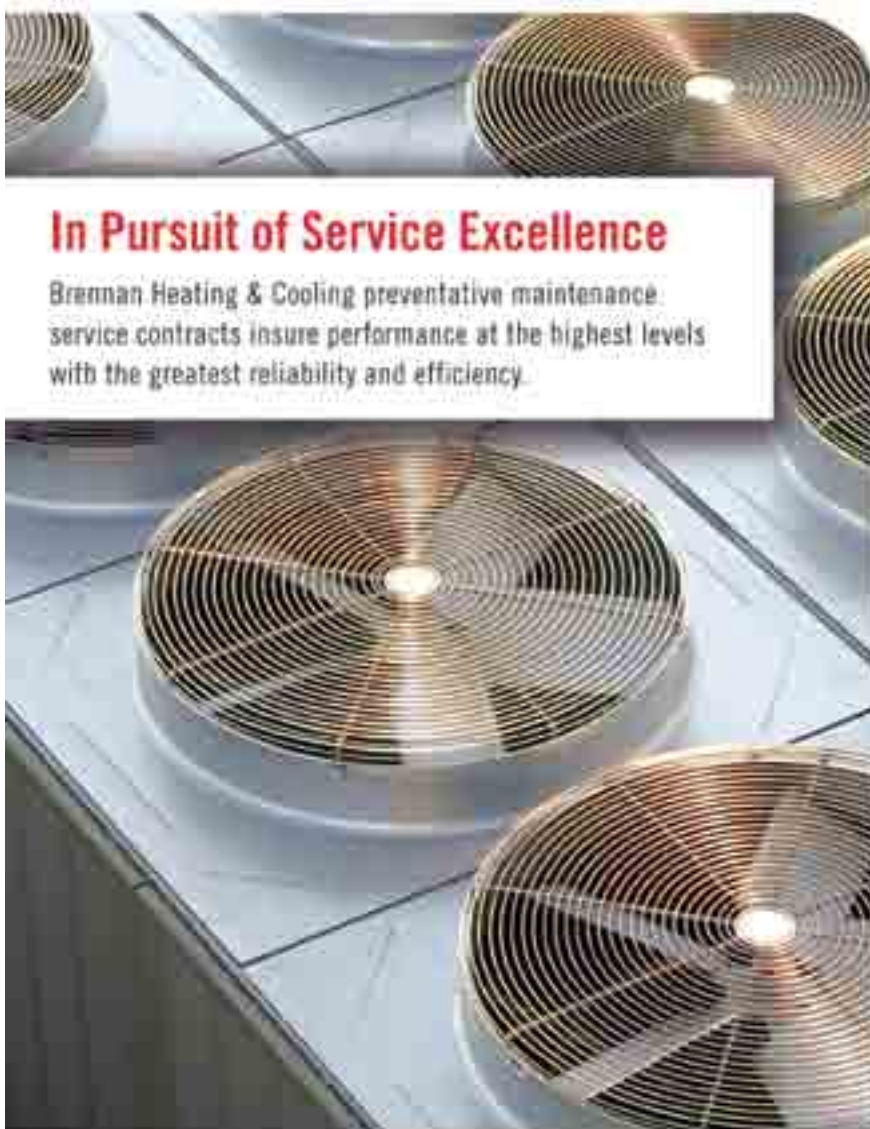
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with the assessed value of your real property, you may file a complaint with your local county board of revision. A complaint must be filed with the board of revision by March 31, 2009. The complaint form is straightforward, and the county provides a form with instructions. A counter-complaint may be filed, and many times is filed, by the Board of Education where the property is located. This counter-complaint must be filed within 30 days after the Board of Education receives notice of the filing of a complaint. If a tax assessment complaint is filed and unsuccessful, the property owner has the right to file an appeal to either the Court of Common Pleas or the Ohio Board of Tax Appeals.

In considering if you will challenge the valuation of your or your company's real property, you must keep in mind that March 31 will be an absolute deadline to file a complaint and failure to file by this date will result in a loss of your rights to challenge the 2009 valuation. The standard complaint form is referred to as Form DTE 1, Complaint Against the Valuation of Real Property. Although the instructions accompanying the complaint indicate that certain non-attorneys may prepare the complaint and file it on behalf of a company, it is important to note that the Ohio Supreme Court has questioned the constitutionality of that provision, and has determined that in many circumstances having a non-attorney prepare the complaint may constitute the unauthorized practice of law, especially if the matter involves legal issues and would involve the questioning of witnesses, such as appraisers. See, e.g., *Dayton Supply & Tool Company, Inc. v. Montgomery County Board of Revision* (2006), 111 Ohio St.3d 926, 927. Consequently, it is advisable to consult an attorney when filing a complaint. **P**

*The material appearing in this article is meant to provide general information only and not as a substitute for legal advice. Readers should seek the advice of their attorney or contact John Slagter at [jslagter@bdbl.com](mailto:jslagter@bdbl.com) or Anthony Vacanti at [avacanti@bdbl.com](mailto:avacanti@bdbl.com) or 800.686.2825. This article may not be reprinted without the express permission of Buckingham, Doolittle & Burroughs, LLP © 2009.*

# A 360° View of Masonry

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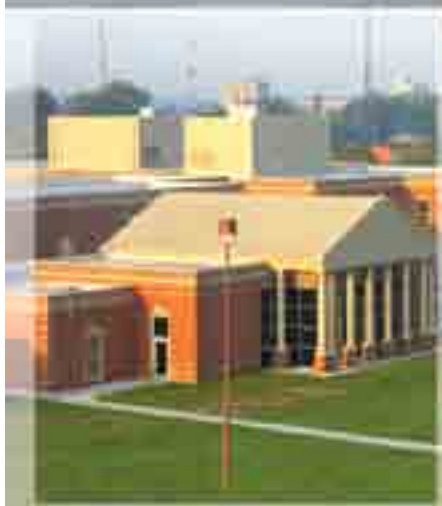
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## Bridging the gap

When an owner wants to build a facility, the most common approach is to hire an architect to design it, a construction manager or general contractor to oversee construction, and specialty contractors to play their parts. Design, manage, build. It sounds pretty simple, right?

The reality is that it takes another component: teamwork. Working toward a common goal – and sharing the information necessary to achieve it – has to be there from the beginning.

Designers not only have to produce appealing and precise documents, but must also pass along their vision to the builders. When you add in tight timelines and budgets, plus increasingly sophisticated building systems, the task becomes even more daunting. How often have you heard, "It looks good on paper, but can it be built?"

Answering that question affirmatively by bridging the communication gap is a top priority at the International Masonry Institute. We do that through our training and educational programs for all the players: building owner, designer, manager, contractor and craftworker.

The following article looks at the educational programs and project services available to the design and construction industry from IMI, to achieve the common goal of quality masonry construction.

To learn how we can enhance your projects, call 1-800-IMI-0988, or visit us at [www.imiweb.org](http://www.imiweb.org).

### Tom Nagy

*Director of Market  
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Technical Services*

**International  
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**CENTER OF ATTENTION** The John J. Flynn BAC/IMI International Training Center (above) in Maryland serves as the national campus of the International Masonry Institute and offers specialized training programs and events, plus education programs for designers and builders.

## A 360° View of Masonry

By Hazel Bradford | Photos courtesy of International Masonry Institute

**H**igh performance building systems, intricate designs, newer technologies, aggressive schedules and tight budgets make collaboration among construction teams more important than ever. To facilitate both collaboration and the end goal of quality, the International Masonry Institute (IMI) provides a full range of services that reach in all directions, for everyone from owners, architects and engineers to construction managers and contractors.

IMI understands the needs of each group because its staff members represent all those professions. “Team IMI” consists of architects, engineers, construction managers, skilled craftworkers and instructors, offering what no other group can: expertise in training, craftsmanship, design, installation and marketing, all in one place.

### Lifelong training

IMI was created in 1970 as a strategic alliance between the International Union of Bricklayers and Allied

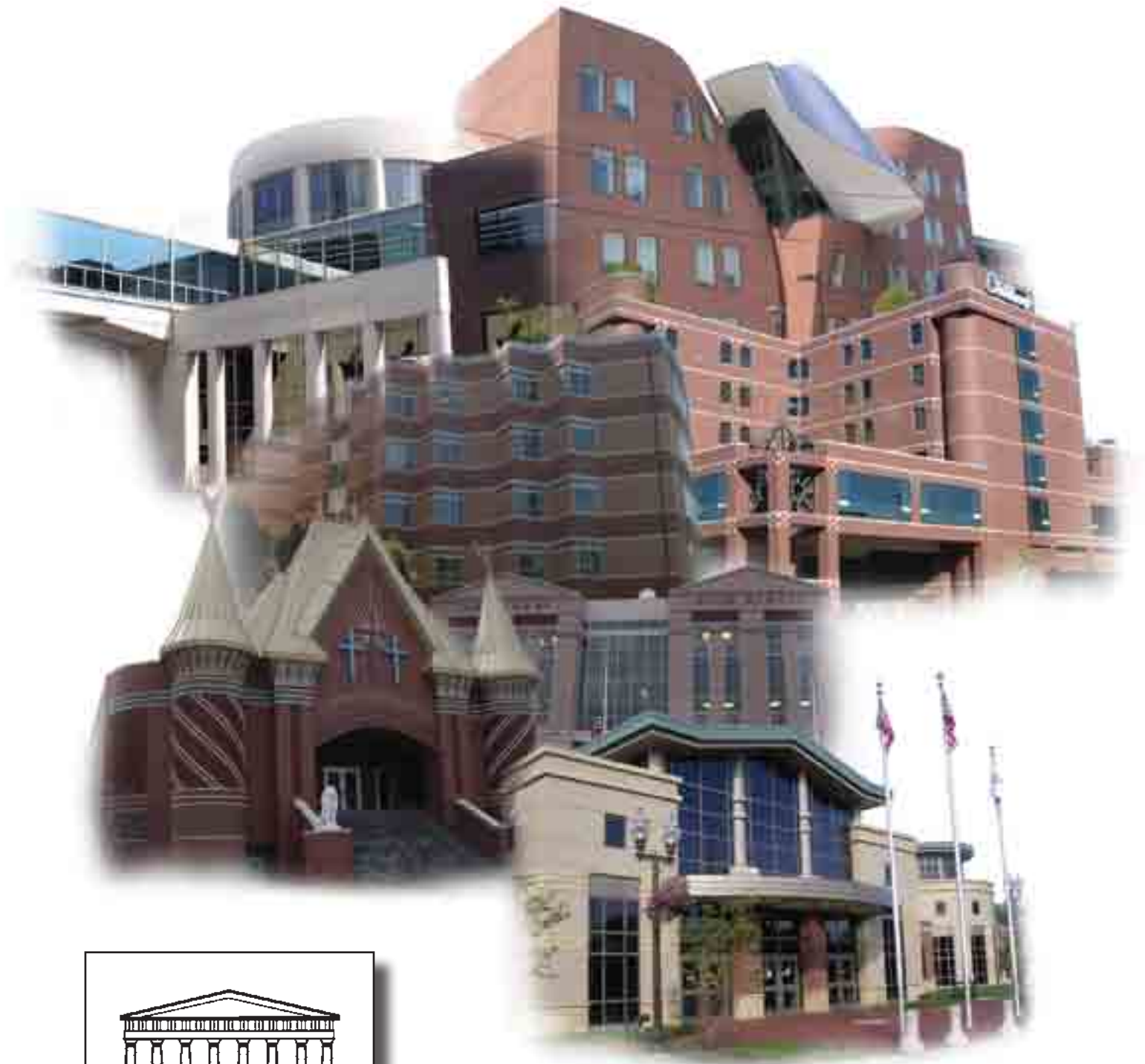
Craftworkers (BAC) and union masonry contractors to promote quality masonry construction. Its core missions are skilled training for BAC members at all stages of their careers, and technical assistance and education for designers and builders.

Together, BAC and IMI operate North America’s only professional training programs in all masonry crafts: brick and block, tile, terrazzo, stone, marble, plaster, cement and restoration. To ensure quality masonry design and construction and an adequate supply of the best-trained craftworkers, IMI provides

a wide range of training at all stages of a BAC member’s career.

Ohio-based BAC members and contractors have the double benefit of two training facilities, one local and one national. The 36,000-square-foot Ohio Administrative District Council/IMI Regional Training Center in Hudson offers apprentice and upgrade training in all the masonry crafts. And IMI’s national campus, the 110,000-square-foot John J. Flynn BAC/IMI International Training Center in Maryland, offers even more specialized training programs and events,

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Photos by Ken Krych

**HOME BASE** Locally, the 36,000-square-foot Ohio Administrative District Council/IMI Regional Training Center in Hudson offers apprentice and upgrade training.

plus education programs for designers and builders.

IMI training begins even before apprentices set foot on a jobsite. The pre-apprentice program provides an intense, full time introduction to their craft. The result is a more confident – and productive – apprentice from the first day on the job. BAC apprentices then spend up to four years taking hundreds of hours of classroom and on-the-job training on both classic and state-of-the-art techniques and materials.

It doesn't stop there. To increase their marketability and value to contractors, BAC members can cross-train in other masonry trades and skills that offer numerous career paths, including instructor, foreman, supervisor, or even contractor.

The trainers themselves embody the BAC philosophy of lifelong learning. In order to be "certified" IMI instruc-

tors, they must complete the 200-hour Instructor Certification Program (ICP), and are encouraged to return for post-graduate updates. The annual program is a unique opportunity for instructors from all over the BAC/IMI training network to polish their technical skills and learn the craft of teaching.

"The classes enabled me to organize better, plan better, and teach better," says Ohio instructor Jeremy Caylor, a 2008 ICP graduate.

Fellow graduate Lee Kurtz agrees.

"It was the greatest experience of my entire working career," Kurtz says.

At all levels of training, safety and health training is mandatory. Another hallmark is flexibility, which lets IMI help designers and managers with custom project needs and to rapidly address changing industry trends. For example, with more attention being paid to overall building per-

## Project Spotlight



Photo by Ken Krych

### Case Western Reserve Dormitories Foti Contracting

One of the best examples of recent masonry building on a large scale was the new CWRU Dormitory Complex. The building program consisted of seven buildings and provides housing for 750 students, which presented some unique challenges during construction, explains Ron Neese of Foti Contracting, an IMI member and specialist in masonry and stone contracting. This was due to the immense volume of masonry and precast stone required for the project, along with the building's design details.

The dormitory's exterior masonry veneer consisted of over one million modular face brick and 5,700 pieces of architectural pre-cast stone that was manufactured by American Artstone Company in Minnesota. The seven buildings featured 14 prominent bay window assemblies made with the pre-cast stone weighing over 7,000 pounds per floor level. These assemblies were installed as a continuous unit from the second floor to the fourth floor roof line and were anchored by welding to steel plate embeds in the building's concrete structural frame. The complexity of the pre-cast design details was such that the shop drawing, engineering and fabrication process took a total of 16 months to complete.

The installation of the exterior brick veneer walls required strict quality control measures due to the design details of its other four component parts. The face brick wall assembly consisted of structural stud back-up with exterior sheathing and a vapor/air barrier system with 165,000 square feet of three-inch rigid insulation and 26,400 lineal feet of thru-wall flashing. The quality of installation was a key factor in maintaining the integrity and design performance criteria of the exterior wall system. The fact that a large portion of the exterior walls were erected during the winter months under temporary weather enclosures required additional measures in maintaining appropriate quality controls. —Ken Krych



## Project Spotlight

### House of Blues Cleveland

#### Anderson Industrial Construction

Working on the House of Blues project in downtown Cleveland in 2004 presented a host of challenges for masonry subcontractor Anderson Industrial Construction, according to President Al Anderson, partly due to a tight design-build fast track method and partly due to the sort of unforeseen elements commonly uncovered when restoring an older building. Since there were no real drawings of the 1950s-era Woolworth's building as reference, some structural issues set the project back nearly six weeks, which was made up during the remaining schedule. Anderson Industrial was responsible for cutting ten new openings for both the inside and outside of the building.

"We discovered mountains of soot and had to install nine concealed angle irons in each new cut opening due to the thickness as we cut into the three foot thick walls," Anderson says, noting that usually in newer buildings only three are required to support the weight of the building. Much of the company's work is unseen now, such as hidden block walls under the music venue's main stage with three speaker openings built in (and which later had to be widened for proper fitting of the sound system). "The brick work on the proscenium on each side of the stage was sand blasted with yellow tinted sand to give it an older rustic look," he says.

The Anderson team was also involved in work along the main entrance along Euclid Avenue, taking great care in patching and matching marble columns seen as one enters the front doors. On the East 4th Street side of the building, the company was responsible for matching up the green marble base at the entrance with new stone. All in all, masonry work was at the core of the restoration project and the beautiful details will be enjoyed by patrons and concertgoers for a long time to come. —Ken Krych



Photo courtesy of D-A-S Construction

formance, journey-level classes cover wall systems analysis and construction. Having a craftworker understand "why" a wall or floor section is drawn a certain way directly contributes to a superior installation.

"You have to offer members all the education possible," says Ohio District Council Director Robert Fozio.

That in turn reassures contractors, designers and owners that skilled quality craftsmanship is alive and well, and can make the difference on their projects. In fact, many Ohio architects who recognize the value of IMI training have included upgrade training and certification right in their project or master specifications.

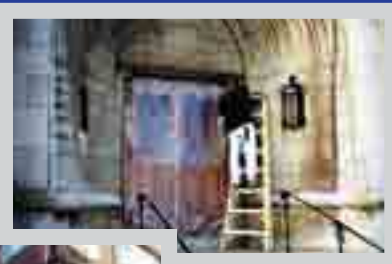
### Contractor education

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business tools for growth and to learn from "best practices." Core modules are Project Management, Financial Management, Human Resources, and Business Strategy/Marketing. Other topics include industry trends, personal finances, and technical masonry issues. For current and potential supervisory staff, IMI has the complementary Supervisor Certification Program.

"A highly competitive construction marketplace demands that subcontractors be equally competitive and well-prepared to serve their role skillfully," says IMI President Joan Baggett Calambokidis.

"I can't put a dollar amount on the value of IMI training," says Alan Anderson, president of Anderson Industrial Construction in Cleveland. "All of my foremen, employees and I are constantly upgrading our training to provide our customers with the most modern, up-to-date installation techniques and give them the biggest bang for their buck. When we show our customers all of our credentials from IMI, they are impressed."

#### Design and technical support

IMI staff architects, engineers and construction professionals provide extensive services for designers and construction managers, including technical design assistance, project-specific consultations, educational seminars and resources, all at no charge.

"IMI assists the construction industry with [its] vast collection of informa-

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**DAY FOR DEMONSTRATION** The recent IMI Masonry Education Day in cooperation with the Ohio School Facilities Commission packed a lot of information into one, fun-filled day for 70 designers and construction managers at the Regional Training Center in Hudson.

tion and resources on any new or old masonry product, from AAC to restoration,” Anderson says. “They are a virtual encyclopedia of information.”


Technical design assistance includes drawing and specification reviews, advice on proper masonry detailing, code compliance and constructability. As any experienced construction professional knows, getting the bugs out early during document development can make a big difference in a project’s success.

An emphasis on best practices informs IMI continuing education programs for the A/E communities, which are accredited with AIA and many other professional organizations. At a recent IMI Masonry Education Day for the Ohio School Facilities Commission, 70 designers and construction managers enjoyed technical seminars on brick, CMU, grouting and reinforcing, masonry movement control, and moisture management, plus a hands-on look

at static mockups and a chance to try their hand at bricklaying.

On the jobsite, IMI directors can serve as the link between the designer and contractor for field items that can be addressed either on site or at the training center. One service popular with designers is having an assembly pre-built, to see firsthand “how the pieces actually get put together.”

To get the best design and implementation, IMI has a Masonry Detailing Series, where scores of floor and wall details are shown in a series of views, including isometric, along with field photos and videos. Other resources



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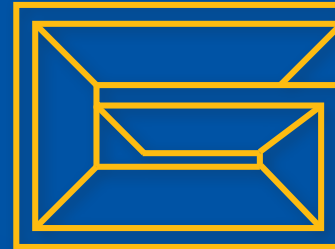
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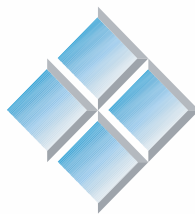
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## Project Spotlight



Photo courtesy of Bostwick Design Partnership

### John Carroll University Dolan Center Foti Contracting

**T**his massive 266,000-square-foot, brick and limestone structure was finished in September of 2003. The Dolan Center for Science and Technology life-sciences building, houses the university's biology, math, computer science, physics and psychology departments that features three story wings with a 45-foot-high, 8,000-square-foot atrium. Collins, Gordon, Bostwick Architects Inc., provided architectural services and it was built under Turner Construction in a style to match the existing architecture of the existing main campus.

Foti Contracting was responsible for the exterior limestone and masonry work. To provide for exterior texture, the limestone building base gives way in relief features such as brick pilasters topped by stone finials and copings along the stone roof line. Stone accents, in fact, dot the entire brick façade. The exterior also features liberal use of stone arches, some open to allow access to arcades and other in-filled with limestone. To the sides of the atrium, exterior terraces with aluminum railing exhibit designs that tie into the arch theme four large brick chimneys house exhaust ducts. With a compressed schedule the need to stay on budget, the designers and constructors found creative ways to meet challenges. For example, along the bottom of the mansard roof line are copper gutters backed by large stone copings, roughly three feet by three feet by six feet wide and weighing about 800 pounds each. Limestone excavation and fabrication covered 14 months, more than half of the total construction timeframe. It was shipped from out of state and much of the detail cutting was by hand. It was one of the largest scaffolding jobs in Cleveland's recent history with the center's entire perimeter enclosed.

When completed those touring the center had marveled at the craftsmanship needed to make the building so functional and pleasing to the eye. —Ken Krych



**LOCAL COLOR** The terrazzo floor at Ohio University's Baker Center was the Grand Winner of IMI's 2007 Ohio Golden Trowel Awards.

include Technology Briefs and the IMI Toolkit, which offers answers to a wide range of common questions and demonstrates best practices.

"The IMI team assures designers that the end product will be a long-lasting, maintenance-free building for their customers," says Larry Lencyk, president of Lencyk Masonry Co. in Youngstown. "As a contractor, I want the buildings that we work on to be built with the most up-to-date design details. No one does that better than IMI."

Another innovation is IMI Masonry Camp, where young masons and architects spend an intense week together learning the masonry crafts and the value of collaboration. "You really got to explore what it is that you are drawing," says Warren Bath from Steed, Hammond, Paul Architects in Columbus.

### Building masonry's future

For masonry and the construction industry in general, the future depends on creating new opportunities and embracing new technologies. That is why a major initiative at IMI involves

exploring new products and sharing the information with decision makers, as well as providing the critical confidence in proper installation. The IMI LEED Checklist shows how masonry can be an important part of any sustainability strategy.

Another exciting new contribution from IMI is structural design software for load bearing masonry or hybrid masonry/steel. It offers engineers the superior solution of a good, solid wall, at a 10% cost savings over steel frame/stud wall construction.

### Golden Trowel Awards

After all these efforts to promote quality masonry construction, it is a pleasure to recognize excellence in design and construction with the Ohio Golden Trowel Awards program. Last year brought more than 80 entries in 10 categories, judged by a jury of industry leaders. **P**

For more information on the International Masonry Institute (IMI), call Tom Nagy at 440.526.6310.

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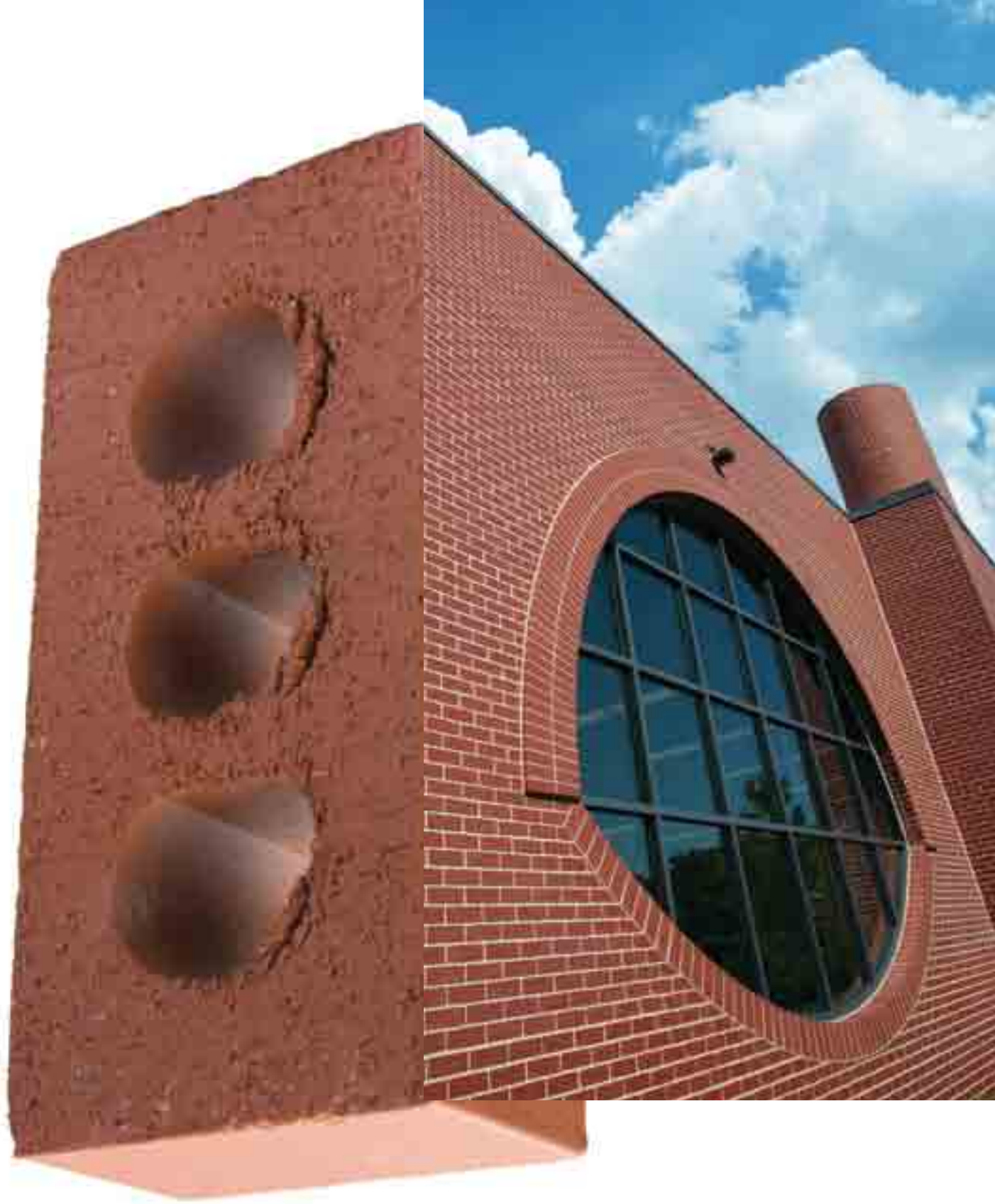
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## Fidelity Voice and Data Wins Weatherhead 100 Award

Fidelity Voice and Data, a Beachwood-based voice and data service company, recently became a Weatherhead 100 winner for 2008. Since 1987, the Weatherhead 100 has been one of the most recognizable and significant accomplishments that can be achieved by any Northeast Ohio business, showcasing the fastest growing companies in Northeast Ohio. Recognized organizations must demonstrate consistent growth over the previous five years.

"We are thankful for the efforts of The Weatherhead School of Management at Case Western Reserve University and the Council of Smaller Enterprises (COSE) for recognizing and honoring the success of entrepreneurs through the Weatherhead 100," says Robert Marks, president and co-owner of Fidelity Voice and Data. "I am especially grateful for our entire team at Fidelity whose tireless dedication to client service has helped us achieve our success."



Robert Marks and Mitch Marks

Annual Awards & Installation Banquet in December at the Hyatt Regency Cleveland at the Arcade.

The HBA's 2009 President Jeff Budzowski, president of award-winning custom homebuilder Tower Park Construction, was sworn-in by 2004 HBA President William A. Sanderson. Sanderson also swore in the 2009 Executive Committee and Board of Trustees.

Also announced were industry awards for high achievement throughout 2008. The "Builder of the Year" award was presented to Enzo Perfetto, of Enzoco Homes, and Chris Tsonton, of Pepperwood Signature Homes. "Remodeler of the Year" went to Ken Badalamenti, of Riviera Construction. The "James Garvey Associate Member of the Year" award was presented to Diane Schmidt, of Wells Fargo. The "Committee Chairperson of the Year" honor was awarded to Enzo Perfetto, of Enzoco Homes. The "Presidential

## ALL Erection Moves to New Corporate HQ

ALL Erection & Crane Rental Corp. recently announced the move of its corporate headquarters offices to a new building at 4700 Acorn Drive in Independence, just a few miles up the road from its former headquarters at 7809 Old Rockside Road. The company's equipment yard and its engine, hydraulic, paint, welding and fabrication shops, plus maintenance

and service departments, will remain at the previous site alongside the Ohio & Erie Canal Corridor. The move will provide room to expand the office space for the growing company, while still keeping them within three miles of their equipment yard.

The original property on Old Rockside holds the history of the company. On that land in 1964, ALL Erection began renting a single crane from a trailer. The business grew, and in 1975 built the

original headquarters building, which will now house the company's parts and service departments. Today ALL Erection has more than 1,100 employees and more than 30 locations in 13 states and Ontario, Canada.

## HBA Hosts Awards & Installation Banquet

The Home Builders Association of Greater Cleveland recently installed its 2009 officers at the 65th

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Hammer Award," given to an HBA member that has greatly contributed to the building industry throughout his or her career, was bestowed upon William Martin, of Barrington Homes. Presidential Awards of Merit were presented to the following for their outstanding effort and contribution in the year 2008 for the benefit of the HBA: Rick Colwell (Little Mountain Homes), Gregg Finkler (Finkler & Company CPA's), Jerry Johnson (Coldwell Banker Hunter Realty), and David Payne (Payne and Payne Builders).

The Leo Goldberg award, voted on by builder members of the HBA and given

to the financial institution that has made great strides in the building industry for the year, was given to Third Federal Savings and Loan.

## The Blue Book Announces Expansive Print Distribution

The Blue Book is preparing to print the 2009 editions of its regional directories, celebrating the company's largest distribution in its 96-year history. Over 800,000 copies of The Blue Book will be delivered – free of charge – to qualified construction buyers nationwide this month.

The Blue Book's current product offering now features a stable of innovative online services at [thebluebook.com](http://thebluebook.com),

including BB-Bid, the company's free online project communication network.

Additionally, The Blue Book has enhanced its website, introducing tools to help users search, sort and save their contacts.

## Vocon Project Achieves Gold LEED Certification

The Weather Channel has achieved a Gold LEED®-New Construction certification by implementing many innovative strategies and tactics in the construction of a new earth-friendly HD broadcast facility designed by Vocon Architecture of Cleveland and URS Corp. of Columbus. Two examples of pioneering initiatives at the Atlanta,

Georgia building are the use of heat from studio lights to warm the building and an underground pond which pumps out water only when nature itself doesn't send rain to irrigate the landscape.

The Weather Channel received LEED (Leadership in Energy and Environmental Design) Gold certification by the U.S. Green Building Council (USGBC). LEED is the USGBC's leading edge system for designing and constructing a sustainable, energy efficient, and high performing building.

Construction for the 12,500-square-foot facility, which adjoins the company headquarters, began in May of 2007 and was completed in January of 2008. **P**

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HOWARD LICHTIG

## Commercial Real Estate Outlook Dampened

**W**ith the exception of cash transactions, investment activity in commercial real estate sectors is nearly at a standstill because commercial lending has essentially halted, while job losses are curtailing the demand for space, according to the National Association of Realtors (NAR).

NAR has noted that although access to residential mortgages has improved, the opposite is true for commercial loans. NAR believes that we need liquidity for commercial mortgage-backed securities not only to free the market, but also to rollover existing debt.

Additionally, NAR notes that default rates on commercial real estate loans are very low by historical standards. However, commercial defaults could deteriorate significantly without a prop-

erly structured stimulus that addresses liquidity for commercial mortgages.

NAR recently released their forecast analyzing quarterly data in the office, industrial, retail and multifamily markets.

### Office market

Office rent is likely to contract next year as erosion in the job market curtails demand for space. Vacancy rates are projected to increase to 16.4% in the third quarter of 2009 from 13.4% in the third quarter of this year.

Annual rent in the office sector is expected to slip 0.4% this year and decline another 3.6% in 2009.

In 57 markets tracked, net absorption of office space, which includes the leasing of new space coming on the market

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as well as space in existing properties, is seen at 12.3 million square feet this year before contracting by 63.0 million in 2009.

### Industrial market

The industrial sector has been holding up fairly well based on the strength of exports, but the global economic slowdown will take a toll. Vacancy rates in the industrial sector are forecast to rise to 12.1% in the third quarter of 2009 from 10.7% in the third quarter of this year. Annual rent is estimated to ease down 0.8% this year and decline another 4.0% in 2009.

Net absorption of industrial space in 58 markets tracked should total a negative 57.2 million square feet this year and a negative 134.9 million in 2009.

Many obsolete structures remain on the market because much of the new construction has been built to suit specific needs.

### Retail market

Declines in consumer spending are impacting the retail sector. The retail vacancy rate will probably be 12.7% in the third quarter of 2009, up from 9.8% in the third quarter of this year.

Retail markets with the highest vacancies include Detroit; Columbus, Ohio; and Fort Worth, Texas, with vacancies of 15.6% or higher. Average retail rent is expected to contract 2.0% in 2008 and fall another 7.3% in 2009.

Net absorption of retail space in 53 tracked markets will likely shrink by 7.3 million square feet this year and contract by another 35.7 million in 2009.

### Multifamily market

The apartment rental market – multifamily housing – continued to benefit from weak home sales. Multifamily vacancy rates are forecast at 5.8% in the third quarter of 2009, unchanged from the third quarter of this year.

Average rent is projected to grow 2.9% in 2008 and 2.8% next year. Multifamily net absorption should be 24,400 units in 59 tracked metro areas this year and 142,000 in 2009. **P**

---

Howard Lichtig is chairman of the board for the Cleveland Area Board of Realtors.

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## When Taxpayers Need Relief Now, Government Help is Only Years Away

**P**roperty owners will soon be receiving their property tax bills and many will need relief from the troubled economy. In a down market, the inevitable property tax bill is hardly the holiday greeting taxpayers would like to see in the mail. Tenants facing headwinds in their businesses are unable to pay higher rental rates or occupancy costs, which brings on lower rents and concessions to attract and keep tenants. Property values have dropped, capital markets have dried up and many commercial property owners need immediate tax relief to be able to remain competitive or to simply remain viable. The problem is that the tax appeal process takes years. To effectively combat your real estate taxes it is essential to understand the process.

Why does it take so long for tax relief and what can be done to help now when it is needed most? In larger counties the process takes at least a year and often two to three years. If a taxpayer were to file a complaint in January the complaint would be sent to the Board of Education (BOE) until at least the end of April. The BOE then has 30 days to file a counter complaint contesting a value change. If your complaint is one of the first of thousands of complaints,

the earliest your complaint would be heard is in June. The county however does not have hundreds of tax complaints; they are processing thousands. What makes it worse is that your tax assessment is not simply decided by the county but your local board of education has a lot to do with your fate.

In Ohio, boards of revision initially set up for informal and speedy relief have evolved, for commercial taxpayers, into merely the first step in



Paul Stark and Brian Stark

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lengthy litigation. In part, the delay is due to the hiring of attorneys by many school districts to contest taxpayers claims seeking relief. The intervention of the school district into the assessment process creates litigation with three parties arguing the value over a single property.

The process does not help taxpayers, the schools or the county. Auditors whose job it is to set the values are nearly rendered helpless in the process. Even where relief has been immediately obtained from the county, the schools not wishing to lose tax dollars or seeking to increase assessments will often appeal the decision to the state Board of Tax Appeals (BTA). An appeal to the BTA will tack on at least another year to the process.

The process is slow due in large part to the school board intervention. The issue is: what can be done to get immediate relief? First, in order to successfully fight your taxes, a well-documented argument is needed. In some instances, that will mean providing the county board of revision with income and expense information and/or comparable sales; in others it may

mean submitting an appraisal with testimony from an appraiser. The choice over hiring an appraisal and presenting your case with market data is not one to take lightly. Knowing the personality and style of the attorneys representing the schools plays an important role. Where the school boards have chosen to look for common ground and recognize the real estate down turn, you may be able to arrive at a solution early on in the process. However, where the schools have decided to appeal many or most of the cases, it is not advisable to produce an appraisal that opposing counsel will have for over a year. Where cooperation is limited, it may be best to delay getting an appraisal and provide it shortly before the BTA hearing. The exchange is often nearly simultaneous with the school board appraisal in accordance with the rules at the BTA. The bottom line is you need to know your opponent to properly pursue proper assessment.

By knowing the school district and the validity of your case, it is possible to make an estimated tax payment rather than to wait for the case to finally come to full fruition. There

are risks associated with an estimated payment. Briefly put, if the tax due as finally determined is not at or below the estimated payment, penalties and interest will be assessed. Failure to state the tax year for which the estimated payment is being made may also result in penalties. Before making an estimated payment consult your tax professional or call the treasurers office to determine if it is appropriate to make such a payment. By understanding your opponents and potentially taking advantage of estimated payments you can effectively get the relief that you need in time to combat the current economic down turn. However, in order to challenge your 2008 tax assessment you must file a complaint no later than March 31, 2009 with the county board of revision. Furthermore, it may be necessary to hire an attorney in order to properly file. **P**

*Kieran Jennings is a partner in the law firm of Siegel Siegel Johnson & Jennings Co. L.P.A. He can be reached by phone at 216-763-1004 or by e-mail at [kjennings@siegeltax.com](mailto:kjennings@siegeltax.com).*



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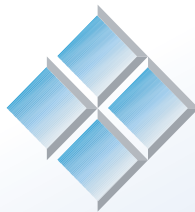
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Photo courtesy of Quadax, Inc.

# Fitting the Bill

## Renovated facility meets needs for Quadax Inc. headquarters in Middleburg Heights

By Nicole Nashar Andrews | Photos by Scott Pease

**F**ounded in 1973 by Ralph H. Daugstrup and his partner Thomas C. Hockman, Quadax Inc. is one of the largest medical billing companies in the country. Applying innovative technology to ensure its clients' success has allowed the company to enjoy continued business growth. This growth prompted Quadax to relocate its corporate headquarters from Fairview Park to a renovated 100,000-square-foot, three-floor facility in Middleburg Heights.

"This is probably the fifth corporate headquarters that we've enjoyed since our founding," says John Leskiw, co-chief executive officer of Quadax. "Our business continued to expand until we outgrew our former headquarters during the 1990s, at which point we started leasing more space outside of the building."

Last July, Quadax moved 325 employees into its new headquarters. The move allowed the company to consolidate operations under one roof, replacing two locations in Westlake as well as its previous Fairview Park headquarters. The new facility sits on 25 acres, which includes five acres of wetlands. Two specialized production facilities located in

Youngstown and Norwalk continue to expand and employ approximately 120 people combined.

For the renovation, Quadax engaged RDL Architects, Mulle + Associates Architects and, as its general contractor, The Albert M. Higley Company. The renovation included the addition of office space, a third-floor conference center, an elevator, many new windows and a clerestory providing lots of natural light, and a stunning front entrance.

With the vision and help of Don McCarthy of McCarthy Consulting, RDL Architects and Mulle + Associates Architects, Quadax spent roughly two months going through rigorous analyses on the viability of this site.

"We knew our lease in Fairview Park expired at the beginning of the summer of 2008, so we started towards the end of 2006 trying to identify a site to construct a building on," explains Charles Foreman, director of special projects for Quadax. "When this building came on the market, however, we quickly evaluated it and recognized its potential. Our owners were excited about keeping a building in play and bringing it up to current specs."

Originally designed by Tufts & Wenzel Architects and constructed in 1979 as the headquarters for Harvest Publishing, the 86,000-square-foot building was purchased by Quadax in May 2007 at which time part of the negotiations



**BRIGHT & WHITE** The open atmosphere at Quadax's new headquarters is accented by a fabric banner system, as well as indirect lighting on the walls, columns and workstation panels.

allowed the existing owner to stay for another six months. Once vacated on October 31, demolition began immediately on November 1 with renovations beginning January 2008, kicking off a fast-track project that had a completion date of July 2008.

Prior to the purchase of the building the architectural team conducted a cost analysis of what the building would

need to undergo in order to meet the required specifications and standards of Quadax.

According to Leskiw, the building has a huge footprint and offered a lot of open space.

"It lent itself towards our business extremely well, because we have a lot of people in an open work-space office environment," Leskiw says.

The building didn't come without its challenges, however, including limited available square footage, little to no natural lighting, worn out mechanicals, and a leaking roof.

### **Adding square footage**

"We wanted to find more square feet inside the building, because although it was an 86,000-square-foot building, there wasn't really 86,000 usable square feet in the building," Leskiw says. "Due to storage and garage space, there was substantially less than that."

"We were getting 70,000 of usable square-feet," Foreman adds.

Quadax asked its architectural team to find more space within the building, or places it could expand the building. RDL felt the existing shell was sufficient enough to meet the needs, if the company would consider some expansion alternatives, such as the mezzanine floors and a third floor.

The structural engineers had to determine that the soil underneath could support the weight of the steel and the structure.

"We discovered through studies that the building was actually over-built," Foreman says. "Beams and the structural foundation were much larger than they

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**LETTING IN LIGHT** The renovation included the addition of many new windows and a clerestory, which provide lots of natural light to enter the building.

needed to be which facilitated us adding the third floor.”

In order to make the third floor work, Higley had to raise the roof in the middle of the building, because the original roof in the center of the building was actually lower than the rest of the roof. This process allowed the team to meet two additional objectives: bringing more light into the building with the addition of the clerestory and also working the conference center and meeting rooms into the third floor, separating it from the rest of the building.

The new third floor, approximately 6,500-square-feet, now hosts five meeting and conferencing facilities which have additional services built in to sup-

port this area including flatscreen TV’s in each conference room, a centrally located kitchen for catering client meetings, Wi-Fi access, and presentation conference room tables.

“In reality, the ceiling was inspirational to the final design,” Leskiw says. “We adopted the recommended modifications because of it being brighter and lighter and dealing with light was important to us.”

In addition to the third floor, Quadax added two call center mezzanine wings within the structure of the facility, totaling 8,400-square-feet with 4,200-square-feet on each side. Quadax added a total of 15,000 usable square feet.

### A grand entrance

The front entrance of the building presented one of the larger architectural challenges of the project. The visibility and descriptiveness of the building was limited from the street due to the landscaping and architecture of the original front. Quadax created a striking 22-foot-high entrance that is dramatic from the street.

“We wanted to make a statement about the quality and strength of our company upon entering our headquarters,” Leskiw says. To do so, the entrance to the building was raised in height and extended in length resulting in a dramatic two story glazed lobby and clerestory along the reception area.

Quadax moved into the building in July 2008 but it took another 30 days to complete the front entrance, so it moved in without the front entrance completed. By August 31, the front entrance was open.

### Raised access floor

Another challenge of the building was that it was constructed with raised access floor, with its most significant purpose to serve as a plan for the distribution of air.

“Our initial intention was to remove the raised floor and put conventional heating and air conditioning in and gain roughly a foot of additional usable space on both floors,” Foreman says. “What we discovered as we proceeded was that re-engineering the building to have a more traditional heating and air conditioning distribution system was

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substantially more expensive that re-inserting the raised access floor and using that as the air handling system for the building. So we ended up getting a whole new raised access floor and re-using it as a distribution system for the building. The other benefit of that was that we were able to use that as space for electrical power distribution, performed data, and cabling distribution.”

### **Parking lot expansion**

Although it initially didn't represent enough parking, the facility had plenty of land and presented the opportunity to build sufficient parking, a challenge that had faced Quadax in their quest for space. Part of the construction included a parking lot expansion, which resulted in adding 75 parking spaces for a total of 425 parking spaces.

### **Maximizing natural light**

An effort was made to reuse windows that were structurally sound, however many of the windows had to be replaced. According to Ron Lloyd, the team took a sensitive approach to working with the existing architecture to retain some of its original fingerprint



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as well as take advantage of some of the building's strengths.

"The sidewalls presented an opportunity to introduce some natural light," Lloyd says. "The tall narrow windows complemented the exterior architecture and added a lot of character to the outside masonry walls."

### Fast-tracking and teamwork

"Our approach is very collaborative," Lloyd says. "We recognize we have two clients, the owner and contractor we need to serve. We have to do whatever we can to facilitate the project and

that requires a lot of coordination and communication with all of the project's team members."

According to Jason Monter, project manager for Higley, "RDL did an excellent job responding to time sensitive inquiries and was very understanding to the deadlines we had to hit to bring this project in on time."

At the start of renovation in early January 2008, Higley started putting in floors and working on interior construction. Higley pushed the envelope in the sense that they started cutting the windows out in March and early April,

and started taking the skylight down prior to originally anticipated, simply because they wanted to ensure they met the required move-in date.

"It was a fast track project, no question about it," Leskiw says. "Higley always had their eye on the weather and they were always trying to plan projects based on when they thought they could accomplish them."

Higley had to stage when the original skylight was going to come off and when they were going to work on those particular areas starting shortly after January. There was enough work within the building from the standpoint of putting the third floor in and the mezzanines that could easily be done during the winter months.

The company also erected the steel mostly by hand since there wasn't a crane small enough to fit through the door.

### Moving the data center

In anticipation of this project, one of the challenges Quadax faced was moving its data center in conjunc-

***"Because of the large open area and limited walls, we had to rely on the floor for color and pattern. We chose a quiet palette that would not get too intense in terms of color application."***

Tim Mulle

Mulle + Architects

tion with moving 325 employees and having the company operational on Monday morning.

"We did analysis of data center hosting and found that it presented significant potential operational improvement for us," Leskiw says. "It had the nice by-product of not having to relocate our data center during our move by getting that done ahead of time and have that all moved such that on Monday, we flip a switch and we are live. It made a lot more sense operationally for us to do it that way."

### Interior color palette

The use of neutral but interesting color ties the large interior space together for a warm unified feel. The carpeting provided the foundation for most of the other color choice selections. Led by Mulle + Associates, Quadax identified the flooring for the main areas.

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## THE SKY'S THE LIMIT.







**SUBDUED HUES** Furniture and carpeting selections bring muted, earthy tones into the building, adding a touch of warmth to spacious, open areas.

“Because of the large open area and limited walls, we had to rely on the floor for color and pattern,” says Tim Mulle. “We chose a quiet palette that would not get too intense in terms of color application. We had to be respectful of the existing conditions including utilizing and maximizing the exposed brick, and being mindful to the fact we were working with a densely populated environment.”

Originally, the building had a multicolor fabric banner system that was suspended from the ceiling, which was still in place at the time of purchase. The project team looked at a lot of ceiling options and settled on a fabric solution.

“We wanted the ceiling to be much lighter and to incorporate indirect lighting in the space, which did not exist before,” says Mulle. To do so, the ceiling structure had to be painted white, and white insulation had to be sprayed onto the metal deck. To create the bright, open atmosphere, Mulle mounted indirect lighting on the walls and columns, as well as the tops of the workstation panels.

Tom Kish, co-chief executive officer of Quadax, says, “Our new headquarter provides a greater sense of teamwork and increased morale now that we have consolidated three locations into one.”

Employees can gather at its cafeteria located on the first floor, or the picnic area located just off the cafeteria, or take in the beautiful view of the woods located in the back of the property. There are also a combined total of three kitchens throughout the space.


The newly renovated Quadax headquarters provides for a bright and conducive workspace for its 325 employees and was built for room to grow well into the future. **P**



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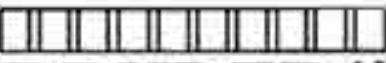
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# Energy Modeling Offers World of Benefits

By Peter J. Kamis, PE, LEED AP

**A**s stricter energy codes of tomorrow loom, architects and engineers are compelled to design buildings today that will be marketable well into the future. And while tenant usage patterns invariably change, it is certain that future buildings must operate more efficiently than they do now in order to remain viable.



Peter J. Kamis

Who will benefit? Everyone:

- Energy efficient buildings are less costly to operate, and lower costs enable owners to offer attractive lease rates to potential tenants. Current studies also seek to measure the correlation between sustainable design practices and their effects on worker productivity and absenteeism. If these correlations are proven, then owners have an especially powerful marketing tool that appeals directly to a tenant's bottom line.
- Companies and organizations that own and occupy their real estate reap significant savings through lower energy costs. The more square footage owned and occupied, the greater the savings.
- Many of today's employees tend to be environmentally conscious; some even choose their employer based on non-traditional factors that include the physical space in which they work.
- Municipalities also stand to gain from energy-efficient trends, since modern, efficient structures are a key selling point to attract businesses and the tax dollars they generate.

Given current challenges facing the construction and real estate industries, the question becomes how to identify potential efficiencies in new or existing structures at a reasonable cost. Luckily, cutting-edge software for modeling energy dynamics makes it much easier for architects and engineers to design efficient buildings at the outset of a proj-

ect, as well as integrate efficiencies into existing buildings.

The process, called energy modeling, forecasts how much energy a building could use based on construction materials and methods, its mechanical systems, its orientation on the site and specific site characteristics, the anticipated requirements of its occupants, and average local climate conditions.

Essentially, energy modeling gauges how specific systems within a building interact. By predicting actual energy use, it helps to determine the best possible integration of systems, thereby pointing designers toward optimal strategies to enhance overall system performance.

Before modeling software was available, energy modeling was a complex, time consuming proposition. But today, it is an extremely useful tool for designing high-performance buildings – and identifying efficiencies in existing structures. Ideally, energy modeling should be implemented at the earliest stages of large-scale new construction. But it also can be used to pinpoint opportunities in structures that are smaller in scale – as well as those that already exist. And though it's applicable for a variety of building systems, lighting and HVAC systems have become popular starting points.

## Seeing the light


Designing proper daylighting is a critical variable in producing energy-efficient buildings. To achieve this, designers seek to reduce the lumen power density (LPD), or the amount of energy utilized per square foot to illuminate a space. Experts agree that the best way to do this is by harvesting natural daylight. When performed correctly with automated lighting control and daylight harvesting techniques, artificial light can be reduced substantially – in some cases, by half or more. The resultant heat gain from that light is also reduced, which, in turn, reduces the HVAC load needed to cool a space.

Through the process of energy modeling, a certified design professional can model and simulate daylight conditions on buildings by inputting data into software that tracks the sun's movement based on geographical and seasonal fac-

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tors. This offers designers and building owners a glimpse into how the building will perform relative to its orientation to the sun. It also provides invaluable data about ways in which the resulting heat gain and daylight harvesting methods can be used to gain additional efficiencies.

### HVAC strategies

For new structures in particular, energy modeling allows designers to compare various mechanical systems at the front end of a project, prior to the final design. Such modeling can factor specific design and equipment information and correlate it to energy requirements of occupants that include anticipated electrical load and desired indoor comfort levels. Local climate and temperature data is then applied. Results estimate specific ways in which

*Energy modeling forecasts how much energy a building could use based on construction materials and methods, its mechanical systems, its orientation on the site and specific site characteristics, the anticipated requirements of its occupants, and average local climate conditions.*

that building uses energy, and from that, designers can estimate its annual operating costs.

### The bottom line

Does the energy modeling process add value for new developments? Absolutely. Would owners of existing buildings be wise to consider it for their properties? In many cases, yes. Whether it's planning a new project or looking for efficiencies in existing structures, energy modeling helps architects and engineers set specific energy efficiency goals for their clients. This, in turn, makes it easier to compare different building and energy use strategies and determine how they impact overall operational costs. Energy modeling has also proven to be an important tool that helps projects attain LEED certification. Though LEED points are not

allocated specifically to energy modeling, it can be applied to one of the four "Innovation" credits that are available as part of the certification process. Additionally, the precise nature of energy modeling helps to better quantify specific lighting and HVAC usage and thus satisfy stringent LEED point requirements in those areas.

That said, most industry experts view energy modeling as a science – and an art. Beyond simply selecting software, it takes a licensed architect or engineer to utilize it successfully. Software may

indeed be the principal "tool" in the process; but the design professional you employ must have the experience and insight necessary to choose the proper data needed for the model, build that model successfully, and then analyze the results and articulate appropriate recommendations. **P**

*Peter J. Kamis, PE, LEED AP, is director of engineering services for HSB Architects + Engineers, a Cleveland-based design firm. For information, e-mail [pkamis@hsbarch.com](mailto:pkamis@hsbarch.com), call 216/586-0229 or visit [hsbarch.com](http://hsbarch.com).*

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## Ready to Grow at Richmond Highlands

### Kowit & Passov headquarters highlights modern office, retail space in Warrensville Heights

By John Elliott | Photos by Frank Salle

**T**he northeastern corner of Warrensville Heights where I-480, I-271 and Route 422 converge has emerged as a hub of commercial development in recent years. Even parcels originally zoned for single-family development are finding commercial use, thanks in large measure to the easy access to the three major interstates.

The Kowit & Passov Real Estate Group recently became both a tenant and a property owner in the area with a set of new buildings on Richmond Road in Warrensville Heights known as Richmond Highlands.

If the name of the three-building development, Richmond Highlands, suggests the better known Chagrin Highlands, a 630-acre corporate community that will house the new Eaton Corp. headquarters and the future home of University Hospitals Health System's Ahuja Medical Center, it's not by accident.

Kowit & Passov wanted to be ahead of the curve in developing office and commercial space in an area that is slated

for rapid development. The 12-year-old commercial real estate development and management firm also wanted to relocate its 35 employees to a more comfortable area, notes Brad Kowit, company president.

As a tenant, Kowit & Passov saw an opportunity to take advantage of the benefits of the proximity to the various construction resources in the area and at the same time have a modernized workspace.

#### A chance to move

The chance to move came about by accident when someone offered to buy Kowit & Passov's headquarters building on Chagrin Boulevard in Beachwood. Partner Brad Kowit welcomed the chance to find more comfortable quarters than the highly congested Chagrin Boulevard strip for his growing company. He noticed a sign advertising seven acres on Richmond Road between Chagrin Boulevard and Emery Road and made an offer. The purchase closed in May and construction followed three months later.

Kowit envisioned four to five buildings. Two buildings facing Richmond would be retail and two to three buildings further back would be offices. A new road was built providing access to all the buildings. So far, three buildings have been built: one building facing Richmond Road is retail, another facing Richmond Road is a two-story office building, and one building further back is a two-story office building with an attached garage.

Finding tenants has not been a problem; Citizens Bank expressed an interest in the 20,000-square-foot building facing Richmond Road even before it was finished. Kowit & Passov occupies the top floor of the 22,000-square-foot building behind it, while the third building, 12,000 square feet, faces Richmond Road and is suited for retail tenants.

The area is zoned residential, but a conditional use permit for commercial space had already been approved by the city of Warrensville Heights in 2003. Brad Sellers, the city's director of eco-



**BRINGING GREEN** Shrubs and perennials were planted within the landscaped areas of the parking lot. Trees were planted around the Kowit & Passov building and the 12,000-square-foot retail building across the street.

nomic development, notes that a group of homeowners came together and sold the land to the development group that sold it to Kowit & Passov. There were about six single-family homes on the site that were razed. One had an underground pool that had to be filled.

Sellers says the city developed a master plan eight years ago and widened Richmond Road from two to four lanes. This was largely a result of Chagrin Highlands in Beachwood.

When University Hospital's new facility at Richmond Road and Harvard is completed in 2010, it will bring a 53-acre state-of-the-art campus with a 200-bed hospital, an ambulatory surgery center, physician offices, and community outreach and education capabilities.

Sellers welcomes the Kowit & Passov buildings. "It's going to inject a new per-

ception and a new way of doing business in Warrensville Heights," Sellers says.

#### **Kowit taps building partners**

Kowit & Passov worked with several of its construction and design partners in developing the buildings.

The buildings required new sewers, water lines, electrical connections, underground sprinklers and landscaping. The civil engineering was done by Cuyahoga Falls-based Campbell & Associates Inc.

Mechanical, electrical and plumbing design was done by McHenry & Associates, another formerly Beachwood-based firm that relocated to Warrensville Heights. McHenry & Associates moved from the Commerce Park industrial park last year to the "25E" building on Emery Road, a project

for which it also provided the mechanical, electrical and plumbing engineering.

McHenry & Associates has partnered with Kowit & Passov on numerous projects, notes Paul Boehnlein, the project manager on the new building. "[The new building] turned out really nice," Boehnlein says.

Applebrook Design, based in Solon, designed the shells of the three buildings, masonry with wood truss roofs and metal deck roofs.

All three buildings have aluminum canopies in the front, and each has a different exterior color tone. The window frames are dark bronze on both office buildings but are clear anodized aluminum on the retail building. "We didn't want all the buildings looking the same," Kowit explains. "We don't want a campus feel."

Sheldon Gross, a designer at Applebrook Design, agreed that the split-face masonry block blends the three buildings blend together, but the different tone in the aluminum frames create some distinctions. Gross says the split face masonry with the stucco accent on the office buildings gives some additional character.

The landscape design was done by Chagrin Falls-based Cawrse &

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Associates Inc. Richard Washington, a partner in the firm, says shrubs and perennials were planted within the landscaped areas inside the parking lot. Trees were planted around the Kowit & Passov building and the 12,000-square-foot retail building across the street.

An EPA-approved bioswale was installed to minimize the potential impact of storm water. (A bioswale is a low-gradient, open channel possessing a dense cover of vegetation through which surface runoff is directed. It reduces the suspended solids and pollutants in storm water runoff exiting the site.)

Washington, the landscape designer, says special soil had to be used in the detention basins.

"We had a pretty good idea of what we wanted," says Kowit. He has found no problem attracting tenants from Chagrin Boulevard. He says there is a need for



**SURFACE STYLE** Stained concrete adds an elegant touch in Kowit & Passov's reception area.

"We were given the nearly impossible task of completing the first building for Richmond Highland for Citizens Bank within four and a half months," says Mike Nyman, president of Nyman Construction. "We started in mid-June and the building

was ready to open on Oct. 30, right on time."

The new Citizens Bank branch will open in January, replacing the branch on Chagrin Boulevard in Pepper Pike.

"We wanted to build a more full service branch with a drive through and ATMs," says Paul Fissel, regional vice president for Citizens Bank. The Pepper Pike branch could not have accommodated these demands, he says.

In addition, employees had been spread out among four office suites in

class A office space to include the amenities found on Chagrin Boulevard but without the traffic.

### Citizens Bank takes new space

Nyman Construction, based in Warrensville Heights, built the larger of the two buildings facing Richmond Road, which became a Citizens Bank Ohio regional headquarters and a new bank branch. Applebrook Design designed the second floor where the bank's regional offices are housed and half of the first floor, where the new branch is located.



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the Chagrin Boulevard building instead of being together. The new building has ample space for the 40 employees who work there.

"We're excited about it," says Fissel. "We think this is the next Chagrin Boulevard."

He says the location gives access to the main interstates for his employees.

Fissel gives high marks to Nyman Construction for getting the job done as quickly as it did. "It was a very tight schedule," he says. "They performed admirably."

"We were under the gun to get this done quickly," notes Ken Weinberg, project manager for Cleveland-based Marous Brothers Construction, the general contractor for the Kowit & Passov building. Normally, a construction company likes to have the infrastructure complete before building a new building. In this case, however, the infrastructure and construction had to be done simultaneously, and in inclement weather.

Marous Brothers Construction installed high efficiency air conditioning units on the roofs.

"Brad wanted to get in," Weinberg says. He says Kowit & Passov was under some

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**WARM ROOMS** The interior of Kowit & Passov's new headquarters is illuminated by ample windows, white ceilings and light earth tone walls and carpet.

The open work area is surrounded by private offices around the perimeter. Each private office has an eight-foot, solid wood door and dark brown-stained concrete floors.

Kowit's office in one corner of the building overlooks Route 422. "You see it but you don't hear it," he says.

A 16- by 14-foot kitchen has cooking appliances and seating area. A doorway leads to an outdoor deck where employees can lunch in warm weather.

The second floor conference room has a wall-length window that can offer a view of the other buildings and parking areas in the development or be sealed shut with blinds for privacy.

Cleveland-based Vocon Design did the interior for the two-story office building that Kowit & Passov now occupies.

Lauren Dennison, project designer for Vocon, says Kowit & Passov wanted something that was simple but updated for its new headquarters. This was

pressure to relocate according to their sale agreement on their Beachwood space.

### A showcase headquarters

Kowit is very satisfied with his new headquarters. The vestibule on the floor is accessed by an elevator and a stairwell in the front entrance. The vestibule has long windows allowing visitors to take in the view in the front of the building before entering the reception area, which has a wait-

ing area, a wooden reception desk and modern wall art.

The interior is illuminated by ample windows, white ceilings and light earth tone walls and carpet. A floated ceiling helps illuminate the work area and at the same time controls sound.

The main work area consists of open cubicles sectioned apart by metal studs. "It's not the standard office feel," says Weinberg, of Marous Brothers Construction.

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accomplished by the earth tones and the angled walls in the private offices.

"It's kind of a new feeling," Dennison says. "You see kind of a detail of the walls the whole way down. We thought it would add some interest. It could have been a very boring plan."

#### Finding tenants was easy

Doppco Development, a commercial real estate developer with properties nationwide, initially took the first floor of Kowit & Passov's headquarters building. When word got out that Doppco Development planned to relocate to larger quarters, another real estate company, Solon-based Weston Inc., grabbed it.

Suni Heflin, marketing assistant at Weston Inc., says this is the first building the company has occupied that it does not own. She says the company wanted to accommodate one of its tenants in its Solon headquarters building on Aurora Road, hence it decided to relocate its 30-member staff.

"It's a great office space," Heflin says. "It's an upgrade for Weston's image. It's incredibly contemporary. The layout works perfectly."

Heflin agreed the location is very convenient. Not only does it give easy access to main interstates, but it is also proximate to shopping and meals.

Weston's space consists of two main areas divided by a central conference room. The property management and administration sections occupy one side while accounting and acquisitions have the other. There are three small conference rooms and one large conference room, a fully equipped kitchen and some private offices.

The next stage will be another 60,000 square-foot building or a combination of buildings that will provide that amount of space, Kowit says.

Chagrin Highlands' master plan is focused on development that will complement both the existing corporate campus and the Ahuja Medical Center. This includes uses such as Class A office, medical research and development, high technology, conference and meeting facilities, major hotels, and supportive retail, dining, and convenience businesses. **P**



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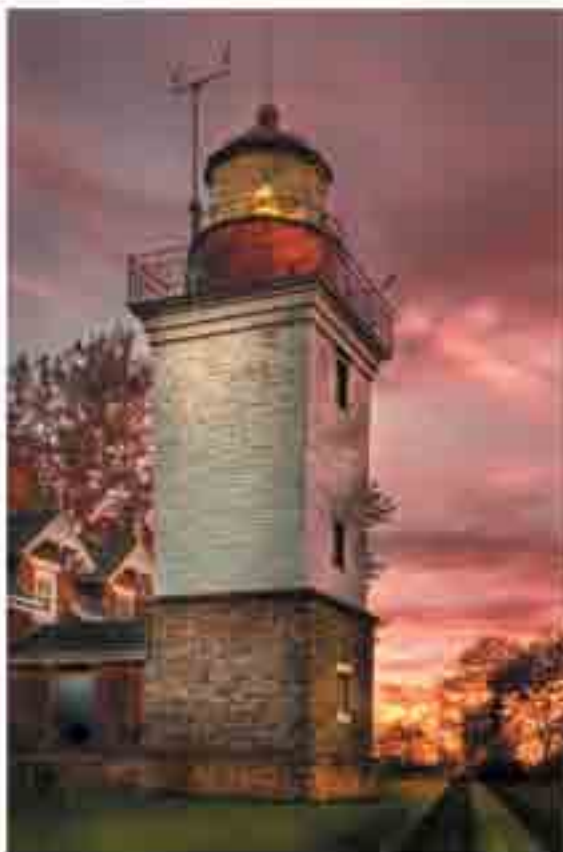
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## NEW CORPORATE CAMPUS

### Chagrin Highlands

Beachwood, OH (Cuyahoga Co.) off I-271

**ESTIMATED AMOUNT:** \$170,000,000

**CONTRACTING METHOD:** G.C. Bids (By Invitation Only)

**UPDATE:** Owner is considering location; no plans have been submitted; bid schedule to be announced; construction possible 2010.

**OWNER:** Eaton Corporation-Cleveland  
1111 Superior Avenue  
Cleveland, OH 44114  
(216) 523-5000

**DETAILS:** New 470,000 SF worldwide headquarters building; sitework; thermal and moisture protection; foundation; concrete; windows and doors; wood and plastics; finishes; specialties; HVAC; electrical; mechanical; plumbing; specific details to be determined.

PN-T0219054

**OWNER:** Holy Trinity Lutheran Church-Brunswick  
1600 Pearl Rd.  
Brunswick, OH 44212  
(330) 225-4148

**ENGINEER:** TGC Engineers  
387 Medina Road  
Suite 500  
Medina, OH 44256  
(330) 590-8004

**DETAILS:** Two story, 10,370 SF pre-school to include classrooms, office space, and restrooms; sitework; fencing; electrical; lighting; wood and plastics; toilet and bathroom accessories; HVAC; floor coverings; painting; plumbing; drywall; insulation; doors and hardware; glass and glazing; fire protection; masonry; finishes.

1242 E. 49th Street, 5th Floor  
Cleveland, OH 44114  
www.cmha.net  
(216) 432-5016 FAX (216) 432-1023

**ARCHITECT:** Osborn Engineering - Cleveland  
1300 E. Ninth Street, Suite 1500  
Cleveland, OH 44114  
www.osborn-eng.com  
(216) 861-2020 FAX (216) 861-3329

**ARCHITECT:** URS Companies - Cleveland  
1375 Euclid Avenue, Suite 600  
Cleveland, OH 44115  
www.urscorp.com  
(216) 622-2400 FAX (216) 622-2428

**DETAILS:** Improvements at various locations; specific details to be determined.

PN-R0907011

## DAY CARE CENTER

Brunswick, OH (Medina Co.)

**CONTRACTING METHOD:** To Be Announced

**STATUS:** Owner is seeking approvals; bid schedule to be announced.

PN-T1217026

## HOUSING DEVELOPMENT RENOVATIONS

Cleveland, OH (Cuyahoga Co.)

**CONTRACTING METHOD:** Public Bids

**UPDATE:** Construction Services RFQs due January 5, 2009 at 12:00 PM (To Owner) Attn: Janice Williams

**OWNER:** Cuyahoga Metropolitan Housing Authority

PN-T0815049

## NEW RESIDENTIAL FACILITY

Westlake, OH (Cuyahoga Co.) 90/Crocker Road  
Highway Interchange

**ESTIMATED AMOUNT:** \$15,000,000 - 18,000,000

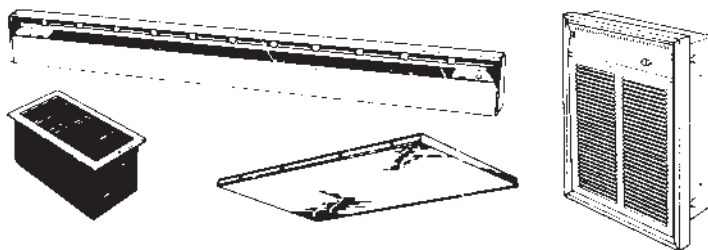
**CONTRACTING METHOD:** G.C. Bids (By Invitation Only)

**UPDATE:** Announcing Architect; project is on hold.

**OWNER:** Hospice of the Western Reserve  
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**ARCHITECT:** Vocon Design, Inc.

3142 Prospect Avenue  
Cleveland, OH 44115  
www.vocon.com

(216) 588-0800 FAX (216) 588-0801

**DETAILS:** 30 acres; 32 bed facility; sitework; utilities; concrete; wood and plastics; masonry; mechanical; electrical; plumbing; painting; metals; drywall; insulation; floor coverings; finishes.

PN-S1115049

**MCCULLOUGH CENTER EXPANSION/RENOVATION**

**Cleveland, OH** (Cuyahoga Co.) 11610 Euclid Avenue

**ESTIMATED AMOUNT:** \$53,000,000

**CONTRACTING METHOD:** To Be Announced

**STATUS:** Planning is underway; bid schedule to be determined.

**OWNER:** Cleveland Institute of Art

11141 East Blvd.  
Cleveland, OH 44106  
www.cia.edu/  
(216) 421-7000

**ARCHITECT:** Burt Hill - Cleveland

3700 Park East Drive, Suite 200

Beachwood, OH 44122

www.burthill.com

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**C.M.:**

Krill Company, Inc.

1275 Main Avenue

Cleveland, OH 44113

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(216) 357-4777 FAX (216) 357-3463

**DETAILS:** 8.5 acres; 80,000 SF; renovated with new galleries; classrooms; studios; library; expansion next door to include a auditorium, cafe' and classrooms.

PN-T1210008

**RHODES TOWER PROJECT**

**Cleveland, OH** (Cuyahoga Co.) Euclid Avenue and 22nd Street

**CONTRACTING METHOD:** Public Bids

**STATUS:** Architectural/Academic Planning Service

RFQs due Friday, January 9, 2009 at 4:30

PM (To Owner)

**OWNER:** Cleveland State University Architect

1802 E. 25th Street

Cleveland, OH 44114

www.csuohio.edu/architect

(216) 687-5121 FAX (216) 687-9227

Evelyn Frey, Senior Planner, (216) 687-5142, e.frey@csuohio.edu

**DETAILS:** Project No. CLS-090823

Prepare a planning study for the re-use, renovation, abatement and restacking of Rhodes Tower hi-rise structure at Cleveland State University.

1. Assessment of space needs for the University Main Library (163,900 SF on levels 1-4), departments currently housed in Keith Building (30,000 SF) Rhodes West (36,000 SF) and all departments located on un-renovated floors

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of Rhodes Tower (RT level(s) 7-9, 13-19 approximately 200,000 SF).

2. Develop Program of Requirements for phased project to include identification and implementation of library facility re-use goals and the abatement, renovation and restacking of the tower spaces to house existing occupants and occupants from Keith Building.

3. Develop multiple test fit plans to accommodate these units in functional, efficient, code compliant, abated and fully renovated facilities.

4. Provide code assessment of six passenger elevators and one freight elevator in Rhodes Tower and develop plan to replace controls and cabs to bring all elevators up to current codes and standards.

5. Provide final relocation plan and costs for a multi-phase, multi-biennium renovation project.

PN-T1211036

#### COMMERCIAL DEVELOPMENT

##### Hemmingway Development

**Warrensville Heights, OH** (Cuyahoga Co.)  
Richmond Road

**CONTRACTING METHOD:** Developer Subcontracts

**STATUS:** Planning is preliminary; Developer seeking approvals; bid schedule to be determined.

**DEVELOPER:** Geis Companies

10020 Aurora-Hudson Rd.

Streetsboro, OH 44241

(330) 528-3500 FAX (330) 528-0008

**DETAILS:** Three buildings to include a mix of office and retail space; sitework; concrete; masonry; mechanical; electrical; plumbing; HVAC; lighting; flooring; roofing; doors & windows; wood & plastics; drywall; painting; bathroom accessories; landscaping.

PN-T1208033

#### NEW SERVICE BUILDING

**Orange Village, OH** (Cuyahoga Co.)

**CONTRACTING METHOD:** Public Bids

**STATUS:** Architectural Services RFQs due Wednesday, December 24, 2008 by 12:00 noon (To Owner)

**OWNER:** Village of Orange  
4600 Lander Road  
Orange Village, OH 44022  
www.orangevillage.com  
(440) 498-4400

**DETAILS:** SF to be determined; sitework; concrete; carpentry; roofing; HVAC; plumbing; electrical; finishes.

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