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Cleveland's Steelyard Commons growing, doing well

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Zachary Lewis
Plain Dealer Reporter

It seemed like a risky move at the time. Now, looking back, it's amazing that Steelyard Commons didn't sprout up sooner.

A year ago Friday, when Home Depot opened its doors where Interstate 71 and the Jennings Freeway intersect, there was no precedent for big-box retailing in Cleveland.

No one could predict then how the hardware giant or other retailers scheduled to open later in the year - all familiar sights in the suburbs - were going to fare inside city limits, much less at Steelyard Commons, on industrial property once considered almost useless. Now those worries seem quaint. By most accounts, the \$100 million, 1 million-square-foot center is meeting or exceeding expectations, and Clevelanders continue to warm to big-box shopping within sight of downtown.

Traffic at Steelyard Commons since the opening of the Wal-Mart Supercenter in October has averaged 350,000 to 400,000 cars per month, said Mitchell Schneider, president of First Interstate Properties, developer of Steelyard Commons. By contrast, Legacy Village, a successful retail development in Lyndhurst, took three years to reach that number.

Steelyard "just immediately attracted a volume of customers unlike anything we've seen," he said. "There was such a pent-up demand within the immediate area."

But the retail saga isn't over. Nearly 20 prime acres at Steelyard Commons await development, and the second chapter, for which groundbreaking could begin as early as this fall, may be just as interesting as the first.

At the same time, the complex faces challenges. Plenty of shoppers still aren't sure how to reach Steelyard Commons, while others hesitate to visit out of concern for safety.

When Home Depot opened at Steelyard last Feb. 1, having a big-box store in Cleveland was a "new concept," said Robert Antall, chief executive of LakeWest Group, a Cleveland-based retail consulting firm.

"Most construction's been going on in the suburbs. Any retail in Cleveland [was] a risky proposition because of the economy."

The economy hasn't gotten any less risky in the meantime, least of all the retail sector, which saw declines last year in almost every area. Yet Steelyard has kept on growing, and openings have continued apace.

Target, which opened in March, was the next major retailer after Home Depot. Store manager Jen Smith said traffic there was and remains "lighter than what we anticipated" but "it builds every single day" as retailers move in around the plaza. Wal-Mart had the biggest effect, she said.

Best Buy, which opened after Target, did not return requests for comment.

Even Smith, though, had a hard time finding Steelyard Commons, after transferring there from a Target in Cincinnati. "I got off at the wrong exit, made a wrong turn and went around the circle a few times," she said, referring to the traffic roundabout atop the ridge overlooking the center.

Schneider said Smith was not alone in her confusion. That's why Steelyard eventually installed larger and clearer signs around the plaza. RTA also expanded a local bus route into Steelyard, making it easier for shoppers and employees without cars to reach the center.

Negative perceptions haven't been so easy to fix.

Some shoppers continue to view Steelyard Commons as unsafe. That's despite police reports showing most crimes to date have involved theft of construction-related property, such as tools and copper wire, or shoplifting by employees.

"Crime isn't a problem there more than anywhere else," said a spokesman for Home Depot.

"You're in a controlled, well-lit environment that's an island unto itself," added Schneider.

Randy Goodman, founder of Goodman Real Estate Services Group, the commercial real estate agent handling Steelyard Commons, predicted apprehensions about safety will diminish as more consumers visit the site.

"It's not just a shopping center," he said. "It's a whole new regional trade area . . . and that takes time to evolve."

Both Schneider and Goodman claim Steelyard Commons isn't really a year old yet. Its true birthday, they said, is Oct. 24, the day when Wal-Mart opened a 217,000-square-foot Supercenter carrying everything from groceries to automobile tires.

Indeed, traffic and sales across Steelyard Commons peaked in the wake of that opening and have remained high ever since.

Chris Jones, manager at Wal-Mart, said sales at his store have been "quite a bit better than corporately what we expected," with groceries "probably carrying the store." Ethnic food, in particular, is flying off the shelves.

"I just can't keep pace with it," he said. "It's selling that quickly."

Jones said Wal-Mart hasn't yet had a "typical" month, since the store opened shortly before Christmas, but so far, the store is averaging 4,000 to 7,000 transactions a day, or 25,000 to 30,000 a week, with 65 percent of business on weekends.

Dan Saltzman, president of Dave's Markets, was not available for comment on how Wal-Mart's grocery sales may be affecting his store in nearby Ohio City.

In any case, some of Wal-Mart's money has gone back into the surrounding area. Wal-Mart declined a 10-year tax abatement worth millions of dollars, which helped finance an extension to the Ohio & Erie Canal Towpath. When the store opened last year, Wal-Mart presented checks for several thousand dollars apiece to nine local nonprofit groups.

Youth Opportunities Unlimited, for instance, got \$5,000 to establish a team for matching school-age workers to employers in the area, including Wal-Mart. President Carol Rivchun said students who have jobs are more likely to graduate, and \$5,000 means "we're able to help more kids . . . It's going for the basics."

Having made overtures like these to the community, Jones said he's surprised how many people haven't visited Steelyard Commons.

"There are still people in close proximity who don't know it exists or haven't given it a try yet," he said. "And when you say Jennings Freeway to some people, they're just like, 'What are you talking about?'" Some

know the Jennings Freeway only by its official name, Ohio 176.

That lack of awareness could be an obstacle as Steelyard Commons looks ahead to Phase II, the 19 2-acre plot next to Wal-Mart. Or it could simply underscore the potential for growth

Phase I is all but complete, with 97 percent of building space accounted for, Goodman said. But retailers large and small across the plaza said the project can't be counted a success until Phase II is developed.

"I don't particularly like seeing that big, old empty lot," Jones said. "I think it's an eyesore. But I understand. Development takes time."

Whether that development unfolds as planned while the economy may be approaching recession remains to be seen.

Schneider said Phase II has room for up to 250,000 additional square feet of development, and groundbreaking there could begin this fall or next spring

He said his goal is to land one large, stand-alone department store or wholesaler, along with one or two smaller big-box stores selling crafts, books, linens or sporting goods. A cinema is another, more-remote possibility, as is a specialty grocer.

A spokesman for Sam's Club said the company often locates close to Wal-Mart stores but has no current plans for Steelyard Commons.

On the dining front, Schneider said he'd like to see one or two more sit-down chain restaurants to complement the Applebee's that opened earlier this week. Eventually, he said, he hopes to lure a restaurateur from the Tremont neighborhood into Steelyard Commons.

For his part, Antall predicted "nothing's going to happen there for a while" as consumers curtail spending and retailers gird themselves for harder economic times by closing stores, not opening new ones.

But Schneider is confident. National chains "are not going to stop growing," he said.

Meanwhile, his customer base can only expand as Clevelanders incorporate Steelyard Commons into their shopping routine.

"It's becoming a part of their neighborhood and their experience," he said. "The potential, I feel, is huge."

Plain Dealer reporter Gabriel Baird contributed to this story.

To reach this Plain Dealer reporter:

zlewis@plained.com, 216-999-4632

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