



Upscale apartments planned for Cleveland's University Circle neighborhood

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WXZ Development Inc. envisions 60 apartments on a nearly 3-acre site in University Circle. Single-story and two-story units would be stacked, like interlocking blocks, in three-story buildings.

CLEVELAND, Ohio -- A developer plans to build 60 apartments in University Circle, where hospitals and institutions are driving the need for new homes despite the challenging economy.

WXZ Development Inc. envisions a \$10.5 million apartment project on nearly 3 acres along Hazel Drive, near the Western Reserve Historical Society and the Cleveland Institute of Music. The developer, based in Fairview Park, will lease the land from nonprofit group University Circle Inc., which considers the Hazel property to be a high-priority development site in the bustling neighborhood on Cleveland's East Side.

A few years ago, that land was slated for townhouses, to be built by the Coral Co. of University Heights. Those plans fizzled during the recession, as the housing crisis made lenders skittish about financing residential construction. So University Circle Inc. solicited new pitches from developers and recently chose the apartment proposal from WXZ.

"While the market's changed for new construction, it's also changed positively for apartment living," said Chris Ronayne, president of University Circle Inc. "This is the right product for the right time. We think we're making a very smart decision on the site."

WXZ already is active in the neighborhood. Last year, the developer began building 17 townhouses at Euclid Avenue and East 118th Street, on land purchased from University Circle Inc. That project, called Circle 118, could be finished by mid-2011. The first six homes are complete, six more are under construction, and seven homes have been sold. The townhouses are being marketed at prices ranging from \$327,000 to \$399,900.

The Hazel apartments will cater to people who prefer to rent or who aren't in Cleveland long enough to buy a house. The Cleveland Clinic, University Hospitals, the Louis Stokes Cleveland VA Medical Center and Case Western Reserve University attract medical residents, researchers and graduate students who need apartments for just a few years. That's driving demand for new apartments, such as the proposed Uptown residential-and-retail project on Euclid Avenue, and for high-end existing rentals, particularly those at Park Lane Villa off East 105th Street.

Site plans for WXZ's project show seven buildings, housing one- and two-story apartments stacked like interlocking blocks in three-story buildings. Each apartment will have its own entrance and access to a one-car garage, a significant amenity in an area where parking is difficult to find. The apartments will range from 550 to 1,200 square feet. Projected rents run from \$850 to \$1,700 per month.

Those are high rates, but they aren't unheard of in University Circle. At Park Lane Villa, a historic building that Florida developer Wes Finch bought in 2005 and renovated, apartments fetch an average of \$1,100 to \$1,200 a month for one bedroom, \$1,700 for two bedrooms, and \$2,500 to \$3,300 for three. The property is 99 percent full.

"Of the 96 units, I'll say at least 80 of them, if not more, are leased by doctors, medical students and graduate students who tell us that they are on a rotation of two to four years," Finch said, adding that he sees strong demand for more high-end apartments in University Circle.

That demand is one reason WXZ President James Wymer believes he can obtain financing for the Hazel apartments, despite an ongoing cash crunch for new construction. Apartments are easier to build now than for-sale housing, he said, and University Circle is an easier place to launch a project than other markets.

"I would hesitate to say that anything's easy in this environment, but we've had very good interest from a handful of banks that have looked at this package," Wymer said. "WXZ is strong financially and has the resources to provide significant equity."

WXZ hopes to start construction late this year and open the first apartments by fall 2011. The project could be finished by spring 2012, in time to house medical residents looking for rentals near the hospitals.

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