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April 28, 2025 05:50 AM | 3 HOURS AGO

# Cleveland Construction rides city's office-conversion momentum to growth

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K&D Management

The Residences at 55 was formerly an office building, but found new life once it was redeveloped and reopened as primarily a residential building in 2022.

Cleveland Construction Inc. is focused on redeveloping all of downtown Cleveland, one building at a time.

Since 2008, the company has done 15 major redevelopment projects downtown and is working on a 16th, while it does design work on what will be its 17th downtown development.

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These aren't small bits of work, either.

That 17th job is Project Scarlet, a **\$120 million conversion** of the Rose and Sloan buildings, at East Prospect Avenue and East Ninth Street downtown. Working for developer Spark GHC, Cleveland Construction is converting the buildings into a 123-room Marriott Tribute hotel and 154 high-end apartments that also will carry the Marriott brand.

Project No. 16 is a \$40 million conversion of the former United Church of Christ headquarters building at 700 Prospect Ave. into 120 apartments and retail space that is set to include a Tom's Watch Bar. That's now under construction.

The Cleveland market has become known for its successful conversion of office buildings into residential developments. Cleveland Construction is both largely responsible for the city having that

reputation and taking advantage of it to get yet more work, said Jeff Campbell, the company's senior director of preconstruction and business development.

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"Cleveland has led the country in many categories for adaptive reuse, and we've done the most of it," Campbell said. "That gets us to the table, usually."

It certainly helped get them work on Project Scarlet. Spark GHC was impressed when it saw how many projects Cleveland Construction had done in downtown Cleveland before it hired the company to do the work on Project Scarlet, and was impressed by the quality of the work, said Bhavin Patel, Spark's principal and co-founder.

"We always look at two to four firms and get an understanding of what their capabilities are," Patel said. "What was impressive about Cleveland Construction was their breadth and depth of knowledge about historical conversions, and how many they'd done in downtown Cleveland."

Patel said Cleveland Construction can manage costs effectively and give Spark GHC a price that it believes won't be far off, if at all, from the initial estimates.

"That takes a lot of pressure off of us as developers," Patel said. "For me, it was, 'How many of these projects have you done and how far off were you (on costs),' and they were in the single digits (for cost variances by percentage) for their last seven or eight projects."

That was important, Patel said, because historic renovation projects can be unpredictable, and Spark GHC wanted a firm that would know how to handle any surprises.

"No matter who you are, when you open up a 100-year-old building, you're going to find things," Patel said. "But you need to be able to overcome a challenge and that's what stood out in talking to (Cleveland Construction Vice President) Jason Ziegler and Jeff Campbell."

Matt Driggs, property manager for the K&D Group, a major downtown developer that has used Cleveland Construction on almost all its projects in the city's center to date, said his firm's confidence in its partner has only grown since the two did their first project 17 years ago.

"In 2008, we did (The Residences at) 668, and that was the first big project we did with them," Driggs said. "We did 668, (The Residences at) 1717 (Euclid Ave.), the Halle Building, Hanna Building, Terminal Tower, the Leader building ... and we're doing 700 (Prospect Ave.) right now."

Before K&D started using it, Cleveland Construction was more known for new construction, and it got its start building Walmart stores.

"We were built on retail, specifically building Walmarts in 42 states," Campbell said.

He credits K&D with having faith in his company and helping it become a leader in redevelopment work and office-to-residential conversions.

"There were a lot of lessons learned on that first one, and the second, and the third. Now we have a team that really knows how to tear a building apart," Campbell said. "They certainly helped us blossom into what we are today."

For the past three years, Cleveland Construction has had average annual revenue of about \$60 million from its work in and around Cleveland, where it employs about 90 people.

And that's not the half of it. Locals would be forgiven if they thought the company did only local work (given its name), but nationally, Cleveland Construction reports it has had average revenue of approximately \$300 million for the last three years. It employs more than 600 people in the U.S. in total.

Cleveland is by far its largest market for development work, and also its largest overall, Campbell said.

“Cleveland is consistently at two to three (current) jobs, Charlotte is consistently at two to three jobs, but then we have four jobs in Cincinnati now, jobs in Kentucky and jobs in Florida,” Campbell said.

This year might be a bit slow, though, Campbell said. But his company still has its eyes on future projects, even if they have to wait until the confusion over tariffs subsides and interest rates come down.

“The Rockefeller (Building) is still sitting there looking nice. IMG is sitting empty or primarily empty, too,” he said.

It might run out of things to do here someday, even if that’s not someday soon.

“Cleveland is more challenging because you have the lake,” Campbell said. “You can’t build on the lake.”

For now, though, the company is busy doing new projects and enjoying seeing its previous projects in town be successful so far.

The company’s buildings are even finding a place for themselves on the big screen, Campbell said, where they come in handy for filmmakers who need buildings that look like they were put up on a bygone era, but also look newly built.

Campbell said he’s looking forward to the summer release of the new “Superman” film, because he knows he’s going to see a lot of his company’s work.

“A lot of buildings we did are used in the scenes. That’s so cool to me,” Campbell said. “They were throwing cars out of the Halle Building garage while we were renovating it on the other side.”

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