

## **Garfield retail complex for sale EPA continues to scrutinize landfill**

Posted by pzcari April 14, 2008 09:05AM

Saturday, September 23, 2006

By Henry J. Gomez  
Plain Dealer Reporter

McGill Property Group is dumping City View Center, a recently opened Garfield Heights retail complex that sits atop an abandoned landfill and has drawn repeated scrutiny from the state's environmental inspectors.

Developer John McGill said his Solon firm put the 491,000-square-foot shopping strip, on Transportation Boulevard near Interstate 480, up for sale last week.

"I think the center is turning out fine," said McGill, who has been working on the project since 2002. "But the process to get it developed hasn't been the smoothest in the world."

McGill alluded to continued battles with the Ohio Environmental Protection Agency, which has been monitoring City View's development. The state's persistence has been a headache and could be a hindrance in marketing the property.

The Sekulovski & Luttner Group, a Chicago division of the Marcus & Millichap real estate brokerage firm, is offering City View for \$100.5 million, with a 6.5 percent capitalization rate.

"The market is still a seller's market," said partner Mark Luttner, who played down McGill's frustration with the EPA's involvement. "He's going to try and take advantage of it while he can. Everyone knows it's on a former landfill. It's just time for him to move on."

City View is anchored by a Wal-Mart, which opened last month. Other stores include Bed, Bath and Beyond, Circuit City, Dick's Sporting Goods, Giant Eagle, Jo-Ann and PetsMart.

"From a leasing end, it's been a complete success," said Brad Kowit, a partner with City View leasing agent Kowit & Passov Real Estate Group of Beachwood.

The EPA hasn't been as pleased. State environmental specialist Jarnal Singh said ongoing issues with water that seeps from the side of the hill the complex sits on, led the EPA to order certain remedies. Further inspections showed that not all problems were addressed, so the EPA has referred its latest enforcement action to the attorney general's office.

"The bottom line," EPA spokesman Mike Settles said, "is that for quite a time now, we've had problems with this site that to this day remain unsettled."

Samuel Schaul, a Beachwood-based retail leasing specialist, said those problems are likely to bother potential buyers. Schaul also questioned the value of a big-box shopping center so close to the Steelyard Commons retail development being built less than 10 miles away in an industrial Cleveland neighborhood. "They'll be sharing population," he said.

Alec Pacella, who specializes in retail sites for the Cleveland office of commercial real estate services firm Grubb & Ellis, said he was surprised City View was on the market.

"Retail continues to be the darling of the real estate investment world," Pacella said. "But 100 million bucks " that's some big jingle. The pool of potential purchasers is narrow."

For Garfield Heights, the McGill sale is another chapter in an ongoing saga.

City View has overcome the 2004 death of developer Bert Wolstein, McGill's original partner, and scores of EPA regulations that delayed its construction and opening. City residents looked to the shopping center as an escape from its reputation as "Garbage Heights."

But since City View's first stores opened in February, anxiety about the land below has been high. Electrical conduits positioned at the edge of a steep hill behind the big-box stores are beginning to shift.

Lt. Dave McKee of the Garfield Heights Fire Department said that in City View's early months, stores were evacuated about a dozen times when alarms installed to detect methane gas sounded. Even so, firefighters in each case determined that it was not methane that set off the alarms, but rather an array of other triggers, such as an acetone spill in a nail salon.

The sensors have been adjusted to be less sensitive.

"No development is easy," said Luttner, the Chicago broker working to sell City View.

On that, the EPA and Mayor Thomas J. Longo agree. The EPA's Settles said it's unlikely any of the enforcement actions would shut down City View. Longo praised McGill.

"It's a miracle he's gotten it this far," Longo said. "He's given us something to work with."

Plain Dealer reporter Leila Atassi contributed to this story.