

CRAIN'S CLEVELAND BUSINESS

By: Michelle Jarboe

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Industrial Realty Group will reopen, redevelop Cleveland's I-X Center

A national real estate developer plans to revive the I-X Center, bringing consumer shows back to the shuttered Cleveland venue while marketing much of the complex as industrial space.

[Industrial Realty Group LLC](#) has acquired the stock of I-X Center Corp., the privately held company that controls the 2.2-million-square-foot facility. Through the deal, prolific investor and developer Stuart Lichter is stepping into a long-running lease with the city of Cleveland, which owns the property, and into contracts with event producers who have been in limbo for a year.

The transaction sets the stage for popular gatherings, including the Cleveland Auto Show, to return to the I-X Center in 2022. Lichter also plans to pitch portions of the building to industrial tenants — and to pursue development of the surrounding land, next to Cleveland Hopkins International Airport.

The purchase will put an end to litigation between at least three show organizers and I-X Center Corp., which announced last September that it was exiting the event business.

The coronavirus pandemic and state public-health orders [sidelined](#) the I-X Center, one of the nation's largest privately run convention facilities. A temporary shutdown that started in March 2020 dragged on for months, creating an untenable situation for I-X Center Corp.

The closure spurred a cascade of lawsuits as event producers pushed the company to reopen the building and honor contracts that run through August 2024. Meanwhile, real estate brokers and site selectors [salivated](#) over the property, a World War II-era bomber plant with thick floors, soaring ceilings and wide-set columns.

Industrial Realty Group, a California-based developer known for tackling challenging properties, will play to both audiences.

"I think it's really important to bring the shows back. I think they're huge economic generators for the area," said Lichter, IRG's president and founder, during a phone call.

At the same time, he said, "we have a lot of extra land that was never developed that we hope to do something with. And we also hope to convert the parts of it that will no longer be used for the shows into job-creating industry and aviation-related uses."

He would not divulge the cost of the deal, which closed late Tuesday, Aug. 31. An affiliate of Industrial Realty Group bought I-X Center Corp.'s stock from Park Corp., the family-owned business conglomerate that has controlled the building for decades.

"We have made agreements with the main shows to keep them there for a number of years, and to continue operating the facility," Lichter said. "We also have an agreement with the sellers of the stock to do that. This was very dear to their heart, and it's fully one of the reasons we're doing the deal."

The organizers of the auto show, the Great Big Home and Garden Show, the Cleveland Home and Remodeling Expo and the Ohio RV Supershow are preparing to return. Additional events owned by I-X Center Corp., including the I-X Christmas Connection and the Piston Powered Auto-Rama, also will be revived.

Even the largest shows don't fill the massive space, though.

Lichter expects to shift events into a smaller footprint, between 400,000 and 500,000 square feet, he said, to make room for more lucrative commercial leases.

GOJO Industries, the Akron-based maker of Purell hand sanitizer and other products, already is using the warehouse-like south hall for storage. The company's [lease](#) on that space extends until autumn 2022.

A dual-purpose deal

The I-X Center was a small asset for Park Corp.

But Ray Park, the company's nonagenarian chairman, took deep pride in the complex. He still works from an office in the cavernous building's basement — an office that he'll keep under the deal with Lichter.

Over the tumultuous last year, Park has insisted on one thing. The shows must survive.

"He always felt that it was his role to take the I-X and make it a venue that would benefit northern Ohio," said Tom Baugh, the CEO of Solon-based Marketplace Events, the producer of the home show and the remodeling expo. "And I think now he feels that he has done that, and is handing it off to IRG."

Park shied away from the limelight Tuesday. An emailed statement from Park Corp. said that the company believes Industrial Realty Group "will usher in a new chapter for the property and provide the Greater Cleveland community the highest level of service and entertainment for years to come."

From the outset, Lichter was a logical suitor for the I-X Center.

Industrial Realty Group is one of the nation's largest private owners of industrial real estate. The company has a [substantial presence](#) in Ohio, with more than five dozen properties scattered across the state.

That portfolio includes the former Goodyear Tire & Rubber Co. headquarters in Akron, the Hoover District project in North Canton and the old American Greetings Corp. campus in Brooklyn, through partnerships with busy Ohio investor Chris Semarjian.

Semarjian, the owner of Industrial Commercial Properties LLC of Solon, is an investor in the I-X Center deal.

"It is an honor for us to be able to continue what Ray Park and his family have overseen for decades," Semarjian said in a prepared statement. "I am extremely confident that our team will be able to create more jobs and economic development in the near term and years to come. This is a world-class asset, and we intend to develop the property to that standard."

Industrial Realty Group also is the largest shareholder in and the master developer of the [Johnson Controls Hall of Fame Village](#) project in Canton, on the grounds of the Pro Football Hall of Fame.

Lichter and Park met several years ago through real estate broker Terry Coyne, vice chairman of the Newmark brokerage in Cleveland. At the time, though, Park Corp. was not ready to sell.

"We've been pretty desirous of taking it over because we thought we would do a really good job on it," said Lichter, adding that I-X Center Corp. meticulously maintained the building, treating it "like a really loved object."

By buying the company, Lichter took command of a high-profile property on lease terms that date back more than two decades. In addition to the lease and event contracts, I-X Center Corp.'s assets include the infrastructure for shows, from furniture and fixtures to more than 60 golf carts that workers once used to zip around the building.

On the main floor, a 10-story Ferris wheel breaks through the ceiling, offering riders a view of downtown Cleveland on clear days. A vintage military plane, which Park once hoped to convert into a restaurant, is parked outside.

"I have no clue," Lichter said, when asked what he plans to do with the Ferris wheel and the glimmering aircraft.

'Great development options'

Ray Park acquired the I-X Center, then vacant, from the federal government in 1977. He opened the International Exposition Center in 1985.

He sold the property to Cleveland in 1999, in the middle of an eminent domain battle and an escalating turf war between the city and neighboring Brook Park.

Cleveland wanted the property for a potential runway addition at Hopkins. That project never happened. And Park maintained control of the facility through a long-term lease.

The current lease term runs until Aug. 31, 2024. The agreement also includes three five-year extension options, stretching into mid-2039.

The lease documents do not address a change in control of the company, such as a stock sale. City officials did not need to sign off on the transaction.

Lichter plans to seek a longer lease extension, which will require public approvals, in order to build on the adjacent land. The I-X Center property includes about 159 acres.

"We think there's great development options there, but they can't be done on such a short-term lease," Lichter said.

Industrial Realty Group and Industrial Commercial Properties will be hands-on with the real estate, with Coyne marketing space for lease, but will hire an outside management company to oversee shows. The developers are in advanced talks with an operator, Lichter said, but he would not identify the company.

"We want it to be successful, and our idea is the best way to be successful is to hire professionals," he said.

When the pandemic hit, I-X Center Corp.'s revenues dried up overnight. Park Corp. kept its subsidiary afloat by lending I-X Center Corp. millions of dollars to keep the lights on and the bills paid.

At the start of stay-home orders and statewide business shutdowns, I-X Center Corp. deferred several months of lease payments to Cleveland. But the company, unable to negotiate a rent break with the city, caught up on its obligations by late summer of 2020.

I-X Center Corp. furloughed and eventually laid off most of its employees, officially ending a 35-year run in the event business.

The company also paid off \$4.6 million in union pension fund liabilities. Teamsters Local 507 had represented workers at the facility, which employed between 400 and 500 people at its seasonal peak.

After the shutdown, show producers explored tentative deals to move to the Huntington Convention Center of Cleveland downtown. But they never gave up on the I-X Center, a much larger building with 7,200 parking spaces.

"We're just so grateful that the deal is done," Baugh said Tuesday evening.

A revival for shows

In December, the producers of the auto show, the home and garden show and the RV show [filed](#) breach of contract lawsuits against I-X Center Corp. In January, the company [preemptively sued](#) the organizer of the Progressive Cleveland Boat Show and Fishing Expo, which was considering legal action.

The litigation was messy, and uncomfortable, for Park Corp.

The event producers pushed for access to the building in 2022, 2023 and 2024 — or compensation for their losses associated with canceled events and forced relocations.

Lawyers for I-X Center Corp argued, in turn, that the pandemic was an unforeseen disaster that freed the parties from contractual obligations. It would be impossible, they said, to rebuild after such a blow.

All four lawsuits were consolidated before Cuyahoga County Common Pleas Court Judge Michael J. Russo. The parties agreed to mediation in April.

Since then, the court docket has been quiet.

Only the Lake Erie Marine Trades Association, the group behind the boat show, has filed any claims, in an apparent bid to preserve its rights to go after I-X Center Corp. for financial damages and attorney's fees.

Meetings and large events resumed in Ohio in the spring, though the surge in COVID-19 cases driven by the Delta variant is putting the industry on uncertain footing. In downtown Cleveland, the convention center reopened in April after sitting dormant for more than a year.

The Greater Cleveland Automobile Dealers' Association [signed a deal](#) with the convention center to hold the 2021 Cleveland Auto Show downtown in December. But the organization backed out of that contract this summer as talks progressed between I-X Center Corp. and Industrial Realty Group.

"They were pretty flexible, and we were pretty clear with them that this was a potential situation that was coming," Lou Vitantonio, president of the auto dealers, said of ASM Global, which operates the convention center. "At this point, we have moved on."

Vitantonio said there will be no 2021 show. The event will return to the I-X Center on its usual dates, in late February and early March.

"I can't be more appreciative of the parties," he said. "Not only Ray Park ... but also IRG. I appreciate them coming together and transferring this building, because it is a gem."

Marketplace Events announced plans to move the home and garden show downtown in 2022 but never signed a formal agreement. The company is planning to mount the show at the I-X Center early next year and is talking to IRG about producing the venue's annual Christmas show in late November or early December.

"The critical mass of the shows is being protected by IRG, and I find that to be truly an extraordinary commitment," Baugh said. "I think, if they want to, they probably could lease every square inch of that space."

During a pretrial conference in April, attorneys representing I-X Center Corp. predicted that the company would not host another event. This week, they were proven wrong.

The shows, under new management, will go on.