Cincinnati United

Cincinnati, Ohio can be characterized by its threshold condition. The city is known as the “Gateway to the West” and shares a political boundary with Kentucky to the south. Historically, the Ohio River represented an unofficial extension of the Mason Dixon line, separating the north from the south and generated a leg underground railroad. Currently, our society still struggles with the same division and fear of difference that characterized that time in history. This significant separation has necessitated the redefinition of boundary and the engagement of our differences to unite us together.

Cincinnati United seeks to reconsider the city’s southern edge as a welcoming gateway that honors the past, celebrates the future, and encourages unity and collaboration. The river boundary is reimagined as a boardwalk that hosts recreation and cultural expression for all. The boardwalk connects the site physically from east to west. A section of the boardwalk lifts above the historic Roebling bridge and anchors the site by joining with a community center. The new center is located directly across from the Underground Railroad museum and engages with it formally. This axis of history and activity facilitates a unified corridor beginning on the Kentucky side of the river and extending into the heart of Cincinnati.

The community center hosts concerts, lectures, and exhibitions for all audiences, as well as permanent supportive programming for disadvantages residents. Pop up installations such as heritage art pieces and international food trucks along the corridor create connections between local attractions. A mixed-use infill strategy optimizes community engagement and collaboration. The development of a dense, high-rise residential district over the FWW provides a linkage from downtown to the river’s edge. Ground level retail hosts supportive programming such as grocery and daycare to create a close-knit, walkable community.

Cincinnati United stimulates education and business through affordable live-work housing, collaboration space and incubators. The site supports diverse commerce, from market stalls on the boardwalk to Fortune 500 office space. The creation of a vibrant stadium district engages both sports culture and wellness through a hotel space with integrated residential, a large fitness center and sports medicine offices. A Hall of Fame museum commemorating minority athletes links the athletic district to the community and culture corridor.

Year round recreation, sustainability, and wellness are further considered in the riverfront park. The Ohio River trail is expanded to the east and west and supports hike and bike trails. Development is lifted out of the floodplain and water on the site is absorbed in bioswales and permeable paving integrated into the street system. Roofs support water catchment, green space, and solar panels.

Phase one begins with residential to bring people to the site and generate revenue. The boardwalk and community center give identity to the site. Phase two initiates hotel, office and residential. Phase three infills office space.

Cincinnati United Development ("Cincinnati United") is a real estate master development plan to revitalize the "The Banks" district of Downtown Cincinnati. The area currently comprises of approximately 65 acres between the southern edge of the central business district and the northern bank of the Ohio river. As such, the site represents an enormous opportunity within the urban core of a growing secondary city.

Cincinnati has experienced healthy macroeconomic growth since the turn of the century, and, more particularly, since the current economic expansion commenced in 2009. Cincinnati’s population has grown more than one thousand citizens per year since 2011, while the unemployment rate has drastically improved from 2010’s level of 11.6% to today’s rate of 4.1%. Furthermore, the state of Ohio ranked in the top half of the country in terms of year-over-year wage growth from 2017-2018. Cincinnati’s positive macroeconomic picture, coupled with the national movement towards re-urbanization, creates a rare and ripe opportunity to deliver an urban community within an established North American city.

Cincinnati Fort Washington Way Development Partnership (the “Partnership”) engaged Cincinnati United Master Developer (the “Master Developer”) to create a vision to capture the opportunity within the site. Cincinnati United was born as a result. Due to the strong economic conditions, the Partnership and the Master Developer concluded the site can support dense, mixed-use development, which can be delivered and absorbed within a ten-year period starting in 2020. The Cincinnati United plan introduces approximately 1.7, 1.2, and 1.0 million square feet to the site as part of a three-phase proposition, respectively. As part of a public-private partnership, the Master Developer has agreed to deliver over $108 million in public spaces and improvements in exchange for the opportunity to develop on 17 acres of City and County owned land at a ground lease rate of $1 per year. The public spaces and improvements include a vibrant community center, improved streetscapes and greenspace, and additional park amenities. The Master Developer will acquire an additional 2.34 acres from private owners within the site. In total, the Cincinnati United plan is projected to require $457, $288, and $183 million over phases I, II, and II, respectively.

The funding requirements will be satisfied through a combination of equity and permanent and construction financing. Equity will fund 46% of the total costs and the balance will be funded by debt. During the construction phases, the Master Developer will secure interest-only construction financing at 12% interest rates and 55% loan to cost proceeds due upon construction completion. Upon completion, an 8.5% blended cap rate will be applied to the stabilized NOIs, and loan proceeds will be distributed based on a 65% loan to stabilized value. Due to the enormous scale of the project, unique positioning with a strong urban area, and significant value creation upon completion and stabilization, permanent financing loan proceeds will substantially enhance leveraged returns. The Partnership and Master Developer will have an opportunity to extract part of their initial equity investments or reinvest into future phase. To keep the Partnership and Master Developer honest, equity investments will be required at the beginning of each phase.

Overall, the unlevered IRR is 14.56%, and the levered IRR is 50.19%.