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# Creekside developer objecting to \$10.5M sale price

Premium content from Business First by Dan Eaton, Staff reporter

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Creekside in Gahanna has another hurdle to clear before the troubled development finds a new owner.

Gahanna-Creekside Investments LLC, an affiliate of developer **Stonehenge Co.**, is objecting to the proposed \$10.5 million sale of the privately owned portions of the \$60 million town center, which was developed in partnership with the suburban city.

An affiliate of East Lansing, Mich.-based Strathmore Development Co. got the purchase approval Feb. 17 from **Huntington National Bank** and NAI Ohio Equities LLC's [Mark Froehlich](#), who served as the receiver on the project.

But before a judge can rule on the sale, Gahanna-Creekside's argument must be heard by the court.

In the objection filed March 5 in Franklin County Common Pleas Court, the developer alleges Froehlich, Ohio Equities and Huntington aren't getting the full and fair value for the private portion of the project, appraised at \$24.7 million when the case began in February 2011. Huntington started the receivership initiative that month, when it called in \$29.1 million of unpaid loans from Gahanna-Creekside Investments.

"The marketing efforts over the last year have not been reasonable, let alone extensive," the developer said in its objection.

## Best of bad situation

The 360,000-square-foot Creekside, envisioned as a town square for the northeast suburb, opened in 2007 but never reached full occupancy. Gahanna-Creekside controlled three buildings with space for offices, stores and condominiums, and Gahanna owns an adjoining park, plaza and parking garage, which aren't in receivership.

The developer argues the group given the reins to maintain and manage the development haven't attracted tenants in the past year. It also says some tenants have departed and the complex's residences were not marketed. Selling condos has been the biggest struggle in Creekside's five-year history, no matter who has operated it. Just 11 of 69 condos were sold as of this past summer.

Retail and office portions of the project are at 80 percent occupancy.

[Jim Maniace](#), Froehlich's attorney with **Taft Stettinius & Hollister LLP**, said the money isn't there to finish the condos while Creekside is in receivership.

"The receiver is making the best of a bad situation," he said. "It's a distressed property."

[Michael Simpson](#), an Ohio Equities broker who worked on leasing at Creekside, said the February motion to approve the sale lays out Ohio Equities' work on Creekside's behalf, but he otherwise declined to comment.

Ohio Equities, according to that filing, created a website for the property and distributed it to its internal and external broker lists and also listed it on LoopNet, an online real estate listing service. It hosted three open houses and 12 private tours and had communications with 47 prospects. There were nine offers on the property, it said, including five from potential buyers outside Central Ohio.

According to the sale document, the \$10.5 million price was \$1.5 million higher than seven other offers. One higher offer was withdrawn after the shopper didn't show it had the financial capability to close the deal and declined to identify its principals.

Strathmore President [Scott Chappelle](#) said he isn't deterred by Gahanna-Creekside's objection.

"Based upon my recent conversations with the various parties, my read is that everyone is pulling together to work towards resolving any and all outstanding issues for the good of the project and the overall community," he said in an email. "It seems to me everyone is being very positive and constructive, so we remain hopeful that the sale can be concluded as quickly as possible."

The situation continues to be tough for at least one commercial tenant. The Wine Guy Wine Shop Wine Bar and Bistro filed a notice of default against Creekside this year. Owner [Craig Decker](#) said he hasn't decided the future of his 3,400-square-foot restaurant and wine shop, which is one of the anchors of the development. He said he continues to discuss rent and other issues with Strathmore.

The complex's other anchor restaurant, Mezzo Ristorante & Bar, remains happy with Creekside, said owner [Sheila Trautner](#), who is the daughter of Stonehenge CEO [Mo Dioun](#).

"With patio season approaching, we are looking forward to summer business at Creekside," she said in an email. "We have and continue to be optimistic about the future of Creekside."

Trautner's Taste Hospitality Group Ltd. also owns the Crazy Goat Coffee shop at Creekside.

Chappelle said the lingering economic recession has stressed many real estate projects, but Gahanna is better off with Creekside than without it.

"The original developer built an architectural masterpiece and was obviously concerned about building something the entire community would be proud," he said. "We are going to all pull together and finish what we all started because it has been a long five years for everyone."

Dan Eaton covers retail, restaurants, manufacturing, automotive and the advertising/PR industry for Business First.