

EXCLUSIVE REPORTS

More than \$150 million invested in developments adjacent to Old Post Office

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They call it an anchor. A catalyst. A linchpin.

The Old Post Office has been at the geographic and symbolic center of the district that developers see as the stage from which to revitalize downtown St. Louis. Now that the \$77 million deal to turn the historic building into a home for commerce and education is a go, visions of a 24-hour downtown where people live, work, shop, dine and play are a step closer to reality.

The landmark has held enough promise to inspire the redevelopment of several other buildings surrounding it. During the four years The DESCO Group and DFC Group have taken to secure financial backing for their Old Post Office project, other plans have moved ahead with confidence the deal would come through.

North side

Since 2003, brothers Michael and Steven Roberts have invested more than \$55 million in properties overlooking the Old Post Office. On the block immediately north, they purchased the Mayfair Hotel, built in 1926, and spent about \$6 million to turn it into a boutique hotel. They plan to spend another \$20 million to build an adjoining 19-story tower. The tower will offer hotel suites and condominium residences, as well as a multilevel restaurant with outdoor cafe dining; ballroom and meeting space; a roof terrace and garden; and a penthouse garden and spa.

Next door on the same block, they purchased the American Theater -- now called the Roberts Orpheum Theater. The theater, which Mike Roberts describes as the "diamond in the crown," celebrated its grand reopening in late September. It is beginning to offer ticketed and non-ticketed events, and will be available for weddings, bar mitzvahs, dinner theater and other events.

"We felt if we could blend culture inside a residential community, we'd have a real winner," Mike Roberts said. "It's happening. It's alive."

A half-block parking lot between those buildings and the Old Post Office will be transformed into a civic plaza through the efforts of an unnamed philanthropist and Downtown Now, a public-private partnership focused on revitalizing downtown. Although in the works for some time, the plaza has been contingent upon the Old Post Office redevelopment.

"If the Post Office was going to sit there vacant without the activity it's going to generate, we didn't see the point of the plaza," said Tom Reeves, Downtown Now executive director. "Now we want to make it pedestrian-friendly and full of street-level activity."

Reeves and Roberts said an announcement of the plans will likely be made in another couple of weeks. The plaza design calls for a cascading water wall and other features, Roberts said.

North by northwest

Across from the Old Post Office's northwest corner, the Roberts bought the seven-story Board of Education Building, which they have converted into luxury residential space and renamed the Roberts Lofts on the Plaza. They plan to install an upscale ground-level restaurant on the Ninth Street side of the building. On the same block, they also purchased the Saint Louis Design Center building and a sliver building between the Design Center and the Roberts Lofts.

The Roberts committed themselves to these downtown projects long before the Old Post Office was a done deal. But even though they expected to succeed with or without it, Mike Roberts said the Old Post Office will definitely add value to the district when it brings employed people and students to the area.

"The Old Post Office was and is the anchor," Roberts said. "Our plaza, the Post Office, the theater, the Roberts Lofts -- this is going to be the living room of downtown, the place where people will come, a destination point.

"We're seeing a wild, wild west land grab starting to take place," he said. "We'll see more commerce and people spending more time downtown. I expect with more people, we'll see a restaurant boom like in Clayton. You'll see the things that make it a more robust community."

South side

St. Louis-based Pyramid Construction began taking its chances on the Old Post Office district about five years ago when President John Steffen bought the Paul Brown Building immediately south of the site.

It took time to arrange the financing, but early this year Pyramid embarked on a \$52 million plan to redevelop the building into 222 apartments, 20,000 square feet of retail space and 130 parking spaces.

Forty percent of the apartments are considered "affordable housing." Rents will range from \$600 a month to \$1,600 a month.

The project, coupled with other nearby developments and the promise of a rejuvenated Old Post Office, led Fannie Mae to make an \$11.8 million investment in the Paul Brown Building. The Paul Brown might still be sitting mothballed if not for the Old Post Office plans.

"We made our investment in the Paul Brown Building because we were fairly sure that the Old Post Office would happen some time down the road," said Clifton Berry, director of Fannie Mae's St. Louis office. "If we didn't think that building would get done in the medium term, it would have affected our decision."

Overall, Fannie Mae has committed about \$52.5 million to downtown housing developments since 2000. Berry expressed confidence the investments will pay off now that pieces of the Old Post Office district puzzle are falling into place.

"It will definitely be a catalyst," Berry said. "Anytime any of those properties are back into service increases potential for other properties in the district. The Old Post Office will attract foot traffic and enhance the market for residential development."

...they will come

So far, the Old Post Office is set to become the home of the U.S. Court of Appeals Eastern District, an expanded downtown campus of Webster University, a Pasta House Pronto restaurant, a satellite branch of the St. Louis Public Library and offices of the St. Louis Business Journal.

A significant component of the project includes replacing the Century Building across the street from the Old Post Office's western facade with a new parking garage.

"The Roberts brothers invested in anticipation of getting the new parking and knowing this fabulous building will be full of activity," Reeves said. "That was their whole motivation. John Steffen certainly wouldn't be as excited about building 222 residential units across from a pigeon-filled building. This is a linchpin project."

The Old Post Office also fits well with Craig Heller's nearby loft developments. The head of LoftWorks was among the pioneers in the district and developed the first for-sale lofts downtown about five years ago. Heller's success with his 10th Street Lofts, all 31 of which sold, spurred him to start other loft projects in the district. He is investing about \$37 million in the neighborhood on various projects including the Louderman Lofts, Bell Lofts and Lofts at 315.

New York-based Sterling Properties also showed faith in the district when it bought the Laclede Gas Building, catty-corner from the Old Post Office to the southeast, and then spent more than \$2 million on renovations.

Domino effect

With these developments and the Old Post Office under way, other buildings in the district may be poised for investment. Among the most likely candidates are the historic Arcade and Wright buildings, which share the same city block with the Paul Brown. Pyramid's Steffen owns both buildings and said he expects to put a redevelopment deal together for those properties by next summer. The closing of the Old Post Office agreement will enhance his development propositions immensely, Steffen said.

"The closing of the Post Office is the first significant domino to fall and will trigger a lot more development activity," Reeves said. "When you remove the major barriers like parking and blight, it really shows that the city is committed and that all the forces are aligned to make things happen. That gives the development and investment communities a lot more confidence."

It will take a few more years for some of these projects to be completed, and the economic impact of these investments may also be delayed. But observers and advocates see the Old Post Office district fitting nicely within the bigger picture of downtown redevelopment.

"I think we've reached a point where we can stop pulling the wagon up the hill and start riding down the other side," Reeves said. "The Post Office solidifies the momentum that has been building by the various redevelopment efforts downtown. There is no question in anybody's mind that this is sustainable and substantial."