

EXCLUSIVE REPORTS

Eye on the prize: Developers bid for Syndicate

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Last, but not least.

The Syndicate Trust Building, the last major building in the Old Post Office District downtown to be claimed for redevelopment, is drawing interest from at least two out-of-town developers and three local developers.

Roberts Brothers Properties, John Steffen's Pyramid Construction and Minneapolis-based Dominion Development and Acquisition are submitting proposals that each call for a mix of retail and residential. Project costs could top \$50 million.

Local developer Craig Heller is submitting a proposal with an out-of-state developer he declined to name. Proposals were due Jan. 13.

The city of St. Louis issued a request for proposals to redevelop the Syndicate Trust Building last fall with an asking price of \$4.5 million for the 450,000-square-foot building at 915 Olive St. The 16-story building is west of the \$77 million Old Post Office project, which includes a 1,000-space garage that will be built next to the Syndicate Trust Building.

"Due to its size and ornamentation, the Syndicate Trust is an extremely prominent part of the district, and we're eager to have it returned to its former splendor," said Barb Geisman, executive director of development for the city of St. Louis. It is the last major building in the nine-block core of the Old Post Office District to be adopted by a developer, she said. Federal and state historic tax credits, property tax abatement, Brownfield tax credits and tax increment financing may be available to the developers.

Redevelopment of the Syndicate Trust would bring about 200 new apartments and condominiums to the downtown market, which has seen construction of 912 residential units in the last four years, with 660 more under construction for this year, according to figures from the Downtown St. Louis Partnership, an association of downtown businesses and residents. The occupancy rate for condominiums completed downtown since 2000 is 89.68 percent; for market-rate rental apartments it's 82 percent, said Jim Clour, president of the partnership.

Roberts Brothers Properties is considering a mix of apartments and condominiums on the upper stories of the Syndicate Trust, with retail and entertainment venues on the first one to two floors. The apartment/condo mix would cater to the "eclectic" group of individuals who'd move into a building like the Syndicate, with some interested in renting and others looking to purchase their first home, said Steve Roberts, principal with Roberts Brothers Properties.

Roberts Brothers has invested more than \$55 million in the area since 2003. The company's purchases include the Mayfair Hotel, American Theater, Board of Education Building and the St. Louis Arts Center building in a roughly two-block area north of the Old Post Office.

"The Syndicate Trust is something you have to wrap your arms, legs and feet around. Part of our advantage is we're fully engaged across the street and down the block," Roberts said.

Steffen, who also has major developments in the area, said Pyramid was proposing a combination of retail and condominiums for the Syndicate Trust and would work with local architectural firm Trivers Associates Architects on the project. Steffen is working on the \$52 million rehab of the 300,000-square-foot Paul Brown Building, which includes 222 apartments, 20,000 square feet of retail space and 130 parking spaces, immediately south of the Old Post Office.

Heller said he and his development partner also are interested in doing a mixed-use development. Heller has invested nearly \$37 million in loft projects in the district and was among the pioneers in the area, with the development of the 31-unit 10th Street Lofts in 2001.

U.S. Bancorp has agreed to help back Heller and his partner, which is an experienced developer with "significant resources," said Zack Boyers, senior vice president of U.S. Bancorp Community Development Corp. The bank also is open to backing another developer, if they win the building and have the right qualifications, he said. "It's a fantastic building, perfectly located, and the possibility of attracting a national retailer to the first floor is a real one."

The more in-town and out-of-town interest in developing the building, the more the neighborhood is assured of seeing a quality development to fill out the western flank of the district, said Steve Stogel, president of DFC Group, which is redeveloping the Old Post Office with Desco Group. The redevelopment agreement for the Old Post Office prohibits DFC and Desco from bidding on the project.

Minneapolis-based Dominion is proposing a more than \$60 million redevelopment of the Syndicate Trust into about 240 apartments and condominiums, with retail taking up

most of the 25,000-square-foot first floor, said Jeff Huggett, Dominion project partner. The remainder of the first floor would be needed for common space. The company wants to partner with a local developer and has been in talks with a few, Huggett said. He declined to give names because a deal hasn't been reached.

Dominion owns and manages 13,000 apartments primarily in the upper Midwest. The company was introduced to the St. Louis market with its \$42 million redevelopment of the former Homer G. Phillips Hospital in north St. Louis, which it converted to senior living apartments. The property has been between 98 percent and 100 percent occupied since leasing began in December 2003.

Other developers who have rehabbed historic buildings downtown who are passing on the Syndicate Trust project include McCormack Baron Salazar; Balke Brown Associates; HRI Properties, a unit of New Orleans-based Historic Restoration Inc.; McGowan|Walsh; McGowan Brothers Development and Restoration St. Louis, owned by Amrit and Amy Gill.

While McCormack Baron Salazar has done a lot of historic rehabilitation, the developer lately has gravitated more toward larger-scale, multiblock developments, said Richard Baron, chairman and chief executive.

Because of the size of the Syndicate Trust building, it would have to have a variety of uses, said Ron Silverman, HRI senior vice president and regional manager. That makes its development a little bit more difficult, and HRI has a lot on its plate, he said. HRI is starting construction on the redevelopment of a building in the Cupples Station warehouse complex near Busch Stadium. It has developed the \$265 million Renaissance Grand Hotel and Suites, Marriott's thousand-room hotel complex on Washington Avenue. It also redeveloped the Merchandise Mart on Washington Avenue into 213 apartments. That building is 95 percent occupied.