III. Redevelopment Potentials

A. Summary of Current Plans and Proposals Presentations

Early in the planning process the team attended a series of meetings held at the offices of SLDC to brief them on existing development plans and proposals for the City and region as they apply to the Downtown. The following is a summary of those meetings.

Board of Public Service Plans and Proposals

The Board of Public Service gave an overview of the four primary projects it is currently undertaking within Downtown. The projects include:

1. The Re-Decking of Eads Bridge
The lower level of the historic landmark bridge is used for the MetroLink line connecting St. Louis to East St. Louis. The upper level is currently not being used. BPS expects to contract soon to re-deck the upper level for vehicular use. The historic design of the bridge restricts new deck widths to 54 feet wide. The proposed design includes 4 travel lanes with a 5-foot walkway on one side. Bike enthusiasts have rallied to better accommodate bicycle traffic through realignment and /or designation of lanes.

2. Multi-Modal Project
A new multi-modal station is currently in the final design stage with related track work expected to go out for bid in the short term. The station is just north of the Mill Creek Valley, at 14^{th} and Spruce Streets. The +/- 20,000 square foot facility will accommodate MetroLink, Greyhound, Amtrak, Bi-State Bus and a car rental facility. The station will also be able to accommodate a future high-speed rail line.

3. Grattan Street Parkway
This project includes improved local road connections between near south neighborhoods and the Downtown. The proposed parkway will be four-lanes with a landscaped median. The parkway will connect at 18^{th} Street north of I-64/STH 40 and at 17^{th} Street south of I-64/STH 40.

4. 22^{nd} Street Parkway
This project includes the extension of the 22^{nd} Street on and off ramps from I-64/STH 40 into and out of Downtown. The project is being developed by both the Missouri Department of Transportation (MoDOT) and the City of St. Louis. The City has completed design and is awaiting final ROW acquisition to proceed with constructing a parkway from Olive to Delmar, along 22^{nd} Street. If the City proceeds with its component of the project, MoDOT proposes connecting I-64 to the 22^{nd} Street Parkway at Olive. How and whether this parkway should be connected to the new Mississippi Bridge project identified on the following page are issues that will need to be addressed during the planning study.

Streets Department Plans and Proposals

1. New Traffic Signalization System

The Downtown area, from Chouteau to Cole and the Mississippi River to Tucker will undergo a comprehensive reconstruction of the traffic signalization system using fiber optics. This system will replace the existing system installed in the 1950's. This new system will involve 75 intersection, and should dramatically improve traffic movement in the Downtown while at the same time significantly decreasing pedestrian conflicts.

Bi-State Development Agency Plans and Proposals

Bi-State runs mass transit services in the City of St. Louis, St. Louis County and areas in Illinois. Services include MetroLink, the bus system, Call-a-Ride, the Arch parking structure, and the Arch Tram. Bi-State is currently in the process of designing a St. Clair County MetroLink Station, which is to open in 2001. MetroLink is very successful, far exceeding any initial ridership projections. Bi-State bus service is threatened by operations subsidy shortfall. Bi-State provides special event buses for Rams games, but only for travel from Illinois for baseball games. MetroLink has high special event ridership. An Arts in Transit program was established in 1986 to provide civic design, an art link for the public transit facilities, and community and economic development. New bus shelters will be installed in the next few years, and an image and signage program will increase visibility of the MetroLink system.

Missouri Department of Transportation Plans and Proposals

The Missouri Department of Transportation (MoDOT) discussed a proposed new Mississippi River bridge connecting Missouri to Illinois with a proposed touchdown in the northern area of the Downtown. The bridge will be signed as I-70. In the City of St. Louis, the current touchdown locations are at Tucker and at 14th Street. The bridge alignment and approach designs are currently undergoing environmental review. Construction funds are not yet budgeted.

Corp of Engineers Plans and Proposals

The violent character of the Mississippi waterway was discussed. The discussion included typical maneuvering of barges and other boats that may traverse the Mississippi River, along with a statement that the Corp of Engineers and the Coast Guard typically oppose recreational boating activities on the Mississippi due to the character of the waterway. The River typically moves seven feet horizontally for every 1-foot of vertical increase. There are several leases along the riverfront currently for permanent and temporary commercial and/or tourist boats. Parking lots at the water's edge are flooded approximately four months out of the year. A portion of this parking is leased to the existing casino, and 70% of the revenue generated goes to the Port Authority.

East-West Gateway Plans and Proposals

East-West Gateway was established in 1965 and covers eight Missouri and Illinois counties. The organization provides a forum for coordinated development within the region, with a voting board that includes the chief elected officials from its member jurisdictions, lay people and Bi-State. East-West Gateway has been involved with development of the existing MetroLink system and its expansion, and has adopted a Regional Transportation plan, *Transportation Redefined*, in 1994 to address regional transportation issues.

City Treasurer Plans and Proposals

The Treasurer's office has controlled parking revenues generated by the City since the 1950's. This revenue is obtained through meters, violations, fines and off-street parking facilities operated by the City. The Treasurer's office has constructed several off-street parking structures including one at Kiel Center, and is currently developing a structure as part of the Marquette residential development. The representative stated that parking typically costs $95/month for structured parking in the Downtown, with an 85-90% occupancy in the Core study area.

Laclede's Landing and Riverside North Current Plans and Proposals

The Laclede's Landing Redevelopment Corporation and its various affiliated organizations: Laclede's Landing Merchant's Association, Warfside Redevelopment Corporation, and the Riverfront Development Corporation of Downtown St. Louis, Inc. have been planning for the Laclede's Landing and Riverside North areas for almost 20 years. The Laclede's Landing Redevelopment Corporation is a Section 353 shareholder owned company.

Initial efforts to revitalize the area began in 1966, with a second wave of activity occurring in 1976 when significant economic restructuring took place. This area is defined by Biddle Street to the north, Washington Avenue to the south, the Mississippi River to the east and I- 70 to the west. The Landing currently includes a mix of retail, office and loft residential, along with 5,000 parking spaces. Approximately 95% of the current user market comes from outside the City.

Some of the current issues surrounding redevelopment of the area that were discussed include:

- Difficulties in land acquisitions, site size, existing transportation infrastructure and the Mississippi River as it relates to residential development
- Two primary circulation issues of pedestrian movement north-south to and through the site and vehicular movement east-west into the site. Need for a shuttle to move people
- Not able to have a marina developed here due to the violent nature of the Mississippi River. The Corps of Engineers has denied this type of development
- How the placement of the Eads bridge was the beginning of a series of large transportation impacts that diced up the riverfront.

There were design guidelines completed for the area that address dumpsters, paving, signage, and so forth, however the height and scale of new development must be considered to a greater level, as current new development tends to be project driven rather than strategy driven. In addition, circulation and land use issues need to be addressed.

One current development in Laclede's Landing is the conversion of two stories of existing office use into residential. Another development in current discussions is a new hotel to be located in the Riverside North area.

The five-year development plan for these areas would include 200 units of new/rehab, mid-rise construction in Laclede's Landing, 50 units in Riverside North, a hotel to be located along I-70 with 100-150 rooms to be completed in year four, a parking garage east of the Embassy Hotel to support the Admiral Casino, and 40,000 sq. ft. of retail along First and Second Streets. A total of 500 housing units would occur within a 10 year development plan. This development plan would be geared to a middle to upper income residential market. There has been some resistance to developing residential development in the Riverside North area.

Although the Redevelopment Corporation does not directly receive public money, there are currently 18 sources of public money available for development of lands along the riverfront. The Corporation uses tax abatement as an incentive for redevelopment. The Corporation is currently looking for investors, along with national and local developers for the area.

East St. Louis Riverfront Current Plans and Proposals

A local market analyst is currently doing a feasibility study for development of the East St. Louis riverfront as a Music Center. Federal funding for this project is not available. The Gateway Center Geyser is one piece of an entire development plan for the east riverfront that is currently in place. This geyser emits a fountain of water twice a day. The additional physical components of this music center would include an amphitheater on axis with the Arch that would seat approximately 10,000 people. The St. Louis Symphony may be one organization to extensively use this facility. Another all-season theater would accommodate 5,000-7,000 persons. The museum would be a gateway piece along the water. This museum would include an adverse cultural representation, having the largest range of music representation in the country. The Smithsonian has expressed interest in being a part of this museum development. An education/research component may entice area universities, and is proposed to include a life-long learning center and research library. The use of these grounds for area festivals was also discussed. Larger planning issues include the development of a bike and interpretive trail system that would connect into a regional system. The overall goal of this project is to improve the image of East St. Louis.

There is currently $50 million from the State of Illinois available for the development of this site in terms of business relocation, land acquisition and environmental remediation. Approximately $17 million in private funds are available. The museum would be funded through a general revenue bond, with a 2004 target completion date. The Governor of Illinois is pushing for this development.

Union Station Current Plans and Proposals

In 1977 Oppenheimer Properties, Inc. bought Union Station after several studies had been completed on potential re-use scenarios. The project was to be a stand-alone destination, but not so large that it would be financially unfeasible. The project opened in 1985 under the management of Rouse Company and included retail, restaurants and a new 479 room hotel. $135 million in financing was obtained, and tax credits helped make the project a reality. In addition, the Mayor of St. Louis at the time appointed an aide to assure the success of this project. The Union Station project was a catalyst for approximately $1 million in neighborhood revitalization. The Kiel Center development also attributed to revitalization of this area. Currently, the retail components are less successful than the hotel component. Sixty-two percent of business is from outside of the metro area. Current projects being planned are a movie theater complex, a Hard Rock Café, and new office construction. Another project under study, which may compete with Union Station activities, is an entertainment complex in St. Charles County. The representative from Union Station discussed the possibility of an entertainment district for this area, and stressed the importance of having a multi-modal station in close proximity to the Station.

Darst Webbe Current Plans and Proposals

These areas provide the 'front door' to Downtown from the south. In 1995 HUD awarded a 46.7 million dollar grant to the St. Louis Housing Authority for demolition and redevelopment of the Darst-Webbe public housing complex. The redevelopment will include re-introduction of the street grid system, removing the existing super-blocks. Improvements to the streetscapes, public areas, and civic buildings will contribute to the redefined neighborhood. The project will have a significant impact on housing immediate to the Downtown through the addition of 745 housing units, with a density of 20 units per acre at build-out. Of this total, 180 units will be low income, 105 units moderate income, and 460 market rate units. 445 of these units will be rental, with 150 dedicated to elderly residents. 54% of the units will be public housing. The average cost for the market rate for-sale housing is to be $125,000-$170,000. The master plan includes housing typologies to guide the development, as several developers will be involved with the project.

Gateway/ Convention Center Hotel Current Plans and Proposals

There is currently a 1,000 room convention center hotel planned. This hotel will be located in a building renovation and addition to occur on Washington Avenue across from America's Center. This hotel will include a new parking structure, with underground connections to the hotel. The structure will have 24,000 sq. ft. of retail on the ground floor and will be capable of handling 1200 cars. This structure will cover one and a half blocks, and will be continuous above street level over St. Charles. There will also be a skywalk connection 43 feet above the street level to connect the hotel to America's Center. There will be a combination of public financing, via tax increment financing and state revenues, a HUD Section 108 loan and City funds.

Saint Louis Centre Current Plans and Proposals

Opened in 1985, the 4 level mall is currently 59-65% occupied, with Dillards and Famous-Barr as anchors. Current lease rates average $10/ sq. ft., down from $35/ sq. ft. when the mall opened. A current breakdown of users identifies 35% Downtown workers, 1% tourists, and 64% residential users. The Centre offers 3 free hours of parking on the weekend. The redevelopment plan includes converting the 3rd and 4th floors back to moderately priced office space, moving the food court to the second level and allowing for service uses on the first and second levels. The plan would also need to address issues with access, visibility, signage, wayfinding and parking. Further, changes to the skybridge may occur as part of this redevelopment effort, such as removing some floors or changing colors. The success of redevelopment of Saint Louis Centre may be significantly enhanced by the Convention Center Hotel Development.

Cupples Station Current Plans and Proposals

Blue Cross/Blue Shield of Missouri currently owns the buildings, and is working with an investment company on redevelopment proposals. Current proposals include the construction of a new 550 car parking structure with ground floor retail on vacant land, a 220 room hotel in the three building Manhattan Coffee complex, approximately 200 loft units, a museum and office rehab. The proposed cost for this redevelopment is around $100 to $150 million.

Other Projects and Planning

An overview of previous planning efforts included a discussion of the:

- 1960 Plan for Downtown that proposed the creation of the Mall and discussed a ring highway system;
- 1973 Comprehensive Plan that discussed skywalks, built stadium parking and began urban renewal discussions that included a new convention center;
- 1987 Downtown Plan that placed importance on the riverfront, had the idea of the half mall from Cupples Station to Ralston Purina and first discussed the MLK business park;
- 1989-1992 Streetscape/ Landscape Plan which identified Clark Street between Union Station and the stadium as an important pedestrian connection, identified Washington Avenue as an important connection and discussed the covering of the freeway within the Downtown;
- 1990 Skidmore, Owings and Merrill Study of a Hospitality District that proposed a clear connection from the Convention Center to Laclede's Landing, leaving the current configuration of the freeway as it is, and indicating the location of a proposed major new convention center hotel development;
- 1992 Washington Avenue Loft District Plan that identified four sub-districts along Washington Avenue from the Convention Center to 20th Street;
- 1980's Riverfront Plan that provided the basis for current development along the river's edge;
- 1993 Riverfront Plan that proposed major new infrastructure improvements, such as additional parking and improved road accessibility, based on the legalizing of gaming along the Mississippi River's edge; and, the
- 1993 Downtown St. Louis Strategic Plan

Additional Topics of Discussion

- The fact that the City-wide capitol budget is $3 million/year, with a large portion going directly to the Aldermanic Wards
- There has been not general public bond issue since 1962
- Tax abatement applies to 58% of the property in the City
- There are strong Eminent Domain powers
- Status of historic preservation efforts in the City, and that absolute authority is given to the Heritage and Urban Design Commission regarding demolition or saving of structures
- Regional economic overview that included a discussion of undevelopable land in the region, growth statistics for the Metropolitan Statistical Area, and statistics for change in the City of St. Louis
- Discussion of the need for a unified leadership

B. Summary of Stakeholder Interviews

Overview

The planning process included several days of meetings with City stakeholders to hear their views on planning issues and strategies for the Downtown. The issues, opinions and perceptions discussed here will contribute to design recommendations of the plan. A summary of each of these meetings is included below.

Some of the issues, whether strengths or weaknesses, were identified in more than one session. Some of these items that were repeated include:

- The Downtown shuts down after 5 pm,
- Traffic is too congested around rush hour,
- The permitting process is too difficult, there are too many departments and agencies to deal with,
- There are inexpensive rents in the Downtown for both retail and residential use
- There needs to be more political leadership,
- There are perceptions about the lack of parking,
- There are perceptions of an unfriendly environment, both from a safety and urban design perspective

Business Summit

General Comments:

- It is hard to get people Downtown
- Traffic is too congested, discouraging people from coming Downtown
- Downtown not adequately covered by mass transit
- Downtown shuts down at 5 pm
- Downtown has the framework: infrastructure, buildings, potential for critical mass
- Need for additional space for the business – would like to stay Downtown but may not be feasible
- Downtown does not have the 'high tech' features that are needed by today's companies
- Businesses do not want historic buildings for office space, even if updated, they want new construction
- Security: whether it is reality or perception
- Need for skilled workers
- Current business owners have too much of a negative image of themselves and the Downtown, they should be more positive
- City does not have the revenue to help subsidize business start-ups
- Permitting process is too difficult
- Planning process occurs in a vacuum
- Implementation is key to a project: projects are visioned, and maybe even designed, but not always implemented

Strengths of the Downtown listed include:

- Overall interest in the Downtown seems to be increasing
- Inexpensive rents for retail and residential space
- Sports and entertainment activities available

- Easy commute
- Historic presence of buildings
- Arch grounds
- Free MetroLink during lunchtime

Weaknesses of the Downtown listed include:

- Lack of quality retail
- City shuts down at night
- Wayfinding is difficult – both entering into Downtown and moving around within Downtown
- No connections between the different activity areas
- There is lots of energy for revitalization, but no leader
- Lack of fiber optic cable

Local and Regional Retailers Summit

Participants discussed where they lived, and what businesses they owned in the Downtown. Further discussion included the level of success of the participant's Downtown business, and what they felt the strengths and weaknesses were for doing business in the Downtown. Some of these comments were as follows:

General Comments:

- Some businesses have a strong regional draw due to their specialty
- The shops at Union Station are doing pretty well, with both a local resident and tourist draw
- There is a need for two types of retail: community based services for those that live Downtown and destination stores
- A discussion of what is needed in Downtown produced the following comments:
  - Additional Mississippi bridge crossing
  - A north/south MetroLink line through Downtown
  - Community Improvement Districts
  - Leadership
  - Current land owners must take a stake in the buildings they own

Strengths of the Downtown listed include:

- Some great development space is available
- Unique sense of place
- Infrastructure exists
- Much of the retail rent in Downtown is relatively cheap

Weaknesses of the Downtown listed include:

- People come Downtown to work and then leave
- No-one lives Downtown
- The streets are in gridlock at 5 pm
- Permitting and approval process is too long: not a smooth process
- Negative physical environment: images and perception of crime deters people
- Need for short term parking in front of businesses
- Need better traffic control and management during special events
- There is a perception of a lack of parking

Transportation Summit

The discussion began with a briefing of the current on-the-board projects and followed with a discussion by participants. These comments are as follows:

General Comments:
- Discussion of a potential St. Louis-Chicago passenger high speed rail link
- There is a perceived lack of parking: people have a spoiled attitude about parking – they expect it to be within two blocks of their destination
- People will walk if the environment is friendly
- Need a more green, pedestrian-friendly Downtown
- There is still heavy rail line use in the City, which crosses the riverfront – St. Louis is the third heaviest in the US today
- There is a Downtown Transportation Management Association
- There is a large amount of barge and freight traffic on the Mississippi
- Regional bikeway plan was completed in 1995
- Need for coordination with various transportation entities and the City of St. Louis

Strengths of the Downtown listed include:
- MetroLink is one of the best things that happened for St. Louis, ridership is beyond expectations
- Riverfront trail exists north of Downtown along old ROW and connects to the Confluence Park area

Weaknesses of the Downtown listed include:
- Need to allow existing 'on the table' projects to catalyze through public support
- Need a theme for Downtown
- Transportation currently cuts off assets i.e. the Arch, Laclede's Landing
- There is a lack of leadership in the Downtown
- Bus system in Downtown does not go where congregations of people are: needs to be redesigned
- Lack of standard design for freeway interchanges
- MetroLink is not where the people are
- Lack of effective intermodal system

Residential Development Summit

Several different individual, development, and real estate representatives attended this meeting.

General Comments:
- A question, "what is the motivation for building in Downtown and the surrounding neighborhoods" was posed to the participants with the following responses:
  - The old houses, the urban neighborhood, character
  - Being able to restore the architectural heritage
  - County opportunities are slowing, therefore developers are returning to the City
- Need for infill design guidelines

- Need to be sensitive to big developers working in the City (creating larger tract opportunities), big developers need to be sensitive to the older neighborhood scale (develop at the appropriate scale)
- City needs to package development lots/opportunities
- Residents need to take the initiative on their own – the Soulard Neighborhood Model
- The three main questions asked by a potential Downtown resident are: 1) Is it Safe 2) Where do I park and 3) Where do I shop?
- Need to figure out how to package what St. Louis has and figure out how to sell it.

Strengths of the Downtown listed include:

- Good housing stock (what remains)
- Good neighborhood character

Weaknesses of the Downtown listed include:

The primary reasons listed of why a developer would not build in the city includes:

- Brownfield vs. Greenfield
- Finding the buyer
- Poor public school system
- Need to build relationships with lenders and the City
- Too many public groups to deal with
- Need job growth
- The unfinished look of the Downtown and surrounding areas

Political and Pubic Policy Roundtable

General Comments:

- Need to have all the Downtown related groups work together, not against each other
- Need to improve the permitting process
- Need fiber optics in the Downtown
- Need for sweeping charter reform
- Need to define redevelopment within the Downtown as a regional goal
- It is the Downtown versus the Region – what is going to win?

Convention and Tourism Roundtable

General Comments:

A discussion of tourism concluded the following:

- Some hotels are more tourism oriented, some more business oriented
- Peak times for most hotels are during the summer months
- May, June and July are the busiest months
- Transportation is a major concern
- Need to improve linkages between venues
- Need to market St. Louis to St. Louisians
- Need for more residents in the Downtown
- Need to get people who come for events to stay
- Lack of sense of action
- Need attractive context

- Need a theme for the riverfront
- Need Downtown shuttle again
- Need to start with the core area
- Need to downsize the 'core'

Strengths of the Downtown listed include:
- People come into Downtown for a baseball, football, basketball game, cultural events
- There are 4 million visitors to the Arch every year, mostly destination travelers

Weaknesses of the Downtown listed include:
- Need for Political support for redevelopment
- Need to improve the pedestrian experience, streets are not pedestrian friendly
- Difficult to access Arch grounds from the interstate
- Need for a clearer highway signage program
- Perception of an unsafe environment in the Downtown

Education Summit

A discussion with education leaders throughout the region, from all levels of the education system, is summarized below.

General Comments:
Comments on what is needed in the Downtown included:
- Access to free and safe parking
- A livable community
- A magnet school
- Downtown university schools
- Tax breaks
- Partnering between the City and region
- Change perceptions of safety and quality of life of living in the Downtown

Priorities:
- Consider a program from St. Louis University in the Downtown, build relationships, make it easy to develop
- Consider a Medical/ technology business with Washington University: link Botanical Gardens/ St. Louis/ Washington university as a "Technopolis"
- Locate incubator elementary school in Downtown – create a TIF/get developer
- Create an urban education/public policy/research team
- Solicit a regional commitment for development of Downtown education programs
- Improve public relations for education
- Make Washington Avenue an educator/livable area/a global education center

Strengths of the Downtown listed include:
- The YMCA latchkey program
- A rich diversity of people
- Access to MetroLink
- Access to quality daycare
- Current new magnet schools and possibility for additional magnet schools in the Downtown area

- Number of Downtown workers

Weaknesses of the Downtown listed include:

- Anxiety about security: perception of lack of safety
- Lack of public transportation to school sites
- Leases for schools are expensive in the Downtown
- Faculty has to pay City earnings tax
- Lack of basic service industries in the Downtown

Festivals Summit

General Comments:

- Want to find a site for permanent festival grounds in the Downtown area
- Looked at models from other cities
- Want to use the festival grounds as a symbol of an international city
- Looking at the economic impact of such a site
- Need good management of these festivals
- Some of the festivals were discussed, including J.B. Park, Forest Park, Japanese Festival held at Botanical Gardens, Chinese, Filipino, Greek, Polish, Strassenfest, Fair St. Louis, First Night, 500 to 1,500 small ethnic/church fairs

Parks Department Summit

General Comments:

- Would like to see more activities on the Mall
- Need to coordinate all festival permitting from one location
- Last comprehensive park plan was completed in 1947
- Industry along the river is still pretty stable, therefore it is difficult to develop the riverfront as part of a comprehensive open space system
- There are two separate taxing districts in the Downtown
- There is interest to improve the streetscape character in Downtown
- There is no budget for purchasing trees

Strengths of the Downtown listed include:

- Vandalism of city park lands is not a problem
- There is adequate park space in the Downtown, and some of this space is underutilized

Weaknesses of the Downtown listed include:

- Parking is biggest drawback for Downtown festivals
- There is an amplified sound restriction in the Downtown during working hours, therefore there can not be active festivals occurring during working hours
- If more events were to occur on the Mall would need to install additional electrical and water outlets
- Budget is pretty stable, however slow cuts in funding every year makes it difficult to provided adequate maintenance

Paraquad Summit

Representatives from Paraquad, a disabled persons advocacy group in St. Louis, met with the team to discuss their concerns and ideas about Downtown.

General Comments:

- Want to be included in the Downtown effort
- Need to have ADA compliance: a majority of crosswalks in Downtown are not accessible
- Disabled do not want special housing and transportation, they want to be integrated
- Visually impaired would move Downtown, in close proximity to bus lines, if housing were available and if the public environment were in better condition
- There is a need for a universal design in telecommunications
- There is a need for more accessible hotel rooms
- Housing that accommodates the disabled is lacking or is poor in quality

C. Potential Projects and Sites

Current Plans and Proposals

Numerous projects, both transportation and civic related, and privately developed, have been discussed as a basis for these planning efforts. Each of these potentials was mapped and discussed in terms of viability and time frame for implementation. The improvements can, for the most part, be broken down into the following categories:

- *District or Area Improvements*
- *Transportation and/or Infrastructure*
- *Civic Improvements*
- *Adaptive Re-use and Rehabilitation Projects*
- *New Construction*

District or Area Improvements
District improvements include larger scale projects such as the revitalization of the Washington Avenue Loft District and Old Post Office Square enhancement. These improvements also include the creation of new residential neighborhoods, including 'Riverside North', on underutilized lands north of Laclede's Landing, and in the Eugene Field House area. Additional area improvements include adequate improvements to the fiber optic system and providing a better connection across I-70 to and from the Arch grounds. Of these, a hand full will be studied further for specific market viability and viability in the minds of local officials and citizens.

Transportation and/or Infrastructure
Transportation improvements that have been discussed and/or are in the works include a new bridge over the Mississippi that would relocate Interstate 70 traffic. This bridge would be located north of Downtown, and would change interchange configurations at the intersection of the Poplar Street bridge with the current I-70. Additional transportation projects include:

- a new vehicular deck for the historic Eads bridge, to alleviate some of the traffic congestion on the Poplar Street bridge;
- a parkway at 22^{nd} street, to include redefined on and off ramps for I-64 / US 40 at 22^{nd} Street and continuing to Delmar; and
- a Grattan Street parkway extension that includes reconfiguration and extension of some streets in order to better connect those neighborhoods south of Downtown to the Downtown.

The expansion of the current MetroLink system to accommodate a north-south linkage through the Downtown is also being considered. In addition, a new traffic signalization system in the Downtown is currently in the planning stages.

Civic Improvements
Civic improvements that have previously been discussed include enhancing Clark Avenue, 6^{th} Street and 8^{th} Street to make them more pedestrian friendly and to encourage the establishment of additional shops and restaurants along them. The Federal Mall is a project that would include a half block width plaza system to extend from the mall south to the entrance and exit ramps of I-64 at 10^{th} Street. The enhancement of the Old Post Office and its surrounding environs, had been

Redevelopment Potentials: Current Plans and Proposals

AREA IMPROVEMENTS:
1. Washington Avenue Redevelopment
2. East St. Louis Riverfront Improvements*
3. Arch to Downtown Connection*
4. Laclede's Landing (various)
5. Cupples Adaptive Re-use Area*
6. Residential Opportunity Zones**

PROJECTS:

7. Hotel at Cupples Station/Stadium*
8. 210 N. Tucker Telecommunications Center
9. Murphy Park*
10. Convention Center Hotel*
11. Marquette Building and Garage*
12. Syndicate Trust Building Re-use**
13. Old Post Office Building Re-use*
14. St. Louis Centre Improvements*
15. Union Pacific Parking Garage
16. Hotel at Fur Exchange Building
17. Permanent Downtown Festival Space*
18. Adams Mark Hotel Parking**
19. Possible I-70 Decking**
20. Federal Courthouse
21. MLK Business Park
22. New Transit Signage and Shelters**
23. Multi-Modal Transit Center
24. Opera House*
25. Kiel Triangle Plaza
26. Darst Webbe Redevelopment
27. Union Station Use Additions

INFRASTRUCTURE:

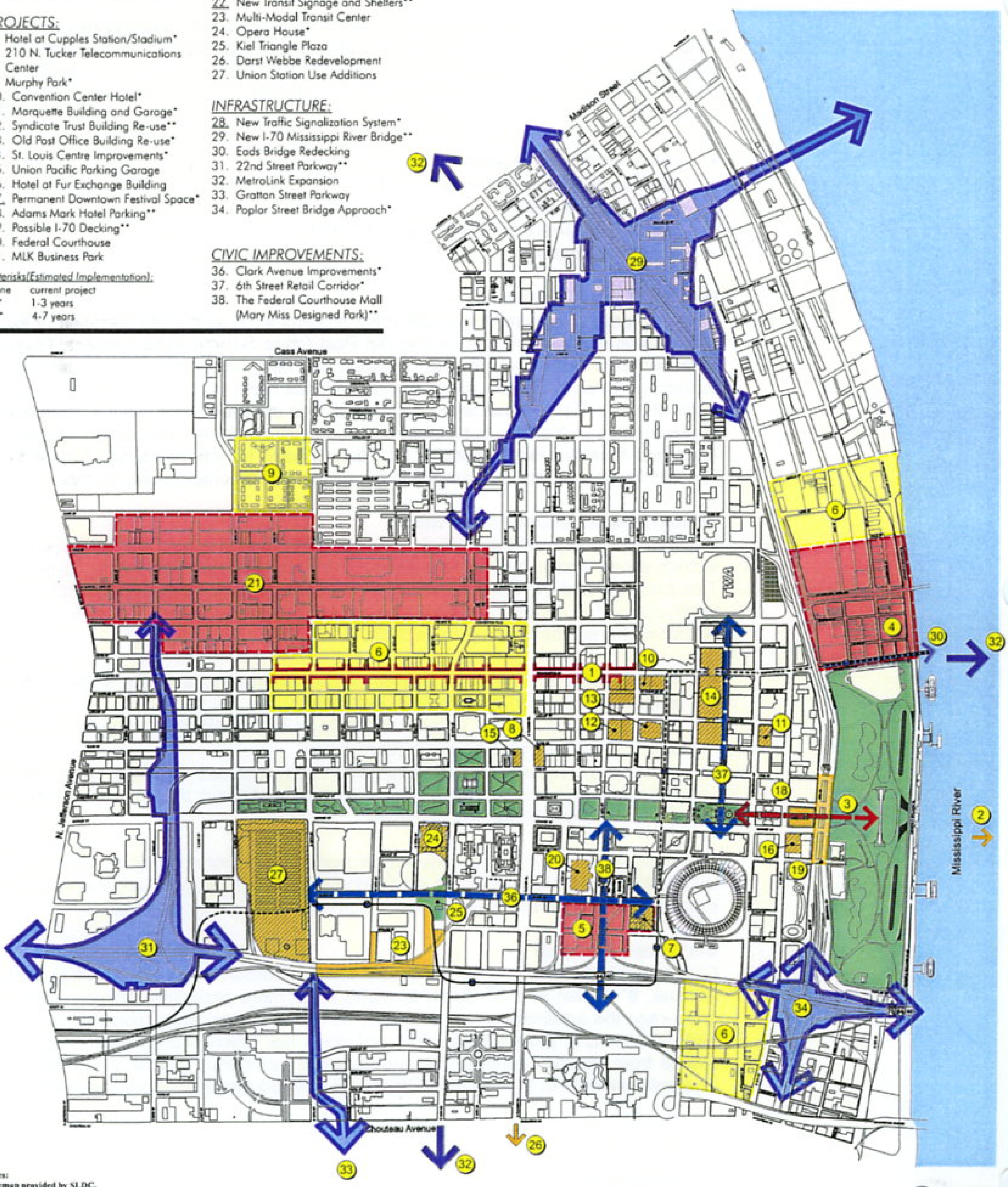
28. New Traffic Signalization System*
29. New I-70 Mississippi River Bridge**
30. Eads Bridge Redecking
31. 22nd Street Parkway**
32. MetroLink Expansion
33. Gratton Street Parkway
34. Poplar Street Bridge Approach*

CIVIC IMPROVEMENTS:

36. Clark Avenue Improvements*
37. 6th Street Retail Corridor*
38. The Federal Courthouse Mall (Mary Miss Designed Park)**

Asterisks(Estimated Implementation):

none	current project
*	1-3 years
**	4-7 years



Notes:
Basemap provided by SLDC.
 # indicates an item that is not keyed on the map.

previously discussed, as a catalyst for redevelopment in this area of the Downtown.

Adaptive Re-use and Rehabilitation

These types of projects include the renovation of the Fur Exchange Building into a hotel, and the Marquette building into housing. Numerous discussions have taken place on possibilities for re-use of the Old Post Office and Syndicate Trust buildings.

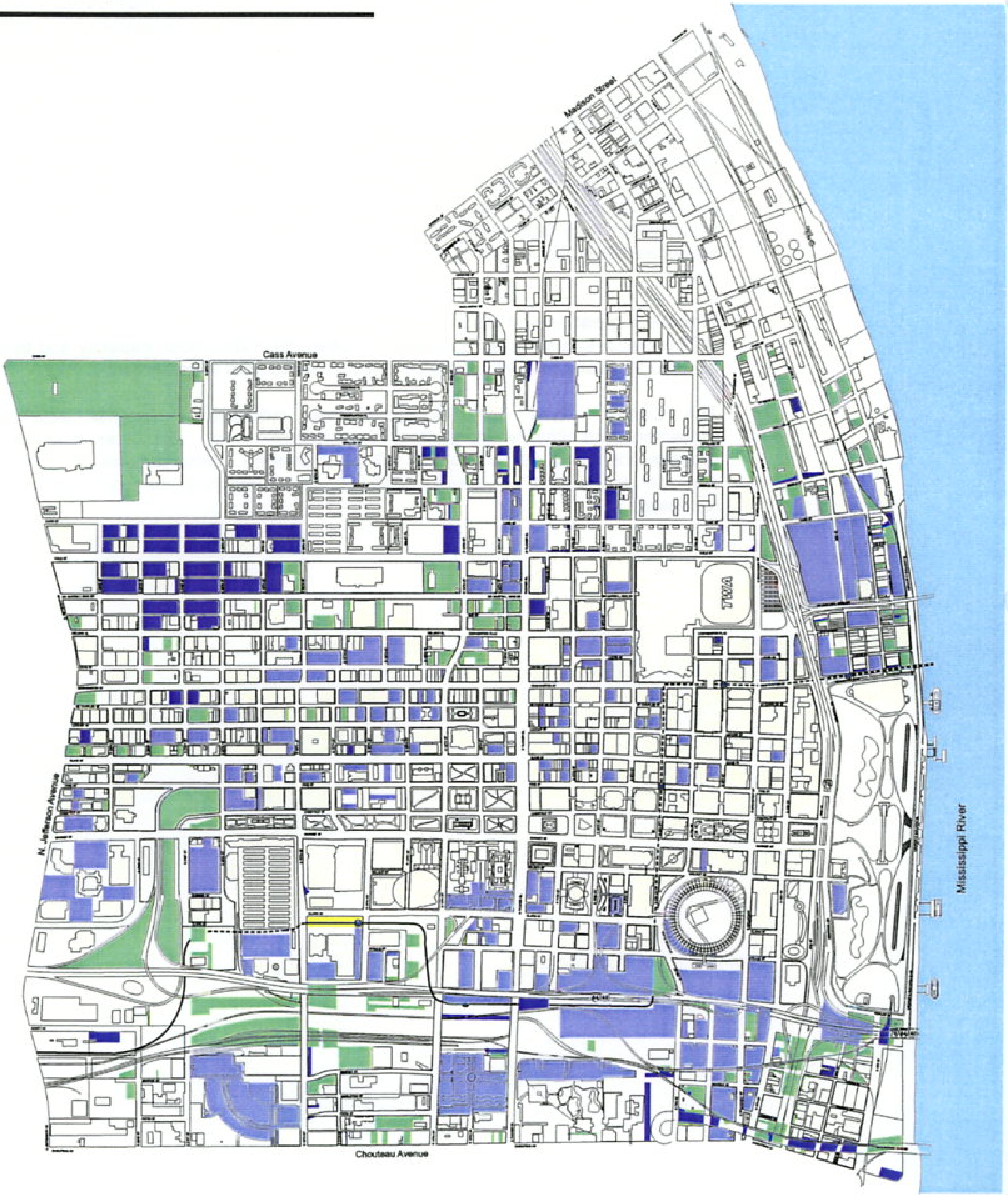
New Construction

Finally, there is a long list of individual building or block projects that have been discussed or are currently under construction. These include a wide range of uses, from a new convention hotel complex at Washington Avenue between 8th and 10th Streets, to the construction of a new Federal Courthouse in Downtown, which is currently under construction. Each of these potential projects will have a significant impact on the Downtown, both in economic terms and in terms of urban vitality.

There is a great deal of potential for the entire gamut of uses and locations, but it will be critical to determine those specific uses, their absorption capacity and those focused locations that will be able to support successful development.

The Current Plans and Proposals map indicates a general estimated implementation timeline for each of the projects listed. Again, as this design process continues, some projects will be supported, some projects or locations may be suggested for another use, or some projects may be determined unfeasible.

Redevelopment Potentials: Soft Sites



Notes:
Air rights for development over the MetroLink line are available between 16th and 18th Streets just south of Clark Avenue.
Basemap and base data provided by SLDC.

Soft Sites

Redevelopment potentials for the Prime Study area have also been identified in terms of existing 'soft sites'. These soft sites include open space, whether that open space is City owned vacant lands, surface parking lots, or privately owned underutilized/vacant land. These sites are viewed as potentials for redevelopment within the Downtown environs.

IV. Market Analysis

A. Executive Summary

The Economy

The St. Louis metropolitan area population has grown at the moderate annual rate of 4.4% over the last eight years while employment (the best measure of economic performance) has grown by an annual rate of 10.0% during the last seven years. As St. Louis, along with other Midwest locations, has been unable to attract significant in-migration, the existing population has participated in the labor market at an increasing rate, resulting in a population to employment ratio which, at 50% in 1997, was one of the highest among the country's metropolitan areas.

The growth of the metropolitan area is driven by a diversified economy. The decade's (1990 through 1997) top performers were the Amusement and Recreation, Child Care, High Tech Manufacturing, Health Care and Professional Services sectors with growth rates of 70%, 61%, 58%, 40% and 37%, respectively. The area is projected to show continued strong employment gains for the 1997 through 2005 period, with health care and tourism related sectors as leading gainers.

The City of St. Louis' share of regional employment has declined from approximately 27% to 21% during the 1986 through 1996 period. Such drop in market share is not unique to the area, as suburban growth has cut into the Core cities' share of employment nationwide. More troubling is the fact that the City of St. Louis has lost not only market share but also 30,000 actual jobs during that period. Yet, industrial sectors, which show exceptional strength in the metropolitan area as compared to the nation as a whole, are well represented in the City. They include not only the City's traditional strengths in Grain and Mill Products and Beverage Manufacturing, Water Transportation and Commercial Banks, but also a range of other manufacturing sectors and various education related services.

The Site

The strong regional economy creates market driven real estate opportunities in the metropolitan area. The City in general, and Downtown in particular, has to create environments that will allow a capture of their fair share of those opportunities. The existing natural and man-made infrastructure of the City, combined with good access, creates strong opportunities which have to be enhanced by a concerted effort of revitalization if such capture is to be attained.

Within the Downtown market, the Planning Team identified areas where the first thrust of development should be focused. They were chosen for two primary reasons, as presented below:

- Development in the area that would have the highest impact on Downtown's revitalization – Laclede's Landing, Washington Avenue and Old Post Office Square/CBD Core, and/or

- The sites that have the best opportunity to develop market driven, market rate product in the very first phase of revitalization– Laclede's Landing, Riverside North, Washington Avenue and the Mall.

Note that Laclede's Landing and Washington Avenue appear on both lists. They are areas most in need of intervention, where new activity would add to the thus far heavily subsidized real estate development, creating a critical mass and synergism between different land uses. They are also areas where, because redevelopment has already occurred and is proven, new development will not represent a "pioneering" effort and is most likely to attract interest from the building and financial communities, and, as such, is likely to result in market rate development.

The Real Estate Market

There have already been gains in various real estate product developments in the City over the last five years. The Dr. Martin Luther King Business Park has attracted new employers, infill residential product - mostly single family - has had strong response from new immigrants to the City, Washington Avenue lofts have appealed to a variety of tenants and downtown hotel opportunities have generated strong interest from local and national players. These early activities in market driven urban renewal form the base for future, extended activity. The following paragraphs summarize the Downtown real estate market opportunities for the next five years, identified by product type.

Residential Market
Residential building permit issuances in the City have increased from approximately 415 in 1992 to 1,100 in 1995 and over 900 in 1996. During the next five years, the City's challenge is to capture a growing share of the projected metropolitan area demand for housing.

Based on demographic growth projections of local and syndicated sources as well as on historical real estate leads, such as turn-over rates, this Market Team projects the annual demand for housing in the region to average approximately 13,000 units. (See Exhibit 3 for the detailed analysis incorporating statistical and judgemental methodologies.) Currently, the lack of Downtown residential absorptions are as much a function of lack of supply as lack of demand. Studies previously conducted for various City organizations point to significant pent up demand for Downtown housing.

The Market Team's analyses concur with such findings, identifying residential opportunities, rehab and new construction, along Washington Avenue, at Laclede's Landing, in the Downtown Core (defined by Locust, Third, Pine and 10th Streets) as well as exclusively new construction at Riverside North and along the Mall. The opportunities include the annual absorption potential of approximately 800 rental and over 300 ownership units in a great variety of price ranges targeting a wide range of buyer profiles.

Industrial Market
The metropolitan area's excellent regional location and already healthy economic climate present significant industrial real estate opportunities. The industrial space market has been strong in the region with average vacancy below 6.0%. The City of St. Louis is the region's strongest industrial sub-market, having absorbed 1.1

million square feet of space in 1997, and representing 36% of the metro area's stock, which has a very low 3.5% vacancy rate.

Assuming that new product is introduced, Downtown has an opportunity to absorb one third of the City's projected 1.8 million square feet (600,000 square feet) of demand for new industrial space. Areas especially attractive for industrial development include the already existing concentrations of such space along Dr. Martin Luther King Drive and along the interstate road system, especially south of the Route 40 corridor, in the area known as Mill Creek Valley.

Office Market

The regional office market is healthy, having recovered from the overbuilding of the 1980s. Occupancies of Class A and B space are 90%, and annual net absorptions averaged 740,000 square feet over the last six years. Approximately 45% of net absorptions occurred in spec buildings while the remaining majority was in build-to-suit structures.

Downtown St. Louis represents approximately 45% of the region's Class A and B stock, in some of its best and some of its worst structures. The high proportion of old Class B, C and D buildings brings Downtown's overall occupancy down to 83%.

However, in Class A structures, high occupancies and increasing lease rates, which will soon reach replacement value, provide opportunities for the construction of new stock. The Market Team projects that about 500,000 square feet of new construction Class A space started now and completed in two to three years, with pre-leasing commenced at the start of construction, will absorb within a one year period following completion. Demand also exists for another 500,000 square feet of Downtown Class B space in the next five years.

Retail Market

The metropolitan area has a healthy retail market, with only 7% vacancy. The City of St. Louis retail stock registers 9% vacancy, while Downtown has a very high 43% vacancy. The role of Downtown retail goes beyond activity and tax revenue generation. Retail also serves the dual role as the most effective means of street improvement in any redevelopment effort, and the best means of creating connectedness between major catalytic venues.

Downtown retail vacancies are concentrated in St. Louis Centre, the City's regional mall and along the various streets within the Central Core. To improve Downtown retail occupancies, functional issues need to be addressed at those locations. St. Louis Centre is slated for redevelopment, a concept under study is to cut back the retail area in size (the two upper floors to be leased to back office users) and oriented more to the street with a concentration on food services and entertainment related tenants. Such reconfiguration will increase the mall's appeal to visitors at the nearby convention center and the planned hotel to be built a block away.

The City Core's street retail, once reconfigured to meet the changed needs of merchants and leased to the right mix of tenants, should be managed by a single entity. With focus on food and entertainment as well as destinational tenants (jewelry, designer clothing, etc.), it will appeal to a mix of visitors, Downtown employees and residents from the entire region. The Market Team projects that once Downtown redevelopment is underway with street improvements, etc., approximately 25,000 square feet of such reconfigured space can be leased in Year 1, and 30,000 square feet in Years 3 and 5. The same areas will also be the location of entertainment and cultural oriented retail facilities, culminating in the introduction of an 80,000 square foot multi-screen cinema complex.

To meet the needs of new Downtown residents, approximately 15,000 square feet of new neighborhood serving retail facilities, in new and rehab structures, should be introduced in Year 1, followed by 35,000 in Years 3 and 5, in areas of new residential development, such as Laclede's Landing and the Washington Avenue corridor.

Beyond the above opportunities, there also exists potential for 'big-box' retail tenants, such as Wal-Mart, Target, and Office Depot. These stores, located in such areas as Mill Creek Valley, would serve the local population, as well as the region as a whole. The potential annual absorption rate for such 'big-box' retail space is 250,000 square feet in Year 3 and 300,000 square feet in Year 5.

Hotel Market

Much of the Downtown revitalization's success will depend upon the success of the convention center, America's Center. New hotel development is the cornerstone of such success. Currently three major hotel properties are slated for development, which would create the critical mass of rooms that are necessary for attracting some of the most lucrative conventions. The planned convention hotel at Washington Avenue and 10th Street, the river oriented rehab by Drury Inns and the recently announced Westin property at Cupples Station will satisfy the Downtown need for new hotel development. Additional development at alternative, even if inferior, locations, such as at Laclede's Landing, may "cannibalize" demand from these planned developments and endanger their viability.

The above market potential in each product category translates into product opportunities. Product criteria and product mix create a product program which is a menu of synergistic product criteria.

Preliminary Product Program Recommendations

The market driven product program, which responds to the opportunities described above with a recommended array of new and revitalized developments, includes the following scale of real estate products to be developed in new and reused structures over the first five years of the revitalization effort:

Table IV-1
Product Program Summary

	Land Use			
Location	**Residential (in dwelling units)**		**Non-Residential (in square feet of space)**	
Laclede's Landing	244		177,000	
Riverside North	820		-	
Old Post Office Square	390		575,000	
Washington Avenue	1,300		434,500	
Mall	72		500,000	
TOTALS	**2,826**		**1,686,500**	

Additionally, the Mill Creek Valley area is well-suited to respond to earlier described opportunities for industrial and 'big-box' retail space. To this end, the Market Team recommends development of approximately 1,000,000 square feet of industrial space in the form of a Downtown technology park and the addition of 300,000 square feet of 'big-box' retail space.

Providing new and/or replacement parking necessary for supporting existing and new real estate products is part of the recommended program. Further detail is presented in a two page spreadsheet included as Exhibit 1 at the end of the market report text. Organized by location as in the table above, land use category (residential and non-residential) and product type (new versus reuse, ownership versus rental, attached versus detached, etc.), the exhibit summarizes the major product characteristics (density, unit size, unit price/rent) and projects the absorption potential in Years 1 through 5 of the Downtown revitalization effort.

Preliminary Planning Concepts

Based on three different transportation/circulation designs, the Planning Team developed three preliminary planning concepts for Downtown's revitalization. They each have market appeal but their appeal is different from one another. They are the following:

- Concept A, which incorporates a limited access highway connection between Interstates 70 and 64, creates excellent access to Downtown industrial development and reduces traffic along Downtown's riverfront, while negatively impacting the residential neighborhoods to the north of the Core and limiting Downtown's interconnectedness with the rest of the City and its suburbs.

- In Concepts B and C, the access to Downtown is via surface road grids, entering the Core from a westerly direction in Concept B and from north and south in Concept C. An "emerald necklace" of open space surrounding Downtown, which is the most distinguishing characteristic of Concept B, will appeal to potential Downtown residents and employees alike while creating connectedness between the various catalytic land uses in the area. The series of green spaces in an east-west direction create similar effects in Concept C. The various land uses are separated along "hard" lines in the latter and with soft boundaries in the former of the two concepts, one creating well defined districts, the other blending the uses for more synergism. From the market point of view, there are arguments for both planning concepts, as they are detailed further in the text of this report.

All three concepts build heavily on the existing stock of public and private buildings and venues as well as on the well developed infrastructure. Together they create the backdrop for the new development, which will make market driven revitalization of Downtown feasible.

Case Study Analyses

As a first step toward implementation, the Market Team studied several cities where Downtown revitalization has been undertaken. They included: Philadelphia, Pennsylvania; Baltimore, Maryland; Dallas and San Antonio, Texas; Cleveland, Ohio and Indianapolis, Indiana.

The important lessons learned included the need for strong leadership, historically connected theme(s) that became the basis for the "brand", large scale catalyst projects and connectedness of the physical plan or a system of integration between land uses and between catalyst projects. They also used a variety of funding sources, including effective reliance on business districts.

B. Overview

The City of St. Louis' Downtown Now engaged a multidisciplinary team, headed by the planning firm EDAW (Planning Team), to complete the City's Downtown Development Action Plan. The plan's study area encompasses the City's central business district, bordered by Cass Avenue to the north, the Mississippi River to the east, Chouteau Avenue to the south and Jefferson Avenue to the west. It extends to the north, beyond Cole Avenue, along the river. The area includes many of the City's significant attractions: high rise office space, its convention center, sports venues, tourist attractions such as the Arch, major hotels and a significant retail concentration in the Saint Louis Centre downtown mall and all along the surrounding streets, occupying first floor space in office buildings.

The objectives of the team go beyond preparing a *physical plan*. The objectives also include *strategies for revitalization*, an implementation plan, and identifying *specific uses and specific potential users for specific sites.*

The Planning Team's "First Directions" outlines a program to create a 24-hour/7-day city where people live, work and play; a center for entertainment, tourism and culture; a twenty-first century hub for education and technological innovation; a true center of the region. Specific projects considered include, but are not limited to: continued residential and retail/entertainment development along the already thriving Washington Avenue loft district; mixed use development, building on the cluster of activity already created at Laclede's Landing; revitalization of poorly performing downtown retail; and a downtown technology park.

The Planning Team's early project ideas for the area can be organized in terms of the following economic feasibility and management foci:

- *Market Driven Solutions*: Initiatives that the existing marketplace will support, making them either entirely self-sufficient or needing only a certain level of public support in the form of tax increment financing, land assemblage, etc. The majority of funding and all of the management for these projects will come from private enterprise. Housing, industrial and office development represent such projects.

- *Major Private Initiatives*: Projects that are important to the success of market driven product introduction. They will rely on a commitment from large and small corporations that support downtown activities and, in turn, gain advertising space while enhancing the value of their own assets in the community. Some of these projects could be completed in strategic partnerships with the City, and the programs' management could be the responsibility of either a public entity or a private enterprise.

- *Projects Relying on Public Funding and/or Management:* Projects that, while highly desirable for the community and necessary for market driven initiatives to succeed, are not likely to receive significant initial interest from the marketplace and will rely on public financial support. Fixing potholes, manhole covers, etc. fall into this category. Initiatives such as tree planting throughout downtown, which may get sponsorship for individual stretches of a street (three blocks of 8th Street were "greened" by A.G. Edwards and its employees), will have to be financially supported to some extent and managed largely by a public entity.

Projects in all three categories are crucially important to the revitalization of downtown, as all three categories will include catalytic initiatives. However, while the entire Planning Team will be involved in providing strategies and implementation plans for projects in the second and third categories, the primary focus of the Market Team (a group of marketing consultants on EDAW's team) is on the first category of projects, those that are "market driven" in the traditional sense of the expression.

The Market Team's specific objective with this report is to identify current economic and real estate market conditions and evaluate the market depth for the various land uses considered for development by the Planning Team. The related exhibits and appendices provide detailed support for the conclusions. Together, the summary and exhibits will guide the Planning Team's continued efforts in generating alternative product scenarios for the revitalization of downtown St. Louis and its riverfront. Future work effort will concentrate on implementation strategies.

To date, using primary and secondary research methodologies, the Market Team has completed its assessment of the area's existing conditions and market potential. The research included:

- Market evaluation of the study area, including an on-site analysis of physical conditions and market-related factors, such as building stock, access, visibility, neighboring land uses, etc.
- Extensive interviewing which, to date, included over two hundred stakeholders, as well as planners, developers, builders, investors and real estate marketing experts active locally and nationwide.
- The secondary analysis of data from governmental and syndicated sources, as well as from the extensive information in the great variety and voluminous studies completed for various local agencies over the last few months. This analysis builds on these studies, while it also incorporates new findings and conclusions generated by the consulting team. As such, the resulting recommendations of the team do not fully concur with those previously generated.
- Incorporating information obtained from area developers familiar with the feasibility of ideas for the St. Louis Downtown.
- Case studies of successful urban renewal efforts in areas throughout the United States in order to identify strategies and programs that have helped reverse national trends towards urban decay.

The Market Team has produced several related reports. They include:

- "Economic Position of the City of St. Louis and Downtown St. Louis within Metropolitan St. Louis and Potential for Downtown Real Estate Development 1990–2005". This June 1, 1998 report is enclosed as Appendix C.

- In support of the above report, "An Employment Analysis 1990–2005" (Appendix E) and a paper titled "The 500 Fastest Growing Companies within Metropolitan St. Louis" (Appendix D), were also submitted.

- "Recipes for Success, Case Studies for St. Louis Downtown Core and Riverfront District Master Plan," submitted on May 4, 1998.

- "Market Driven Real Estate Opportunities in St. Louis Downtown", a "white paper," which became the outline of this report.

The following section of this report summarizes the Market Team's most salient findings, conclusions and recommendations relative to the market-based opportunities that will drive redevelopment of downtown. Subsequent sections, the enclosed exhibits and appendices provide further detail.

C. The Economy of the Metro Area and the Role of Downtown

St. Louis Metro Area Economic Trends

The St. Louis metropolitan area, consisting of 12 counties in Missouri and Illinois and including the City of St. Louis, has experienced modest population gains over the past several years. As employment growth rates exceed population growth rates, a larger proportion of the population has become gainfully employed. Based on local estimates, the regional population increased from 2,493,600 in 1990 to 2,576,500 in 1998, for an overall growth rate of 4.4%, while employment increased about 10.0% between 1990 and 1997 alone. A similar trend is evident in other Midwest areas, which do not experience the in-migration that occurs along the coasts.

During this period, natural increase has been the chief cause of population growth, while the region has experienced net out-migration of existing residents. This latter factor has diminished over the first three years of the decade, and there has actually been a very slight in-migration since 1994, although the net effect since 1990 is still negative.

During the same period, the St. Louis area has experienced substantial intra-regional shifts in population. Most of the gains are occurring to the west and south of the City of St. Louis, particularly in St. Charles County to the west, but also in Jefferson and St. Louis Counties. These three counties, in fact, accounted for 111% of the net growth in the region between 1990 and 1998.

Metropolitan St. Louis has significant strengths. Among the major metro areas of the nation, St. Louis has one of the highest job-to-population ratios, 50% in 1997, when its population was estimated at approximately 2.6 million and its employment at 1.3 million. (The typical metro area ratio is +/- 40%.) Besides being heavily employed and having very low (4%) unemployment, the region also has top national rankings in the wealth of its households and as the headquarters location of Fortune 500 companies.

St. Louis metro area growth has been driven by a diversified economy, and held its own through the national recession, with job losses in only one year (1991) and consecutive growth in the other years of the decade. A total gain of over 100,000 new jobs was recorded for the period 1991 through 1997, and a gain of nearly 170,000 over the ten-year period from 1987 to 1997. During the same time, St. Louis County itself has lost only a slight share of the regional employment, dropping from 47.8% to 47.4%. With typical outward spreading metropolitan growth patterns, such small decline in the county's share is unique among major metropolitan areas. Table IV-2 presents the employment trends in the St. Louis MSA and in St. Louis County.

Table IV-2
Average Employment St. Louis MSA and St. Louis County 1987 through 1997

Year	St. Louis MSA	% Growth	St. Louis County	% Growth	% of MSA Total
1997	1,290,000	1.7%	N/A	N/A	N/A
1996	1,268,500	1.8%	601,328	2.7%	47.4%
1995	1,246,000	1.8%	585,342	1.8%	47.0%
1994	1,223,900	2.9%	574,976	2.6%	47.0%
1993	1,188,900	1.6%	560,615	1.2%	47.2%
1992	1,170,100	0.1%	553,862	0.1%	47.3%
1991	1,168,400	-1.8%	553,241	-3.2%	47.4%
1990	1,189,800	0.6%	571,354	0.6%	48.0%
1989	1,183,200	2.2%	568,118	2.7%	48.0%
1988	1,157,500	3.1%	553,079	3.1%	47.8%

Source: Missouri Department of Labor and Industrial Relations

An exceptionally strong rate of growth (from 30% to 70%) has been achieved in various visitor serving, transportation related, health and professional services, and high-tech industry, adding a total of over 56,500 jobs in those sectors to the Missouri side of the St. Louis MSA.

Over 13,000 new jobs were also created in elementary, secondary and college level educational institutions of the region (mostly private). Together, the top 10 industries grew by a rate of nearly 30% during the 1990 through 1997 period. Table IV-3 presents the leading industries in order of their numerical job growth over those seven years.

Table IV-3
Top 10 Industries by Numerical Job Growth Missouri Side of St. Louis MSA 1990 through 1997

Industry	1990	1997	Job Growth	% Growth
Professional Services	54,320	74,276	19,956	36.7%
Health Care	37,684	52,582	14,898	39.5%
Education	43,921	56,987	13,066	29.7%
Amusement & Recreation	12,374	21,020	8,646	69.9%
High-Tech	14,675	23,115	8,440	57.5%
Construction/Building	25,003	31,453	6,450	25.8%
Food & Beverage	65,865	71,449	5,584	8.5%
Transportation	10,378	14,957	4,579	44.1%
Retail	24,764	27,647	2,883	11.6%
Child Care	3,676	5,906	2,230	60.7%
TOP 10 TOTAL	**292,660**	**379,392**	**86,732**	**29.6%**
TOTAL JOBS	**986,456**	**1,046,565**	**60,109**	**6.1%**

Source: Missouri Division of Employment Security and Development Strategies

Metro area employment projections for the period 1997 through 2005 indicate especially strong growth in the healthcare and visitor related industries of the region. The sectors presented in Table IV-4 are projected to produce the fastest numerical growth in employment on the Missouri side of the metro area.

Table IV-4
Top 10 Sectors by Projected Numerical Growth Missouri Side of St. Louis MSA 1997 through 2005

	Number of Jobs			
Industry	1997 Estimate	2005 Projection	Job Growth	% Change
Eating & Drinking Places	71,449	80,028	8,579	12.0%
Personnel Supply Services	25,942	32,794	6,852	26.4%
Amusement & Recreation	21,020	26,966	5,946	28.3%
Motor Vehicles & Equipment	14,601	19,659	5,058	34.6%
Computer & Data Processing	14,050	17,762	3,712	26.4%
Business Services	13,332	16,854	3,522	26.4%
Home Health Care Services	6,607	9,671	3,064	46.4%
Office of Physicians	13,073	16,130	3,057	23.4%
Hospitals	49,372	52,250	2,878	5.8%

Source: DSI

City of St. Louis Economic Trends

The City of St. Louis lost 45,700 residents between 1990 and 1998 (down 11.5%), the only county-level jurisdiction to lose population, and was the source of much of the population growth in the outlying counties. Reasons for this population loss are attributable to national trends. The advent of the automobile eliminated the need for housing located in very close proximity to employment centers. Concurrently, traditional cities have suffered from decaying real estate stock and the perceived and real dangers of urban living. Some of the difficulty in projecting potential resident and employment growth for the City lies partly in the lack of recent local precedence of in-migration. Thus evolved the need for analyzing case studies of recovering and recovered urban areas elsewhere in the nation.

Thus far, however, the City is holding its own as one of the only two jurisdictions in the region, St. Louis County and the City of St. Louis, which are consistent "net job gainers", meaning that they have more jobs than residents with jobs. In short, the other counties are "net bedroom communities" while St. Louis City and County are the major job centers.

The City of St. Louis has been able to retain a strong economic base even in the face of population and even some employment decline, as measured in absolute numbers. Its strength is based on healthy economy of the metro area, which will prove helpful to the downtown revitalization efforts.

While still a center of commerce for the region, the City's share of regional employment has been declining steadily since 1986, having decreased from 26.6% to 20.6%, an unwelcome but not unusual phenomenon among urban areas of the nation. Of more significant concern is the job loss in absolute numbers. The City lost approximately 30,000 jobs during the 1986 through 1996 period. (See Table IV-5.) Over the last three years, approximately 10,000 jobs were lost through consolidations in various industries and possibly as a result of companies leaving the City to move into new commercial space available in nearby counties, in both Missouri and Illinois, that offer competitive tax structures.

Table IV-5
Average Employment City of St. Louis 1986 through 1996

Year	City of St. Louis	% Growth	% of MSA Total
1996	261,855	-2.0%	20.6%
1995	267,300	-1.4%	21.5%
1994	270,978	1.1%	22.1%
1993	267,910	0.8%	22.5%
1992	265,793	-0.9%	22.7%
1991	268,256	-3.6%	23.0%
1990	278,347	-0.3%	23.4%
1989	279,189	0.5%	23.6%
1988	277,832	-1.9%	24.0%
1987	283,200	-3.6%	25.2%
1986	293,719	1.5%	26.6%

Source: Missouri Department of Labor and Industrial Relations

During the last seven years, St. Louis has experienced job losses in most sectors, as is shown in Table IV-6. However, strength lies in the Services and Government sectors where modest employment gains of +/-1% per year have been realized. The Services sector includes many high paying jobs, such as technology and consulting services, as well as restaurant and food services.

Table IV-6
Employment Trends by Standard Industrial Classification 1986 through 1996

Classification	1990	1996	Average Annual Change	
			Number	%
Non-Agricultural Employment				
Mining	148	187	5.6	0.0
Construction	7,769	6,710	(151.3)	(0.0)
Manufacturing	48,063	40,152	(1,130.1)	(2.5)
Trans., Public Utilities	23,324	20,975	(335.6)	(0.0)
Wholesale Trade	17,855	14,842	430.4)	(0.0)
Retail Trade	32,737	28,857	554.3)	(0.0)
Finance, Inc., Real Estate	22,819	21,167	236.0)	(0.0)
Services	78,777	83,464	669.6	0.0
Federal Government	22,807	19,969	(405.4)	(0.0)
State & Local Government	23,628	25,586	279.7	0.0
TOTAL NON-AGRICULTURAL	**277,927**	**261,909**	**-2,288.3**	**(0.0)**

Source: Missouri Department of Labor and Industrial Relations

Although the City of St. Louis lost 30,000 jobs in the last ten years, and 16,000 from 1990 through 1996, it captured more than its "fair share" of some of the fastest growing sectors of the economy. "Fair Share" means here that the City gained a higher percentage of metro growth in a certain sector than its current share of that sector's jobs.

Visitor services, financial, health care and other services as well as retail and real estate showed exceptional strength during the first seven years of the decade, as illustrated in Table IV-7. To maintain its current strength with these sectors and expand on it to regain its lost jobs, the City, in general, and downtown in particular, will need to create an environment particularly suited for these industries. Specifically, office stock must be upgraded and good housing offered. The environment must be cleaned and made attractive through incorporating parks and greening of the streetscapes. Real and perceived safety in the area must be created though effective policing and community watch groups as well as better street lighting. These activities will increase street activity thereby driving demand for retail and restaurant services, which will in turn make the area more attractive for employees.

Table IV-7
Top 10 Categories by Numerical Job Growth City of St. Louis 1990 through 1995

Category	1990 Jobs	1995 Jobs	TOTAL Growth	% Change
Amusement and Recreation Services	2,362	4,056	1,694	71.7%
General Merchandise Stores	4,148	5,571	1,423	34.3%
Social Services	5,978	6,695	717	12.0%
Educational Services	12,524	13,964	1,440	11.5%
Business Services	15,669	17,408	1,739	11.1%
Health Services	31,904	34,361	2,457	7.7%
Banking	8,446	8,978	532	6.3%
Real Estate	3,616	3,833	217	6.0%
Trucking and Warehousing	5,689	5,928	239	4.2%

Source: Missouri Department of Labor and Industrial Relations

There are approximately 35 sectors in the industrial classification which show exceptional strength in the St. Louis metro economy, relative to the rest of the nation (in terms of how the percentage of jobs in these sectors here compare to the percentage of all jobs in those sectors for the United States as a whole). Many of the jobs in these sectors are highly concentrated within the City of St. Louis. The City captures more than its fair share of employment of sectors in which it is already the home to a large number of firms. Table IV-8 lists the fifteen sectors in the St. Louis metro area which have the highest proportion of jobs relative to the national economy. They show a significant percentage of those jobs located within the City of St. Louis.

Professional services and high-tech industries are notable in the table above by their absence. The City captures less than its fair share of employment in these sectors, which suggests that they have significant growth potential. These information driven sectors should be targeted for downtown re-use plans as they create relatively high paying jobs, can locate anywhere in a region, and are projected to be the sources of growth in the near future, worldwide. Firms in these sectors are also especially well suited for locating downtown as their typical employees heavily rely on sectors, along with that of the already succeeding visitor oriented, financial and education sectors, will help the City regain lost employment faster than through growth in other industries.

Table IV-8

Top Sectors of the St. Louis Metro Area Economy Compared to the National Economy 1990 and 1997

	Metro Area Rankings*		St. Louis City Share of Jobs	
Sector	**1990**	**1997**	**1990**	**1997**
Elementary & Secondary Schools	5.9	6.4	14.9%	16.3%
Beverages Manufacturing	5.0	5.2	80.9%	78.8%
Industrial Organic Chemicals Mfg.	5.5	4.6	28.9%	25.5%
Refrigeration & Service Mfg.	4.5	3.7	29.2%	18.3%
Printing Trade Services	3.4	3.6	22.8%	14.2%
Commercial Banks	2.1	2.6	49.4%	51.2%
Blankbooks & Bookbinding Mfg.	2.6	2.3	37.3%	19.1%
Colleges & Univesities	2.1	2.3	27.5%	25.3%
Soaps, Cleaners & Toilet Mfg.	2.1	2.2	44.6%	47.7%
Furniture & Home Furnishing Distrib.	2.2	2.2	37.8%	28.8%
Grain Mill Products Mfg.	2.7	2.2	76.7%	82.2%
School Bus Transportation Services	1.4	2.1	40.0%	58.2%
Amusement & Recreation Services	1.9	2.1	8.9%	13.6%
Sanitary Services	2.6	2.1	27.4%	26.9%
Water Transportation	5.0	2.1	48.0%	61.1%

** A ranking of 1.0 would indicate an equal proportion of St. Louis metro and U.S. jobs in that sector.*

Source: Missouri Division of Employment Security and Development Strategies

Strong local economy creates strong real estate markets, while a healthy real estate environment creates attractive setting for relocations and new business generation, thus reinforcing the growth of the economy. More information is presented regarding the local economy and the growth opportunities it creates in Appendix C, pages 15-16; Appendix D, pages 3-4, 6-7, 9, 11 and 12; and Appendix E, pages 1 and 3.

D. Real Estate Market Analysis

Market Evaluation of the Study Area

The Market Team's analysis of the study area extended to *issues of general site location, the physical characteristics of the site, access, visibility and surrounding land uses.* These issues were analyzed as they related to the opportunities to develop the various product types considered in the Planning Team's "First Directions" for planning, which included: housing, industrial, office and retail/entertainment development, as well as hotel uses.

The team's "First Directions" document also identified specific areas of focus for revitalization. They included but were not limited to Laclede's Landing, Riverside North, Old Post Office Square/CBD Core, Washington Avenue and the Mall. These areas were chosen for two reasons because it is where new development will have the highest impact on downtown's revitalization, and where there is the best opportunity to develop market driven, market rate product.

Each of these areas was tested against the above issues to determine their suitability for the development of the various product types. The conclusions of the analysis indicated, that given a concerted effort of revitalization, downtown provides a very good locational opportunity for the development of new and rehab residential, industrial and retail development, and excellent locational opportunity for new office and hotel projects. The detailed market assessment of the study areas is enclosed in Exhibit 2.

Housing Market Analysis

Over a recent five-year period, the region generated an average of nearly 12,000 housing permits, as illustrated in Table IV-9. Compared to other regions, the area's housing market shows exceptionally little evidence of responding to the national economic downturn during the period 1992 to 1995, or to the subsequent recovery.

Table IV-9
Housing Permits Issued St. Louis MSA 1992 through 1996

Year	Single Family	Mutli-Family	Total
Five-Year Avg.	10,558	1,322	11,880
1996	10,527	2,134	12,661
1995	10,035	1,485	11,520
1994	11,767	1,367	13,134
1993	10,639	927	11,566
1992	9,823	697	10,520

Source: U.S. Housing Markets

During the same five years, the residential building permit activity increased significantly in the City, including single and multi-family development in new structures and renovated buildings. Table IV-10 presents the breakdown of the activity.

Table IV-10
Housing Permits Issued City of St. Louis 1992 through 1996

	Single Family			Mutli-Family		
Year	**New**	**Renov.**	**Total**	**New**	**Renov.**	**Total**
Five-Year Avg	73	102	175	142	329	472
1996	119	85	204	281	420	701
1995	69	76	145	305	666	971
1994	44	90	134	95	239	334
1993	42	113	155	31	144	175
1992	92	146	238	0	177	177

Source: Homebuilder's Association, St. Louis Development Corporation

With projections of continued growth of the national economy into the next decade, the economy of the St. Louis metro area is projected to continue growing as well, creating continued health in the housing market. Our analysis of the residential demand indicates that since the existing population base has already reached its full employment potential, the area, like other Midwest cities of various sizes, will start attracting in-migration, generating an average annual issuance of 13,000 building permits during the next five years. Note our analysis of residential demand potential in Exhibit 3.

Overall, housing demand will be generated by metro area growth. Our conclusions of capture potential are based on the experience in other recovering and recovered urban areas, indicating that a newly energized downtown does not need to create its own demand for housing, it only needs to capture its fair share of the region's healthy housing market potential. As such, the current low level of *effective demand* for housing in downtown is by no means the sign of low *potential demand* for a wide variety of housing options. With very little refurbished and no new product offered, those who may have been eager to live in this part of the City had little or no choice of supply to buy, and what was there, was targeted to special, often low income qualified audiences. It has been an old truth in real estate that appropriate supply creates demand.

Certainly, with no supply, the interest for any product is difficult to measure. However, the especially strong activity in calendar years 1995 and 1996 was achieved by the significant increase in multi-family renovations. Our demand and capture analysis indicated that with the right products offered, *downtown*, by becoming a "player" in the housing market, *has the opportunity to expand the City's overall capture of the metro area's demand potential and absorb an annual average of approximately 1,100 units, 800 rental and 300 for sale residences.* As such, the right product downtown will generate significant effective demand.

The Sedway Group, a nationally respected market analysis firm, in its evaluation of the residential market, states that the City of St. Louis has the opportunity in the next three years to capture a higher share of the regional market in market-rate housing than the historical norm. The greatest opportunities are projected in the "urban dweller" market.

The recently completed, independently conducted analysis by another nationally respected firm, Zimmerman/Volk Associates, Inc. came to very positive conclusions concerning downtown's residential absorption potential. Like the

Market Team, they conclude that the City of St. Louis, in general, and downtown, in particular, have a strong opportunity to capture a higher share of the metro area housing market growth than current local projections may indicate. The various market audiences that are responding nationwide to downtown lifestyles are present in significant numbers in the St. Louis metro area, as it had been established by the syndicated market research firm Claritas in its PRIZM Cluster analysis, and presented with great clarity in the Zimmerman/Volk study.

Our case studies of successful downtown revitalization projects in various parts of the nation indicate how the *potential demand* turns into *effective demand* with the "right housing product" offered in "right locations". The products that emerged as successful developments in the areas covered by the case studies of Philadelphia, Baltimore and Dallas are loft redevelopments and new and renovated single family homes, especially in town home communities. Successful products included rental and ownership opportunities. Early product introductions have been most successful when offered in uniquely attractive locations and/or in areas where critical mass of activity already exists. Critical mass is a collection of varied residential product lines located in a concentrated area, thus producing a neighborhood and spurring greater demand than if projects were scattered throughout the various downtown locations.

The building success of local loft offerings along Washington Avenue indicates that the St. Louis market is indeed similar to the others that have registered significant successes in downtown residential development. Based on the above studies, our demand and capture analysis and the recent downtown experience, we recommend proceeding with residential development downtown. And since "jump-starting" residential market downtown requires a critical mass of activity, we also recommend concentrating the majority of such development in two specific locations: along Washington Avenue and at Laclede's Landing/Riverside North.

Individual and unique buildings in unique locations, such as the renovated Marquette building or the construction of a high end/high rise condominium building along the Mall respond to additional buyer segments. Based on existing residential studies and the realities of residential development, as described by developers active in the area, residential opportunities are recommended for the different downtown areas:

Washington Avenue

Buoyed by the success of the current loft rental housing program which has attained very high occupancies, even though at very low, subsidized rates (which were stipulated by the structure of the deals), developers are processing plans on a number of new loft rehabilitation projects along this linear neighborhood which has the best opportunity to represent the truly 24 hour city/7 days a week urban concept in St. Louis.

It is this Market Team's opinion that market rate product, both rental and ownership, loft rehab and new construction of architecturally compatible product, will be successful on Washington Avenue when offered. This product would build on the success of existing product. Demand is generated by young professionals working in downtown, service providers looking for live/work space, and even suburbanite empty nesters who, having raised their family near to the neighborhood school in a home with a big yard and dog run, are ready to move closer to the cultural and recreational benefits the city offers.

Rental units in loft properties and new construction on vacant parcels in this area will generate market rate rents in the range of $0.66 to $0.85 per square foot. The level of rental rates for lofts are largely the function of the unique structural character of rehab properties (i.e. floorplan configurations respond to rather than dictate the structure, and, as such, are typically significantly larger than floorplans in newly constructed structures) and the cap on total (and consequently per square foot) rents for the downtown market. Rehab projects, regardless of size, are difficult to lease at rents above $1,100 per month, and the configuration of many old buildings make loft conversion to sizes below 1,600 square feet nearly impossible. This is not to say that there is not a market for smaller product; rather existing building configurations often don't allow for small loft conversion.

For sale loft conversions are presented with similar challenges to those of rental units. Prices for converted for-sale loft units will be approximately $60 per square foot. Per square foot prices for new condominiums will be approximately $90.

Laclede's Landing and Neighboring Riverside North

These areas present the opportunity to build on the success of Laclede's Landing historical district. Attracting a significant patronage of local, regional and out-of-region visitors, the district provides entertainment and entertainment oriented retail facilities as well as loft space, all in historical structures. Surface parking lots and vacant land also create opportunities for new construction within the district. Especially attractive for residential construction is the adjacent Riverside North property, which, by its size and unique location, offers the opportunity to create a riverfront residential village.

The size of the joined parcels allows a variety of products with various densities to be offered in a neighborhood of real interest, attracting several residential market segments. From loft apartments to row townhomes, rental and ownership opportunities are projected to appeal to singles and couples of all ages and even compact families. These buyers would be attracted by the riverfront location, variety of activities, interstate system and MetroLink that provide access to places of employment and regional services, as well as the proximity to the extensive open space at the Gateway Arch.

New townhome product at that location will be most successful in the 1,200 to 2,000 square foot size range, priced in the $125,000 to $175,000 range. New condominiums to succeed should be offered in the 900 to 1,500 square foot range for prices that range from $95,000 to $135,000. Loft rehab as a function of the existing buildings' structural characteristics could rent in a very broad range, which is assumed to average $0.56 per square foot, while new rental apartments can be rented in the +/-$1.00 range. Our analysis indicates opportunity for loft rehab at Laclede's Landing, though it was not considered in previous studies. Many existing warehouse buildings lie within the area that would serve well for residential conversion. Prices for all Laclede's Landing product have been kept low so as to insure healthy initial residential absorptions.

Market Rate Rental Housing in Redeveloped Office Structures in the Core

The Marquette building presents itself as the ideal first residential rehabilitation of office space in the eastern portion of the Downtown office core. Its architectural significance and location makes this building a unique opportunity for the development of a mid-to-high end apartment complex. Rents are projected to range from $.95 to $1.15 per square foot. Units are now being advertised in the rehabilitated Edison Brothers building near Union Station. Once these structures are completely rented, the market will be ready for the absorption of units in additional rehabilitated and new structures.

Upscale Highrise Condominiums Along the Mall

High profile employment downtown and the growing empty nester market in suburbia comprise the target market for this product. Located in buildings of their own or in combination with highrise Class A office developments, this product should be offered +/-70 unit increments, with high level finishes and services. Downtowns in successfully revitalized cities, such as San Diego, Portland, Baltimore, and Dallas, have been locations for similar product that met with a high level of market acceptance. These are unique products for a discriminating audience that cares more about the appropriateness of the product than the prices. As such, for the "right" product, pricing of $250 to $300 per square foot will be appropriate. Such pricing has been well accepted in downtown markets where the metropolitan area's levels of median household income and wealth are below that of St. Louis.

Capturing a share of the regional market, the proposed development areas are projected to have potential rental absorption rates presented in Table 10. Previous studies identified absorption potentials for initial product offerings. Our analysis assumes, as the table below presents, that after the initial wave of development, residential projects of similar character will be offered simultaneously thus boosting the overall absorption potential for St. Louis' downtown, which is reflected in the product program. Also, as residents move to the city, neighborhoods form, which make the downtown increasingly visible to prospective residents. Table IV-11 presents the projected rental absorption schedule, by location.

Table IV-11
Projected Downtown Housing Absorption Rental Units Years 1 through 5 of Redevelopment

	Annual Potential (# of Units)		
	Year 1	Year 3	Year 5
Washington Avenue			
Loft Rehab	60	150	200
New Apartments		120	150
Laclede's Landing/Riverside North			
Loft Rehab		24	48
New Apartments	150	150	275
Rental Rehab of Office Stock in the Core			
Mid to High End Apartments		130	130
with doorman and concierge			
(The Marquette Building)			
TOTAL FOR SALE	**210**	**574**	**803**

While only rental properties have been recently offered in downtown, our analysis indicates opportunities for offering the above discussed for sale product, absorbing as presented in Table IV-12.

Table IV-12
Projected Downtown Housing Absorption for Sale Units Years 1 through 5 of Redevelopment

	Annual Potential (# of Units)		
	Year 1	Year 3	Year 5
Washington Avenue			
Loft Rehab	24	60	100
New Condominiums		48	60
Laclede's Landing/Riverside North			
New Condominiums		24	48
New Townhomes		36	60
Along the Mall			
New High End, High Rise Condominiums		36	48
TOTAL FOR SALE	**24**	**204**	**316**

The above absorption projections can be met by capturing below 2% of the regional housing market in Year 1, approximately 5% in Year 3 and 8% in Year 5. We project rents and prices in a relatively wide band for product with a wide variety of sizes and quality of finishes at all locations. The more variety offered the higher the absorption potential as the products respond to the needs of many market segments. Those familiar with the success of housing markets in revitalized downtowns with much less to offer than the downtown of St. Louis, will find the above capture potentials conservative.

The consulting team also concluded from its market analyses that, as the downtown housing market matures, additional residential market opportunities will emerge for a combination of loft rehab and new product offerings around the Old Post Office Square and at Cupples Station. Similarly, the team is confident that once the Marquette building is leased up and the first building of highrise condominiums sold out, there will be additional market driven development opportunities for high quality products, rental and ownership, in amenity locations, such as on sites with river and/or arch views. The recommended initial product offerings are intended to create the 24/7 city environment, concentrating management support, financial resources, and diverse buyers in the targeted areas of the City.

For more detailed information concerning area housing trends, markets and buyer profiles, please refer to Appendix C, pages 20 through 26.

Industrial Market Analysis

A significant proportion of new jobs created in the City of St. Louis and even in certain areas of downtown will occupy conventional industrial space. This section of the market analysis focuses on such employment generated demand for new industrial space. New job creation in the industrial sector is an important part of downtown's economic viability, as is downtown's ability to attract firm relocations from within the metro area.

The region's industrial space market has been strong over the last six years. Total inventory of industrial space is approximately 200 million square feet. Overall vacancy is less than 6%, significantly lower than the national average vacancy of industrial space which registers above 8% and one of the lowest in the generally healthy Midwest region where only Cincinnati and Detroit register at lower levels. Gross absorptions averaged just under 5 million square feet per year over the last six years, net absorptions amounted to 4%. In 1997, 2.5 million square feet of new space was added to the stock.

Average asking gross lease rates is $4.83 per square foot and sales prices $25.83, according to a recent presentation by CB Commercial/Richard Ellis. The primary space users are warehousing/distribution (70%) and manufacturing (25%) companies, also according to CB Commercial. Currently, R&D space which is the typical product type housing high tech firms is not a significant element of the stock in the region, in general or in the City, in particular.

The City of St. Louis is the region's strongest industrial submarket having absorbed 1.1 million square feet of space in 1997, with net absorptions averaging nearly one million square feet per year over the last six years, and representing approximately 36% of the metro area's stock. According to local sources, vacancies are 3.5%. Table IV-13 presents the space and occupancy trends in the region, in general, and in the City.

Table IV-13
Industrial Space and Vacancy in Millions of Square Feet in the Region and City of St. Louis

	Regional*		City of St. Louis	
Year	**Space**	**Vacancy**	**Space****	**Vacancy**
1997	200.0	6.0%	86.0	7.0%
1996	186.0	6.4%	86.0	7.3%
1995	186.0	5.1%	86.0	5.6%
1994	176.5	6.0%	86.0	5.6%
1993	171.8	7.4%	86.0	5.4%

* *St. Louis City and County, St. Charles County*
** *Includes a large number of obsolete properties that affect the vacancy rate*

For 1998, CB Commercial projects new construction of three million square feet of industrial space and absorption of six million in the region. Critical for successful development is proximity to large corporations, affordable land and being part of a large tract of industrial development. The Market Team concurs, and has validated the Planning Team's "First Directions" proposal for locating a downtown technology park in the vicinity of the major headquarters locations, in the Mill Creek Valley area, along Highway 40, on a significant size parcel currently undeveloped or used for parking.

Our industrial market demand potential analysis, based on projected employment growth, identified for the next five years an annual average market opportunity of 5.3 million square feet of new industrial space in the region. In a recently completed analysis of the area's industrial market, the Sedway Group projects annual demand for 5.0 million square feet of new industrial space per year for the next several years.

With the projected growth of the economy, and the strong effort made by the City to provide space, the City could capture its fair share of 35% of this opportunity and absorb 1.9 million square feet of space. The Sedway Group's analysis found the City to be able to attract industrial users, making its industrial parks successful. As such, the analysis identified several locations for the expansion of the City's stock of industrial space and project annual absorptions in the two million square foot range.

Given that new product is introduced, downtown has a good opportunity to capture its share of the City's opportunity. Our evaluation of the potential new industrial locations identified elsewhere in the City by the Sedway Group, and those of our own team, show that a new downtown technology park could capture approximately one-third of the City's demand or approximately 600,000 square feet of industrial space. The near term absorption will be driven by pent up demand in the marketplace. The Market Team assumes that the high tech type demand will dominate the industrial markets in the new decade, and the appeal of the planned project will enforce its role as the prime site for such companies' location. With asking lease rates of $5.50 to $6.00, such product will appeal to firms that are servicing the nearby major corporate users.

The above downtown industrial absorptions represent approximately one third of the Sedway Group's projected Citywide demand for the next few years. Additional development opportunities captured in a Sedway identified potential location just north of downtown, along the I-70 corridor, would further reinforce the City's program of attracting new industrial businesses.

The proposed downtown technology park to be located in Mill Creek Valley would offer excellent access and high visibility to its users. Targeted to the much sought after high tech firms, the City will need to focus on its traditional strengths and seek out companies that benefit from their future proximity to Fortune 500 companies located in the area. Much of the demand for space in this area will come from companies that will want to service the significant size headquarters offices nearby. When marketed along with the planned "Technopolis" development, which will have university research park/medical school orientation, the synergy created by marketing two such facilities will appeal to the users whose employees typically like to locate near other firms with high tech work force.

For our analysis of the industrial demand potential, see Exhibit 3. For additional detailed information concerning industrial space and vacancy trends, please refer to Appendix C, pages 17 through 19.

Office Market Analysis

The St. Louis metro area's Class A and B office markets are on the way to recovery from the early 1990s overbuilt conditions. Table IV-14 summarized the office market trends, in both the region and downtown, over the last six years.

Table IV-14
Office Market Trends St. Louis Region and Downtown 1992 through 1997

	1992	1993	1994	1995	1996	1997
Downtown						
Supply - million sq. ft	19.2	19.2	19.0	19.0	19.6	19.5
Vacancy	18.6%	18.3%	17.1%	18.2%	17.7%	17.6%
Absorption - sq. ft.	844,241	85,762	78,147	-137,790	144,110	8,000
Laclede's Landing						
Supply - million sq. ft	0.6	0.6	0.6	0.6	0.6	0.6
Vacancy	29.9%	23.3%	22.6%	18.7%	22.7%	17.1%
Absorption - sq. ft.	-409	40,088	4,341	24,003	-24,473	33,600
St. Louis Region*						
Supply - million sq. ft	41.0	41.1	41.8	41.9	42.4	43.2
Vacancy	15.4%	14.0%	6.4%	4.4%	11.7%	10.2%
Absorption - sq. ft.	1,393,040	680,742	838,467	343,354	318,570	860,000

** Includes Downtown*

Source: Alternate sources report higher as well as lower vacancy rates. CB Commercial was chosen for its universal acceptance as an authority on commercial real estate data.

The regional office market is healthy, having recovered from the local (and national) overbuilding of the late 1980s. Comprised of approximately 43 million square feet of space, the region has 90% office occupancy in Class A and B buildings, not unlike the current average office occupancy rate of the nation as a whole.

In the St. Louis region, net absorptions averaged 740,000 square feet annually over the last six years. With 860,000 square feet of new space completed in 1997, new product barely keeps up with absorptions. With the large number of leases signed at low rates due to the overbuilt market during the 1992 to 1998 time period, and many of these leases expiring, lease rates of $17 to $21 per square foot are expected to increase to $23 to $25.

Downtown St. Louis office market represents approximately 45% of the region's Class A and B stock. The average occupancy of Class A and B space is lower in downtown than in the region, as a whole. However, downtown vacancies, overall, are heavily influenced by the large supply of unoccupied, older, typically Class B-, Class C or Class D stock which brings overall downtown vacancy rate to 17%, according to CB Commercial, a nationally recognized and accepted source for office data.

Approximately 50% of the space is in Class A structures, where vacancies average 7%, with the best buildings recording 4% vacancies. Buildings offering Class B space, however average 21% and those offering Class C space average 42% vacancy. Average asking rent was $18 in Class A structures, and $13 in Class B, per CB Commercial.

Other sources estimate average Class A rents at $20 per square foot, with lease rates expected to climb to the upper ranges of the metro area rates. With no significant new projects under way or planned, occupancies are projected to increase further, putting pressure on lease rates just at the time when 10-year leases negotiated in the overbuilt marketplace expire. At such lease rate structure, new construction is becoming financially feasible. The City has already seen a rush of transactions involving a variety of structures, including the landmark Metropolitan Square.

New absorptions in downtown reached nearly 850,000 square feet in 1992, when the then new Metropolitan Square building was leasing up, but are down to a projected 150,000 in 1998, with no new offering currently planned for downtown. Due to the lack of high quality space, absorptions are not possible in new downtown buildings, creating the threat of loosing occupants to other City or regional locations, unless downtown proves to be so attractive to future tenants that they start leasing space in thus far not popular rehab properties. The need to retain quality tenants necessitates the introduction of new Class A product in downtown.

New Class A product will attract relocations from outside the region and local company formations as well as move-overs from aging stock downtown. Those concerned about thus "cannibalizing" the existing inventory, should consider that such users are likely to move into newer and better product anyway and, if they do not find such product in downtown, they may move to the suburbs where it is easier and faster to build new stock. In a way, encouraging the building of new Class A space in downtown is a defensive as well as offensive business development strategy.

The Market Team's *demand analysis* indicates that from the combination of new office-occupying job creation and from turnover of existing space, the region has an opportunity for the absorption of an annual average of 2.4 million square feet of Class A and B office space. In 1997, downtown's Class A capture rate was 14% and its Class B capture rate was 30%. The construction of additional high quality Class A space and renovation of existing Class B offices, coupled with downtown's other efforts towards revitalization, will create the facilities and environment necessary to bolster these already healthy capture rates, thus making an overall office capture rate of 10% achievable.

Reinforcing its identity, a downtown capture of approximately 10% of such potential demand, will amount to an annual absorption potential of 240,000 square feet. Such absorption will reverse recent trends, which indicate a downtown capture of slightly over 7%.

The following two factors make a future 10% capture rate possible.

- The City's concerted effort to attract new office users; and
- The construction of new supply which will upgrade the current stock of downtown office space, thus increasing the overall competitiveness of downtown office space and increasing its regional capture.

There is strong indication that 10% rate is achievable. Some of this demand can be satisfied by high quality Class A and B rehab space. However, if a major single Class A user such as Southwestern Bell left the downtown, it would suddenly create an unwelcome addition to the amount of empty offices, and make financing new construction hard. Those looking for new space will not be satisfied by these newly emptied spaces. At least half of the potential tenants, who are willing and able to pay Class A lease rates, will prefer *new* Class A space. They include the growing financial services sector, other professional services (such as law firms) and regional headquarters of major corporations.

Based on the above, this Market Team concluded that there is currently market opportunity for the introduction of a new Class A office building downtown, about one half of the size of Metropolitan Square or half a million square feet. With lease rates reaching +/-$25 per square foot, in year end 1998 dollars (per CB Commercial), downtown will be able to absorb one such building in every four to five years, assuming no major changes in the structure of real estate markets, but assuming cyclical changes. Given the lead time for such product, a new project currently conceived will not be completed until Year 3 of this phasing timeframe, or three years late. If downtown succeeds at retaining its major tenants, such as Southwestern Bell, then by the time of probable introduction of a new Class A office structure, the office market will be exceptionally supply constrained. With pent up demand, lease rates of Class A space will continue to rise, reaching replacement value and making the construction feasible. Under such market conditions, a new building will likely be fully pre-leased by the time of its completion. New product should be located along the Mall area or in the central core just north of the mall. For details on recommended office product, see the product program presented in Exhibit 1.

Opportunities exist for downtown to capture potential of 120,000 to 140,000 square feet of Class A and B space in rehabilitated, older structures. This is approximately one-half of the area's demand potential for office space. The space would lease at an average rate of approximately $15 per square foot. Wired and connected, these structures could be located in the office core, preferably around or near the Old Post Office Square. The location of the product needs to be in the proximity of other Class A structures or in a unique location along the mall. The product could also be constructed on currently vacant lots used for surface parking or on top of/replacing parking structures.

As discussed above, concerning vacancies, Class C and D office space represent a significant burden on the downtown office inventory. Decaying facades and unstable facilities make it difficult for the downtown to compete with the suburbs for this class of office space. It is the team's recommendation that a detailed inventory of Class C and D office space be conducted so as to identify buildings of historical significance for reuse.

For our analysis of office demand potential, please turn to Exhibit 4, for more detailed information on office supply, market trends and projections, please see Appendix C, pages 17 through 19.

Retail/Entertainment Market Analysis

This last segment of the market analysis summarizes the regional and local retail market trends and the retail market potential in the downtown planning area. Regional, neighborhood serving and entertainment oriented retail opportunities were explored.

The role of downtown retail development is more than creating shopping opportunities. The Planning Team's market findings indicate that the difference between successful and failing downtown revitalization often lies in the connectedness or lack of connectedness of its activity centers. Besides streetscape improvements and creating visual interest with awnings and banners, the best and truly market driven way of animating the connectors from one activity center to the other is by creating a retail/entertainment corridor.

The Planning Team's "First Directions" already place high priority on animating the major connectors of downtown by improving the downtown retail/entertainment offerings along Olive, 6th, 8th and 10th Streets. The primary goal is to create a retail area anchored by a reconfigured and improved St. Louis Centre.

The support of new development along the aforementioned streets lies in:

- Existing strength of the regional marketplace for dry goods;
- Existing and growing visitor volume bolstered by the three new hotels currently planned for downtown which will generate need for restaurant, entertainment, cultural and specialty shopping venues; and
- Future residential development created local demand for retail, services and entertainment/cultural activities.

The region has a healthy retail market, with 7% vacancy, according the recently completed analysis presented by the Sedway Group and confirmed by CB Commercial in the company's recent presentation of trends to the City. While vacancy in the City of St. Louis is approximately 9%, downtown retail vacancy is a very high 43%, according to a January 1998 report by the Downtown Saint Louis Partnership. Rental rates range from $10 to $20 per square foot and are significantly below that in some of the depressed downtown retail areas.

Much of the downtown vacancy is in St. Louis Centre, the city's 900,000 square foot super regional mall, where half of the in-line space is vacant, and Dillard's, one of the two anchors, uses less than half of its available space. The owners of the property have a vested interest in the success of the project and are working on redesigning some of the center's functions. Like the owners, the Market Team sees the need for the center to become more street friendly. In order to achieve this goal, the food court, the most successful element of the mall, is planned to be moved to the ground level.

The Planning Team will work with the mall's ownership to achieve desirable solutions for the center as it relates to adjoining retail facilities planned for the targeted areas of 6th, 8th and 10th Streets as well as the Olive Street corridor. Retail concentration in the area will gain additional support from the new convention hotel (unrelated to retail in downtown but important to the center's ownership, is leasing some of the upper level retail space to back office users. Such action will reduce the reported retail vacancy downtown).

In contrast to the failing St. Louis Centre, the 158,000 square foot retail component at the rehabilitated St. Louis Union Station is doing well, attracting regional, local and tourist audiences with entertainment oriented retail, restaurants and specialty shops. This facility is continually reinventing itself to generate repeat business from the region.

While near to downtown is a Schnuck's anchored retail center, 'big box' retailers are noted by their absence and the City as whole suffers significant leakage of retail spending to nearby County locations. It is the Market Team's conclusion that with aggressive planning, and concerted effort of implementation, the trends can be reversed. Downtown has significant strengths to appeal to retailers which will only be enhanced by the development of the new convention hotel and the Marquette building, as well as the intensified development at Laclede's Landing and along Washington Avenue. Other strengths and related opportunities include but are not limited to:

- The particularly *strong highway system and underutilized surface street network*, along with a variety of public transportation options create a unique opportunity for downtown to regain some of its regional retail center position by focusing on destinational shopping opportunities. In downtown locations with good access, such as Mill Creek Valley, a variety of retail product types could be introduced from "big box" centers along interstates, through "marts" in rehab Class B office buildings, to specialty shops along Olive, 8th and 10th Streets.

- The *planned residential development program* will generate demand for neighborhood serving and convenience retail at Laclede's Landing and along Washington Avenue. The number of units introduced will define the exact size of such development. The Planning Team is in the process of identifying the potential extent of properties available for such development.

- Entertainment oriented retail, restaurants, clubs and cultural venues, such as museums and theaters will *draw local and regional audiences* as well as tourist interest. The best locations will be concentrated around existing nodes of similar activity, along the Clark Street corridor to build on the Union Station strength, at Laclede's Landing concentrating on restaurant and club venues, and along Washington Avenue where galleries, dance studios and similar large square footage users will dominate. The Olive, 6th, 8th and 10th Street areas could attract some entertainment related retail users, but maybe in not quite as informal environment as the Laclede's Landing or as "artsy" as along Washington Avenue. Some locations adjacent to the Mall may be appropriate for a few destination restaurants, such as in the ground level of office structures. The Mall itself will serve as an entertainment venue through the numerous festivals held on the grounds throughout the year.

- Laclede's Landing can also be the site for a state-of-the-art multi-screen cinema catering to regional audiences. Such *destinational use will create synergism* with other facilities of regional draw.

Table IV-15 summarizes the team's estimates for retail market potential by retail product type. The numbers are exclusive of the repositioning of Saint Louis Centre.

Table IV-15
Retail Market Opportunities Years 1 through 5 of Redevelopment

	Absorption Potential (Square Feet of Space) in				
	Year 1		Year 3		Year 5
Regional Serving Retail Market					
Big Box Retailers at Mill Creek			250,000		300,000
Merchandise Mart(s) in Vacant Class B Space on Washington Avenue			150,000		150,000
Specialty Shops Along Olive, 6th, 8th and 10th Streets	....	....	25,000	....	....
Neighborhood Serving Retail Market					
Laclede's Landing	10,000		20,000		20,000
Washington Avenue Corridor		10,000		10,000	
CBD Core			5,000		5,000
Entertainment/Cultural Oriented Retail					
Clark Avenue Corridor**					
Laclede's Landing	5,000		10,000		10,000
Washington Avenue	15,000		15,000		15,000
Olive, 6th, 8th and 10th Street Area*	....	....	5,000	....	....
20-Screen Cinema					
Laclede's Landing			80,000		

* *The Planning Team assumes that the street level retail space will be leased by a single entity, space within renovated and leased over time to specialty retailers and entertainment retail oriented users. Local artists, designers and students in arts programs will decorate Windows of the unoccupied space.*

** *The depth of demand along this corridor will depend upon the planned development of Cupples Station, the success of attracting a Smithsonian affiliated museum and the eventual use of Kiel Theater. With them related demand could be substantial, without them, negligible.*

The estimate of potential for additional retail in the downtown is based on current levels of demand as well as anticipated population and visitor growth stemming from Downtown St. Louis' efforts at revitalization. Three principal sources are driving the demand: downtown workers, visitors to the downtown area, and residents of the metropolitan area. Based on present employment, visitation and population statistics, and DSI estimates that downtown has the potential to support approximately 2,460,400 square feet of retail (including both shops and eating/drinking places). A survey conducted by the Downtown Partnership estimates that there is currently only 2,136,600 square feet of retail space occupied. This indicates that the downtown currently has the potential to capture an additional 323,800 square feet of retail. The demand analysis does not estimate the demand for various components of retail, as detailed data on expenditures in the area are unavailable.

The following is the estimated market depth from each of the three major sources of potential demand:

- The Downtown Partnership estimates 88,100 employees work in the downtown area, with the likelihood that the average worker will spend $21.50 per week on retail goods. Using the Urban Land Institute's (ULI) average of $245 per square foot for retail sales applied to Downtown St. Louis, current potential demand generated by downtown workers is then 386,000 square feet. Additionally, there is the potential for downtown to capture almost 21,000 new jobs. If this job growth is realized, additional demand for 92,000 square feet of retail space will be generated.

- *Downtown visitors*, who consist of tourists, athletic spectators, theatergoers, business travelers and conventioneers, represent the greatest potential demand for downtown retail. Based on data from the St. Louis Convention and Visitors Commission, Downtown achieves 16,000,000 visitations per year. These visitors spend an average of $13.42 on eating and drinking and $13.24 other retail purchases. Using ULI's $425 average of retail expenditures per square foot, potential demand generated from visitor expenditures is 1,714,200 square feet. The demand is likely to increase over time, given the St. Louis Convention and Visitors Commission trend for modest increases in the number of visitors to the downtown over the past several years. Furthermore, completion of the new convention hotel will make the convention center a more attractive location for meeting planners. As event planners schedule more conferences in the Downtown, the number of visitors will dramatically increase, thus spurring additional demand.

- Potential floor area demand emanating from St. Louis Area *residential* shopping is derived by looking at four geographic areas which move outwards of the downtown in concentric circles: 0-1 miles, 1-2 miles, 2-3 miles and 3-15 miles. These areas have the capacity to spend $1.03 billion on retail purchases. Applying an average capture of 11% of these dollars to downtown results in over $81 million likely to be spent in the downtown. Using ULI's above noted expenditure per square foot, St. Louis residents can support approximately 325,000 square feet of retail space. As residential redevelopment programs proposed for the area are implemented, retail floor area demand will increase. The Market Team's product program calls for approximately 3,050 units over the next five years, which in themselves will generate increased demand for neighborhood retail stores on the order of 130,000 square feet.

St. Louis must begin marketing its retail space aggressively in order to capture its fair share of demand. Currently, local brokers note minimal effort being put into marketing downtown retail, thus limiting interest in the area.

As much of the existing retail space is in need of renovation and is not easily visible from the street, steps must be taken to reconfigure and improve existing inventory and increase its visibility from the street. In order for downtown to capture its fair share of current and future demand, it is important to create a synergistic tenant mix in the street front retail space along 6th, 8th, 10th and Olive Streets, leased by a single entity, upgraded and reconfigured, and leased out in a planned manner.

Market Driven Product Program Summary
Taking into account the above recommended positioning and potential unit and square footage absorptions in the various land use categories, we compiled an opportunity matrix for the various focus areas in downtown. To be developed in new and rehab structures, the products that are presented in this matrix combine uses that complement one another. In order to insure that the uses are complementary and that the areas are developing along lines that will spur additional future growth, potential demand for some product types has not been maximized. For example, new apartment demand exceeds the recommended number of units at Riverside North, due to the need to support and insure the future of the for-sale housing market. There is a risk of harming future housing sales should potential apartment demand be maximized. Providing new and/or replacement parking necessary for supporting existing and new real estate products is part of the recommended program.

Table IV-16
Product Program Summary

	Land Use	
Location	**Residential**	**Non-Residential**
	(in dwelling units)	**(in square feet of space)**
Laclede's Landing	244	177,000
Riverside North	820	-
Old Post Office Square	390	575,000
Washington Avenue	1,300	434,500
Mall	72	500,000
TOTALS	**2,826**	**1,686,500**

Further detail is presented in a two page spreadsheet included as Exhibit 1 at the end of the market report text. Organized by location as in the table above, land use category (residential and non-residential) and product type (new versus reuse, ownership versus rental, attached versus detached, etc.), the exhibit summarizes the major product characteristics (density, unit size, unit price/rent) and projects the absorption potential in years 1 through 5 of the downtown revitalization effort.

Additionally, the Mill Creek Valley area is well-suited to respond to earlier described opportunities for industrial and 'big-box' retail space. To this end, the Market Team recommends development of approximately 1,000,000 square feet of industrial space in the form of a downtown technology park and the addition of 300,000 square feet of 'big-box' retail space.

Generally, potential demand has been maximized, except where physical constraints made such maximization prohibitive. Recommendations for Riverside North do not maximize the market potential for apartments in order to promote townhome and condominium sales. If demand for apartments at Riverside North were maximized, the neighborhood would become primarily a large apartment project, adversely effecting the incorporation of even a reduced size home ownership element. The recommended product array (Preliminary Market Driven Product Program) is presented in a spreadsheet format in Exhibit 1.

The Planning Team has organized the market driven product opportunities into three preliminary planning alternatives. They are described in the section below.

E. Case Study Analyses

Overview

The existence of the historic city and its business structure provide the backdrop for successful urban redevelopment. To learn the lessons from others' successes and mistakes gained in the process of central city redevelopment, the Market Team conducted case study analyses of six successful redevelopment efforts. The results of these analyses are discussed below.

The case studies were conducted in order to identify strategies and plans that have worked in other cities so as to provide input and direction for St. Louis' downtown redevelopment. Two types of case studies were conducted, profiling:

- Successful major downtown redevelopment efforts. Areas considered were Philadelphia, Baltimore, Dallas and San Antonio.
- Innovative and successful individual projects in an urban setting. The two areas of focus were arts and culture in Cleveland, Ohio and mixed use development in Indianapolis, Indiana.
- The most important conclusions of the case study analyses were that redevelopment success was achieved with the help of the following four crucial elements.
- Strong leadership, both civic and entrepreneurial.
- A strong theme, which connected the city's history and identity, and integrated it into the redevelopment project and its marketing.
- Large-scale catalyst projects.
- Connectedness or integrated design of various land uses which achieves a synergy.

The following are the conclusions of the specific case studies.

Philadelphia, Pennsylvania

Background
Philadelphia's redevelopment effort shows that a downtown can be revitalized based on strong leadership, heavy reliance on a historic image and a continued effort for the process to reinvent itself (e.g.: revitalization is an on-going process). The history of Philadelphia is much like that of many cities in the post world war era, where changes in production and transportation led to a flight of manufacturing jobs from the urban core, leading a decline in the downtown. As early as the 1960s, Philadelphia assumed a leadership role in rebuilding its downtown. Using the power of eminent domain, Philadelphia renovated hundreds of historic homes in Society Hill, reclaimed its waterfront, reinvested in mass transit and maintained healthy retail and office markets. Despite these efforts, by the 1980s downtown Philadelphia had declined. Streets were dirty and vacant looking, especially at night, and tourism to the city had significantly declined as well.

Leadership
In order to reinvigorate downtown, Philadelphia's civic leadership decided that it was crucial to become a "destination" city. Toward this end it was crucial that both

private and public interests work together, and that success be initiated through a major catalytic project. In the early 1990s, these factors came together with the creation of the Center City District and the construction of the Convention Center. Both of these projects were the result of cooperation between public and private leaders. Mayor Ed Rendell's can do attitude and salesman's persistence is generally regarded as instrumental to Philadelphia's revitalization efforts. Furthermore, without strong support from local business leaders, much of what has been accomplished would not have been possible.

Management

The Center City District (CCD) took charge of management. Its success resulted from the following actions.

- Municipal services alone were insufficient to make Center City a place that was clean, safe and attractive. To solve this problem local business leaders banded together and agreed to form a self taxing, downtown management district, which also has the ability to issue bonds. The Center City District brought mall management techniques to the public spaces of downtown.
- The budget pays for round-the–clock street cleaning and unarmed community service representatives who serve as the "eyes and ears" of the police as well as good will ambassadors who are knowledgeable about the city and its history. Results have been dramatic with major reductions in crime and an improved image for the downtown.
- CCD installs banners and maps, prepares guidelines for storefront and façade lighting, and conducts annual market studies of the downtown. Finally, using $21 million tax exempt bond issue, CCD is implementing an aggressive streetscape improvement program, which includes new street lighting, sidewalks, directional signs, and landscaping.

Catalytic Projects

The Convention Center area incorporates a state-of-the-art convention hall with hotel quality finishes, plus additional meeting areas, an assembly hall, and a ballroom, all located in the renovated Reading Terminal Train Shed. Downstairs in the train shed, the century-old Reading Terminal Market was restored without eliminating the vibrant fresh food merchants integral to its character and history.

The Convention Center is also linked directly into 1,200 room Marriott Hotel, another successful catalytic project. The interconnected facilities added 1.3 million square feet of new non-residential space to the downtown and elevated Philadelphia as a national convention venue. It is important to note that Marriott funded the entire hotel with its own reserves, and purchased the land from the city, which had done the assemblage, and offered it at a reduced market rate. The rest of the project was developed with city and state funds, without any federal dollars. This level of private and public commitment was integral to the success of the project. Furthermore, integrating historical structures with new, ties this facility into the rich historic context of the city.

The success of the Convention Center has created more demand for hotels, which in turn, create more demand for restaurants, only to stimulate demand for condominiums, townhomes and apartments. Retail both feeds and draws from urban entertainment complexes. A lively entertainment scene creates happier conventioneers. This combination of events creates a vital streetscape, which justifies further public reinvestment in order to repeat the cycle of success.

Revitalization is Philadelphia's Ongoing Project

In Philadelphia, the momentum is not taken for granted. Penn's Landing is being built as a major entertainment center with an adjoining hotel, Independence Mall is being renovated, and a new performing arts center is scheduled to begin soon to be the cultural centerpiece of Philadelphia.

Philadelphia's comprehensive approach to planning and redevelopment aided by private leadership and investment, the support of local business foundations and strong civic leadership is reaping rewards. Downtown is now a vital and active place which boasts one of the most vibrant restaurant scenes in the United States, where over 40% of downtown workers walk to work, and in which Philadelphians region-wide take pride. Growth is now being recognized in households and business activity. Retail sales and hotel occupancy are also both up.

Baltimore, Maryland

Early Catalytic Projects

As the city grew outwards from its traditional center of the harbor, the downtown and waterfront of Baltimore took on an increasingly negative image. In 1964, the Charles Center, a catalytic mixed use project in the central business district, created the momentum for redevelopment of downtown and the Inner Harbor.

The Inner Harbor shoreline encompasses a large scale redevelopment project that has generated prosperity and economic recovery for this formerly industrial region of Baltimore. Initially the project was undertaken to create a playground for Baltimorians, expand the tax base and promote business.

Leadership and Management

The city took the responsibility of assembling the industrial land along the waterfront, which would serve as the redevelopment property, and established two innovative organizations - the Charles-Center Inner Harbor Management Corporation (CCIHMC) and the Architectural Review Board. CCIHMC was a quasi-public agency, which merged the powers of the city with the flexibility of private business. CCIHMC was charged with:

- Coordination of city agencies;
- Supervision of design, planning and implementation;
- Recruitment of developers; and
- Promotion of business relocation.

The structure of the city-funded CCIHMC allowed the city to retain control over policy. It also provided an agency that could both represent the city in dealing with developers, and represent developers in dealings with the city.

All development, both public and private, is subject to approval of the Architectural Review Board. This board of well respected private citizens in the development community has been instrumental to the harbors' success, their effectiveness is reflected in the 14 national design awards the harbor project has earned throughout its development. Furthermore, a board of regional Baltimore's 50 top CEO's convenes regularly to discuss and provide input into the planning and redevelopment of the Baltimore region.

Activities

The first assignment taken by the CCIHMC was to draw a master plan, which was implemented in gradual steps and allowed for flexibility. The master plan called for the creation of regional playground for Baltimorians, and to attain the highest possible standards of design for public facilities, so as to justify high quality privately financed land uses. To this end, the city turned the existing waterfront warehouse district into a large public amenity featuring a wharf, open parks, picnic areas, and promenade. Not much infrastructure was put into the promenade, as the area was designed to accommodate a variety of uses from festivals to sports play. The U.S. Frigate Constellation, first ship of the U.S. Navy, was also brought permanently to the harbor as visual focal point and symbol of the city's history.

An aggressive city program of activities was also undertaken that included national festivals put on by different ethnic neighborhoods, and offered free concerts, boat races, and parades. These activities met with success. However, suburban residents still maintained a negative image of the downtown and attendance was limited to city residents.

The week long docking of the tall ships in the mid-1980s, commemorating the Bicentennial changed this negative perception. Suburban residents, lured by the historical moment, came down to the waterfront to discover that their negative image of the downtown was no longer justified. The event was fundamental to the success of the project, as it increased regional awareness of the downtown and its ever improving infrastructure.

In addition to the regional playground theme, much development had taken place that impressed suburban residents. The World Trade Center, the Maryland Science Center and Convention Center were completed in the second half of the 1970's. With the addition of the Convention center, the Inner Harbor began to expand on its initial goals. Having become a successful regional playground, the CCIHMC now sought to make Baltimore a major tourist destination.

The Second Wave of Catalytic Projects

In 1980, the Rouse Company built Harbor Place, a two story market place that is thematically integrated into the wharf, through ship flags that surround the façade and a design that created a feel evocative of the bustling waterfront activity that lies at the roots of Baltimore's history. The following project characteristics made the project successful.

- Harbor Place sits at the crossroads between the central business distinct and the waterfront, knitting the two areas together. This was achieved through an open design, which limits the use of walls on both sides, so as to draw people from the business district to the waterfront.
- The building is only two stories high, thus preserving views from the downtown of the Frigate Constellation and the harbor.
- Special consideration was also given to tenant selection.

- Low rent areas were preserved in the middle of the market so that a variety of food purveyors and pushcarts could afford to set up shop, contributing to the vibrant marketplace feel.
- An entrepreneur program was established which recruits and aids minority shop keepers.
- Passageways were made narrow to bring people closer together, generating an increased sense of energy in the structure.

A new Hyatt Hotel added further to the success of Inner Harbor in 1981. The Hyatt, like Harbor Place, was designed to be knit into existing land uses. The Hyatt was physically connected to the convention center, creating a synergy that made the harbor a major convention destination and spurred the creation of additional convention space.

Other projects that continued the momentum of earlier projects and solidified Baltimore's place as a major destination were the National Aquarium and Camden Yards, the Baltimore Orioles' baseball field that integrated offices, a hotel and retail functions. The project has become the standard by which downtown stadiums have been measured.

Dramatic result has also been seen in the areas surrounding the Inner Harbor. Over 1,000 residential units have been renovated or constructed, including historic townhouse and high end condominiums, and more than 3,000,000 square feet of office space have been added since the inception of redevelopment efforts.

The Inner Harbor is now a bustling center of commerce for locals and tourists. Baltimorians are now proud of their downtown and millions of tourists visit it every year. Dramatic gains in tax revenue have been realized by the city, and sales at Harbor Place are double that of a typical mall.

Lessons learned form the Inner Harbor redevelopment project are many, including the following.

- The importance of combined and sustained support from both public and private sectors can not be overstated.
- The Waterfront masterplan, while flexible, provided enduring vision for the project's two decade development.
- The quasi-public boards of the CCIHMC and the Architectural Review Board were crucial in that they provided city-supported yet autonomous agencies dedicated to the project regardless of the political establishment in place.
- Continuing addition of projects over time helps to sustain the vitality and visibility of the downtown.
- Aggressive public activity projects promote the utilization of public and private facilities.
- Different land uses in the harbor are integrated in historical theme as well as functionally knitted together. This integration creates a synergy that has been crucial to the success of the area.

Dallas, Texas

Background

Downtown Dallas has become a major financial center and commercial hub by the early 1930s, but by the 1970s and 1980s, residential and commercial growth moved to the suburbs. Recently, Dallas has made a comeback based on catalytic projects, renovation of the city's infrastructure and extensive residential development.

Leadership

Integral to Dallas' comeback has been a strong pro-growth partnership between City Hall and the business community. While City Hall has invested over $200 million in infrastructure and downtown improvements, a large number of public sector projects have been led by the business community.

The results achieved in Dallas are the result of can-do leadership from the public and private sectors. The entrepreneurs who believed in the city's objectives, and backed their belief up with investment, were decisive in Downtown Dallas' turn around.

Catalytic Projects

In 1994, Dallas doubled the size of Convention Center and added a heliport that produced a 60% increase in convention attendance making Dallas the second biggest Convention City in the United States. Currently, about $4 million convention attendees visit Dallas annually.

Other projects that paved the way for extensive residential development included the following.

- The Downtown Arts District witnessed a $30 million expansion of the Dallas Museum of Art, which boosted attendance by 40%.
- Beginning in 1975, the city undertook several bond initiatives to raise money for public improvements of the West End, a rundown warehouse district. The investment has paid enormous dividends. Currently, over 100 retail shops and more than 65 nightclubs and restaurants are located in the district. The district attracts 6.5 million people a year and produces well over a $100 million in annual retail sales.
- The Farmers' Market is an open air produce distribution center. Through an $18 million public/private partnership, the market was transformed into a lively weekend retail destination featuring food and landscape products.

Public Works Provide Connectedness

The city has also undertaken several public works projects. Former parking lots have been transformed into parks and sculptures and fountains have been added that were funded by both private and public dollars. The sculptures, often evocative of the cowboys, and the Wild West, help to create a cultural identity for the downtown. A downtown Improvement district was also created that undertook landscape improvements along the city's Main Street so as to insure Nieman Marcus remained in the area.

Dallas Area Rapid Transit System (DART) links all of this together with six stops that facilitate easy transport between the hotels, offices, the Convention Center, and the West End.

Focus on Residential Development
In 1991, virtually no residential units existed downtown, now approximately 7,500 units have been built or planned in downtown and the immediately adjacent areas. In order to achieve these results, the City of Dallas offered government subsidies and tax abatements to developers who built residential product in the city. Some old manufacturing buildings were converted and many new projects were built.

Lessons Learned
- City incentives can be the catalyst for successful downtown residential development.
- The various redevelopment zones in the downtown must be integrated to provide connectedness. DART achieved that end.
- Cultural attractions are a good means to bringing customers downtown.
- A vibrant district can be created though the conversion of old warehouse stock to mixed retail uses.

San Antonio, Texas

Background
The revitalization of downtown San Antonio dates back to the 1930s with the creation of River Walk, the beautifully landscaped public park that straddles the San Antonio River. For several decades, however, the park was a crime ridden area, with little to no development along its banks.

San Antonio has been on a 20 year road to revitalization. In the 1950s the city was congested with retail shoppers. In 1961, in order to solve this problem, with city encouragement, the Rouse Company opened San Antonio's first suburban mall to immediate success. The success of the mall was so great that it drew retail away from downtown and, by the end of the 1970s, downtown retail was practically non-existent. No comprehensive plan was ever undertaken but, looking back, it appears that there has been a long-term informal strategy of eliminating congestion by eliminating resident serving retail and a focus on tourist activity.

Catalytic Projects
In 1968, San Antonio held a worlds fair to celebrate its 250th birthday. Ninety-two acres were cleared for the fair grounds, which were anchored by the convention center, a theater and the arena. The entire fairgrounds were linked directly to River Walk and the downtown core by a landscaped river channel added for the event.

The fair was the catalyst for long awaited development along River Walk. After the fair, the convention center complex was expanded and numerous hotels and restaurants began to sprout up. Buildings oriented their entrances along the riverside. Balconies and patios for restaurants began to line the increasingly crowded walkways. All this development was built to suit historical design standards consistent with the existing architecture, as the area was a local historic district. The result was a community that felt authentic and unified.

Despite the burgeoning hotel district/ River Walk area, the rest of downtown continued its decline. Recognizing the momentum generated by the fair, business and private leaders stepped in to maintain it. In so doing, they recognized that the rebirth of surrounding areas could best be attained by connecting new development both structurally and thematically to existing successful areas.

The first major project to do this was the 633-room Hyatt Regency Hotel. Passing though the hotel lobby was the Paseo Del Alamo, a pedestrian thoroughfare that connected River Walk with the Alamo. The passage way created new retail opportunities as well as remaining historically consistent with the area. The passage way symbolically recreated the old irrigation ditches that had shaped much of San Antonians early history. Federal, city, private and non-profit dollars combined to make this project a success.

The next major project was River Center, a shopping mall and attached Marriott Hotel. Obstacles to this project were numerous, such as the relocation of historic luxury hotel. However, close public/private cooperation prevailed as the city, federal government, Marriott hotels, Edward J. DeBartolo Corporation, and local private investors combined to insure the project's success. River Center brought retail back to downtown and is one of San Antonio's premiere public spaces, while remaining integrated into the historic context of River Walk. Bridges and walkways cross River Walk making traffic flow from the park to the mall fluid and natural.

Other public/ private ventures followed including a project which combined historic theater restoration, new apartments, office space for arts organizations, and private dinner club. The Alamodome was also built which; through earlier effort to integrate land uses, and is connected via pedestrian path, to the Convention Center and hotel district. Again, public/ private cooperation insured the success of these projects.

San Antonio continues to expand on its growth. As new retail, housing and cultural projects are cropping up at increasing distances from the River Walk core. Class A office space occupancy is now above 90%.

Lessons Learned
San Antonio's history indicates that public infrastructure alone is insufficient to spur development. Sometimes a major event, such as the worlds fair can be the crucial catalyst for redevelopment. Once momentum has been gained, it is crucial that public and private agencies build on that momentum though cooperation and mutual support. Finally, the success of downtown could not have been achieved without the concerted efforts to integrate the land uses both functionally and thematically.

Cleveland, Ohio

Focus: Arts & Culture as Catalysts

In the last 30 years, Cleveland has undergone a transformation from "Mistake on the Lake" to "Miracle on the Lake". In the period from 1985 to 1995, over $4 billion worth of development took place in downtown Cleveland. As in the case of other cities' revitalization discussed above, government, led by the city's pro-business mayor, George Voinvich, and business leaders from Cleveland's 26 Fortune 500 companies combined in a public/private partnership has produced dramatic results. The purpose of the analysis of Cleveland was not to examine all the factors of its success, rather to focus on a major project that had a profound influence on the city. One of the crucial catalyst projects for downtown's rebirth has been the Playhouse Center Square project.

Playhouse Center Square is a $40 million renovation of three historic vaudeville theaters (Ohio, State and Palace Theaters) that is the centerpiece of Playhouse Square district's renewal. In order to facilitate its development, the city created the Playhouse Center Square Association; a non-profit group dedicated to the three theaters' renewal.

At first, financing for the project was considered too high risk. Undaunted, the city leadership, Playhouse Square Association, Economic Development Administration and private developers sought avenues of funding for six years. Through these groups' unwavering persistence, funding was sourced and the project moved forward. Slightly more than half of the money came in the form of federal Urban Development Action Grants and the remaining funds from corporations, individuals and foundations.

In addition to the Playhouse Square association, there is also a non-profit body that works as a developer on behalf of the Playhouse Square District. Earnings are donated to the Playhouse Square Association so as to allow it to subsidize unprofitable plays. The success of this unique arrangement provides a possible model for other cities to emulate as they pursue cultural vitality in their downtowns.

Playhouse Center Square has been the centerpiece of widespread district renewal. With attendance exceeding one million per year, the restoration of two more theaters is underway. The theaters have proven to be regional draw, bringing visitors out of the suburbs and into the city. Furthermore, the center has been a catalyst for over $100 million in private investment in the district. Property values have increased by 65% and rents are increasing.

Indianapolis, Indiana

Focus: Mixed Use

The Circle Center Mall is a mixed use center with shops unique to Indianapolis, a cinema, restaurants and nightclubs. Architecturally, the mall has several unique characteristics that distinguish it from a typical suburban mall. Eleven historical buildings and facades are incorporated into the exterior design and new facades were constructed with materials that complement the surrounding cityscape. Furthermore, underpasses and bridges — including the Artsgarden, a 12,500 square foot barrel vaulted structure that serves as performance and exhibition space for the Indianapolis arts community — connect the center to adjacent hotels, office buildings, the convention center, and the RCA Dome. Functionally and thematically, the center is integrated into the fabric of the city, simultaneously beautifying downtown and adding to the vitality of retail.

The project is the result of an ongoing concerted effort on the part of the business community, working in tandem with the city government. Conceived in the 1980s, the center was more than ten years in the making. Financing was the long running obstacle to development, due to the recession of the early nineties and the reluctance of traditional lenders to invest in a downtown project.

The following three steps were integral to the completion of the financing package.

- First, the city undertook a tax increment bond initiative which raised 60% of $307.5 million cost of the project.
- The City then turned to the Corporate Community Council, a civic organization of some of Indianapolis' largest businesses. The result of this appeal was the creation of the Circle Center Development Company (CCDC), initially an amalgam of 12 and then later 20 organizations that agreed to contribute funding to the project. Some of these organizations viewed their participation as essentially a charitable donation while others looked to the project as a portfolio investment.
- The final piece of the investment package came from the United Bank of Switzerland and the Hypobank in the form of construction loan.

A unique approach was taken to marketing the mall. Nearly half of the shops were new to the Indianapolis area. Recognizing the heavily competitive suburban market, the developer, The Simon Property Group, sought out shops, which would have a true regional draw by virtue of their uniqueness. Interconnectedness of the property to the city, coupled with the destination entertainment component of the center lent the center the 24-hour feel, helping to further distinguish it from suburban malls.

Circle Center Mall was an immediate success. Shops previously underrepresented in the Indianapolis area drew patrons to the project. Since the project's opening, convention bookings and hotel occupancy has increased, new development has been stimulated and existing development bolstered.

Reasons for Circle Center's success are the following.

- The effort to connect the mall to the city and its history has reaped rewards by making the center a more inviting and memorable destination;
- The marketing effort, emphasizing the uniqueness of the product helped to differentiate the product from suburban competitors thus producing a regional draw; and
- Finally, the continued advocacy of the city and the involved support of the Indianapolis business community without whom Circle Center would not work.