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# St. Louis Development Makes a Play for a Home Team Advantage

By JOE GOSE

When the new [Busch Stadium](#) opened in 2006, the occasional mudhole along adjacent property symbolized the failure of a planned companion project aimed at revitalizing downtown St. Louis.

The St. Louis Cardinals had proposed the \$650 million mixed-use project, known as Ballpark Village, for the 10 acres north of the new stadium. But those grand plans were thwarted by the combination of the financial crisis, the recession and a soft real estate market, making development feasible for only a softball field and a parking lot, leaving bare ground that became the object of widespread ridicule.

By next season's opening day, however, the Cardinals and their development partner, the Baltimore-based [Cordish Companies](#), hope to open the first phase of Ballpark Village — a \$100 million entertainment, restaurant and retail project — just beyond the stadium's left center field wall.

"I always have said that if we could just get it going, all the heartache would be worth it," said William O. DeWitt III, president of the Cardinals. "I still feel that way."

The project has a chance to provide downtown St. Louis with one more reason to cheer outside the ballpark. Population in the urban center has grown to 14,000, from 9,600 in 2005, and apartment occupancy exceeds 90 percent, according to the [Partnership for Downtown St. Louis](#).

In turn, that is spurring more residential and retail development. An affiliate of Spinnaker Real Estate Partners of Norwalk, Conn., for example, has largely completed a \$250 million conversion of an old mall and surrounding buildings into an entertainment, retail, residential and hotel district, Mercantile Exchange, that is a 10-minute walk from Busch Stadium.

By taking advantage of the Cardinals as an anchor tenant and creating a buzz with the first phase, Ballpark Village could help encourage additional renewal in the city, said Andrew S. Zimbalist, an economics professor at Smith College in Northampton, Mass., who specializes in economic development and sports economics.

He pointed to Petco Park in [San Diego](#), which helped attract billions of dollars in private investment in the surrounding area over the last few years.

"None of these projects are exactly alike," Mr. Zimbalist said. "But the general notion is that a

sports facility can regenerate economic life in an area if it's developed properly, put in the right place and has private capital committed to build around it.”

The 100,000-square-foot first phase of **Ballpark Village** will feature a fresh-air pavilion with a retractable canopy for year-round events.

The retail and restaurant portion is building on St. Louis institutions: the Cardinals, of course, and Budweiser, the signature beer of Anheuser-Busch, part of Belgian-based Anheuser-Busch InBev.

Both organizations will showcase their brands in themed restaurants: Cardinals Nation and Budweiser Brew House. Cardinals Nation will also feature a hall of fame and museum. Additionally, both restaurants will include rooftop decks that look into Busch Stadium.

Creating a development that provided such views was uppermost in the minds of Cardinals officials as they planned the new stadium and Ballpark Village, Mr. DeWitt said.

The vision stemmed from the residential rooftops that overlook Wrigley Field in Chicago, he added, which to him seemed to integrate the stadium into the fabric of the city.

“We wanted that interaction,” said Mr. DeWitt, whose father bought the Cardinals in 1995. “I’ve always been fascinated by having something across the street and creating a window into the ballpark.”

Later phases call for office, residential and hotel development.

The way that the first phase was financed may ensure construction of later phases, said Chase Martin, development director for Cordish, which

has completed entertainment-

oriented and mixed-use projects in Kansas City, Mo.; Louisville, Ky.; Philadelphia; and other markets.

While the city and state approved a plan using new taxes generated at the site to pay for the sewers, utilities and streets needed on the entire 10-acre lot, St. Louis would not guarantee bonds to finance the deal. So the Cardinals and Cordish ultimately decided to buy them, leaving more of the project’s finances in their own hands.

“Obviously, this upfront investment in future phase infrastructure speaks to our confidence in the future of Ballpark Village and the downtown in general,” said Mr. Martin, who is overseeing the project.

How deep that confidence extends to the office market remains to be seen, however. The

downtown office vacancy rate, 25.2 percent, and an average lease rate of \$15.06 a square foot rank as the worst fundamentals of any St. Louis submarket, said Jeff Kaiser, managing director in the St. Louis office of the brokerage firm CBRE.

“Leasing activity has been pretty stagnant over the past several years — there’s no migration out to the suburbs and no new growth coming in,” he said. “It really doesn’t justify building any new office supply.”

While Mr. Kaiser suggests that future office growth could occur in the financial and technical sectors, for now he’s more bullish on residential development downtown.

Developers have completed \$1.6 billion worth of new housing since 1999, according to the Partnership for Downtown, and \$168 million is currently in development.

Much of the activity has centered on the conversion of old office buildings into apartments with the help of historic preservation tax credits, Mr. Kaiser said.

Ballpark Village plans include a residential tower that would look into Busch Stadium, and the Cardinals and Cordish officials are keeping a close watch on downtown’s residential market. If it continues to be strong, they acknowledge, construction could begin sooner than anticipated.

Downtown promoters suggest that the baseball team’s admirers alone may provide more than enough demand.

“There are enough passionate St. Louis Cardinals fans in the area that they will pay the money to be there, whether the units are rented or sold as condos,” said Matt Schindler, senior manager of community development with the Partnership for Downtown. “It would do very well.”