

Developer/Sponsor

American Milling; McGowan Brothers Development

Project Type

Commercial, Loft Apartments

Square Footage

198,000 total square feet

Investment

\$25 million



Description

The redevelopment of the historic Fashion Square building will result in the transformation of a once fashionable garment shop into a mixed-use property. The finished project will offer 96 loft-style apartments, two floors of commercial space, and one floor of retail space, with parking located on the basement level and a surface lot directly behind the property.

The 96 residential units average 1,250 square feet and are located on floors four through 11. All units are characterized by the contemporary/industrial look of loft apartments in St. Louis, and throughout the loft districts of other major markets. Apartments include hardwood floors, exposed brick, newly replaced warehouse style windows, sand-blasted concrete ceilings, solid core birch doors, and contemporary hardware and fixtures. Each apartment has washer/dryer hookups, disposals, dishwashers, refrigerators/icemakers, microwaves with hood and oven/range. Entry to the residential portion of the building is with key card access; guests use an intercom.

Floors one through three contain 54,000 square feet of retail and office space.

The building features a gothic design by renowned 20th century architect David R. Harrison. The brick and terra cotta, concrete-constructed building is one of the most ornamental and architecturally notable buildings in the city. When it was built in 1926, it was considered one of America's most modern building structures. Fashion Square is just seven blocks from the Old Post Office Building – another historic renovation project funded in part by New Markets Tax Credits provided by Enterprise.

Investment Type

Funding for the Fashion Square project includes senior debt, subordinate debt, federal and state historic tax credit equity, and New Markets Tax Credit equity. The investment will generate \$9.7 million in New Markets Tax Credits for U.S. Bank.

Market

Having emerged from decades of steady disinvestment, downtown St. Louis is in the midst of a substantial rebirth. Most of the development has taken place during a recessionary period, resulting in a sluggish office market. As the economy rebounds, it is anticipated that new business and business expansions will benefit a downtown St. Louis that is notably different and improved from the one that existed in 1999.

Community Impact

The residential component for Fashion Square is targeted to various demographics: young professionals who are among the 95,000+ employees who work downtown, and for whom quality and contemporary residential options downtown have not existed until very recently; transplants from other urban markets, many of whom are interested in living downtown permanently; undergraduate and graduate students of four major universities: St. Louis University, Washington University, University of Missouri – St. Louis, and Webster University; and “empty nesters,” who are moving downtown after selling their larger suburban homes. As street level activities increase and improve in quality – evolving from the nightclubs of the past, for example, to restaurants and shops today – more empty nesters will consider downtown as a viable option.

Developer

McGowan Brothers Development (MB Development) has created a joint venture with American Milling to redevelop Fashion Square. McGowan Brothers Development Corp. began as a family-owned business. With a pioneering spirit, determination and little more than a dream, the organization has established itself as one of the premier developers of the Washington Avenue Loft District.

MB Development realized in order for the loft district to truly mature it was necessary to acquire a significant number of properties. It was also necessary to bring other developers to the area to join in the renovation. Over the past seven years the company has committed to the refurbishment of more than 10 turn-of-the-century warehouse buildings in downtown St. Louis. MB Development has also grown and expanded company development interests to include property management.

Owning almost one million square feet of space, MB Development projects include lofts, both for sale and lease, for residential and/or commercial use.

Investor

U.S. Bancorp’s Community Development Corporation (USBCDC), is one of the largest New Markets Tax Credit (NMTC) investors in the country. It also makes equity investments in low-income housing and historic tax credits. It is a subsidiary of U.S. Bancorp (NYSE:USB), the sixth largest financial holding company in the United States, with assets of over \$240 billion. The Company operates over 2,500 banking offices and 4,800 ATMs, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services and products to consumers, businesses and institutions. For further information, visit www.usbank.com.

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. Enterprise leverages low-income housing, new markets and historic rehabilitation tax credits; short and long-term debt; and development services to capitalize projects that make a catalytic difference in communities. For over 25 years, Enterprise has privately raised over \$9 billion to finance more than 240,000 affordable rental and for-sale homes, create vital communities and help transform the lives of low-income Americans, particularly those at the lowest end of the economic scale. Currently, Enterprise is investing in communities at a rate of \$1 billion a year. Visit www.enterprisecommunity.com or www.enterprisecommunity.org to learn more about Enterprise’s efforts to build communities and opportunity.