

# St. Louis Region Gets Economic Boost With Redevelopment Projects

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**ST. LOUIS, MO.** - Major redevelopment and investment in former and current auto manufacturing sites in the St. Louis region are part of a success story that highlights rebirth, resiliency, ingenuity to attract new businesses, the value of public-private partnerships, and the excellent locational attributes the bi-state area offers. Following a \$1.5 billion investment at its Wentzville auto plant in 2019 - which was the largest private business investment in Missouri's history – General Motors (GM) directly

employs 4,300 workers. Nearby, a 1.3 million-square-foot logistics center constructed by Northpoint Development for GM suppliers is almost 100% occupied. After purchasing the former Ford Motor Company property in Hazelwood, Mo., in 2008, Panattoni Development Company invested \$250 million to transform the property into Aviator Business Park, a 160-acre development with 2.6 million-square-feet of space housing more than 1,150 employees. US Capitol Development purchased the former Chrysler plant facilities on 300 acres in Fenton, Mo., in 2014 to develop Fenton Logistics Park, where they have now completed five buildings that are 100% percent occupied, with another four buildings under construction. The redevelopment represents an investment of \$300 million and has resulted in 2,000 jobs. Each project was highlighted during FreightWeekSTL 2021.

Mark Branstetter, Partner with Panattoni Development Company, provided insight on what attracted his company to the former Ford auto assembly site. “There's an old axiom in real estate; it's location, location, location,” Branstetter said. “And for us, as we looked at the site that was Ford and became Aviator, it was 160 acres and a purely urban infill. It's adjacent to all the major Interstates – I-270 is the loop and 70 and 170 and Lindbergh (Boulevard), which is a major thoroughfare, adjacent to Lambert Airport, and it was rail served by Norfolk Southern. So, it had a whole lot of arrows in the quiver that, you know, if you can see through what was sitting on top of it and you could get to the dirt, then it became a really interesting site for us.”

For US Capitol Development, the attraction was to fill an unfulfilled niche in the Southwest St. Louis County corridor. “What was needed down there was to take one of the largest pieces of ground, south of I-70, and be able to develop industrial for the southern part of our metropolitan area that had little or no opportunities for people to move into St. Louis or expand their businesses,” said Scott Haley, Director of Development, US Capital Development. “Nobody locally or nationally was really stepping up. We took the risk. We actually took the property down without having it entitled. In addition, we didn't have any economic development tools committed for the development. We just knew it was a great story and that the city, the county, the state, and business community were all going to come behind this redevelopment effort.”

Doug Rasmussen, President & CEO, Steadfast City Economic & Community Partners and moderator for the FreightWeekSTL panel, talked about the importance of workforce availability to the two redevelopment projects, citing its relevance at the GM plant. “The GM plant in Wentzville has thrived because it's one of the most productive plants from a workforce perspective in their entire system,” he said.

Branstetter reinforced the need for labor. “It's eminently important. I'd be hard pressed to point to any deals of significant size of late that you haven't seen some form of a workforce analysis done by the tenant to find out if they can come up with labor,

particularly for anybody that's employing a number of employees there. So, we see that consistently,” Branstetter said. “When I said this is an urban renewal project, and the same goes for , you're surrounded by residential density and workforce development already built in without the need for significant ground. So, you're already an infill. You already have access. And then, for our project, we have connectivity with Bi-State (Development) and Metro (Transit), so we're able to move a lot of employees into and out of the site.”

Haley added that they were the beneficiaries of the workforce cultivated by the former auto plant sites they were redeveloping. “We were able to leverage what we truly believe was, you know, these 10,000 jobs that were either out of the Ford plant or the Chrysler plant; they didn't just evaporate. They were still here and they're still skilled. They might have gone to a slightly different industry, but the strength of the employee base here, and St. Louis' dedication to good work, that work ethic and all that played into us thinking that revitalizing the plant would really pay off,” Haley said. “We were really kind of the lone wolf to the south. And we were able to leverage that existing workforce in the southern half of St. Louis and the counties that surround St. Louis to the south. So, we had a good draw factor that was still there.”

While some skeptics argued the development at the Fenton site would simply move jobs around as opposed to bringing new jobs to the region, the low vacancy rates in the Fenton area tell a different story. Several million square feet of decades-old industrial businesses around Fenton Logistics Park could not accommodate the needs of today's companies.

“We were able to build bigger buildings. A lot of these businesses relocated into the park because they didn't have any real opportunities to still be close to the workforce,” said Haley. “So that gave opportunities for local companies like Corelink, BJC Medical Group, BASF, and others to be able to consolidate two or three buildings, get into a more state-of-the-art facility and still be close to their workforce. And the best part of this is that all of those facilities that people thought we were moving, you know, like chairs on the deck of the ship, we weren't. As soon as those companies committed, other companies backfilled those spaces where they were moving from even before we started building the buildings.”

Both developers talked about the unique challenges associated with the redevelopment of their respective sites, and while the contrasts were striking there was a common theme: the importance of partnerships.

Branstetter joked that the former Ford plant site was covered by a 3.3 million-square-foot manufacturing facility. He said that, if you had the parts to make a car, you could have made it, because everything was left behind by Ford - 73 robots, the tracking

system, the chain drive system, and all the pits were fully equipped. It took until 2008 for the real estate deal to close. Then the financial crisis happened in 2009 which ended up being a positive, as Branstetter said they were able to take their time from a demolition and remediation standpoint. Through this process, they had Ford as a partner, two of the largest environmental remediation companies in the world, and the State of Missouri, City of Hazelwood and St. Louis County. Their equity partners and lenders all were extraordinarily flexible.

“I would say if there's anything to note on these projects, that is a must, it is flexibility, because you're going to run into things that you didn't anticipate and you just have to deal with them,” Branstetter said.

Haley's team encountered an entirely different set of circumstances. “We didn't have Chrysler as a partner. Chrysler stepped away, so we had to purchase out of the receivership of the US bankruptcy court. So, we had little, or no access to the site to do any investigation. We basically had to make some assumptions based on a variety of different things. So, the risk level was really high. And I think that the challenges there were immense with a lot of unknowns,” Haley said. “While all the steel and copper was recycled prior to our purchase, none of the 8.3 million-square-feet of concrete slabs that made up the buildings or the parking lots were removed.”

“But we overcame that. We developed a tremendous relationship with the city of Fenton, St. Louis County and the State of Missouri,” Haley said. “As I mentioned before, we went in not having any entitlements or having any economic development tools to accomplish what needed to be done. The State of Missouri was great and assisted the advancement of the rebirth. St. Louis County in association with the City of Fenton worked through the TIF program and we were able to get those in place to put in all new infrastructure, utilities and waterways. We've actually been a vertical for four years and we've accomplished 1.5 million-square-feet and another four or 500,000 square-feet will probably be completed here in the next 12 months, I think far exceeding whatever timeline was communicated. And the jobs, we reference at least 2000 jobs; I'm sure we're going to be well north of that.”

The lessons learned with each of the redevelopment projects can help to enhance future economic development efforts for the St. Louis region. “When companies and site selectors were looking at St. Louis, they didn't want to hear about what's new, what's old. They wanted to understand the capital that was put into the infrastructure,” Haley said. “That was a big component for companies looking at both of our sites. And I think they knew they were coming in and being on a foundation that there is new fiber optics, new water, sewer, new roads and all those things that site selectors look for when they're looking to do national searches or regional searches.”

Looking to the future, Haley and Branstetter are both bullish on the U.S. and the St. Louis region. “As horrible and negative as COVID-19 was for so many sectors of the economy it's really been an accelerator for the industrial world,” Branstetter said. “I think that, over the next couple of years, it's going to continue to accelerate. Logistics are becoming much more important. Import export patterns are highly focused on how consumer buying happens. And we all know what happened, where people used to go and how they get their products today. And there's infrastructure that needs to be built to support that changing dynamic. St. Louis has been a benefactor of that.”

Haley said while those trends will attract new businesses to the region, business retention must also be part of the strategy. He said existing businesses need to know their current needs are being understood and municipalities and the state need to refine the economic development tools to get ahead of the game.

“The model for success for each of these locations focused on the bi-state region's long history of supporting our manufacturing and logistics cluster that started with the location, proximity to infrastructure, work force, a climate that supports productivity and shared resources,” said Mary Lamie, Vice President of Multimodal Enterprises for Bi-State Development and head of the St. Louis Regional Freightway, which hosts FreightWeekSTL. “And, most importantly, a business climate that has a can-do attitude with the foundation of collaboration, forward thinking, flexibility and partnerships. And these are the examples of success that are moving the St. Louis region and our industry forward.”

FreightWeekSTL 2021 continues online through May 28 with a variety of virtual sessions with industry experts and leaders in freight, logistics and transportation. The week-long event is being delivered by St. Louis Regional Freightway, The Waterways Journal and Bi-State Development. To view the video of the panel featuring redevelopment of the former auto plant sites and to learn more about FreightWeekSTL 2021, visit [www.freightweekstl.com](http://www.freightweekstl.com).

## **About St. Louis Regional Freightway**

*The St. Louis Regional Freightway is a Bi-State Development enterprise formed to create a regional freight district and comprehensive authority for freight operations and opportunities within eight counties in Illinois and Missouri, which comprise the St. Louis metropolitan area. Public sector and private industry businesses are collaborating with the St. Louis Regional Freightway to establish the bi-state region as one of the premier multimodal freight hubs and distribution centers in the United States through marketing, public advocacy, and freight and infrastructure development. To learn more, visit [thefreightway.com](http://thefreightway.com).*