

Excelsior and Grand

St. Louis Park, Minnesota

Project Type:
Mixed-Use/Multi-Use

Case No:
C035002

Year:
2005



SUMMARY

Seeking to create a town center, the city of St. Louis Park, Minnesota, entered into a public/private partnership with TOLD Development Company to develop Excelsior and Grand, a \$150 million mixed-use project on 16 acres (6.5 hectares) that contains apartments, condominiums, retail space, and a town green that links to an existing city park.

Designed by Elness Swenson Graham Architects, Inc. (ESG), this four-phase project will consist of 86,000 square feet (7,990 square meters) of retail space, 337 apartments, and approximately 330 for-sale units. Already completed, the first two phases comprise all of the aforementioned apartments, 124 condominiums, and over 65,000 square feet (6,093 square meters) of retail space. Furthermore, it provides the city of St. Louis Park, a first-ring suburb west of Minneapolis, with a pedestrian-friendly downtown.

FEATURES

- Mixed-Use Town Center
 - Public/Private Development
 - Main Street Design
 - Pedestrian-Friendly Design
 - Infill Development
 - Transit-Oriented Development (Bus)
 - Underground Parking
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LOCATION

Inner Suburban

SITE SIZE

16 acres/6.5 hectares

LAND USES

Town Center, Mixed-Use—Two Uses, Mixed Residential, Multifamily Housing, Loft Housing, Condominiums, Multifamily Rental Housing, Linear Park

KEYWORDS/SPECIAL FEATURES

- Mixed-Use Town Center
- Public/Private Development
- Main Street Design
- Pedestrian-Friendly Design
- Infill Development
- Transit-Oriented Development (Bus)
- Underground Parking

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PROJECT DESCRIPTION

Developed through a public/private partnership, Excelsior and Grand was intended to bring increased vitality to the city of St. Louis Park through the creation of a mixed-use, pedestrian-friendly downtown. The project contains four phases, the first of which opened in late 2002, with 337 rental units and over 60,000 square feet (5,574 square meters) of retail space.

Occupancy of Phase II, with 128 condominium units and 5,000 square feet (465 square meters) of retail space, began in January 2005. Construction of Phase III started in February 2005, with the phase scheduled to open in early 2006. It will feature 86 loft-style condominiums and 14,000 square feet (1,301 square meters) of retail space on the first floor. Phase IV will comprise approximately 115 additional condominiums and 5,000 square feet (465 square meters) of retail space on the first floor in a concept similar to Phase II.

Formed in 1986, TOLD Development Company is an 18-person firm based in suburban Minneapolis that primarily develops commercial property. Excelsior and Grand was its first foray into mixed-use development.

Excelsior and Grand is the result of nearly ten years of community input and visioning, with the city of St. Louis Park having worked closely with planners, market consultants, the developer, the architect, lenders, contractors, and landscape architects to create a civic amenity as well as additional future tax revenue for the city.

SITE AND SURROUNDINGS

The Excelsior and Grand site is located north of Excelsior Boulevard in the eastern portion of St. Louis Park, a first-ring suburb in the prosperous southwest Twin Cities metropolitan area. Excelsior Boulevard is a major commercial arterial street that runs east/west through St. Louis Park, connecting Minneapolis with suburbs to the west. The boulevard is lined with predominantly retail uses to the west of the site, with a less intensive mixture of office, quasi-retail, service, and automobile-related uses to the east of the site.

Less than one mile (1.6 kilometers) west of the site is State Highway 100, a limited-access freeway running north/south through the first-ring suburbs of Minneapolis. Highway 100 is well connected to the Twin Cities freeway system and provides access to a number of employment centers, including downtown Minneapolis, located five miles (eight kilometers) to the northeast.

The site lies less than one mile (1.6 kilometers) west of the Minneapolis city limits, and less than two miles (3.2 kilometers) west of Lake Calhoun and the Minneapolis Chain of Lakes, which are popular recreational amenities for area residents. It is also approximately two miles (3.2 kilometers) west of Minneapolis's trendy Uptown neighborhood.

Excelsior and Grand is part of the larger 125-acre (50.6-hectare) Park Commons area, which features a variety of uses, including retailers such as Target and Byerly's (a local upscale grocer), a multiplex movie theater, the Park Nicollet medical facility, and Wolfe Park.

Located on 16 acres (6.5 hectares) at the eastern end of the Park Commons area, Excelsior and Grand lies just south of Wolfe Park. In addition to Wolfe Park, two residential projects, one composed of condominiums, the other consisting of apartments, built in the 1970s, border portions of the site to the north. A health club is immediately west of the site.

Across Excelsior Boulevard from the site are a variety of uses housed in mostly single-story buildings, including offices, independent retailers, a gas station, and a liquor store. The neighborhood beyond to the south and east of the site largely consists of single-family homes, predominantly built during the years immediately after World War II. In general, the Excelsior and Grand development is markedly more pedestrian friendly than many of the existing surrounding land uses.

A variety of employment centers, retail uses, and recreational amenities are located near Excelsior and Grand and St. Louis Park in general, making it a desirable site for the development of additional retail and residential uses.

DEVELOPMENT BACKGROUND

The planning for Excelsior and Grand dates back to the mid-1990s, when the city of St. Louis Park began a visioning process to address a variety of issues. One of the city's desires was for community and connectivity, and the creation of a mixed-use town center fit that vision. It was determined that the 16 acres (6.5 hectares) of present-day Excelsior and Grand was the most underutilized area in the Park Commons, and that developing a mix of residential, retail, office space, and open space, and improving adjacent Wolfe Park, would be an appropriate use of public funds and effort.

At the time, the portion of the site along Excelsior Boulevard was lined with blighted single-use properties housing a

variety of businesses, including infamous bars, pawnshops, and sexually oriented businesses. These uses were generally unpopular within the community, and thus the area was targeted for redevelopment.

In 1996, the city initiated a series of charrettes, funded by the Metropolitan Council (the Twin Cities' regional governing body) Livable Communities Grant Program, which helps local communities leverage their development plans. The charrettes brought prominent Twin Cities urban designers together to sketch plans for the Excelsior and Grand area, then called Park Commons East.

It was determined that Excelsior Boulevard, which runs along the southern border of the site, should be linked with the underused Wolfe Park, which lies to the north. A "town green" concept consisting of a large open space and pedestrian area was created. As a major feature of the project, the town green concept would survive several iterations of the design.

The charrette process was combined with market studies of the retail and residential components, as well as pro formas to assess what uses and densities were required to make the project financially feasible. This process informed the planners that densities would have to be increased from earlier designs. As a result, the town green was narrowed from 300 to 180 feet (91.4 to 55 meters), and the density was increased to contain four-story buildings.

The site previously consisted of 36 separate parcels, which contained a mix of commercial uses and single-family homes. The city began land assembly in the mid-1990s, acquiring all the sites by the end of 2000. It did not use eminent domain.

In order to ensure timely approvals for development at Excelsior and Grand, the city of St. Louis Park drafted an entirely new mixed-use zoning code (MX). Based on mixed-use and new urbanist projects around the United States, the zoning code allowed for things such as vertical mixed-use development and diagonal on-street parking.

FINANCING

Using a request for qualifications (RFQ) process, the city chose a developer in 1999. However, this relationship ended in 2000 due to external pressures requiring the developer to focus on its East and West Coast projects. Furthermore, the developer also had difficulty achieving a balanced pro forma for the project.

During a second, accelerated process, this time a request for proposals (RFP) process, TOLD was selected within 45 days, due mainly to its experience with commercial development. ESG, which has substantial experience in designing residential properties, was retained by TOLD as project architect. Ground breaking on Phase I occurred in summer 2001.

The public involvement in the planning process continued after TOLD was selected as the developer, with the company participating in over 40 public meetings, as well as weekly meetings with city staff. From this planning the current master plan for Excelsior and Grand evolved.

TOLD inherited a set of design standards, a mixed-use zoning code, most approvals already in place, with traffic studies and environmental work also complete. This made the project very attractive to the developer, enabling it, together with the city, to focus on the difficult task of developing and financing the mixed-use project.

Several market studies revealed substantial potential for rental housing, retail, and office uses on the site. However, by 2001 the office and apartment markets had started showing signs of weakening. Conversely, the condominium market began experiencing an upswing; as a result, office uses planned for later phases were converted to condominiums.

Financing for the project came from a variety of public and private sources. Approximately 20 percent of the financing, or \$30 million of the \$150 million project cost, was derived from public sources. The Metropolitan Council Livable Communities Grant Program funded the charrette process and the initial market studies, and the Minnesota Department of Trade and Economic Development provided funding for the demolition of existing structures. Very little site cleanup or soil contamination was associated with the project. A tax increment financing (TIF) district, created for the area in 1978, assisted the city with the cost of land assembly.

The U.S. Department of Housing and Urban Development (HUD) provided financing for Phase I of the project at a loan-to-value ratio of approximately 80 percent, with equity furnished by TOLD. The interest rate for Phase I is 6.95 percent. Phases II and III are financed through a construction loan provided by US Bank. Similar bank debt will be provided for the development of Phase IV.

DESIGN AND PLANNING

The original plan created by the previous developer contained the town green concept, but the buildings were on larger blocks, with much more retail space, and with surface parking behind the structures. When TOLD was selected as developer in 2000, the overall consensus was to break up the blocks into smaller, more intimate pieces, reduce the amount of retail space and serve a more local clientele, and hide as much parking as possible either underground or

in ramps behind buildings.

It was important to TOLD that the project have a “sense of place,” and not be just another collection of disparate uses with underused open space. The overall Excelsior and Grand master plan, a collaborative effort by TOLD, ESG, and landscape architecture firm Damon Farber Associates, emphasizes a vertical mix of uses in an architecturally varied and well-integrated streetscape that is intended to weave the development together.

The land use plan for Excelsior and Grand can be broken into five blocks, three of which have frontage on Excelsior Boulevard, and two that overlook Wolfe Park. The town green concept, now called Grand Way, is the “Main Street” of the project. At 2.1 acres (0.85 hectare), it is designed to invite interaction, inspire strolling, and play host to public events. Lined largely by retail uses at the ground level, it features wide, brick-paved sidewalks; outdoor seating for restaurants in the warmer months; decorative lampposts; kiosks; and elevated crosswalks. It also includes a wide median with walking paths, benches, fountains, public art, and plantings.

Phase I of Excelsior and Grand comprises two nearly symmetrical blocks of mixed-use development, bisected by Grand Way. Four-story buildings face Grand Way, with retail space on the main floor and three stories of apartments above. When one moves away from Grand Way in either direction, the retail buildings are followed by parking structures, and then four-story U-shaped buildings that surround courtyards. These U-shaped buildings are entirely residential, with the exception of first-floor retail uses fronting Excelsior Boulevard.

While public space and a pedestrian-oriented environment are heavily emphasized design elements, the apartment buildings also have a significant amount of private space and amenities for the use of residents only. Renters have access to an on-site outdoor pool, a party room, and health facilities, and the two blocks each contain landscaped interior courtyards.

For financing purposes, it was decided that Phase I would contain more than half of the residential units, over two-thirds of the retail space, and all of the off-street structured parking for the entire Excelsior and Grand project. Creating a critical mass of leasable space helped to leverage the public and private funding for the project.

From a marketing standpoint, finishing Grand Way and the buildings along Excelsior Boulevard, as well as a majority of the retail space, conveyed the impression that the development was largely completed. It created significant press coverage, and a buzz within the community that this project was indeed significant for the Twin Cities.

Structures fronting Excelsior Boulevard and Grand Way are four stories high, with ground-floor retail space and apartments above. Two “crowns” adorn the rooftops of the buildings opposite each other at Excelsior Boulevard and Grand Way. These help form an entry “monument” to the project, and are visually distinctive from the Excelsior Boulevard perspective.

Retail space was placed along Excelsior Boulevard because it has substantial drive-by traffic, and Grand Way because it was designed to be the focal point for pedestrian traffic and has signaled access for automobiles. Park Commons Drive is mostly lined with residential units at street level. Those units are largely designed with direct outside access, as well as hallway access. The front doors and stoops help create a more tranquil streetscape for the area.

Parking is hidden as much as possible, underground accessed using ramps, with entrances on Excelsior Boulevard and Park Commons Drive. The parking structures were designed to create minimal disruption on sidewalks and in building facades, and yet are prominently marked to make it easy for drivers to find them.

In the development, there is a total of 1,090 parking spaces. The two parking structures together contain 470 parking stalls. Approximately 400 spaces are underground for apartment residents, with the remaining 220 above ground, which are free for visitors. On-street parking is found on all streets within Excelsior and Grand, maximized by diagonal parking on Grand Way. A parking study determined the number of stalls based on peak hours of all uses, including events held at adjacent Wolfe Park.

Grand Way has two features that improve automobile traffic flow. One is a roundabout at the intersection with Park Commons Drive. This enables the northern half of the street to be closed off for events, while still allowing for traffic circulation and cross traffic. The other feature is a turnaround immediately north of Excelsior Boulevard that allows southbound cars to avoid having to drive back out onto the busy street. Both of these features serve to calm traffic, but also permit cars to circle, thus increasing the drivers’ chances of finding an on-street space in front of, or near, their destination.

Located on the northeast corner of Grand Way and Park Commons Drive, Phase II shares design elements with Phase I, with retail space along Grand Way, and a similar architectural style. Phase III, called the Excelsior, will feature loft-style units with more open floor plans and exposed ductwork. Phase IV will be a six-story building and will consist of traditional condominiums like those found in Phase II, with additional amenities such as a courtyard, a pool, meeting rooms, and a party room.

MARKETING, MANAGEMENT, TENANTS, AND PERFORMANCE

Excelsior and Grand has garnered a considerable amount of press coverage since the first phase opened at the end of 2002. TOLD handled many of the promotional efforts, using billboards, print advertisements, radio coverage, and a professional Web site. However, the project also has been the subject of numerous industry-related and general media coverage for its architecture, use of new urbanist principles, and relative popularity as a residence and destination.

Leasing at Excelsior and Grand has been successful. Despite a weak Twin Cities rental market at the time of opening, the apartments have performed ahead of expectations. The first rental building opened in December 2002, with the second and third opening in the spring and summer of 2003, respectively. All three buildings were entirely leased within 90 days, and the fourth, which opened in the fall of 2003, was fully leased within six months. TOLD expressed surprise at the renter profile, which was slightly older than expected, with some tenants in their 50s. This may be due to the high rents charged for some units, which run as high as \$3,600.

Of the 337 rental units, 18 are designated affordable under the Section 8 Housing Program. Leasing and management of the apartments were originally handled by Great Lakes Management. TOLD Development Company has since assumed management of the project.

National tenants such as Starbucks, Cold Stone Creamery, and Panera Bread signed leases for the retail space, a process handled by Grubb & Ellis. The retail square footage was 96 percent leased as of early 2005, with typical leases ranging from \$20 to \$32 per square foot (\$215.30 to \$344.50 per square meter). Trader Joe's will occupy a 14,000-square-foot (1,301-square-meter) street-level retail space in the Phase III building. One tenant, Snyder's Drug, vacated its space due to the bankruptcy of its parent company and Pier One Imports signed a lease in early 2005 and filled it.

Occupancy of the Condominium Residences, as Phase II is officially called, started in early 2005, and 128 units were sold as of March 2005. Reservations began in April 2003, and 75 percent of the units were reserved or under purchase agreement by February 2004. Units range from 830 to 1,950 square feet (77 to 181 square meters) in size, and average 1,280 square feet (119 square meters). Sale prices start at \$250 per square foot (\$2,691 per square meter). Buyers have ranged across age groups, including young singles and couples and empty nesters, with slightly more of the latter group. Several units were designed with two stories, with exterior entrances along Park Commons Drive. They were not selling well, so TOLD and ESG redesigned the units as flats, which resulted in increased sales.

Marketing efforts for Phase III began in late summer 2004, with prices starting at \$230 per square foot (\$2,476 per square meter). Measuring 1,050 square feet (98 square meters) on average, units are attracting generally younger buyers than the higher-priced units of Phase II. As of March 2005, 46 units had been reserved with purchase agreements.

Coinciding with the development of Excelsior and Grand, the city invested in upgrading the underutilized Wolfe Park. The creation of Grand Way provided a major connection to and exposure for the park, and the city built a band shell, pavilion, and playground in 2004, as well as improved sidewalks and pathways.

The portion of Grand Way to the north of Park Commons Drive is designed in a manner that allows it to be closed off for festivals and activities, without disrupting traffic access to Excelsior and Grand parking. During the warmer months, a farmers market is held on this portion of the street. Proving popular with area residents, the activities planned in Wolfe Park and on Grand Way bring people to the area and increase public activity.

EXPERIENCE GAINED

The design of Excelsior and Grand mixes uses vertically and provides pedestrian-oriented public space while accommodating the needs of the automobile. Due to its design, the development has become a popular destination and place to live.

Since Excelsior Boulevard is a county road, a particular challenge was to gain approval from the county for the installation of a traffic signal at the intersection of Grand Way. A traffic signal was absolutely necessary for vehicles to access the project from both directions, and the entire master plan relied on it, but the county was concerned that it would disrupt traffic flow. One of the county commissioners, who is a former mayor of St. Louis Park, played a critical role in gaining county approval for the new traffic signal.

The willingness of the entire development team, including the city, to create a vision and implement it through an open, transparent process was at the heart of Excelsior and Grand's success. Municipal officials state that the "stars aligned" for the project, not only due to the public will and vision to see blighted properties redeveloped, but also due to the availability of public money for planning and project financing, and a development team that was willing to try something riskier than a more traditional project. However, representatives from TOLD Development note that recent changes to TIF laws in Minnesota will restrict the potential for future projects like Excelsior and Grand, and that other sources of necessary public money will need to be found.

Not only did the stars align for the creation of Excelsior and Grand, but the site was well chosen, too. The project's

location along a high-traffic arterial helps with not just retail visibility but also overall marketing. It has been noted that some of the retailers were initially concerned about the limited number of parking spaces directly outside their door, but high traffic counts and a strong daytime population have bolstered demand for the retail uses. Furthermore, the residential development adds to the housing choices in the area.

Perhaps the key aspect of the success of the entire project was public support. The extensive public visioning process, which began fully six years before ground breaking, ensured that the development met with community approval.

PROJECT DATA				
LAND USE INFORMATION				
Site area (acres/hectares): 16/6.5				
GROSS BUILDING AREA				
Use	Area (Square Feet/Square Meters)			
Retail	86,000/7,989			
Residential	416,000/38,646			
LAND USE PLAN				
Use	Area (Acres/Hectares)	Percentage of Site		
Buildings	9/3.6	57		
Streets/surface parking	4/1.6	24		
Landscaping/open space	1.6/0.65	10		
Ramps	1.4/0.57	9		
Total	16/6.46	100		
RESIDENTIAL INFORMATION				
Unit Type	Floor Area (Square Feet/ Square Meters)	Number Built/ Planned	Number Sold/ Leased	Range of Initial Sales/ Rental Prices
Phase I Rental Units	650–1,800/60.4–167.2	337	324	\$890–\$3,600/month
Phase II Condominiums	830–1,950/77–181.2	124	116	\$200,000–\$500,000
Phase III Condominiums	775–1,350/72–125.4	86	28	\$180,000–\$374,000
Phase IV Condominiums	830–2,100/77–195	113	N/A	\$220,000–\$625,000
Total number of residential units when completed: 660				
RETAIL INFORMATION				
Tenant Classification	Number of Stores	Total GLA (Square Feet/Square Meters)		
Food service	6	26,155/2,430		
Clothing and accessories	2	3,595/334		
Home furnishings	1	12,044/1,119		
Gift/specialty	4	5,387/501		
Personal services	2	2,100/195		
Daycare	1	12,044/1,119		
Total	16	61,325/5,698		
Percentage of GLA occupied: 96				
Annual rents per square foot/square meter: approximately \$20–\$32/\$215.28–\$344.50				
Average length of lease: 5–15 years				
DEVELOPMENT COST INFORMATION				
Total project cost upon completion: \$150 million				
DEVELOPMENT SCHEDULE				
Initial public planning process started: 1995 Land assembly by city completed: 2000 TOLD selected as project developer by city: July 2000 Retail leasing started: fall 2000 Construction started: fall 2001 Apartment leasing started: summer 2002 Phase I completed: summer 2003 Phase II projected completion date: spring 2005 Phase III projected completion date: summer 2006 Phase IV projected completion date: spring 2007				

DIRECTIONS

From Minneapolis/St. Paul International Airport: Take Highway 62 west to Highway 100 north. Exit onto Excelsior Boulevard heading east, proceed four blocks to Grand Way, and turn left (north).

Driving time: 15 minutes in nonpeak traffic.

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This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI—the Urban Land Institute.

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Named after the intersection on which it is situated, Excelsior and Grand is a 16-acre (6.5-hectare) mixed-use project with 337 apartments, 124 condominiums, and over 65,000 square feet (6,093 square meters) of retail space. More housing and retail uses are currently under construction or being planned for later phases of development.



Designed to create a pedestrian-friendly downtown, Excelsior and Grand is the result of a public/private partnership between the city of St. Louis park, Minnesota (a suburb of Minneapolis), and TOLD Development Company.



The site was originally part of an aging commercial strip along Excelsior Boulevard that was home to bars, pawnshops, and sexually oriented businesses. After holding a series of charrettes and engaging in a land assembly process combining 36 separate parcels, the city of St. Louis park chose TOLD Development to develop this \$150 million project.



In the middle of Grand Avenue, nestled between the four-story mixed-use buildings, sits the town green. This open space links Excelsior and Grand to Wolfe park, a city-owned recreational area that prior to the development was considered underused.



Excelsior and Grand is part of the larger 125-acre (50.6-hectare) park Commons area, which features a variety of uses, including retailers such as Target and Byerly's (a local upscale grocer), a multiplex movie theater, the park Nicollet medical facility, and Wolfe park (pictured here).



Excelsior and Grand site plan.