

ULI

DEVELOPMENT



CASE STUDIES



SouthSide Works

Pittsburgh, Pennsylvania

Project Type: **Mixed Use/Multiuse**

Volume **37** Number **06**

January–March 2007

Case Number: **C037006**

PROJECT TYPE

SouthSide Works is a 37.2-acre (15-hectare) mixed-use, pedestrian-oriented urban village on a brownfield redevelopment site located in Pittsburgh's South Side neighborhood. It lies south of the Monongahela River and just 1.5 miles (2.4 kilometers) from the city's central business district. The project comprises 288,143 square feet (26,769 square meters) of retail and restaurants, 524,860 square feet (48,761 square meters) of office space, 83 apartments, and a ten-screen cinema, all of which are oriented around a central square and landscaped open space. Future phases will include a hotel, additional multifamily and office buildings, an outdoor performance venue, and a destination restaurant and brewery.

LOCATION

Other Central City

SITE SIZE

37.2 acres/15 hectares

LAND USES

Main Street Retail, Office Buildings, Multifamily Rental Housing, Open Space, Park

KEYWORDS/SPECIAL FEATURES

- Public/Private Partnership
- Infill Development
- Brownfield
- Main Street Design



- Traditional Neighborhood Development
- Riverfront
- Public Plazas
- Town Center

WEB SITE

www.southsideworks.com

DEVELOPERS

South Side Local Development Company
Pittsburgh, Pennsylvania
412-481-8800

The Soffer Organization
Pittsburgh, Pennsylvania
412-824-7400
www.sofferorganization.com

MASTER PLANNERS

Development Design Group, Inc.
Baltimore, Maryland
410-962-0505
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Environmental Planning & Design, LLC
Pittsburgh, Pennsylvania
412-261-6000
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PUBLIC PARTNER

Urban Redevelopment Authority of Pittsburgh
Pittsburgh, Pennsylvania
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GENERAL DESCRIPTION

SouthSide Works is a mixed-use, pedestrian-oriented urban village comprising retail, restaurants, offices, apartments, and a cinema oriented around a central square and landscaped open space in Pittsburgh's historic South Side neighborhood. Located on a 37.2-acre (15-hectare) brownfield redevelopment site that had previously been occupied by LTV Steel mills, the project extends the walkability of a vibrant historic neighborhood to the city's underutilized riverfront, while complementing its architectural heritage. The design of SouthSide Works incorporates green space and features a pedestrian-friendly streetscape.

The city's Urban Redevelopment Authority (URA) acquired the former LTV Steel site as part of a citywide policy to encourage the redevelopment of former industrial sites for job creation and economic development. For years, Pittsburgh had been trying to reposition its economy as postindustrial, focusing its economic development efforts

on retaining young people, knowledge workers, and other members of the “creative class.” After a request for qualifications (RFQ) process, the Soffer Organization, a locally based real estate management and development company headed by R. Damian Soffer, was awarded the development rights. The two entities entered into a public/private partnership to develop SouthSide Works, involving a variety of local stakeholders, such as the South Side Local Development Company, at various stages of the development process.

As of May 2007, the project comprises 524,860 square feet (48,761 square meters) of Class A office space, 288,143 square feet (26,769 square meters) of retail and entertainment space including a ten-screen movie theater, 83 units of flats and loft-style apartments, 6.5 acres (2.63 hectares) of green space, four parking garages, and a temporary surface parking lot. The retail and restaurant tenants are a mix of local establishments and national chains. At buildout, SouthSide Works will also feature a boutique hotel, two riverfront condominium towers, three office towers, an outdoor performance venue, as well as additional trails and open space.

SouthSide Works has met the developers’ required financial return targets while creating jobs and generating tax revenue. It also has fostered catalytic new development in its vicinity. In addition, the project serves as a model for extending an existing neighborhood with neotraditional infill development.

THE SITE

Located on the south bank of the Monongahela River, the 37.2-acre (15-hectare) SouthSide Works site lies approximately 1.5 miles (2.4 kilometers) from Pittsburgh’s central business district (CBD). With the hillside of the South Side Slopes residential neighborhood serving as a backdrop, the project is bounded by historic East Carson Street on the south, 26th Street on the west, the Monongahela River on the north, and 29th Street on the east. The site is adjacent to the city’s iconic Hot Metal Bridge, an old railroad bridge that once carried molten steel across the Monongahela.

The site is part of a larger 110-acre (44.52-hectare) site that had been occupied by a succession of steel mills for nearly 150 years. In 1854, Benjamin Franklin Jones and James Laughlin founded the American Iron Works on the site; the company later became known as J&L (Jones & Laughlin) Steel. The demand for labor in the steel mills attracted immigrants from Germany, Ireland, Poland, Lithuania, the Ukraine, and the Slavic nations to Steel City, who populated its diverse neighborhoods and built ethnic churches and schools. The adjacent South Side Flats neighborhood was the late-19th-century home to many such steel workers. In 1968, LTV Steel purchased J&L Steel. At this point, 8,500 people were employed at the mill. The plant closed in 1986, due to increased foreign competition, high labor costs, and technological obsolescence, and the property was abandoned. The South Side Flats neighborhood fell into economic and physical decline during the second half of the 20th century as the city’s industry waned.

In recent years, the South Side Flats neighborhood has seen something of a renaissance due to public support, private investment, and the efforts of the aforementioned nonprofit South Side Local Development Company. It is becoming a chic and diverse area with businesses ranging from fine dining establishments to tattoo parlors to antique shops. Contributing to the resurgence is the proximity of eight universities, including Carnegie Mellon University and the University of Pittsburgh, which are located about two miles (3.2 kilometers) from the project. The site is connected to these schools via a direct public bus route.

The site’s prior industrial use posed obstacles to redevelopment. First, it was a brownfield, requiring substantial environmental cleanup, and was embedded with steel mill foundations that had to be removed before any significant rebuilding could take place. Running parallel to the river, an operational cut-and-cover rail line bisects the site, and since no structures can be erected on the train tunnel lid, the rail line provided an opportunity to create a linear green space through the development.

DEVELOPMENT PROCESS AND FINANCING

Pittsburgh has made various attempts to reposition itself as a postindustrial city. One of its recent repositioning strategies has been the redevelopment of former industrial sites for job creation and economic development. To that end, Pittsburgh’s URA purchased the abandoned 110-acre (44.52-hectare) LTV property in 1993. In the three

subsequent years, the redevelopment authority conducted community visioning and consensus efforts relating to potential reuses of the brownfield. In 1995, the URA hired Boston-based Sasaki Associates to create a master plan for the site. The original master plan assumed that gambling activity would take place there; however, this has been stalled due to state legislation. As the master planning process continued, the URA began physical preparations for the redevelopment of the site, including environmental remediation and infrastructure upgrades.

In 1996, the Soffer Organization was awarded the 37.2-acre (15-hectare) parcel of the larger site that would become SouthSide Works. The balance of the original 110-acre (44.52-hectare) site is home to the McGowan Institute for Regenerative Medicine and the Sports Performance Center (University of Pittsburgh Medical Center spin-offs); the headquarters building of the International Brotherhood of Electrical Workers; the FBI's regional headquarters; and football practice fields used by both the Pittsburgh Steelers and the Pitt Panthers. The western edge of the original site contains 270 apartments developed in 2003 by the Continental Real Estate Companies of Columbus, Ohio.

As previously mentioned, the Soffer Organization entered into a public/private partnership with the URA. The city was responsible for the costs of infrastructure, environmental remediation, and parking. In addition to development costs, Soffer was deemed responsible for prior use-related cleanup, which consisted primarily of removing subsurface infrastructure.

Throughout the public/private partnership process, the URA and Soffer involved the South Side Local Development Corporation and neighborhood groups, including the South Side Planning Forum and the South Side Historic Review Board, whenever possible. For example, South Side Flats residents wanted the new development to functionally and aesthetically flow into the East Carson Street commercial corridor, while South Side Slopes residents wanted their view corridor protected. One of the most important of the community's priorities was the incorporation of ample open spaces in the plan; the South Side's historic development patterns had left little open space.

Tax increment financing (TIF) was used to pay for the infrastructure upgrades necessary for the redevelopment of the larger 110-acre (44.52-hectare) site. Through TIF, the URA was reportedly able to generate \$25 million to pay for public infrastructure on the site, which included a portion of the cost of four parking garages and roadway and utility enhancements.

In addition, the city of Pittsburgh and the URA contributed approximately \$22 million to the redevelopment of the former LTV site. Additional public funds that were leveraged for the project include state funding, grants from the U.S. Department of Housing and Urban Development (HUD) Brownfields Economic Development Initiative (BEDI), the HUD Economic Development Initiative (EDI), and the Pittsburgh Water and Sewer Authority.

The brownfield remediation process consisted primarily of soil cleanup, since there was no groundwater contamination on the property. Soil was moved off site and analyzed and then sent to an appropriate landfill, depending on the type and intensity of contamination. This process was paid for by the commonwealth of Pennsylvania.

As previously mentioned, Soffer was responsible for removing subsurface foundations. To mitigate risk, the developer obtained approximately 7,500 plans chronicling the 100-year history of the development of the mills on the site. Concrete foundation remnants were removed from the ground, crushed, and used to encapsulate the site.

DESIGN AND PLANNING

During the RFQ process, the Soffer Organization advocated a neotraditional configuration for the project and in 1997 the city created a special zoning district to allow for such a concept. To this end, the developer retained Baltimore-based designers Development Design Group. Soffer aimed to create a live/work/play environment, so uses were intermingled in an urban village format. It has been reported that the developer resisted including a bank in the project because the tenant insisted on a drive-through; Soffer desired a project that would favor pedestrians over cars.

The project was designed to complement the extant historic fabric of the adjacent neighborhoods. East Carson Street, a National Register-listed historic district that was deemed a "Great American Main Street" by the Main Street Center of the Washington, D.C.-based National Trust for Historic Preservation, is lined with late-19th-century low-rise mercantile buildings. East Carson Street, which still serves as the main business artery for the South Side of Pittsburgh, is part of a larger grid of 19th-century streets where adjoining two- to four-story brick structures are the predominant building pattern. Many of the neighborhood's structures are ornamented in the chief architectural styles of the late 19th century: Romanesque, Italianate, and Second Empire motifs.

Accordingly, the structures at SouthSide Works complement their historic environs in scale and building materials. The mixed-use urban village's East Carson Street buildings are in a flush row with existing structures, extending the street wall. SouthSide Works's buildings are low rise and mimic the massing of those of their immediate context. Many—particularly those that face outward—are brick, and the closer the buildings are to the river, the more they incorporate glass and steel. However, the structures at SouthSide Works lack excessive nostalgia; many of them have modern flourishes that unobtrusively distinguish them from the area's historic building stock while serving as gentle reminders of the site's industrial past. Although the project was master planned by Development Design Group, individual structures were designed by different architects. The result is eclectic and urban. SouthSide Works's street grid is integrated with that of the neighborhood, producing a functional and stylistic continuity between the old neighborhood and new development.

Analyses conducted early in the development process indicated that roughly two-thirds of traffic to SouthSide Works would come across the refurbished Hot Metal Bridge, which connects the South Side to downtown Pittsburgh. Since East Carson Street was the existing artery through the neighborhood, the project development phasing began at this corner site. At this intersection, the project's first structure, the Quantum I office building, was erected. Further development emanated from this intersection. As of May 2007, the entire site south of the rail line is developed; plans are underway for the northern portion of the site.

The URA provided the project with parking. There are four parking garages on the site plus a temporary surface lot, totaling approximately 2,426 parking spaces in addition to 110 metered street parking spaces. Another garage is planned as the project is built out. All of the parking structures are well integrated into the project's buildings; some are wrapped with narrow retail spaces.

Open space is a major component of SouthSide Works. The South Side's historic development pattern left little open space for recreation, and community stakeholders asked that substantial open space be included in the project's plan. SouthSide Works is oriented around a town square, which contains both an interactive fountain and a seasonal performance stage. This square, which reads as the project's center, lies just a block from the East Carson Street commercial corridor, providing the South Side Flats neighborhood with easy access to open space. The South Side riverfront trail network, part of a wider trail system that connects all the way to Washington, D.C., passes through the site. Since it cannot be built upon, the land above the operational rail tunnel is developed as a landscaped three-acre (1.2-hectare) park.

Future plans include the development of South Shore Riverfront Park, which will feature recreational boat tie-ups, water access for nonmotorized boats, and a venue for outdoor performances. This city-owned destination park, designed by locally based Environmental Planning & Design, incorporates infrastructure from the former use, preserving the character of the site. Multiple stakeholders are providing funds to design and construct the park, including the philanthropy community, commonwealth and federal agencies, and private companies. The landscaping plan for the project makes use of indigenous plantings, which reduces irrigation needs and requires minimal maintenance.

Special attention was given to sidewalks and secondary public spaces. Soffer paid for upgrades from standard sidewalk pavement to the "washed" aggregate sidewalks. Specialty light fixtures were designed by Louis Poulsen. Smaller public spaces, such as passageways behind and between buildings, are all landscaped with a variety of flowers; some have benches and small fountains. The open space between the Quantum I building and one of the parking garages contains a large iron sculpture representing Pittsburgh's three rivers.

The site is linked to downtown and the Oakland neighborhood's academic community via the aforementioned Hot Metal Bridge. The bridge, refurbished as part of the URA's infrastructure improvements, now accommodates cars. A secondary bridge parallel to the Hot Metal Bridge is being reconfigured for bike/pedestrian use as of May 2007.

MARKETING

SouthSide Works targets a variety of users, including professionals, the academic community, tourists, and area residents. The live/work/play project is particularly intended to serve the creative class, which Pittsburgh hopes to attract and retain for its economic repositioning as a service-based economy. To that end, the urban village features a variety of "third places" such as coffee shops, a bookstore, a cinema, restaurants, and riverfront recreation venues.

The retail tenant mix comprises both local establishments as well as national retailers. National tenants—many of which are new to the Pittsburgh market—include Caribou Café, Qdoba Mexican Grill, H&M, Sharper Image, BCBG, White House/Black Market, Puma, McCormick & Schmick's, Cheesecake Factory, Sur La Table, Benetton, Ann Taylor Loft, Sisley, and REI. Joseph Beth Booksellers, Hot Metal Grille, and Crazy Mocha Coffee are among the local or regional tenants. H&R Block, Citizens Bank, and Aesthetic Dentistry also lease ground-floor space at SouthSide Works. Nearly all of the retail space, with notable exceptions such as REI and Cheesecake Factory, was built speculatively.

SouthSide Work's speculative office buildings were constructed with university research and spin-off companies in mind, given the site's proximity to Oakland, which is the city's burgeoning technology center and home to both Carnegie Mellon University and the University of Pittsburgh. Oakland's incubator space is saturated and many more established technology and medical-based companies have been searching elsewhere for sites. Quantum I, SouthSide Works's first speculative office building, was fully leased to the University of Pittsburgh Medical Center, bringing 600 workers to the site. In 2005, Quantum II, SouthSide Works's second office building, was purchased by American Eagle Outfitters, which will move its corporate headquarters to the site in June 2007. Eight hundred employees will work at the headquarters of American Eagle, which is a Fortune 1,000 Company, and the company will expand and occupy Quantum III at the SouthSide Works. Other office tenants that lease smaller spaces above retail include General Dynamics, Akustica, SEEC, the *Pittsburgh Business Times*, and MAYA Design, Inc.

With rents that are comparable to those charged in downtown projects, SouthSide Works has created a new retail and office market in Pittsburgh's South Side. In the city's newest CBD skyscrapers, most of which were built during the 1980s, rents average \$21.60 per square foot (\$232.20 per square meter) for Class A office space and \$16.25 per square foot (\$174.70 per square meter) for Class B space. By comparison, the office rents for SouthSide Works are approximately \$22 per square foot (\$236 per square meter). As of May 2007, office vacancy rates in Pittsburgh's CBD are 20.7 percent; at SouthSide Works, they average 5 percent. There is no other substantial office space in the South Side, so determining comparables is difficult. A similar premium exists for SouthSide Works's retail space.

EXPERIENCE GAINED

At buildout, SouthSide Works will have attracted approximately \$350 million in private funding and \$75 million in public funding and support. In addition, it will have created an estimated additional \$7.3 million in annual sales tax revenue as well as 3,000 jobs.

Complex mixed-use projects take time. The market will inevitably shift from the initial program, so it is important to be flexible and ready to adapt to any circumstance. In the case of SouthSide Works, the office market weakened considerably in the years following the project's early planning stages. In addition, because of the restaurant's cotenancy requirements, securing Cheesecake Factory as a tenant early in the process accelerated retail development. Soffer was able to adjust its plan around these unexpected events.

In retrospect, Soffer may have considered incorporating more “green” features, though the decision to tie utilities to the city’s system was made so that the project could be constructed as a set of stand-alone buildings; that way, each could potentially be sold on its own.

The project benefited tremendously from community involvement; many of its most progressive features—including open space, commercial corridor continuity, and preservation of river views—came about because of stakeholder input. The project serves as a reminder that stakeholders are users, and keeping them happy and involved can positively affect one’s bottom line.

PROJECT DATA			
LAND USE INFORMATION			
Site area (acres/hectares): 37.2/15 Number of residential units: 83 Structured parking spaces: 2,426 Hotel rooms: 135 (planned)			
GROSS BUILDING AREA			
Land Uses	Existing Area (Square Feet/Square Meters)	Planned Area (Square Feet/Square Meters)	
Office gross leasable area	524,860/48,761	480,000/44,594	
Retail gross leasable area	288,143/26,769	144,200/13,397	
LAND USE PLAN			
Use	Area (Acres/Hectares)	Percentage of Site	
Buildings and structured parking	16.4/6.6	44	
Streets	7.1/2.9	19	
Landscaped private open space	1.4/0.6	4	
Landscaped public open space	12.3/5.0	33	
Total	37.2/15.1	100	
BUILDING INFORMATION			
Existing Buildings			
Building	Use	Area (Square Feet/Square Meters)	Cost
Quantum I	Office	160,000/14,865	\$21,072,000
Quantum II	Office	187,000/17,373	\$22,422,000
Building C1A	Office, retail, restaurant	170,098/15,803	\$23,827,000
Building B1A	Retail, restaurant, residential	141,800/13,174	\$22,598,000
Building B2B	Office, retail, restaurant	108,410/10,072	\$17,155,000
Building D1A	Office, retail, restaurant	37,338/3,469	\$4,927,000
Building C2	Retail, restaurant, entertainment	103,059/9,575	\$19,655,000
Cheesecake Factory	Restaurant	12,600/1,171	\$9,060,000
Buildings Under Construction as of April 2007			
Building	Use	Area (Square Feet/Square Meters)	Cost
Quantum III	Office	150,000/13,936	\$18,000,000
Planned for Later Stages of Development			

Building	Use	Area (Square Feet/Square Meters)	Cost
Quantum IV	Office	150,000/13,936	\$18,000,000
Quantum V	Office, restaurant	190,000/17,652	\$22,000,000
Building B2D	Residential	70,000/6,503	\$16,000,000
Building B2C	Retail	80,000/7,432	\$12,000,000
Building C1C	Retail, restaurant	26,000/2,416	\$4,000,000
Condos	Residential	300,000/27,870	\$80,000,000
Hotel	Retail, restaurant, residential	118,000/10,963	\$30,000,000
Destination restaurant	Restaurant	18,200/1,691	\$8,000,000

RESIDENTIAL INFORMATION

Unit Type	Number of Units	Area (Square Feet/Square Meters)	Monthly Rent
Apartments	83	720–1,375/67–128	\$1,000–\$2,450
Condominiums*	150	average 2,000/186	N/A

*Still in the planning stages as of May 2007.

OFFICE INFORMATION

Number of tenants: 10
Range of tenant space (square feet/square meters): 1,320–151,400/122.6–14,066
Annual rents (per square foot/square meter): \$24/\$258
Average length of lease: 10 years
Percentage occupied: 95

RETAIL INFORMATION

Tenant Classification	Number of Stores	Gross Leasable Area (Square Feet/Square Meters)
General merchandise	2	28,419/2,640
Food service	11	49,580/4,606
Clothing/accessories	17	68,795/6,391
Shoes	2	3,884/361
Home furnishings	1	10,010/930
Home appliances/music	1	6,525/606
Hobby/special interest	1	23,347/2,169
Recreation/community	1	37,957/3,526
Personal services	4	11,490/1,068
Financial	3	7,950/739
Wireless	2	2,229/207
Cinema	1	37,957/3,526
Total	46	288,143/26,769

Major Retail/Entertainment Tenants

Retailers	Area (Square Feet/Square Meters)
REI	23,347/2,169
Cheesecake Factory	12,575/1,168
Joseph Beth Booksellers	23,189/2,154
H&M	14,570/1,354
Z Gallerie	10,010/923
SSW Cinema (ten screens)	37,957/3,526

Retail Occupancy Rates and Rents			
Percentage occupied: 96 Annual rents (per square foot/square meter): \$25–\$45/\$269–\$484 Average length of lease: 10 years			
DEVELOPMENT COST INFORMATION			
Uses	Existing	Planned	Estimated Total
Development*	\$140,700,000	\$208,000,000	\$348,700,000
Parking structures	\$38,000,000	\$8,500,000	\$46,500,000
Infrastructure and park	\$30,000,000	\$5,000,000	\$35,000,000
Total development cost			\$430,200,000
* Includes site acquisition, site improvement, construction, and soft costs.			
DEVELOPMENT SCHEDULE			
Zoning district approved: 1994 Planning started: 1995 Soffer selected through RFQ process: 1996 Master plan approved: 1996 Construction started: 1999 Project opened: 2002			

DRIVING DIRECTIONS

From Pittsburgh International Airport: From Airport Boulevard, merge onto Pennsylvania Highway 60 heading southeast. After a little more than seven miles (11.2 kilometers), PA-60 becomes the Penn-Lincoln Parkway. Nearly ten miles (16 kilometers) later, take exit 6B onto Boulevard of the Allies in downtown Pittsburgh. Turn right at Smithfield Street and continue along the Smithfield Street Bridge. After crossing the river, turn left on East Carson Street. Approximately two miles (3.2 kilometers) later, take a left on South 27th Street and drive straight into SouthSide Works.

Driving time: 35 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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Credit: Walter Larrimore

A 37.2-acre (15-hectare) brownfield redevelopment located along the Monongahela River on the south side of Pittsburgh, Pennsylvania, SouthSide Works is a mixed-use urban village consisting of offices, apartments, shops, and restaurants. Credit: Walter Larrimore



Courtesy of the Soffer Organization

Because the site had been occupied by a steel mill from 1854 to 1986, environmental cleanup was needed. Soil was moved off site and sent to appropriate landfills based on the type and intensity of the contaminants, and the concrete mill foundations were removed from the ground, crushed, and reused on site. [Credit: None given]



The retail tenant mix includes a ten-screen movie theater, and national tenants as well as locally and regionally owned businesses. Credit: Soffer Organization



SouthSide Works also features 83 apartments—with an additional 150 condominium units in the planning stages as of May 2007—and 524,860 square feet (48,761 square meters) of office space designed for a wide range of tenants, including the corporate headquarters of American Eagle Outfitters.



Located along East Carson Street—a historic district that was deemed a “Great American Main Street” by the National Trust for Historic Preservation—the edge of SouthSide Works was designed to complement the fabric of the adjacent neighborhoods. Credit: Walter Larrimore



SouthSide Works master plan. Credit: Soffer Organization