



Landmark Sears building still faces hurdles

By Rachel Tobin Ramos
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The building on Ponce de Leon Avenue once known as Sears, Roebuck & Co. and recently as City Hall East has seen boom and bust.

Now, developers hope to convert the dusty floors into a retail complex with local restaurants and boutiques, anchored by national retail chains.

But those plans are contingent on which direction the economic winds blow. And they are just the latest in a long line of dreams for the historic building in Atlanta's Old Fourth Ward that have included a second city hall, hundreds of condos, and a business incubator.

The building measures 2 million square feet, making it one of the largest in the Southeast, and also one of the hardest to restore.

It joins other Atlanta landmarks like Underground Atlanta and the former Macy's building downtown that have historic importance but also have been difficult to infuse with new life.

Underground has struggled to keep its retailers and clubs thriving, even though Atlanta spent millions to renovate the historic venue.

Plans to make a retail hub out of the former Macy's downtown evolved into local restaurants and event facilities after the economy tanked.

Still, other cities have successfully retrofitted historic Sears buildings with adaptive reuses. For example:

-- Coffee maker Starbucks has its headquarters in a historic Sears in Seattle.

-- Allina Hospitals & Clinics put its headquarters into a former Sears in Minneapolis that also has lofts, apartments, restaurants and cafes.

-- Now called South Side on Lamar, a former Sears in Dallas has 400 apartments, plus shops, restaurants and a nightclub

-- Landmark Center, a former Sears in Boston, has a Best Buy, REI, Staples, movie theater, sports complex and day care.

Nevertheless, redevelopment of the Sears complex in Atlanta has proved elusive.

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Uses that haven't worked include:

- A 2004 plan calling for 1,200 condo units ringed with parks. That plan sank under the weight of the recent housing crash.
- A thriving City Hall East with other nonprofit and business incubation tenants. The city never filled more than half the complex, and renovation costs were millions of dollars over budget.

When former Mayor Maynard Jackson announced the deal to buy the Sears building for \$12 million in 1990, he called it "the deal of the century."

Less than five years later, renovation costs had nearly doubled and lease income didn't materialize, in part because of limitations on the debt used to finance it.

Former Mayor Shirley Franklin, whose administration struggled to pay for sewer and road upgrades, said the building needed to go.

Mayor Kasim Reed, facing a \$50 million budget shortfall, wanted the building sold by April.

That deadline was missed, but the city is negotiating with a new developer, Atlanta-based Jamestown, which has agreed to pay \$27 million for the property.

One reason for the difficulties is that the historic landmark will be difficult to retrofit.

It needs environmental remediation, said Emory Morsberger, a developer who led the 2004 condo idea and is part of the Jamestown team. Morsberger estimated removing asbestos and dealing with lead-based paint would cost as much as \$5 million. It also could cost \$100 million to fix walls and ceilings and replace the building's plumbing and wiring.

Morsberger's team paid the city \$1 million in earnest money in 2006 for City Hall East. But his involvement, along with that of his partner, John Perlman, has taken a back seat to Jamestown.

However, Morsberger and Perlman still hope to create a think tank called Medici Center in the former Sears building that would incubate the ideas of Atlanta's literati and intellectual elite.

Jamestown is hoping it can have the kind of success with the Atlanta Sears building that it had with two historic buildings in New York that the company redeveloped: a former bakery turned into Chelsea Market and the former Port of New York Authority, which became offices.

Katharine Kelley, president and CEO of Green Street Properties, a Jamestown subsidiary, envisions a lot of services for families, like places for music, dance studios, a roller skating rink and restaurants.

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"We've found successful retail really includes a range of sizes: larger anchor stores help generate the demand and the smaller local shops give it character," she said.

Expect eclectic eateries and small scale shops along with national anchor tenants, she said. Still, those uses would fill only 390,000 square feet of the 2 million available. The rest of the plan, she said, still is being defined.

The recent troubles for the building fly in the face of the site's fabled past.

In the 1500s, Spanish explorer Hernando De Soto found springs on the site. An Atlanta Constitution story from July 24, 1927, reads, "As one tale went, De Soto on passing through Georgia with a band of soldiers, quenched his thirst with waters of the Atlanta spring and was so refreshed there from that he thought he had rediscovered Ponce de Leon's fountain of youth."

For years, Atlantans drank the spring water. The site eventually became a tourist destination, once called Spiller's amusement park. Attractions included a skating rink and picnic areas. Eventually a baseball stadium was built nearby.

Sears, Roebuck announced plans for the site in December 1925, and by Aug. 2, 1926, opened the first phase of the mammoth facility.

The springs became an artesian well that served the Sears plant.

Sears bought the 16-acre site for \$200,000 and spent \$3 million on the first building.

The complex was a commercial success. On opening day it was reported that 30,000 people "braved drenching rains" to visit the building, the largest opening day at that point in Sears' history. And 4,000 mail orders were received.

Sears expanded the building twice in the 1920s, then again in the 1940s and 1960s. But by 1979, Sears closed its retail store on Ponce de Leon Avenue. Company officials said that though sales were decent, the facility's operating costs were too high. Sears kept its regional headquarters in the landmark, but decided to sell the building in the late 1980s.

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