

Investors, biz owners betting on downtown turnaround

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Written by George Lurie

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Sol Orozco, owner of Raizana Tea Company, recently expanded her downtown business at the north end of the Fulton Mall. “It’s happening a little more slowly than we’d like but people from other parts of the city are discovering there’s a lot happening right now downtown,” she said. For the past several months now, a message on the marquee of the historic Warnors Theater has implored Fresnoans to “Believe in Downtown.”

With the \$20 million Fulton Mall conversion project set to begin later this fall, Downtown Fresno’s viability as a future center of commercial and residential activity continues to be a hot topic around the Valley.

Since February 2014 when the city council approved converting Fulton from a pedestrian mall back to a two-way street, downtown has attracted more than \$65 million in private investment, according to Mark Standriff, Fresno’s communications director.

And the \$65 million “doesn’t even include the millions of dollars of property acquisitions that have also occurred” in the past year and a half, said Aaron Blair, president and CEO of the Downtown Fresno Partnership.

Blair said his organization has been “slammed” recently with inquiries about “properties for sale, available lofts with character and vacant restaurant locations.”

Most potential new businesses are looking for a location that still has that “downtown character,” Blair added. “A lot of buildings were altered or modernized back in the ‘70s and ‘80s with drop ceilings and metal facades. Most new businesses are looking for spaces with less alterations and more raw character.”

Recent business inquiries, Blair said, “have been all over the board — from container parks, boutique hotels, breweries, mixed-use housing, bookstores, gyms and all sorts of creative outlets.”

While the vacancy rate along the beleaguered mall remains high, Blair believes morale among current downtown business owners is good.

“Obviously, some struggle more than others,” he said. “But overall, the excitement over the new Fulton Street coming, growth in the residential and art sectors and the continued expansion of tech and creative outlets has ignited a passion for the future that has not been seen downtown for many years.”

Fulton Mall property owner Bob Gurfield bought the historic S.H. Kress department store building and two adjacent buildings in 1984. Gurfield has done some renovation and remodeling work that included removal of a fake façade that covered up the Kress’s original — and unique — architecture. Since 2010, he has leased the ground floor space to The Bluebird.

He said the rest of the three-story, nearly 50,000-square-foot building “is structurally sound and can be divided into smaller spaces for retailers, offices, tech firms, creative firms, light manufacturing or entertainment uses.”

“And I’m thinking of dividing the ground floor into two 40-foot frontage units for a popular restaurant and a lively bar with entertainment,” he added.

Gurfield, who actually lives in Southern California but spends several days a month in Fresno, believes owners of some of downtown’s older buildings “need to repurpose them for the new economy. “

Like many other downtown property owners, Gurfield has high hopes both the Fulton Mall conversion project and construction of the new high-speed rail station will help shift the downtown revitalization effort into high gear.

“Out-of-town investors realize that downtown Fresno property is bargain priced with a strong upside potential,” Gurfield said. “Retailers eyeing spaces downtown ask me to call them as soon as construction on [Fulton Street] begins.”

Once construction kicks off, which city officials say could begin as early as November or December, the \$20 million Fulton Mall conversion project — funded in large part by a \$16 million federal TIGER (Transportation Investment Generating Economic Recovery) grant — will take about one year to complete.

Mayor Ashley Swearengin, whose made the project one of the cornerstones of her administration, is promising that by early 2017, cars will once again be motoring up and down Fulton between Tuolumne and Inyo streets.

“Downtown Fresno is already being reborn,” Swearengin said recently.

A \$23 million deal announced earlier this year — and approved by city council — to redevelop the blighted Hotel Fresno property is another hopeful sign of downtown’s impending revival. That project, undertaken by Los Angeles-based APEC International, will utilize a \$4.8 million cap-and-trade grant and a \$1.9 million low-income housing fund grant from the city to convert the historic downtown property into 79 residential apartment units.

Dan Zack, Fresno’s assistant director of development and resource management, believes the city’s new 2035 General Plan and recent efforts to overhaul Fresno’s land-use development code will pay big dividends in the push to revitalize downtown.

Comparing Fresno to cities like Sacramento and Redwood City, places which have recently been successful in revitalizing once-dormant downtowns, Zack said, “The economics are very different up there but the basic model works in most places. Invest in public spaces and amenities, reform development regulations and quickly approve private projects that follow the new vision.”

“We are midway through the same process here in Fresno,” Zack added. “Fulton Mall, Mariposa Plaza and BRT (Bus Rapid Transit) represent the public investments. The new Development Code is the regulatory reform. And BFF (Business Friendly Fresno) is the beginning of quicker approvals for compliant projects.”

For his part, Blair is courting developers who want to create restaurant and loft space fronting Fulton. “We currently have a lack of built-out restaurant space along the mall,” he said. “The demand is definitely higher than the stock. Going forward this is something that will have to be addressed.”

With Mayor Swearingin a lame duck and the political cycle about to kick into high gear, the debate about downtown Fresno’s progress — and future — is sure to get louder. For business owners waiting for the redevelopment push to translate into higher traffic and stronger revenues, the transition can’t happen fast enough.

But one thing is clear: 2016 will be a critical year for the city’s long-struggling downtown.

“The Fulton project will change a lot,” Blair said. “All of the public sector projects are important to our continued success [but] the private sector will be critical.”

“People from across the country are recognizing and wanting to know what we are doing here,” Blair said. “I love telling our story of being unapologetically downtown Fresno — and why we are winning.”

Downtown Investment

Here’s a partial list of some of the major private-sector investments that have been made in downtown Fresno buildings during the past 18 months.

- Renovation of the Pacific Southwest Ballroom (\$700,000)
- Bitwise’s South Stadium project (\$7 million)
- City View apartments (\$11 million)
- Brio apartments (\$7.8 million)
- Lede apartments (\$12.75 million)
- DoubleTree Hotel (\$7 million)
- TW Patterson building renovations (\$2.75 million)
- Warehouse Row (\$13 million)

Source: City of Fresno Development and Resource Management Department and The Business Journal.

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