

**FOCUS**



Ryan Mangialardo said Sauce on the Side's sales have grown 30 percent since it opened.

DILIP VISHWANATH | SLBJ

**VACANCY DOWN**

# Restaurants grow with retail downtown

BY MARY SHAPIRO

**B**allpark Village will add restaurant/retail space to the downtown market, but that's just one indicator of the market's strength, said several restaurateurs and real estate experts.

For instance, the Sauce on the Side family fast-casual restaurant opened at 903 Pine St. during late summer 2012, and its business is really cooking, said Ryan Mangialardo, co-owner and operating partner. The business has 25 employees, including the owners/partners.

"This is our first restaurant downtown, and me and our other two partners put quite a bit of thought into this location," he said. "Pine is between the homes of the Cardinals, Rams and Blues."

He moved to St. Louis in 2004, when downtown was depressed, he said.

"But, in the last five or six years, a lot has been happening, with condos and lofts going in and Culinaria and other

new businesses coming in. It's good to get in while everything's on the ground floor. There's a lot of good things happening downtown."

Mangialardo said sales have grown from \$700,000 to more than \$1 million in the last year, equating to a 30 percent increase since opening. A factoring decision in choosing downtown was the opportunity for a delivery business.

"We get a lot of the business lunch crowd, and we deliver to that downtown crowd," Mangialardo said. "Even when weather is poor, our delivery business stays strong, and we've got lots of regular customers."



Kevin Farrell

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## FOCUS

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Though he admits it was "a little scary" when Macy's closed its downtown store and AT&T announced it was downsizing, he feels the downtown restaurant market has shown signs of growth, especially with new restaurants and bars planned for Ballpark Village, which Mangialardo doesn't see as competition.

"I don't view it as competition, because there's plenty of consumers to go around - Ballpark Village will bring and keep more people downtown, and all businesses downtown make it more of a destination spot," he said.

Kevin Farrell, senior director for economic and housing development at the Partnership for Downtown St. Louis, said in addition to 18 restaurants that have opened downtown within the last year, six more are in development, such as Drunken Fish, Howl at the Moon, PBR St. Louis and Ted Drewes Frozen Custard (all in Ballpark Village). His organization works to promote a vibrant downtown.

Other new retail spots include Chameleon Fab Boutique womenswear and accessories on North 18th Street; gift and novelty store Taba-Co Bliz and The Beauty Lounge/Tara Lowery Makeup Artistry, both on Washington Avenue; Trova gifts on North Seventh Street; and Tyler Fine Art on Locust Street, Farrell said.

Wherever you choose to locate, retail success is a challenge, Farrell said.

"Downtown, a still emerging market, can be an even bigger challenge with a growing but relatively small residential population, multiple markets to reach (residents, visitors and workers) and fairly dramatic daily fluctuation in customers," he said.

But retail is people driven, Farrell said, adding that as the downtown population grows - with residents, visitors and workers - retail will grow as well.

"Downtown is being regenerated by young people, immigrants, corporate transferees and others who believe in the urban culture," said Steve Symsack, senior vice president of Gershman Commercial Real Estate.

He said downtown has a strong restaurant market and restaurants are primarily looking at three areas to locate

- Washington Avenue, Olive Street and Ballpark Village. Gershman generally tracks more than 18 million square feet of retail space in the city of St. Louis. Statistically, occupancy has been rising gradually over the last three years and currently, the occupancy rate stands at just under 94 percent.



Steve Symsack

Some of the recent new arrivals to the downtown restaurant scene include Sushi Ai on Olive Street, and Robust Wine Bar and Pi Pizzeria on Washington Avenue.

Given the high occupancy of available restaurant spaces on Olive Street and Washington Avenue and the opening of the Saint Louis University Law School, Pine Street is beginning to see an upsurge in interest, Symsack said.

Symsack said developers are looking at buildings like the Railway Exchange, with a million square feet of space, for more residential, retail and restaurant use as soon as they can be vacated. Macy's shuttered there in August, and the T-REX co-working space is moving out this month.

"Also in the past, Market Street, because of walking distances from the major employers, has been somewhat of a dividing line for restaurant development, but with Laclede Gas moving to the 700 Market building that will substantially change that area," Symsack said.

Bob Bonney, CEO of the Missouri Restaurant Association, said the combination of attractions and conventions is keeping the downtown restaurant market strong.

"There's a lot to attract people to restaurants downtown, which is still the business hub of the region," he said. "Those who meet and have conventions there enjoy the various spots to have lunch and dinner."

Mary Shapiro is a St. Louis freelance writer.

### ▶ AT A GLANCE

#### DOWNTOWN RETAIL MARKET

4th quarter 2012

| AREA           | TOTAL SQUARE FEET VACANT | VACANCY RATE | NET ABSORPTION | RATES PER SQ |
|----------------|--------------------------|--------------|----------------|--------------|
| St. Louis City | 1.02 million             | 5.6%         | 149,089        | \$13.0       |

4th quarter 2013

| AREA           | TOTAL SQUARE FEET VACANT | VACANCY RATE | YTD NET ABSORPTION | RATES PER SQ |
|----------------|--------------------------|--------------|--------------------|--------------|
| St. Louis City | 1.14 million             | 6.2%         | (37,346)           | \$12.0       |

SOURCE: COST

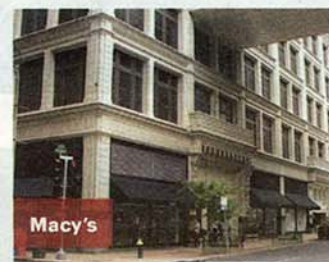
### ▶ COMINGS AND GOINGS

2013 openings:

- ▶ Alpha Brewing Co.
- ▶ Bella's Frozen Yogurt Cafe
- ▶ Cafe di Organo
- ▶ Flying Cow Frozen Yogurt
- ▶ Flying Saucer Draught Emporium
- ▶ Hiro Asian Kitchen
- ▶ J. Gumbo's
- ▶ King Louie's Empire Deli & Pizza
- ▶ Mississippi Mud Coffee Roasters
- ▶ Pharaoh's Donuts
- ▶ Rib Shack
- ▶ Smoothie King
- ▶ Sushi Ai
- ▶ The Alumni Club
- ▶ The Docket Cafe and Bistro
- ▶ The Precinct
- ▶ India Palace
- ▶ Jay B's Sandwiches on Olive Street

2013 closings:

- ▶ 15 restaurant (replaced with The Precinct new concept - same owners)
- ▶ Blue Bird Boutique
- ▶ Burger Bar at Lumiere Place
- ▶ English Living
- ▶ Everest Café (replaced by India Palace)
- ▶ Geechi's
- ▶ J Spain's Waffles and Wings
- ▶ Joe's Chili Bowl (replaced by Death in the Afternoon)
- ▶ London Tea Room
- ▶ Macy's
- ▶ Mosaic
- ▶ People's National Bank
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