



WESTERN PENNSYLVANIA
BROWNFIELDSCENTER

BAKERY SQUARE DEVELOPMENT (FORMER NABISCO FACTORY)

FAST FACTS

LOCATION: Pittsburgh, PA

SIZE: 6 acres

FEATURES: Proximity to Downtown

OWNER: Walnut Capital

CURRENT USE: Retail Space, Office Space, Fitness Center, and Hotel

PAST USE: Nabisco Factory

CONTAMINANTS: Asbestos, PCBs, and Lead-Based Paint

TOTAL ACTUAL COST: \$135 million

TIMELINE

1918: The Nabisco Bakery is built.

1998: Nabisco Factory closes.

1999: RIDC takes control of building.

2004: Bake-Line Group declares bankruptcy.

2006: City of Pittsburgh declares site "blighted."

2007: RIDC receives DEP grant for environmental remediation.

2007: Environmental remediation begins.

2007: Walnut Capital Purchases the property from the RIDC.

2007: Construction begins on the site.

2010: First tenant, Marriot Spring Suites Hotel, opens for business on site.

HISTORY OF THE SITE

The former Nabisco Bakery was built in 1918 in the East Liberty neighborhood of Pittsburgh, located at approximately 40°25'754" N latitude and 79°58'041" longitude, as part of a nationwide expansion by the National Biscuit Company. The Regional Industrial Development Corporation (RIDC) bought the plant in 1999 after Nabisco closed the plant's doors. RIDC leased the building to Atlantic production; the company had seven plants and 1,300 employees. The Atlantic Baking Company was eventually taken over by the Bake-Line Group, which leased the factory for its operations until declaring bankruptcy in early 2004.



Photo courtesy of the official Bakery Square website

Walnut Capital acquired the 6.5-acre property in 2007, and led redevelopment of the site for mixed commercial and retail use. Bakery Square's first tenants opened for business in May 2010. By 2012, the development accommodated nearly 400,000 square feet of office and retail space, a 110-room hotel, and over 1,000 parking spaces.

MARKET CONDITIONS AT THE SITE

The East Liberty neighborhood of Pittsburgh is densely populated with 350,000 people residing within a 5-mile radius of the site; 575,000 within 7 miles. This consumer base is affluent (100,000 people in the trade area have an average household income of \$81,774/year.), young (the average age is 35.5 years.), and educated (52% of the population within a 1-mile radius are college educated or above.). This development addresses the area's hotel and retail demand, spurred by nearby hospitals and universities. Innovative retailers including Home Depot, Trader Joes, Whole Foods, and Target, have established locations in East Liberty within 1 mile of the site, making the neighborhood an attractive destination for consumers.

The site also sits across the street from Mellon Park on Penn Avenue, and less than a block from the major urban commuting avenues, Fifth Avenue and Washington Boulevard. The site is accessible, located 0.5 miles walking distance from a major bus way stop and also within walking distances of several Port Authority Transit (PAT) bus route pickups and drop-offs.

SITE ASSEMBLY AND CONTROL

This site passed through many hands before it reached Walnut Capital for redevelopment. For the majority of the 20th Century, the Nabisco Company owned the factory. When the East Liberty location closed in 1998, the RIDC took over and leased the property to Atlantic Baking Company. The factory was eventually leased to the Bake-Line Group of Oak Brook, Ill until it declared bankruptcy in 2004.

Walnut Capital purchased the property for \$5.4 million from the RIDC in 2007, and the property is currently under Urban Industrial Zoning.

ENVIRONMENTAL PROBLEMS

The site received a \$1 million grant from the state Department of Environmental Protection towards environmental remediation. The property was found

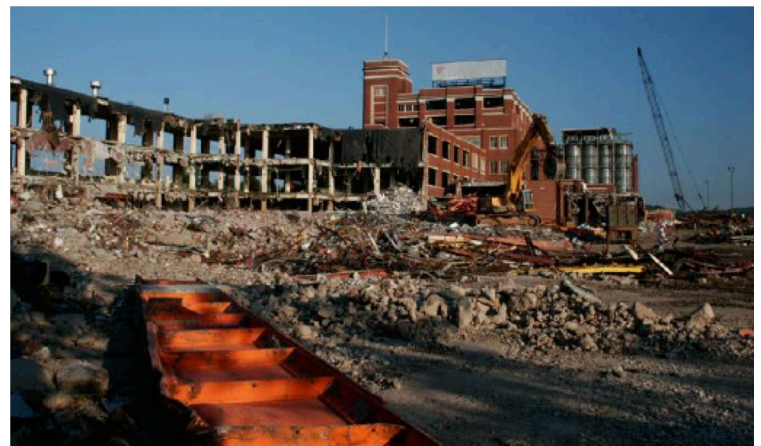


Photo courtesy of the official Bakery Square website

to contain asbestos, PCBs, underground storage tanks (UST), and lead based paint. The RIDC held an environmental site assessment before Walnut Capital entered the picture, and they completed the removal of drums of hazardous materials and USTs. The RIDC contributed an additional \$335,000 towards the cleanup.

Walnut Capital updated the site assessment in May 2007 and, with \$1 million, capsulated the asbestos and lead paint. After the contamination was abated, another site assessment was taken. The site was cleaned up according to state regulations.

SOCIAL/COMMUNITY INFRASTRUCTURE

Walnut Capital contacted the community before redeveloping the former Nabisco factory, specifically council members and East Liberty Development, Inc. (ELDI).

COSTS & ECONOMIC INFRASTRUCTURE

The total cost for the Bakery Square development was \$135 million. This amount included a mix of private and public funding. The development received historic tax credits and \$10 million state loans in tax increment financing (TIF) acquired with help from the Urban Redevelopment Authority. The state's Commonwealth Financing Authority approved the loan under the Building PA program. The project's TIF funds were used to help finance the parking garage and infrastructure improvements. In addition, the DEP contributed \$1 million for remediation.

PHYSICAL INFRASTRUCTURE

Prior to 2011, one-way traffic along most of East Liberty's Penn Circle was one of the biggest barriers to commercial growth in the area. The project of rerouting Penn Circle for two-way traffic cost a total of \$5.6 million. Of that, \$2.59 million was financed with TIF from Bakery Square. The rest of the \$10 million in TIF was used to pay property taxes, to improve turning lanes at the nearby 5th & Penn Ave. intersection, to improve traffic signalization along Penn Ave., to upgrade street lighting, and to provide safer sidewalks, crosswalks, and signaling for pedestrians.

Negotiations with the Pittsburgh Port Authority led to a new bus stop on Penn Ave. for Bakery Square. Bakery Square itself now offers 932 public garage parking spots in addition to 99 surface-level parking spots. With garage parking free up to 2 hours, these vehicle accommodations encourage shopping, dining, and recreation at the development.



LEED CERTIFICATION AND LESSONS LEARNED

The Bakery Square redevelopment was awarded a LEED Platinum certification, under the LEED for Core and Shell Rating System. Walnut Capital enlisted Astorino for planning, architectural, engineering, and landscape design services. They were able to keep most of the Nabisco factory and add a tower, while only demolishing a section of the site's three-story structure. The rest was refurbished. In collaboration with PJ Dick construction management, the team implemented a design that diverted 99% of demolition and construction waste by weight, used 13.4% recycled building material content by value, and used 24.2% regionally-sourced building materials by value. On-site "green" technologies include photovoltaic panels for renewable energy harvesting, a green roof, day-lighting, high efficiency air filters, and low-flow fixtures in restrooms.

Along with sustainable design, public funds took a major role in this development. A representative of the Urban Redevelopment Authority said that without financial backing from TIF, the project would have been one-tenth the size.



Photo courtesy of the official Bakery Square website

ECONOMIC/COMMUNITY IMPACT

Since the spread of suburbanization in the 1960's, East Liberty had been on a decline. Nearly twenty years passed before the creation of a nonprofit community development corporation, ELDI, whose creation marks a shift in hope for the region. Since the 1980's, East Liberty has been gradually pulling itself out of this descent. Doing its part, the ELDI attracted approximately 200 new businesses and over \$80 million in new investment since the 1980's, including this development.

The Marriot Spring Hill Suites hotel, planned as part of a joint venture with locally-based Concord Hospitality, was one of the first tenants to open for business at Bakery Square in May of 2010. The hotel has 110 rooms. The development also boasts 121,060 square feet of ground floor retail space, currently occupied by Anthropologie, Free People, Coffee Tree Roasters, Jimmy Johns, Learning Express Toys, Verizon Fios, Massage Heights, and Panera Bread. Urban Active, a national upscale fitness center chain, occupies an additional 41,550 square feet of fitness center space.

One of the biggest-name tenants to move into Bakery Square is Google, which relocated from Carnegie Mellon University's campus to Bakery Square. Within a year of locating to Bakery Square, Google decided to nearly triple its occupancy to 115,000 square feet of office space in the old Nabisco plant. It is expected that Google may have as many as 500 employees working at this site in the future.

Tenants who occupy the remaining 100,000 square feet of office space at the site include the UPMC Technology Development Center, the Human Engineering Research Lab, Department of Veteran Affairs, and researchers from the University of Pittsburgh and from Carnegie Mellon.

The state expects Bakery Square to create 1,600 jobs. Of those, 560 are office jobs and 600+ will go towards the retail and dining industry that was created at the site.

Case Study Completed January 2013

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