

REAL ESTATE



Business partners Dan Gecker (left) and Robin Miller (right) of Miller & Associates meet with project manager Chris Blake at the High Street Lofts.

'PETERSBURG IS HAPPENING'

With Fort Lee set for a big expansion, the area could become a cash cow

BY ANDREW PRICE
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The Petersburg area is making a comeback, this time for real.

With a major military employer next door more than doubling its personnel, the area still sees major new development. That's on top of impressive gains made during the past year.

Petersburg is happening, said developer Robin Miller. I think it's going to explode.

Miller is turning the former Seward Luggage Manufacturing Co. in Petersburg — three attached historic buildings — into the High Street Lofts, a condominium complex.

The Richmond developer has been working in Petersburg for three years, long before plans were announced to add to Fort Lee, which borders Petersburg, Colonial Heights and Hopewell.

It was pure dam luck to be here before the Fort Lee decision, Miller said. Now, that it is coming, this will be a home run.

As many as 8,200 plus military and

civilian personnel — more than the original 7,000 projection — are expected to relocate to Fort Lee. The first installment of new troops and civilians will arrive in mid-2009.

The relocation is part of a Base Realignment and Closure decision last August.

An estimated \$600 million to build offices and training facilities will be needed at Fort Lee alone, said Dennis K. Morris, executive director of the Crater Planning District Commission.

About 5,000 civilian and military personnel and contractors will be here on a permanent basis, he said. One-third of about 2,100 permanent military people will reside on post.

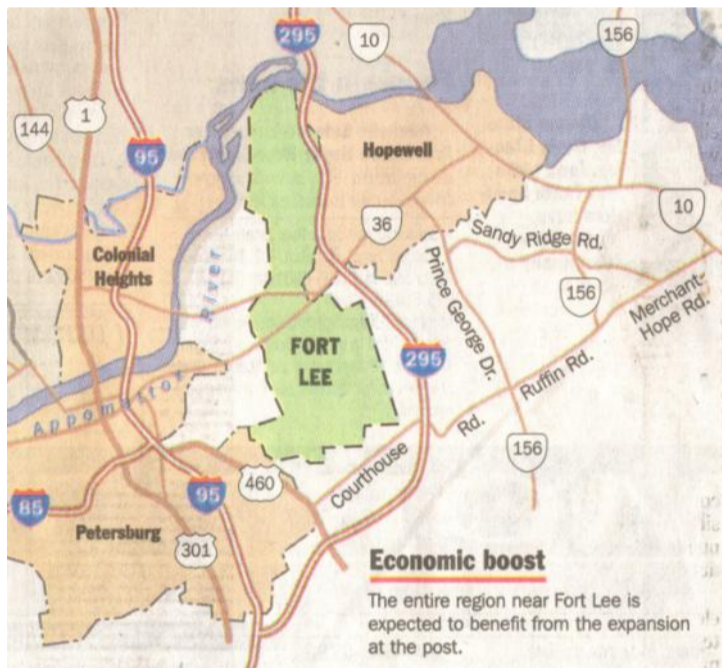
Many others will be middle- to senior-level military and civilian positions who will purchase homes or condominiums, he said.

The Petersburg area could be a cash cow, should real-estate values turn and rise as they have elsewhere, Morris said.

From retail and housing standpoints, and bringing in a lot of new creative brainpower, all that combined will be

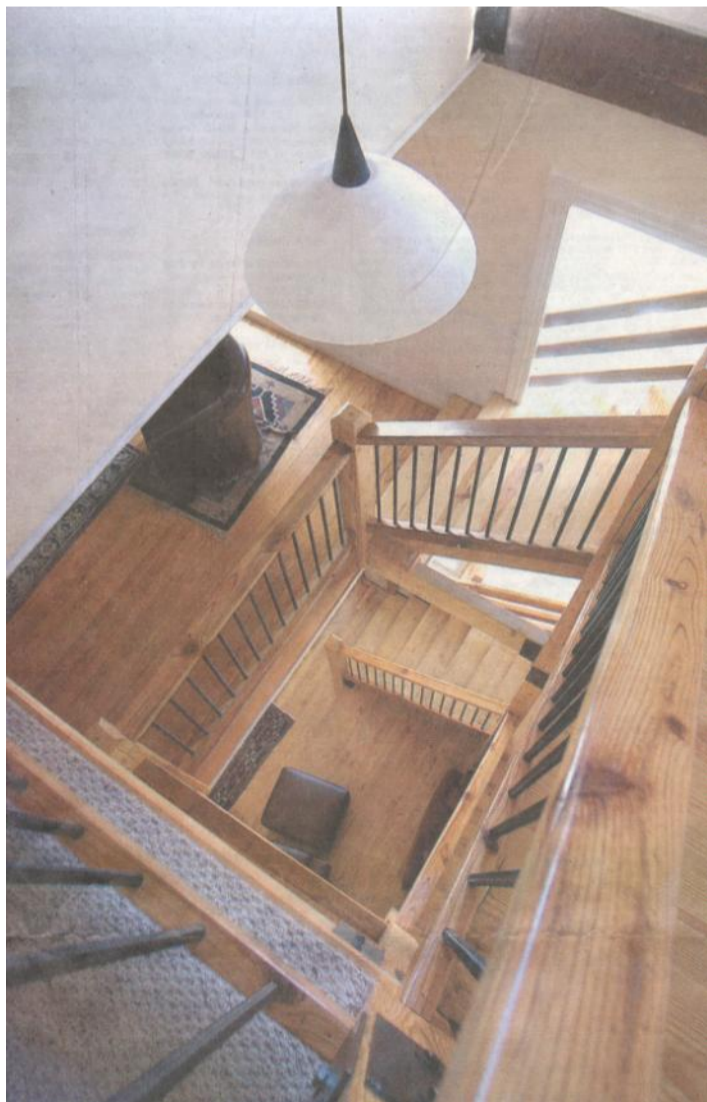


Work has begun (shown above) on 24 single-story condominiums in one of three buildings (above left) at the High Street Lofts. The first phase — 10 three-story town houses in the same building — is complete.



Economic boost

The entire region near Fort Lee is expected to benefit from the expansion at the post.



Looking down a wooden staircase from the third floor of one of 10 finished condominiums at the High Street Lofts.



The former Seward Luggage Manufacturing Co. in Petersburg — three attached historic buildings — is being transformed into the High Street Lofts, a condominium complex.

A good shot in the arm not just for Petersburg but the entire region, Morris said.

The area needs an infusion. Petersburg was rated the fifth most fiscally distressed city in the state, according to a 2005 report by the state on comparative revenues. Hopewell came in 12th.

What [the expansion] will do is bring the Prince George-Dinwiddie-Petersburg corridor into existence, said Jeff Camden, president of the Home Builders Association of Southside Virginia.

The corridor is often thought of as a stepchild to the Richmond market, he said.

Camden said he sees opportunity for small builders. The smaller builders will go down there because the national builders are pushing the smaller guy further and further out [from Richmond].

You'll find life past Route 10 is really starting to pick up — nothing but positives, he said.

Some entrepreneurs have dabbled over the years at rehabilitating old buildings in Petersburg, particularly in the downtown area. But they haven't gotten much traction — until lately.

Within the past year or so, the city has seen an influx of artists. The old Butterworth building on Sycamore Street in downtown Petersburg was turned into artists' studios.

The most recent Friday Night at the Arts, similar to Richmond's First Friday once-a-month gatherings at galleries, drew an estimated 400 to 500 people from across the region.

While the area may be waking up, it is still a sleeper community, Camden said. Guys looking into the future are buying. There are great buys now ... You don't have that opportunity in the Richmond market.

Miller said prices in Petersburg are 30 percent to 40 percent cheaper than in Richmond. A house in Richmond for \$300,000 would sell in Petersburg for \$200,000 to \$220,000.

Miller has finished the first phase in the High Street Lofts — 10 condos

ranging from 2,100 square feet to 2,800. Prices are \$240,000 to \$270,000. Five have sold.

The second phase is 24 single-level condos — with an elevator for baby boomers and others who may not be so lithe any more, he said. The price range for these will be \$150,000 to \$250,000 plus.

Petersburg began to turn about a year ago, Miller said. Besides artists, the city has attracted people from the Northeast, he said.

Downtown has about six cool restaurants — two or three have opened in the past five months.

It is too early to tell what the full impact of Fort Lee will be on the city and surrounding communities, Morris said.

Where beginning to see anecdotal purchases, he said. Some people have bought land. Others have purchased houses that they will rent until they move.

What's more, Petersburg is seeing its first new subdivision in years, said Vandy V. Jones III, manager of the city's economic development office. The subdivision near Battlefield Park will have about 100 single-family homes.

The area still has major obstacles. Petersburg's property tax rate of \$1.38 per \$100 of assessed value is one of the highest in the state. Its school system is one of the poorest performers on the state's Standards of Learning test.

Every locality has obstacles, Jones said. These are issues that need to be addressed, and it's not something we are working on just because of [the expansion at Fort Lee]. We are working on them because we need to work on them.

That aside, the potential is there. There are enough things that are actually going on, a lot of positive things that are being done, Jones said.

They are a hot wish list. They are actually happening.

The hope is that people coming from areas where the cost of living is high will see Petersburg as more than a stepchild.