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Pabst shows signs of life



Benny Sieu

Scott Welsh, president of Inland Cos., looks over a mural of the original Pabst Brewery complex last week in the firm's new offices at The Brewery. Inland is a commercial real estate services firm. The Pabst Brewery shut down in 1996.

Newly completed offices, apartments open; university classrooms, brew pub might be next

By Tom Daykin of the Journal Sentinel

Posted: Apr. 12, 2009

Photo Gallery



Benny Sieu

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At a time when many large real estate projects are bottoming out, the reinvention of downtown Milwaukee's Pabst brewery remains on tap.

The former brewery's first redeveloped commercial building just welcomed its largest tenant and is mostly full.

Two other buildings, including one leased to Cardinal Stritch University, are being renovated into commercial space. The former keg house, remodeled into 95 apartments, is filling up with renters.

The main parking structure for the 21-acre complex, now known as The Brewery, will be completed by fall. Meanwhile, negotiations continue for other proposed uses, including the University of Wisconsin-Milwaukee's School of Public Health and a Hofbrauhaus brew pub and restaurant.

The northwest portion of The Brewery, which includes the Blue Ribbon Lofts apartments and the future home of Cardinal Stritch's College of Education and Leadership, and the parking structure are a nucleus within the larger development, said Charles Trainer, who owns a newly completed office building there.

Along with nearby buildings that are attracting prospective buyers, that portion of The Brewery could be completely redeveloped within the next year, Trainer said.

Meanwhile, the completion of street work and landscaping later this year will give the Pabst properties an updated look, said Scott Welsh, co-owner of Inland Cos., the largest tenant in the building owned by Trainer and his partner, Max Dermond.

Inland, a commercial real estate services firm, recently moved into 13,800 square feet at what was once the Pabst boiler house. Trainer and Dermond are leasing additional space to Albion Group Architects and

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\$29 million - Amount the city is providing to help redevelop the Pabst complex. Property taxes from the development will pay off the city's debt plus \$12.5 million in interest charges over 22 years.

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American Medical Buildings. About one-third of the 40,000-square-foot building's space is still available.

Cardinal Stritch is leasing a 28,000-square-foot building owned by investors Sonny Bando, Mark Chmura and Matt Chmura, with the remodeling to be done by May. Bando and his partners own an adjacent building, with around 15,000 square feet, that's also being renovated and has drawn interest from several prospective tenants, Bando said.

Apartments filling up

At [Blue Ribbon Lofts](#), 41 of the 95 apartments have been rented out since January, said Ted Matkom, general counsel at Oregon, Wis.-based developer Gorman & Co.

Gorman also holds a contract to buy the former brew house and connected mill house, which together total around 80,000 square feet. But Gorman has not closed on the purchase contract, which expires this summer. Matkom said Gorman will take another look at whether to buy the buildings, which would be converted into 60 luxury apartments.

"It's a tough project in this environment," said Matkom. He said a key factor is whether the project can accommodate attached parking for apartment residents.

The 900-space parking structure being built by Joseph Zilber, The Brewery's main developer, will provide parking space for renters at Blue Ribbon Lofts and others working at or visiting The Brewery. But the additional apartments Gorman is considering would have higher rents, and those residents would likely expect adjacent parking spaces, Matkom said.

Zilber's parking structure is among the most visible signs of progress at The Brewery, thanks to the 190-foot, bright yellow crane being used to assemble it.

Other projects are in the works.

Developer Jim Haertel, who owns the former Blue Ribbon Hall, gift shop and Pabst offices, said he has negotiated a preliminary lease with investors who want to operate a Hofbrauhaus microbrewery and restaurant. Haertel and the Hofbrauhaus group are each seeking bank loans to finance the remodeling of the buildings.

Hofbrauhaus Milwaukee would brew its beers under license of the Munich, Germany, Hofbrauhaus. It would be operated by investors who own a similar [Hofbrauhaus near Cincinnati](#).

Also, the state Building Commission recently approved allocating \$240 million over six years for UWM building projects. The university will seek specific funding approval from the Legislature for the School of Public Health. University officials are considering the former Pabst bottling house for the school and other health science programs.

Taxpayers helping

Zilber's 2006 purchase of the former Pabst properties and related assets for \$13.5 million sparked the developments. But there also has been a large infusion of public funds.

The city is providing \$29 million to help redevelop the Pabst complex. Most of the money will help pay for demolition, environmental cleanup and construction of new streets, sewers and other public improvements. Property taxes from the estimated \$205 million development will pay off the city's debt plus \$12.5 million in interest charges over 22 years, according to the Department of City Development.

Gorman financed the \$16.2 million Blue Ribbon Lofts partly with federal affordable housing tax credits, provided through the Wisconsin Housing and Economic Development Authority, and an authority loan, as well as federal and state historic preservation tax credits. To receive affordable housing credits, developers must lease apartments at below-market rents to people earning no more than 60% of the Milwaukee area's median income.

Zilber is spending over \$13 million to build the parking structure, said his assistant, Michael Mervis. Zilber also is using federal New Markets Tax Credits to borrow an additional \$3.3 million at a below-market interest rate to help pay for the \$16.5 million project, Mervis said. The credits are given by the federal government for financing commercial projects in lower-income areas.

The Brewery's redevelopment is coming long after Pabst Brewing Co. shut down the Milwaukee facility in 1996. Pabst, now based in suburban Chicago, contracts with MillerCoors to produce Pabst Blue Ribbon, Schlitz and its other brands.

Before Zilber got involved, Wispark LLC, the development subsidiary of Wisconsin Energy Corp., led an attempt to create an entertainment and retail-centered development at the Pabst site. That effort ended in 2005 after the Common Council rejected a proposal to provide \$41 million to help finance the Wispark plan, known as PabstCity.

Even with the new development and the pending projects, The Brewery has several other buildings that are available. It will likely take until 2011 or 2012 to complete the entire project, Mervis said.

"Some things are a little ahead, some things are a little behind," Mervis said. "On balance, we're satisfied with the pace where we're at."

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