

Hosted by: Ron Morris

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Episode Notes: Host Ron Morris talks with Michael Edwards, Tom Harrington and Rich Beynon about the Pittsburgh Downtown Partnership.

Ron Morris: And welcome to the Friday edition of Pittsburgh Business Radio, I guess I'm supposed to say The American Entrepreneur now. If you haven't noticed slyly, slickly and behind-the-scenes changing the name to a name you're more familiar with; The American Entrepreneur. I'm Ron Morris and thanks for joining us. It is the end of the week. You made it, if you work for somebody else. If it's your business you're not real happy because you've run out of days to get things done. OK, let me tell you what we're going to start off with, but before we do, I want to just say something before I get to my guests. I have a student and she has, for as long as I've known her, wanted to work in a certain business here in town. I don't want to indict anybody. So, I hooked her up with the CEO, the founder, the owner of that company. He liked her and he made her an offer of an internship. That's all she wanted was an internship. Well, if you've been reading the papers, the Wall Street Journal, last week had a big article about the fact that the administration is really coming down hard on unpaid internships. In fact, they are assessing very, very heavy fines to businesses that are hiring these kids and not paying them. Why? Well you can figure that one out, you can connect those dots. They want the tax money, you know, they need the tax money. So, this young lady who after years of trying finally got her dream job, was told 'Well, you know, we can't do this because we don't have funds for you.' She didn't want money. She never did want money, she just wanted the job, she wanted the experience. So they said 'Why don't you...the only way we could do this is if you go back to the school and sign up for a course and then we'll do the internship through that course.' That course happens to cost \$2,400. She's a student. So, one more way that you know, when government moves sometimes, they don't realize what they do, the ramifications to people's hopes and dreams. Just really burned me up. OK, wanted to get that off my chest because I just got off the phone with her and she's really shook up. In studio with me, let me see, can we go left or right here? We'll go Michael first. Michael welcome back.

Michael Edwards: Thank you.

Ron Morris: Michael was on the show what a couple months ago.

Michael Edwards: A month ago maybe?

Ron Morris: DowntownPittsburgh.com which is, we talked about the parking garage...by the way has anything happened on that?

Michael Edwards: It's moving along, the Mayor's pretty intent on privatizing those parking assets and I think it's moving along quite well.

Ron Morris: And what are you thinking? When do you think that will close or do you think it will?

Michael Edwards: Well, there's certainly some differences of opinion on City Council and I can't speak to those issues, but...

Ron Morris: Right

Michael Edwards: If the Mayor's timeline happens, we'll probably know who's going to run those assets sometime in the...by November 1st.

Ron Morris: Okay, all right. Good. Michael Edwards, I don't think I mentioned your last name. Mike Edwards. Thanks for joining us again, Mike...

Michael Edwards: Thank you.

Ron Morris: Good to put a face with a name. And I was saying you look like your voice.

Michael Edwards: Great. laughs

Ron Morris: Yeah, so, for what that's worth. That and fifty cents used to get you a Post Gazette, but not anymore, I think its seventy-five now isn't it? Or is that USA Today? I get them mixed up. All right, in the middle of this group we have Tom Harrington. Tom, thanks for joining us.

Tom Harrington: Thank you.

Ron Morris: And Tom you are with Winthrop in real life, but you're also part of the partnership right?

Tom Harrington: I am the Vice Chair of the Pittsburgh Downtown Partnership.

Ron Morris: OK and don't worry folks, we're going to find out what the PDP is all about. Just hang with us for a second. And last a guy that I didn't even know that I knew until I knew that I knew him, and that is Rich Beynon. Rich, welcome to the show.

Rich Beynon: Good. Thank you. Good to be here.

Ron Morris: Probably a lot of you know that name, Rich Beynon is big in the real estate world here in Pittsburgh...

Rich Beynon: laughs, yeah.

Ron Morris: Beynon and Company, B-e-y-n-o-n and their signs are ubiquitous and Rich is also with PDP. In what capacity, Rich?

Rich Beynon: I am currently the Chair of the Pittsburgh Downtown Partnership.

Ron Morris: So, we got the Chair, the VP...

Michael Edwards: CEO.

Ron Morris: and the CEO.

Rich Beynon: All the big wigs.

Ron Morris: This is it, the brass. If a bomb goes off in here we have to elect a whole new...and find a host, but that won't be the hard part.

Ron Morris: OK, so guys thanks for joining us in the studio today. Let's start it out with the questions on everybody's minds that listening right now, what exactly is the Pittsburgh Downtown Partnership? Why was it put together? How much money it's got. Things like that. So, I'll start with you Mike.

Michael Edwards: Sure. The Pittsburgh Downtown Partnership began in 1997. It's an association of downtown property owners that pay, voluntarily pay an assessment, agree to pay voluntarily an assessment that generates about \$1.5 million annually.

Ron Morris: What's the assessment based on? If you don't mind me asking.

Michael Edwards: It is based upon land value.

Ron Morris: OK.

Michael Edwards: And so there is 350 different, I'm sorry 550 different properties downtown, 350 different property owners.

Ron Morris: Now when you say land value. That's just not the tax with the USX Towers sitting on it? Sorry, the U.S. Steel Building's sitting on? That's the value of the steel building.

Michael Edwards: No. That's the land underneath it.

Ron Morris: Ohh, you got a deal buddy. laughs

Michael Edwards: Well that's one of the reasons they did it that way so that it would be equitable as far as scale, you know, bits to blocks and a lot of...

Ron Morris: Yeah, but if you go up 60 stories that doesn't seem too equitable to me.

Rich Beynon: It is when you're dealing with the land value and the services that we provide within the Pittsburgh Downtown Partnership...

Ron Morris: OK. Because you're only servicing that...

Michael Edwards: Servicing the block.

Tom Harrington: Yes.

Ron Morris: I hear you, Okay.

Michael Edwards: Not the buildings.

Ron Morris: That's true, you're not going up to the top. You don't care after it goes above one story, who cares?

Rich Beynon: Correct.

Ron Morris: OK. Got it.

Michael Edwards: So the PDP generates these funds through an assessment and in exchange for that provides back an enhanced level of services to those property owners. So the most visible is our Clean and Safe Programs, all the great people that are down emptying trash cans, they're dressed in yellow, they remove graffiti, they sweep up the

common area, they trim the flowers, all of those kinds of things. To make downtown a cleaner and safer place than people would expect.

Ron Morris: So, those people don't work for the City of Pittsburgh?

Michael Edwards: No, they work for us.

Ron Morris: Huh, huh.

Michael Edwards: Yeah.

Ron Morris: Well, how do you keep from both kind of doing the same thing? I mean...

Michael Edwards: Well, over time...

Ron Morris: donated somewhere.

Michael Edwards: Well, over time we've carved out our role and the city's role and the city is a great fan, great fan of our program and they cooperate with us all the time...

Ron Morris: OK.

Michael Edwards: As an example, every other Friday morning in the summer, we clean alleys and we sweep the gutter, we move the dumpsters around and then the city comes down with their...

Ron Morris: Sweeper

Michael Edwards: Sweeper truck and then they flush it with their flushing truck.

Ron Morris: I see.

Michael Edwards: It's a pretty cool process.

Ron Morris: Is PDP unique? In all of the world, in the country or are there a lot of PDP type organizations?

Michael Edwards: There are many groups like ours.

Ron Morris: Are you associated in any way with those?

Michael Edwards: Oh yes. In fact I was just at the Toronto...we had a conference in Toronto. It's an international association of downtowns. And increasingly, cities have found this to be a way for them to kind of keep up, if you will, keep their downtowns competitive by providing these enhanced level of services and sort of taking it on themselves to do that, recognizing the cities, have a lot of responsibilities and have some financial issues.

Ron Morris: That voice belongs to Michael Edwards, he is the CEO of the Pittsburgh Downtown Partnership. What else do you guys do?

Michael Edwards: We do a number of things, could I tell folks...

Ron Morris: Please.

Michael Edwards: our website if you want to follow along at home on our website it's DowntownPittsburgh.com and if you come to our home page you'll see right across the front all the different services that we provide, but once we sort of gotten our hands around keeping downtown clean and safe, we have expanded that to do a lot of marketing so Light Up Night as an example. Most of your listeners both for good or ill, know about Light Up Night.

Ron Morris: Who puts the Christmas tree on the Horns building? The old Horns building?

Michael Edwards: That is Highmark.

Ron Morris: OK.

Michael Edwards: Highmark does that. And so we coordinate a lot of the Light Up Night activities that occur downtown.

Ron Morris: OK.

Michael Edwards: And then we have become increasingly involved in housing and so a lot of the housing buzz about living downtown that you've heard about is a lot of the good work of some of the staff.

Ron Morris: Do you mean like Piatt Place and things like that?

Michael Edwards: We don't do the developments, but we promote, do the research, give the developers some confidence that if they make some investments downtown there will actually be people to show it. We host marketing events to acquaint people with the notion of living downtown. We do all of the research necessary...

Ron Morris: Acquaint? And or motivate?

Michael Edwards: And or motivate. We do something called walk and dine throughout the summer...in the summer. We've done it the last five years. And so 350 people show up and we tour them around inside each one of the seven or eight different downtown lofts. They can get sort of a taste of what it would be like and that motivates them to make a decision.

Ron Morris: How does one sign up for that?

Michael Edwards: Well, we're not doing it this year...

Ron Morris: Oh.

Michael Edwards: Because we don't have a lot of new product, largely because of the overall softness of the market.

Ron Morris: So, oh, Ok.

Michael Edwards: But we are doing it with the brokers. So we are doing it with the real estate community because that's the conduit. If the brokers don't know about downtown opportunities then the customers never will.

Ron Morris: OK, that makes sense. All right, fine. Well, thank you Michael and let's take a quick break and then when we come back, we'll talk with Tom Harrington and see what he can add to that. We're just trying to, you know, what is exactly this Pittsburgh Downtown Partnership? You hear so much about it and a lot of people I'm sure are like, I don't know are they government or are they private, are they a combination? What are their responsibilities? What are they doing for the region? We've already learned a bunch of things, we'll learn some more when we come

back. I'm Ron Morris, this is The American Entrepreneur Radio Show. You're listening to WMNY on AM 1360. Thanks for joining us, we'll be right back after these words.

Music

Ron Morris: OK, we're back and thank you for joining us. This is Pittsburgh Business Radio, I'm Ron Morris and in studio with me are the executive management group of the Pittsburgh Downtown Partnership. I was asking them at the break, How do you guys correlate or relate to Jacque Kahn's Group? But I was told that that group is no longer...

Michael Edwards: You're referring to the Golden Triangle Association.

Ron Morris: Golden Triangle, I couldn't...yeah, but their gone, that's shut down.

Michael Edwards: Yeah, that's been gone for quite awhile now.

Ron Morris: Quite a while, OK. So are there any other you know, sometimes you get two or three groups kind of playing in the same turf. Are you the only ones that are in this you know, let's help the city kind of game?

Michael Edwards: We are most directly involved in downtown and we partner with everybody, like the Cultural Trust and the Allegheny Conference and Visit Pittsburgh and Port Authority and other groups like that.

Ron Morris: OK.

Michael Edwards: So, we're one of many, but our sole focus is the downtown core.

Ron Morris: And, so you're mission, I just want to make sure, like Visit Pittsburgh they're trying to get people to come here, live here...

Michael Edwards: Right and we want to make sure that when they come here and live here that the streets are clean and that the people feel safe and that the restaurants are open late at night so that their guests can have a great time.

Ron Morris: How do you accomplish something like making sure that the restaurants you know, do you show up in a mask and see Kevin Joyce and say, you know...

Laughter

Ron Morris: Keep your doors...I mean, how do you accomplish that?

Michael Edwards: Well, we communicate with everyone through a number of different ways and we simply try to point out the business opportunities associated with a 10,000 person convention of engineers that happens to be coming to Pittsburgh. Visit Pittsburgh does that too. We try to augment what they do.

Ron Morris: So do you organizations coordinate your plans? So you're not kind of stepping on each other?

Michael Edwards: Yes there's a new group that meets every month. It's called the Strategic Partnership and it's basically the agency heads of groups like ours; Visit Pittsburgh, the Cultural Trust, Allegheny Counties, City of New Pittsburgh, River Life and others, Port Authority and we just kind of do sort of a round robin hour long meeting about what each one of us is doing to make sure that we're all aware of what each other are doing. And that seems to be working pretty well.

Ron Morris: Tom, let me ask you, now maybe you're not the right guy to ask this question, but it's time you talked. So, I want to ask you something here. He just mentioned River Life, great organization. Why do people want to move to Pittsburgh? I mean, I'm sure you survey your clients, what are the things that motivate people to move into the downtown? I don't mean people from afar, I mean people currently living in the suburbs. How do you induce them to move downtown? What kind of, if you were to go one through 10, what reasons would you give?

Tom Harrington: I think Michael's the right guy to answer.

Ron Morris: All right, OK. I was trying to get the...

Tom Harrington: As well, but...

Ron Morris: Mic away from Mike, but

Michael Edwards: Well, you know, I think the interesting thing is in terms of office and I would defer to Tom and Rich, you know, sort of why people locate downtown from an office perspective.

Tom Harrington: That would be another story.

Ron Morris: Yeah, OK, we can talk about that too. All right, let me ask you that question.

Tom Harrington: Let's start with office, that's fine. That's something I can speak to...

Ron Morris: Why do move people...as I understand it, you're primarily responsible for the U.S., it's now the U.S. Steel Building again right?

Tom Harrington: It's a long history, but it's called U.S. Steel Tower now.

Ron Morris: U.S. Steel Tower.

Tom Harrington: USX...

Ron Morris: What was the original name?

Tom Harrington: U.S. Steel Building.

Ron Morris: OK, it was the U.S. Steel Building and then it became...

Tom Harrington: The USX Tower when U.S. Steel became USX.

Ron Morris: Right when they added the X.

Tom Harrington: But when they dissolved the X, it went back to...kept the Tower and went back to U.S. Steel Tower.

Ron Morris: U.S. Steel Tower. It never has been called UPMC Tower?

Tom Harrington: It has not.

Ron Morris: People are trying to call it that...

Tom Harrington: A lot of people do.

Ron Morris: Yes, OK. Do you care?

Tom Harrington: We're happy with our large tenant there and with their signage but no, it is U.S. Steel Towers

Ron Morris: So you're OK with that?

Tom Harrington: No, I mean we correct people all the time.

Ron Morris: All right.

Tom Harrington: It is U.S. Steel Tower and U.S. Steel is a valued tenant.

Ron Morris: By the way, beyond UPMC who else is in that building?

Tom Harrington: The major tenants are obviously U.S. Steel, that's still their corporate headquarters and they're very large tenants and UPMC is now an equally large tenant and PNC Bank is - many people don't know PNC Bank has a large group in the building.

Ron Morris: I didn't know that.

Tom Harrington: Four hundred some thousand square feet of the building is...

Ron Morris: Wow.

Tom Harrington: PNC, actually probably pushing 500,000 now that I think about it. They've taken more space. Which is another great story in the city...

Ron Morris: So they're in three buildings now?

Tom Harrington: PNC?

Ron Morris: Yes.

Tom Harrington: Oh, they're in more than that.

Tom Harrington: Oh that's true they've got their three buildings, one, two and three, they've got their operations center down on First Side, they've got space in our building and...

Rich Beynon: National Steel Building.

Ron Morris: Wow.

Tom Harrington: Yes, PNC's all over the place.

Ron Morris: OK. Now is there...people ask me this all the time. Are there plans to put a restaurant back in...

Tom Harrington: On top of the building?

Ron Morris: On the top, yes. Or you'd have to move Mr. Romoff out I guess to do that.

Tom Harrington: He is sitting in the corner of the dining room.

Ron Morris: laughs. That's true. And it does look like he's cooking and its edible.

Tom Harrington: And I get asked that question all the time and you know, when was the last time you where in the top of the triangle? And people say well....Because they weren't. It's a special occasion restaurant. It was good for a Friday night bar business. It was inconsistent in its food and it wasn't profitable. They paid almost no rent. It was a 30 year lease and when it was done we said OK, this is very valuable space on the top of the building and we'd rather have a restaurant at street level, which is what we did. We ended up putting...took out part of the lobby and put a 10,000 square foot...

Ron Morris: Ed Dunlap's place isn't it?

Tom Harrington: It is Ed Dunlap's place, and, so we're very, very pleased with that. When you look at real estate from our perspective, Rich and mine, what's the highest and best use of that? Whether it's office space or land and a restaurant on top of the you know, 62nd floor of the building was not the highest and best use.

Ron Morris: Does the radio station, the other radio station still have a spy glass up there? I guess not.

Tom Harrington: They do not.

Ron Morris: I can't see Mr. Romoff going for that either. Excuse me, we're checking the traffic report. But you can, you know, when you're up there, on certain days you can be above the clouds.

Tom Harrington: Absolutely. Absolutely

Ron Morris: That is a really cool.

Tom Harrington: It's kind of a neat, eerie feeling.

Ron Morris: It is, it really is. I think that's probably the only building in town where you get that feeling.

Tom Harrington: Probably true.

Ron Morris: What's the...just trivia wise, what's the time on the elevator from zero to...that express elevator?

Tom Harrington: Thirty seconds.

Ron Morris: Thirty seconds, sixty-two. So how many feet is that?

Tom Harrington: The elevators for the high rise run at 1,600 feet per minute.

Ron Morris: Per minute, so...

Tom Harrington: And the building is 840 feet above the street level, 841 to be exact. So from... it's actually...

Ron Morris: So what is that per second? That's 60, what'd you say 1,600?

Tom Harrington: That's why it's 30 seconds. So 800 feet would be half of 1,600 feet.

Ron Morris: Yeah, right. Wow.

Tom Harrington: We'll help you with the math.

Ron Morris: Yeah, thank you. Thank you. All right.

Laughs

Ron Morris: That's moving. That is absolutely flying. Yeah, because it's quick when you're going up there, yeah. All right, and parking for how many cars under that building?

Tom Harrington: There are 670 spaces and in the winter more people want in so we'll valet park in maybe another 100 cars, so...

Ron Morris: Mercifully.

Tom Harrington: Mercifully, yes. Laughs. All Right since you two guys, Rich Beynon and Tom Harrington are both real estate guys, and by the way I should point out you're volunteers with Pittsburgh Downtown Partnership, they're not paid. The only paid guy is over there sitting by himself, right?

Michael Edwards: And the rest of the staff. Yes.

Ron Morris: I noticed that and the rest of the staff, of course.

Tom Harrington: But the board people are not.

Ron Morris: Yes. What is the downtown situation vis-à-vis occupancy and you know, do we need more real estate? Do we need commercial real estate? What's your attitude? What's your opinion?

Rich Beynon: Ron, what people may find very surprising is that our occupancy downtown is close to 90%.

Ron Morris: I am surprised.

Rich Beynon: Especially with the class A buildings and when you compare our market against other secondary cities and even some of the first class cities as well.

Ron Morris: What's a secondary city, help me?

Rich Beynon: City like ours, Cleveland, Columbus, some of those...Cincinnati

Ron Morris: Cities not meaning New York, L.A., Chicago.

Rich Beynon: Yes, we have one of the very best real estate markets in the country.

Ron Morris: Does that...is there some formula? When you get to 90% do they say 'time to put a new building up or'

Rich Beynon: That's, that's a good question and in the past that has been exactly that. When the occupancy rates downtown in a Central Business District would reach 90, 92%, you'd start to look for another building. Today, I'm

not so sure, we have some other larger blocks of space that are available that people could move into, but, as far... what you're seeing is that....

Ron Morris: You talking Union Trust right now?

Rich Beynon: Correct, we have - yes, Union Trust.

Michael Edwards: Henry W. Oliver.

Ron Morris: Boy those are beautiful buildings.

Michael Edwards: They are great turn of the century buildings.

Ron Morris: How do we preserve - guys, I got to tell you; where was I the other day? I think it was the Oliver building, it may have been Union Trust and they had this long wooden, look like they were building the pyramids, plywood ramp...I'm sure was there for you know, for the handicapped reasons, for what are those laws called?

Michael Edwards: Union Trust. The ADA.

Ron Morris: Yeah, the ADA. But, I have to tell you, that building that Andrew Carnegie and Henry Clay Frick set foot in just it was an abomination and I'm thinking how can we do this to these...I mean Pittsburgh has certain assets and one of them is we've got this magnificent entrepreneurial history. My students, at the end of every semester are obligated to do reports on some of these old, you know, Frick and Heinz and John Baptist Ford that started PPG, and these buildings that these guys used and worked in and they're marble and you look at the detail and I think and then they put these wooden planks, platforms.

Rich Beynon: What you might be talking about; the Union Trust Building is currently going under renovation and they're working on that so there are a lot of construction materials...

Ron Morris: That's what that's for?

Michael Edwards: That's a historical landmark, is it not?

Rich Beynon: Yeah, so...

Ron Morris: What's the occupancy of that building right now?

Rich Beynon: They're going through a transition.

Michael Edwards: Seaman's moved in and...

Ron Morris: Is that code for 20%?

Michael Edwards: No it's more than that I think.

Rich Beynon: Again when Reed Smith moved out of there originally...

Ron Morris: I know.

Rich Beynon: Took a big hit and...

Ron Morris: Reed Smith moved into the new...

Michael Edwards: PNC, three PNC.

Ron Morris: How occupied is that building?

Michael Edwards: Full.

Ron Morris: That's full. And is the Fairmont open yet? We had...

Rich Beynon: Nice event. We had a nice event there. Had a nice membership event there.

Michael Edwards: Yeah, it's great.

Rich Beynon: Beautiful hotel.

Ron Morris: Membership event? You mean for the...

Rich Beynon: For the Pittsburgh Downtown Partnership.

Ron Morris: Oh, OK, fine. All right.

Rich Beynon: And then remember that's coupled with the condos as well.

Ron Morris: How many condos are in there?

Michael Edwards: I don't know, but I did go in some that were not...

Tom Harrington: Thirty? Beautiful view.

Ron Morris: Thirty?

Tom Harrington: Thirty.

Ron Morris: OK. What do they sell for? Just curious.

Michael Edwards: I don't want to speak for them but I think it was seven figures.

Rich Beynon: And they've been doing very well.

Ron Morris: They're sold out?

Michael Edwards: No, they haven't sold out. They've closed on a few of them. They've got some interest.

Ron Morris: Is that the highest priced living downtown?

Michael Edwards: Yes.

Ron Morris: The Fairmont? OK. What do they call that? Those condos in the new building? In the... what do we call that? The Fairmont Building? We call it the PNC Building?

Tom Harrington: Three PNC.

Ron Morris: Three PNC.

Tom Harrington: It's probably something like the residents at 3 PNC. I don't know the name.

Ron Morris: OK. All right. But I tell you, OK so that's the gateway to what is that Fifth or Forbes?

Rich Beynon: Fifth

Ron Morris: That's Fifth, OK. Then you get behind that and you know, don't get me wrong, the hat store's gone, the candy store's gone, but what's the plan to march down that street and clean it up? You got Piatt Place, which looks great, you got the Capital Grill, fish...

Michael Edwards: McCormick and Schmick's.

Ron Morris: McCormick and Schmick's. But you know, there's still some kind of seedy places up and down there.

Michael Edwards: Well you're pretty clean from Liberty and Fifth up past Piatt for sure. That runs along cross

Tom Harrington: Is refurbished as well, the ones opposite.

Michael Edwards: Well it's not only cleaned up. I think it's dramatically different.

Tom Harrington: I agree.

Michael Edwards: If your listeners go down there with...

Ron Morris: It started with the, the clothing store on the corner.

Michael Edwards: Yeah.

Ron Morris: The guys that moved over from Station Square.

Tom Harrington: ...market buildings, they're terrific.

Michael Edwards: And Lanmers moved down into 3 PNC.

Ron Morris: Yes. No, no that's an amazing transition down...and I wish more Pittsburghers knew about it because I talk to people about it and they go 'Huh, what are you talking about'. There's a little park there, nice little...

Michael Edwards: It's beautiful, it's small but it's beautiful.

Ron Morris: Park, yeah, but very small.

Rich Beynon: When you think of some of the high end restaurants that are in our Central Business District...

Ron Morris: How are they doing?

Rich Beynon: They're doing very well. I mean we were actually with the president of Morton's and they are doing extremely well. The Capital Grill it's one of their best restaurants coming in. You have McCormick and Schmick's, you have...

Ron Morris: So there's enough money in this town to keep all these high end restaurants going?

Michael Edwards: Well we have 140,000 people a day that come to work downtown. That's comparable to downtown Denver. They call it a surge. It's one of the largest surges in the country. And so we, you know, there's lots of business lunches going on throughout the, throughout the day. And then the rise of the cultural district and everything that the cultural district brings to downtown is really activated into the evening.

Ron Morris: Yes.

Rich Beynon: And when the sports...

Ron Morris: I'll be at the Byham tonight guys.

Rich Beynon: There you go.

Ron Morris: Led Zeppelin. (laughs) Well, you're not going to see Jimmy Page.

Tom Harrington: Jimmy Page.

Rich Beynon: Certainly is a cultural district.

Ron Morris: And my wife's not going with me. It's just the guys. But no, I'll be at the...what'd we got? We got the Byham, we've got the Heinz Hall, we've got the...

Group: The Benedum

Ron Morris: The Benedum,

Michael Edwards: The Rally Theatre.

Ron Morris: Rally Theatre.

Michael Edwards: The Harris Theatre.

Ron Morris: Harris...so we got 5 venues?

Michael Edwards: Or more, I'm sure there's others...

Ron Morris: Couple little dinner theaters kind of deals

Michael Edwards: But tonight's the Gallery Crawl, so I think the cultural district will be humming all night tonight.

Ron Morris: Yeah, it's great when that thing's lit up and flying. It really is. How many people live in town gentlemen? Jump on anybody.

Michael Edwards: Well we have about 5,000 units...

Ron Morris: OK.

Michael Edwards: Downtown. It kind of depends on how you count...

Ron Morris: Is that an all time high Mike?

Michael Edwards: It...yes, it is. We've doubled the amount of people living downtown in the last three years.

Ron Morris: What's the average price of a loft?

Michael Edwards: In the 400,000 range.

Ron Morris: OK. And if we were renting one? What are you paying 1,000 a month?

Michael Edwards: Yeah, 1,000 maybe...

Rich Beynon: One thousand, twelve hundred.

Ron Morris: Who's living there? Who is living in these places?

Michael Edwards: They're empty nesters and they're young professionals.

Ron Morris: OK.

Michael Edwards: By and large. Although there's a surprising number of families.

Ron Morris: There is?

Michael Edwards: Surprising number of kids downtown.

Ron Morris: Really?

Tom Harrington: The University downtown has really brought a lot of youth downtown.

Ron Morris: The what has?

Michael Edwards: Point Park University. The artist...

Ron Morris: Point Park. Let's talk about Point Park since we're flipping around here. I've heard that there's plan to shut the Boulevard, seal it off and...not true?

Rich Beynon: No, no, no, but what they're plans are...

Ron Morris: You looked at him like 'How'd he know that'

Rich Beynon: No the plans are to improve that. Point Park is putting a tremendous investment into the downtown, really into their campus.

Ron Morris: Well, they already have.

Rich Beynon: They've purchased a number of buildings and what they want to try to do is link them together, so what you may have heard is the improvements that are going on within what they're calling their campus. That would be both streetscape as well as façade improvement.

Ron Morris: OK.

Rich Beynon: And it will be a dramatic improvement as Tom had said, between Point Park and the number of beds they have, the Art Institute just put in 660 beds. So that whole First side area has been and will be transformed. It's up to the tune of what we've never seen before.

Ron Morris: First side is what? The Boulevard to the river?

Rich Beynon: Yes.

Ron Morris: OK.

Rich Beynon: The old Froggy's area.

Rich Beynon: Figured I'd relate to something you could...

Ron Morris: Everybody with gray hair calls it the Froggy's.

Michael Edwards: I walked those at lunch the other day. It was a beautiful day and I walked down the Boulevard and back up First and the facades are all being renovated if they're not, you know, 99% renovated. It's a wonderful area of town.

Ron Morris: What's Point Park plans? Make a note Rory, we got to get the president of Point Park on this show.

Rich Beynon: Paul would love to come down and talk to you about it.

Ron Morris: Would he? Write that down, make sure that happens.

Michael Edwards: He's on the board on the PDP.

Ron Morris: OK. What are their plans? I know he'll speak for himself but do you guys have any idea...I mean that campus just keeps growing.

Rich Beynon: Let me, let me take that into a different aspect as to...Point Park bought the old YMCA building.

Ron Morris: Yes.

Rich Beynon: And as a result of that, the YMCA was then able to move into the Fifth Avenue into Piatt Place, so it's now the PNC...

Tom Harrington: Murphy's

Rich Beynon: Into the Murphy's building so, because of what they've done and the shifting that occurred, we now have another amenity within the Central Business District. Brand new spanking athletic club.

Tom Harrington: There's a pool downtown.

Michael Edwards: Off of Fifth Avenue.

Rich Beynon: There's probably five or six athletic clubs downtown people don't even know about.

Michael Edwards: The Y opened one in U.S. Steel Towers right?

Rich Beynon: The amenities downtown are just tremendous.

Ron Morris: Every time I talk to Frank Hampshen at the River's Club, he's not real happy.

Michael Edwards: He laments the Y?

Ron Morris: Yes, exactly. Right.

Rich Beynon: The (inaudible) club as well. They have a beautiful athletic...

Ron Morris: Duquesne University has this new power center. Oh, that's just for our students, but still. Now I got to bring some bad news. The Mayor vetoed it, but I still think it passed, a law that I think is very controversial and you know what I'm talking about, where the city has control over...when you put a restaurant in...prevailing wage, I'm trying...I'm going to skip to right what it is. I heard they grandfathered it for people like the Piatts, which I'm glad to hear, but is that not now law?

Michael Edwards: It is.

Ron Morris: OK.

Michael Edwards: As of April 15th.

Ron Morris: Talk to me about this Michael, I just think that's a horrible law. What's your position?

Michael Edwards: Well, you know, I can't speak to whether or not I think it's a horrible law...

Ron Morris: Maybe you could explain it first.

Michael Edwards: Well, the idea is, that if you receive public subsidy, some kind of tax abatement or whatever, that you should pass along those savings...that's not the right way to say it...but those savings that you gain from the public, should wind up in providing...

Ron Morris: Chit financing.

Michael Edwards: Chit financing if you've got a grant that for a living wage, for the employees or the businesses that go in...the controversial part I believe is that according to this law, the developer...if a restaurant's going to come in and they want to come into that building they have to pay a certain amount of funds and that...

Ron Morris: So a businessman can't run his business the way he needs...

Michael Edwards: Right

Ron Morris: to run it basically.

Michael Edwards: Right. Sort of the good news of that from a downtown perspective is that there are a number of criteria and there may be projects that fit under the threshold that can happen downtown to smaller restaurants and that kind of thing. But sort of the good news is that we're all in it together, so if somebody wants to come to Allegheny County, because I believe the Allegheny County Commission...

Ron Morris: But Michael, I'm sorry to interrupt you, but we're not all in it together because if the Piatts got grandfathered, so they put a restaurant in Piatt Place, which doesn't have to adhere to those laws, and again, I'm glad, I mean Lucas Piatt is my guy. I love that guy. I think he's a terrific human being and I like Jack as well. But, a new guy comes in and now he's got to pay prevailing wage whereas his competition, which includes all the restaurants that have been there forever, can pay their busboys whatever they feel like paying them, whereas the new guy he's got to pay more. How could he compete? I mean it just doesn't make any sense from a development stand point.

Michael Edwards: It's difficult, it's a difficult challenge.

Ron Morris: This sounds like one of those problems you guys would rather I go to something else.

Ron Morris: OK. Will do. You guys ever see a movie called Silkwood? Remember Cher was in it?

Group: Yes.

Ron Morris: It was about the Kerr-McGee Plant in Oklahoma where they were poisoning their people and she knew that they were getting radiated and she's on the porch talking to her boyfriend played by Kurt Russell and she goes I don't know what to do, she says, I want to in...she has this New York lawyer that wants to take her to Washington to testify against her employer, she says; if I go and testify which is the right thing to do, all my friends lose their jobs and the town shuts down. But on the other hand if I do that, the Federal Government will step in and clean this place up and people won't die of radiation poisoning. They won't have jobs. And Kurt Russell's leaning against the side of the porch and he's got a straw sticking out of his mouth like a cowboy and he goes, don't give me any problems I can't solve.

(Laughter)

Ron Morris: It's a great line. All right, we're talking with Rich Beynon, Tom Harrington and Michael Edwards of the Pittsburgh Downtown Partnership. If you want to call, let me open up the phone lines, 412-333-1360 # 1360 if you're packing Verizon, that makes it a free call and lastly you can also drop us an email at TAERadio.com. So the PDP strategy is to be supportive of downtown Pittsburgh. How do you guys get along with the city? I image pretty well right?

Rich Beynon: We do and as being a partnership we need to work with everybody including the city. Doesn't mean we agree with them 100% of the time, but where we can carry out the programs that relate to the board and the decisions made with the board as to whether we support a project or not. It's really board driven and that's our main core.

Ron Morris: And you have...of the building owner...by the way, just one other...while we...we were talking about the U.S. Steel Tower. Who exactly owns that these days? Is it UPMC that owns that?

Michael Edwards: No, no.

Ron Morris: Who does own that?

Michael Edwards: It's a private equity group.

Ron Morris: OK. So it's a private equity group out of New York?

Michael Edwards: Out of New York.

Ron Morris: OK. All right. How many of our buildings in Pittsburgh are owned by non-Pittsburghers? The big ones?

Rich Beynon: Most of them.

Ron Morris: Most of them. OK. All right. That's what I thought.

Rich Beynon: And that's...

Ron Morris: Is that the way it always was?

Rich Beynon: Yeah, that's the way it is across the country. Yeah.

Ron Morris: Across the country?

Rich Beynon: The U.S. Steel Towers...

Ron Morris: So basically all roads lead to New York, Chicago, L.A. from a standpoint or shall I say, Abu Dhabi United Emirates.

Michael Edwards: Foreign money a lot in a lot of these properties.

Rich Beynon: The investor, the investment group itself is different. It's not an individual anymore. It's a full...

Ron Morris: No, nobody's got that much money.

Rich Beynon: It's a real estate trust, it's an investment group, it's a REIT that would own most of these things.

Ron Morris: OK. Do these buildings turn over quietly and we never hear about it?

Rich Beynon: They do. We've had some very good sales and our building value in downtown Pittsburgh, although lower than most other areas, we have a very good cost per square foot.

Ron Morris: Which is?

Rich Beynon: Which is subject to the building can range anywhere from \$70 to \$150 a square foot, compared to other markets that have \$400, \$600, \$1,000 a square feet, so when...what we're seeing now is outsiders coming into Pittsburgh realizing what a good value Pittsburgh is, so most of our business has been from out of town people looking at the Pittsburgh real estate, just because it is stable.

Ron Morris: It's affordable.

Rich Beynon: It's affordable, it's stable. It's solid.

Ron Morris: What's a typical lease? Commercial office lease? Is it 10 years?

Michael Edwards: Tom you probably do a little bit more...

Rich Beynon: It varies.

Tom Harrington: The large leases are 10 years and up, you know, by large I'm talking the you know the 100,000 square footers. If you're talking about 10, 20,000 square foot tenants they may be 10 years. If you're talking 5,000 square footers usually five years.

Rich Beynon: And the buildings like the Allegheny...

Ron Morris: What's the optimal mix guys? Of residential...for Pittsburgh, residential, commercial, retail? What would you like to see?

Rich Beynon: I think we're learning that right now as we go and what you're seeing is that the conversion rate of these office buildings being converted into residential, that's where we're seeing an influx of new residential units coming in.

Ron Morris: Which comes first, Mayor Murphy believed that retail came first. He was wrong, I think we'd all agree right, I mean, bless his heart.

Michael Edwards: In my opinion office comes first.

Ron Morris: Does it? Even ahead of residential?

Michael Edwards: Office and residential, I mean no retailers going to come in and just do downtown office.

Ron Morris: But which one, I mean they can't both come first. Which comes more first?

Michael Edwards: Well they should come at the same time, but I mean right now we have 5,000 units, we need 12,000, we got a study that's not yet published that says the magic number for sustainability is about 12,000

Ron Morris: Twelve thousand.

Michael Edwards: Which translates into about 16,000 people and once you get to that number.

Ron Morris: That would help the Park Way West. A little bit.

Laughter

Ron Morris: Maybe.

Michael Edwards: You know, what of the other things if I...

Ron Morris: You know what, got to stop you, we got to take a break. All right. Let's take a quick break and I'll be back with my three guests from the Pittsburgh Downtown Partnership. Just gave the numbers. Feel free to give us a call at 412-333-1360 or # 1360 if you are on a Verizon cell, won't cost you a dime. Be right back.

Music

Ron Morris: All right, listen to this folks. These guys were holding out on me man. They just handed me a list... Pittsburgh is the number one city in the United States for what they call global livability, that's the Economist

Magazine. We're trying to figure out exactly what that means but it sounds good. But here's the one that got me. Pittsburgh has the third lowest crime rate of all 50... of the 50 top U.S. Metro areas. Third lowest crime rate. That's nice to know. It's the 10th cleanest city, I know some of you might roll your eyes on that one, but I've been in some cities, it is a pretty clean city, I'll give it that. Second most green certified buildings in the U.S. I think a lot of us know that, that's been pushed pretty hard. One of the smartest places to live in America according to Kiplinger's, Kiplinger's Magazine and it's also in Bottom Line Secret's Magazine, I like this one, one of the best places to live in the U.S. that you can still afford. And that is true. So, and by the way I've got pages and pages of these kinds of accolades. I think no one could argue about the fact that from the stand point of health care, hospitals and healthcare, it's a tremendous place. I mean I'd be dead today if I didn't live in Pittsburgh. The Hillman Cancer Center, rated in the top five cancer centers in America. If I lived... In fact they told me one day. I was laying on the operating table and they said if you lived in Wyoming, you'd still be here. So great place if you're you know, if you're sick. And you know, eventually we all need a hospital. So guys, you call it the center of opportunity. Explain what that means, anybody.

Tom Harrington: Well, we have an office task force that tries to keep everybody focused on the positive and one of the things we wanted to do was come up with a Slogan, a tag-line for downtown Pittsburgh and we were just brainstorming you know what is downtown Pittsburgh and in the end the Center of Opportunity came out and we said that's it because all roads lead to downtown Pittsburgh, that's where...you can walk down the street... if you're in the suburbs and you go to Arby's for lunch you're not going to run into somebody you do business with more than likely, but if you're walking down Liberty Avenue or Grant Street, the odds are high you're going to run into somebody you are doing business with or want to do business with and that's one opportunity. And the opportunity for shopping, living and office, so forth. Mike you want to add onto that?

Michael Edwards: And it's just a place where everybody can work. There's lots of employment opportunities downtown and you know, it is the office address, it's always been the office address for Pittsburgh...

Ron Morris: Yes.

Michael Edwards: And we just wanted to remind people of that.

Ron Morris: Well I'm a big fan of that, I always talk on this show about when I was a kid and going downtown after the Pirates won the World Series in 1960, I was 10 years old, but I remember just how huge the city was and how many people and I'd love to see that again, I'd love to see the city have that kind of growth. When does the...when do all the holes in the ground get finished? The subways and all that stuff? When are you expecting that to be done?

Michael Edwards: The North Shore connector should open March of 2012.

Ron Morris: 2012? So we're getting close.

Michael Edwards: So we got a ways to go. A ways to go on that.

Ron Morris: Yeah but we've come a long way too.

Michael Edwards: Lower Fifth Avenue you know it started to open up. It will be completely open by September...

Ron Morris: That's the big question. September of this year?

Michael Edwards: Yes. Market Square will be done late September. Totally done.

Ron Morris: What about restoration of the park that's between in the Gateway Center area there?

Michael Edwards: You know I don't really know. I know River Life has got a lot of different projects going on. But I think... I forget what they call it, but the area around the fountain is scheduled...

Ron Morris: No I was talking about the area kind of like in front of Fifth Avenue Place.

Michael Edwards: Yeah, well that's part of the North Shore connector. So, eventually that will be filled in...

Ron Morris: OK.

Michael Edwards: Covered over.

Ron Morris: But that won't be covered up until that whole project's done?

Michael Edwards: Pretty close to the end I believe.

Ron Morris: OK. All right. Well, guys, it's been a great, great hour and I would like to invite you back again and we can talk some more about the city of Pittsburgh and what you guys do for it. I'll say this; three good guys, I mean you...sharp guys and...I'll say one thing, you really care and that's what it starts with, you got to have attitude. I was telling one of my students just today, without attitude nothing works and you guys have your attitudes right, you really want this thing to work and you work hard at it and it sounds like you won't be denied. And I think frankly, downtown Pittsburgh has come a long, long way, I really do. I'm very impressed with the...I mean I'm down there every day and I like what I see. And I'll tell you what I've never seen a crime all the time I've been down there, it's always clean and nice. So we'll do it again. Thank you so much gentlemen. How can somebody get in touch with you? DowntownPittsburgh.com?

Michael Edwards: Yes.

Ron Morris: OK. DowntownPittsburgh.com folks if you're interested, you want to help out or just learn more about the program. Guys thanks for joining us.

Michael Edwards: Thank you.

Rich Beynon: On behalf of the board of the PDP, we thank you as well.

Ron Morris: All right. Super. All right stay with us folks we'll be back with Jim Holtzman from Legend Financial regarding the current state of the market. I think you'll find it interesting. I'm Ron Morris. We'll break right now for the news.