

Slumbering Pittsburgh Neighborhood Reawakens

By CHRISTINE H. O'TOOLE

PITTSBURGH — In the 1950s, the East Liberty neighborhood five miles east of downtown was Pennsylvania's third-largest shopping district, behind Center City Philadelphia and downtown Pittsburgh, with more than 500 local businesses and a population of 14,000.

The suburbs began to draw residents from the densely populated area in the late 1950s, however, and urban renewal schemes like high-rise public housing and ring roads were enacted to stem the flight. Instead, they drove the area into a 40-year coma. By the 1980s East Liberty had lost more than one million square feet of commercial space and half its population.

Now, two recent major commercial developments have begun to put a still-poor neighborhood back on its feet. New design standards have restored the traditional urban street grid to attract shoppers to national retailers, and a third office and retail project, a converted Nabisco bakery, has landed [Google](#) as an anchor tenant.

“Urban renewal has been a recurring theme in East Liberty for the past 50 years,” said Sabina Deitrick, a co-director of the Urban and Regional Analysis Program at the [University of Pittsburgh](#). Yet even as East Liberty foundered, nearby residential districts retained their attractive features. The adjoining neighborhoods of Highland Park, Shadyside and Friendship contain the city's wealthiest and best-educated households, with an average income of more than \$81,000 a year.

A community plan in 1999 led by East Liberty Development Inc. called for attracting shoppers to a broader range of businesses than the aging mom-and-pop stores that remained, reviving the street grid, and creating jobs and better housing.

In the decade since, the city has replaced 1,400 high-rise public housing units with 450 new mixed-income units. The opening in 2000 of a big-box retailer, [Home Depot](#), on a failed Sears site suggested

opportunities to other developers. [Whole Foods](#), a \$7.6 million development on an abandoned stretch of Centre Avenue, ignited immediate activity when it opened in 2002.

The development, called Eastside, stretches east along Centre Avenue, linking the Hillman Cancer Center of the University of Pittsburgh Medical Center, national and local retailers, and express bus lanes — known to Pittsburghers as a busway — to downtown.

“We are interested in building the core for retail,” said Steve Mosites Jr., whose firm, the Mosites Company, brought Whole Foods to the neighborhood with the help of East Liberty Development Inc.

National retailers like Borders, [Walgreen’s](#) and FedEx/Kinko’s are pillars of Mosites’s \$32.5 million Eastside II, and the firm is now readying the five-acre site of the demolished Penn Towers public houses for a proposed 145,000-square-foot Target store. Federal tax credits and financing from the federal [Department of Housing and Urban Development](#), including a \$10 million loan and a \$2 million grant, will aid the project.

The influx of national retailers has stabilized commercial activity in East Liberty, but smaller businesses have been slow to open. Among a half-dozen entrepreneurs who are opening restaurants near Whole Foods is Sonja Finn, whose 1,500-square-foot bistro Dinette overlooks the corner of Centre and Highland Avenues.

Ms. Finn, a 29-year-old chef, analyzed East Liberty’s redevelopment history for her senior thesis at Columbia. Her upscale two-year-old restaurant is thriving, she said, but she is disappointed that empty storefronts persist along Penn Avenue. “We need a higher percentage of retail in the core,” she said.

Chris Ivey, a filmmaker who has chronicled the changing fortunes of the neighborhood in a documentary series, said its redevelopment was “definitely a big success story. But there were residential and business casualties that didn’t have to be. When rents tripled on Penn Avenue, a lot of mom-and-pop stores couldn’t afford that.”

Mr. Mosites said old traffic patterns and other constraints had posed obstacles to development. Railroad tracks and the adjacent busway remain “an institutional barrier” for the neighborhood, he said. Several blocks of Penn Circle, the one-way ring road around the district, have been reconstructed for two-way traffic, but extending the two-way street on the eastern part of the circle and improving sidewalks and lighting will cost \$7.5 million.

That project will begin this summer, financed by a state grant and two tax increment financing plans, or TIFs, one from the Target site and one from Bakery Square, a \$150 million project that combines new construction with new use of the former Nabisco plant.

A 110-room Springhill Suites hotel will open there May 1, near a 41,000-square foot Urban Active fitness club. The women's clothing retailer, Anthropologie, will lease 12,000 square feet. Google's Pittsburgh office will build out 40,000 square feet of space in the complex, moving from the campus of [Carnegie Mellon University](#), two miles nearer to downtown.

"It's got a personality," said Andrew Moore, the director of Google Pittsburgh, of the industrial-style space. "It has a history associated with very large-scale engineering of a completely different kind."

The demand for office space from companies like Google is also coming from area universities. said Gregg Perelman, the chief executive of Walnut Capital, which is a partner with the RCG Longview Fund and the Feil Organization in the Bakery Square project.

The University of Pittsburgh has leased 23,000 square feet in the complex for researchers in its department of rehabilitation science and technology, while Chatham University has acquired a nearby 250,000-square-foot office building for graduate programs.

The institutions' expansion toward East Liberty has been prompted by a shortage of Class A office space in Oakland, the district where Pitt and Carnegie Mellon University are located. The neighborhood had a zero vacancy rate for the fourth quarter of 2009, when the city's overall commercial real estate market was ranked as the healthiest in the nation by [Moody's Investor Services](#).

Ms. Deitrick of the University of Pittsburgh said that over all, East Liberty's fortunes finally seemed to be on the rise. "Pittsburgh grows so slowly that gentrification means something different here," she said. "The recent stages of development could be a way to reunite neighborhoods that were separated by urban renewal."

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