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Napa playing Cinderella in princely Wine Country

BY VANESSA RICHARDSON

The City of Napa and Napa Valley have for decades shared little more than a name, with the latter attracting the lion's share of attention, development and 5 million visitors annually.

Now the city is becoming more than an afterthought, a barely noticed detour on the path to the lush vineyards to the north. Developers are pouring more than \$300 million into mixed-use construction with new stores, offices and condominiums being built in new developments and renovated historic buildings. The 640,000 square feet of new construction under way will double the size of Napa's downtown.

Hotels, restaurants, wine-tasting rooms and upscale retailers are being planned and built around First and Main streets and a revitalized Napa River waterfront.

Because of tight restrictions on land in the northern end of the valley, hotel operators are focusing on downtown. The Westin Verasa, a 161-room condo hotel is under construction next door to Copia, a signature wine and food center that kickstarted Napa's urban regeneration when it opened in 2001.

As a condo hotel, Westin will sell condo units to buyers, who can rent them out as hotel rooms through the company. More than half its units, ranging from \$500,000 to \$1.2 million, have sold. Ritz-Carlton will break ground on a 350-room hotel in early 2008.

Local motion

And by no means is all the building tied to tourism. One of the biggest projects is The Riverfront, the city's first mixed-use project, at Third and Main streets. Mike DeSimoni, president of Channel Properties in Richmond and a Napa resident for 39 years, has invested \$50 million in the two-tower project with offices, condos, retail space and a 40-foot-wide deck along the Napa River.

Construction began in August and is expected to finish in spring 2009. The 50 condos, ranging from one to three bedrooms, are priced from \$700,000 to \$1.2 million, and 179 people are on the waiting list.

Morgan Stanley has taken a big chunk of office space and DeSimoni has set aside space for six upscale restaurants. "We have so many retailers interested that we're judging who to accept," he said.

Another awaited project is the Oxbow Market, a 40,000-square-foot riverside marketplace that will feature 25 local food vendors and 10 organic farmstands. Tenants, including Taylor's Automatic Refresher, the Olive Press and the Fatted Calf Charcuterie, will move in between November and spring 2008.

Oxbow Market is modeled on San Francisco's Ferry Building Marketplace being built by one of that project's developers. "After the Ferry Building was finished, I thought the same model could be opened in various cities," said Oxbow Market CEO and St. Helena resident Steve Carlin, who had worked on the Ferry Building as a project manager. "When I saw downtown Napa starting its transformation, I found the ideal property in the middle of it." He estimates the market could draw as many as a million visitors annually.

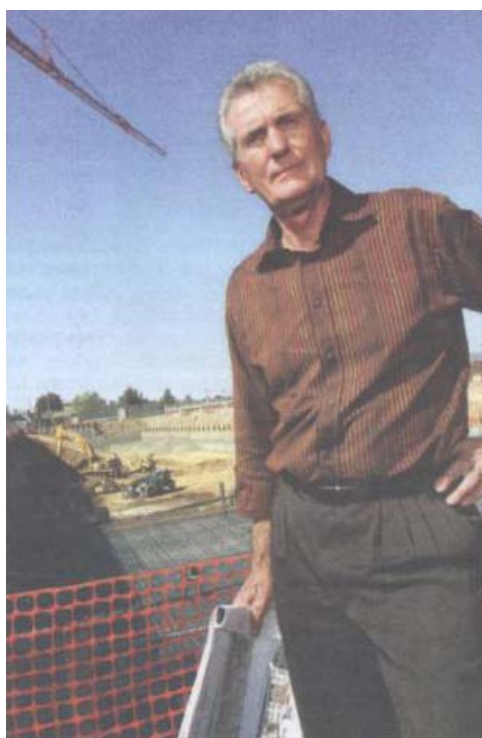
Other mixed-use developments include Main Street West on Main and Clinton streets; the Zeller Building on First Street; and Napa Square on First and Randolph with underground parking, 57,000 square feet of office space and 8,000 square feet of retail. Across the street will be a 450-space parking garage and the five-story Inn at Town Center with 12,500 square feet of retail and restaurant space, scheduled to open in late 2008.

Flood zone

It's quite a change from a decade ago, when downtown Napa was close to a ghost town. Repeated flooding and a lack of tourism and key tenants kept developers away.

The tide turned in 1998 when Napa County residents voted to raise the sales tax and pass the Napa River Flood Management Plan, which will restore the river's floodplain and 600 acres of wetland, raise or replace bridges, install levees and floodwalls and build a bypass channel. The \$300 million project is only half complete, mostly due to federal money that has been slow in coming. The project is scheduled to finish in 2015.

Its biggest benefit is making



DeSimoni's Riverfront project is putting offices, condos, retail and public space along the Napa River.

Napa a riverfront city once again, which appeals to developers, said Craig Smith, executive director of the Napa Downtown Association.

"When the flood plan passed, that's when outside folks started buying property and investing in the future," Smith said. Now land values are double what they were five years ago, reaching up to \$100 a square foot on Main.

Critics say the new plan will turn the town into Yountville South, an upscale enclave that will cater mainly to well-to-do weekenders. Cassandra Walker, Napa's director of economic development disagrees, saying locals will benefit most. "Yountville is primarily restaurants and lodging, but that is just the starting place for Napa. It's the county seat and the most urbanized city in the valley, and the new development gives things for both locals and tourists to take advantage of."

Firmly rooted

But Napa's blue-collar roots are going more upscale. Retiring boomers and second-home residents are snatching up land, as are Bay Area commuters looking for less expensive housing. Napa County's median home price is \$577,000 and long-time residents are moving out.

"We're proud of our roots and focused on keeping a variety of housing to sustain our community," said Napa Mayor Jill Techel. "Having said that, we're in the Bay Area, where housing

is nuts. And because property taxes are no longer our primary funding, the new development's revenues will give us the funding to pay for street upgrades, fire stations and local services."

Developers say they have good working relationships with city officials and have encouraged them to allow greater height and density downtown. "It took a little coaxing here and there to show them the vision, but halfway through they got on board," said Jeff Doran, a Napa developer working with hotel management firm LodgeWorks on the Inn at Town Center.

The hotel was originally intended to be 60 feet high, but Napa had a 40-foot height limit. The city asked Doran's team to lift a crane to show how high it would be for a visual idea. Plans were finally approved to allow the height to be 54 feet.

"We saw we could get a more interesting design if we're more flexible on height requirements," said Techel. "One-story buildings with flat roofs aren't always the best option. Adding height can create a more interesting product."

Besides new construction, developers are also restoring historic 19th century buildings into mixed-use space. Doran restored the 1884 Napa Steam Laundry building with offices and turned the 1913 Johnson-Doran Building into retail and office space. DeSimoni restored the 1888 Winship Building, complete with a tower and spire that had been removed 100 years ago. The Altamura family intends to turn the Merrills building on First Street, a 15,000-square-foot drugstore abandoned for 15 years, into a five-story condo development with retail on the first floor.

Techel said the city has a large inventory of historic properties up for potential restoration.

Despite the abundance of cranes, the mix of new and old development should allow downtown Napa to keep its small-town ambiance, albeit with more of a modern edge. "It can be unique and something other than Yountville or St. Helena," said Doran. "With the flood plan in place, Napa can offer the best of both worlds, with locals and tourists mingling together."

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