

Historic downtown building is moving in a new direction

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The development duo of Craig Glendenning and Shaul Baruch have shifted gears on one of the team's most high-profile projects.

Glendenning and Baruch -- developers based in San Antonio and Dallas, respectively -- recently confirmed that plans to convert a downtown property into residential condominiums have been shelved. The new plan: To turn the South Texas Building into a landmark address for downtown businesses.

To that end, Glendenning and Baruch have hired Reata Office and **Industrial Services LP** -- a division of locally based **Reata Real Estate Services LLC** -- to manage the property and to market it to potential tenants.

To date, Reata has about 20,000 square feet of leases working on the building, says David Ballard, a principal in Reata Office and Industrial. The South Texas Building spans a total of 91,522 square feet. It is located at 603 Navarro -- at the corner of Navarro and Houston streets. The property dates back to 1919.

In terms of location, it doesn't get much better than the South Texas Building, says Ballard, who points to the various restaurant and entertainment venues along Houston Street.

Baruch and Glendenning are also putting down a hefty sum towards rehabbing the building -- including plans to add a new air conditioning/heating system, new elevator systems and elevator cars, and upgrades to the main lobby and common areas on each floor. Renovations should be complete in about six months, Ballard adds.

Renovation costs were not divulged.

Once the upgrades are completed, what Glendenning and Baruch will have is a B-plus property that will also include a parking garage of 200 spaces located across Houston Street from the building. The garage can be accessed via an underground tunnel, Ballard says.

And given the shortage of covered parking downtown, that garage could be key to luring tenants to the South Texas Building. "I can't stress that enough," Ballard says. "This is a downtown building with parking."

That was then

When Baruch and Glendenning purchased the South Texas Building in 2003, the original plan was to turn the office property into a mixed-use development. Commercial tenants would occupy the bottom and top three floors of the building. A total of 35 residential units were to be carved into the middle of the property.

The problem wasn't finding interested buyers for the condominiums, says Glendenning, president of locally based **Post Oak Development of Texas Inc.** The catch was the development costs.

"We had plenty of takers, the numbers just don't make sense," says Glendenning, who has teamed up with Baruch on several projects around the city. The two have plans to take another downtown property, the Neisner Building, and convert that into a mix of commercial and residential loft spaces.