

Developer Remes plays both sides of metro

by Chris Newmarker

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Developer to remake St. Paul car lot as Minneapolis ventures launch

The Twin Cities area still has a dearth of commercial projects post-recession. But add Peter Remes and his First & First LLC to a group of developers still making things happen with some outside-the-box ideas.

Remes plans to break ground in the coming weeks on a \$15 million retail development at a shuttered Chrysler dealership at 1891 Suburban Ave. in St. Paul. And he closed Thursday on a \$979,000 purchase of the former Twin City Paper Supply Co., a 60,000-square-foot building at 945 Broadway St. N.E. in Minneapolis, which he would like to turn into a home for high-tech and creative companies.

Meanwhile, Remes is hosting a New Year's Eve fundraiser for Minneapolis Mayor R.T. Rybak to help kick off First & First's Aria at the [Jeune Lune](#) event space at 105 N. First St. — prepped after a \$500,000 updating of the 80,000-square-foot former theater that Remes bought out of foreclosure last year.

Then there's the 41,000-square-foot, \$8 million [Ice House Development](#) at 2540 Nicollet Ave. S. in south Minneapolis that is wrapping up, where a Vertical Endeavors indoor rock climbing facility is already open and most of the 14 apartments at the site already leased. Three restaurants are under construction and will join the existing restaurant Jasmine Deli in the project next year.

Cathy Polasky, Minneapolis' director of economic policy and development, compares Remes with longtime developer Scott Tankenoff of the decades-old Hillcrest Development. Both are creative and willing to tackle complicated projects involving urban buildings, she said.

"They take some very challenging projects and think up new uses," Polasky said.

Polasky said Remes and Tankenoff were also better than many others at retaining cash through the recession, allowing them to make deals even as the bank financing environment remains challenging.

In the case of the old Suburban Chrysler in St. Paul, there's already the 25,300-square-foot dealership building sitting on 5 acres "paved property line to property line with 100 percent asphalt," said Dean Dovolis, a principal at Minneapolis-based [DJR Architecture](#).

The site already has a lot going for it because there's plenty of retail in the vicinity, including Target, Byerly's and a Sonic drive-in restaurant. But Remes, who [acquired the site](#) for \$2.6 million in July from Lawrence Reid of LRSS Holdings, decided to do more as he worked with Dovolis and DJR on designs for the site.

On top of the existing dealership building, DJR's plans add three more buildings — 10,000, 6,000 and 5,400 square feet — surrounding a central parking area that has what Dovolis describes as a "green rain garden" that will be heavily landscaped.

"You get rid of the ocean of asphalt," Remes said. "It should be a very creative and dynamic development."

He said major national retailers, including Edina-based Dairy Queen International, have agreed to move in, with most of the site already leased. Burnsville-based Pawn America will move a store into the original dealership building after it is renovated. Combine what First & First is spending and what the retailers are putting into their own spaces, and the project's cost will total about \$15 million once it is completed in summer 2012.

Remes said he is close to signing a general contractor,



Developer Peter Remes plans to break ground in the coming weeks on a \$15 million retail development at a shuttered Chrysler dealership at 1891 Suburban Ave. in St. Paul. The DJR Architecture-designed project is one of a number of developments Remes and his First & First LLC have been undertaking around the Twin Cities. (Staff photo: Bill Klotz)



CLICK FOR LARGER IMAGE. A rendering by architect Patrick Huss shows a proposal for the former Twin City Paper Supply Co. at 945 Broadway St. N.E. in Minneapolis, which would be a home for high-tech and creative companies. (Submitted rendering)

which he declined to identify. He is putting some of his own cash into the project but also secured bank financing.

The real estate environment is "challenging," Remes said. "Everyone has had to raise the level of their game."

Remes has found that bank executives are being extremely cautious in what they finance. Remes says he was able to secure financing for the Suburban Avenue project because major tenants had already signed on, which minimized risk, and the presence of existing retail in the area increases the

potential for stores at the site to be successful.

The fact that Remes was able to secure funds and didn't need public financial support is a hopeful economic sign, said St. Paul City Council President Kathy Lantry. Another project, a planned renovation of a former La Quinta at 1800 Old Hudson Road into a memory care center, is also privately financed, she noted.

"I think things are starting to bust through a little bit," Lantry said.

In Minneapolis, Remes also got creative with the 122-year-old former industrial building that was home to the Jeune Lune theater company until it ceased operations in the summer of 2008.

Remes, who bought the building for \$885,000 at a 2010 sheriff's sale, saw potential in getting the Portland, Ore.-based Ace Hotel to use the Jeune Lune as a location. But when that deal fell through over the summer, Remes saw potential to use the site for weddings, corporate functions and other events.

"Over the summer of 2011, I was getting calls from every bride in Minneapolis, wanting to get married there. I had to just find polite ways to say, 'no,' because we weren't set up for it. Finally, by the third quarter of this year I decided, 'Let's let the building be what it wants to be,'" Remes said.

Minneapolis-based Matcom Construction Management has spent the past five months updating bathrooms, electrical systems and common areas at what is now called the Aria at the Jeune Lune. Geri Wolf of the Style Laboratory is handling bookings, and Remes said interest is high.

Remes is also trying to think differently about the Twin City Paper plant, which he is buying from TCP Holding Co., set up by the Kederowski family that ran Twin City Paper until it closed earlier this year. Architect Patrick Huss has already produced project renderings.

"It's going to be a hub for innovation and creative-class businesses ... more technology and design firms, businesses that are serving what I call the creative class," Remes said. He's also considering adding a few additional residential stories onto the two-story building.

The Ice House Development project has a historical twist. It gets its name because the original 10,000-square-foot structure at the site was the former home of the Cedar Lake Ice and Fuel Co.

DJR helped design the Ice House Development. Matcom was First & First's general contractor; Mendota Heights-based Jaeger Construction was Vertical Endeavors' contractor.

The project not only brings Vertical Endeavors to the area but will also house restaurants that Remes thinks will help the area keep its "Eat Street" nickname.

The Asian restaurant Azia is returning to its former space, with an opening projected in March. A restaurant called Ice House, slated to open in May, will be owned and operated by the owners of Be'Wiched, on Washington Avenue in the Tractor Works Building. Also, Northeast Social is expanding and opening Eat Street Social in the space behind Azia, with a Jan. 10 opening planned, Remes said.