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## ALLENTOWN BUILDING A MONUMENT TO GROWTH

Steve Blakesley is a value investor, the kind who finds out-of-favor assets and waits for others to recognize their inherent value. Think Warren Buffet or former Vanguard icon John Neff.

Now think Allentown.

For years the real estate agent has had his eye on the downtown. Lately it's been the old bank at 645 Hamilton St. Most people saw a relic—the building sat vacant for five years after First Union merged with Wachovia Bank in 2001 and its employees moved across the street. Blakesley saw a revival.

"I read this article about the building and thought, What's going on with the dead trees in the planters and millions of dollars in back taxes?" Blakesley says as he nurses a cup of coffee in Gerry's New City Café, a tenant on the first floor of the rechristened Monument Plaza. "It looked like what Allentown needed—a place for small businesses."

While Blakesley, who moved from Iowa to the Lehigh Valley 1992 to work for State Farm Insurance, hadn't considered a large commercial project, he didn't want to see a beautiful space go to waste. "So I called the Realtor, did the financials and negotiated a deal."

In 2004, his Oasis Entertainment LLC bought Monument Plaza for \$430,000 in cash and \$1.4 million in assumed debt, including unpaid taxes, water bills and penalties. He then invested about \$1 million in renovations and opened the doors to any entrepreneur who could use a high-traffic location with a wireless network and a loading dock.

Today, Blakesley is leasing small portions of the building to 14 tenants, including a security service, an entertainment agency and a loose group of start-up companies called, not surprisingly, The Entrepreneur Network of the Lehigh Valley, or TENLV. They have pooled resources such as high-speed Internet and janitorial services. And they have a common theme—to revive the downtown one small business at a time.

"He's very passionate about Allentown," says Bob Wendt, director of research for the Lehigh Valley Economic Development Corporation (LVEDC). "He took a risk in restoring an abandoned building."

For its part, LVEDC held a broker/developer meeting at 645 Hamilton last year and invited members of the real estate community to tour the property and discuss issues that relate to urban renewal. "We had 65 people attend, one of our biggest turnouts ever," says Jarrett Witt, the organization's regional development manager.

Blakesley wasn't surprised. "I could already see Allentown was in resurgence. Instead of people looking to sell and leave, people were looking to buy and start their business. The more people who live and work in the city, the more businesses it will support." Revitalization, he says, "starts on a small scale."

Monument Plaza is not small scale. A buff-colored concrete building on the northeast corner of Center Square, it towers over the traffic that spins past the Soldiers and Sailors Monument at Seventh and Hamilton streets. Built in 1955 as the headquarters of First National Bank of Allentown, the building's seven levels (the

basement still houses the bank vault) provide 121,000 sq. ft. of space that can be divided into offices as small as 1,200 sq. ft.

Inside, the view is expansive, with covered teller stations, a clock that looks like a prop from a Jimmy Stewart movie, a piano, two aquarium tanks and Gerry's New City Café. Escalators lead to a mezzanine. The carpets, walls and ceiling are clean and the elevators work.

Steve Blakesley's office on the sixth floor features a curving white stucco wall, peaceful art prints and a conference room the size of a tennis court. But Blakesley holds court downstairs in the lobby, sipping a cup of coffee with Gerry and finding something positive to say about a pipe that burst in the extremely cold weather. "One thing you can say about a frozen pipe: at least it won't leak until it's fixed."

His philosophy on business development is just as sunny.

"The building is designed for high traffic flow," he says. "This is my whole concept: keep it on the tax roles and make a place for small to medium business to develop.

So far that philosophy has worked.

His tenants include MAM Security, a private investigator with 40 employees; Organic Entertainment, a music producer associated with the Nina Simone Foundation; Dino Melendez Realty; Madison Funding; Mercurion, a commercial video producer; SAGE, a concierge for business, and TENLV, among others.

"The tenants are doing really well," Blakesley says, walking the escalator to the second floor. "Most of the people who come into this building have doubled their business."

Rob Burke is betting on that. The administrator of TENLV and owner of Mercurion, Burke has spent \$100,000 on piles of furniture that now cover part of the second floor. He's already assembled 21 cubicles in 7,000 sq. ft. of common space flanked by small offices for TENLV. So far several small businesses have decided to rent, including Lehigh Valley Janitorial Services, Lehigh Valley Latino magazine and Strategic Advisor Guidance Expert, or SAGE.

"These small businesses are already successful but need to have a place with business facilities like video conferencing," he says. "It's like a working chamber of commerce event with desks."

For \$200 a month, tenants can rent a cubicle with telephone, Internet access, IT and janitorial services plus access to conference rooms. (Office space costs \$300 a month.) Burke, whose company creates film and video presentations for corporations like Hovertech International of Bethlehem, believes tenants can share more than services. "They can take advantage of the expertise of the person in the next cubicle, whether that's in website development or accounting."

Elisa Rodriguez, co-owner of SAGE, agrees. For a higher rent, she gets an office with a door on an upper floor but many times you'll find her in the common space talking with other entrepreneurs.

"This gives an opportunity to the person who has a concept and a plan at a fraction of the price of other office space," she says.

"Tenants can use this as a think tank," Burke says. "They can talk about how to handle a situation like sales and marketing. And once they outgrow the network space, they can rent space on the third floor at reasonable rates, or move elsewhere in the city.

"This building has a lot to offer."

Downstairs in the café, Steve Blakesley looks through huge windows to the Wachovia Financial Center across

Hamilton and smiles as he remembers Monument Plaza's days as a bank. "Some of the people who worked here when it was owned by First Union were transferred across street to the Wachovia branch. Now they come to Gerry's for lunch. They say it's nice to see it up and running. A lot of them like touring their old offices."

That's as nostalgic as Blakesley gets.

"Ten years ago Center Square was practically vacant. It started coming back about 8 to 10 years ago. People started buying and renting houses. It was an infill of residential. Following that was an infill of small businesses. Now it's getting to be an infill of larger business, like the [Alvin H.] Butz building on Ninth Street and Liberty Property Trust's green building that's primarily occupied by PPL.

The Lehigh Valley, he says, offers the ideal place for development of all sizes.

"I like the Lehigh Valley. The arts and entertainment are fantastic. Allentown is close to Philly, the Poconos, New York City and the ocean but far enough away that it has its own influences.

"What I like about Allentown is you have a big city with a small-town mentality—friendliness and a good mix of culture. I have faith in the people of Allentown. Most of the people who live and work here, they own the business. If you work 16 hours a day at something, you're going to be successful."

Especially his tenants. "I only provide space. They are the real developers. They determine which way the building goes."

And which way will Allentown's value investor go next? "I'm always looking for new commercial properties. I'm looking for hidden gems."

And monuments to the entrepreneurial spirit.

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