

# Investor sees potential in center that was one of St. Louis' most delinquent properties

By [Steph Kukuljan](#) – Reporter, St. Louis Business Journal  
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Village Square Center in Hazelwood spans nearly 22 acres, is about 40 percent occupied and was last renovated in 2006.

Appraised for \$4.2 million and owing more than \$18 million on its mortgage, the center was named one of St. Louis' most delinquent properties at the end of last year by data analytics firm Trepp.

And for Somera Road Inc. the dilapidated mixed-use development ticked all of its boxes.

The New York-based commercial estate investment firm targets value-add, opportunistic acquisitions. Over the past three years, Somera Road has invested nearly \$1 billion in 9.5 million square feet across the U.S., including in Kansas City, Indianapolis and Memphis. Property types under Somera range from industrial to student housing, said founder and Managing Principal [Ian Ross](#).

Of particular interest are properties distressed due to bankruptcy, partnership disputes, and in the case of Village Square Center, loan defaults.

"We take a very active asset management approach to turn the lights back on," Ross told the *Business Journal*.

Built in 1965 as a retail destination for north St. Louis County, Village Square was converted into an office park in 1998. Cash flow issues led the loan to be transferred to a special servicer in 2010 and a foreclosure followed in 2012. The property's appraised value fell 84 percent over a 12-year period to \$4.2 million at its most recent appraisal in May 2018, according to Trepp. (Several free-standing buildings at Village Square are not part of the loan's collateral, Trepp added.)

Its position along one of the most traveled corridors in the region at Lindbergh Boulevard and Interstate 270, proximity to office development near St. Louis Lambert International Airport and such long-term tenants Convergys Corp. and Concentra Health made Village Square the right opportunity, Ross said.

Somera Road bought the property at auction for an undisclosed price and closed on the deal in mid-December.

"The optionality with regards to its existing bones, as well as the magnitude of the physical dirt, provides a lot of options," Ross said.

Somera is working with the city of Hazelwood, which commissioned a [market study in 2016](#), on the best options for redevelopment. The firm's managing director, [Fergus Campbell](#), and senior associate, [Michael Ervolina](#), met with City Manager [Matt Zimmerman](#) and Community & Economic Development Coordinator [Becky Ahlvin](#) as recently as last week. Somera has also met with architects and brokers from such firms as CBRE, Colliers, Balke Brown Transwestern and L3 Corp.

It's early to project when residents and commuters could see progress at Village Square, Ross said, but he added that "we want to embrace what's good about the property."

"It has excellent tenants already. We want to make it an even better working environment."

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