

Fall 2008 Real Estate: From New York City to Harrisburg: Companies eye small-city projects

By **Jessica Bair**

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One snowy day in early 2006, John Traynor and his business partners discovered Harrisburg. The New York City residents were in search of a good meal during their drive home from Pittsburgh. They turned off the highway and followed signs into the city.

"There was something that attracted us to it," Traynor said.

The group ended up dining at Mangia Qui along North Second Street and thoroughly enjoyed the experience. After finishing their meal, they returned to the Big Apple to do some research on their newfound city.

Over the next several months, Traynor and his partners - Gary Bartlett and Chuck London - purchased Harrisburg houses on North 17th Street and North Second Street before finding the structure at 1110 N. Third St. They learned that the Police Athletic League Building had sat empty for 28 years.

A limited liability company named Bartlett, Traynor and London was formed after the trio decided to purchase the building and renovate it into the Harrisburg Midtown Arts Center.

The complex will include a full-service café, a gallery, art studios, a swimming pool, a 10,000-square-foot theater and a 3,500-square-foot theater.

"Instead of trying to change it, why not just restore it and use it for what it initially was designed for: a community center?" Traynor said. "We approached (Harrisburg) Mayor (Stephen) Reed, told him our ideas, and he was 100 percent supportive. That really makes a difference."

The building originally served as the first Jewish Community Center of Harrisburg. The New York City investors purchased the building in November 2007 and are investing about \$1.2 million to renovate it. Work began in May and should be completed by the end of the year, Traynor said.

"It's a project that we're doing because we feel passionate about the arts," he said.

Bartlett, Traynor and London is one of many firms that have begun to consider cities like Harrisburg for development opportunities, said Edward Nielsen, director of Harrisburg's Office of Economic Development and Special Projects.

The trend has surfaced gradually over the past few years due to common issues found in larger cities, including a lack of available space, traffic congestion, limited workforce availability, a high cost of living and a high cost of doing business, Nielsen said.

Some of the increased interest in the midstate is due to initiatives spearheaded by community leaders, but it also is a result of the saturation of large metropolitan areas within the Interstate 95 corridor between Boston and Richmond, Va., Nielsen said.

"This office probably fields three to five inquiries a week from outside search and consulting firms representing a wide variety of clients looking to establish a presence in or re-locate to the city or region," he said. "There is probably no area in Pennsylvania or the region that is so dramatically evolving as Harrisburg and Central PA."

Harrisburg's location attracts various industries because of the easy access to many large cities along the East Coast, said Shaun Donovan, economic-development specialist for the Harrisburg Regional Chamber & Capital Region Economic Development Corp. The cost of living and commercial rental rates also are lower, making properties more attainable for a development firm, he said.

"We have been fortunate here that though we have seen some rise in economic indicators such as unemployment, our rate here in the Harrisburg area has remained well below the state and national averages," Donovan said. "Having

companies want to come here and having this be a competitive region should continue to keep our economy moving forward."

Not only have Traynor and Bartlett invested in commercial space in Harrisburg, the two also have purchased residential real estate and relocated from New York City to the midstate. London also plans to move to Harrisburg, Traynor said.

"Harrisburg is really undervalued, in my opinion," he said. "Even in this market, there are still opportunities in real estate and to invest long term at a relatively low cost."

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