

## Downtown Houston post office up for sale

By NANCY SARNOFF Copyright 2009 Houston Chronicle

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Steve Campbell Chronicle

Boyd Brown uses an ATM at the post office on Franklin.

For decades, Houstonians have mailed holiday packages and lined up to drop off their taxes on April 15 at the downtown post office on Franklin Street.

In an earlier time, they picked up friends and relatives arriving by train at the site, which once housed the Southern Pacific rail station.

Now, the storied property is facing a new future.

The U.S. Postal Service put the 16.3-acre site up for sale Wednesday.

Real estate experts and downtown boosters envision the property being redeveloped into a number of uses. They include a public park that would reduce floodwater impact on the bayous and downtown; an outdoor amphitheater for festivals and performances; and a mixed-use development with housing, a hotel and entertainment venues.

"It would be iconic for the city," said Mark Cover, an executive vice president with Houston-based Hines, a real estate firm.

But the process by which the Postal Service is marketing the site comes with conditions.

The downtown operation at 401 Franklin processes all incoming and outgoing mail for the city of Houston.

Whoever buys the property would have to provide another processing, distribution and administrative facility within the city.

The buyer also would have to provide a replacement retail and post office box location near the downtown site where consumers can mail packages and buy stamps.

"This is a project that, at its heart, is about improving efficiencies and having a more attractive retail location for our lobby customers," said regional spokesman Dave Lewin.

It's also an effort to operate more profitably in a challenging economy.

The Postal Service said last month it was unloading as many as 200 properties across the country to offset some of its huge financial losses. The recession and plunging mail volumes contributed to a \$2.8 billion loss for the agency last year.

In Houston, two Inner Loop locations went on the block through a similar process requiring the buyer to provide replacement retail space.

Lewin would not provide updates on those properties. He said an announcement would be made if a sale occurs or if the process did not result in a transaction.

The Postal Service will review any offers submitted for the downtown post office after April 30, when the bids are due. It will seek public input if it moves forward toward a sale on any of the properties.

The agency's Southwest Area Facilities Service Office, which

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announced the plan, said it has not put a price tag on the property. And if it doesn't receive an offer that meets its requirements, it will continue to occupy the site, Lewin said.

"We've had several unsolicited offers for the property, so we know that there's interest," he said.

But if the Postal Service wants top dollar, its timing could be off.

The credit crunch has caused the number of real estate transactions to plunge. That's made it difficult to value properties, too.

Cover said the property's value is in the land, because the 516,978-square-foot facility has a very specific use.

The site could have sold for more than \$35 million, or \$50 per square foot, two years ago, "but I have no idea today," Cover said. "Lending on land is essentially completely unavailable nationwide today."

And any move to tear down the building could rattle preservationists who say Houston has lost too many of its historical or architecturally significant buildings.

Stephen Fox, a Houston architectural historian and fellow of the Anchorage Foundation of Texas, called the downtown post office a "distinguished work of 1960s modern architecture by an important Houston architecture firm."

That firm, Wilson, Morris, Crain & Anderson, designed or had a hand in downtown skyscrapers, the former Houston Post building on the Southwest Freeway and even the Astrodome. The post office was one of the firm's first big public commissions in Houston, Fox said.

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