

Balke Brown Transwestern: Filling a need in St. Louis' underserved multi-family market

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by **Dan Rafter**

Steve Brown, chief executive officer of St. Louis-based Balke Brown Transwestern, is the father of four members of Generation Y, those young adults born in the early 1980s through the early 2000s.

He knows that his children prefer the flexibility of renting to the long stream of mortgage payments that comes with owning a home.

And Brown's four Gen-Y members are hardly alone. A growing number of young adults would rather rent. And that's good news for commercial real estate companies working in the still-thriving multi-family market.

"The demand for multi-family is strong," Brown said. "Gen-Y buyers want more flexibility. They are not ready to settle down, buy a home and be planted for the next 10 years."

The only challenge? There aren't enough new multi-family projects in the Midwest for these buyers.

As Brown says, too many developers and investors ignore the Midwest, instead focusing their efforts on the coasts. While this causes problems for renters who want modern apartment buildings with high-end amenities, it does bring opportunities for developers who are willing to bring new multi-family projects to Midwestern buyers.

Like Balke Brown Transwestern. The company delivered a \$30 million multi-family project to St. Louis in 2011. It's delivering a \$42 million multi-family project here at the end of this year. And it boasts two other multi-family projects in its pipeline.

The projects are needed. Brown said that in a typical year St. Louis adds no more than 500 multi-family units to its stock. That's far lower than the demand, Brown said.

"People think of St. Louis as a small city," Brown said. "But we have 2.8 million people living in our MSA. It is a relatively large market. The stock of multi-family buildings here is old."

Brown points to Chesterfield, a suburban area of St. Louis that is seeing steady retail growth. Two national retailers are building outlet malls here. Several companies operate headquarters here. But the last multi-family project in Chesterfield? It was built more than 30 years ago.

In January of 2014, residents will be able to move into Balke Brown Transwestern's Cortona at Forest Park, a new 278-unit five-story apartment building located near St. Louis' busy Forest Park. The building will feature a 7,000-square-foot clubhouse and units boasting high-end finishes. There's a quarter-acre courtyard that includes a three-level pool, outdoor kitchen and fire pit.

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