



DRURY ALAMO - SAN ANTONIO, TEXAS

Developer/Sponsor

Alamo National Bank Building Development Partnership, L.P.

Project Type

Redevelopment of the Alamo National Bank building



Square Footage

237,000 square feet

Investment

\$25 million

Description

The Drury Alamo project will involve the rehabilitation of the 25-story Alamo National Bank Building in downtown San Antonio. A historic landmark, the 237,000 square foot building was constructed in 1929 and currently houses the downtown office of Bank One. The first phase consists of rehabilitating the existing building from an office building into the 305-room Drury Plaza River Walk Hotel and River Walk restaurants. The site is located on South St. Mary's Street, between Commerce and Market streets, along the San Antonio River. The site will include an extension of the existing San Antonio Riverwalk, a bustling

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pedestrian retail, food and beverage, and entertainment corridor. This extension is important to the city because it allows for the completion of the inner portion of River Walk pedestrian walkway per the city's master plan.

Investment Type

Funding for the Drury Alamo project is the result of an innovative financing structure created by U.S. Bank and Enterprise. Financing for the project will benefit from federal Historic Tax Credits and federal New Markets Tax Credits. U.S. Bank and a Drury affiliate are investing a total of \$32 million of equity and debt capital in an investment fund. The fund will then invest this capital into two Community Development Entities (CDEs). The CDEs will provide Historic Tax Credit equity, a second mortgage and a third mortgage to the borrower.

Market

The San Antonio metropolitan area is comprised of several counties in southern Texas and is the eighth-largest city in the United States. While the San Antonio metropolitan area has experienced significant growth over the years, the area is known for its sense of history and tradition. The San Antonio MSA maintains a diverse economic base, relying on a wide range of industries such as healthcare, tourism and the military bases in the area. The Riverwalk is considered one of San Antonio's top attractions, thus the hotel's location is considered highly advantageous. From an accessibility and visibility standpoint, the hotel will maintain a superior location as compared to those not located along the Riverwalk. The Riverwalk is one of the most dynamic tourist attractions in the entire state of Texas, bringing nearly \$800 million a year to the local economy and attracting close to seven million visitors per year.

Community Impact

Downtown San Antonio is a low-income area and is home to a federal Empowerment Zone. The National Bank Building is largely vacant and therefore underutilized. The redeveloped hotel, along with the rehabilitation of the nearby Aztec Theater (Drury Southwest is acting as construction manager for this job), will be a vital anchor to redevelop the surrounding area.

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Developer

The Alamo National Bank Building Development Partnership, L.P. is a single-asset subsidiary of Drury Southwest, a family-owned company based outside St. Louis, Mo. Drury Southwest, together with its affiliate, Drury Hotels, was established in the 1940s as a plastering company. Drury Southwest Inc. was formed in 1986 and employs approximately 150 employees. Drury operates 105 hotels in 17 states. Drury has a successful track record in all aspects of hotel design, construction and management. Its facilities are known for their exceptionally high quality of construction.

Investor

U.S. Bancorp Community Development Corporation, with assets of nearly \$1.4 billion, is one of the largest New Markets Tax Credit investors in the country. It also makes equity investments in low-income housing and historic tax credits in exchange for tax benefits and CRA investment credit usable by U.S. Bank. Both are subsidiaries of U.S. Bancorp (NYSE: USB), with assets of \$195 billion, the sixth largest financial services holding company in the United States. The company provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. [U.S. Bancorp](#) is the parent company of U.S. Bank.