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Pavilion bowing out

Mall will come down, with plans for new outdoor shopping center, hotel and residential high-rise

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Ed Wulfe, the Houston developer known for reviving such failing retail centers as Meyerland Plaza and Gulfgate Mall, has purchased the Pavilion on Post Oak with another grand plan in mind.

The mall that once housed a Saks Fifth Avenue department store, along with an adjacent retail center, will be demolished to clear 21 acres of land just north of the Galleria for what could include a new outdoor shopping center, a residential high-rise and a hotel.

"This will change the landscape of the Post Oak/Uptown area," Wulfe said.

Wulfe, president of realty firm Wulfe & Co., purchased the Pavilion from the Radler Limited Partnership. The sales price was not disclosed, but real estate sources figure the property is worth more than \$50 per square foot, or more than \$28 million.

He and his partner, Bob Sellingsloh, who also bought an adjacent strip center last year that's home to Cafe Annie and Eatzi's, are still working out the details.

The redeveloped property near the corner of San Felipe and Post Oak Boulevard could include up to 400,000 square feet of shops and restaurants developed by Wulfe. The company will likely sell remaining parcels to developers to build several hundred high-rise residential units, a hotel, four-story apartments and brownstones.

As the developer, Wulfe will have architectural control over the project, which is expected to start next year. He hopes the current tenants will relocate to the new development.

Wulfe plans to coordinate the construction schedule so tenants won't suffer while the project is being built.

Lonnie Schiller, of Schiller Del Grande Restaurant Group, which owns Cafe Annie, said he expects to remain.

"We're pretty excited about the redo of the center," he said.

"It's certainly one of the best corners in the city, if not the best," he added.

Growth in Uptown

Wulfe knows the Pavilion property inside and out.

Several years ago, his real estate brokerage firm was enlisted to sell the long-struggling retail center for its owner.

Wulfe said it never sold because market conditions were much weaker then. Things have changed in the past few years, with a startling growth spurt of new condominiums, luxury apartments and high-end retail shops in Uptown.

"None of that was in place in 2000," Wulfe said.

Not Rodeo Drive

Built in 1972 for a Saks Fifth Avenue department store, the Pavilion never lived up to its potential as the kind of place that could fit in on Rodeo Drive.

In an effort to revamp the property, it was renovated and expanded in 1988 to include more designer retailers.

But the project suffered during the savings and loan debacle. In 1995, lenders foreclosed on the property and Radler purchased it.

The property endured another blow when Saks Fifth Avenue relocated to the Galleria in 1997.

Handful of shops

Now, the 286,000-square-foot Pavilion has but a handful of tenants.

"It never seemed to recover," said John Breeding, president of the Uptown Houston District.

Hermès, the Paris fashion house that sells high-priced ties and scarves, has been a tenant in the Pavilion for almost 20 years.

"As we watched everybody around us move out, we decided to stay put," said Bob Chavez, president and CEO of Hermès.

Because of its loyal following of customers, Hermès was able to stay in the moribund center because of its prime location.

But the prospect of being part of a larger project has certain appeal.

"We'll only have tremendous upside," Chavez said.