

## Doing it the St. John way

Looking back, Edward St. John calls the June 2009 move to take over for a struggling developer outside the gates of Aberdeen Proving Ground a colossal risk.

"It was just like going to Las Vegas and putting up \$2 million on a roulette wheel," he said of St. John Properties Inc. stepping in for Opus East LLC a month before Opus filed for bankruptcy as the recession's grip tightened. "It was that kind of gamble."

Two years later, the Harford County development of office parks tailored for defense contractors tied to BRAC is a marquee project for St. John, chairman and founder of the company that bears his name.

Over the last 40 years, St. John Properties has built a portfolio of more than 15 million square feet of office, research, commercial and retail space in Maryland, Virginia, Wisconsin, Colorado and Louisiana.

The APG deal is a microcosm of how St. John has operated since he opened his commercial real estate company in 1971: strict, serious and self-effacing.

A 1955 graduate of Mount Saint Joseph High School, the 73-year-old St. John puts a Baltimore spin on his hybrid personality, which is part Donald Trump, part Warren Buffett and part Archie Bunker.

"We're not in the business to make money, we're in the business to grow wealth," he said. "And the only way you grow wealth is to build a building and keep leasing it. If you build a building and sell it, first of all, you send half of the money to Uncle Sam in the form of taxes, and what do you do with the rest of the money? Invest it in the stock market and watch it go down."

At Government and Technology Enterprise at Aberdeen Proving Ground, St. John Properties has developed more than 200,000 square feet of private flex and office space with another 75,000 square feet in the works.

St. John says the project will eventually contain 1.5 million square feet as up to 18,000 private, military-related jobs migrate there to support military functions moved to APG as a result of BRAC.

Taking over the Opus project, which had also drawn interest from Manekin LLC and Corporate Office Properties Trust, was a 60-day marathon deal for St. John — a pace almost unheard of in the Army, whose unofficial motto is "Hurry up and wait."

"I thought dealing with the states and dealing with the counties was tough," he said. "Dealing with the Army — we can't find a person there to make a decision. It's very interesting. They can fight wars, but they don't know anything about real estate. And then you layer the Penta-



Edward St. John

gon on top of APG and it becomes really fun."

The project had already started when Opus recruited St. John to take over while the Rockville-based company was tanking. The U.S. Army Corps of Engineers approved the transition and required St. John to put up \$2 million in cash to seal the deal.

"It was a big jump, but Opus did have one building up and it did have some roads up, so I could see what this could be," St. John said. "It was, take the risk and the possibility you could lose the \$2 million, but ... we got the \$2 million back. It's a nice little project."

### The St. John way

St. John describes his style as quiet and conservative. At the company's skybox at M&T Bank Stadium, he is reticent even during raucous Ravens games.

This year, he gave up the title of president and CEO at St. John Properties and became chairman.

Called upon for advice from close friends including bakery magnate and developer John Paterakis and builder Willard Hackerman, he says he always tells it like it is.

He advised Paterakis not to build the luxury Four Seasons Hotel, which opened Nov. 14 in Harbor East, because the numbers didn't look strong enough on the spreadsheet.

"He called me up on the \$600 million project and told me, 'I can borrow \$450 million. Will you come down and look at the numbers?'" St. John said. "I went back to see John and told him, 'You're \$130 million short — and \$60 million of that is your profit.' I said I wouldn't do it — 'John, why do you want to put \$60 million of your money into this project?'"

St. John is a fitness buff who works out at least an hour each day. He takes 20 different vitamins daily — and offers free vitamins and electric toothbrushes to all of his employees.

“I believe the electric toothbrush is one of the greatest inventions in recent years,” St. John said.

He encourages St. John Properties employees to use a 10,000-square-foot gym at the company’s headquarters near Security Square Mall.

“It helps with the employees, it keeps them very clear,” he said of the workouts that go on throughout the day. “There’s no question, when you’re feeling good . . . it keeps you clear. We also have a physical therapist that comes in twice a month and we have a room set up there, and she makes your aches and pains go away.”

Senior vice presidents at St. John Properties dress for success each day, just like the boss. They are required to wear starched shirts, stylish ties and suits daily. As a perk, they drive Mercedes S Class sedans.

It’s all part of the St. John image.

“We have a philosophy: You get one chance to make a first impression,” St. John said. “When our guys go out and say, ‘Yes, sir, we can spend \$150,000 on [site preparation] and we can get you in that building in 45 days,’ I want them to look like they can do it.

“Not sitting there in a golf shirt and driving a station wagon with three kiddie seats in the back. I want them to look like they can do it.”

St. John said the metropolitan growth areas remain Anne Arundel, Howard and Baltimore counties, where many of his projects are located. He adamantly rejects developing in Baltimore City.

“It’s too difficult,” he said. “I describe developing in the city as like hitting your head against the wall so when you stop, it feels good. The neighbors tell you what you’re going to build, the bureaucrats tell you what you’re going to build, and it’s too difficult, and there’s very little parking. There’s congestion, there’s crime and the taxes are double the county taxes. We don’t do projects that are painful and difficult . . . it’s just too difficult to develop in the city.”

As for his business forecast for the next five years, St. John said he is skeptical.

“You tell me who the next president is going to be and I’ll tell you. It’s that simple,” he said. “We have a socialist for a president.”

## The legacy

St. John recently entered the big leagues of personal philanthropy.

Last month, he announced a \$10 million gift to the University of Maryland, College Park to help build the first new classroom building there in 50 years. It will serve 10,000 students daily. St. John graduated from the university in 1961 with a degree in engineering.

The high-tech Edward St. John Learning and Teaching Center will be built, in part, with the gift from St. John’s personal funds, even though

the company has established the Edward St. John Foundation Inc. The foundation has already given \$43 million in donations.

“The legacy I want to leave is education,” St. John said. “I feel education is going to change lives. Not welfare, not unemployment and not give-away programs.”

He said university officials first asked him to donate up to \$30 million for the \$63 million building five years ago, but scaled back their request last year and even pitched a naming option.

He was moved to act after a visit from President Wallace D. Loh last year.

“He came to see me two months before he was officially the president and told me the story about how his family officially owned four square blocks of downtown Shanghai before the [Chinese] revolution occurred,” St. John recalled. “And when the revolution occurred, they got out with the clothes on their back and not much more and they went to South America, and then they decided when he was 15 or 16 that he should come up here and go to school.

“When he got here, he had \$75 in his pocket and couldn’t speak English. And now he’s president of the university and has all kinds of degrees. He was fascinating. Just listening to him and listening to his vision for the University of Maryland. He never asked me for a penny. He just left.”

Shortly after that, St. John said he got a call from a development director at the university that set the gift into motion. But there are still outstanding caveats, he said.

“We put a lot of requirements on the money,” he said. “It was not ‘Here’s \$10 million.’ It was ‘You have to raise \$10 million more on your own and prove you’ve raised it. You have to get \$52 or \$53 million from the state and prove that it’s funded,’ not ‘Yes, you’ve got it and next year’s budget cuts it off. You have to get it funded.’ And then we give them the money as they build the building.

“I don’t want to hand them \$10 million and find out they spent it on schoolbooks or endowing a seat or something.”

## The philosophy

St. John said his early ambition was to be an Air Force test pilot. But that fizzled when he chose to take over his family’s real estate business once he graduated from college.

Among his first projects after forming his company was to develop an office park in Columbia. A helicopter ride with Rouse Company officials nearly squelched the deal, though.

“All I saw was cows walking around,” he said of the then-rural Howard County farmland. “And I said, ‘You people are crazy.’”

Then, on a map, he saw Interstate 95 and Route 32 nearby and realized the potential for growth. He bought in — and the rest is history.

“We will be the first into an area,” he said. “Others will tell you that we walk where angels fear to tread.”

Four decades later, he adds: “Our philosophy is still the same: Find a good location, build a building and lease it.”