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How Ed Walker is Remaking our City

by Rob Johnson. Photos by Brett Winter Lemon.

The man behind the Cotton Mill apartments, the rehabbed Patrick Henry Hotel as well as several projects of positive community change deflects much of the credit to those who work with him, who in turn laud their boss's inclusiveness.



Ed Walker, far right, stands with his team at the newest CityWorks site - the Ice House, along the Roanoke River in Wasena. From left: Nathan Vaught, Cooper Youell, Scott Boswell, George Stanley (kneeling), and Danny George.

He just looks too young to be the leading developer in downtown Roanoke. That big-haired, boyish-looking guy in shirtsleeves is the man behind some 17 projects resulting in 575,000 square feet of refurbished space?

Yes, Ed Walker is that guy. The wave of his real estate redevelopments has transformed blight, disrepair and shabbiness from Jefferson Street to the West End, from Campbell Avenue to the heart of Grandin Village.

He's an ex-lawyer who successfully combines the gift of gab, a nose for marketable nostalgia and a knack for turning neglected structures into profit centers. He has won a following of bankers and government lenders at the Virginia Housing Development Authority to the tune of about \$85 million in financing since 2002. Those first 17 projects, including apartments and condominiums, now house about 350 residents, and have scored profits boasting double-digit margins.

And for perspective on that total of 575,000 square feet of re-done residential and commercial space: That's an area more than twice as big as the interior of Roanoke's tallest building, the 21-floor Wells Fargo Tower.

What's more, Walker's real estate makeover momentum has continued during a time of sustained economic downturn nationally and while commercial property vacancies in downtown Roanoke have increased. Does all this mean Walker is some sort of magic-fingered E.T. figure? Consider:

- The 108 units of his Cotton Mill apartments, crafted out of the long-deserted Virginia Mills Building at the heretofore lonesome western end of downtown, are all filled, at rental rates that are typically more than \$900 a month.
- The moribund Patrick Henry Hotel has been reborn under his hand, with a base of 50 guaranteed-rented apartments from the Jefferson College of Health Sciences providing a strong launch toward filling all 134 units.
- The 15 luxury condominiums on the upper floors of the Colonial American National Bank Building, which Walker purchased for \$1.4 million in 2004, have sold for prices such as the \$999,887 that retired banker Warner Dalhouse paid for his.

Those and other commercial successes are only part of the high-profile Roanoke presence for the 44-year-old Walker. Along with his commercial career, Walker has established an endearing altruistic track record. For example, he played a leadership role in salvaging the Grandin Theatre as general counsel and president of the foundation that raised funds to reopen the movie house in 2002.

Further, he founded the nonprofit Downtown Music Lab in 1999, which provides an after-school haven for teens to play and record music. And Walker bought a small lot on Memorial Avenue near Grandin Village that he turned into a public playground, called Tarpley Park. He has recently purchased another plot across the street that may become a second park.



Ed Walker chats with Patrick Henry Hotel GM Michelle Rose, who characterizes him as “a gentleman who doesn’t have to take credit for everything.”

What’s his secret? No, he didn’t arrive in a spaceship with abilities to heal. Yet one of his major attributes is a bit E.T.-like: personal warmth. It’s on display at the renovated 1925 vintage Patrick Henry, a downtown landmark which Walker reopened as an upscale apartment complex earlier this year, after it had endured eyesore status and been closed since 2007. He installed a large wall plaque in the lobby that cites the inspiration, energies and support of everyone from Valley Bank to plumbers to his wife, Katherine.

The monument speaks volumes about who Ed Walker is:

“This project is dedicated to those who built the Patrick Henry, who cared for it across the decades, who loved and used it through good times and bad; and to the hundreds of diverse professionals who labored on site and in their offices to bring the Patrick Henry back to life in 2011.”

Danny George, a supervisor on Walker’s construction contracting crew, says of the recognition, “That’s Ed. He didn’t have to do that.”

Michelle Rose, the Patrick Henry’s operations manager, who screens tenant applications there and at other Walker properties, puts it this way: “One reason I like working for Ed is that he’s a gentleman who doesn’t have to take credit for everything.”

That strong loyalty to Walker seems common among his employees and associates. They speak of him warmly and in almost reverential tones, treating him as a kind of treasure who’s special in his field. And Walker is inarguably unusual for a real estate developer – a label sometimes associated more with profits than with principles. But Walker’s brand of development isn’t of the strip shopping center or suburban-sprawl housing varieties.

He longs to fix up memorable buildings that have a story in which he gets to spin the latest scene. The Walker brain trust – his inner circle of confidants – is also in essence a heart trust, sharing values and views of the world as they yearn for it to be.

Yet while Walker is community-minded and idealistic, he makes no pretense in an interview about the realities of his business: He needs a solid return on his investments to survive and he’s well aware of competition from developers and landlords with less romantic standards.

On a walk-about interview in a decrepit apartment building he’s renovating on Day Avenue in the Old Southwest area, Walker explains his strategy there: “We’re asking whether community-minded stewardship capital can stand in the shoes of slumlords to replace them and the negative consequences of their ways of doing commerce with something that’s more positive and provides clean, safe, affordable housing for a reasonable rate of return.”

Translation: Even nice guys can’t run in the red. His profit margin target is at least 10 percent, he says without equivocation.

To be sure, Walker has had to weave his way through the economic thorns that pierced the pockets of many developers in recent years. His timing has been fortunate and smart. For example, he focused on preparing pricey condominiums before the recession eroded that once-booming market. But by the

time the housing resale market collapsed in 2008, he was focusing on rehabs that offer rental apartments, which are in demand.

Meanwhile, Walker has given a rejuvenating momentum to downtown Roanoke. Other developers such as Walker protégé Lucas Thornton have landed on the historic rehab front to open new apartments this past summer. And Meridium Inc. unveiled its \$5 million redo of the former Mostly Sofas store earlier this year as the burgeoning software company's new international headquarters. Lisa Soltis, an economic development specialist for the City of Roanoke says, "There's a lot going on in downtown and Ed Walker's impact is everywhere."



Walker's \$10 million rehab of the old Grand Piano Building resulted in 58 apartments.

Walker is an unpretentious man who shuns neckties and formalities. His thick hair and Kennedyesque face make him mistakable for a man in his late twenties. On summer evenings, he can sometimes be seen downtown accompanying his sons on bicycle rides. Informality is a Walker trademark: He doesn't employ a publicist, although he's wary of the media and resistant to interviews that focus on him.

Educated as an attorney at the Washington & Lee University School of Law, Walker acknowledges that his abilities might be marketed with less risk in that profession. But he has long had an entrepreneurial itch, and a yearning for career independence, both of which he thought might be satisfied in redeveloping forlorn structures in areas of Roanoke with which he felt both familiarity and a kindred spirit.

Besides, no other area of business beckoned, although he considered several, but eliminated most because of their day-to-day operational demands. Yet as an aspiring real estate entrepreneur, he started at square one. "I didn't know anything about it. I bought several books to read, including a dictionary of real estate terms."

If he could master the learning curve, he thought, redeveloping property in his hometown could offer a mission, and maybe, good money.

"This is just what I want to do," he says. "I'm very lucky to have been able to craft a work life and a way of life that I can't separate from me as a person."

Thus he switched from practicing civil law, which he did for five years, to real estate revitalization in part because he simply finds the work more interesting than writing legal briefs. Moreover, he can pick his own battles, instead of having to carry the banner for clients. “It’s really about calendar control, being able to do more of what challenges me personally.”

The chance to be an agent of change for community good has become, he says, “the core of my life’s work. It turns out that real estate development is a really efficient and effective way to create change with the least amount of resistance. I could start a neighborhood group focused only on advocacy and work like crazy and get absolutely nowhere.”

Walker’s touch with property may yet play a role in the future of the disastrous Ukrop’s chapter on Franklin Road. The short-lived supermarket closed amid the recession in 2009 and the project’s lender, Valley Bank, reluctantly bought the property at auction in 2010.

Valley Bank is now trying to sell the empty Ukrop’s or come up with a new idea for the structure’s use. Among those quietly consulted is Walker, an occasional borrower of short-term construction financing from the bank who was named a paid outside director of the institution in 2007. As a director he receives \$15,750 a year for a part-time job that consists of attending periodic board meetings and offering his opinions on such subjects as loan candidates; he didn’t start in time to consider the Painter transaction.



The former Colonial American National Bank Building at 204 S. Jefferson is now home to 15 upscale condos.

Walker, for his part, is a big fan of Valley Bank.

“Valley Bank is as significant a part of my story as any individual colleagues,” he says. “Local capital access is a critical part of Roanoke’s path forward. They are the only bank I’ve ever worked with and I am very grateful to them.”

He adds that Valley Bank has provided his various projects with financing that totals more than \$75 million.

Thus far, says Ellis Gutshall, Valley Bank’s president and chief executive officer, Walker hasn’t solved the empty Ukrop’s problem, and shopping centers aren’t in his professional orbit. Still, Walker might well be the right person to noodle concepts for a transformation of the abandoned location.

Indeed, readers of The Roanoker magazine were seemingly on target when they voted Walker “The Biggest Brain In Town” in the May/June issue’s “Best of Roanoke” reader poll.

Walker is uncomfortable with the recognition, calling it “off base.” He adds, “Am I curious? Yes. Willing to examine many different kinds of ideas? Yes. Willing to risk funds on investments that have a social dividend, as well as a financial return? Definitely. The smartest guy in town? Not by a long shot.”

Nevertheless, Walker’s celebrity elevates him to a place “in the tradition of the enlightened middle class” hereabout, says George Kegley, editor of publications of the Historical Society of Western Virginia. Kegley says Walker follows a cultural path previously taken by the likes of the late George B. Cartledge Sr., founder of Grand Home Furnishings, whose legendary business acumen was more than matched in the public eye by his benevolence. Cartledge’s legacy includes the Grand Happiness Foundation, which in 2011 provided tens of thousands of dollars to community groups in Roanoke and as far away as Beckley, W.Va.

The families of Walker and his wife, Katherine, have high profiles in civic activity. For example, Walker’s grandfather, John, rose to national prominence in the million-member Benevolent and Protective Order of the Elks as volunteer grand exalted ruler of the group that subsidizes a range of causes from student scholarships to assistance for impoverished veterans. Katherine’s father, Heywood Fralin, a nursing home chain executive, donated more than \$15 million to help start Roanoke’s Taubman Museum of Art.



Ed Walker's projects in the Grandin Village area include the Valley Bank/former-Garland's Drug/Surf'n'Turf block on Grandin Road.

To be sure, Walker has drawn criticism as a politicker for personal gain, once in 2005 for procuring an \$880,000 interest-free loan from Roanoke City Council to help convert the Grand Piano and Furniture Co. store into 58 high-end apartments now called the Hancock Building. But Walker makes no apologies for pursuing government cooperation on projects that ultimately should have the impact of boosting surrounding property values and the city's tax base while providing jobs in a struggling economy and showing the way for other development beneficial to the overall community.

Walker is trying to generate more public discussion and wider participation in ideas that benefit the general populace in Roanoke and small cities elsewhere. In October, he was scheduled to host a series of conferences called CityWorks XPo in the City Market Building's Charter Hall. With admission fees ranging from \$175 to \$550, the XPo offered seminars and discussions with an eclectic group of noted authorities in community improvement invited from around the nation – not to mention Walker himself.

The name CityWorks turns up in several of Walker's ventures, though not in his high-profile rehabbing projects. Cooper Youell, a Roanoke attorney who handles much of Walker's legal work, and is one of his closest advisors, says that none of the CityWorks "entities are formally not-for-profit; however, none have made money and I do not imagine many, if any, will do so in the near future. These entities are part of his community entrepreneurship efforts designed to improve the overall quality of life in Roanoke both socially and commercially."

Thus making a good living and creating a better Roanoke are deliberately entwined in Walker's world. You might think of some of his companies, such as Commonwealth Capital Partners LLC and Regeneration Partners LLC, as his briefcase, crammed with contracts and leases. Separately, CityWorks is his backpack, stuffed with pursuits that, while they might eventually make money, aren't intended to throw off cash the way some of his pure business undertakings do.

For example, a Walker company called CityWorks Community Broadcasting LLC purchased struggling FM radio station 101.5, "The Music Place," for \$500,000, last February.

Walker, a fan of the station's Americana-album alternative format, with few commercials, bought the facility after brief negotiations on the telephone with previous owner Centennial Broadcasting in North Carolina. Under Centennial, the musical makeup of 101.5 was apparently destined to change. But Walker is playing the White Knight.

"Like the Patrick Henry, 101.5 is a community asset that needed local stewardship and needed to be preserved, because it plays an important role in making Roanoke a great small city," Walker says.

Tom Kennedy, the radio station's manager under Centennial, has been retained by Walker and says his new boss is working on a business plan that will maintain 101.5's character and perhaps improve its income.

"Some months we're in the black," he says, and revenue is rising. Walker has already sanctioned the hiring of two employees, raising the station's total to seven.

Walker's management style is patient listening that allows his development team room for debate. For example, during the Patrick Henry rehab, Rose requested wall paint in the 134 apartments priced at about twice the type originally planned.

The team argued back and forth as Walker sat quietly. He never referred to a calculator or scribbled numbers on paper as the discussion went on. "Ed doesn't need a calculator," says Rose. "Seriously, he is that good."



Walker protégé Lucas Thornton: "I would call him a mentor."

Walker says he couldn't be so assured if his employees and contractors weren't so competent. "They're a microcosm of the personal qualities and trust needed in any company or organization to make things work. There's a reason this development team finished the Patrick Henry seven weeks early and on budget," he says of the \$20 million job.

The enthusiasm that Walker inspires is apparent in his work crews at three apartment buildings he's rehabbing on the 600 block of Day Avenue. Cyrus Pace, director of the Jefferson Center, who lives a few houses away, says, "He's got workers on those apartments who are there at seven in the morning and busy all day."

Walker credits his contracting supervisors, rather than his personal direction. He is pouring money into the three buildings and he's proud of the change taking place.

"This was a really super unattractive structure," he says, escorting a reporter through carpenters and painters as they labor. "But there's the potential to turn a weakness into a profound strength."

He plans to charge rents that are "15 percent to 20 percent less than the market to low income people" who pass thorough background checks and possess what he calls "person quality."

That sounds great to Pace, who says his neighborhood has long been plagued by crime that he attributes to renters who aren't screened by landlords.

Can Walker make money on his Day Avenue apartments?

"We won't know for several months," he says, "but it looks pretty good on paper. I think we're going to make our goal of a 10 percent return."



Cooper Youell, right, is one of Walker's closest advisors.

Up to now, Walker is used to drawing a more affluent clientele with rehabs such as his luxury condos in the former Colonial American National Bank building and at the Cotton Mill. True, the Cotton Mill isn't aimed at the wealthy – it attracts working-class tenants that include teachers, police officers and bartenders.

Beyond the acclaim generated by his major rehab projects, they all have solid potential to accomplish his double-digit profit-margin goal.

When someone moves out of a Cotton Mill apartment, it usually doesn't stay empty for long. And while that success would be easy to take for granted now that the long-deserted former Virginia Mills Building is booming, Walker's strategy was pioneer-like.

And Walker lives where he invests, in one of the Jefferson Street condo units, valued on city tax rolls at \$1.2 million, with Katherine and their two young sons.

Walker's triumphs are inspiring a new generation of developers interested in remodeling tired parts of downtown. Lucas Thornton, a former Walker assistant, finished a \$3.5 million overhaul of what's now called Big Lick Junction, across Williamson Road from the Taubman.

"I would call him a mentor," says Thornton, 28, of Walker. The Lucas conversion is now the home of Community High School on the ground floor and 15 apartments on two upper levels.

Thornton emulated Walker's financing approach of obtaining federal and state tax credits to sell to investors who use them to reduce their government obligations. And Lucas plans more downtown building rehabs in the Walker spirit: "It's not all about money."

But he also expresses Walker's practical side: "Of course if you go broke, you can't do anything."

Walker Timeline

1967: Born, Roanoke, Va.

1985: Graduates from Episcopal High School, Alexandria

1990: Bachelor of Arts, Major in U.S. History, University of North Carolina

1990-1993: Art dealer in Europe and Southeastern U.S.

1995: Marries Katherine Fralin

1996: Juris Doctor, Washington & Lee University School of Law

1996-2002: Civil attorney at Mundy, Rogers & Frith

1999: Founds Downtown Music Lab.

2000: Son born; Jackson

2002: Son born; Finn

2002: Donates Tarpley Park, small Grandin area public park (Purchased land for \$78,000.)

2002: Leaves law practice for full-time work in real estate redevelopment

2002: Village Grill transformation of abandoned gas station. (Purchased for \$90,000.)

2003: 204 Jefferson Street Building; 15 condos in former Colonial American National Bank Building. (\$10 million project.)

2004: Hancock Building; 58 apartments that rent from \$650 to \$1,500 monthly in former Grand Piano & Furniture Building. (\$10 million project.)

2005: The Cotton Mill; 108 apartments that rent from \$500 to \$1,325 monthly in former Virginia Mills Building. (\$13 million project.)

2007: Appointed to board of directors, Valley Bank

2011: Patrick Henry Apartments completed; 134 apartments that rent from \$500 to \$1,200 monthly in former Patrick Henry Hotel. (\$20 million project.)

2013: (Planned.) The River House Apartments; 100 rental apartments and unspecified commercial space in Wasena area's former Ice House building. (Purchased for \$441,000.)

Sources: Ed Walker and public records.

Early Ed Walker: The Dumpster Misstep

Knowing that Ed Walker is a third-generation attorney and married to the daughter of one of Roanoke's wealthiest businessmen, it might be natural to think he started in real estate development with a silver spoon in his mouth.

Actually, he had a nail in his foot.

The injury came in 2002 after Walker made his first investment, with a \$90,000 bank loan, in a defunct service station at the edge of Grandin Village that's now known as the Village Grill.

The wound happened because he had to personally do some of the initial cleanup of the building. "There were hundreds and hundreds of old tires and other trash," says Walker, and his budget didn't include help to remove the refuse.

"There was no money. Zero money. I think I made \$32,000 a year," as a then 33-year-old civil attorney, he recalls.

That's not to say that he hasn't had the support of "parents and family" over the years that, among other things, provided him with a first-rate education, name recognition and prospective business contacts, all of which he readily acknowledges: "I'm grateful every single day and I can't separate the work that we do from the support they've lent in every imaginable way."

But the startup of his development career was, he says, "very humble." Indeed, Walker got his hands dirty and a foot bloodied. "I was just over there" at the ex-gas station "doing what I could. I filled up the construction dumpsters."

That's when he stepped on a nail and had to get a tetanus shot.

Since then, his road to fame and fortune as downtown Roanoke's highest profile developer hasn't had a major misstep. –RJ

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