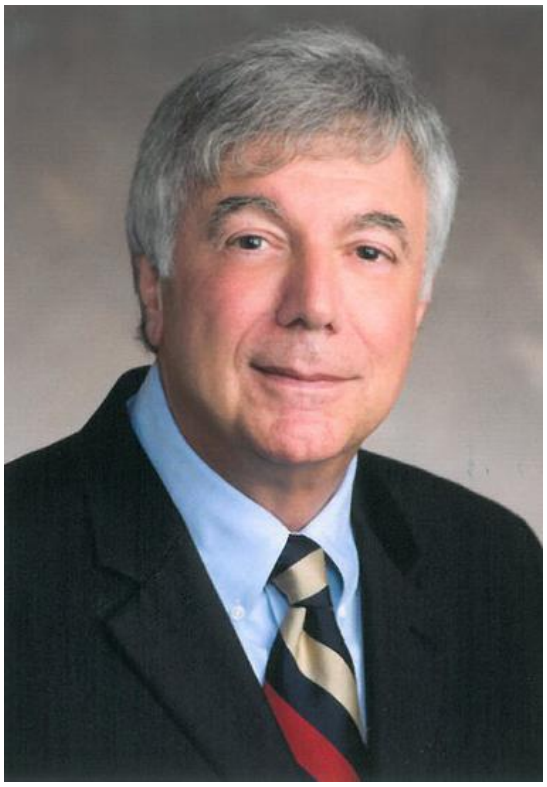
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'Damn Yankee' pioneer of Birmingham downtown revival shares how city overcame race fears to rebound

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John Lauriello

John Lauriello remembers when he was considered the dumbest SOB alive in Birmingham.

That wasn't too long after the native of Amsterdam, N.Y., an old mill town upstate founded by the Dutch in the 1600s, was called a damn Yankee by other members of the then male-only YMCA downtown.

Lauriello didn't know why he was a damn Yankee, rather than just a Yankee, so he asked.

"'Because you stayed,' they told me," he said, with a laugh. "'Yankees come here and leave. Damn Yankees stay.'"

And those were his friends. Or colleagues, at least. They were business leaders, doctors, lawyers ("It was a who's who of Birmingham, Lauriello says. "Some of them you liked, some of them, you didn't.") who regularly congregated in the Y's gym, pool and steam room even after many of their businesses--along with most whites in the city--fled downtown in the wake of the racial turmoil of the 1960s.

Downtown Birmingham in the 1970s and early 1980s was so desolate each evening, in fact, a local radio show regularly touted: "Will the last person to leave Birmingham, please turn out the lights?!"

So you see why Lauriello's intelligence was questioned when he began suggesting to friends and colleagues, maybe one day in the Y's steam room, that they should consider buying and restoring some of the downtown buildings that were old, abandoned and, in some cases, this close to collapsing.

That's, he was told, just plain dumb.

Today, Lauriello, a principal at Southpace, the state's largest commercial real estate firm, is an eyewitness, catalyst, and one of the architects of the restoration, resurgence, and resuscitation of downtown Birmingham.

After years of making money buying, renovating and selling homes in the city that had been illegally redlined by banks, he and two partners bought the Title building across the street from the Y (on what was then known as 21st Street North) in 1983.

Why? Because of a lawsuit brought against the Y due to its male-only policy, the institution was forced to build another facility next door, which Lauriello figured would attract more members. And, along with them, maybe some businesses.

"If we rehabbed the old building, I thought we could fill it," he said. "It was common sense."

The first success

They did indeed fill the Title building with business tenants--in just eight months. "And it's stayed filled for the better part of 33 years."

Lauriello launched Southpace in 1984 and persuaded a law firm to buy the Massey building across the street, which was in foreclosure. "I figured they could use two or three floors," he says. They did, he renovated it and

The firm bought the building; Lauriello renovated and managed it.

Since that start, Lauriello says he's personally done about $425 million in sales. Southpace produces about $250 million in sales annually.



Mercer and Patton Buildings on the Plaza, 2004

A lot of people deserve at least some credit for the latest renaissance of the city's once-dusty core, including Mayor William Bell, his arm-wrestling partners on the Birmingham City Council, and the city's business power brokers, who've rediscovered the downtown after decades of believing the only gold in Birmingham was over the mountain.

Yet the initial seeds for the rebirth were planted by Lauriello and other pioneering spirits in the 1970s and 80s and, after a generation of further stagnation, further doubt, further racial animus, distrust, and discord, those seeds are finally bearing significant fruit.

More than $1 billion has been invested in Birmingham's downtown area during the last three years, according to figures provided by REV Birmingham. Forty projects currently under construction or in development represent 1.7 million square feet of real estate and investments totaling $620 million.

Heck, soon, folks will be shuttling around downtown, Southside, Lakeview and Avondale in golf cart-like vehicles as they partake of the nightlife sprouting in those areas.

"Now," Lauriello says with his signature hearty laugh, "we're all geniuses."

Downtown has by no means fully arrived. In between the glittering, revived edifices, swanky new waiting-list restaurants, teeming Uptown and its environs, the nightly buzz along Second Ave. North, the high-end eateries and neighborhood bars that anchor Five Points South, the swelling energy of UAB, the bustling successes of nearby Lakeview and Avondale and the soon-to-be-revitalized area encompassing the Civil Rights National Monument, too many skeletons, too many decaying remnants of our past sit waiting still to be revived and restored.

And other parts of the city, many of them almost within shouting distance of Uptown, the Pizitz, the Lyric and other testaments of downtown's resurgence, are still thirsting for their own.

"Are we Atlanta? No. Are we Nashville? No.," Lauriello says. "But the future of [Birmingham] is right ahead of it. More people are pulling the wagon in the same direction than before."



John Lauriello did, in fact, leave Birmingham. Twice.

He came to the city for the first time in 1969 to visit an uncle and other relatives, then left for a bartending gig in Miami. While driving, he had a serious car accident that destroyed everything he had. Without any money or a car, reached back out to his uncle ("One of the few relatives who would speak to me," he says) in Birmingham, who sent him a one-way ticket to the Magic City.

The long-haired Lauriello attended Jefferson State by day and was a salesman in the former Aland's women's clothing store at night.

He was, by self-admission, a bit of a "screwball kid." "I never thought about common sense things," he says. "I thought about partying and drinking."

Not surprisingly, given the tensions of the times, the young Northerner encountered the sort

of reactions here you would expect a damn Yankee to encounter. "I had a lot of African-American friends," he says. "A lot of people here didn't have those types of friendships, so I was not without problems and issues."

Those issues were one reason Lauriello, after two years, left Birmingham again--this time for Arizona. "I still thought I could be a professional bartender," he says.

Six months later, he returned for another visit but this time he was confronted by Jack Levin, vice president of Aland's (the chain died in the late 90s), who bluntly told him to get serious about his ambitions.

"Quit being a fool," he told Lauriello. "You're a good guy. People like you. You'll be a good salesman. You're not leaving here."

Lauriello enrolled at UAB to obtain a second degree and sensed an opportunity in real estate, an opportunity born of the flight of whites from downtown.

"If you wanted to buy a house in the early 70s in the city of Birmingham, the only way to do it was to pay cash or the seller had to hold the mortgage," he says. "It was impossible to get a bank mortgage." There was also another trend Lauriello says was affecting downtowns across the nation.

White flight fuels fear

"People left but the buildings stayed," he said. "White flight was some of it, sure. But city centers all over the country were dying, not always due to race but also new, interstate highway systems. When people lived in the older downtowns, a lot of them didn't have cars, but the new highways brought us shopping centers, which attracted retailers and other businesses out of downtown and prompted people to buy cars.

"Race has always been a problem but the other half of the flight can be attributed to a change in the way we were living as Americans."

Homeowners in neighborhoods close to downtown -- such as Redmont and Forest Park -- were desperate to join the Over-the-mountain exodus. Many feared integration would make their property values fall precipitously.



"Everyone thought the [racial] change going on in the world would be horrible," Lauriello says. "Like African Americans were going to take over their neighborhood, or whatever they thought."

At the same time, another population trend was emerging.

"Wonderful people were coming to town to work for something called the University of Alabama

at Birmingham," Lauriello says. "There were teachers, hospital workers, and others. And they were coming from cities where people of different races got along. They didn't care whether the people next door were white, black, Jewish or Catholic, as long as they were nice people."

Lauriello bought his first Southside home for $10,000 (well below market value). He gave a $1,000 down payment to the owner, who personally held the mortgage for ten years. The young broker lived in the three-bedroom, then rented the other rooms to cover the mortgage.

Then he began buying and renovating other homes with the same formula (a little money down, with the hell-bent-on-getting-out-of-Birmingham owner holding a mortgage), then selling them at a significant profit.

"You could buy almost any house for $10,000 to $50,000 for those on top of the mountain overlooking the city," Lauriello says. "I was having a lot of fun and making money. I'd buy a home for $20,000, put $5,000 to $10,000 sprucing up the kitchen and bathrooms and painting, and sell it for $45,000. That kind of profit was huge in those days. If you made $25,000 or $30,000 a year you were living well."

A few years, and a plethora of steam-room visits, later, Lauriello grew weary of residential ("I got tired of people complaining about wallpaper," he says) and saw gold where others saw ghosts.

Sitting in his corner office overlooking Third Ave. North and what is now Richard Arrington, Jr. Blvd, Lauriello glances toward a window. "There were ten or 12 vacant buildings on this corner," he says. "You couldn't give them away."

He matched risk-taking money with opportunistic visionaries and orchestrated deal after deal to buy and renovate downtown buildings. Most of the early structures were filled with law firms that found it tough to hire young talent if headquarters were on the family-oriented outskirts of the city.

Then came medical companies, perhaps due in some measure to the continued growth of UAB.

Lauriello credits much of the early downtown turnaround to the man for whom the street outside his offices is named: Former mayor Richard Arrington. He cites Arrington's willingness to use city funds for low-interest loans to developers willing to renovate and occupy buildings, some of which were, as previously noted, thisclose to collapse.

"Without him," Lauriello says, "the city would have died."

Exhibit A, Lauriello often notes, is the Clark Building, which now sits proudly on 20th Street between 4th-5th Aves North. Built in 1908 by the same man (Louis V. Clark) who constructed the Lyric, the then-all-wood-frame structure was, by 1996, beyond decrepit. "Full of vagrants, pigeons, and water," Lauriello says.



Clark Building

"They said we were crazy"

But he and Bob Moody, a local artist with an eye for seeing buildings for what they could be rather than what they were, had a vision, which they shared with the partners of a still-nascent law firm: Lightfoot, Franklin & White. "We took them through there," Lauriello recalls, "They said we were crazy."

But he showed them Moody's colorful vision for the building, and Arrington offered a $2 million, interest-only loan if the firm bought the building and restored it. That loan covered a bit under a third of what it cost to renovate a building that remains to this day a shining anchor of downtown's revival.

The arrival downtown of banks like SouthTrust, AmSouth, and Regions through the late part of the 20th century was also vital to the turnaround, Lauriello says. And he says Arington was key to getting them to stay. "Other cities were chasing them," he says.



Lauriello says Arrington's willingness to pursue and persuade those companies to headquarters downtown, as well as putting the city's skin in the revival game "saved five or six buildings downtown."

"I think there should be a monument in his honor," Lauriello says. "He was a difference maker. He stopped more migration of white business people out of this city than anyone. He showed business people the city cared about them and wanted them to stay and help make this town different in a positive way.

"He said, 'What can we do to make you stay here? We've had people since then that think, 'Why would you do that? Why give people a loan to stay? There comes a point in time when reaching out to people and showing you care, it's a difference maker.'"

Of course there were many other linchpin developments, such as the Financial Center, first completed in 1982; the Herbert Center, in 1986 (funded by members of the Kiwanis, Rotary and Monday Morning Quarterback Clubs); the Wheelock, on 22nd and First Ave N, which featured some of the first lofts constructed downtown; leading developers like Shannon Waltchack and Jeffery Bayer constructing projects downtown; and, perhaps most significant to the recent development, the 19 acres of Railroad Park, which opened in 2010.

"Up to 12 to 14 years ago, if I left at five-thirty in the afternoon, I could shoot a cannon down the

street and not hit anyone," Lauriello says. "Now I see people on bikes, old and young people walking dogs, and people eighteen to eighty out walking or jogging."

Once again, the renaissance hasn't yet arrived. Lauriello knows this and believes some things must change in order for that to happen. Among them: the performance of Birmingham City Schools and the relationship between Birmingham and the 33 municipalities that sprung forth out of the racial animus of more than four decades ago.

Despite the influx of people filling the myriad new apartment, loft and condo complexes downtown, Lauriello feels the city is still losing residents due to its school system. "It needs a lot of help," is all he'll say.

As for the municipalities: "There's got to be a sharing of some services, like 911s; we've got to figure out ways not to duplicate," he says. "Every city in the South has figured this out."

On the positive, Lauriello says Birmingham's rep in national business circles has turned a corner. "We're getting looks," he says, referring to companies that previously might have never considered moving here. "There's no product in Atlanta left, so they come here and are amazed."

He wouldn't name any names but said a few companies are "ready" to sign leases and added, "people are giving us a second look on the manufacturing end."

That's why the damn Yankee remains damn excited about the city that once wished he would just go back where he came from.

"In the not-too-distant future, we'll see projects that will blow people away," Lauriello says. "In five or six years, we won't recognize who we are."

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