Why the owners of Shapiro's Delicatessen are getting into the hotel business

Alexandria Burris, Indianapolis Star Published 8:00 a.m. ET Oct. 30, 2019 | Updated 10:42 a.m. ET Nov. 1, 2019

For Brian Shapiro, the 2-acre Babe Denny Park on Meikel Street is a reminder of the lack of investment in the neighborhood south of Downtown.

Hidden in the shadows of Lucas Oil Stadium and surrounded by warehouses, the park is home to a two-hoop basketball court and small playground. Black paint is disappearing from the poles supporting the hoops. Grass and weeds push through long cracks in the court's pavement. A weathered multi-color playset takes up most of the playground.

"The park's outdated," said Shapiro, one of the owners of Shapiro's Delicatessen. "Money wasn't reinvested in here."

Money wasn't reinvested in here. That is Shapiro's assessment of the area in general — a once thriving neighborhood that has struggled for decades. Shapiro aims to reverse that decline by putting his money behind an upscale hotel brand slated to go on family-owned property across South Meridian Street from the flagship restaurant.

Brian and Sally Shapiro operate Shapiro's Delicatessen, which has three locations in Indianapolis. (Photo: Grace Hollars/IndyStar)

He hopes the hotel will help attract investment that will lift the neighborhood.

"This hotel should probably be Downtown," Shapiro said. "But they're going to take a little gamble."

How a neighborhood's rich social fabric weakened

Shapiro is known for his family's iconic Jewish deli. The cafeteria-style restaurant is renowned for its thick corned beef and Reuben sandwiches, freshly made bagels and desserts.
The family planted their flag in the area more than 100 years ago, opening a grocery and deli in a space below their South Meridian Street apartment. Eventually, the grocery became a restaurant.

Shapiro is the fourth generation to run the family business in the historically working-class neighborhood that was once an enclave for African Americans, Jews and other immigrants.

**Indy neighborhoods:** The last days of Babe Denny, a south-side Indianapolis neighborhood sacrificed for progress

The strip that includes Shapiro’s restaurant was once a part of a thriving place for Jewish business, said Susan Hyatt, an Indiana University-Purdue University Indianapolis professor and chair of the anthropology department who along with her students studied the neighborhood's history and people.

But Post-World War II suburbanization helped weaken the ethnic fabric of the neighborhood. Construction of I-70 also displaced residents.

Historically, south side residents were victims of racist public policies that stymied their progress and ravaged their neighborhoods. Banks used policies such as redlining to deny minority groups home loans and other services.

The median home value in the 46225 zip code, where Shapiro’s restaurant is located, is now $94,700, according to Zillow’s Home Value Index. Meanwhile, the median home value in the 46204 and 46202 zip codes, which covers Downtown and neighborhoods such as Old Northside and Herron Morton, is $326,200 and $246,100, respectively.

As millennials and empty-nesters move back to city centers, Hyatt said, this largely ignored area will be affected. What that impact will look like remains to be seen.

**Experimenting with investment**

Shapiro really wants to see investment in his neighborhood. So he is embarking on a new venture in an industry he says he knows nothing about: hotels

He is a minority partner in the project that would bring the new upscale hotel, called The Even Hotel.

The property lies in an Opportunity Zone, a designation created by the Tax Cuts and Jobs Act of 2017 that allows for certain investments in low-income areas for tax advantages.

The Even Hotel offers the highest level of select service among Intercontinental Hotels Group's brands, which include Holiday Inn, Crowne Plaza and Staybridge Suites. The upscale wellness brand caters to holistic travelers.

Plans are still being finalized, and ground is tentatively set to break next summer, said Vincent Dora, president of Fishers-based Dora Hospitality, Shapiro's partner in the project.
Hotels: Handful of popular Downtown restaurants looking to move amid hotel frenzy

Each room will have its own small exercise area with bands, balls, yoga mats, blocks, and video-on-demand workouts. The hotel will have about 118 rooms and a roof-top bar facing the city.

Shapiro said he won’t be involved in the day-to-day operation. Dora Hospitality will manage the property.

"I know nothing about the hotel business," he said. "I don't want to learn about the hotel business. I know nothing. I told them the rooms had to be quiet, and I told them they had to upgrade the bathrooms. And that was it."

Shapiro’s Delicatessen on South Meridian Street is a more than century-old Indianapolis institution and family-run business. The cafeteria-style Jewish deli and restaurant has hosted national politicians and local residents. (Photo: Grace Hollars/IndyStar)

The restaurateur’s transition into the hospitality business began about three years ago when a developer approached him about the property. Shapiro said he had never considered the site for a hotel. He didn’t move on the project then, but the seed had been planted.

This is an experiment, the 60-year-old said.

“They got little hotels over here that they’re building, but you know ours is going to be an entire level or two better,” Shapiro said. “I think that will help spur the area and bring some more money into it.”
Catching a wave

When considering a hotel to bring to the area, Shapiro knew he didn’t want a lower-scale brand. Shapiro said it took some time to persuade hotel executives to plant the flag of an upscale brand. Intercontinental Hotels Group executives visited several times, he said, noting that they stopped at Shapiro’s Delicatessen when the restaurant was busy.

“One of them said, ‘Well, you know, your market’s not any good for something that quality. You know, where are people gonna eat?’” Shapiro recounted.

“What about my place? We do $5 million a year in sales.”

To be clear, Shapiro intends to keep his restaurant business separate from the hotel. Guests will not get a discount for eating at the restaurant. And Shapiro admits that IHG executives are taking a gamble given the location.

But the place would offer corporate and everyday travelers a unique experience.

Brian Shapiro says he knows nothing about the hotel business but wants to see investment in the neighborhood. (Photo: Grace Hollars/IndyStar)
"I think it'd be a very cool concept, and again, I think it will really help the neighborhood because you know it's not going to be a lower price point, lower-end hotel," he said. "Normally, like this property, you would probably see it more closer to the city center."

It's not as though other hotel developments aren't taking place near Lucas Oil Stadium. Dora's father and uncle developed projects years ago there. The young Dora, a third generation hotelier, also is involved in the development of the Tru Indianapolis being built about one-and-a-half blocks from Shapiro's Delicatessen on nearby Russell Avenue.

“'I've been looking to expand more into Downtown, as well. But being such a dense urban environment, there's not a lot of opportunity on every block,” Dora said. “I've gotten to know that southside market quite a bit. I'm a firm believer that that's going to be a very cool hip, upcoming area.”

He notes that several office and apartment projects are planned in the area, and tech firms are moving in. He considers its proximity to Eli Lilly & Co. advantageous.

“I think we are on the cusp of something great down there," Dora said.

*Contact IndyStar reporter Alexandria Burris at aburris@gannett.com. Follow her on Twitter: @allyburris.*