The Waters Center

BY MARLA R. MILLER

Rooms with a view

High-rise, high-end rentals cater to an urban crowd.

City and river views, rooftop decks and covered parking are among the amenities of the market-rate apartments now leasing in various mixed-use developments throughout downtown Grand Rapids.

Fueled by numerous studies that have found low vacancy rates, high demand, a growing high-tech and health industry job sector and a wave of renters who prefer an urban lifestyle, local real estate developers are banking on market data that show young professionals, millennials and empty nesters want to move to the city's urban core and surrounding neighborhoods.

Townhomes, luxury condos and income-based housing options also are in the mix, but the majority of downtown residential offerings are market-rate micro-, one- and two-bedroom apartment units with an urban-loft, modern feel, and perks such as

Loft-style apartments at The Waters Center have historic character and modern amenities.

PHOTOGRAPHY BY JOHNNY QUIRIN

The Rowe

Amenities are key for downtown rentals, like the fitness center at The Rowe – ready for occupancy this summer, or the Jamnbean Coffee Co. in the Waters Building, convenient to apartments in The Waters Center.

Venue Tower, below, will bring 88 market-rate apartments adjacent to a new entertainment venue by The B.O.B. The property will be available for leasing at the end of 2016.

Jamnbean Coffee Company

"There's a whole set of amenities that need to be provided so people feel they can live, work and play close to their home. Those physical services and daily needs that we all have, that trumps the parking right now." — Jason Wheeler

Venue Tower/The Venue

PHOTOGRAPHY BY JOHNNY QUIRIN (CENTER); RENDERING COURTESY CWD REAL ESTATE INVESTMENT (TOP); CONCEPT DESIGN (BOTTOM)

616 Lofts

"Retail follows rooftops. People think back to the 1930s and '40s and the department stores that used to be downtown. That was all true because people lived close to the city and the core. As that migration moved to the suburbs, retail followed it." — Kris Larson

a parking space, fitness center and walking distance to restaurants and nightlife.

Market indicators point to a hot housing market for investors, and it's only gaining momentum. For two years, apartment occupancy levels have been above 98 percent, with rental rates rising by more than 5 percent due to the demand.

Grand Rapids topped the Forbes 2016 Best Buy Cities list as the best city to invest in housing, thanks to an increasing population, low unemployment, a diverse economy and the ever-expanding Medical Mile and tech sector.

Market-rate units, renting for $1,000 to more than $2,000 per month, are popping up all over the downtown area and cater to young professionals who want to live where they work. Many don't spend a lot of time in their apartments. Some don't have vehicles and willingly trade the cost of owning a car for higher rent.

"Downtowns are booming in lots of cities across the country, and Grand Rapids is well positioned to take advantage of that trend," says Laurie Volk of Zimmerman/Volk Associates, a New Jersey firm that conducts market analysis for residential and mixed-use developments and urban redevelopment for cities nationwide, including several studies for Grand Rapids.

"Grand Rapids is particularly successful with employment and employees who are tech-savvy, forward-thinking types of young people. They prefer to live in downtown."

As the city's skyline expands from the Medical Mile to the Arena District and beyond, there is plenty of exciting news luring people to live, work and play in the city center: watching the progress of the new Michigan State University Research Center and other planned expansions; plans for an extended river walk from Canal Street Park north to Leonard Street NW; new retail, restaurants and breweries; and a 2,400-seat entertainment space and outdoor beer garden called The Venue near The B.O.B.

Orion Construction Co. and Orion Real Estate Solutions have several projects in the works, including Venue Tower, an 11-story residential high-rise that will feature a three-story atrium and 88 market-rate apartments with a variety of floor plans and amenities near the new entertainment complex.

"It's a really attractive project where you walk into a huge, large atrium with a lot of glass. It will have an open-air hotel sort of feel that will be really nice," says Jason Wheeler, a spokesperson for Orion.

Arena Place, another Orion project just blocks away, began preleasing this winter. The 11-story, window-encased building includes offices, 100 apartments, 288 parking spaces, and ground-floor retail and restaurant space across from Van Andel Arena. Move-in for residential tenants will begin in May, followed by commercial tenants this summer.

Both are in Grand Rapids' city center and cater to young professionals and those who enjoy nightlife and cultural activities, Wheeler says. Orion's projects include a mix of residential and

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Arena Place

Arena Place features high-end finishes such as glass tile backsplashes.

retail to meet the needs of both business and residential tenants.

Orion is seeking retail ranging from grocers and dry cleaners to movie theaters and bookstores. People don't want to have to drive elsewhere for those services.

"There's a whole set of amenities that need to be provided so people feel they can live, work and play close to their home," he says. "Those physical services and daily needs that we all have, that trumps the parking right now. They are at the top of our list to try to attract business owners to fill some of those offerings."

To reach "critical mass" and be able to support a robust retail sector, there needs to be 10,000 residents living downtown, says Kris Larson, president and CEO of Downtown Grand Rapids Inc.

"Retail follows rooftops," he says. "People think back to the 1930s and '40s and the department stores that used to be downtown. That was all true because people lived close to the city and the core. As that migration moved to the suburbs, retail followed it.

"The growing residential base (downtown) is going to help create that market potential. It's good for everybody — even if you don't live downtown."

Presently, there are about 5,000 people living in the downtown area. In the last two U.S. Census cycles, the city of Grand Rapids lost 5,000 residents, but the downtown gained 2,000, indicating a growing demand for downtown housing.

It's a trend sweeping the nation due to the sheer number of millennials in the workforce.

"You have to understand the preferences of this generational change," Larson says, citing Spectrum Health's recent move of 500 IT workers to downtown.

PHOTOGRAPHY BY JOHNNY QUIRIN

New residential developments

Arena Place includes 100 market-rate apartments with spacious floor plans, high-efficiency appliances, beautiful finishes and views rivaling any in the city. The apartments are on the fifth to 10th floors and tenants have their own parking space and access to a fitness center. Each type — studio, one-bedroom and two-bedrooms — comes in varying sizes, from 633-square-foot studios to 869-square-foot two-bedroom units, beginning at $1,325 and $1,725 a month. Arena Place is being built by Orion Construction. It was developed by Orion Real Estate Solutions and the apartments are being leased by property manager DTN Management. Now leasing for spring and summer move-in.

Venue Tower will bring 88 market-rate apartments adjacent to The Venue, a new entertainment venue by The B.O.B. These units include micro-units (400-500 square feet with Murphy beds, high-efficiency appliances, flexible space) and one- and two-bedroom apartments. Venue Tower is owned by Orion Real Estate Solutions, built by Orion Construction, and will be managed by DTN Management. They will be available for pre-leasing winter 2016/2017.

The Rowe, a 92-year-old historic hotel being renovated into apartments and condominiums, will be ready for occupancy this summer. Apartments in the 11-story building at 201 Michigan St. NW will feature a full bathroom and laundry room, a full kitchen with quartz countertops, stainless steel appliances and subway tile backsplashes. One-bedroom apartments will rent for $1,195 to $1,420 a month and two-bedroom units for $1,790 to $2,000 per month, depending on the floor and view.

Fulton Square will transform an empty parking lot into a mixed-use development at East Fulton Street and Carlton Avenue, near Eastown and Aquinas College. Plans call for two buildings: The first is a four-story building on the corner with a restaurant and two retail spaces on the ground floor and 27 apartments on the upper floors. A three-story townhouse facing Carlton Avenue will add another 20 units. There will be studios, one- and two-bedroom units for market rent, along with on-site parking. Another Orion project, construction will begin this spring and take about a year. The apartments will be geared toward Aquinas students, empty nesters and young professionals working in the medical and art fields.

Earlier this year, 616 Development debuted 87 loft apartments at **616 Lofts on Monroe,** a $22-million apartment development in the former Sackner Products building at 820 Monroe Ave. NW. Rent ranges from $975 to $2,400 per month for studio, one- and two-bedroom units with a rooftop deck, 616 Pass and other amenities. In the Midtown neighborhood, **616 Lofts on Michigan,** 740 Michigan St. NE, rent for $1,100 to $1,950 and include similar amenities. The 54 loft apartments were completed in March. Both developments are leasing units and include attached retail and restaurant options. A third project, **616 Lofts on Alabama,** will bring another 100 loft apartments to the west side in fall 2016.

The Gateway at Belknap will have 87 market-rate apartments and 4,600 square feet of retail space and a 7,500-square-foot restaurant. The property will be available for leasing at the end of 2016.

North of I-196 in the Belknap Lookout neighborhood, **The Gateway at Belknap** is a mixed-used development under construction by Orion. It will feature 4,600 square feet of retail space, a 7,500-square-foot restaurant, below-grade and surface-level parking, and 87 market-rate apartments that will be leased/managed by DTN Management. There will be a mix of studio and one- and two-bedroom units that will feature high-end finishes and large windows. They will be available for leasing in winter 2016/2017.

In the same area, **Clancy Lofts** is a 66-unit apartment complex on Clancy Avenue NE, north of The Gateway project. The development will span most of the west side of Clancy Avenue between Trowbridge and Fairbanks streets and include four apartment buildings of varying sizes and designs. Developer RJM Holdings plans to complete the project this year.

Near the Medical Mile, construction is underway by Georgia-based **RISE Real Estate** on a large apartment project with nearly 290 units and a 334-space parking deck along Grand and Benson avenues. The project will include a mix of studio, one-bedroom, two-bedroom and three-bedroom market-rate apartments catering to the ever-growing health industry workers and student population. RISE Real Estate anticipates construction will take about 15 months.

West of the river, **The Woda Group** recently purchased a 3.1-acre site at 936 Front Ave. NW, just north of the Sixth Street Bridge, for a 68-unit affordable housing complex. The $12 million project "aims to provide affordable rental apartments and townhomes along the Grand River." Construction is expected to begin in the summer.

Fulton Place is a newly constructed apartment community by Rockford Construction near Grand Valley State University's Pew Campus on the corner of Fulton and Seward. With contemporary furniture and finishes, the apartments cater to students. Monthly rent includes a furnished unit with WiFi, utilities, in-unit laundry, full-size appliances, secure key access and more. It is located near breweries, dining, and arts, cultural and arena events. There are more than 100 units with a variety of floor plans and sizes of apartments, lofts and townhomes leasing for fall 2016. Rates range from $1,250 for a one-bedroom to $835 per bedroom per month for larger units.

Another historic building with new life, **The Waters Center** at 161 Ottawa Ave. NW — 44 loft-style apartments with historic character and modern amenities — opened earlier this year. Rent ranges from $1,150 per month for a one-bedroom to nearly $2,400 for its largest two-bedroom unit. Developer Edmark Development Co. combined features such as original brick walls and maple flooring with quartz countertops, walnut cabinets, large pantries, walk-in closets and laundry facilities. The apartments are on the fifth and sixth floors of the century-old Waters Building and offer views of the city. Parking is not included, but there is a rooftop bar.

North of downtown near Monroe, a 12- to 13-story development was announced in September for 601 Bond Ave. NW by New York-based **601 Bond Nassau Dutch John Equities LLC**. It's expected to be a mixed-use project with nearly 150 apartments, ground-floor retail, and three or four levels of parking. Plans call for a groundbreaking in mid-2016 and an opening 18 months to two years later. Located on the corner of Trowbridge Street and Bond Avenue, it's in the vicinity of several other housing projects, including Icon on Bond, Monroe Terrace, and condos in the former Berkey and Gay Furniture plant at 940 Monroe Ave. NW. It's also within two blocks of the under-construction MSU Grand Rapids Research Center.

RENDERING COURTESY CONCEPT DESIGN

"They prefer to work and live in an urban environment. That has a big impact on the place where people choose to live and spend their time. It's also a reason why we see employers moving into downtown."

Virtually all of the mixed-use developments have taken advantage of some form of local tax incentives or credits. They are heavy on rentals, but many also include a condo map with the option to turn some apartments into condos as the market changes and demand increases, Larson says.

In terms of buying, condos are another hot commodity in the city's urban core due to limited availability and fewer condo projects in recent years. There also is a demand for condos in excess of $300,000 and high-end penthouses, says Adam Paarlberg, realtor with Greenridge and president-elect of Grand Rapids Association of Realtors.

There were fewer than 40 condos within a mile of the city center on the market in early February, and 165 had sold in the previous 12 months. Amenities buyers want include parking, door security and access to a pool or fitness center.

"That market is pretty hot. There's not a lot for sale and not a lot available or coming online," he says. "Downtown living is popular and in demand, and condo ownership is at a high point in popularity, as well — partly because developers are finding greater return by building rental living, which is causing a bit of a scarcity in condo opportunities."

Along the Michigan Street corridor and north of Michigan on Monroe Avenue, developers are catering to the high-income health care and tech workers who want to live near the medical and research centers.

CWD Real Estate's redevelopment of The Rowe, 201 Michigan St. NW, will include a brewery and other retail, condominiums on the building's top two floors and 77 market-rate apartments. Due to early interest, developers opened a model unit for preleasing and to show off the floor plan and amenities. Tenants will have use of a rooftop patio deck and 11th story fitness center. The condominiums range from $240,000 to $800,000 and will be finished to the buyers' preferences.

Orion plans to break ground on River's Edge, a riverfront apartment building at 1001 Monroe Ave. NW, this summer or fall. The five-story development's 34 units will be a mix of studio, one- and two-bedroom apartments from 680 square feet to 1,100 square feet. The ground floor will feature a high-end restaurant with outdoor garden beds to grow food on site, and ample parking, Wheeler says.

"River's Edge will cater to people who have some dough that want a little bit of seclusion with connectivity to the city," he says. "They want to live on the river and have access to river amenities."

Orion's other projects include Eastown Flats, Fulton Square and The Gateway at Belknap, all in various stages of development near downtown. Orion also has announced plans for a two-tower high rise anchored by Warner Norcross & Judd LLP with retail, office, residential and condo units on the corner of Ottawa Avenue and Lyon Street in the heart of downtown.

Since 2009, 616 Development has added 250 market-rate apartments to the downtown mix, initially tackling smaller projects by renovating empty or underutilized spaces in historic buildings with commercial space on the lower level. Its latest projects include 616 Lofts on Monroe and 616 Lofts on Michigan.

"We are looking to add more unit types to our portfolio to offer more housing options at a variety of rental rates for those looking to live downtown and near neighborhoods," says Monica Steimle, director of community relations. "We're starting to see product variation — more condos and more micro-units — coming to the market. We want to make sure we're always developing a project

The Rowe

PHOTOGRAPHY COURTESY CWD REAL ESTATE INVESTMENT

The Rowe

"There was actually a much larger percentage of affordable housing versus market rate for a long time, and there weren't enough of any housing units in the downtown. You wind up with a mix of incomes. It should not just be for the wealthy. It should be a place where everyone can find a place to live if they want to live downtown." — Laurie Volk

that is answering a need or creating value for the community that we're building in."

616 Lofts, the property management arm of 616 Development, has a secondary mission to create community by offering concierge-style services and hosting social gatherings. The 616 Pass encourages residents to patronize local businesses near where they live by featuring discounts and perks.

"We spend a lot of time building relationships," Steimle says. "We encourage them to experience the local merchants and retailers. It's the lifestyle of where you can work, play and live, rather than one demographic of people. Our goal is to help get residents out the door and encourage that lifestyle, as well, by connecting with the community."

There are many factors driving mixed-use development and market-rate rentals in the city's urban core: Stricter financing has made it more difficult for investors to do condo projects; millennials are saddled with too much debt to buy a home or simply don't want to; a diverse retail and restaurant sector is critical to attracting people to live downtown; and all ages want the amenities of city life including walkability, easy access to restaurants, nightlife and cultural events.

"The millennial generation has a greater amount of debt and is much more apt to be renters," Volk says. "They want to be where the action is — where there are restaurants, theaters, things to do and places to go."

Although some are concerned about the lack of affordable housing, especially downtown, Volk says the city was actually in need of more market-rate rentals and can fill the demand.

"There was actually a much larger percentage of affordable housing versus market rate for a long time, and there weren't enough of any housing units in the downtown," she says. "You wind up with a mix of incomes. It should not just be for the wealthy. It should be a place where everyone can find a place to live if they want to live downtown."

Beyond the city's central business district, the neighborhoods of Belknap, Creston, Heritage Hill, Eastown, Southtown, the west side, Stocking, Grandville, Garfield Park, Midtown and East Hills are slated to add more than 7,500 new housing units — about 72 percent of which will be market rate and the rest affordable or subsidized, according to a 2015 study by Zimmerman/Volk Associates.

"I don't expect to see Grand Rapids run out of market anytime soon," Volk says. "It's still building — developments moving over to the west side across the river, north and south. It's just become a very desirable place to be." **GR**

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