

Focused efforts, big results

Lofts find success with rental market

BY MICHELLE MARTIN
SPECIAL TO CRAIN'S DETROIT BUSINESS

The **Lofts at New Amsterdam**, nestled in the New Center among technology startups and the university community, found a niche within an otherwise turbulent housing market.

When other developers were converting lofts for sale, South-

field-based **Jonna Cos.** focused on one of the New Center's longtime strengths: the rental market.

And with the help of the **New Center Council**, \$4.8 million in federal loans and \$450,000 in grants, Jonna teamed with Detroit-based **Zachary and Associates** to develop the 52,000-square-foot **Lofts at New Amsterdam**.

The partnership made sense. Zachary and Associates already had found success in the rental market; the company converted the once-run down **Garfield Building** on Woodward into rental units. The **Lofts at Garfield**, in the city's Midtown, currently has a

100 percent occupancy rate.

Like the Garfield project, The Lofts at New Amsterdam faced a number of challenges — including longtime vacancy and neglect. Formerly known as the **Graphic Arts Building**, the structure on Bur-

See Page 35



Converting the former Graphic Arts Building (far left) at the New Center into the Lofts at New Amsterdam was not without its challenges. Water seeped into the interior (left) before the building was restored (above). The project was a recipient of the annual Governor's Awards for Historic Preservation.

Living & Investing | Restorations

■ *From Page 32*

roughs had been vacant for at least 30 years before Jonna acquired it from Southfield-based **Farbman Group** in 2004.

The New Amsterdam project's developers said they expect the TechTown-based lofts to have a similar occupancy rate. Currently, 56 percent have been rented, with an average of two to three leases a month.

"The rental market always has been strong in the University Cultural Center area," said Ernie Zachary, president of Zachary and Associates. "We're addressing today's demand, which is high-quality rentals."

Work on the Graphic Arts building, which houses 39 units, was completed in October 2006. Leasing began in January.

The building was constructed in 1926, when it housed art studios that specialized in automobile advertising.

Nearly 70 years later, it had major structural damage and obsolete mechanical and electrical systems.

"It was sitting deteriorating for so many years," said Christine Piligian, vice president of development and management for Jonna. "It was more like a labor of love; it was very tough work to do."

Michigan historic preservation, brown-field redevelopment and federal rehabilitation tax credits helped make the project a reality. One of the challenges, the developers said, was incorporating current building codes while satisfying the historic preservation commission and maintaining an appealing floor plan.

Zachary and Jonna also both credit their relationship with the New Center Council, which helped them secure the financing and tax credits for the project.

Rental prices range from \$850 to \$1,550 for the 640- to 1,360-square-foot units. They offer secure parking, granite countertops, concrete floors and 12-foot ceilings. Five of them have patios.

On the main level is a 1,900-square-foot space for commercial or office use. It remains available.

The project is the first of two phases. The second, which is 70 percent completed, is the building at 6200 Second Ave., also in TechTown. Like the New Amsterdam project, it will have rental units.

"Compared to the doom and gloom we hear about Michigan, this particular village (TechTown and the New Center) is doing well," Zachary said. "If you look at the industry here, it is pretty solid, with the university, culture and hospitals."