

Square Footage
Landlords offer incentives to lure tenants in slow economy.
Page 7



Unwind:
Visiting a mansion on Pleasant Lake Road and more.
Inside



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Entrepreneurs look to E. Washington

PAULA GARDNER



Sometimes it takes Ann Arbor a while to appreciate transitions.

Today, none of us would question the vitality of West Washington near Main Street. Café Zola and Sweetwater's are downtown staples, joining Grizzly Peak in forming a destination that spans town and gown.

It is, without a doubt, a truly successful block. The vision behind Grizzly Peak has paid off for the restaurant and its building ever since it opened in the 1990s.

The same success resonated with the ownership team's other pairings – think Vinology and the offices and condo in the former Mayer-Schaier building on South Main.

And now, watch for it in the 200 block of East Washington, where Jon Carlson and Greg Lobdell will open two restaurants in a single year – one already open in leased space and the other planned for a building that that pair bought in August as part of a mixed-use renovation with upper level offices.

By the end of 2008, we're sure to appreciate the changes now cooking on East Washington.

Much like they did with Grizzly Peak and more recently Vinology, the pair are cultivating their mix for success: unique restaurant concept, renovated real estate and pioneering the critical mass that keeps both sectors in demand from their respective consumers.

"It's such a vibrant corner there," Lobdell said of Grizzly Peak's home at Washington and South Ashley.

"That's what we're a part of," Carlson added.

That's also what in 2008 they'll be bringing to East Washington Street, which so many in town are calling downtown's emerging favorite



Greg Lobdell and Jon Carlson. | ROBERT RAMEY

as an east-west pedestrian connector.
"The block we're on has a nice energy," Lobdell said.

CONNECTIVITY

The perspective from Lobdell and Carlson is both interesting and inspiring, given the uneven views of downtown commercial real estate today. Many vacant storefronts have lasted all year on the market, while some wonder how long others can wait out the economic downturn.

Yet in other areas of downtown – picture East Liberty just west of State Street here – demand remains high.

A few blocks west, Liberty and Main historically boasted the highest retail rents outside of Ann Arbor's malls.

And in between – well, not exactly a natural connection, given some notable barriers to creating a truly pedestrian-friendly experience.

That doesn't have to be the case on Washington Street, the pair said. "It could be as strong or stronger" as the Liberty corridor, Lobdell said.

The change is already starting from the eastern end, as developers McKinley, Joseph

Freed & Associates and Mike Concannon get serious about high-rise projects on the street near Division.

Lobdell and Carlson hope to be seen as a key part of the growing link between campus and downtown on this corridor.

They started that with Café Habana, which opened this year in leased space in the middle of the block.

Buying the former Jewel Heart building at 207 E. Washington was the next step.

Now, as they make plans for that space, they're poised once again to be leading a new wave of business on Washington Street.

The lower level will become Blue Tractor, a brewery and BBQ, building on the synergies of operating Café Habana just steps away.

Upstairs, the pair will convert the raw space into four offices: three, ranging from 800 to 1,700 square feet on the second floor and 3,500 square feet on the top floor.

It's the kind of space that they believe will be successful downtown: Modern amenities, like an elevator, will blend with the character of high ceilings, tall windows and exposed brick. Both floors have been largely un-

brick. Both floors have been largely untouched for at least 50 years.

The space is much like what they redeveloped at the former Mayer-Schaier building on South Main, home for a short time to Google.

"There's already good interest," Carlson said recently about the office space. He added: "We're amazed at the excitement in downtown office space."

The pair know they're part of something that's bigger than them, namely the engine called "downtown." They respect private enterprise, but regret conversions of first-floor retail space to offices, since the best downtowns are retail destinations.

They're also cognizant of how to balance the economics of a real estate deal. They paid \$1.2 million for the Jewel Heart building, compared to the original \$1.8 million asking price. Thanks to their co-ownership of the first tenant – Blue Tractor – the occupancy gets closer to stabilized that much faster.

Next for the building is a historic rehabilitation with architects Quinn Evans, with state and federal tax credits behind it. Lovell Contractors of Mason will do the work.

Carlson and Lobdell see some changes downtown, such as some mild rental rate softening.

"But we see them coming back," Lobdell said.

And they see very few differences right now between Washington and Main Street. Soon, there will be fewer ways to distinguish the traditional hub of downtown with the vitality that they see growing on East Washington, they agree.

"I feel this is as desirable," Carlson said.

"The benefits of downtown are as easily achieved on Washington as on Main," Lobdell said.

"You're just as close to the epicenter of Ann Arbor."

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