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BY AMY GAMERMAN

Last year, Kirsten Iverson and her husband, Marcus, bought a new riverfront home on the east side of Detroit, an area once obscured by junkyards and abandoned industrial buildings.

Their 5,050-square-foot home in the gated Morgan Waterfront development has water views, five-bedroom suites, two garages, and a marble foyer with 18-foot ceilings. The couple paid \$580,000—easily half or one-third of what a comparable unit would cost in many other U.S. metropolitan areas.

“Every day I wake up and I’m just like—‘This is a dream come true,’” said Ms. Iverson, a 34-year-old attorney who commutes 15 minutes to her office downtown. Daughters Madison, 4, and Maci, 2, watch summer fireworks over the Detroit River from their lawn.

Detroit is living up to its 1805 motto—“Resurget cineribus”—as it rises from the ashes. Corporate investment, tax credits for developers, and federal funding are helping erase decades of blight. Thousands of jobs have been created and

moved downtown since 2010, with the arrival of Quicken Loans, Blue Cross Blue Shield MI, and new tech startups. More than 7,700 derelict buildings have been razed through the city’s blight-removal program; some vacant lots have been transformed into micro farms that

low 2008 levels, luxury sales more than doubled—12 times the growth rate of the U.S. overall, according to Realtor.com.

“That’s something we really don’t see anywhere else—it’s unique to Detroit,” said Javier Vivas, an economic researcher for the website. (News Corp, which owns

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supply the city’s trendy new restaurants.

Detroit’s distinctive urban lifestyle is attracting a new professional class to its downtown, where demand for affordably priced high-end residences has surged. Sale prices for the top 10% of Detroit’s real-estate listings started at \$290,000 in 2015—nearly half the U.S. average for the luxury segment. That luxury niche is the strongest sector of Detroit’s housing market: Although the city’s 2015 median home sales were still 22% be-

The Wall Street Journal, also owns Realtor.com, the listing website of the National Association of Realtors.)

New luxury developments are being built from the ground up for first time in decades. Residents can dock their boats in reserved slips at Water’s Edge, a bespoke community on the Detroit River with a private marina and two private lakes that opened in January. Rental prices for its 134 apartments range from \$1,285 to \$2,324 a month.

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Dan Gilbert, Quicken Loans founder and a prominent Detroit developer, has acquired more than 85 properties and invested over \$2.2 billion to date. This year, Mr. Gilbert’s Bedrock company will break ground on a new \$70 million, 8.4-acre development in the historic Brush Park district with restored Victorian-era mansions, pedestrian greenways, shops, and 400 new residences.

Meanwhile, there’s stiff competition for rental apartments in landmark sky-



scrapers that have been transformed into well-appointed residences, some after standing vacant for decades. There are 176 people waiting for apartments at the David Whitney Building, a Gilded Age tower with a four-story atrium and boutique hotel, says leasing manager Michael Martorelli. There's also a wait for apartments at the Albert, a circa-1929 building where residents can mingle at wine and cheese parties or shop for a \$700 Detroit Bike on the ground floor.

More historic conversions are on the way. The 1917 Vinton building will open later this year with 21 luxury apartments—all with home automation and biometric entry systems. The Albert Kahn building, a 1931 office building, bought at auction in July for \$12.8 million along with the nearby Fisher building, will undergo a historic rehabilitation with plans for 160 apartments.

Despite its growing popularity with the professional crowd, Detroit faces serious challenges. The unemployment rate in the Detroit-Dearborn-Livonia triangle is 6.4%—the highest of any comparable metro region in the country, according to the Bureau of Labor Statistics. Detroit's cash-strapped public-school system is under state emergency management. Teachers staged a sickout in January to protest health, safety and working conditions. Many affluent families, such as the Iversons, send their children to private schools.

Brian Ferrilla and his wife, Sam, were empty-nesters when they moved from the suburbs to the Book Cadillac, a downtown landmark. Abandoned for 22 years, the 1924 high-rise got a \$200 million restoration in 2008 by Cleveland-based Ferchill Group, which bought it from the city for \$1. It's now a Westin hotel with six floors of luxury condominiums.

The Ferrillas bought a two-bedroom condominium there for \$395,000 in 2014, and now they're trading up. In August they bought a two-story penthouse in one of the Book Cadillac's ziggurat-style towers, which they are remodeling for a

retro industrial look with steel, reclaimed brick and old wood. "When it's all said and done, we're projecting it will be over \$1.5 [million], \$1.6 million," said Mr. Ferrilla, a 55-year-old tech entrepreneur. "We love the restaurant scene, there are a lot of great wine locations, and we're huge sports fans."

The couple rarely uses their car, walking to Lions football and Tigers baseball games at nearby Ford Field and Comerica Park. They also like to bike, and join in the city's seasonal Slow Roll, which draws thousands of cyclists.

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Anne Parsons, president and CEO of the Detroit Symphony Orchestra, and her husband, Donald Dietz, a photographer, are moving from suburban Grosse Pointe to an old repair shop near Eastern Market built in 1919 for the Detroit Fire Department. The couple bought the raw space in 2015 and are in the final stages of transforming it into a 4,700-square-foot home. "We've always wanted to live in a space that felt creative and part of an urban environment, but with space and light and air," Ms. Parsons, 58, said.

The 2,000-square-foot main loft has 11-foot windows, weathered brick walls and a high, sloped ceiling; the couple has preserved the steel beam and pulley that once hoisted heavy engines undergoing repairs. Mr. Dietz, 71, who designed the home with his friend, the architect Alfred Munkenbeck, estimated the cost at around \$650,000.

Entrepreneur Rick Ghersi was a pioneer of luxury living in downtown Detroit. In 2002, he paid \$950,000 for the 1902 Hartz Building, a brick-and-stone dowager across the street from the Detroit Opera House. Then he spent another \$3.6 million on a gut remodel.

"We saved the floors, the ceilings, the walls and the facade," said Mr. Ghersi, 56, who moved into the six-story building in 2003. The neighborhood was dark, desolate and unsafe; visitors risked finding their car windows punched in, glass glittering on the sidewalk. "We used to call them Detroit diamonds," he said. "Now, it just seems there's more people everywhere. Grand Circus Park has a dog park that is full on weekends."

Mr. Ghersi, who has several businesses in the building, often entertains clients at the Detroit Beer Company, a

restaurant and brewpub he co-founded on the ground floor. His home is a 3,400-square-foot loft on the top floor with a roof deck, where he can listen to the crowds cheering at Comerica Park—just, one block away.

"That is the private family joke," said Mr. Ghersi. "I moved down here to be near the Detroit Tigers."

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