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Downtown draw: Upscale Fargo rentals increase in popularity

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A century ago, the Dixon building at 305 Broadway housed a Turkish bath on the first floor and a series of cramped hotel rooms on the second. Today, it's a vacant, gutted shell, long since stripped of any vestiges of clients past.

And the list of people who want to live in it – for quite the pretty penny, no less – has already started to form.

The building is the site of downtown Fargo's newest mixed-use renovation project. Come fall, the Dixon and adjacent Moose buildings will house 11 studio and one-bedroom apartments. They'll bear the same urban-chic traits that have been the hallmark of similar projects in recent years: loft-style ceilings, trendy lighting, polished features.

If those similar projects – nearly all of which are rented to capacity, some of which have waiting lists – are any indication, the Moose-Dixon units are a hot spot in the making.

"In our research, we found that similar units are very popular," said Matt Baasch, the real estate developer for Urban Plains Land Co., who's overseeing the Moose-Dixon project. "People want to live downtown in Fargo."

He acknowledges that wasn't always the case. "Five or 10 years ago, you came down to have a drink or two with your friends, or the college kids came down to have a bunch of drinks," he said.

Even coming downtown for dinner was once an unusual proposition, he said; living there was stranger still.

A spate of new development and North Dakota State University's expansion downtown changed that, bringing both a new wave of students and a new crop of young professionals looking for housing.

Zerr Berg Architects and Gehrtz Construction Services were among the first to recognize the rising demand, converting the floors above their offices at 510 4th Ave N. into 28 loft apartments (plus three units in the basement) in 2006.

Steve Gehrtz said they were looking to offer “a little bit different than an apartment covered in sheet rock.” Instead, they opted for high wood ceilings, exposed ductwork, and striking views of downtown.

“The benefit of being in an older building is you kind of have those older building characteristics,” he said. “It’s a nice feel.”

The formula was an instant hit: The building’s studio apartments have never been empty, Gehrtz says, and there’s currently a 20-person waiting list to get into the building.

The Kilbourne Group found similar success when it converted an old dry goods building at 309 Roberts St. into loft apartments in 2008. When general manager Mike Allmendinger first toured the building, it was a warehouse filled with an oddball assortment of Easter Bunny and Santa Claus outfits; now, it’s a collection of 21 upscale apartments, filled to capacity.

Despite the less-than-hip origins of the building, Allmendinger said the space “just felt like the perfect loft that you’d ever want to live in.” That feeling was preserved in the renovation by keeping touches like exposed brick and wood ceilings.

“Part of the culture of living in downtown Fargo is you want to have those unique characteristics for where you’re living,” he said.

When the Kilbourne Group first started mulling the project, “there were not very many people doing apartments in downtown Fargo,” he said. Now, there are so many downtown apartment projects in the pipeline that he’s not sure if the group will tackle another one anytime soon.

The slick design and prime location of such projects show up in the rent. Prices for the Roberts Street units range from \$500 a month for a studio to near \$800 for a one bedroom. Gehrtz’s units top out around \$750. And Baasch said he expects rent for Moose-Dixon studios and one-bedrooms to approach \$800 a month.

In Fargo, those certainly qualify as premium rates.

Rental websites that track the prices of their listings put the average rent of a one-bedroom in Fargo at or slightly below \$500 a month. The U.S. Department of Housing and Urban Development puts the Fair Market Rent in and around downtown Fargo at about \$410 a month for studios and between \$460 and \$500 for one-bedrooms (those figures are not strictly averages but are instead used to help determine aid levels in housing assistance programs).

The Kilbourne Group’s Allmendinger said people are willing to pay to live next door to downtown’s restaurants, shops and other draws.

“They’re putting a value on the amenities that are nearby,” he said.

Terry Stroh, the architect designing the Moose-Dixon apartments, said the “cool factor” is a critical selling point in renting units at those price points.

“To get the rents that they want, they’re going to have to put some money in them; they’re going to have to do some cool stuff,” he said. “There’s got to be something special, something different.”

Stroh, who has had a hand in a number of downtown renovation projects, got into the loft business himself when he converted the top two floors of his firm’s building at 8 7th St. N. into apartments. All 18 units – studios that start around \$500 a month and one-bedrooms around \$700 – are full, with a waiting list and at least one eager would-be renter who checks in monthly to see if there are vacancies.

About half of his tenants are students. The others, he said, simply like living downtown – or living alone, for that matter.

“When we did ours, it was more for a young professional or a student who is willing to pay a little more to live by themselves,” he said. “There’s a lot of people out there who don’t want a big apartment and don’t want to live way out in the boonies.”

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New downtown developments

Chic renovated apartments in mixed-use buildings have become all the rage in and around downtown Fargo in the past few years – and landlords have found renters more than willing to pay a premium for the prime urban locations. A few recent developments:

The Lofts on Roberts Street

309 Roberts St.

- Opened: 2008
- Located above: Currently vacant; formerly the Silver Moon Supper Club
- 21 studio and one-bedroom units
- Rent: Ranges from about \$500 to \$800

Bristol Place Loft Apartments

510 4th Ave. N.

- Opened: 2006
- Located above: Zerr Berg Architects and Gehrtz Construction Services
- 31 studio, one-bedroom, and two-bedroom units
- Rent: Ranges from about \$500 to \$750

8 Seventh Street Flats

8 7th St. N.

- Opened: 2009
- Located above: TL Stroh Architects & Interiors
- 18 studio and one-bedroom apartments
- Rent: Ranges from about \$500 to \$700

Dixon-Moose buildings

305-307 Broadway

- Opening fall 2011
- Located above: First-floor retail space
- 11 studio and one-bedroom apartments
- Rent: Expected to approach \$800