

IN THE HEART OF THE CITY'S central business district (CBD) on Woodward Avenue, renovations to six abandoned historic buildings have resulted in the Lofts of Merchant Row. According to Schostak Brothers and Company vice president, Mark London, the loft apartments are garnering the highest residential rents in the state, while the ground-floor retail and restaurant business has exceeded expectations. A few blocks south on Woodward, the

gleaming new office tower at One Kennedy Square is bringing hundreds of employees of Ernst & Young and Visteon Corporation to the Campus Martius square every weekday. Crosswinds Communities President Bernie Glierberman says a new phase of his Garden Lofts condominiums just north of the CBD presold in one weekend. And on the southern edge of the CBD, along the river, several major condominium and retail projects are breaking ground on former industrial sites.

In and around downtown Detroit, new buildings are springing up and historic structures are being renovated and reused. These success stories keep multiplying despite Michigan's stagnant economy and the well-publicized troubles of the automobile industry.

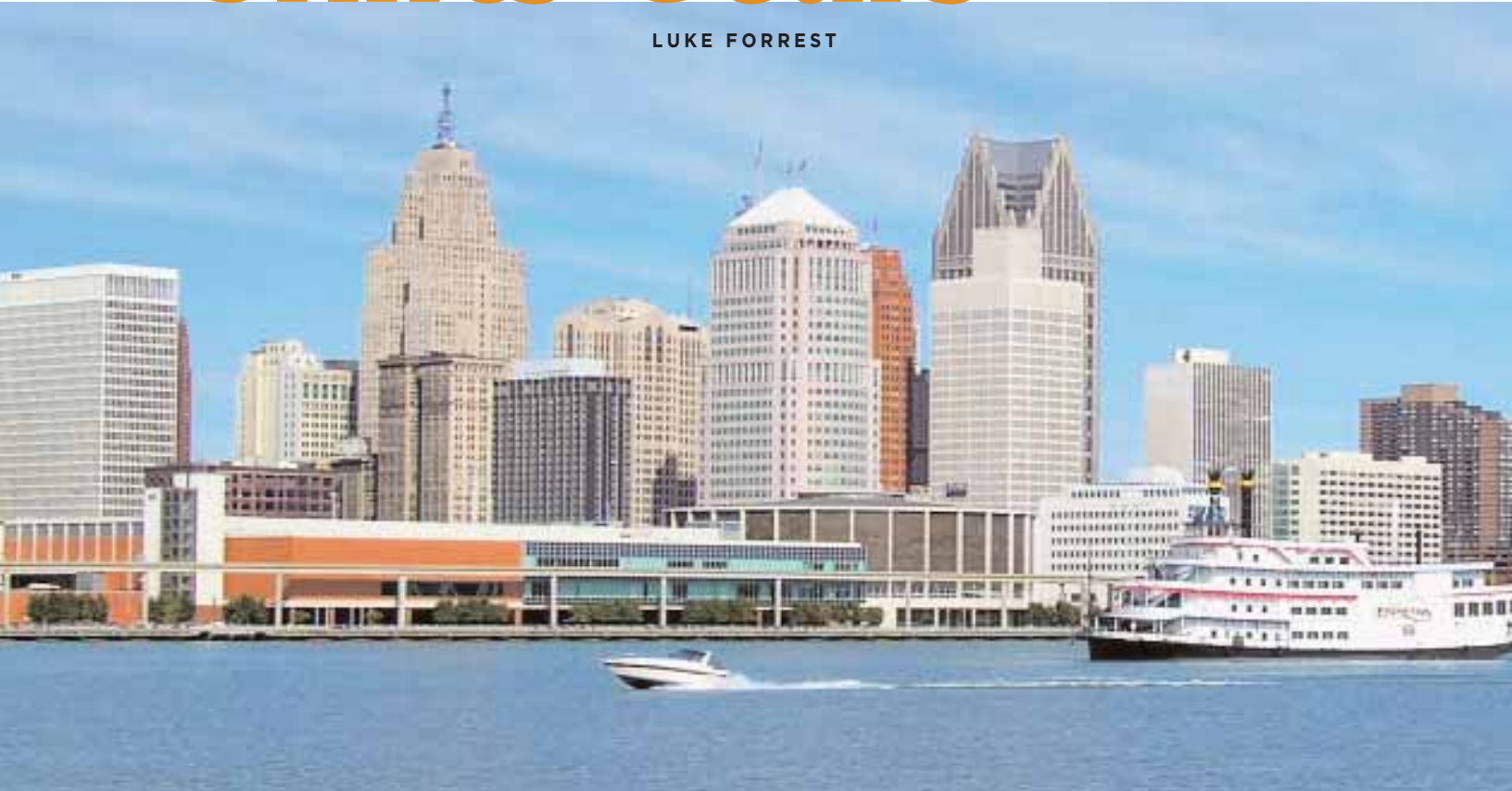
While many people only began to notice the changes in downtown Detroit during the week leading up to Super Bowl XL this past winter, momentum has been building for several years. Ann Lang, president and CEO of the Downtown Detroit Partnership (DDP), estimates private citizens and corporations have invested approximately \$2 billion over the past decade in an area of the city that covers just 1.4 square miles. These investments, along with numerous contributions from the city, state, and federal governments, have served as building blocks for downtown and have helped to spur additional development.

To capitalize on downtown's momentum and promote future investment that is strategic and market based, the DDP and the Detroit Economic Growth Corporation (DEGC) jointly commissioned a group of University of Michigan graduate students to research the downtown market and develop a strategic plan for downtown development. Representing the interdisciplinary nature of the university's new graduate real estate program, students come from backgrounds in business adminis-

Following its success as the host of Super Bowl XL, Detroit is poised to bring new life back to its downtown.

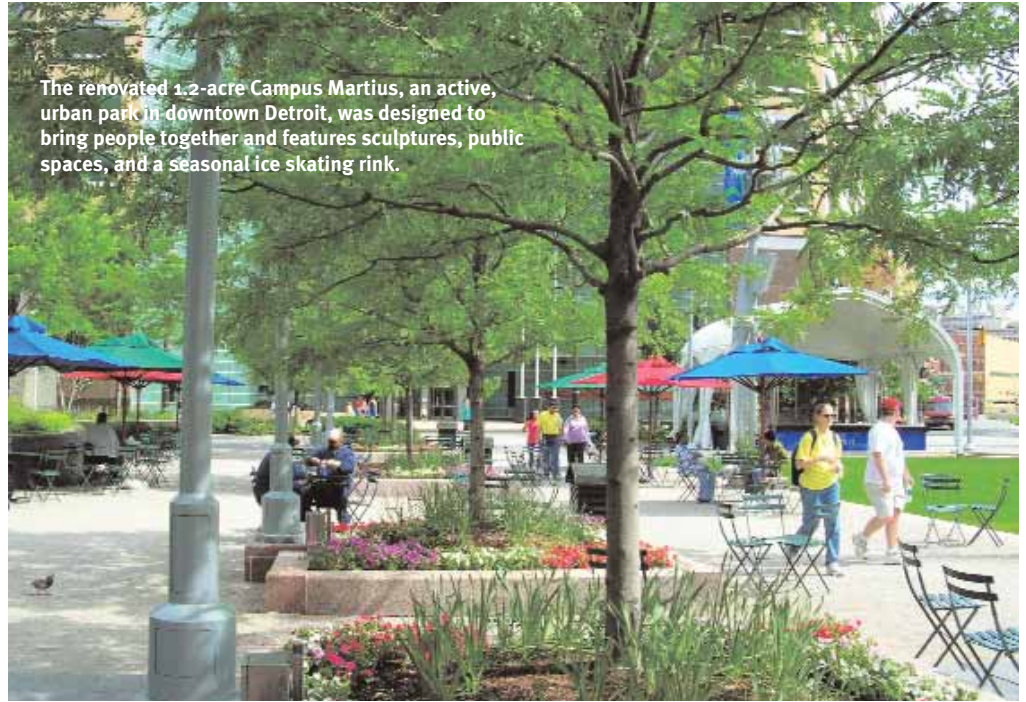
Motor City Shifts Gears

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tration, urban planning, architecture, and natural resources and the environment. Christopher B. Leinberger, the director of the real estate program and a professor at the university, is leading the team, which is also operating with support from the Washington, D.C.–based Brookings Institution, the Charles Stewart Mott Foundation, and numerous local developers. Wanting to ensure that its work does not lead to just another planning document gathering dust on a shelf, Leinberger's team is focusing on designing and implementing "the next generation of catalytic projects," as Leinberger terms them, for the short term.

Lang notes that the current planning process differs from past revitalization efforts in downtown Detroit in that the new catalytic projects need not be massive convention centers or entertainment venues. Speaking of a city that has recently rediscovered its passion for baseball through its beloved Tigers, Lang appropriately uses a baseball metaphor. "The current resurgence began with a lot of home runs," she says, "now we're simply looking for a string of solid singles, such as more housing and local-serving retail, to connect



The renovated 1.2-acre Campus Martius, an active, urban park in downtown Detroit, was designed to bring people together and features sculptures, public spaces, and a seasonal ice skating rink.

what's already been done." Four "home runs" in particular stand out from the past decade: the Renaissance Center renovation, CompuWare, Comerica Park, and Ford Field.

General Motors' purchase and renovation of the Renaissance Center, which began in 1996, opened up pedestrian access to the Detroit River downtown and added corporate weight to efforts to recapture the entire riverfront bordering downtown from its previous industrial incarnation. The Detroit Riverfront Conservancy has made significant progress on the \$75 million RiverWalk in only three years. The CompuWare World Headquarters, which opened in 2003, faces renovated Campus Martius Park, billed as downtown's gathering place. The building brought 4,000 CompuWare employees to the center of downtown and provided space—and a built-in clientele—for ground-floor retail uses and restaurants. New stadiums for both the Detroit Tigers and the Lions, which opened in 2000 and 2002, respectively, helped make downtown the region's entertainment mecca and brought the 2005 Major League Baseball All-Star Game and the 2006 Super Bowl.

Super Bowl XL resulted in a significant amount of positive publicity for the city from the national sports and entertainment media. However, more important than national image repair was the morale boost the hosting effort provided locally. Cullen recalls that, as the Super Bowl approached, many locals expressed pessimism and braced themselves to be the butt of jokes, like previous host cities Hous-





The Lofts of Merchants Row, located within walking distance of downtown Detroit's sporting venues, theater district, casinos, and numerous gourmet restaurants, are garnering the highest residential rents in Michigan.



Visteon and Ernst & Young occupy about 70 percent of One Kennedy Square, the first new multitenant office building in downtown Detroit in years.

ton and Jacksonville. What happened was quite the opposite. The appreciation visitors showed for Detroit's positive qualities, as Cullen puts it, "held up a mirror" and forced residents of the region to look at downtown from a fresh perspective. The success demonstrated to them what they could accomplish if they worked together with unified goals across traditional political and psychological boundaries. In the aftermath of Super Bowl XL, serious discussions were held about increased investments in regional mass transit, the riverfront, and other complicated projects. Many in the area rediscovered their pride in downtown Detroit and started to reconsider it as a place to visit or live in.

Like the physical improvements made in downtown before the All-Star Game and the Super Bowl, such as facade improvements and streetscaping funded by the city, the public/private partnerships formed remained in place after the games. Billionaire Roger Penske, CEO of one of the largest privately owned companies in the world, who served as chair of the Super Bowl Host Committee, became the chair of the DDP board earlier this year. Within a

month, he launched Clean Downtown, a privately funded effort with a \$3 million budget for the next two years. Penske has applied his legendary attention to detail to the initiative, which provides daily online updates on where cleanup crews will be and what they will be doing.

A partnership of the city, other government entities, and the Ferchill Group led to the long-awaited start of the redevelopment of the Book-Cadillac Hotel. The hotel, which was the tallest in the world when it opened in 1924, has been a towering sign of downtown's plight since it closed 22 years ago. Ferchill's plan to renovate it into a hotel with luxury condominiums relies on an astounding 22 levels of equity. The complex negotiations, which were guided to fruition by George Jackson, head of the DEGC, were an "incredible example of the persistence and dedication of the city's leadership and of the can-do attitude that now prevails in Detroit," says Lang. Jackson cites the successful negotiations as a positive indication of the "results-oriented model" that he and his staff have imported from the private sector.

Lang and Leinberger believe these successes indicate that downtown is now well-positioned to capture the residential market in a region that is, as Lang puts it, "starved for urban living." Like so many metropolitan areas built around the car, Detroit and its suburbs have a paucity of walkable, mixed-use neighborhoods. The issue is more compli-



Campus Martius ice skating rink.



In the past three years, the Detroit Riverfront Conservancy has made significant progress on a \$75 million RiverWalk bordering the Detroit River.

cated here than in most cities because, as Cullen says, “downtown never really had a strong residential component, so it takes time.” Jackson says the city is very interested in promoting a walkable downtown by building a “critical mass” of residents and attracting new businesses, adding to the 70 new stores and 23 new bars and restaurants that have opened downtown in the past two years. Leinberger, new to Michigan, is encouraged by the interest of local power brokers in what he calls “walkable urbanity.” (See “What Is Walkable Urbanity?” page 159.) “Detroit may be late to the party,” Leinberger says, “but it has the enthusiasm of a recent convert.”

Despite that enthusiasm, DDP and DEGC are not relying on instincts alone to tell them about the market potential for downtown. That is where the team of University of Michigan students comes into the picture. These students have spent the summer collecting data and analyzing the market for a variety of product types. They are linking much of this information to individual parcels of downtown property through a geographic information system database. They also are gathering community input to help them identify the best opportunities for future development. All this information will be consolidated in a briefing book and presented to DDP and DEGC in a strategy session this fall.

Detroit Mayor Kwame Kilpatrick will present the group’s plan for downtown at the Univer-

sity of Michigan/Urban Land Institute Real Estate Forum on October 26 and 27 in Detroit’s Cobo Center. The plan will focus on facilitating the next generation of catalytic downtown developments. Providing insight and input during the forum will be a host of national development experts, including Albert Ratner, Forest City Enterprises, and Richard Baron, McCormick Baron Salazar, the past two Urban Land Institute J.C. Nichols Prize winners; Peter Linemann, the Wharton School of the University of Pennsylvania; Robert Davis, Seaside and Arcadia Land Company; Stephen Ross, the Related Companies; and Sam Zell, Equity Residential and Equity Office.

This winter, Douglas Kelbaugh, dean of the university’s Taubman College of Architecture and Urban Planning, will host a four-day design workshop to illustrate how these projects could be implemented on the ground. Workshop participants will divide into four teams, each led by a distinguished out-of-town design professional, a local design professional, and a faculty member from Taubman College. Each team will focus on the physical design and buildout of a separate area of the CBD.

Jackson expects this planning and design process to produce “pragmatic, workable strategies to guide our next steps, as well as innovative concepts that we can implement.” Jackson, Lang, and Cullen agree that downtown Detroit is in the fortunate position of being able to capitalize on recent success

rather than having to start anew. Recent investments, both public and private, have built cornerstone centers of activity throughout the CBD. Now the challenge is to fill in the gaps to provide linkages between those centers and create what Lang calls “a cohesive total product.”

Indeed, the qualities that downtown Detroit has to offer are unique. Cullen notes that many area suburbs and exurban developments are attempting to create their own walkable downtowns, “but they’re just alternatives to the real urban experience that, at least in southeast Michigan, can only be had in downtown Detroit.” Gliberman, who often interviews the residents of his downtown condominiums, reports that most of them moved from the suburbs for a change of lifestyle. “Every time a big new project like the stadium opens or the redevelopment of a project like the Book-Cadillac is announced, it increases public confidence in downtown and interest in living there,” he says. “Now people want to move downtown because that’s where the action is.” **U**

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