

Warehouses, hotels, offices: Empty buildings become housing in Michigan

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In 1924, a three-story brick building in northwest Grand Rapids opened as a storage business with a large block letters advertising a “fire-proof warehouse” painted on the side.

A laundromat moved in three decades later, followed by a pool hall called Lucky Ball in the 1970s.

Then it sat almost vacant for years.

But now the century-old brick building houses 18 apartments, a retailer and office space. The 730 Leonard project completed by Bazzani Building Co. last year is an example of adaptive reuse – a growing trend of renovating existing buildings into new housing.

“We look at it as a giant recycling project,” said Bazzani director of marketing Heather Coyne.



A photo of the building at 730 Leonard Street NW in 1937. It first opened as a storage warehouse before being transformed into housing a century later. (Photo provided by Bazzani Building Company from property records)

In the past two years across the United States, adaptive reuse apartments jumped by 25% as developers transform empty office buildings, rundown factories, shuttered healthcare buildings and old churches into housing, [RentCafe found](#) by analyzing data from commercial real estate research firm Yardi Matrix.

The trend brought 28,000 rentals onto the market in 2020 and 2021. RentCafe estimates another 77,100 apartments are in the process of being converted as adaptive reuse work outpaces new construction.

Bazzani spent a year and half turning the old storage warehouse into market-rate housing. This involved restoring the historic property, cutting balconies into the solid brick walls and converting the structure to be all electric.

“We’ve taken a beautiful building, something very attractive on the outside, and made it useful for today’s need,” Coyne said.

On [RentCafe’s list of top cities](#) for adaptive reuse projects, Grand Rapids was ranked seventh with an estimated 1,360 converted apartments under construction. And Detroit, with 1,214 expected units, ranked tenth.

Other leading cities are Los Angeles; Cleveland, Ohio; and Buffalo, New York.

Some projects in Grand Rapids include turning a [former skilled nurses center](#) into senior housing, converting [a historic school building](#) into 39 apartments and renovating a three-building complex into affordable units.

There is a significant housing shortage in Grand Rapids, Coyne said. Originally, 730 Leonard served as a warehouse. “That’s what the community needed it to be at the time. And now we’ve turned it into apartments, which Grand Rapids needs right now.”

Adaptive reuse could address Michigan’s housing crisis.

The state estimates roughly half of renters and 18% of homeowners were paying too much for housing before the pandemic, noting “this situation worsened” in recent years. Construction of new units has dipped; the average number of building permits issued between 2016 and 2020 is less than half of what it was between 1986 and 2006.

“As a result, existing housing – historically the main supply of housing for middle-income and low-income families – is scarce,” according to the Michigan State Housing Development Authority’s [statewide housing plan](#).

To address this, Michigan set a goal of developing 75,000 housing units by 2026.

This shortage, in the state and across the country, is why one developer is turning hotels into housing.

Republik, backed by Michigan-based developer PK Companies, started buying empty hotels in 2018. It now has [projects sprinkled](#) across five states, including an effort to transform a former Sterling Heights Wyndham Gardens hotel into a 213-unit building. “There were so many disused commercial real estate buildings of all different descriptions across the country,” said Republik founder and CEO Richard Rubin.

Republik developments target people who are low- to middle-income – or those earning between 60% and 120% of the area median income. The company says it costs less to repurpose hotels than undergo new construction, meaning lower rents for tenants.

Hotels are one of the most popular types of buildings to be converted into housing, growing by two-thirds since 2018 and 2019. RentCafe says they remain a key source for adaptive reuse because of the “straightforward transition from hotel rooms to apartments.”

But jumping ahead of hotels, former offices have taken the lead.

With the shift to remote work, nearly 70% of businesses have permanently closed at least some of their offices since the pandemic, [research firm Digital.com found](#). This empty space has created ample opportunity for new housing.

“There’s so much raw material from which to actually work with at the moment,” Rubin said.

Office buildings were turned into 11,090 apartments between 2020 and 2021, accounting for 40% of all adaptive reuse projects, RentCafe research shows. This overshadows the 2,702 office conversions recorded a decade ago.

Large or sprawling office buildings in downtown business districts are “better suited to conversion” than smaller complexes scattered across suburbs, said Doug Ressler, manager of business intelligence at Yardi Matrix.

“The residential market needs significantly more density in the areas of the largest cities, where the demand is greatest and where the tallest office buildings are located,” he said in a statement.

For Bazzani, it’s about more than providing needed homes.

The Grand Rapids developer has been creating housing since 1996, but its emphasis on environmentally friendly practices earned it [B-Corp status](#) eight years ago. Coyne says the growth of adaptive reuse underscores an increasing interest in sustainability. “We’re shifting focus a little bit,” she said. “If we had demolished the Leonard Street property that’s a lot of waste – it’s a lot of steel, it’s a lot of rubble that has be recycled.”