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HOMES

The Latest Housing Hotspot: Downtown and by the River

Developers are building high-end homes in revitalized urban neighborhoods with waterfront views for residents drawn to quality of life and prime locations

By Cecilie Rohwedder

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Randy and Gail Ross recently downsized from a suburban house on a lake near Minneapolis to a luxury condominium in the city's downtown district— but they still have a water view.

From nearly every room of their 14th-floor condominium at the Legacy, a new 374-unit residential tower in Minneapolis, they overlook the Mississippi River, as well as St. Anthony Falls and the historic Stone Arch Bridge.

To the Rosses, both 56, the city's riverfront combines urban energy with natural beauty. Since their move in September, they have renewed season tickets to the symphony, attended museum lectures and strolled to nearby restaurants. At the same time, they can walk their schnauzer, Charlotte, in Gold Medal Park on the riverbank by their building, and from the windows of their three-bedroom, 2,100-square-foot apartment, they watch the white-capped water go over the falls or the sky light up in nighttime thunderstorms.

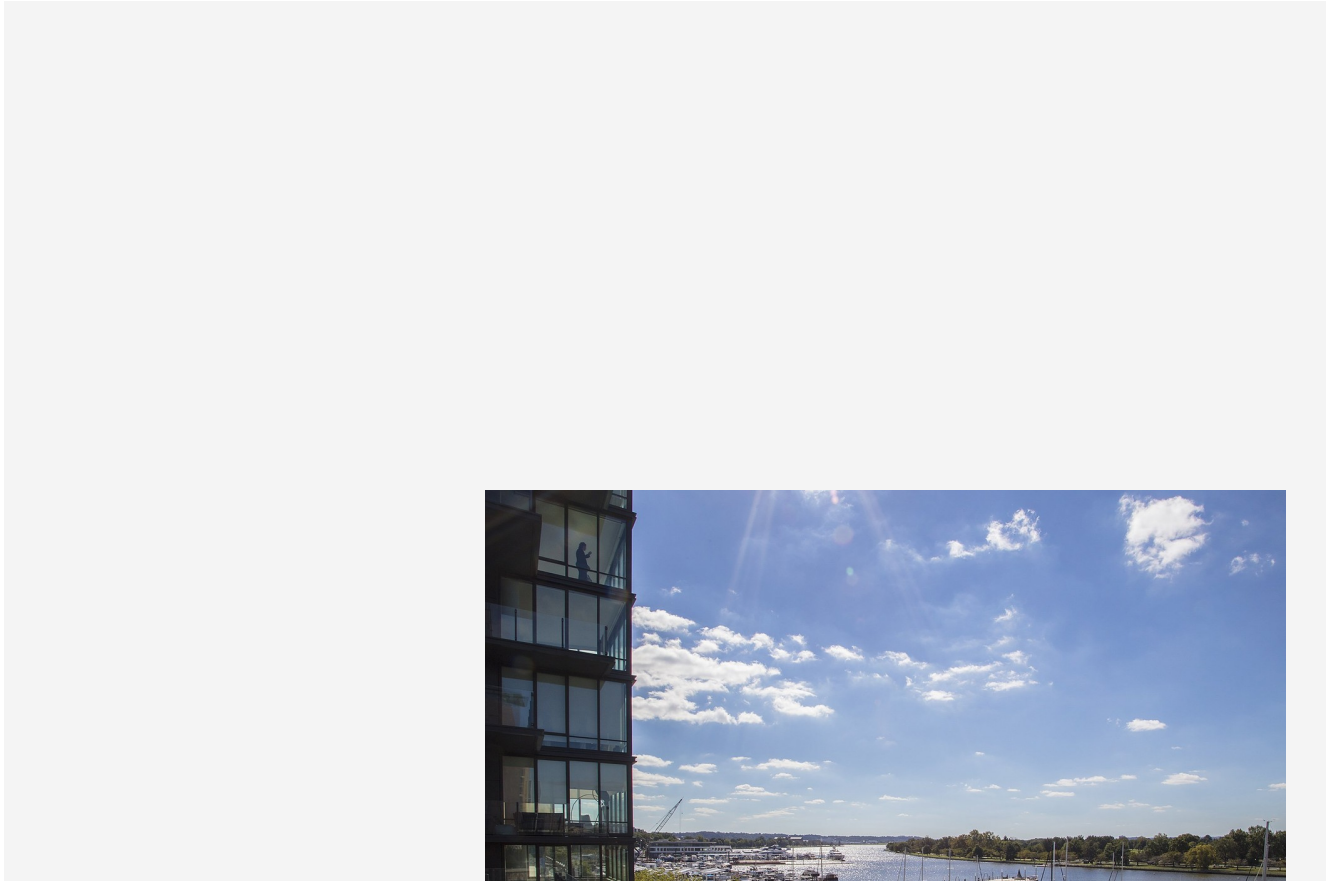
“The river view is just amazing,” says Mr. Ross, who now walks to his job as a leadership-development consultant in a software firm's human-resource department. And amid the urban bustle, he says, “we liked that we could see some green.”

The Rosses, with their \$1 million condo in the historic Mill District, are joining the move to urban riverfronts sweeping the country.

Minneapolis began to spruce up its river shorelines and adjacent neighborhoods earlier than other cities, drawing residents and development to a part of town once blighted by industry and railroad tracks, parking lots and pollution. These latest efforts in metropolitan areas are aimed at developing urban attractions, amenity-filled apartment buildings and new condo towers. Along with fresh construction, developers are restoring industrial-age warehouses

The Call of the River

Residential developments across the U.S. are drawing home buyers with shoreline views and luxury amenities



Monty and Traci Hoffman's riverfront penthouse in Washington, D.C., overlooks the Potomac River, along with the Jefferson and Lincoln Memorials. ALSTON THOMPSON PHOTOGRAPHY FOR THE WALL STREET JOURNAL

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often found near rivers and popular with high-end buyers.

In Minneapolis, more high-end projects along the river are in the works. They include the Eleven, a luxury condo tower scheduled to break ground in April, and Alia, a 40-story condo building on the other side of the Mississippi, where construction is set to begin in May 2019.

“Especially for the central U.S., without the ocean, riverfront areas have been a hot development area,” says Twin Cities developer George Sherman, who is working on a 22-story apartment building called Firestation 1, also in the Mill District. “Units with a view of Stone Arch Bridge and the waterfall have some of the highest prices in all of Minneapolis.”

In some cities, postindustrial wastelands have been transformed into dynamic urban districts with juice bars, bike shops and craft breweries. The return to the river is fueled by two generations with spending power: downsizing baby boomers like the Rosses, whose two



Randy and Gail Ross bought a new 2,100-square-foot, three-bedroom condo in downtown Minneapolis for \$1 million in September. Their home in the 17-story Legacy building has a view of the Mississippi from nearly every room. PHOTO: RAU+BARBER FOR THE WALL STREET JOURNAL

daughters are at East Coast colleges, and young professionals who crave community, walkability and a touch of nature.

There have been successive waves of city waterfront revitalization projects at least since the 1970s, but most emphasized public spaces, such as parks and promenades. Intermittent residential development attracted some pioneering renters and buyers. What has changed, Mr. Sherman and other developers say, is that Americans now want to live downtown and are willing to pay for it. Revival plans along urban rivers now often include residential space.

Riverfront properties carry a premium in cities such as Minneapolis, Cincinnati and Washington, D.C., according to online real-estate firm Zillow. On average, the firm estimates, Minneapolis home buyers have paid a premium of 32% for waterfront homes since 1996. In the last economic downturn, their values dropped less than those of nonwaterfront homes, Zillow says. Since then, a dearth of financing for new condominium construction, compounded by legal hurdles in some markets, has shifted developers' focus to rental buildings popular with empty-nesters looking for convenience and flexibility.

Michael Alley, 63, of Omaha, Neb., founding principal of a local architecture firm, and his wife, Laura, 60, sold their large house to move to a 1,300-square-foot rental apartment in a converted power plant in September 2017. The Breakers has 217 rental units and offers underground parking. Living in the luxury building near downtown allows them a life free of maintenance chores.

“We don’t change a lightbulb,” he says.

Mr. Alley's firm, Alley Poyner Macchietto, was renovating the abandoned structure when he and his wife snapped up a fourth floor corner unit in the former turbine hall that had a sweeping view of the Missouri River. Now the Alleys start the day on their small deck, watching riverboat traffic and the fast-moving water, listening to the cries of wild turkeys and looking for the occasional bald eagle to land in a nearby tree. At night, they often walk to the Old Market, a historic neighborhood with restaurants, stores and a farmers market.



Michael and Laura Alley in their 1,300-square-foot, fourth-floor home at the Breakers near downtown Omaha. In the mornings, they have coffee on their deck, watching the riverboat traffic on the Missouri River. PHOTO: DANA DAMEWOOD FOR THE WALL STREET JOURNAL

“It’s vibrant, industrial and raw but also a poetic place to live,” says Mr. Alley about the open-plan, one-bedroom home he and his wife rent for \$1,800 a month. The Alleys, who both work at the same firm, hope future riverfront development will create direct access from the complex to the river, now separated by train tracks.

Near the Breakers, another part of the waterfront is set undergo a face-lift starting next year. The plan is to combine three park areas into a stretch of green along the river, with attractions such as a dog park, sculpture garden and amphitheater. The project, initiated by a business and community leaders, is projected to cost \$260 million to \$290 million in public and private funds, according to Ken Stinson, chairman emeritus of Omaha-based construction and engineering firm Kiewit Corp. and co-chair of the project committee.

“We think it will over time spur a considerable amount of development downtown,” he says.

In Tulsa, Okla., a park was inaugurated on the Arkansas River in September at a cost of \$465 million, entirely in private funding with the exception of some city-financed utility and roadwork.

Across the Missouri River from Omaha, in Council Bluffs, Iowa, a barren stretch of riverbank is being turned into a walkable area with residential towers, offices and green spaces. Omaha-

based Noddle Cos. is the master developer of the River's Edge project.

Moselle, the luxury condo complex there, developed by Chicago-based Argent Group, is preselling units from \$295,000 to \$1.15 million, many of them designed with a view of the water and downtown skyline.

Attracting high-end buyers and residents to regenerated river areas requires some infrastructure, such as public transport, stores and restaurants, says president and chief executive Jay Noddle. To that end, Noddle's project includes retail space as well as new roads, parking and bike lanes.

"One of the challenges for downtown living has been we don't have amenities—for example, no food store," says Mr. Noddle. "Riverfront revitalization creates the amenities for luxury living to take place."

In Washington, D.C., on the Anacostia River, the Capitol Riverfront neighborhood is undergoing a makeover with new high-rise office and condominium buildings. Nearby, where two rivers come together, presales are set to begin early next year for a new condo building called Peninsula 88.

Less than 2 miles away, it took 12 years—which included eight council votes and four acts of Congress—to create the Wharf, a mile-long neighborhood along the Washington Channel of the Potomac River in southwest D.C. The development, led by Monty Hoffman's PN Hoffman and Madison Marquette as Hoffman-Madison Waterfront, is minutes from the U.S. Capitol and National Mall. It includes 220 condos in two buildings, Vio and 525 Water, plus 648 apartments in another two buildings, Incanto and the Channel. The area, largely neglected since Civil War times, now features new restaurants, stores and entertainment venues. A second phase, set to break ground in early 2019, will add about 507 residential units.

Mr. Hoffman bought a top-floor penthouse at Vio, a 12-story luxury condominium building that lures buyers with "expansive views of the Potomac River." With his wife, Traci, he paid \$3.79 million—\$5 million including finishes and design by New York interiors firm Krause Sawyer—for the 3,200-square-foot duplex unit. The three-bedroom—one with a wall made of reclaimed wood from the Hoffmans' family farm in Pennsylvania—comes with a 1,000-square-foot deck overlooking the water, with an outdoor television and fireplace, and a small garden for yoga and meditation.

Mr. Hoffman, 57, follows what he calls the "big-bang theory" of urban development. "There needed to be infrastructure and enough activity for people to come here," he says. "The urban theater below influences the value of units above."

Fellow Vio residents Randy and Cathy Benn feel connected to the urban theater from their sixth-floor condo. On warm nights, the Benns, both 56, sit on their balcony listening to the live



The penthouse in the Wharf in Washington, D.C., has a small meditation garden that overlooks the Potomac and several monuments. Traci and Monty Hoffman bought the unit, co-developed by Mr. Hoffman's firm, PN Hoffman, for \$5 million, including designer finishes. PHOTO: ALSTON THOMPSON FOR THE WALL STREET JOURNAL

music that spills from the open doors of the Pearl Street Warehouse concert venue below.

Since his youth in Sydney Harbour, Australia, Mr. Benn has wanted to live on the water again. So after selling their six-bedroom house in suburban Falls Church, Va., where they raised their three children, the Benns paid \$2.15 million for a 2,100-square-foot, three-bedroom unit and moved in December 2017. Their view of the river, yacht club, airport and Memorial bridge through floor-to-ceiling windows is obstructed only by a vintage jukebox in one corner.

“You don’t have to have any great plans,” says Mr. Benn, an environmental lawyer and rock ‘n’ roll fan. “You can just sit down with a decent bottle of wine and look out the window.”

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Corrections & Amplifications

PN Hoffman and Madison Marquette are working together as Hoffman-Madison Waterfront to develop the Wharf complex in Washington, D.C. A Mansion article Friday about urban waterfront developments incorrectly named only PN Hoffman as the developer. (12/10/18)

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