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Melrose Market inspires others to think small

■ *The idea of filling big spaces with small shops has been around for years — Pike Place Market for example — but developers and landlords are taking it to a new level.*

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Fallout from the recession is on full display in Seattle's Pioneer Square and along Western Avenue's once thriving "furniture row." Both are now dotted with empty storefronts.

Karen Mayers Gamoran is working to turn one of those empty spaces into a retail destination anchored by a local restaurant and filled with small shops and spaces for food vendors, designers and artists. Her project is called 71 Columbia and would occupy the first floor of the Polson Building, in space the furniture company Limn once operated.

The idea of filling big spaces with small shops has been around for years. Pike Place Market is a prime example. Developers and other landlords now are taking it to the next level by finding quirky, architecturally compelling spaces and capitalizing on demand for local, independent businesses.

On Capitol Hill, developers Liz Dunn and Scott Shapiro opened Melrose Market several months ago. It houses a restaurant, some bars, a butcher shop, cheese shop and other businesses.

Todd Vogel, executive director of the International Sustainability Institute, took a different tack in Pioneer Square. He filled an old brick building near Elliott Bay Book Co.'s former space with other nonprofits, including one that provides incubator space and micro-financing for small retailers and service providers.

"It's worked out better than I ever hoped," said Vogel, who likes the collegial atmosphere in the space.

Melrose Market is generating more revenue from 10 small spaces than if the developers had broken the 6,500 square feet into one or two large stores, Shapiro said. The economy helped drive the strategy. There aren't as many shopkeepers seeking space, and those who are find the going tough.

"There is a dearth of lenders willing to support small businesses, even those with a solid track record, thoughtful business plan and good credit," Shapiro said.

Tough timing

Shapiro and Dunn paid about \$3 million to buy two former garages in September of 2008 "just as [the economy] was falling off the cliff," said Dunn of Dunn & Hobbes. Seattle Bank gave them one of the last construction loans of the pre-bust era for a full renovation and seismic upgrade, which Shapiro said cost more than \$3.5 million.



Photo courtesy of Graham Baba Architects [\[enlarge\]](#)

Some landlords are renting small spaces to local businesses, such as those in the new Melrose Market on Capitol Hill.

Graham Baba Architects designed the project, and MRJ Constructors gutted the building. Other members of the team are M.A. Wright, structural engineer; Terracon Consultants, geotechnical engineer; and Sound Environmental Strategies Corp.

Located where Minor and Melrose avenues meet near Pike Street, the triangular two-story space has exposed brick and timbers and tall, vaulted ceilings. Ten of the 12 spaces have been rented, with shops ranging from 300 to 5,225 square feet.

Shapiro credited the success to a complementary mix of tenants, rich architecture, a strong location and a “supportive community that cares about local businesses.”

Last week, the restaurant Sitka & Spruce and Bar Ferd'nand drew good crowds for a Wednesday night. The butcher and cheese shops had closed for the day but another bar, Still Liquor, and Sonic Boom Records were open.

“We've been fortunate on the tenant side,” said Dunn. “[This shows] how much better neighborhood, homegrown tenants are doing” compared to chains.

The character of the early 20th-century space lends itself to this kind of approach, said Dunn, who manages the market with Shapiro. People pass from one side of the building to the other, either to get to one of the businesses or on their way to some place else.

Other developers have sought advice from the Melrose Market team. Shapiro said he and Dunn oblige, and would consider doing a similar project in another neighborhood. “The challenge is finding the right building at the right price.”

An incubator

As the head of a nonprofit, Vogel didn't approach his project in the Nord Building at 314 First Ave. S. as a development play. He was looking for office space for himself and wanted a “triple-bottom line project,” meaning the investment had to benefit the community, the environment and his ledger. He ended up creating a collaborative space for like-minded groups.

When he bought the old brick building three years ago he said its personality was masked. There were false ceilings, and plywood covered interior arches and other architectural detailings. Unless you knew Pioneer Square history, it wasn't clear the Nord was part of Seattle's underground, a series of passageways and basements that until the mid-19th century were at street level.

The Nord's basement and main level total 4,800 square feet, and there are residential condos above.

“That building was like a Rubik's Cube,” said Vogel. He hired Kenny Wilson of 10 Ten Building Design as the architect. A company called Coble, which is no longer in business, was the main contractor.

Vogel, who declined to say how much he invested in the project, rents small offices to two nonprofits: Feet First, which promotes walkable neighborhoods, and Network for Business Innovation and Sustainability. He also rents space to a for-profit, One Energy, which brokers cap-and-trade deals and promotes alternative energy.

Along with Vogel's offices, they're in the basement, with a conference room and gathering place.

Initially, a vintage consignment shop was on the main level, but the company didn't survive the recession. Vogel's real estate agent, Joe Nabbefeld of Windermere, who previously was a DJC reporter, asked Vogel to imagine the perfect tenant. Vogel said he wanted one that provides micro-financing.

“Lo and behold, Washington CASH came along,” Vogel said.

“We basically incubate small businesses,” said Miriam Works of Washington Community Alliance for Self-Help. Since its founding 15 years ago, the group has helped launch or expand 945 businesses. Today, Washington CASH displays and promotes the goods of 77 businesses in the Nord.

Reviving a neighborhood

For Karen Mayers Gamoran, the 71 Columbia project is not solely about filling 11,200 square feet of empty space on the first floor of her family's Polson Building, across the street from Colman Dock. She thinks it will also help re-energize Pioneer Square. Her dad, Benjamin Mayers, launched Ace Novelty Co. in the Polson Building decades ago, and today she operates Karen's Vintage Couture in one part of the space.

"Pioneer Square is sort of a jewel of our city. Our goal is get [people] to come back to Puget Sound to celebrate it, to enjoy it," said Mayers Gamoran.

She is working with two Seattle consultants, Stan Piha of Stanley Real Estate and architect Melanie Corey-Ferrini of Dynamik Space. No contractor has been hired.

With high ceilings and exposed HVAC ducts, the space feels expansive. The plan as it now stands is to have about 30 small showrooms, the cafe restaurant and 10 work studios, Corey-Ferrini said. But first the team needs to find the right anchor and initial shops.

"I think the most important thing is we're trying to make it right for the neighborhood," Mayers Gamoran said.

The similarity to Dunn and Shapiro's Melrose Market isn't lost on the project team, which includes Ben Sevilla, a stylist at Karen's Vintage Couture. He remembers reading about Melrose Market as he and Mayers Gamoran were brainstorming.

"When that popped up, [I said,] 'Karen, it's happening already,'" Sevilla said.