

Many Uses, Linked by One Vibrant Alley

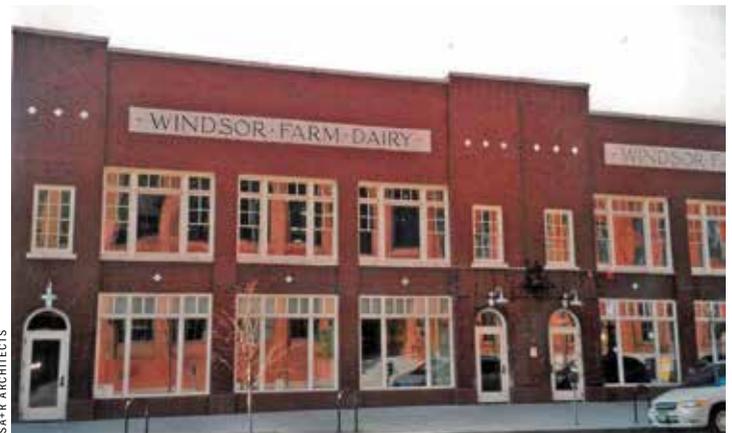
A Denver developer activates an alley to tie together a hotel, offices, food, and maker retail on the site of a former dairy.

THE CONNECTIONS AMONG a mix of uses on a single urban block are normally left to the streetfronts that surround them, or to interior corridors. But in a historic district in Denver, it is an alleyway that pulls uses together.

Perhaps it was fate, given the name of the architect—Crème Architecture & Design—that drew the firm to work on redeveloping the Windsor Dairy Block project in Denver’s historic lower downtown (LoDo) district. But the people at Crème were able to convince Denver-based McWhinney Development Company to meld the activity of the Dairy Block’s multiple uses through a vacant alley behind new development. At the beginning of the project, which occupies the western half of the block, Jun Aizaki, principal of the Brooklyn, New York, architecture firm, pointed out to developer Chad

McWhinney the opportunity posed by the historic brick buildings along the block’s eastern half. If McWhinney were to acquire those historic and mostly vacant brick buildings, the enlarged project could bring a new urban form to Denver that would be as exciting as San Francisco’s Maiden Lane and vibrant retail alleys elsewhere.

On the northern end of Blake Street stands the original Windsor Farm Dairy Creamery building, erected in 1918 to process milk and make butter, cheese, and ice cream. McWhinney expects that craft makers of such products may return to the site to flesh out the maker retail concepts.



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The central 100 feet (30 m) of the 400-foot-long (122 m) block was a nonhistoric two-story building that could be removed to create a T-shape for the new structures. That enabled a central entrance into a new underground parking structure from Blake Street, as well as office floor plates as large as 43,000 square feet (4,000 sq m).

McWhinney is the 44-year-old developer who restored and rehabilitated Denver's massive Romanesque Revival Union Station for transit, office, retail, restaurants, and the 112-room Crawford Hotel. The \$54 million rehabilitation of the edifice, originally erected in 1914, was completed in 2014. Many of Union Station's restaurants spill out onto open plazas and courtyards, and McWhinney figured that a similar approach would work for the alley on the historic Windsor Dairy Block, just one block away from Union Station.

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Fortuitously, the 400-foot-long (122 m) alley in the 270-foot-wide (82 m) Denver block runs north-south so that it would be filled with sunshine while the building walls to the east and west would protect the alley from winds that sometimes sweep the broad Union Station plaza. To ensure that the long alley would not feel claustrophobic, Crème widened the passage progressively from 18 feet (5.5 m) at its south end to 32 feet (10 m) at its north end.

About 30,000 square feet (2,800 sq m) of retail shops and restaurants will line the alley along with a 2,400-square-foot (223 sq m) event space for the office buildings, restaurants, and hotel as well as a

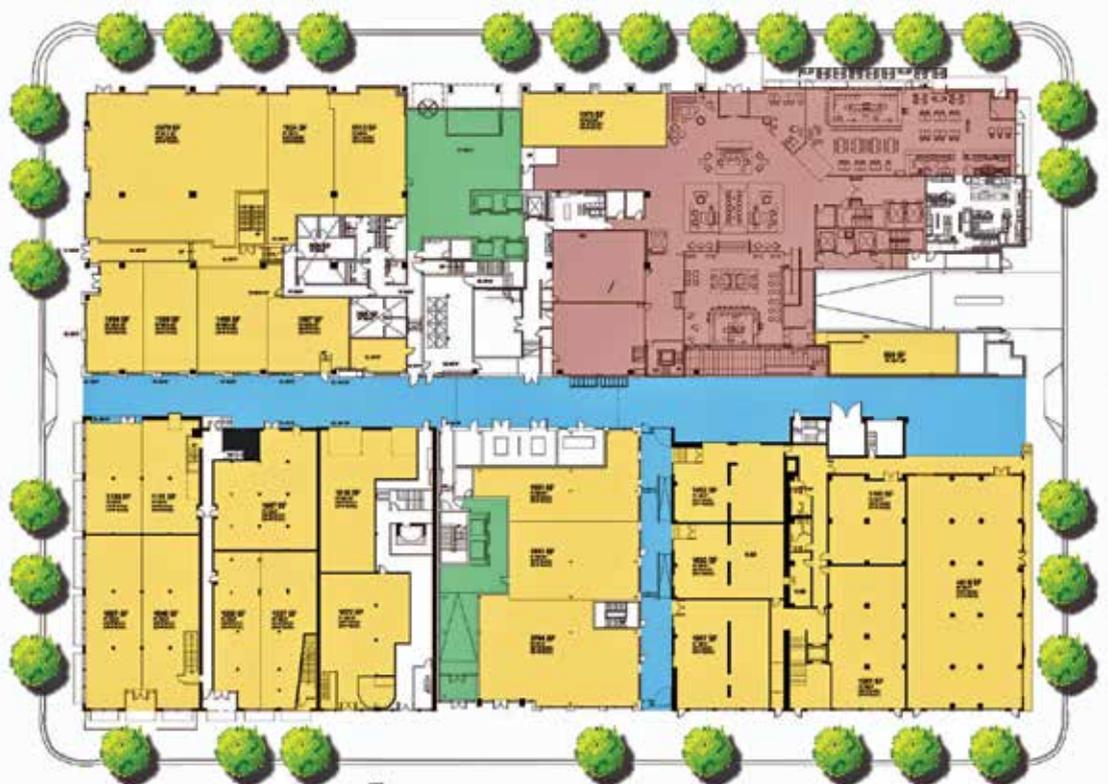
Right: The western half of the block along Wazee Street contains the new office building and the Maven Hotel at its northern end. Penthouse office decks on the fifth and sixth floors provide continuous outdoor open space. The hotel has similar decks on its top floor. Because the office floors are 12-foot-tall (3.7 m) spaces, their six stories equal the height of the eight-story hotel.

Below: Retail and restaurant uses face one another along the activated alley. To ensure that the long alley would not feel claustrophobic, Crème widened the passage progressively from 18 feet (5.5 m) at its southern end to 32 feet (10 m) at its northern end.



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GROUND LEVEL



JOHNSON NATHAN STROHE ARCHITECTS

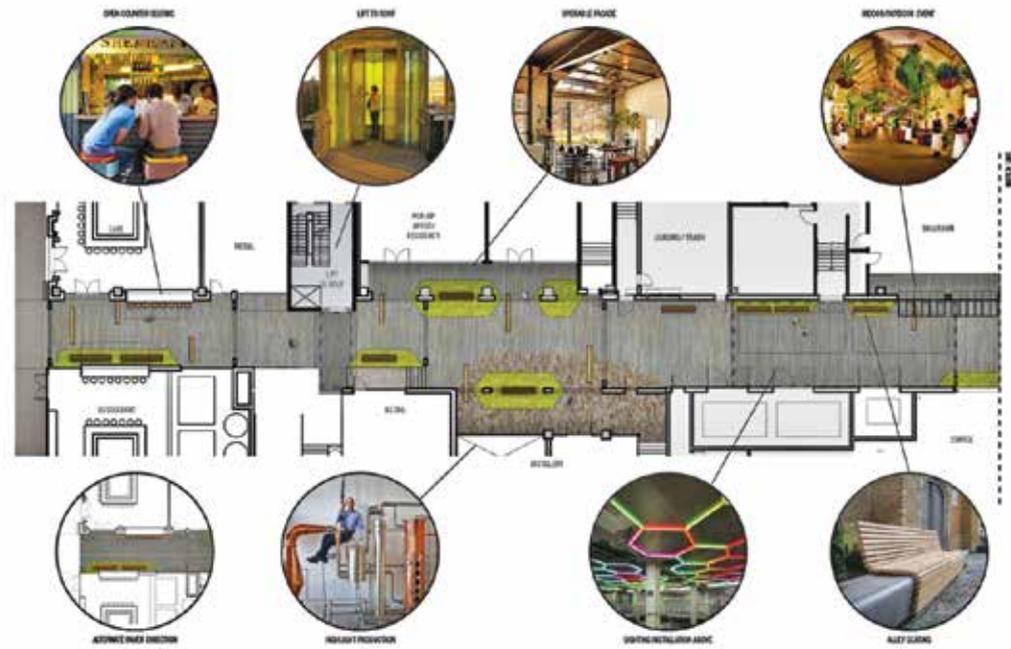
2,500-square-foot (233 sq m) Poka Lola Social Club cocktail bar on the hotel's ground floor, which has its own 60-foot-long and 12-foot-deep (18 by 4 m) trellised café set back from the main alley.

McWhinney targeted 40 percent of its total 66,000 square feet (6,100 sq m) of retail space for food-oriented tenants. Mark Witkiewicz, the project manager and McWhinney's senior vice president of commercial development, says they are targeting "maker tenants," which he defines as those chefs and artisans who make or prepare unique products and foods on site. Witkiewicz projects retail rents above a \$40-per-square-foot (\$430 per sq m) minimum against a 6 percent natural breakpoint overage rent, which implies a \$667-per-square-foot (\$7,180 per sq m) annual sales amount—levels that he says have been exceeded at Union Station.

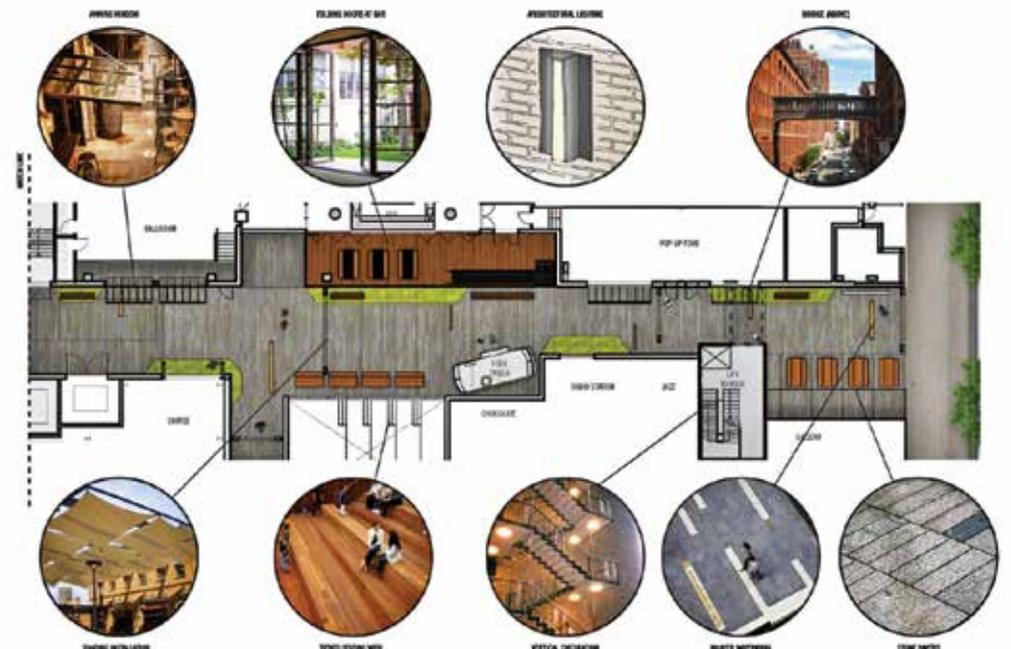
A 172-room independent Maven Hotel is located at the northwest corner of the block at the corner of Wazee and 19th streets. The hotel will be managed by Denver-based Sage Hotels, half-owned by McWhinney, as is the Crawford Hotel. The Maven Hotel is an eight-story concrete building whose top two stories are recessed as penthouse levels. Its ground floor expands into the adjoining six-story, 220,000-square-foot (20,000 sq m) steel-framed office building so that its lobby is almost twice as large as the 120-by-135-foot (37 by 41 m) footprint of the hotel.

The enlarged footprint creates space for a 7,200-square-foot (670 sq m) Kachina Southwestern Grill in its northwestern corner, which flows into a 3,600-square-foot (334 sq m) lobby as well as into the Poka Lola Social Club's cocktail bar. A single kitchen serves the two restaurants and the event space. This design and the common management of the hotel and ground-floor restaurants run

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Detailed alley plans show a variety of architectural elements, graphics, lighting, storefronts, furniture, awnings, and canopies to help activate the retail alley.

OFFICE LEVEL 2 28,221 RSF



SA+R ARCHITECT

counter to the more recent trend to isolate restaurants as separate spaces leased to independent operators. But the setup facilitates the mingling of activities in multiple uses on site. Such mixing of uses is taken a step further by locating at the center of the office space on the east side a 6,800-square-foot (632 sq m) fitness center available for use by office tenants and hotel patrons.

Because the office floors are 12-foot-tall (3.7 m) spaces, their six stories equal the height of the eight-story hotel. The offices' top two floors also are recessed to create a continuous rooftop deck around the south and west sides of the offices as well as a partially covered continuous outdoor deck on the fifth floor.



JOHNSON NATHAN STROHE ARCHITECTS



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Top: In the center of the office space on the second floor of the east side is a 6,800-square-foot (632 sq m) fitness center for use by office tenants and hotel patrons. On the third through sixth floors, new office space above the fitness center allows for office floor plates as large as 42,000 square feet (4,000 sq m).

Above and left: The hotel lobby contains ample space for a 7,200-square-foot (670 sq m) Kachina Southwestern Grill, which flows into a 3,600-square-foot (334 sq m) lobby and the 2,500-square-foot (232 sq m) Poka Lola Social Club cocktail bar. The ground floor of the hotel expands into the adjoining six-story, 200,000-square-foot (19,000 sq m) steel-framed office building so that its lobby is almost twice as large as the footprint of the hotel.

Another reason to develop the east side of the block was that in the central 100 feet (30 m) of the 400-foot-long (122 m) block, there was a nonhistoric two-story building that could be removed to create a T-shape for the new structures. That enabled a central entrance to the new office building from Blake Street, office floor plates as large as 43,000 square feet (4,000 sq m) for full-floor tenants, and 11,000 square feet (1,000 sq m) of retail space flanking a 15-foot-wide (5 m) eastern extension and entrance to the retail alley so that it is accessible from all four surrounding streets. Denver-based SA+R (Shears Adkins Rockmore) Architects designed the office-building core and shell, while Johnson Nathan Strohe (JNS) Architects, also locally based, designed the hotel and retail space.

Three two- and three-story historic structures line the eastern face of the block on Blake Street. On the block's northern end stands the original Windsor Farm Dairy Creamery building, erected in 1918 to process milk and make butter, cheese, and ice cream. McWhinney expects that craft makers of such products may return to the site to flesh out the maker retail concept, which might attract tenants such as small-batch coffee roasters, wood-fired pizza restaurateurs, or on-site makers of locally tanned leather goods. The developers expect creative office tenants to be attracted by the exposed brick and timber-framed trusses on the upper floors of the old creamery and the other historic buildings. Those spaces will differ sharply from the floor-to-ceiling glass walls of the new office building, which the

developer hopes will appeal to different office market segments. Retail space will fill the ground floor of the historic buildings, which open to the alley. A loading dock on the western side of the Windsor Dairy will be incorporated as an elevated dining space on the alley.

Total development cost of the Dairy Block is \$190 million. Witkiewicz says that 65 percent of that amount was financed by construction loans from the Bank of the Ozarks; these loans will be refinanced with permanent mortgages upon completion and lease-up. Equity was supplied by McWhinney, as managing partner; and joint venture partners Grand American, a Denver developer that has owned the land for 35 years, and Sage Hospitality, a Denver-based hotel developer and management company, half of which was recently acquired by McWhinney. Three separate limited liability companies were formed for the Dairy Block, individually covering new development, historic redevelopment, and the hotel.

The operational headquarters of Prologis, the global industrial logistics real estate company based in San Francisco, anchors the office component, leasing 40,000 square feet (3,700 sq m) on the fifth floor and 32,000 square feet (3,000 sq m) on the sixth floor. Asking rents for the other office space are \$33 per square foot (\$355 per sq m), triple net (of taxes, insurance, and utilities, which will be paid by tenants). Witkiewicz says the center of Denver's Class A office space was moving toward LoDo, where vacancy rates are 7 percent, compared with those in the traditional office core about ten blocks to the southeast. He attributes that to the rapid growth of food and entertainment that has blossomed in LoDo and which has attracted the millennial workforce. LoDo residents who are between 25 and 44 years of age have a median income over \$62,000, and the average household income for this group exceeds \$96,000.

There are 11,000 square feet (1,000 sq m) of retail space flanking a 15-foot-wide (5 m) eastern extension and the Blake Street passage entrance to the retail alley so that it is accessible from all four surrounding streets.



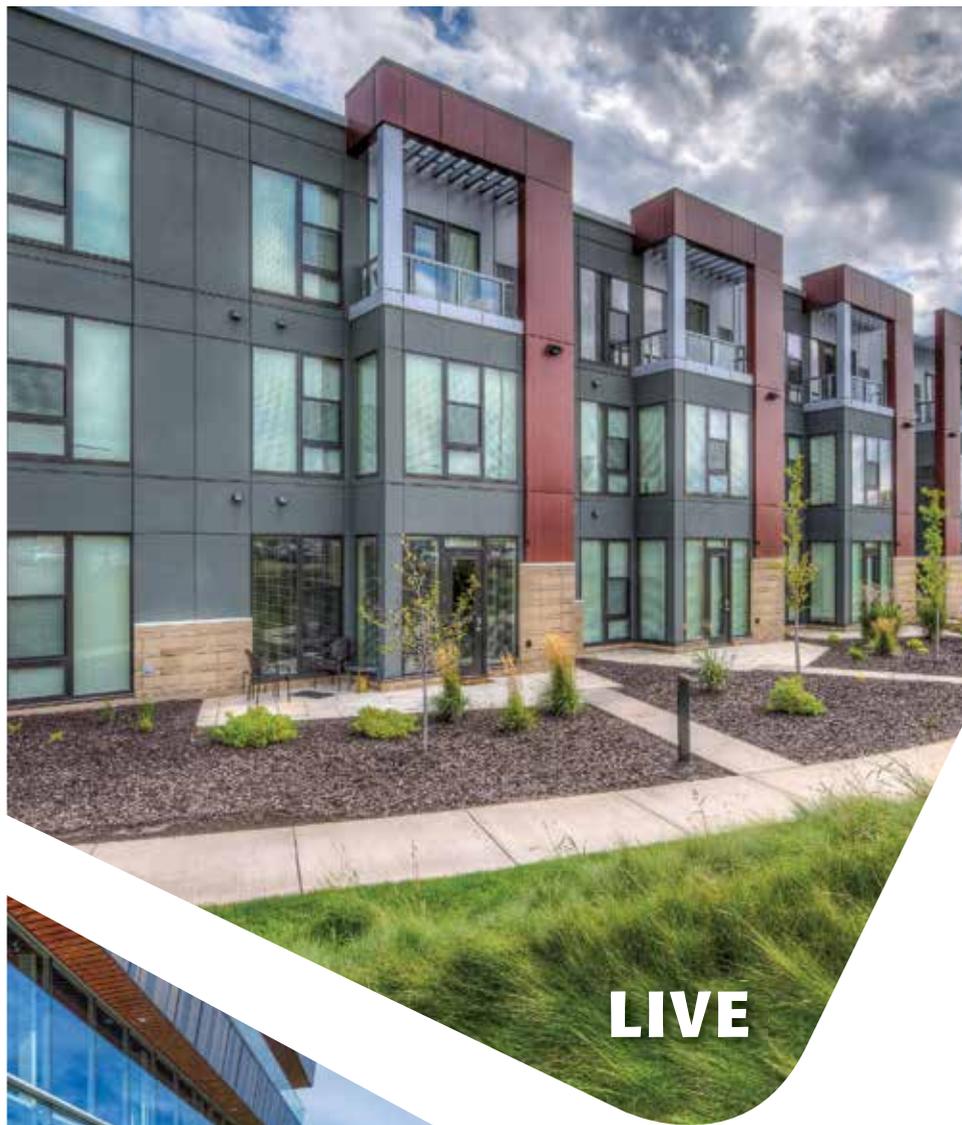
CRÈME ARCHITECTURE & DESIGN

One might have thought that such favorable demographics would have prompted the developer to build residential units. But Witkiewicz says the condominium market in Colorado is dormant because of high construction liability constraints and uneconomic insurance premiums for all but the most expensive units. While McWhinney has stand-alone apartment projects under construction in Denver and northern Colorado, the firm did not think that apartments were optimal for this mix of uses.

There are 392 parking spaces under the new development. McWhinney planned 242 of them for the 242,000 square feet (22,000 sq m) of offices to satisfy a parking ratio of 1:1 per 1,000 square feet (93 sq m), with the balance of 150 spaces available for the retail space and hotel rooms. Parking spaces, with both daily and monthly rates, are not exclusively assigned so that shared parking can work, especially between the hotel and office components, which have complementary demand peaks for daytime and evening parking. Also, McWhinney projects that many hotel visitors will arrive without cars, via the light-rail line from Denver International Airport to Union Station, just one block away.

Witkiewicz says that the whole Dairy Block complex may be open by the second quarter of 2017. He refers to the three-story Great Hall of Union Station as Denver's living room. And, with the new restaurant-dominated retail alley of the Dairy Block, he thinks that patrons may come to think of the Dairy Block as the city's dining room or eat-in kitchen. **UL**

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