FROM WAREHOUSE TO THEIR HOUSE

Homeowners go industrial strength, turning commercial buildings into homes with historic charm, but construction challenges abound; polishing damaged plaster to highlight its aged patina.

BY CANDACE JACKSON

THE INTERIORS HAD PEELING PLASTER WALLS covered in layers of old wallpaper and paint. A leaky roof and mostly abandoned second-story required immediate attention. In short, the place was a wreck. And yet, “we really just fell in love with it,” says Jay McKinney of his Birmingham, Ala., home.

Mr. McKinney, who handles operations for a financial software company, and Chuck Strahan paid about $300,000 to renovate and convert the 19th century tobacco and candy shop into a residential property. The project, however, required some vision—and an acceptance of the building’s quirks, says their architect, Mike Gibson of Appleseed Workshop. Instead of covering the damaged plaster, it was polished to highlight its aged patina. And the glass storefront was retained so the street view would be consistent with the downtown surroundings.

“You get all the benefits of the old character, but everything’s been updated,” says Mr. McKinney, 50. Today, his 2,900-square-foot loft-like living space has an open-plan living room, as well as a roof deck.

Across the country, adventurous and sometimes deep-pocketed home buyers are converting urban diamonds in the rough into one-of-a-kind residences with...
FROM WAREHOUSE TO THEIR HOUSE

Continued from page M1.

both modern conveniences and historic charm. Warehouse conversions are especially popular in space-crunching cities like New York, San Francisco and Chicago, where the available inventory downtown can't meet the demand for city living.

But the conversions come with countless challenges. Office or industrial buildings don't have the same plumbing, window or wall placement as a home. The wide-open layouts and exceedingly high ceilings that often make such spaces appealing can be a difficult to tackle. Then there are the surprises that come up along the way, like lead paint, asbestos tiles or unstable foundations that can make costs hard to predict.

"In many of these projects, the owner says halfway through, 'We should have torn this down,'" says Jim Foteet, a San Antonio architect who has handled many conversions. And costs can add up, particularly when unexpected headaches or delays emerge. "You don't do it for the economy that the existing building provides. You do it for the character."

At the same time, city planners love homeowners who are willing to take on conversions.

Their efforts spark broader urban-revitalization projects that cash-strapped municipalities could hardly afford. Birmingham has seen a 36% increase in the population of the city's downtown business district since 2000, partly spurred initially by individuals taking on historic preservation projects. Such projects "set the stage for larger developers," says Mr. Fleming. "If we didn't do that, we would have no momentum."

In 2012, New York-based developer Roy Stillman purchased a circa-1897 printing facility for $45.9 million, with a cast-iron, brick-and-marble facade in New York's NoHo neighborhood. The brick had been covered with aluminum siding and then layers of paint, which Mr. Stillman says took nine months of chemical applications to remove. When the building conversion is complete in May 2015, the conversion dominiums will have gracious spaces, brick barrel-vaulted ceilings and dramatic, nearly wall-length arched windows. Units will also have new electrical systems and plumbing. To bring in natural light, plans call for a large, landscaped courtyard at the center of the building.

"I love the Sherlock Holmes aspect of this," says Mr. Stillman. "Something that is rare and pure is valuable. It's a case of spend money to make money," he says. The building's 20 units range from $3.5 million for a two-bedroom, two-bathroom apartment to $8 million for a four-bedroom penthouse with a private rooftop terrace; buyers so far have included the art collectors Alberto Miegashibi and Aby Rosen.

Jim Berks, chairman of United Talent Agency, toured the construction site and says he likes that the warehouse character of the project "feels strong and old and solid like a wonderful tree that survived everything," says Mr. Berks.
67 years old. He decided to purchase a two-bedroom, two-bathroom pied-à-terre to live in when he's not at his main residence in Beverly Hills, Calif. Similar apartments were listed between $3.75 million and $5.5 million.

In cities where space is tight, buyers looking for ever-larger homes are getting more daring about the types of spaces they're willing to refashion. In Manhattan, for example, parking garages have become popular candidates for condo conversions, says real-estate agent Robert Dankner, president of Prime Manhattan Residential. He recently took a client to tour a 30,000-square-foot manufacturing facility that could be turned into a single-family home. "You are basically creating more inventory by turning commercial into residential," Mr. Dankner says.

In Philadelphia, architects Kevin Rasmussen and Vivian Su were looking for a house for themselves and their two young daughters that had more space than their previous 4-foot-wide row house near the Philadelphia Museum of Art. Several years ago they purchased a 40-foot-wide contractor's shop in the same neighborhood for $420,000. Though the place offered ample space, part of the roof had caved in, and there were cracked asbestos floor tiles and 1970s-era wood paneling that had to be removed. "It was gross—like, really gross. The Realtor wouldn't even go up there with us," says Mr. Rasmussen, 43 years old.

The couple spent just four months transforming what they call the "fortress with randomly placed windows" into a 2,200-square-foot home with three bedrooms, 2½ baths and an office for their firm. They left part of the ceiling exposed above the living room as a nod to the building's industrial past, but added skylights to brighten the back of the house. So far, they have spent nearly $150 a square foot on renovations, or about $300,000. (They say they probably saved about $50 a square foot because they handled the design and general contracting themselves.) The home is probably valued at roughly $1 million today, they say, based on recent appraisals. Next they plan to add a fourth bedroom and a landscaped courtyard.

Some converted spaces can have both commercial and residential uses. Cheryl Morgan, a 62-year-old architect and professor emeritus at Auburn University's Urban Studio in Birmingham purchased an old building along the railroad tracks on the edge of the city's downtown. While the building "had good bones, it required some work to convert the back half of it into her home, and the front part into office space. The interiors had large columns, rustic hardwood floors and walls that included some faint graffiti—all of which she kept. She added an interior courtyard and a glass wall overlooking the space. The roughly 3,200-square-foot home has two bedrooms, and the building's office area is leased to Ms. Morgan's architects, Marshall Anderson and Kris Nikolic of Design Initiative.

In all, she spent about $165,000 to purchase the building and about $350,000 to renovate the residential portion.

The open nature of the living space has come with "some acoustic challenges," says Ms. Morgan, as well as a little difficulty heating and cooling the common spaces in certain conditions. But "most of the time I sort of pinch myself and go, 'Oh, I love it!'"