



By: [Paula Gardner](#) AnnArbor.com Staff

COLUMN: PAULA GARDNER

Ann Arbor's East Liberty: Connector between State and Main 'hot' retail corridor

Posted: 6:04 a.m. Today

11 Comments. [Comment Now](#)



The former John Leidy Shop next to the Michigan Theater is attracting several potential tenants at an asking rate of \$37 per square foot per year.

Paula Gardner | [AnnArbor.com](#)

Talk to anyone about recent commercial real estate deals in **Ann Arbor**, and the conversation usually turns to the most active six blocks in the city so far this year: **East Liberty**.

In these blocks, consistently high rents are meeting a recent wave of vacancies.

And that means the East Liberty blocks between South State and South Main Street - the bridge between the University of Michigan and downtown - are changing faster than any other market in the city.

As the existing storefronts gain new tenants willing to risk some of the highest rates in the city for their location, the blocks will continue to raise their profile in the city's retail mix.

"It has been very hot," said Mike Giraud, a broker at Colliers International.

How hot? Four letters of intent from prospective tenants were submitted on the former John Leidy Shop at 601 E. Liberty barely after it closed this winter. "Some are food (-related shops) some are not," Giraud said.

The asking rate: \$37 per square foot annually, just shy of the \$40 plateau reached steps away on South State.

A few storefronts east, the former Four Seasons is listed at \$38 per square foot.

Those spaces near State Street have always been higher-priced, thanks in part to the proximity to campus but also because of the anchor stores of Borders and Urban Outfitters.

But now that rental rate level is headed west on the block, too: McKinley Towne Centre has a 3,185-square-foot storefront listed for \$38 per square foot. The new tenant likely will be a restaurant, given the space's access to outdoor seating. At that rate - about \$10,000 per month - a high-volume retailer will need to fill that size space.

And west across South Division, the former Handicraft Building offers ground-floor restaurant space for \$35-42 per square foot.

Two prospective tenants are seeking to open restaurants there, said listing broker Jim Chaconas, also of Colliers.

East Liberty retail changes

Recent storefront openings and closings include:

- [Tomukun Noodle Bar is preparing to open in McKinley Towne Centre.](#)
- [lab coffee shop just opened.](#)
- [Allure and Four Seasons combined into a single storefront.](#)
- [The John Leidy Shop recently closed.](#)
- [Yoshi's Restaurant closed.](#)
- [Pangea Piercing moved into the "Liberty Building"](#)
- [Soul Sisters became Pangea's neighbor.](#)
- [Tortoise and Hare closed.](#)
- [Liberty Street Video closed.](#)
- [Beyond Juice reopened.](#)

Those would be new uses for the long-time retail building that most recently housed a furniture store.

It also shows the type of draw the corridor is becoming, thanks in part to McKinley Towne Center and its multi-tenant format that adds retail and street-side seating to the mid-town blocks.

The opportunities, Chaconas said, “means we can create something here.”

And the fit of the new tenants, likely will create synergy with places like Bar Louie across South Division, he said.

Jeff Hauptman of the Oxford Co. owns East Liberty Plaza, a series of retail spaces and second-floor offices at the northwest corner of South Fifth Avenue.

His company is listing the former Yoshi’s restaurant for \$28.75 per square foot, and “we’re in the process of sorting out about 10 different interested parties,” he said.

Yet closer to State, Hauptman said he thinks the food market is saturated. A boutique clothier - much like the successful Poshh - might make a better fit in the overall mix.

Hauptman said the corridor is seeing “a tremendous amount of activity,” but also notes part of the draw is the long-time businesses: Afternoon Delight and Sam’s Clothing are in the same block. To the east, there’s Orchid Lane and Encore Records, just a few storefronts from the former Schoolkids Records space.

“Liberty’s always been a strong foot traffic market,” he said.

And it’s still the main connector between State and Main, despite some retail development on East Washington Street, including newer spaces at the corner of Division that are vacant.

Rental rates on East Liberty drop the closer the space gets to Main Street: 119 E. Liberty is listed at \$15 per square foot. That compares to the vacancy on Main Street of the former Four Directions space, now offered at \$23 per square foot.

And even when the existing vacancies are filled, more changes will follow on East Liberty.

FedEd/Kinkos will move across the street this summer, leaving First Martin Co. an opportunity to consider options for the building at the corner of Liberty and Maynard.

And unclear is how Borders' repositioning may affect its flagship store. More development opportunities remain on the corridor, namely some houses converted to retail or multifamily rentals that could attract developers once the market turns.



Left, the 3,185-square-foot space in McKinley Towne Centre is \$38 per square foot. Across South Division is the former Handicraft building (right), listed for \$35-42 per square foot for street-level retail space.

Paula Gardner | AnnArbor.com



The former Yoshi's Restaurant (left) at 241 E. Liberty is listed for \$28.75 per square foot and is marketed as turnkey. At right, the former Liberty Street Video closed last fall. It's listed for \$15 per square foot.

Paula Gardner | AnnArbor.com

Paula Gardner is Business News Director of AnnArbor.com. Contact her at 734-623-2586 or by [email](#). Sign up for the weekly Business Review newsletter, distributed every Thursday, [here](#).

[Share this post](#)

Tags: [development](#), [real estate](#)