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Bucks Start Here: Russell Industrial

By: Jon Zemke



February 5, 2008

Name a major U.S. city and there is a good chance Stacey Ellis set up shop there at one point or another. New York, Los Angeles, Atlanta, Chicago — those are all places Ellis has at some point based his business.



Detroit is the latest home for his B. Black Apparel line of denim jeans, and he found the best bang for his buck at the Motor City's [Russell Industrial Center](#).



His 1,000 square feet of space in the circa 1915 car factory turned accidental business incubator costs a fraction of the price he would pay in other major cities. Space he looked at in Chicago cost anywhere between \$15 and \$25 per square foot. New York City space started at \$25 per square foot, without any of the amenities and conveniences that Ellis found in Detroit, such as plentiful storage and easy freeway access. The Russell Industrial Center (or RIC)

leases out space at a little less than \$3 per square foot.

Now Ellis has a cost-effective home for his business, plus he is surrounded with creative types of all stripes.

"Entrepreneurs are born every day," Ellis says. "They all have dreams. This place allows you to capitalize on your dreams."

And he's far from the only one. The Russell has taken off in recent years as a home for a range of start-up businesses as big as the entrepreneurs' dreams. When the Boydell Development Co. (the Nikki's Pizza folks) took it over in 2003, they leased out space to about 10 different small businesses and artists. Today it has grown to about 70 leases, and another 50 are expected to sign up by the end of this year.

Those new businesses take up anywhere between 600 and 6,000 square feet, sometimes more. Of the building's 2.2 million square feet, 650,000 square feet is in use and 500,000 is ready to be built out. The spaces are leased out almost as quickly as they are built, with another 20 ready to come online in less than a month.



And the small business people with big dreams keep coming. They come for the cheap rent, creative community and almost absolute freedom to do what they want.

They are so free, in fact, that the Russell has accidentally become one of the state's best small-business incubators, and it's done so without government support. It just relies on organic growth and good old fashioned capitalism.

"The fact that it's organic growth means it's going to be more permanent. It's not artificial," says Harry Veryser, director of graduate studies in economics for the [University of Detroit Mercy](#). "It's probably the best growth you can get."

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When world-famous economists [Steven Levitt](#) (author of [Freakonomics](#)) visited [Wayne State University](#), he did not speak glowingly of the traditional government-backed business incubator (as in North Carolina's Research Triangle Park or Detroit's [TechTown](#)).

Levitt remarked how the history books are littered with the wreckage of government's ambitious plans and best intentions when it comes to spurring economic growth. He emphasized the stereotypical economists' mantra that the best thing for business is a low cost of doing business and little interference.

"I think the people who should make the choices are the people likely to generate the profits from those choices," Levitt said.

That decision-making power belongs to the business owners at RIC. There is no government subsidy or overt regulation. There are only two steadfast rules: Respect the building and respect the community. Just about everything else within the law is fair game.



This explains why nearly every sort of business has made its way into the building. There are the artists that RIC is known for, like [Madeline Stillwell](#). The [Cranbrook](#) art student builds sculptures with rubble scavenged from bombed-out buildings.

Then there are the people you don't expect to see there, like Leroy Jagers. The middle-aged owner of Ultimate Photo Impressions turned his few hundred square feet into a

sparkling, well-lit office that would rival most other suburban spaces. His company transfers kids sports photos onto balls. Or Holly White, who is planning to move her worm farm business (She makes organic fertilizer from worm poop!) to the RIC later this year. The almost-anything-goes freedom gives her piece of mind.

"If I could find twice the space at half the cost, I'm not sure the landlord would be cool with it," White says.

Not far away are the RIC's white-collar workers, such as 28-year-old Andre Perkins. The co-owner of [Orbis Group](#) recently moved his Internet consulting and multimedia firm from Ypsilanti to the RIC. He and his partner Pierre Greenwood turned their 1,000 square feet of loft-like white box space (they pay \$550 a month) into a corporate space with a fast Internet connection. And Perkins calls the \$500 cost to create the space a price "you can't beat anywhere."

"We didn't have to ask for permission for anything," Perkins says. "I can have my 200-gallon fish tank here and I don't have to worry about anybody complaining. We wouldn't move and we plan to stay here for a while. Our business will grow in the RIC."

The RIC doesn't have an advertising budget, so it relies on viral marketing and word of mouth.

Many find the creative environment attractive. It's the kind of place where people skateboard down the halls (a



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common sight) and don't worry too much about how much noise they make or how dirty their space gets. The creative culture is what enticed Roger Berent, 34, to move his architecture firm ([Metropolitan Architecture Practice](#)) to the RIC.



"It gives us an exposure to people we might not meet if we were in an office in Troy," Berent says. "We consider ourselves designers so we appreciate being around creative people."

Bright future

Eric Novack, the RIC's leasing agent, considers it a melting pot for artists and small businesses. The former Murray Body Company where thousands of factory workers built bodies for the Dodge Brothers now relies on entrepreneurs for its bread and butter.

The management usually gives out month-to-month leases and is willing to work with tenants if money comes in slow. As Novack puts it, management recognizes that "if they don't succeed we won't succeed."

And if they do succeed to the point where moving away makes more sense, then that's fine, too.

"Them moving out is no big deal," Novack says. "We don't stop them. They're growing. We like that. They're welcome back."

And there is room for the foreseeable future. There is still the 500,000 square feet of space ready to be built out and another 1.1 million square feet that is in the stereotypical Rustbelt factory shape. Think Packard Plant without people tearing it apart. Novak expects to net another 50 businesses this year, including a café. He hopes it will be fully leased within 10 years.



It seems entirely plausible. Novack is in a constant state of motion during the workday. A steady stream of tenants flow through his office, bouncing ideas of him and each other. Perspective tenants frequently blow up his cell phone inquiring about space. Novack hustles between meetings, tours and cigarette breaks in an intriguing state of almost-controlled chaos that serves as a microcosm of life in the RIC.

It's the sort of activity that makes U of D-Mercy economist Veryser excited. He says the RIC can expect this type of growth and even nearby ([Hamtramck](#) and [New Center](#)) spin-off economic activity to service the tenants there.

"Economically, this is the best thing we can hope for," Veryser says, adding those entrepreneurs will stay as long as the cost of doing business remains low.

And it should, because the RIC doesn't have to worry about tax and commercial space subsidies that eventually end. Its business model already works, a point Veryser says is "the most beautiful thing about this."

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What happens next depends on who comes and goes.

"We just follow it as we go and go with the flow," Novack says. "We adjust as this place reinvents itself on an almost daily basis."

Jon Zemke is a Detroit-based freelance writer and development news editor for [metromode](#).

Photos:

Stacy Ellis of B. Black Apparel with his Wife Modeling the Clothes

A Motorcycle Parked Outside a Studio

The Russell Industrial Center Sign

Madeline Stillwell, at The Detroit Industrial Project Gallery with her Installation

Metropolitan Architecture Practice's Roger Berent and Kyle Hulewat

Mark Arminski

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