

NEW LIFE COMING TO FORMER KDLH BUILDING IN DOWNTOWN DULUTH

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The former home of KDLH-TV Channel 3 in downtown Duluth has sat mostly empty since the station moved out in 2005.

But new life is coming to the 44-year-old building at 425 W. Superior St., vows the AtWater Group, the recently renamed and refocused real estate arm of building owner Reuben Johnson & Son Inc.

Among the possibilities is the Minnesota WorkForce Center and other state offices that must find new quarters in Duluth.

As a first step to revitalizing the building, the AtWater Group, formerly known as RJS Real Estate Group, moved in last month. So did Building Logic, which does property maintenance and repair as a division of Reuben Johnson, a Superior-based construction company. AtWater's commercial real estate focus is expanding from just managing Reuben Johnson's 25 properties to managing other commercial properties as well. So it made sense for the AtWater Group to be downtown where the visibility is, as well as the clients, AtWater officials said.

"The goal with AtWater real estate is to provide a full range of commercial real estate services," said Dan Markham, AtWater Group president. "We'll continue to invest in property, liquidate properties we now own. Our goal is a constant deal flow, making new investment as well as growing business."

AtWater's intent is to become a major player in local commercial real estate management, providing services similar to what F.I. Salter Co. provides.

"There's plenty of business to go around," said Brian Forcier, AtWater's executive vice president.

On AtWater's "to do" list is to get the long-vacant Superior Street building occupied again. With 35,000 square feet on the first and second floors to fill, the AtWater Group is courting several possible anchor tenants, including a business and a retailer they wouldn't name.

But topping the list of possibilities is the State of Minnesota, which must move its WorkForce Center and other offices out of the nearby Government Services Center by August 2012.

The Minnesota WorkForce Center takes up 13,000 square feet, or the entire second floor of the county building. But it will need about 20,000 square feet because the plan is to merge it with Duluth Workforce Development, said Betsy Harmon, job service manager for the state WorkForce Center based in Duluth.

The old KDLH building has that - 23,000 square feet on the first floor and 12,000 square feet on the second floor - and more.

"We have a unique situation," Forcier said. "We can accommodate a lot of square footage. Only a few can accommodate such a large-scale user. There's parking on site, a bus stop right in front. I don't know any other property in town that

can offer what we can, so we got a good shot."

They've got Harmon's support. In fact, she suggested it to those looking for a site.

"I said it would be a great spot for us," she said. "It's right on Superior Street. It does have some parking, which is a huge issue for us. It's close to the library and on a busline. One of the things we have to have is a bus stop nearby."

Moreover, Duluth City Hall - the current home of Duluth Workforce Development - apparently has been ruled out because it lacks the large areas needed for classrooms and resource spaces, Harmon said.

And if the Minnesota WorkForce Center doesn't move to the former KDLH building, other state offices that must relocate just might. They include some agriculture, health and tourism offices currently filling 11,000 square feet at the Government Services Center.

"Originally, the state had built the building in 1981 with the county leasing from them," explained Jerry Hall, St. Louis County's assistant director of property management. "The county ended up buying it, with part of the agreement that the state be there until 2012."

All told, the state currently uses 24,000 square feet of the 165,000-square-foot, seven-story building at Fourth Avenue West and Second Street, Hall said.

While the AtWater Group is determined to find good tenants for the Superior Street building, it probably will take at least a year before the space is occupied.

"It would be optimistic to think we could fill the whole building this year," Markham said. "We should know whether we land an anchor tenant by mid-summer, hopefully."

The state is expected to make a decision in June, he noted.

Once leases are finalized, major remodeling would then be needed to prepare the spaces for tenants. That could six months to a year, Markham said.

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