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## Business



545 Swan St. Age: 63 years old Space: Eight stories, 238,000 square feet Proposed plan: Apartment complex with underground parking and first-floor commercial space Mark Mulville/Buffalo News

### Cincinnati developer plans apartment complex in Larkinville warehouse Group plans to spend \$26 million on project

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A developer from Ohio is hoping to turn a decaying former warehouse in Larkinville into the city's next big apartment complex, as it seeks to capitalize on Buffalo's momentum for its first foray into New York State.

Cincinnati-based Miller-Valentine Group said it would spend \$26 million to convert the 238,000-square-foot, eight-story industrial site at 545 Swan St. into a mixture of apartments, underground parking and first-floor commercial space.

Plans call for 120 to 148 apartments, with a blend of one-, two- or three-bedroom units, said senior developer Anthony Ceroy. Specific sizes of the units are still being determined, but "it would be comparable to what's in the market currently."

The apartments would also be a combination of market-rate rents and some affordable housing units that would be subsidized through the use of historic tax credits or other state and federal funding. At the moment, at least, there are no plans to seek other tax breaks on the local or state level, Ceroy said.

"We have not contemplated or requested anything of the like," he said. "We're definitely not ruling them out."

In addition, the first floor would be used for both tenant parking and some other commercial, retail or even restaurant space. That is still being determined, but "hopefully will complement the continued growth of Larkinville well into the future," Ceroy said.

Buffalo has been seeing a tremendous surge of investment and redevelopment activity, particularly involving the conversion of historic industrial or commercial buildings into new residential, retail and office space. Such adaptive reuse projects are transforming the landscape in the city, particularly in downtown, the Cobblestone District and Larkinville.

But the proposed project by Miller-Valentine represents another rare occurrence in Western New York. Where most of the past and current activity involves either a local developer, a local sponsor or at least local money, this project features a developer from outside the region.

"It shows that out-of-town investment has us on their radar in a positive way," said Gunner Tronolone, broker at M.J. Peterson Corp.

That's a sign of a healthier real estate market, when national investors want to put their money to work locally. "It's more opportunities for sellers to market properties and possibly increase the sale price due to competition," said Howard J. Saperston Jr., chairman of brokerage Saperston Real Estate. "It lets the outside world know that Buffalo is alive and kicking and welcomes 'outsiders.'"

And observers say this could be exactly what is needed to help keep the development ball rolling.

"Buffalo was in an ice cube for years, but it is now alive and growing, and the prices are going to reflect this fact as they continue to rise," said Anthony Kissling, one of the few successful out-of-town real estate investors in Buffalo. "It may be hard to grasp this concept now, but it won't be long before Buffalo will be one of the most sought after cities in the East."

It also shows the degree to which word is spreading. "There's been a tremendous amount of press, kind of encompassing the overall revitalization and investment in the city of Buffalo," Ceroy said. "What's going on in Buffalo isn't going on in a lot of places in the country. To have so much momentum and so much behind it, it's a tremendous opportunity from a real estate developer's standpoint to be a part of it."

Howard Zemsky, the managing partner of Larkin Development Group and driving force behind the Larkinville momentum, agreed.

"There is clearly a lot of buzz nationally about the Buffalo turnaround story," he said in an email, citing positive articles in Fortune, Forbes, Washington Post, and New York Times. "We're attracting the interest of national companies and developers. That is why the rate of positive change in Buffalo is only going to accelerate, we're in a virtuous cycle ... finally."

This is the first project in New York State for Miller-Valentine, which has completed projects in 20 states. The firm, which began in 1963 as a small general contractor, now offers construction, leasing, property management and brokerage services, while developing multi-family and senior housing.

It has affordable housing in 14 states, luxury housing in three states, senior living in nine states, and single-family rental homes in three states. It also runs military housing at the Wright-Patterson Air Force Base in Ohio. The firm owns 11,000 apartments and operates another 2,000 for clients, making it the eighth-largest apartment company in the country.

Ceroy said the firm wanted to expand into upstate New York, and its research on the market led it to Buffalo, and specifically this project.

The 63-year-old building, now owned by Mesmer Refrigeration Inc., is currently under contract, and Miller-Valentine is conducting its due diligence, Ceroy said, so "obviously, everything is very preliminary." The firm has engaged Carmina Wood Morris PC for architectural and design work, and the project is coming before the Buffalo Planning Board for site plan approval on Nov. 18.

Last year, the Buffalo City Mission considered remodeling the warehouse into a homeless shelter and affordable apartments but abandoned the plan when projected costs got too high.

If approved, the Ohio developer wants to start construction work in the second quarter of next year, with the project completed after about 12 months.

"It shows that we can bring in outsiders and get a deal done, which is not something Buffalo has been known for," said Cory Haqq, broker at Hastings Cohn Real Estate. "This could be the first real sign that Buffalo is actually headed in the right direction in terms of being recognized by the broader real estate development community."

Meanwhile, Mesmer will be relocating its operations and 17 employees to one of two possible locations, said owner Robert Mesmer. The company, which occupies the entire building, sells, services and installs refrigeration equipment for customers such as convenience stores, supermarkets, warehouses and meat plants. He would not disclose the sale price, but said it's significantly more than the \$230,000 assessed

value of the property. A final decision on a new location is still pending.

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