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BUSINESS

# Midtown, Reno: A business graveyard or the boomtown of Washoe County?



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South Virginia Street cuts like a slow river through the heart of Midtown Reno.

This neighborhood has been a boon for some entrepreneurs who recognized opportunity in the burgeoning district and got in when the Great Recession struck in 2008. Junkee Clothing Exchange and the restaurant Süp established solid businesses before property prices soared and put pressure on profit margins.

Midtown means different things to different people. Some Renoites pooh-poo it as a made-up name or gimmick, while commercial property owners have sunk millions into constructing new buildings. The city of Reno alone pumped nearly \$100 million into the neighborhood just to transform a few miles of infrastructure.

From the intersection of Liberty and Virginia Street at the top of the hill that feeds traffic into the neighborhood, a sprawling view of lights, murals and brick-lined shop fronts spills into the horizon. The scenery is a mix of old and new. Those coming from downtown are greeted on the right by The Wild Orchid Gentleman's club, a huge, empty-looking complex that has nagged the city for years. Across the street stands a motor lodge, a once essential piece of Reno's tourism industry that housed weary, gambling travelers.

The COVID-19 era included an unprecedented boom in property values, further establishing Midtown as the place to be, and many hopeful entrepreneurs would come to take their shot at success. But as money poured in and fueled an already hot real estate market, Midtown would also become a graveyard of businesses that succumbed to the tough economics of the neighborhood.



## Here today, gone tomorrow

Tim Turner had high hopes for his second bar. With years of experience in brewing and bar management at his Huntsman Tavern in Sparks, Turner was better poised than most in the summer of 2021, when he leased the old Silver Peak Brewery and Restaurant in Midtown and transformed it into Huntsman Brewing.

The two-story building, one of Reno's oldest, stands on a hill overlooking one of the busiest blocks of South Virginia Street. Though something of a fixer-upper when Turner and his friends leased it, the place had the well-worn charm of an old tavern: the sweet smell of malt and

barley, sticky wood floors, a stone fireplace and creaky stairs. A spacious rooftop bar provided city views and caught the cool evening breeze of Northern Nevada summers.

The property at 124 Wonder St. was indeed wonderful real estate. In May 2019, Silver Peak owners David Silverman and Trent Schmidt listed the building for sale at \$1.8 million, including more than \$300,000 in restaurant and brewery equipment. Turner leased the building for an undisclosed sum with plans to buy it, he told the RGJ.

Turner and company prided themselves on self-sufficiency, saving nearly half a million dollars alone by doing their own renovations. The group made their own food — pickles, venison sausage and bison burgers — and installed a 10-barrel brewhouse to pump out Huntsman signature beers.



Huntsman Brewing planned to offer a full kitchen menu and employ between 20 and 30 people. Ahead of the grand opening in September 2021, co-owner Brian Bosma expressed optimism in the team and enterprise.

"All the right people are sitting in the right places on the school bus," Bosma said.

By February, however, Huntsman struggled to fill the place. On a Thursday night — typically the start of weekend business — just a few drinkers perched along the long wooden bar. Music bounced around the cavernous, unlit spaces of the property. The stone fireplace was cold.

In May, nine months after a promising grand opening, Huntsman Brewing shuttered.

Why? Rising costs and the changing, post-pandemic behavior of consumers.

"People are still wearing their masks alone in their cars, and we will never get those customers," Bosma told the RGJ in May. "During COVID, people learned to be more self-sufficient and are not going out as much as they used to. With fears of a recession looming, people are beginning to worry. We had a great staff, and it is upsetting we are letting them down by closing."

But the Midtown region was the home of many food businesses like Huntsman Brewing that shuttered during the COVID-19 era. The long list includes both new and stalwart establishments of the local scene: Midtown Eats, St. James Infirmary, Midtown Wine Bar and more.

## **If you build it, they will come**

Virginia Street's Midtown corridor dates back to 1860, when Charles W. Fuller established a wagon trail across the Truckee River toward Virginia City. Eight years later, Reno was founded and Virginia Street was born.

According to local historian Alicia Barber's history of Reno, Midtown began to develop as a neighborhood in the early 1900s when single-family homes began to appear along South Virginia Street, from California Avenue southward to Mt. Rose Street. The early subdivisions took names such as Crampton's Addition, Villa Court, the Southside Addition and the Sierra Vista Tract.

By the 1920s, Midtown was shaping into a mixed-use district with the arrival of commercial buildings. Among them were single-story neighborhood markets, service stations and car dealerships. Many of the buildings were made of brick and stood two stories high. Ground floors housed shops and restaurants while apartments sat above.

Legislation throughout the 1930s and '40s brought licensing and legitimacy to gambling operations, paving

the way to the casino boom that would give Reno a national identity and make it a tourist destination.

While the glitz and glam of bright lights and casinos drew outsiders to downtown Reno, Midtown would increasingly become a place for locals and their business. The South Virginia Street corridor, Barber writes, "underwent a transformation into a bustling urban thoroughfare, with charming family-oriented motels joining the landscape in the 1950s." Commercial buildings outnumbered houses. Residents flocked to area shops, restaurants and services.

But South Virginia Street's significance as connection between north and south of town diminished with the arrival of an interstate highway in the early '70s. By the 1990s, the once bustling neighborhood served more as a forgotten stretch commuters passed through between downtown and popular commercial areas such as Plumb Lane and Meadowood.

It wouldn't be until after the Great Recession of 2008 that Midtown's identity as a hipster hub of cool bars, restaurants and shops would emerge. The "Midtown" descriptor did not even exist until then.

Brian Bonnenfant, project manager for UNR's Center for Regional Studies, told the RGJ that Midtown grew organically on the heels of the recession without the kind of city incentives awarded to large development projects such as the Neon District, Legends, Cabelas, Summit Mall and Freight District.

Early attempts to formalize the region included the Midtown Merchant's Association, which was formed by local business owners in 2008. Google officially recognized Midtown in 2016, although the borderlines remained undefined. Like many residents, the tech company fumbled with defining borders.

At that time, snarling traffic and poor sidewalks plagued Midtown, hindering pedestrian business and the general atmosphere of the burgeoning neighborhood. To remedy those problems, the Regional Transportation Commission of Washoe County in 2018 launched an ambitious \$87 million construction project to transform the outdated South Virginia Street corridor, stretching from Plumb Lane to Liberty Street downtown. The two-year project aimed to cure a roadway bedeviled by dated design elements that “wouldn’t pass any kind of test of modern traffic engineering,” according to the head of the agency tasked with fixing it. The RTC hoped that wider sidewalks and sidewalk extensions to slow traffic would enhance walkability and allow businesses to use the outside spaces.

The project completed three months early, in August 2020, thanks in part to the COVID-19 pandemic, which allowed accelerated construction. It was welcomed news to local business owners.

“It’s been a really, really long two years for businesses in Midtown,” Tim Carter, owner of Carter Bros Ace Hardware, told the RGJ at the time. “For people who



haven't been to Midtown because of the construction, this will hopefully give them incentive to come back and see all the things that have been done (to the neighborhood)."

## **Cashing in**

In the last decade, real estate has soared, particularly during the beginning of the COVID-19 pandemic when property values exploded nationwide.

From 2012-2022, the Reno market saw an average appreciation of 14% year over year notwithstanding a roughly 25% spike during 2020, says Gary MacDonald, an agent at Dickson Realty.

"Things are starting to level out," MacDonald said, "but Midtown is still very desirable."

Even to battle-hardened Reno real estate agents such as MacDonald, Midtown prices can still bewilder. When asked for notable examples of the red hot market, MacDonald thinks of two houses in particular.

"One address is [on] Caliente Street, which sold in 2017 for \$420,000 and is currently on market for \$725,000," MacDonald told the RGJ. "Another address would be a home built new on Sinclair Street in 2017, sold in 2018 for \$459,000 and is currently for sale at \$799,000."



Samantha Reveley, who specializes in Midtown properties for Dickson Realty, has watched the neighborhood evolve over the years from both a professional and personal perspective.

"When I first moved to town, Midtown wasn't a word. It didn't exist," Reveley said. "There was one or two restaurants, a couple of bars and that was it."

From a real estate perspective, Midtown was the organic result of more people living downtown. Specifically, more people from outside Nevada.

"A lot of younger people from the West Coast came from urban environments and were like, 'where can we walk? Where are all the bars?'" Reveley said. "People who lived downtown needed more than a casino to eat at for dinner."

Doug Wiele, founding partner and president of Foothill Partners, is a developer that's invested heavily in Reno.

"Lots of businesses have come and gone, and yet look at it today – remarkable how vibrant and lively Midtown is today, only a year after we were all running for cover on account of Omicron," he said. "That is to say this, that Midtown has evolved in a remarkable manner through two very disruptive events, and from my perspective is doing really, really well."

## **The first hipster seeds sown in Midtown**

Jessica Schneider worked as an interior designer in the early aughts but left the industry as signs of economic trouble began to appear in 2008. The client base of middle-class homeowners investing in lavish properties and renovations was shrinking.

She wanted to create a recession-proof business, an idea that led her to Craigslist, where she scoured ads for used clothing, furniture and other bric-a-brac. Schneider, the daughter of a taxidermist, bet that old junk could be gold during an economic downturn.

Midtown was something of a seedy place 14 years ago, Schneider remembers, with trash and hypodermic needles littering the ground. She says she had to convince some businesses with whom she was friendly to relocate to Midtown, even going so far as to write letters of recommendation to landlords.

"We were all kind of cool, I could kind of feel there was something," Schneider said.

Schneider rented space in a historic building in the heart of Midtown and launched Junkee Clothing Exchange, a consignment store that would become a destination for eccentric clothing and accessories. Junkee recently celebrated its 14th anniversary in 2022 and has enjoyed much success over the years.

Schneider credits some of that success to good relationships and creative solutions to business problems. During the early months of COVID-19, for example, Schneider sold mystery bags of Junkee items, which were customized based on customer preferences. She also dipped into her personal savings.

"The only reason why I'm business savvy is because I've failed so many times," Schneider said.

Schneider credits part of her success to frugality. She travels to Mexico for dental work and even rents the apartment above Junkee from the same landlord.



## Into the future

In September 2021, Nick Fischella moved to Reno from Las Vegas — just two months before opening his first business, Wonder Aleworks.

In two decades of work in the hospitality industry, the entrepreneur had built several successful Las Vegas-based ventures, including a bar on Fremont Street and a dog daycare.

The Wonder Aleworks space on South Virginia Street was once home to Under the Rose, a craft beer gastropub that had opened in spring 2018 and shuttered later that year. Until summer 2021, it had remained empty. Fischella, who rents the property, said he was given a good deal: little renovation was needed and equipment was included.

Fischella laments the loss of other new businesses, noting the challenges of the present economy. He says that property costs are just one aspect of the growing difficulties in doing business.

"The business model from 24 months ago is completely different," Fischella said. "The cost for food and utilities has skyrocketed. Rent is just one piece of the whole bill. Tie that in with the labor shortage. You have to pay top dollar to get good staff."

Wonder Aleworks celebrated its first anniversary in September, and Fischella says the business is well positioned for the future. But to survive in Midtown, Fischella regularly has had to tweak operations. Low foot traffic, for example, caused the bar to stop serving lunch a few days during the week.

Fischella decided to host trivia nights and live music to attract more customers. But to do that, Wonder Aleworks needed a cabaret license in addition to its existing liquor license. The application process is costly and confusing, Fischella says. In 2022, the City of Reno cracked down on venues hosting trivia and other such live entertainment without the proper licenses.

Fischella thinks that the city could do more to encourage Midtown business by slashing regulations such as the cabaret license.

"I'd like the city to waive these fees to help small businesses," Fischella said. "I need three health department licenses: brewery, restaurant and bar. Three fees. To me, it's one venue, one business."

Ultimately, though, Fischella is optimistic about the future of Midtown. He thinks that authenticity and collaboration with other businesses is the key to success in the neighborhood.

Doug Wiele, founding partner and president of Foothill Partners, waxed philosophical on the topic of survival and evolution, in business and in general. With the evolution of neighborhoods and their needs, he noted, merchants necessarily rise and fall. Businesses must be swift in adapting to the demands of consumers, whose desires are fluid — if not, at times, fickle.

"So, what does it take for Midtown to survive? Broadly let's say this, that evolution is a requirement of survival," Wiele said. "The opposite of evolution is stasis, and stasis is death — in the human body and in our communities."

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