

Fargo-based Marcil Group marks rapid growth in North Dakota

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Earlier this week, Mike Marcil waded through a muddy, undeveloped field in Grand Forks and pointed out the boundaries of his company's recent mammoth land acquisition.

Marcil, CEO of The Marcil Group Inc., admitted it was the first time he had a chance to walk some of the approximately 568 acres his company purchased on Grand Forks' southern edge last month.

It has been a whirlwind two weeks since The Marcil Group, a Fargo-based real estate development group, announced the purchase. Its ambitious plans to help remake south Grand Forks include adding a mixture of shopping, restaurants, housing and industrial uses over the next two decades.



Mike Marcil, CEO of the Marcil Group Inc., walks through a field of wheat that is part of the approximately 568 acres his company acquired on the south edge of Grand Forks recently. Herald photo by Eric Hylden.

"Since the announcement, there's been a ton of activity," Marcil said. "We had a few initial opportunities that kind of hit us right away. We're kind of in a listening period right now. We're listening to and talking to people and figuring out what opportunities there are."

Most of the land stretches roughly from just east of South Columbia Road to just west of Interstate 29, and just south of SuperTarget to just north of King's Walk Golf Course.

City leaders have greeted enthusiastically The Marcil Group's plans to partner with other developers and landowners to ensure development of as many as 1,500 acres of land on Grand Forks' south end.

"This is a milestone in our community," Mayor Mike Brown said recently.

But ambitious plans and complex projects that other developers often shy away from are nothing new to The Marcil Group.

Fast growth

In just three short years, the company has grown from a two-employee startup at UND's Center for Innovation to one of the fastest-growing companies in North Dakota history. It already is one of the state's biggest landlords.

The company's gross revenues have increased from less than half a million in 2005 to almost \$2 million in 2006 and about \$6 million last year. Marcil said he expects gross revenues of \$12-15 million this year, a number he said could double by next year.

In its short lifetime, The Marcil Group's real estate assets under management have grown from \$2 million to nearly \$150 million.

The company's holdings include about 1,700 apartments and more than 600,000 square feet of commercial space.

The Marcil Group, which has about 60 employees, isn't showing any signs of slowing down, with about 1,000 additional housing units planned throughout North Dakota in the next three to five years.

"We've grown pretty fast," Marcil said. "We're on a pretty good pace."

The company has regional property-management offices in Grand Forks, Fargo, Jamestown, Williston, Wahpeton, Beulah and Washburn, N.D., and it plans to expand into Minnesota and South Dakota in the next two years. A development office also is planned for Grand Forks and will be merged with the existing property management office in the city.

Through subsidiaries, the company owns and develops real estate and related businesses. Marcil Technologies, a software development company spin-off, is creating the West Fargo Technology Center in the Pioneer Center shopping center.

Marcil, 38, said he would like to eventually expand the company further and one day envisions an international company with business interests in Manitoba. But for at least the next two years, the company plans to focus primarily on development in North Dakota.

Company history

A privately-held real estate corporation that acquires, develops and manages income-producing properties, The Marcil Group was founded in 2004. At the time Marcil and his wife, Trish Bothum, the company's chief financial officer, were software executives in the San Francisco Bay area.

Marcil, a UND graduate and Fargo native, served as an entrepreneur-in-residence at the Center for Innovation in the summer of 2005, and the company got its start at the center later that same summer. In 2006, Marcil and Bothum left their jobs in California and moved the company to Fargo.

The company was co-founded by Marcil and Bothum — also managing director of Marcil Technologies — with Art Rosenberg, Marcil Group president.

“Art Rosenberg is really the key mastermind behind the business,” said Marcil, who's quick to credit his entire team for the company's success. “Art is the person in our business who really is the architect to making this thing work, to be able to do the acquisitions we do and the financing we do.”

Bruce Gjovig, director and entrepreneur coach of the Center for Innovation, said the high-energy Marcil keeps his ego in check and has surrounded himself with talented employees who take care of the details and execute his vision.

He is a master at identifying and seizing opportunity and a natural at raising capital from investors to fund his projects, Gjovig said.

Marcil and his company got its start buying and renovating older apartment buildings in rural communities in western North Dakota, something other developers either weren't interested in or weren't able to make work.

Marcil said he noticed a shortage of housing in western North Dakota communities along with a lack of capital.

“The banks are really reluctant and the locals who have some money are real reluctant to invest it. They may have seen a bust before,” Marcil said. “We knew that if we set up a company to come into these communities and make a massive for-profit investment that would fill some needs, it would work.”

Western N.D. investments

The Marcil Group has repeated its strategy of refurbishing blighted rental properties or building from scratch, filling a need for housing in western North Dakota made more dramatic as a result of the oil boom in that part of the state.

“The Marcil Group's investments in housing throughout the state, including Grand Forks, Williston, Fargo and Hazen, are an important element in attracting young people and helping us to grow and diversify our economy,” Gov. John Hoeven said.

The Marcil Group teamed up with the Valley Development Group of Valley City, N.D., to develop and build two 36-unit apartment complexes set to open in Williston this year with the help of city incentives.

Williston Mayor Ward Koeser said his city needs more housing options as a result of the oil boom. But while other groups showed interest, he said, they were unable to get the financing to work.

“The boom has put some real pressure on our community to find enough workers,” Koeser said. “One of the biggest factors in getting them to move here is having enough housing. The Marcil Group’s investment was a real boost to us. I was very pleased with their willingness to invest in Williston.”

Koeser said he hopes to enter into another agreement with The Marcil Group in the next week to bring two additional 36-unit apartment complexes to Williston.

Grand Forks plans

In addition to rental properties in Grand Forks, the company owns the St. John’s Block building downtown, and it recently purchased the downtown building that houses The Toasted Frog and JLG Architects.

Marcil said he still plans to add a Firkin Pub to the St. John’s Block building. But historic renovation guidelines have made a renovation of that building more complicated, he said, and The Marcil Group still is searching for an operator for the English-themed pub.

The company plans to sell a 200-plus-acre tract of farmland 2½ miles south of Grand Forks and a small slice of land near Columbia Mall, both part of the purchase of Art Greenberg’s former land.

An initial 300,000 square feet of luxury apartments is slated for completion in the next 18 to 24 months.

Marcil said his group also has big plans for the remaining land, which will be developed by the company and others.

“If we’re going to be successful developing south, you’ve got to have a mixture of work and play opportunities,” Marcil said. “Retail, restaurants, habitat — those kinds of opportunities co-mingled. I think it’s important to have a master idea or strategy and ideally a master plan. But from our perspective, we plan to look at a consistent layout of what would make sense.”

The first step in the development of the south Grand Forks land is a planned luxury apartment complex, south of SuperTarget, with about 100 units. Construction could begin this fall.

Marcil said the group also plans to add a commercial development to a corner of South Columbia Road and 40th Avenue South.

A Homeland Security base may also be added to one parcel of the land, Marcil said.

It figures to take years for the planned development in south Grand Forks to take shape, but Marcil said financing won’t be a problem. He already has investors lined up, he said, adding that he raised \$5 million in capital this week alone from lead investor St. John’s Capital Group, a San Jose, Calif.-based real estate investment firm.

“At this point we don’t need capital,” he said. “We have more than we need.”

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Mike Marcil, a UND graduate and Fargo native, served as an entrepreneur-in-residence at the Center for Innovation in the summer of 2005, and the Marcil Group Inc. got its start at the center that same summer. Herald photo by Eric Hyliden