

Area office was regarded as 'coup'

By Tom Henderson
staff writer

Everyone agreed when it was announced more than a year ago that the proposed Digital regional headquarters was a coup for Livonia and a coup for developer David Johnson and his 114-acre Victor Corporate park.

Up to 1,100 jobs would transfer to the site, east of I-75 and north of Seven Mile, from four sites in Novi and one in Farmington Hills, and Victor would finally have its sought-after Fortune 500 anchor.

"It's great for Michigan. It's non-automotive, it's non-manufacturing," said Johnson when the project was announced a year ago April.

NOW, THOUGH, Digital has put the project on hold and will keep it there for the immediate and indefi-

'We're very comfortable they'll go ahead when they think the market is ready for them.'

— David Johnson
developer

nite future. It will continue to lease various sites in the area.

"We're very comfortable they'll go ahead when they think the market is ready for them," Johnson said Tuesday.

"We had not heard any news that the project was on hold," said Manny Kralahnycky, vice president for the Southfield-based Victor Corp. "We

would love to see them go ahead, but it isn't absolutely necessary."

Livonia assessor Ron Mardiros said he found out the Digital project was in jeopardy when a woman from Digital's property development division flew into town for a tour of the city a month ago.

"My problem is I couldn't tell if I convinced her to build here, or if I convinced her the land they bought was so valuable they should keep it and build (elsewhere)."

MARDIROS SAID even if Digital decides it doesn't want to build a regional headquarters, Livonia won't be hurt.

"As long as your community is in demand, I plan A falls, plan B will go into effect. Someone else will want to be there."

"This is a desirable location," said Mardiros. "If Digital doesn't build, someone else will. We're not stuck. Somebody will want the land if Digital doesn't, and Digital will not lose money on it."

Though Mardiros doesn't know what Digital paid for the 27.4-acre site, he appraised it last December at a market value of \$3.3 million, or more than \$120,000 an acre. Mardiros estimated that would mean a total tax bill for Digital of \$92,400 when the bills go out in July.

Councilman Ron Ochala, a real estate agent, said he hadn't heard any rumors that the Digital project was in jeopardy. "That's really interesting," he said. He saw the delay as further proof that there has been an overabundance of office projects, and that the economic climate isn't conducive to a continued expansion

of office space.

"The market is sending out a very strong message."

A SOURCE close to the Digital project said that one benefit of the delay is that it may produce a scaling back in the project.

As the project scales down, so does the zoning requirement for parking space.

When the plan was shelved, it called for about 1,100 parking spaces. Since Digital decided against the more expensive option of a parking deck, that meant a wide expanse of parking lot.

"That's a beautiful piece of land," said the source. "But with 1,100 parking spots, they'd have had to bulldoze the site. They would have ruined it. Maybe now, they'll be able to save some trees."

Howell man

wins Corvette

A Howell man won the top prize, a 1989 red Corvette, in the Farmington/Farmington Hills Founder Festival drawing Thursday at the Community Center of Farmington-Farmington Hills.

Jeff Brownlowe held the lucky \$100 ticket for the keys to the \$33,000 car, from Holiday Chevrolet of Farmington Hills. He can either keep the car or sell it back to the dealer for a negotiated amount.

Second through 10th prizes were shopping sprees totaling \$4,600. The money can be spent at all Farmington/Farmington Hills Chamber of Commerce member businesses that have money transactions.

Shopping spree winners were:

• Benner Auto Service, Farmington Hills, \$1,000.

• Francis Abdilla, Farmington Hills, \$500.

• Ed Barter, Walled Lake, \$700.

• Hollis and Barbara Johnson, Farmington Hills, \$600.

• Dave Prieb, Farmington, \$500.

• Yvonne Langan, Novi, \$400.

• Jack Blanchard, Brighton, \$300.

• Benner Auto Service, Farmington Hills, \$200.

• Anjel Yessayan, Maria Rose Agababian, Bloomfield Hills, \$100.

In all, 558 tickets were sold; most since the drawing began three years ago.

Digital puts hold on new headquarters

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She said one factor in a reassessment was that Digital's employment population locally hadn't kept pace with the company's projections of several years ago. But while U.S. sales were soft, sales locally were strong, she said. "Our revenues in the state of Michigan were up 25 percent last year. Our business in Detroit is exploding," she said.

DAVID JOHNSON, president of Victor International Corp. of Southfield, said May 2 when reached in Florida: "Digital has millions of non-refundable dollars invested." He said that although he had sold the land to Digital, there are restrictions on Digital's selling it to a rival developer or leasing out any building it puts up on the site.

"Digital decided on that land after a two-year search. They'll affirm the reasons for making that decision, and they'll affirm the Detroit market as a whole and build their building," said Johnson. "We're very com-

fortable they'll go ahead when they think the market is ready for them."

Johnson speculated that the delay is a reverberation from the stock market crash in October 1987. He said that at the time, Digital had decided on a 700,000-square-foot project. "But a couple of weeks after the crash, they called out of the blue and said they wanted to go from 700,000 square feet to 350. And I think this is just a continuation of that. . . . They want to concentrate on (rebuilding) the value of their stock and not on building."

Digital closed May 1 on the New York Stock Exchange at \$87.50 a share, down from the yearly high of \$122, a decline of more than 28 percent.

Johnson has been seeking a Fortune 500 firm for the park for several years. In the Fortune 500 listing released in April, Digital had climbed from number 38 to 50.

Third quarter earnings for Digital for the period ending April 1 were up 11 percent to \$3.1 billion, but net in-

come was down 16 percent, to \$256 million.

Reinhardt said business was strong in overseas markets but "below expectations" in the U.S. She didn't divulge U.S. figures.

Digital, which has 125,000 employees and does business in 72 countries, is a computer manufacturer and supplier of corporate computer services.

On APRIL 27, Johnson was still talking optimistically about the Digital project, describing it as "one of the top 10 deals done in Michigan in the last 10 years."

Ironically, the access road that runs 1,800 feet from the Victor project to Newburgh, south of the city's Greenmead land, was built as a condition for Digital choosing the site. The city gave Johnson the land in turn for his building the road. It chopped 86 feet from the Greenmead property.

The Detroit architectural firm of Smith, Hinchman and Grylls got the contract to design the Digital project. Plans called for the seven-story building to be put out for construction bids this spring, but Smith Hinchman was told at the end of 1988 that the project was being put on hold.

THE DIGITAL delay is the latest in a series of delays for the Victor project. In February 1988, nearly two years after getting rezoning approval for the project, Victor vice president Manny Kralahnycky said that the first two office buildings would go up simultaneously and would be finished this spring.

The first building, a \$22 million, 245-room Embassy Suites hotel, is under construction and could be completed by December.

The week of April 24, site plan approval was given by the Livonia city council for a second building, an 11-

story apartment building for which there are currently no tenants.

Groundbreaking is scheduled for July with completion scheduled for late next summer.

Original Victor plans called for four parking decks, five free-standing restaurants and up to 13 office buildings. Current plans call for two parking decks, two or three free-standing restaurants and nine office buildings, including the proposed Digital building.

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