

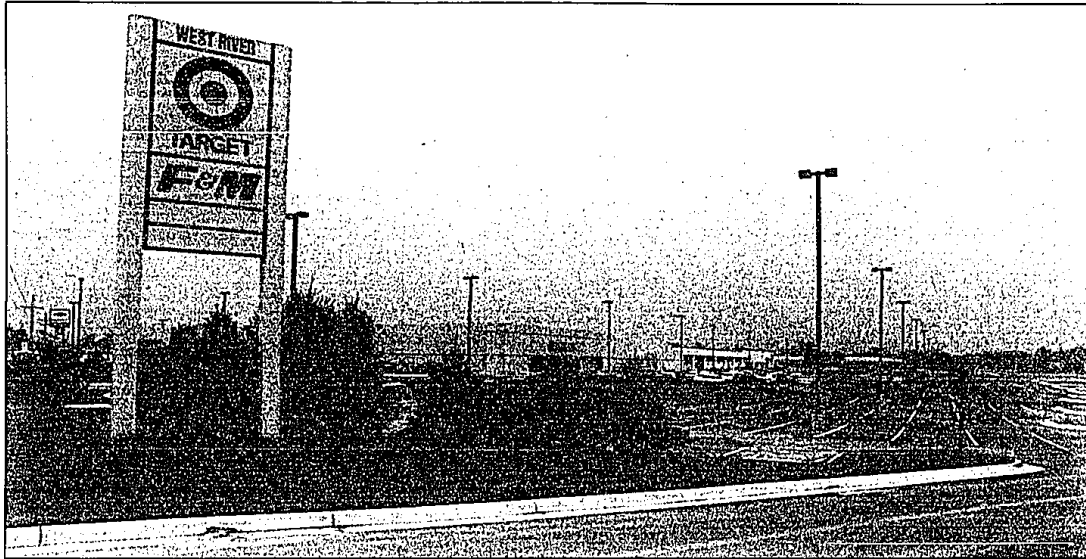
Building Scene

Marilyn Fitchett editor/591-2300



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RANDY BORST/staff photographer

Target at West River Centre opened yesterday at the former site of the Grand River Drive-In in Farmington Hills. It joins F&M Discount, which opened in

August. Developed by G.R. Associates Limited Partnership, the 200,000-square-foot initial phase will also include Sara Lee, Subway Sandwiches & Salads,

Michigan National Bank, Nadon's and Howard's Beauty Supply. A nine-screen United Artists theater will be added in the spring.

'Underserved' retail market plays catch-up

By Doug Funke
staff writer

Is there any end to commercial retail development in the northern and western suburbs?

Probably not, to hear a developer and real estate agent talk about it. "As long as there are new population centers that aren't being served or older population centers . . . in a good location, there will be a need for retailing," said Bruce Gershenson, vice president of Ramco-Gershenson Inc. of Southfield.

Ramco-Gershenson, according to Crain's Detroit Business, is the largest retail developer in the Detroit area in terms of square feet under construction.

Joren Peterson, a retail specialist with Coldwell Banker Commercial Real Estate Services, doesn't see any immediate tapering of the shopping center boom.

"It's continuous. It's just a revolving circle," he said.

IT SEEMS as if you can hardly drive along a major road without passing shopping centers under construction, recently-completed centers advertising for tenants or signs announcing new centers to come.

- Just a partial listing includes:
- Hampton Village in Rochester Hills.
- West River Centre in Farmington Hills.
- Woodland Square and Laurel Park Place in Livonia.
- Meljer's in Westland.
- Sheldon Crossing in Canton.

Even with all of that work in progress or recently coming on line, there's still room for more, according to Coldwell Banker's 1989 review of the commercial real estate mar-

ket in Oakland, Wayne and Macomb counties.

It concluded: "The outlook is good, however, since many local and national retailers still are discovering that Detroit is an underserved retail market with less stores per capita than most major metropolitan areas."

PETERSON VOUCHERED for that assessment.

"If you drove around Chicago neighborhoods like I did a couple of weeks ago, you wouldn't think we had retail here," he said.

Shopping centers don't evolve out of the air for no reason at all, Gershenson said.

"It's a response to market needs," he said. "I look at population. Without population demands, you wouldn't have shopping centers."

"Then I look at effective buying power. Effective buying power is

disposable income. If the effective buying income of a trade area is greater than retail sales, it indicates there's a lot of buying income not being served," Gershenson said.

"Another indicator that's very important is good north/south, east/west accessibility — very good roads," he said. "The ability to get in is as important to the retailer as it is to the community."

NEW RETAILERS wanting to get into the Detroit market fueled the growth of shopping centers here, Peterson and Gershenson said.

They identified some of those players as Kohl's, Bulfinch's Square, Target, Pace Warehouse and Sports Giant — large anchor stores around which smaller shops might want to cluster.

Surprisingly, developers and retailers don't seem to shy away from competition.

Satellite centers gravitate to regional malls, like Woodland Square to Wonderland in Livonia, Oakland Plaza to the Oakland Mall in Troy and West Oaks Center to Twelve Oaks in Novi.

"Most retailers like to be where the action is. Most would rather be near competition and compete head to head," Peterson said.

The elements for explosive retail growth around the Westland Mall in recent years — Westland Plaza, West Ridge Plaza, Westland Crossings and Westway Plaza — can be seen in other commercial hot spots today.

"THERE'S STRONG density there, income is good, new housing is still being built there, freeways are nearby," Peterson said.

New construction won't be the only wave of the future, Gershenson

and Peterson predicted. Older shopping centers will be renovated if they're in good locations and population demographics are favorable.

Some like the Redford Plaza at Telegraph and West Chicago and the Southfield Plaza at 12½ Mile and Southfield already have been done. Expansions are on the drawing board for Somerset Mall in Troy and the Livonia Mall.

Refurbishings and expansions. That's what Peterson meant when he termed commercial retail development "a revolving circle."

And renovation of existing property will enable retail development to continue as land acquisition and development costs rise and the great migration west and north tapers off.

"In 10 or 15 years, these new centers will need facelifts and new looks, too," Peterson said.

FIGURE 2
PLANNED 1989 CONSTRUCTION
(50,000 Square Feet or More)

NAME	LOCATION	SQUARE FEET
Madison Place	Madison Heights, Oakland County	470,000
Hampton Crossing	Rochester Hills, Oakland County	450,000
Auburn Place	Rochester Hills, Oakland County	100,000
Parkwood Plaza	Oak Park, Oakland County	140,000
Lincoln Square Plaza	Southfield, Oakland County	85,000
West River	Farmington, Oakland County	300,000
Haltstead Village	Farmington Hills, Oakland County	160,000
Summit Place	Waterford, Oakland County	500,000
Grand River/Meadowbrook	Novi, Oakland County	100,000
Wetherford Walker Development	White Lake Twp. Oakland County	100,000
Northridge Commons	Livonia, Wayne County	124,000
Woodland Square	Livonia, Wayne County	75,000
Point Plaza	New Baltimore, Macomb County	63,000
Chesterfield Commons	Chesterfield Twp., Macomb County	85,000
Mariner Pointe	Harrison Twp., Macomb County	79,500
Sterling Place II	Sterling Heights, Macomb County	70,000
Showcase Shopping Center	Sterling Heights, Macomb County	271,000
Northpointe Plaza	Clinton Twp., Macomb County	61,000
Rosewood Centre	Shelby Twp., Macomb County	50,000
Woodland Plaza	Ann Arbor, Washtenaw County	95,000
Cranbrook Village	Ann Arbor, Washtenaw County	175,000
Traverwood Plaza	Ann Arbor, Washtenaw County	134,000
Westminster Square	Ypsilanti, Washtenaw County	160,000

— Coldwell Banker chart

Get answers before buying

We are thinking about buying a resort condominium in the Harbor Springs area. The condominium project is about eight years old and the developer is apparently notorious for having drained the condominium project and gone belly up. The president of the association claims that all of these problems are now resolved. Do you have any suggestions for questions that I might pose before making a decision to buy a condominium?

A: The first thing I would recommend to you is to clearly define in your own mind the reason why you are buying the condominium. If you are doing it for investment purposes, be familiar with changes in the tax laws recently which have undermined resort condominiums for investment purposes to a large extent. On the other hand, if you are buying it for recreational purposes and are not concerned about the tax ramifications attendant with a resort condominium for investment purposes, you should resolve these questions: What is the financial condition of the association? Are the problems with the developer resolved? If not, what remains to be resolved, including any outstanding or pending litigation? What was the result of litigation and what was the necessity of litigation? Does the developer have a continuing interest in the condominium project? Are there any "recreation leases" or the like with which the association or co-owners will be saddled? Finally, check the real estate market as to whether the condominium project has a bad name because of its association with the developer who may have wreaked havoc throughout northern Michigan.

We are thinking about developing

a warehouse condominium and I am wondering if you have had any experiences or knowledge of warehouse condominiums, either in the Detroit area or around the country, and are they marketable?

As in many other areas of development, industrial and warehouse condominiums are becoming increasingly popular, not only on the West Coast but on the East Coast and in Michigan. For example, on a recent trip to Philadelphia, I observed a number of warehouse condominiums that had been established incident to a developer taking an old building and transferring it into a condominium warehouse for storage purposes. It provided the developer with the latitude to increase the return on his investment by taking a building and using it to condominiumize the space within it, while retaining certain managerial rights with respect to the operation of the condominium, for which he was paid a fee. There is no reason why such a procedure could not be undertaken successfully in the metropolitan Detroit area depending, of course, upon the price of the building, the cost of refurbishing, the management team in place with respect to the warehouse condominium and the price per square foot required in order for the developer to come out ahead in condominiumizing the warehouse condominium.

I've read your column in the Observer & Eccentric regularly and find it most informative. I have been the caregiver for my parents, and I've been left with the responsibility of selling a small land tract to settle their estate. How do I go about doing this and what must I be aware of?

A: There are investors who spe-



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queries
**Robert M.
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cialize in buying and selling land contracts. Contact your real estate lawyer and ask if he or she knows of anyone who is in that business. Also check the real estate pages of the Observer & Eccentric papers for advertisements by people who are buying or selling land contracts. Finally, you may wish to contact a real estate broker whom you trust who may be in the position to refer you to people that are interested in buying a land contract. Obviously, the amount you should receive from a land contract sale is based upon value of the property, the quality of the land contract vendee who is making the payments to you now, the interest rate of the land contract, and the market conditions. You should consult with your real estate broker before accepting any offer. Also ensure by the use of your attorney that you are relieved from any potential liabilities in the event of a default under the land contract.

Robert M. Meisner is a Birmingham attorney specializing in condominiums, real estate and corporate law. You are invited to submit topics for this column, including questions about condominiums, by writing Robert M. Meisner, 30200 Telegraph Road, Suite 407, Birmingham 48010. This column provides general information and should not be construed as legal opinion.