

# Building Scene

CLASSIFIED ADVERTISING

Marilyn Fitchett editor/591-2300



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Although sales of property are occurring, like this parcel along M-14 in western Wayne County, a combination of factors are causing developers to adopt a wait-and-see attitude.

## Economy, taxes, interest rates stall land deals

By Doug Funke  
staff writer

Concerns about the economy and how long it sometimes can take to bring a project to fruition have made developers and syndicates much more cautious about buying vacant land.

There doesn't seem to be any great rush to acquire and stockpile now. Lessons apparently were well learned in the late 1970s when interest rates rocketed.

"If a guy's got a project a third of the way built and the prime rate went to 22 percent, that stopped a lot of things," said Gregory Donovan,

president of the Land Company of Michigan in Plymouth.

Recalled Robert Katzman, president of Abbey Homes of Birmingham: "1980-81-82 was death here. It was absolute, total disaster."

"It used to be interest costs were 4-5-6 percent in the early '70s," said Michael Horowitz, president of The Selective Group of Farmington Hills. "That's different than 10-11-12 percent. Taxes have increased. There's not as much land speculation for that reason."

Lengthy governmental approval processes and a reluctance to battle anti-growth factions also have caused developers to take a harder

look at long-term involvement, Horowitz said.

"YOU CAN'T be sure land you have today can be developed," he said. "On a best-case basis, under normal circumstances, it takes two years from the time you identify a parcel to construction."

Caution is the watchword.

"At this point, if an exceptional deal came along, we'd take a look at it," said Bruce Gershenson, vice president of land acquisition for Ramco-Gershenson of Southfield. "I don't think we'd start (developing) immediately," he added. "We're in-

terested in leasing up what we have and disposing of peripheral land."

Donovan puts together land deals for investors, eventually selling to developers. "Compared to two years ago, our sales activity is a little less. Our buying is considerably less," he said.

"If it (economy) slows a little, we may do more buying. Prices are better. We'll probably buy more ready-to-go stuff, closer to market, where chances for rezoning are better and water and sewer are almost there," Donovan said.

"As far as buying new land, unless we perceive it as an absolute steal,

we wouldn't speculate," Horowitz said.

DEVELOPERS ARE much more attuned to financing matters today because they have to be, Katzman said. "Banks are routinely not lending any land development loans."

"We have cash reserves in our deals, partners. It takes longer to bring tracts to market. There are more risks," he said.

A developers usually pays a sum of money for an option to buy land, then finalizes the purchases after potential roadblocks like rezoning and site plans have been hurdled.

Sellers often finance land contract

for several years capped by balloon payments. Specifics — interest rates, length and down payment — are negotiable. Taxes may be paid during the option period by the purchaser or option holder.

Some purchasers like Ramco-Gershenson prefer to pay cash.

Donovan said he finds a holding period of one to three years best from a yield perspective for syndicates. That's why he looks for parcels — the fewer owners the better — that can be developed within that time frame.

"Good, smart developers are ones who have enough (cash) reserves in individual deals to cover rainy days," Katzman said.

## Furniture manufacturers turn to accessories to boost sales

(AP) — Interior designers know it. Furniture showroom designers know it. And now furniture manufacturers are beginning to catch on. It's the accessories, not the big pieces, that create the charm in most rooms.

On average, Americans change their furniture only about 1.5 times in their lives, preferring to buy new accessories and an occasional unusual piece of furniture to update their rooms, furniture designer Vladimir Kagan said at the recent wholesale market in High Point, N.C.

Among accessories at High Point that can enliven furniture in the home:

- Trompe l'oeil painted armchairs, decorative chests and tables;
- Tables with antiqued metal bases and glass, faux-painted wood or marble tops;
- Painted and upholstered paneled screens;
- Interesting lamps and lampshades, especially those based on Chinese and Japanese antiques;
- Tapestry cushions with multi-

colored fringes;

- Highly unusual reproductions of ornate Victorian pieces, such as a child's rocking horse or an antique bird cage.

NEW FABRIC treatments updated old sofa, chair and loveseat frames. Extra-long and full fabric skirts and dramatic overscaled prints — often with floral and vegetable themes — sparked traditional pieces. Luscious colors and startling geometric patterns provided the jazz

on modern frames.

Many designers relied on coordinated fabric treatments such as matching bed headboards and spreads to arrest the eye. Mario Buita provided the ultimate touch with lamp shade slipcovers of his printed bed sheet fabric. The gathered skirts, offered by Frederick Cooper Inc., simply fit over a plain shade.

Botanical prints, architectural prints, mirrors and reproductions of old Vanity Fair engravings are

among the more popular items of wall decor.

Finding interesting accessories is likely to get much easier for the consumer since the larger furniture companies now are putting packages of appropriate accessories together, says Don Hekhuis, a designer from Thomasville, N.C.

Hekhuis designed an eight-room "house," 6,500 square feet complete with screened porch, inside the showroom building so Lexington Furniture Industries could show its

new offering, "The World of Bob Timberlake."

BY VARYING the wall coverings, floor treatments, fabrics and accessories, the design team created nine looks ranging from a rustic log cabin to a formal dining room. To set the varying scenes, Hekhuis rounded up building parts from an old farm; stone from a local quarry; old toys, agateware and pottery; even old newspapers pasted to the walls, as was the custom to ward off the cold in 19th-century country houses.

## 'At-will' disclaimers must be clearly stated

I am thinking about putting a disclaimer in our employment agreement with our on-site man at the condominium project. We want to retain the right to terminate these people at our whim. What do you suggest we do?



condo queries  
Robert M. Melsner

Recent cases at both state and federal level regarding employment contracts make it clear that if employers wish to ensure that they are entering into "at will" employment agreements with employees, that is, terminable with or without cause, a disclaimer that is buried in the back of a handbook and not prominently displayed may not be successful.

To be on the safe side, you should make it clear that there is no question in anyone's mind as to that fact. If there is a question of fact, the employee will be able to sue for wrongful discharge and probably go before a jury or trier of fact, which generally results in an unfavorable result for the employer. You should consult

with your counsel as to the exact form and terminology of the employee contracts with your employees.

Robert M. Melsner is a Birmingham attorney specializing in condominiums, real estate and corporate law. You are invited to submit topics about condominiums that you would like to see discussed in this column by writing Robert M. Melsner at 30200 Telegraph Road, Suite 407, Birmingham 48010. This column provides general information and should not be construed as legal opinion.

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