

BUILDING SCENE

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Builders face new horizons

The name of the building game is change. Putting the same product on the market year after year is injurious to the health of a building company.

Here's some of the facts and trends builders are dealing with to keep their businesses healthy now and into the next century.

■ Large-scale production in automated factories is a myth; almost all new houses are custom assembled on-site.

■ The typical builder produces less than one new house per month operating in a very small geographic area. Housing markets are local in character, and what works in one suburb could very well fail in another.

■ Between now and the year 2000, the United States Census Bureau expects the largest increase in population to be in the 45-54 age group, which will grow 49 percent. This leads experts to predict a tremendous gain forecast for households headed by this age group. And combined with the solid gains that will be scored in the 35 to 44 age group, this represents an attractive customer base for builders.

■ One of the most attractive segment of the market for builders has been married couples with children. But between now and the turn of the century, that group is expected to increase only 1 percent. The traditional nuclear family household, which accounted for 39 percent of total households in 1970, 30 percent in 1980 and 27 percent in 1990 will continue to decline to 24 percent in 2000.

■ Single persons living alone will grow a robust 28 percent by 2000, and then single person households will comprise 29 percent of the total in 2000, up from 26 percent in 1990.

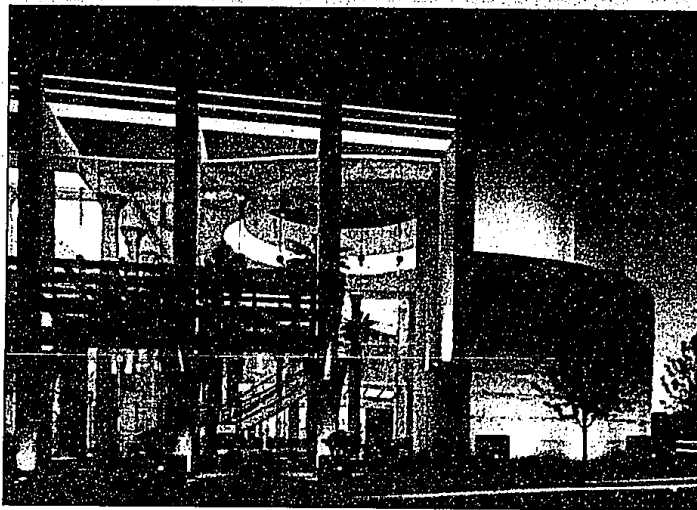
■ Builder's primary market segments are first-time buyers, first-time move-up builders, ultimate move-up buyers, luxury move-up buyers and move-down buyers.

■ The regulatory environment and land and materials cost are seen by the building industry as restricting its ability to serve the entry-level market, which is increasingly opting for the resale market to find affordable, "palatable" housing.

■ The shift toward more single-person households in virtually all age groups and the rising influence of immigration as a contributor to overall population trends are believed to have a strong effect on consumer lifestyle preferences. These include mellowing, cocooning, time starvation, two-income households, latchkey kids, and elders at home.

Mellowing and cocooning are two sides of the same coin. The shift is becoming evident away from the showy consumption of the '80s toward a quieter, less formal lifestyle characterizes mellow-

See BUILDERS, 4F



No boxes here: Retail architecture rarely receives the attention that its sibling forms — housing and office — architecture does. Unless, of course, it happens to be a design by Farmington Hills-based James P. Ryan Associates.



He pushes mall design envelope



James P. Ryan is helping change the face of retail architecture. In fact, he and his associates have gone a long way in giving it a face. His new Somerset Collection II project will show that retail architecture should no longer be ignored.

By GERALD FRAWLEY
STAFF WRITER

When people talk of great architecture, homes and office buildings get most of the attention.

"What a house!"
"Wow, look at that building!"
When was the last time you heard someone say what a great mall?

If James Ryan, president of James P. Ryan Associates Architects and Planners P.C. in Farmington Hills, had the time, he might be irritated. He's too busy.

In fact, the architectural firm for the just-announced Somerset Collection II, Somerset Collection rena-

tion and numerous award winning retail architecture designs throughout the country has been remarkably busy despite the recent economic doldrums.

Still, Ryan wonders why retail architecture is often overlooked when compared to its more prominent counterparts.

It is unfathomable to him, Ryan said, that in America — where shopping is king — that retail architecture has been one of the most ignored forms.

"This is an industry that is flamboyant — but for some reason, you just don't hear about it."

Who is to blame?

Part of the blame rests with developers and consumers who didn't demand more from retail architecture in the past, he said. Architects who didn't stress the importance of good architecture are also partly to blame.

"We should strive for something meaningful, something elegant, something long-lasting," he said.

These are his goals for every project, Ryan said. "We're searching for something customers can walk away from and then talk about it later."

Retail architecture, as he envisions it, should do more than just create space. "It should make people want to spend time there."

Registered to work in 17 states, James Ryan Associates is currently involved in projects in Michigan, California, Virginia, Illinois and New

York and is poised to make the jump to the international scene with several projects that are still in the discussion stage.

Despite this international renown, James P. Ryan Associates maintains a fairly low profile outside of the retail design community.

Ryan said that when he lectures to architecture and engineering students, they're often surprised at what his firm's been able to accomplish in a retail setting.

It's important, Ryan said, to include the "human element" in the consideration of a design.

Ryan says he finds it reassuring that mall managers and owners have begun to realize that it takes more than square footage to make a mall successful. "The malls built in the '60s, '60s and '70s are coming of age

See JAMES P. RYAN, 4F

Office vacancy rates down, landlords remain cautious

By DOUG FUNKS
STAFF WRITER

The vacancy rate and average asking rent for office space in suburban markets decreased slightly during the first three months of this year compared to the first quarter of 1992, according to the Southfield commercial real estate firm of Cushman & Wakefield.

The survey found a vacancy rate of 18.9 percent compared to 20.8 percent and weighted average asking rent of \$18.75 per square foot compared to \$16.90.

Stagnant new construction and steady absorption accounted for a decrease in the suburban vacancy rate, the report indicated. With competition for tenants resulted in a general decrease in rents.

The only new office space reported under construction in the metro Detroit area is Bloom-Wood Centre, 145,000 square feet, in the Birmingham suburb.

"It's still a good time to be a tenant," said Keith Sant, vice president and branch manager for Cushman & Wakefield.

"What we're finding is, indeed, vacancy rates are starting to trend downward. But they're not coming down as quickly as you might anticipate . . . and the reason is the economy."

"People are not in an expansion mode on the office side. They're still in a contracting or holding mode."

"It poses a challenge for landlords to manage and market effectively," Sant said. "I think long-term owners out there are looking to refinance, if possible, and hold on until they can anticipate a move upwards in rates."

It may take four or five years for the

market to rebound to where vacancies are 10 percent or less, Sant said. Meanwhile, it's important that owners maintain their properties to retain tenants.

Different submarkets in the O&E coverage area fared differently, according to Cushman & Wakefield.

Birmingham: This market, with leasing activity of nearly 195,000 square feet and net absorption of nearly 95,000 square feet, was described as the top quarterly performer in the area.

Inventory of 5.6 million square feet had a vacancy rate of 14.9 percent, down from 18.1 percent the previous year. Asking rents ranged from \$11-25.50 per square foot with a weighted average of \$18.33.

"Demand for Class B (few services not in prime locations) space was strong and Birmingham is a predominantly Class B market (52.7 percent), which was a benefit," the report indicated. "The stability of the market has kept asking rents relatively unchanged."

I-275 corridor, Livonia/Novi: Leasing activity of 73,333 square feet was up by 8.5 percent. Vacancy rates plunged 6.7 percent, from 13.2 percent, the lowest among O&E communities.

Total inventory of 2.8 million square feet had asking rents ranging from \$12-\$19.30 per square foot. The weighted average was \$16.33.

"Asking rents have experienced only minor fluctuations over the past year and are expected to hold firm over the remainder of 1993 with concessions decreasing," the report indicated.

Southfield: This community has the largest total inventory, 18.3 mil-

lion square feet, and the highest vacancy rate, 24 percent, in the O&E coverage area.

Asking rents ranged from \$8.50-\$25.05 with a weighted average of \$16.44.

Absorption improved dramatically during the first three months after going into a tailspin during the comparable period in '92.

"Asking rents in Southfield are declining again after a short increase when the new construction (Oakland Towne Square) was added," the report stated.

Troy: Slight improvement was recorded here during the year. Inventory of 11.5 million square feet had asking rents in a range of \$11.55 to \$22.50 with a weighted average of \$16.71. The vacancy rate was 19 percent.

Most transactions so far this year have been small, averaging less than 5,000 square feet.

"Motives for the slower activity in this market were that there has been no major upturn in the auto industry and that deals and decisions are taking a greater amount of time to consummate," the report indicated.

"With continued equilibrium in the market, asking rents are not expected to change dramatically in the next year."

Farmington Hills: All kinds of reshuffling took place in this market last quarter, but not absorption increased by only 15,300 square feet.

Asking rental rates ranged from \$10 to \$18.50 with a weighted average of \$15.72 for an inventory of 4.7 million square feet.

"Competitive rents continued to be the motivating factor behind most activity," the report said.

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