



Business

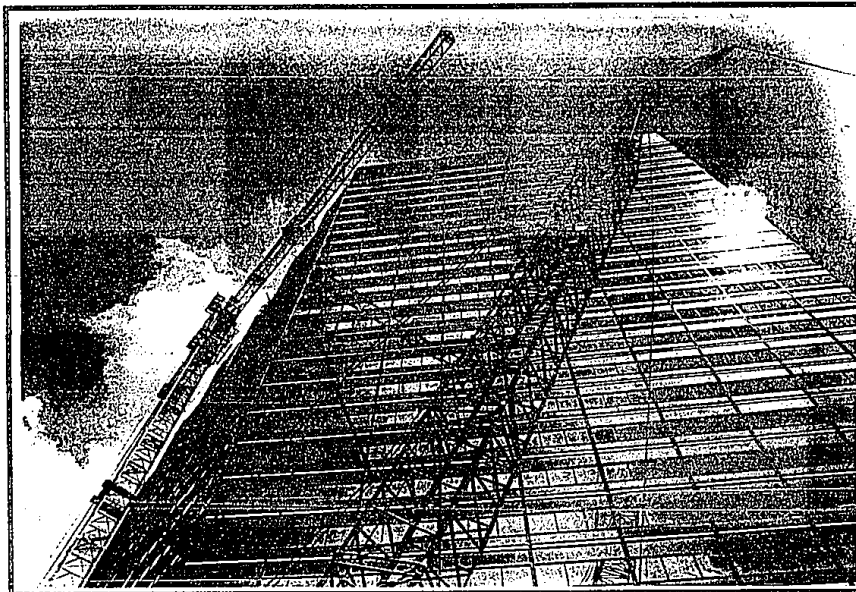
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(P10)

Topping off?

While retaining its reputation as one of the hottest office markets in the country, parts of Oakland County are witnessing a leveling off of office construction. But don't expect a buyer's market to result.



FOR THE FIRST time since the metropolitan Detroit office building boom began in 1984, a softening in the market has been observed in Oakland County.

Both The Hayman Co.'s "Metropolitan Detroit Market Study and Prognosis" and Cushman & Wakefield of Michigan's "Metro Detroit Marketrend" note the possibility of overbuilding in Southfield and Farmington Hills. The Hayman report also traces the migration of office space farther to the north and west and notes the emergence of Livonia and Dearborn as major office centers.

"Southfield and Farmington Hills with approximately 2 million square feet of available space are the two markets where construction has tem-

porarily outpaced demand, the Cushman and Wakefield report said. Firms not restricted to location should be in good negotiating position with developers in (Southfield and Farmington Hills). However, the absolute 'buyers' market that was predicted to evolve by 1986/87 may never materialize because of present absorption rates and the leveling off of construction activity."

"In January of 1988 there were approximately 1.8 million square feet available for lease in metro Detroit. Today, six months later, there are roughly 3.4 million square feet of space that have become available. Based on current absorption rates, the approximate 3.4 million square feet of office space can be construed as a 1 1/2- to 2-year supply of inventory. Although the market may be running

to the tenant's favor, it implies a healthy balance between landlords and tenants.

"Increased developer competition is simply bringing metro Detroit in sync with national trends of supply and demand. In many of the market segments, firms could expect to get more liberal concession packages from developers. While overbuilding is still not in the foreseeable future, now may be the time for firms to negotiate their best deal from developers before the 3.4 million square feet are absorbed."

The Hayman report concurs, saying that the "unprecedented office construction boom as well as the record-setting absorption of office space which have characterized the greater metropolitan Detroit office market over the past two years

should continue during 1988.

"On the other hand, the pace of construction and absorption probably will be slowed with the result that, for the first time in recent history, calendar 1988 will reflect, in specific areas and in certain isolated instances, a softening in the office market."

"Nevertheless, provided that the local economy remains strong, inflation stays stable and money continues to be available at attractive rates, office development and the leasing of office space in greater Detroit should continue to be good."

Here is a profile of the leading Oakland County office centers based on the Hayman report, as written by Joel I. Feldman, vice president and administrator of Hayman's brokerage division

Southfield

Southfield, the first major suburban office center to evolve, is Michigan's largest office center with approximately 20 million square feet of office space and the largest number of office buildings. Southfield is the only major suburban office center besides Troy whose zoning ordinances permit high-rise office buildings.

"The Southfield office market is both large enough and old enough to reflect the entire economic life cycle of office buildings."

"The city can be divided into three office districts — the southern sector (from Eight to 10 Mile roads, Greenfield to Northwestern Highway); the central business district (Evergreen Road-Civic Center Drive); and the northern area (along Northwestern adjacent to the Lodge Freeway from Lahser to 12 Mile Road).

Office buildings in the southern area were built primarily in the 1960s and are "predominantly characterized by lower occupancy rates and are reflective of old-

er, low-rise or mid-rise facilities with few, if any amenities and often small office users." The office buildings offer relatively cheap rent and offer the advantage of good freeway access. Several buildings have undergone significant modernization and renovation.

"As a result, in certain instances, the southern sector of Southfield has experienced a rebirth of interest and a partial renaissance."

HAYMAN DESCRIBES the central business district as being in its heyday. It is "best exemplified by such prestigious and successful office developments" as the Prudential Town Center Complex, Travelers Towers, Macabees/Schostak and the former Gulf & Western Building. The strength and appeal of the CBD area of Southfield is marked by the fact that "out-of-state, national investors" have purchased several office buildings in this area of Southfield over the past two years.

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Farmington Hills

Hayman describes Farmington Hills as an extension of the Southfield office market "indicative of the continued history of commercial real estate development in a northwesterly direction from the downtown business district of Detroit."

The city's office center growth indicates that it is "in direct competition" with Southfield and already has and continues to usurp some of Southfield's pre-eminence while taking away some of its key tenants.

Although it may be taking office business away from Southfield, it's the city's contrasting characteristics that are attracting attention.

"First, for many office users, the quiet mid-rise convenient office facilities compare favorably with the noisier, high-rise concrete structures. Signature rights as well as both freeway exposure and direct expressway accessibility are often more readily available. Especially along the Northwestern Highway corridor between Inkster Road and 14 Mile, smaller, quality buildings with a large amount of amenities are abundant, situated typically in a park-like setting or with an outdoor ambience."

The Farmington Hills office market can be divided into three areas — Northwestern Highway between Inkster and 14 Mile roads, Orchard Lake Road between 12 Mile and 14 Mile, and 12 Mile Road starting at Orchard Lake Road and continuing west to the city of Novi.

DEVELOPMENT along Northwestern has reached to the extent that there is no longer a parcel of vacant land that is not housing an office development or earmarked for it, the report says.

"These buildings are considered to be the most prestigious new office buildings in Farmington Hills area."

Although the Orchard Lake corridor is similar to the Northwestern corridor, the Orchard Lake corridor "appeals, in most instances" to a different type of tenant. The buildings on Orchard Lake Road are much smaller in size and are being marketed to either a single user or a myriad of small space users.

Hayman believes the 12 Mile corridor is hampered by a lack of direct access to the I-696 freeway. In trying to imitate the Northwestern corridor, developers have been successful for the most part but have been successful only with single-user buildings.

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Troy

Troy's allowance of high-rise buildings and its proximity to I-75 make Troy a natural choice for larger space users, major corporations and national companies, according to the Hayman report.

Its office buildings enjoy occupancy rates of close to 100 percent. "Troy is today probably the 'hottest' major suburban office market in the greater Detroit metropolitan area with little or no space available and with it being virtually impossible, at the present, to accommodate a large user needing immediate occupancy."

Troy absorbed more office space in 1985 than in any year in its history, which represents the largest amount of office space absorbed in any individual community of the metropolitan Detroit area and about one-third of all office space absorbed in the metro area during that time.

Troy can be divided into the Stephenson Highway corridor between 14 Mile and 15 Mile roads, the Big Beaver Road corridor, called the golden corridor, and the Northfield area — Crooks between Big Beaver and I-75.

The Stephenson Highway area is marked by buildings that have been earmarked by the city for engineering firms or research-oriented businesses.

"LIKE THE Northwestern corridor of Farmington Hills, the 'golden corridor' sector of Troy (Big Beaver between Coolidge and Rochester roads) is one of the best examples available of the tremendous growth and boom of office development over the past several years in the entire greater metropolitan Detroit area. This corridor contains the largest number of office buildings in Troy and the highest concentration of office space in the city."

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Walsh College... Where Careers Happen!



WHY DID YOU CHOOSE WALSH COLLEGE?

"Because my business instructors at OGC suggested it. They said that the learning process at Walsh will be tough, but if your career is important to you, it's well worth the effort."

Rick Fleming
Walsh College B.B.A., in Finance '87
Oakland Community College A.B.A., A.A.S. '84

PLACEMENT

The Placement Office takes a personal interest in the students by assisting them on an individual basis in preparing their resume and practicing interviewing techniques. In addition students may participate in on-campus recruiting, job search workshops, and have access to the many job openings listed through the Placement Office.

CONVENIENT

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FINANCIAL AID

To assist with the cost of your education the Walsh College Student Financial Aid Office can provide you with the latest information regarding the availability of scholarships, grants and loans.

WHAT DO YOU THINK OF THE EDUCATION?

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Lisa Nelson
Walsh College
B.A., in Accounting '85
Oakland Community College A.A.S. '83



Jean Gordon
Tax Consultant
O'Brien Haskins
Walsh College
M.S.P.A. '86

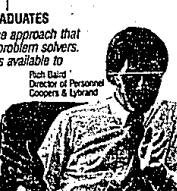
DID WALSH PREPARE YOU?

"Yes, at Walsh we learned not only concepts and theories but how to actually do the work we'd be hired to perform. Employers know this, and I think it was a terrific advantage when I was looking for a job."

LOCATION

Walsh College is located in Troy on Livernois Road between Big Beaver (16 Mile) Road and Watters (17 Mile) Road. It can be reached by using the East Big Beaver Road exit off of I-75.

Applications are now being accepted for Fall 1988. Registration begins August 11, 1988 and classes begin September 3, 1988.



Ron Baird
Director of Personal
Concerns & Guidance

Walsh College

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Walsh College admits students of any race, color, and national or ethnic origin.