

# BUILDING SCENE

THURSDAY, DECEMBER 3, 1992

## BUILDING SCENE'S NAMES & PLACES

### ABC officers

Several local persons were named to officer and director positions for 1993 for the Association of Builders & Contractors of Southeastern Michigan. Officers are: David Sheffield of Onslow-Sheffield, Brighton, president; Robert Johnson, Johnson Building Co., Livonia, vice president; Dan Flanders, Daniel Electric Co., Troy, secretary; Ken Wallace, Hickson-Costigan, Farmington Hills, treasurer.

Other directors include: Ralph Bourdeau, R.E. & Sons, Troy, and Al Wunderlich, Edward-Alan & Co., Southfield.

### Great sports

The joint venture team of J.S. Alberici/Barton Malow/M. Steel Enterprises/CLG Enterprises was awarded the construction management contract to build the Kiel Center Arena in St. Louis, Mo. It will serve as the home of the St. Louis Blues hockey team.

The program consists of demolishing the existing Kiel Auditorium and parking garage, build an 18,500-seat hockey arena on that site and renovate the adjoining Kiel Opera House. It is a \$135 million project.

Barton Malow also will join Beers Construction Co., H.J. Run Construction and G.D. Moody Construction Co. as the construction management team to construct the new Olympic Stadium in Atlanta, GA.

Barton Malow of Southfield specializes in stadium and arena construction.

### President's Award

The Michigan chapter of the Society of Marketing Professional Services has won the President's Award from the national headquarters. The award recognizes the 1991-92 chapter board of directors for exemplary management.

Board members are: Craig Rutherford of Ellis/Neoyard/Genheim Associates; Dlan Oshman of Smith, Hinchman & Grylls; Kevin Mealin of NTH Consultants; Gerald Bolan of Testing Engineers and Consultants; Kathleen Hudson of Albert Kahn Associates; Joseph Melnick of Butzel Long; Trude Noble of Wade-Trim; Betty Orintas of Johnson, Johnson & Roy; Pat Sullivan of R.E. Dalley and John Williams of Peterson, Williams and Bizer.

SMPS is the only national society devoted to the support of marketing professionals in the building industry. Members include the marketing staff and senior management of firms practicing architecture, engineering, planning, interior design, landscape architecture, construction and allied professions.

## 'Tis the season for builders to reduce inventory

Transferees, those with vacation time to shop, and those spending holiday bonuses are among the serious buyers visiting models.

BY GERALD FRAWLEY  
STAFF WRITER



Norman Rockwell had the right idea. What is more anonymous with the holidays than a home? (Well, there's turkey and gifts, but you've got to have someplace to put those things, eh?)

While the time leading up to Thanksgiving, Hanukkah and Christmas is hardly a boom time for builders — most home sales occur in spring and summer months — there is something to be said for the holiday home buyer.

Ellen Whitefield, marketing director for the Selective Group in Farmington Hills, said holidays can put people in the mood to buy, despite conventional builder wisdom which sees many builders lowering expectations.

"We used to think that it wasn't a good time for home buying," she said. But experience has indicated otherwise.

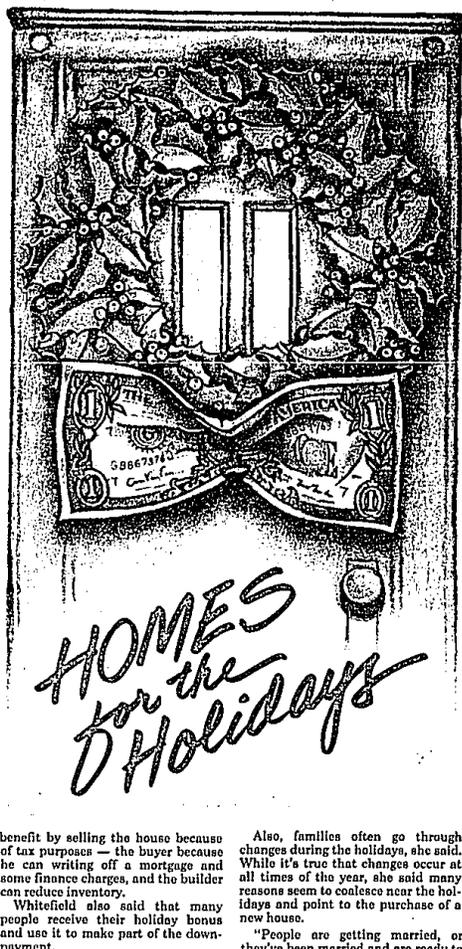
"We've had very strong traffic (leading up to the holidays) in our models," she said.

Whitefield said the Selective Group makes a special point to have several homes in each development almost ready for occupancy to handle the holiday season buyer.

Whitefield said there are several reasons people buy homes in the weeks leading up to the holidays. "For one, it's a great time to make an offer to a builder who has unsold inventory," she said.

Builders may be more willing to make a deal as the year is drawing to a close, and savvy buyers see it as a time to save some money.

Both the builder and the buyer can



move from an apartment to a home, a child is on the way and it's time to move on, or grown children have left home or went to school and people realize their needs have changed," she said.

A smaller percentage of holiday buyers are people who begin to realize it is time to move as the holiday season arrives. Be it because a present home is becoming too small, or the holiday season really is inducing the person to buy.

Dean Hyde, marketing director for Pulte Homes of Michigan in Bloomfield Hills, said holiday homebuyers are different from spring and summer buyers.

"For most years, we've always had strong traffic from Christmas Eve to New Year's," she said.

The holiday season affords these buyers with a valuable commodity — time. They intended to move away and use the time off to more effectively shop for a home.

"The holidays are also a time when they have significant others who are important to them that are available to help make decisions," Hyde said.

Traffic during spring and summer months is usually very heavy, but the ratio of lookers to buyers is very low, she said.

Holiday buyers are ready to move, not just people who are thinking of moving, Hyde said.

Hyde said the holiday season itself is really not the motivation factor. "It's not, 'Let's go shopping for Christmas presents and let's buy mom a new house.'"

Hyde said a large percentage of home buyers during the holiday season are transferees.

Year-end transferees are common because companies like to start the new year fresh with new employees. Not surprisingly, these people need a home and they need it quickly.

They are out there because they need to be out there, she said. Pulte's holiday advertising themes have been successful because as a larger builder, Pulte has homes that are available immediately. "That underscores the availability."

Dennis Dickstein, president of the real estate brokerage firm Ralph Manual Associates in Birmingham,

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## Downsizing stalls leasing activity in office sector

Downsizing and consolidation have been the rule that has guided the slowdown of leasing in the metropolitan Detroit office market, according to a third quarter report by Cushman & Wakefield of Michigan, based in Southfield.

The outlook for the rest of the year is flat to slightly decreased leasing into the winter months with rental rates remaining constant. Absorption will end the year close to the 1991 level.

Here are the trends as outlined by the report:

- The majority of the space available throughout the region is second-generation, Class B space. Tenants were enticed to Class A buildings by attractive rates and incentive packages.
- Asking rents have escalated slightly with the addition of new construction and as demand for prime office escalates. The overall weighted average rent for 1992 of \$16.28 per square foot was eight cents greater than a year ago.
- The only new construction for this quarter was Southfield's Oakland Towne Square, a speculative development of approximately 450,000 square feet with 3 percent preleasing. Year-to-date new construction in the suburbs was 22 percent less than 1991.

Demand for space in the third quarter remained constant in the suburbs and declined in the Detroit central business district. Sub-market absorption in the suburbs was strongest in Troy and Dearborn and sluggish in Livonia/Novi and Auburn Hills.

A concern among most tenants and brokers has been the financial stability of the landlord. Lender take-backs have complicated the marketplace with below-market rents in an effort to lease up and sell their troubled buildings.

- Here's a look at individual markets.
- Troy: The third quarter marks two consecutive quarters of positive performance this year for the Troy market. Competition among developers struggling to hold onto buildings and lenders managing buildings continued to provide opportunities to tenants.
- Troy's vacancy is 18.8 percent for 1992 compared to 19.1 percent for 1991. There is no office space under construction. The weighted average rental for \$16.94 per square foot for 1992, down from \$17.41 per square foot.

The Robbins Executive Park was the focus of most activity for this quarter. It witnessed the

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Cushman & Wakefield

occupancy of three free-standing office buildings: 29,000 square feet was leased to Automotive Industries; 48,200 square feet was leased to Hawel Whiting; and a third building of 25,000 square feet was sold to Intraco.

1275 Corridor (Livonia/Novi). Third-quarter activity tapered off from historical levels. A reduced amount of leasing and declining absorption slowly chipped away at the glut of new space added to the market in 1991.

Leasing activity this quarter was prompted by lease expirations, tenant reconfigurations and downsizing. First Michigan Title took 6,200 square feet at the Cambridge Centre. At the Crystal Glen Office Center, Manufacturers Bank leased 7,300 square feet.

Vacancy rate dropped to 17.5 percent in 1992 from 19.3 percent in 1991. There is no office space under construction. The weighted average rental rate increased to \$17.09 per square foot in 1992 from \$16.94 in 1991.

Farmington Hills. This market showed healthy activity through the third quarter. Net absorption reflected the positive effect of no new construction and an increased amount of tenants moving. Prime motivation for movement this quarter was downsizing to meet payroll company sizes.

Transactions for the quarter were under 10,000 square feet. The largest was 9,800 square feet by Nestle at the Farmington Hills Corporate Center II. Michigan Bell leased 7,000 square feet at Westville Office Building II, and Childtime Childcare leased 6,000 square feet at

benefit by selling the house because of tax purposes — the buyer because he can writing off a mortgage and some finance charges, and the builder can reduce inventory.

Whitefield also said that many people receive their holiday bonus and use it to make part of the downpayment.

Also, families often go through changes during the holidays, she said. While it's true that changes occur at all times of the year, she said many reasons seem to coalesce near the holidays and point to the purchase of a new house.

"People are getting married, or they've been married and are ready to

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