

MOVERS & SHAKERS

This column highlights promotions, transfers, hirings, awards won and other key personnel moves within the suburban real estate community. Send a brief biographical summary—including the towns of residence and employment and a black and white photo if desired—to: Movers and Shakers, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia, 48150. Our fax number is (313) 591-7279.

Capo named Veep.



James C. Capo, who joined DeMattia in 1989 as senior design architect, will be responsible for overall project development from schematic design through construction, project team coordination and new business development.

Capo lives in Bloomfield Hills.

Severs earns CBR



Marion C. Severs, an associate broker with Century 21 Hartford in Farmington, has acquired the professional designation of Certified Buyer Representative.

Severs, a 10-year real estate veteran, resides in Farmington Hills.

Martin joins C21



William C. Martin, an associate broker, has joined Century 21 Hartford South in Livonia. Martin, a Livonia resident, founded two real estate firms. He's also a former director of the Western Wayne Oakland County Association of Realtors, the Metro Multi-List and the Michigan Association of Realtors.

4 agents earn CRS

Judy Addie, Julie Doelle, Bill Hampton and Sharyn Hill of Coldwell Banker Professionals in Clarkston all have acquired the professional designation of Certified Residential Specialist.

Addie also is a Certified Buyer Representative.

REAL ESTATE

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Market tightens: Occupancy levels and rents are increasing at offices in Observer & Eccentric communities.

Office market rock solid here

BY DOUG FINKE
STAFF WRITER

Strong. Vibrant. Best shape ever. Those are just some of the terms Joel Feldman uses to describe the commercial office situation here in a report he prepared for Friedman Real Estate Group in Farmington Hills.

The glut of vacancies plaguing suburbia and downtown Detroit four years ago due to overbuilding and a sluggish, uncertain economy has almost completely reversed, reported Feldman, a Friedman vice president.

These are now great times to own office property.

"With rare exception, demand for general, speculative, multi-tenanted office space equals or exceeds the supply of same," Feldman reported.

"Occupancy levels are at an all-time high; leasing activity is brisk; quoted rental rates as well as obtained rental rates are unprecedented, and the absorption of office product is at near record-setting levels," he added.

Office occupancy rates and asking rental rates increased in every Observer & Eccentric community surveyed last year by Feldman.

■ **Bloomfield Hills** — 98 percent occupancy from 96 percent; quoted weighted average rental rate of \$21.45 per square foot from \$20.95.

■ **Livonia** — 97 percent occupancy from 93 percent; quoted rental rate of \$19.10 per square foot from \$18.77.

■ **Auburn Hills** — 97 percent occupancy from 96 percent; rental rate of \$18.75 from \$18.

■ **Birmingham** — 96 percent occupancy from 93 percent; rental rate of \$22.25 from \$21.75.

■ **Bingham Farms** — 96 percent occupancy from 90 percent; rental rate of \$18.94 from \$17.76.

■ **Troy** — 96 percent occupancy from 89 percent; rental rate of \$18.43 from \$17.82.

■ **Farmington Hills** — 95 percent occupancy from 92 percent; rental rate of \$18.01 from \$18.03.

■ **West Bloomfield** — 95 percent occupancy from 90 percent; rental rate of \$17.76 from \$17.45.

■ **Southfield** — 95 percent occupancy from 84 percent; rental rate of \$16.20 from \$15.67.

"Never in the entire history of the office market of greater metropolitan Detroit have occupancy levels been so high and never on such an impressive and pervasive basis," Feldman reported.

Continued absorption of vacant office space last year, some 1.3 million square feet or 200,000 more square feet than during 1995, indicates a strengthening pulse of our office market, Feldman reported.

So, too, does the large number of sales of office buildings including Prudential Plaza Center and First Center Office Plaza in Southfield, Wilshire Plaza North in Troy and North Valley Office Complex in Farmington Hills to investors.

Landlords, who took a beating for years, now have the upper hand, Feldman reported. It's a new ballgame for tenants entering the marketplace now or relocating.

"In general, they will be paying

more for rent, obtaining little or no concessions, have a minimal number of options to select from and often will find themselves in direct competition with another company or companies for the very same office space," he wrote.

"In most instances, there's only a minimal difference between quoted rental rates and obtained rental rates in Class A buildings, especially in suburban office markets," Feldman reported.

A general lack of office construction here for the better part of a decade, plus corporate expansion with an improving economy have tightened the office market considerably.

In fact, things have become so tight that Feldman suggests more offices could be built "on a limited, carefully-monitored basis in isolated and specifically identifiable corridors."

Those areas would include the I-275 corridor, Northwestern Highway and downtown Birmingham.

Feldman doesn't stand alone when it comes to painting a rosy picture for owners of office buildings here.

An annual report prepared by the Society of Industrial and Office Realtors indicates that absorption and rental rates are up, vacancies and landlord concessions down in southeastern Michigan.

Office rents are very much a product of supply and demand, said Gary F. Sallen, an associate broker with Signature Associates in Southfield and SIOR-Michigan vice president.

"For the most part, there's been limited new construction. We have now

backfilled vacancies," he added.

"There are very few large floor plates (rentable areas) available for larger users. Lease rates are reflective of that tightening."

Other commercial Realtors are upbeat, too.

"The pendulum swings in our business, and it's definitely swung to landlords," said Scott Elliott, senior vice president and managing officer of CB Commercial's Southfield office.

"No new construction coming out of the ground has caused a very tight market condition," he said.

"At the same time, the economy has been strong. Business has definitely expanded the last few years. Look at the unemployment rate. It's below 5 percent now," he said.

"For tenants, it's a higher expense issue and, with tight market conditions, they have to allow ample time for moves," Elliott said. "Choices aren't available that were there six to eight months ago as for space selection."

"Five years ago, for every tenant out there, there were 10 available spaces," said Jeff Shell, senior managing director for Cushman & Wakefield in Southfield. "Now, for every space, there's 10 possible occupants. Landlords have recaptured some leverage as a result."

"The economy has been strong or stable," Shell said. "With no appreciable office space coming on line since '92, that's held supply in check. With good demand, vacancies have declined, and real estate values have increased."

Court may well back your interpretation of easement

REAL ESTATE QUERIES



ROBERT M. MELNER

Q. I have an easement over an adjacent piece of property, but it only has a "meets and bounds" description. The neighbor is claiming that the easement is too ambiguous, and I am wondering if I am going to have any luck in court establishing my rights to get to the boat dock that the easement purportedly gave me. What hurdles am I going to face?

A. You may have the benefit of a recent court decision that held that an easement described only in terms of meets and bounds did not create an ambiguity as to the scope and purpose of the easement.

However, the court in that particular case allowed oral testimony to establish the intent of the drafter in regard to the easement, and courts will consider the "situation, acts, conduct and dealings of the part to the instrument and also as to the subject matter" in order to determine the scope and purpose of the easement.

If you can establish, therefore, what the intent of

the easement was, you may have a basis to establish your claim in court.

Q. Recently, we received an appraisal on part of an estate, a lakefront cooperative unit. The appraised value was identical to recently-sold unit share prices of other units in the cooperative. However, the other units have access but no view to the lake and are a considerable distance from the lake.

I went and got a second opinion, and the appraiser stated an amount equal to 2-1/2 times of that of the original appraisal. I am concerned because that cooperative unit is being sold by the estate of which I am the personal representative.

What would be the determining factors in which appraisal will be used? Do things such as lake view have a value in the cooperative or does each cooperative share have exactly the same value if each have the same number of shares. I would appreciate information that you could provide me in resolving this matter.

A. It would appear that you have two conflicting appraisals, and it would seem obvious to me that the

value of your cooperative unit, for purposes of the transfer of shares, depending upon your cooperative documents, (which may put a limitation on what you can sell your cooperative for), would be based in part upon the location of the cooperative unit.

I would certainly take the position that the cooperative is worth what the second appraisal seems to suggest it is, and I would ask the second appraiser what criteria he used to differentiate his appraisal from the original one.

Some cooperative documents give the cooperative the right of first refusal to repurchase the shares and may put a limit on the computation for the cost of such repurchase. I would suggest that you consult with your attorney regarding what attitude you have in connection with the sale of the cooperative unit and to whom.

Robert M. Melner is an Oakland County area attorney concentrating his practice in the areas of condominiums, real estate, corporate law and litigation. You are invited to submit topics that you would like to see discussed in this column, including questions about condominiums, by writing Robert M. Melner, 30200 Telegraph Road, Suite 467, Bingham Farms, MI 48025. This column provides general information and should not be construed as legal opinion.

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