

REPORTER'S NOTEBOOK



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Daniel Duggan

Deals hint at ripple effect

A car dealership expands, a new McDonald's is built and a grocery store grows — all in one chain of positive real estate news for Clinton Township.

In the middle of the deals was broker Joe Sowerby, partner at Mt. Clemens-based Anton, Zorn & Sowerby Inc.

Kicking off the deals was the expansion of Parkway Dodge Chrysler Jeep, which moved from 16 Mile Road, north of Gratiot Avenue, to a much larger facility at 21560 Hall Road.

A group of investors under the name Gratiot Manchester Development L.L.C. bought the old site and hired Sowerby to find a use.

It turned out McDonald's, which has a shop one-quarter mile to the south, was looking for a new site nearby. The hamburger chain took on a 20-year land lease for 1.5 acres of the 7-acre site, said Sowerby, the sole broker in the deal.

As McDonald's embarks on a new, \$2.5 million restaurant, it needed to get rid of the old facility down the street.

Guess who got the listing on the old McDonald's site?

Sowerby was able to find a buyer there, as well. Adjacent to the site is Farmer's Market Inc., a grocery store interested in having expansion space. The sale price was not disclosed but the asking price was \$100,000.

The Macomb commercial market has had its slow time like every other part of the region. That's why Sowerby points to these recent deals as a bright spot for the local market, as well as the growing Clinton Township Downtown Development Authority area.

"It's positive absorption," he said. "We're filling vacant land, and I think this will have a ripple effect in the area in a positive way."

Other recent ripple effect deals of note:

■ **Integrated Design Solutions L.L.C.** leased 16,000 square feet at 1441 W. Long Lake in Troy.

■ The 107,000-square-foot building, built to be leased to Delphi Corp., was vacant in January 2008. With the IDS lease following a 45,000-square-foot lease to Travelers Insurance Co., the building is now 65 percent occupied, said Bill Harvey, senior vice president in the Farmington Hills office of Transwestern, which represented the landlord. Troy-based L. Mason Capital represented IDS.

■ **Gostamp North America Inc.** leased three office suites in Troy, taking 17,000 square feet in the Continental Plaza Building and bringing it to 89 percent occupancy. Glenn DesRosier of Farmington Hills-based Friedman Real Estate Group was the broker.

Focus

REAL ESTATE

Out of the mix

Economic stars fall out of alignment for multiuse developments

BY DANIEL DUGGAN
CRAIN'S DETROIT BUSINESS

Perhaps the most stark example of how fast the money stopped flowing in Southeast Michigan real estate lies just off Telegraph Road, north of Square Lake Road.

A completed parking structure sits next to the unfinished shell of what was to be a \$350 million development called Bloomfield Park. Planned was 530,000 square feet of retail space, 127,000 square feet of office space, 600 condo units and three theaters.

Today, the site is mostly empty.

Projects on the site and Northville stopped when the economy tanked.

Opinions are mixed as to what economic conditions will be needed before such large-scale mixed-use developments will be viable — or if the projects will ever be viable again.

"We won't see this again for a long time, if ever," said David Long, a specialist in retail leasing out of the Southfield office of CB Richard Ellis.

There were specific components that led to the boom, he said. There was a strong demand in housing and a free-flowing commercial real estate lending environment. And there was a retail expansion fueled by a high level of consumer

spending, mostly a result of credit card purchases.

"When you look at all the factors, they've completely unraveled," Long said. "And you'll need all of those components back before you see mixed-use projects. It's unlikely we'll ever see something like that again."

Waiting on the sidelines are other projects in the area.

In Oakland County, the median price for residential sales at the end of 2009 was \$89,000 and sales in Detroit had a median price of \$65,000 according to the Farmington Hills-based MLS Realtor.com.

Condo projects had units listed in the \$350,000 to \$400,000 range in 2009.

"If developers knew what units would be selling for in 2010, they'd never have built them in the first place," Sweeney said.

The former Kmart headquarters in

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Long

BLOOMFIELD PARK

■ **What was planned:** \$350 million mixed-use development of residential, retail and entertainment.

■ **Now:** After stalling in the planning stages, funding was pulled from the project. Owner Coventry Real Estate Fund L.L.C. is now in default with lender Wells Fargo.

■ **Status:** Several structures built but most uncompleted. No construction is happening.



Waiting



HIGHWOOD

■ **What was planned:** \$800 million residential, retail and office project on the site of a former state psychiatric facility (shown).

■ **Now:** Of the 414 acres purchased, 200 acres have been sold to Northville Township government for public recreation.

■ **Status:** Eighty developable acres are still owned by the joint venture of Real Estate Interests Group Inc. and Schenck, Bro. & Co., which bought the site. The land is being marketed to tenants, but nothing is imminent.

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