

OAKLAND BUSINESS REVIEW

STRUCTURES

Behind the Deal

Despite retail slump, developer expects to bring Lowe's to Auburn Hills

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The slump in home improvement retail sales didn't stop Bloomfield Hills-based Silverman Development Co. from potentially landing a 175,000-square-foot Lowe's home improvement store for a parcel in Auburn Hills.

"Actually, this deal came together really quickly," said Mark Witkiewicz, Silverman vice president. The closing is expected before the end of June.

Silverman and Lowe's are working on a deal in which Lowe's will buy an 18.1-acre site near Joslyn Road and Interstate-75.

"Everything's moving forward, and we do anticipate closing in the next few weeks," said Max Goldman of Ludwig Seeley, who is negotiating the purchase for Lowe's. "There are just a few details yet to be worked out."

For some 15 years, Witkiewicz said, he knew that area was going to be a hot retail location. So when it came time to find

a user, negotiating the sale moved rapidly. On June 18, Silverman Development broke ground on the Lowe's site, the last large undeveloped parcel in the area.

The site had to be attractive enough to overcome market conditions in retail home improvement. That sector nationwide has taken a dramatic fall, according to data from Collier's International.

In 2006 the sector was up 15.5 percent. By the end of 2007, building materials and garden equipment stores had seen year-to-date sales shrink by 3.3 percent, Collier's reported.

Further, according to the report, by the end of last year big-box chains had all but pulled the plug on expansion in Michigan, so attracting home improvement retailer investment in Southeast Michigan should have been difficult.

Witkiewicz said it wasn't.

He described the site on Great Lakes Crossing Boulevard as the far end of a "Million Dollar Mile" running along I-75 from Joslyn to Baldwin. Because the site is

a good fit for big-box stores, the toughest part of the deal was finding the right user, Witkiewicz said.

"There were other users interested in that spot, but we chose Lowe's as the right store for that location because it's a nationally respected and reputable store that will do well there," he said.

Other potential users were interested in the site's freeway visibility, he said.

"We acquired that property years ago, and always had a vision of that area as being a fantastic retail market. This really has become the main real estate area for northern Oakland County," Witkiewicz said.

"We were the first to do a development in this area, way before the mall," Witkiewicz said. "We did Lake Village of Auburn Hills, on the corner of Baldwin and I-75, and since that time, there have been numerous developments."

The Great Lakes Crossing mall is the predominant retail point in the area, but there's also a Borders nearby, a restaurant district on Baldwin Road and a Sam's Club and

Meijer store nearby on Brown Road.

The property was already zoned for retail, and Witkiewicz said the Lowe's development, an \$18.5 million investment, is exactly what the city of Auburn Hills had in mind. Lowe's said it will bring 175 jobs to the community when the store opens in 2009.

High traffic volume, ingress and egress, a new dedicated left-hand turn lane and proximity to other large-scale retail attracted interest from big-box users who wanted to take that last piece of retail property, he said.

Silverman will retain two out-lot parcels — one 2-acre parcel, and one 1.36-acre piece, which Silverman has owned since 2005.

"We're marketing that property for retail, but we don't have anyone under contract there just yet," Witkiewicz said, declining to specify the asking price. "There are numerous stores that would succeed there, but we're looking for the best fit."

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