



Trends in Real Estate

Prepared by Siegle & Associates

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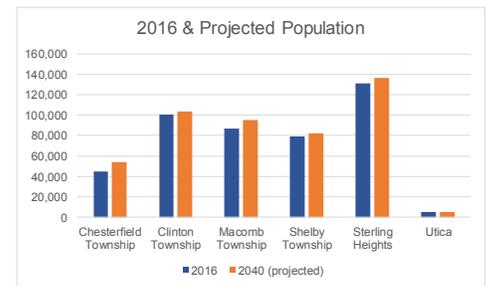
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Macomb County's Golden Corridor: Developments Along Hall Road

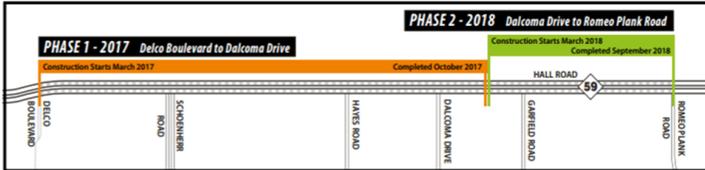
One of the fastest growing and most active areas for retail development in southeast Michigan has been along the Hall Road corridor, which extends from Sterling Heights and Utica on the west to Shelby, Macomb, Clinton, and Chesterfield townships on the east. As these surrounding areas grow in population, retail developments are emerging and have become popular destinations for shoppers from all over the metro area.



Currently, M-59 (Hall Road) is undergoing a construction project that will last through 2018. The Michigan Department of Transportation is investing \$63 million to reconstruct 3.7 miles of thoroughfare. The project includes laying new pavement

Hall Road Retail Corridor

and improving drainage, traffic operations, and pedestrian access in six communities from east of M-53 to Romeo Plank. Enhanced landscaping and other aesthetic improvements are planned, as well. The concrete pavement is being replaced with asphalt and is expected to last 20-25 years. Asphalt is not only cheaper and easier to repair, but also provides better safety for vehicles against snow and skidding.



This two-year project is expected to produce several beneficial enhancements for the surrounding areas by improving stability and traffic flow.



Businesses along Hall Road, which will be open and accessible during construction, are likely to take a 10 to 25 percent hit in sales during construction, according to real estate consultant Ken Dalto, founder and owner of Farmington Hills-based Kenneth J. Dalto & Associates. Despite the inevitable losses, Dalto says there are steps businesses can take to ease the bottom line.

“Retailers have to announce sales to attract shoppers — make their marketing more focused, whether it’s through mailings or eBlasts,” Dalto said. “They also need to get the word out on the status of construction — especially that construction is going to be halted during Christmas — because people aren’t going to automatically know that.”



The Mall at Partridge Creek in Clinton Township

“They also have to keep discounting. The loss of sales is going to be greater than the loss of discounting,” Dalto said. “Shoppers change their habits. They’ll go elsewhere. You don’t want to lose these people permanently.”

Hall Road has two malls: Lakeside Mall, at 1,550,540 square feet; and The Mall at Partridge Creek, at 640,000 square feet. The Mall at Partridge Creek, an open-air regional shopping center in Clinton Township, opened Oct. 18, 2007. It’s anchored by Nordstrom, Carson’s, and MJR Digital Cinema 14, and has nearly 90 unique stores and restaurants.



Lakeside Mall in Sterling Heights

Home Depot, Lowes, and other big box retailers including Meijer, Target, and Costco, along with numerous other national and regional retail businesses, are also positioned along both sides of Hall Road.



Cabela's/Chesterfield Town Center under construction

New development includes the Chesterfield Town Center, which is set to open this summer at I-94 and Hall Road. Cabela’s will be the anchor store for the \$100 million open-air mall development. According to the site plans submitted to Chesterfield Township, Chesterfield Town Center will have 80-90 national retailers. Thomas Guastello, owner of Center Management of Birmingham, told the *Macomb Daily* that he expects the center to include a hotel, restaurant, movie theater, grocery store, and some smaller retailers, known as “junior boxes,” as opposed to

Hall Road Retail Corridor

the big box stores that usually accompany shopping centers.

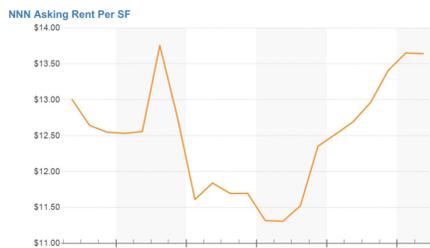
Other upcoming changes in Macomb County's "Golden Corridor" include the addition of three new restaurants: Twin Peaks is taking over the location once occupied by Logan's Roadhouse in Shelby Township; Bubba's 33 sports eatery in Macomb Township will be on the north side of Hall Road across from Partridge Creek; and BJ's Brewhouse Restaurant will be in the former Linens N' Things next to Andiamo's Sterling Heights, which is celebrating its 12th year at the Hall Road location.

Retailers at newer shopping centers include Jersey Mike's, Supercuts, Sleep Number, Starbucks, Menchie's, AT&T, and Panda Express.

Among the retailers making their debut along the Golden Corridor are Duluth Trading Co. and Menards; Dick's Sporting Goods has moved to a newly constructed build-to-suit location east of Schoenherr. Several new developments, as well as a new Nissan dealership, are also in the works. Other construction includes a Genisys Credit Union, and a former Henderson Glass shop is being renovated into an urgent care facility.

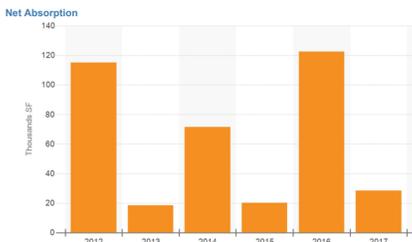
Asking rental rates vary greatly along the Golden Corridor, and typically range from \$12 to \$45 per square foot. The newer retail developments are capturing higher rents.

New retail centers' actual rental rates range from \$26 to \$45 per square foot, with an average of \$30.88 per square foot, according to Siegle & Associates' data-



Asking rents for existing structures

base; however, second- and third-generation spaces generally rent for an average of \$13.64 per square foot. Siegle & Associates has appraised a number of retail centers and office developments along this corridor, as its offices are located just one mile south of the epicenter of this retail mecca.



So far, 2017 has already surpassed previous years in terms of net absorption along Hall Road.

There has been a net absorption of 105,768 square feet in the previous 12 months. More than 75 percent of new construction is pre-leased.

Vacancy rates for the Hall Road corridor are currently between 6 and 7 percent. This is low for retail space, especially considering the amount of new construction in the area.



Even though the Golden Corridor seems to have it all, there is plenty of room for future development and, with just under 90,000 motorists traveling Hall Road daily (projected to reach 96,000 to 100,000 motorists per day by 2037, according to the Michigan Department of Transportation), the high visibility and access is promising for many businesses.

Located just one mile south of the Golden Corridor, Siegle & Associates is well-acquainted with the area and is prepared to meet all appraisal needs. Managing Partner Ken Siegle has lived just two miles north of Hall Road for more than 22 years, and has witnessed the corridor's evolution.



A small glimpse into the Golden Corridor and its development

In the next issue of *Trends*, we'll explore the latest information affecting a specialty property type.

Who we are...

Founded in 2003 by Ken and Kathy Siegle, Siegle & Associates is a full-service commercial and residential appraisal services firm specializing in property valuation, consulting, feasibility analysis, and appraisal review services in Macomb, Oakland, Wayne, St. Clair, Monroe, and Lapeer counties. We also service other counties across Michigan, as well.



Kenneth R. Siegle, MAI, M.S.F., was a commercial real estate loan servicing officer for seven years and a staff appraiser for six years. He has expertise in appraising a variety of properties, including: apartments, general office buildings, medical office buildings, retail centers, subdivisions, industrial buildings, vacant land, single-family residential, self-storage facilities, car washes, and more. Ken holds a bachelor's degree in business administration with a minor in systems analysis from Taylor University, and a master's of science degree in finance from Walsh College. He is a Designated Member of the Appraisal Institute (MAI), as well as a state-certified general real estate appraiser. He presently serves as a member of the nominating committee of the Great Lakes Chapter of the Appraisal Institute (he previously served as a board director and regional rep), and he is also a member of the Macomb Township Board of Review.



Rhea D. Allen is a certified general real estate appraiser who began her appraisal career in 1997 as a research assistant at Stout Risius Ross Inc. After obtaining her limited license in 2003, she was promoted to an appraiser and then to senior appraiser in 2006, when she earned her certified general license. Rhea has appraised numerous properties including industrial buildings, retail buildings, general and medical office buildings, apartments, vacant land, and subdivisions. She joined Siegle & Associates in 2008. Rhea received a bachelor's degree in public relations from Grand Valley State University in 1992.



Gerald S. Daugherty has been involved in various aspects of the commercial and residential real estate industry since 1977. He was employed by a major financial institution for 25 years in a number of real estate related positions. As a residential REO property manager, he managed and sold hundreds of residential real estate properties. For nine years he was a commercial real estate loan senior analyst. His experience in this position included commercial real estate loan collateral analysis, and managing and selling foreclosed commercial real estate. He has been appraising real estate since the mid-1980s and has been a licensed real estate appraiser since the state appraisal licensing law was enacted in the 1990s. Jerry has a bachelor's degree in finance from Walsh College.



Kathy Siegle, chief financial officer, oversees the firm's financial operations. Her duties include supervising accounts receivable and accounts payable, as well as purchasing and tax preparation. Kathy also assists with a variety of office duties. She attended Prairie Bible Institute near Calgary, Alberta, Canada, and completed courses in business and accounting at Macomb Community College.



Don Pedde is a research assistant and limited license real estate appraiser. He is a graduate of Pensacola Christian College and holds a certificate of legal assistant studies from Oakland University, with specialties in business law and litigation. He has a wide range of professional experience, including teaching, production control, automotive management, and church ministry. Since joining Siegle & Associates in 2010, Don has gained valuable experience with commercial properties, and has focused on specialty properties including apartments, restaurants, and churches.



Karen Relph is the office manager, a research assistant, and a residential appraiser. Karen keeps the office running smoothly by setting up appointments, scheduling property inspections, filing reports, ordering supplies, and performing a host of other duties. In addition to managing the office, Karen assists in residential appraising, and researches industrial and commercial properties for the firm's commercial appraisers. Karen's experience and expertise in appraisal services has been an invaluable asset to the company.