

Looking out across the retail landscape in Metro Detroit these days, a thinking person might conclude the region is enjoying an economic revival.

Dozens of retailers are moving into southeastern Michigan or expanding stores and shopping centers -- defying the slump that has gripped the region the past several years, put the housing market in the dumps and driven the unemployment rate to more than 7 percent.

A recent report by the International Council of Shopping Centers shows that more than 30 retail projects worth more than a total of \$1 billion are being developed in the area.

Among the major projects: The \$155 million Mall at Partridge Creek in Clinton Township, set to open Oct. 18; the 300,000-square-foot expansion of Twelve Oaks Mall in Novi, opening Sept. 28; the construction of 17 Wal-Mart supercenters over the next several years; and the \$80 million-plus redevelopment of Wonderland Mall in Livonia.

Retailers say even though times are a bit tough in Michigan, Metro Detroit consumers have plenty of money to spend. That said, retailers expect the next couple of years will be on the lean side. Profits -- if there are any at all -- will be marginal.

Yet industry experts say business will pick up when the economy improves by the end of the decade, and retailers want to be here when that happens.

"The demographic is changing in this state, and stores go where people are," said Dana Johnson, an economist for Comerica Bank. "Over time, we're going to have an economy that is more diverse than the one we have now and (retailers) are looking ahead."

The surge also is driven by the fact that some growing Metro Detroit communities are severely underserved by retail and commercial real estate is at bargain prices.

"I think it's exciting," said Michigan Retailers Association spokesman Tom Scott. "It's yet proof that Michigan's economy is not dead."

But not everyone is convinced the region can support the retail influx it's experiencing.

Ken Dalto of Kenneth J. Dalto & Associates in Farmington Hills notes that many retailers started their projects before the housing bubble burst last year, and are too far into the process to stop.

Some may decide to pare their growth plans, he said.

But, he acknowledged, business will only get better "when the auto companies get their act together in two years, no sooner," Dalto said.

A strong area to do business

It seems to defy logic, but many retailers see southeastern Michigan as a strong area to do business.

"They know what they're doing," Scott said of the companies planning to build or expand in the region. "If they think they can grab \$2 from the competition, they'll do it."

Retailers are very deliberate when deciding where to establish a new store, said Scott Krugman, spokesman for the National Retail Federation. And they're not just thinking about the short term; companies are making long-term commitments when they invest millions of dollars to build new stores.

"A retailer doesn't enter into a venture lightly," he said.

Meijer Inc. spokeswoman Stacie Behler can vouch for that.

The Walker-based grocer/discounter opened stores in Warren, Allen Park and Lenox Township this year and has plans to open more.

She said the company examines several factors -- such as growth patterns and demand -- before investing money in a new store, which costs an average of \$15 million to build.

"We go where there's a need and an interest," she said. "We look at the state of Michigan and see lots of opportunities. We've invested in the state for 74 years and we're not turning back now."

Nordstrom Inc. also sees potential in Michigan. The upscale department store only opens four or five stores each year and has decided to put two in Metro Detroit within the next eight months.

The company's store at Somerset Collection in Troy is doing good business, spokeswoman Brooke White said. A second Metro Detroit outlet will open at Twelve Oaks Mall in September and a third at Partridge Creek in April.

"It's really about the location for us," White said. "We feel like our customer is there and we're eager to bring her another store."

Finding good tenants for his 24,000-square-foot strip mall in Howell hasn't been easy for developer Michael Jonna, but the building is 70 percent occupied and he's confident he'll have all the spaces leased by the time it opens later this year.

"It's tough out there," he said. "We're in survival mode right now. But we have all the faith in the world that it's going to work out."

Sign of economic rebound?

From Michael Shore's perspective, the retail boom is a sign that the economy is on the verge of a rebound. Shore is chief communications officer for the Michigan Economic Development Corporation.

"It can only be taken as a strong, positive signal about Michigan's economic future that national retailers see new opportunities for growth here," Shore said.

"These are all well-run companies with proven track records and they know from experience that investments in growing local economies will mean strong profits in the future," he added.

Metro Detroiters who have been feeling underserved for years are excited to see new stores popping up.

Tim Meagher of Bruce Township and his family frequently shop at stores in the Hall Road corridor, and he's looking forward to the opening of the Mall at Partridge Creek, which is being touted as Macomb County's most exclusive shopping center. "It's very exciting to have that level of quality so close to home," said Meagher, a 51-year-old builder.

Accountant Angela Betzer can't wait for the new wing at Twelve Oaks to open. The Clarkston woman loves to browse new stores to update her wardrobe.

"It's just refreshing to go to a new store," said Betzer, 27. "Even if it's the same store, it's nice to go to a different location because they might have things that the other store didn't have."

Area still among wealthiest

There are enough people and money in southeastern Michigan that new retailers and existing businesses can share the wealth, said Johnson of Comerica Bank. Metro Detroit's per capita income ranked 57th out of 363 metropolitan areas in 2006, putting it in the top 16 percent. "We still have high spending power here," he said.

The cost of commercial property also makes Michigan attractive to retailers.

It's very affordable compared to other states, said Steve Chaben, first vice president of Marcus & Millichap, a commercial real estate investment brokerage firm in Southfield.

About 65 percent of the commercial real estate the firm sells in Metro Detroit is to out-of-state companies.

"Retailers are seeing an opportunity to buy real estate at a value they can't get in other places," he said. "What they see here is a bargain, but a greater risk."

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