

SQUARE FOOTAGE

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Depot Town eyesore will soon become a showcase

Major renovation in works for circa-1860s Thompson Block

BY PAULA GARDNER
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For the first time in more than 40 years, there's a realistic vision for Ypsilanti's Thompson Block that will lift it out of disrepair and turn it into a vibrant corner of Depot Town.

The work – likely to total \$4 million by the time it's done – will start from the inside out, since the structure damage to the circa-1860s building goes deep.

Soon the daily work crews on the site will move into the more visible areas – repairing the crumbling brick, rotting wood and missing windows that dominate the façade.

When the project is completed in late 2007, the overhaul will transform the 30,000-square-foot, historic building into a showcase that extends Depot Town east across the railroad tracks and into a four-corner commercial district.

The Thompson Block will retain its old-time flavor and its façade will complement the rest of the city's historic commercial district. At the same time, said Stewart Beal, "It will have all-new everything."

The process will come in phases, necessary because Beal was awarded a sheriff's deed in May after serving as receiver. Repairs totaling \$346,000 have been put into the building so far, and now former owner David Kircher has until late October to pay that and an estimated \$300,000 in additional court-ordered repairs if he wants to regain the building during the redemption period.

But marketing of the property is beginning, as Bluestone Realty Advisors of Ann Arbor was hired to find tenants for the lower two floors.

The plan, said broker Newcombe Clark, is to lease the ground-floor space to retail tenants – starting from 1,100 square feet – and the upper floors to office users.

"There are a lot of directions we can take," Clark said, adding that he hopes to see a restaurant



Stewart Beal, Newcombe Clark and Nick Rutan on the roof of the Thompson Block.



Photos by ROBERT RAMSEY

Brick archways will be replicated throughout the building. At right, Beal checks progress on the structure.



take the Cross Street corner, and extend across the rear of the building – retaining several storefronts for a diverse range of retailers.

A recent walk-through of the building showed the extensive damage: Windowsills sag, holes dot the floors, steel braces add support to rotted joists. The ancient elevator is obsolete, plywood covers long-broken windows and years of poor roof repairs left a residue of water damage.

Yet Beal's interest in reviving the building shows from the moment he walks in. He brings to this effort his experience at Beal Properties – where he managed the rehabbing of downtown Ypsilanti

properties – and his construction experience at his family business, JC Beal Construction.

"This is what I like to do," Beal said.

Exposed brick will be cleaned – many of the walls retain spray-painted graffiti – and repaired, and the many brick arches will be replicated across the building. The third floor ceiling will have 25 skylights and a deck across the back, adding to the appeal if Beal eventually develops loft apartments there.

During the next four months, workers will be on site almost daily, and a team will be hired to complete the façade design, Beal said.

Clark is working to raise the profile of the building, so that it transitions from an embarrassment to a work in progress: Strategies including lighting the windows until midnight and creating space at the Cross Street corner to show the scope and potential of the renovations.

"This is a significant property," Clark said, "but it's been moth-balled for so long."

His job, he said, is to integrate it into the Depot Town community so that its new businesses add cohesion and walkability to the district.

The timing of the repairs can be a

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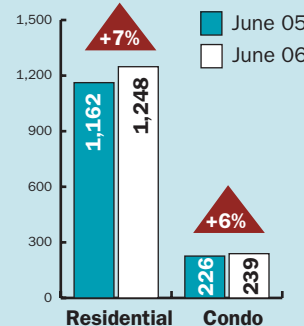
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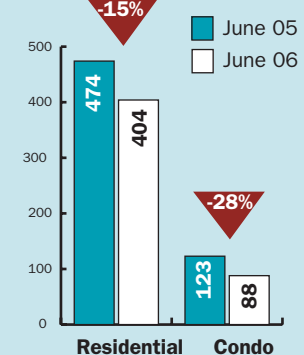
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SQUARE FOOTAGE

Steelcase, Herman Miller predicting strong growth

BY MARK SANCHEZ
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Amid an expected softening in the U.S. economy, Steelcase Inc. and Herman Miller Inc. are projecting continued solid sales and earnings gains going into the latter half of the calendar year.

Herman Miller, which reported a nine percent increase in sales for the fourth quarter of Fiscal Year 2006 that ended June 3, anticipates nine to 14 percent in same-week sales growth for the present period.

Likewise, Steelcase sees a strong backlog of orders driving a 10 to 14 percent gain in the present second quarter of its 2007 fiscal year and expects higher net income.

"We're quite upbeat about the future prospects," Steelcase President and CEO James Hackett told brokerage analysts during a recent conference call to discuss quarterly results.

Grand Rapids-based Steelcase [NYSE: SCS] in late June reported sales of \$727.3 million for the first quarter that ended May 27, a 7.6 percent sales increase over the \$676 million in the three-month period a year earlier.

Steelcase's quarterly net income totaled \$18.7 million, or 12 cents per diluted share, up substantially from net income of \$6.7 million, or five cents per share, a year ago.

Earnings for the quarter missed Wall Street estimates by two cents per share, though they were in the range of earlier guidance from the company of 10 cents to 15



Walker

cents per share. Brokerage analysts polled by Thomson Financial/FirstCall expected Steelcase to report a profit of 14 cents per share.

Hackett trumpeted Steelcase's improved profitability of late but conceded the company can do much better. Unprofitable divisions, he said, "are under our watchful eye and attention."

"The temptation when you see so much evidence of our company's momentum ..., it might be to relax," Hackett said. "But my attitude is we have to be more demanding, tougher about what we face given the distance we have come, and relentlessly aggressive in seeking new levels of performance."

The office furniture industry – which pegs its fortunes to office construction, white-collar job growth and corporate profits – has risen on the back of strong U.S. economic growth, which economists generally predict will slow through the end of 2006 and into 2007.

The latest outlook from the Business and Institutional Furniture Manufacturers Association, issued in May, sees industrywide shipments growing 11 percent in 2006 to \$11.2 billion, sustaining the strong sales momentum of 2005. Shipments should grow another seven percent in 2007 to \$11.9 billion, according to BIFMA's outlook.

At Holland-based Herman Miller [Nasdaq: MLHR], President and CEO Brian Walker said "we are watching the economic news with great interest."

For now, the company anticipates double-digit growth for the 2007 fiscal year, Walker said.

"At this point, industry dynamics still appear to be favorable and customer activity is solid," he told brokerage analysts following Herman Miller's recent quarterly financial report.

Herman Miller reported sales of \$444.1 million for the fourth quarter of FY 2006, which compares with \$407.5 million in the same period a year earlier.

Quarterly net income totaled \$25 million, or 38 cents per share, up 15.7 percent from \$21.6 million, or 31 cents per share, a year ago. Per-share earnings met the expectations of brokerage analysts and were at the top end of the company's earlier guidance.

For the full 2006 fiscal year, Herman Miller grew sales 14.6 percent over FY 2006, to \$1.73 billion, and recorded a 45.9 percent increase in net income, to \$99.2 million, or \$1.45 per share.

In the current first quarter, Herman Miller expects sales of \$435 million to \$455 million and net income of 38 cents to 42 cents per share. Analysts expect the company to record net income of 38 cents per share for the first quarter and \$1.65 for the full fiscal year.

■ Mark Sanchez is a reporter for the Michigan Business Review network based in Grand Rapids.

THOMPSON

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plus if someone is devising a business plan or has a lease that expires in late 2007, Clark added: "They can take a year to plan the move."

All finished spaces will have high ceilings, from 11 to 16 feet. Retail tenants will get finishes to a "vanilla box," Clark said, and office tenants will have brick walls, wood floors and other finishes that make it Class-A quality.

The asking rate for the retail space is \$12 per square foot. Office space starts at \$17-18 plus utilities. Tenants will benefit from the historic tax credits that give multi-year breaks from property taxes and end up keeping operating costs lower, Clark said.

Funding for the project comes in part from the Historic Equity



The circa-1860s building had fallen into disrepair.

ROBERT RAMEY

Fund I LLC, set up under Beal's leadership for investors to put in at least \$50,000 toward the project. The effort collected \$800,000 before the project was identified, Beal said, and then he closed it. He's working with a \$400,000 pre-

construction loan from Republic Bank and considering a \$2.5 million construction loan.

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