

October 10, 2005

TO: John Szerlag, City Manager

FROM: Doug Smith, Real estate and Development Director

SUBJECT: AGENDA ITEM - Development Report, October 2005

Troy's Class A office space continues to increase occupancy rates. In both the Northfield Parkway area and the Big Beaver Corridor, the vacancy rates have gone from approximately 24% to 17%. Although much more needs to be done, it certainly is moving in the right direction. Unfortunately the news on Maple Road and particularly Stephenson Highway for industrial including research center (RC) properties remains rather bleak, but activity level at least creates some optimism for slight improvement in this area as well.

The Kmart situation still remains unsettled as we have not heard from Madison Marquette or Kmart that the particular contract has in fact been consummated, so we await word on both Madison Marquette's decision to move forward and/or Kmart's decision to sell the property.

If you haven't seen recently the activity on the top of the Top of Troy property, they are now installing the signs for National City Bank. We are anxious to have the new tenant move into the Top of Troy building and have its presence clearly obvious to the community.

Burton Katzman is the developer of PUD #3, and has decided to attempt to sell the property and perhaps the project, so you may see or hear about signs of this property being on the market. There is no purchaser as the date of this memo, but we are still hopeful that Burton Katzman may find a tenant and build a building as approved through the PUD process.

The Monarch project as it moves forward has certainly caught the eye of state and national developers in terms of igniting their interest in exploring the Big Beaver Corridor for development. As expected, this project will be a great catalyst for the remainder of the corridor.

Staff continues to work closely with Birchler/Arroyo as the dated gathering phase of this project moves forward and we still expect a final product in early March 2006.

The northeast corner of Crooks and Big Beaver continues to see a lot of activity as the new Morton's is under construction and we await the plans for Kruse and Muer to move into the old TGI Friday's space and provide quite a "culinary corner".

The Maple Corridor Study Committee, which is chaired by Arnie Mikon (Yamasaki) from the Chamber and has involved both city staff, Planning Commission and a number of leading business owners along the Maple Corridor, has had two meetings and promises to provide some recommendations for City Council's consideration sometime early next year as well.