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## Michigan firms see much to like in Florida

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SARASOTA -- The view from developer Peter Burton's Michigan window Tuesday morning was a picturesque winter wonderland.

Outside his Bingham Farms office, snow flurries swirled about. A thermometer read 8 degrees Fahrenheit.

No wonder the Burton-Katzman Development Co. chief executive is eyeing Florida for future projects.

"Weather is a very important thing, especially as you get older and less able to tolerate the cold," Burton said.

Burton-Katzman, a third-generation Michigan developer, is among a bevy of Great Lakes state real estate firms that have shifted their attentions to Southwest Florida.

The group includes Longboat Key's Positano developer Corvus International; Triton Cos. and RBS Cos., the joint venture behind the planned One Palm condo tower downtown; mall creator Taubman Cos.; Ramco-Gershenson, a retail-oriented real estate investment trust; Broadway Promenade partner Ram Development Co.; and John Simon, the chief executive of the company planning the \$200 million Pineapple Square mixed-use project in Sarasota.

For its part, Burton-Katzman is working on a 10-story condo and office building at 200 S. Washington Blvd., and the company is one of four finalists vying to develop city-owned land on Palm Avenue in downtown Sarasota.

There, Burton-Katzman and partners Benderson Development Co. and Dr. Mark Kauffman hope to build 140 condo units, 105 hotel rooms, a 70-unit senior living center, office space and a parking garage with more than 800 parking spaces.

And while inclement weather is a factor, the real estate industry's exodus from Michigan likely has as much to do with economic storm clouds -- and the inevitable demographic shifts they produce -- than low temperatures on winter days.

Nowhere is that reality greater than in and around Detroit. Throughout the previous decade, SUV fever fueled growth in both the auto industry and real estate.

But as gasoline prices rose to more than \$2 a gallon and the nation's auto epicenter was rocked by gains from foreign competitors, domestic production and sales have slipped, forcing the Big Three to cut their work forces and close factories.

With those closures, employment throughout the state has dropped, causing real estate development that provided homes for workers, stores to shop in and offices for auto industry support has dwindled.

"Michigan goes as the auto companies go," said Tim Morris, Corvus' chief executive. "A lot of people who



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John Simon is the chief executive officer of Isaac Group Holdings LLC. His company is planning a pair of Sarasota high-rises.

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are tied to the auto industry see a lot of the same dynamics and declines."

Nor does the domestic auto industry appear headed for a rebound anytime soon. Since 2002, Toyota Motor Co.'s total market capitalization -- the value of the number of outstanding shares multiplied by the per share price -- has quadrupled to more than \$211 billion.

At the same time, the combined market cap of General Motors, Ford Motor Co. and DaimlerChrysler has shriveled to just \$99 billion.

And just last month, Ford reported a \$12.7 billion loss for 2006, the largest in the venerated company's 103-year history.

Just as ominous, Ford warned the financial hemorrhaging will likely continue throughout 2007.

For some, the signs have been pointing in that direction for years.

"About three years ago, I began to notice changes in the economic cycles in Michigan that appeared to be more drastic than ones before," said Brian Stoy, who founded RBS Cos. in Michigan in 2000.

"Florida, because of baby boomer growth, I believe has a seven- to 10-year window where it will experience significant growth."

"Things in Michigan, at least economically, aren't happy now," Burton said. "The economy here is experiencing turbulent times, and there's just no growth here. It won't last forever, but in the meantime, folks need to put food on the table even if they get laid off from Ford or GM."

As to why Michiganders seem to favor Southwest Florida, the answer is a simple matter of geography and the nation's transportation network, developers say.

"I-75, think of it as a river," Simon said. "It has a lot of tributary roads, which is why there's such a preponderance of people from the Midwest and Canada here. The affinity is strong, and it breeds familiarity."

Burton agrees, adding that many snowbirds, retirees and transplants first came to Southwest Florida on vacation, many with their families.

And he believes that for that reason alone, the trend to set up shop here will continue.

Most recently, Southfield-based The Forbes Co., an upscale retail brokerage firm and mall developer, established a presence last year to co-develop the 276-acre University Town Center with Benderson Development.

"As companies grow, many do so geographically, and Florida seems to be a natural place for that," Burton said. "The state has population growth of 1,000 people a day. That fuels new development."

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