



# ANTON, SOWERBY & ASSOCIATES

## IN THE NEWS

### CRAIN'S DETROIT BUSINESS

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## LA Fitness plans to pump up chain with 6 gyms, 100 jobs

By [Chad Hakom](#)

**LA Fitness** could invest more than \$40 million and add more than 100 local jobs in the region over the next year under a corporate plan to add six new locations in metro Detroit -- including two on the sites of closed auto dealerships.

The Irvine, Calif.-based fitness club chain, which converted 12 former **Bally Total Fitness** clubs in Michigan to LA Fitness clubs last year after acquiring 171 Bally clubs nationwide, finalized a 20-year lease deal last month with Scottsdale, Ariz.-based **Spirit Master Funding III LLC**, owners of the former **Stu Evans Lincoln Mercury** building in Clinton Township.

Other targeted sites are in Sterling Heights, Troy, West Bloomfield Township, Woodhaven and Grosse Pointe Farms.

Terms of the Clinton Township deal were undisclosed. Spirit acquired the Stu Evans building in 2007 for \$13.85 million under a leaseback agreement with the dealership, which then began missing lease payments shortly before its owner, John Evans, filed for Chapter 7 bankruptcy in Florida in 2008.

Joe Sowerby, partner at Mt. Clemens-based **Anton Sowerby & Associates Inc.**, who represented Spirit in the lease deal, said the company held a recent auction and sold much of the building material on the Stu Evans site.



Joe Sowerby

The fitness company has already sought the needed approvals from Clinton Township and the **Michigan Department of Transportation** for redevelopment. Demolition will likely begin within a few weeks, and a 50,000-square-foot gym could be in place by early next year.

"We made an effort, in doing some engineering studies and other things, to try and see if the company could just retrofit the existing structure. It's going to be pretty similar in size," Sowerby said. "But because of some of the unique specifications in building designs that LA Fitness has, it was determined that it would need an entire new structure."

LA Fitness also expects to wrap up construction over the summer at a gym along Coolidge Highway in Troy, and a \$5 million, 54,000-square-foot redevelopment inside the vacant former Farmer Jack store on Mound Road at M-59 in Sterling Heights.

Those locations should be open later this year, said Sterling Heights City Manager Mark Vanderpool and Anthony Schmitt, principal at West Bloomfield Township-based **Mid-America Real Estate Michigan**, which is representing LA Fitness in all the local deals.

The company also plans a new building at the shuttered **Audette Cadillac Inc.** dealership in West Bloomfield Township -- but the township board tabled a rezoning request for that plan in December until it could complete a planned overhaul of its zoning ordinance for a town center district along Orchard Lake Road. Audette Cadillac was one of the GM dealerships that was advised



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during bankruptcy it would not have a new franchise agreement with the new GM after reorganization.

The township put out a request for proposals for a consultant to help craft that new ordinance on Thursday, said township Senior Planner Sara Roediger. But the new ordinance is unlikely to be complete before the last quarter of the year, meaning the development plan is most likely on hold until 2014, she said.

Schmitt said LA Fitness also recently started construction on a new club on West Road east of I-75 in Woodhaven, also likely to open later this year, and has yet to begin construction on a site near the corner of Mack Avenue and Moross Road in Grosse Pointe Farms. That site is unlikely to open before 2014, he said.

"Right now, the entire (LA Fitness) expansion strategy for Michigan is just focused in metro Detroit. Hopefully one day they'll be moving into some other markets in the state, but that's not happening yet," Schmitt said. "And each one represents a significant local investment, since it's at least a 45,000-square-foot building most of the time."

Scot MacKay, national director of business development for LA Fitness, did not return two phone calls seeking comment. But Schmitt confirmed the combined investment could generate more than 100 new LA Fitness jobs in the region by next year, across all six locations.

New construction deals often represent more than a \$10 million investment for LA Fitness -- Livonia-based **Schostak Bros. & Co.** sold the Royal Oak location for \$12.4 million after developing it in 2009, and senior project manager Cameron McKellar at **CB Richard Ellis** in Detroit said the West Bloomfield deal for Audette Cadillac could have a similar value when complete. McKellar is representing Audette in that transaction.

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