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Small retail, big portfolio: Downturn had upside for Versa Development

By [Daniel Duggan](#)

Though it might be a tough time for developers who want to build and own office buildings, it's not as bad for those looking to build small retail centers.

At least that's what Steve Robinson says.

Robinson, president of **Versa Development LLC**, and his business partner, Todd Wyett, have been busy building small retail centers across Michigan.

Since forming in April 2008, they've created a portfolio of 600,000 square feet with annual revenue of \$10 million. That's expected to increase 25 percent this year based on new development projects being completed.

"When the economy was on its way down, we identified that it was close to the end," Robinson said. "We saw it as a once-in-a-lifetime opportunity to capitalize."

Having built a good relationship with several national retail tenants that are growing, Robinson said the projects they've built are typically fully leased before construction begins.

As a result, the retail space is 98 percent occupied.

Robinson said the goal has been to develop Class A retail space or buy similar-quality buildings, rather than try to buy some of the distressed real estate being sold by banks.

"We have significant capital, and we're looking to do good, high-quality deals," Robinson said. "We're not value-driven, we're quality-driven."

Columbus-based **Huntington National Bank** has done most of the lending for Versa's developments, leveraged against Robinson and Wyett's connections with equity investors.

They've been working on projects across Michigan, with some in the Detroit area.

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Since Steve Robinson formed Versa Development in April 2008, he and his business partner have built a portfolio of 600,000 square feet with annual revenue of \$10 million.

Most recently, they finished a retail development in Battle Creek with **Verizon Communications Inc., GameStop Corp.** and a **U.S. Army** recruiting office as tenants.

In Muskegon, they recently finished a similar center with Verizon, Gamestop, **Qdoba Restaurant Corp.** and **Aspen Dental**.

Locally, a recent project was **Sashabaw Crossing**, at the northeast corner of Sashabaw Road and I-75. The 13,000-square-foot project is anchored by a secretary of state office.

Robinson, a former civil engineer, was a *Crain's* 40 Under 40 in 2006, when he was president of Bingham Farms-based **Silverman Development Co.**

Robinson and Wyett worked together on several deals over the years, and it became clear that they'd be good business partners, Robinson said. So they started their own firm.

Many of the well-known developers in the region got their start in past downturns as well, said Kyle Hauberg, assistant practice group leader for the real estate group at Detroit-based **Dykema Gossett PLLC**.

Hauberg, who has represented Versa in some of its real estate deals, said the firm is following a path similar to that of developers such as Farmington Hills-based **Grand Sakwa Properties LLC**, Bingham Farms-based developers Peter Burton and Robert Katzman and Southfield-based **Etkin Equities LLC**.

"I don't think we've seen the next generation of developers take hold, but I think they'll be part of that next generation," he said. "They're taking advantage of conditions similar to what others have taken advantage of, and are starting to accumulate a portfolio that will grow over the years."

Succeeding in metro Detroit as a developer has not been an easy task lately, said Joey Agree, president and COO of Farmington Hills-based **Agree Realty Corp.**, a national retail investor and developer.

"Versa has a unique ability to execute," Agree said. "Their small tenant retail platform is distinctive in the marketplace given the lack of both debt and equity for new development."

Agree, who has worked with Robinson and Wyett in the past, said he admires their dedication, integrity, and ingenuity.

"It is great to watch them succeed in a difficult environment," he said.

Robinson won't speculate on the company's specific revenue targets beyond 2011, he said, because there are so many unknowns.

"But we see nothing but opportunity out there right now," he said. "There's a lot of room to grow."

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