



CITY COUNCIL REPORT

January 30, 2014

TO: Brian Kischnick, City Manager

FROM: Mark F. Miller, Director of Economic and Community Development
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SUBJECT: Economic Development Activity Update

Economic development activity in the City of Troy realized positive progress in 2013. Whereas City Council members have attended various ribbon cutting ceremonies recently, particularly for retail and restaurant projects, this report will focus more on the office and industrial market activity.

According to CBRE, a leading international commercial real estate services company, Troy's office vacancy rate (less Kmart Headquarters) in the 4Q of 2013 was 23.8%. This compares to a 4Q 2011 office vacancy rate of about 27.2%, which was similar to the 4Q 2012 rate. The five-year office vacancy peak was in 3Q 2010 – about 29.3%.

Troy's industrial vacancy rate in the 4Q of 2013 was 6.2%. This compares to a 4Q 2011 industrial vacancy rate of about 10.3%. The five-year industrial vacancy peak was in 2Q 2010 – about 15.9%. Although the methodology for calculating office and industrial vacancy rates may vary between sources, the general trend is positive. The commercial brokers that focus on Troy have also provided positive feedback on the level of activity they are seeing.

Some recent projects of more significant scope include the following:

North Troy Corporate Park Area

Magna – Magna moved from its Wilshire location, and consolidated other regional facilities, to 117,300 square feet of space at 700 Tower Drive in the North Troy Corporate Park. The office is expected to house 300 employees with more growth expected.

Dunham's - Dunham's has moved its corporate offices to 5607 New King. The company will occupy approximately 40,000 square feet for its 115 employees.

Residential Home Health – Residential Home Health moved its headquarters to 5440 Corporate Drive. The company is leasing 45,000 square feet for its 200 employees.

Mahindra – Mahindra will be expanding its Troy presence to 1055 W. Square Lake Road. The former Hi-Lex Building had been vacant for several years. The 30,000 square foot facility will house an engineering and automotive design technology center. Approximately 50 employees will occupy the building initially with 100 employees expected by the end of 2014.



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Tata Engineering & Innovation Center - Tata's new Engineering & Innovation Center is located at 800 Tower Drive. Tata provides a wide range of engineering services from concept to assembly and everything in between including engineering software, clay models, manufacturing processes, testing and how to manage a vehicle throughout its lifecycle. The facility is expected to house approximately 50 employees with anticipated growth to 100 employees expected.

Big Beaver Corridor Area

NS International - NS International, an instrument cluster supplier for automotive manufacturers, leased 111,313 square feet at 600 Wilshire Dr. – Magna's prior location. The subsidiary of Nippon Seiki has been based in Michigan since the 1980's, developing and supplying Heads-Up-Displays for cars and other vehicles. They currently have smaller offices in Troy. Approximately 171 employees are expected initially at the new North American headquarters location.

Doeren Mayhew - Doeren Mayhew, an internationally recognized top 100 U.S. accounting firm, opened its new headquarters at 305 W. Big Beaver. The 62,000 square foot space houses approximately 200 local professionals.

HTC Global Services – HTC Global Services, through a real estate holding company, purchased the 317,000 square foot building at 100 East Big Beaver (former AT&T Building). Renovations are planned.

DMC Children's Hospital - DMC has purchased the property at 350 W. Big Beaver for its new outpatient facility. DMC Children's Hospital will be building a 70,000 square foot facility on the site. The \$42 million project will employ approximately 100 people.

Maple Corridor Area

MJR Troy Grand - This new 74,000 square foot theater complex consists of 16 state-of-the-art movie theaters with 3,200 seats. The project, located at 100 E. Maple Road, is now under construction and replaces a vacant Kmart Department Store. Approximately 70 new jobs will be created. Opening date is scheduled for May of 2014.

Gallagher-Kaiser Corporation - Gallagher-Kaiser Corporation, a global leader in the design, manufacture, and installation of industrial process systems, HVAC systems and industrial buildings, has moved to their new headquarters at 777 W. Chicago. Approximately 100 full-time employees are located at the new office, which include 3 floors and 33,000 square feet of offices and meeting space.

Entertainment Publications - After being purchased by a family member of the original company founders, Entertainment moved into its new headquarters at 1401 Crooks. The 42,000 square foot facility will house approximately 130 employees. Entertainment has worked to improve local communities as the leading consumer discount, promotion and coupon provider in the United States and Canada.



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Toyota of Troy – New Troy Motor Mall dealership under construction on site of vacated dealership on Maple Road.

Stephenson Highway Corridor Area

Rapid Global Business Solutions – RGBSI, a global engineering services and staffing company, has purchased the vacant 25,000 square foot building at 1200 Stephenson Highway for its new headquarters. The building will house about 100 employees.

Witzenmann - Witzenmann is expanding its Troy presence into a nearby building at 1305 Stephenson Highway. The 47,000 square foot building (formerly HOV Services) will house approximately 100 employees.

Continental Food Service – Continental bought the 30,000 square foot building at 700 Stephenson Highway for food production purposes. Approximately 50 employees are housed there.

Toyoda Gosei – Toyoda Gosei continues to invest in its 73,000 square foot property at 1400 Stephenson Highway. The company's sales and technical operations, with approximately 230 employees, are housed in the facility.

Economic development activity in 2013 was positive, and the City anticipates continued progress in 2014. The City's economic development strategy emphasizes partnerships in order to provide existing and prospective businesses with the resources necessary to locate in Troy and grow. The City's primary partners include Automation Alley, Walsh College, Troy Chamber, Oakland County's Economic Development Office, and the Michigan Economic Development Corporation. Through these and other partners, the City is able to address business needs by meeting directly with businesses and company executives.

As an example, the City's partnership with the statewide Intern in Michigan program provides Troy companies with direct access to college students seeking internships via the City of Troy website. These internships often translate into full time positions, thereby becoming a key source for companies seeking quality talent. In addition, the City co-sponsors an Oakland County Small Business Center program called Peerspectives. This program brings together local CEOs on a monthly basis at City Hall to address specific needs that each company is facing.

In 2014, the City is planning to partner with the Troy Chamber and Oakland County Small Business Center on a targeted business assistance program focused on the Maple Corridor at the City's south end. Additional attention will be given to the Maple Road Corridor through the master plan update process and a potential targeted market analysis to identify opportunities for future residential products.

City management looks forward to working with our partners to build upon Troy's standing as Michigan's best place to live and the State's premier address for business, retail and commerce.