

CITY COUNCIL REPORT

May 5, 2014

TO: Brian Kischnick, City Manager

FROM: Mark F. Miller, Director of Economic and Community Development 
Glenn Lapin, Economic Development Specialist 

SUBJECT: Economic Development Activity Update

Since the last City Council Report provided for the February 3, 2014 meeting, the City of Troy continues to see positive progress in the office and industrial markets.

According to CBRE, a leading international commercial real estate services company, Troy's office vacancy rate (less Kmart Headquarters) in the 1Q of 2014 was 22.8%. This compares to a 1Q 2013 office vacancy rate of about 26%. The five-year office vacancy average is 26.7%.

Troy's industrial vacancy rate in the 1Q of 2014 was 6%. This compares to a 1Q 2013 industrial vacancy rate of about 8%. The five-year industrial vacancy average is 11.5%.

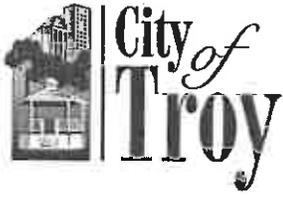
Although the methodology for calculating office and industrial vacancy rates may vary between sources, the trend is positive. The commercial brokers that focus on Troy have provided positive feedback on the level of activity they are seeing. However, brokers focused on industrial properties have indicated that they are having a difficult time finding enough available Troy industrial space to meet client needs.

Recent projects include the following:

MJR Troy Grand – A grand opening ceremony is scheduled for June 20, 2014.

Mahindra Technical Center - This project, located at 1055 West Square Lake Road, has a grand opening ceremony scheduled for May 9, 2014. The ceremony will take place at Mahindra's Ann Arbor facility with Governor Snyder expected to attend.

Molina – Molina Healthcare is a FORTUNE 500, multi-state health care organization that will be making a significant investment in Troy. Molina has purchased the formerly vacant, 195,447 square foot office building located at **880 W. Long Lake Road** in the North Troy Corporate Park area. Molina currently has 312 employees in Troy, but this new facility will add approximately 337 new employees in the next three years. Troy economic development staff worked closely with the Michigan Economic Development Corporation and Oakland County to complete this deal.



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Modern Dental Laboratory USA – Modern Dental is the world's largest producer of dental prosthetics and associated products from traditional dental restorations, to high precision custom made implant supported structures. Its new U.S. Digital Production Center will be located at **500 Stephenson Highway** – a 70,000 square foot building. Approximately 100 employees are expected to work at the facility.

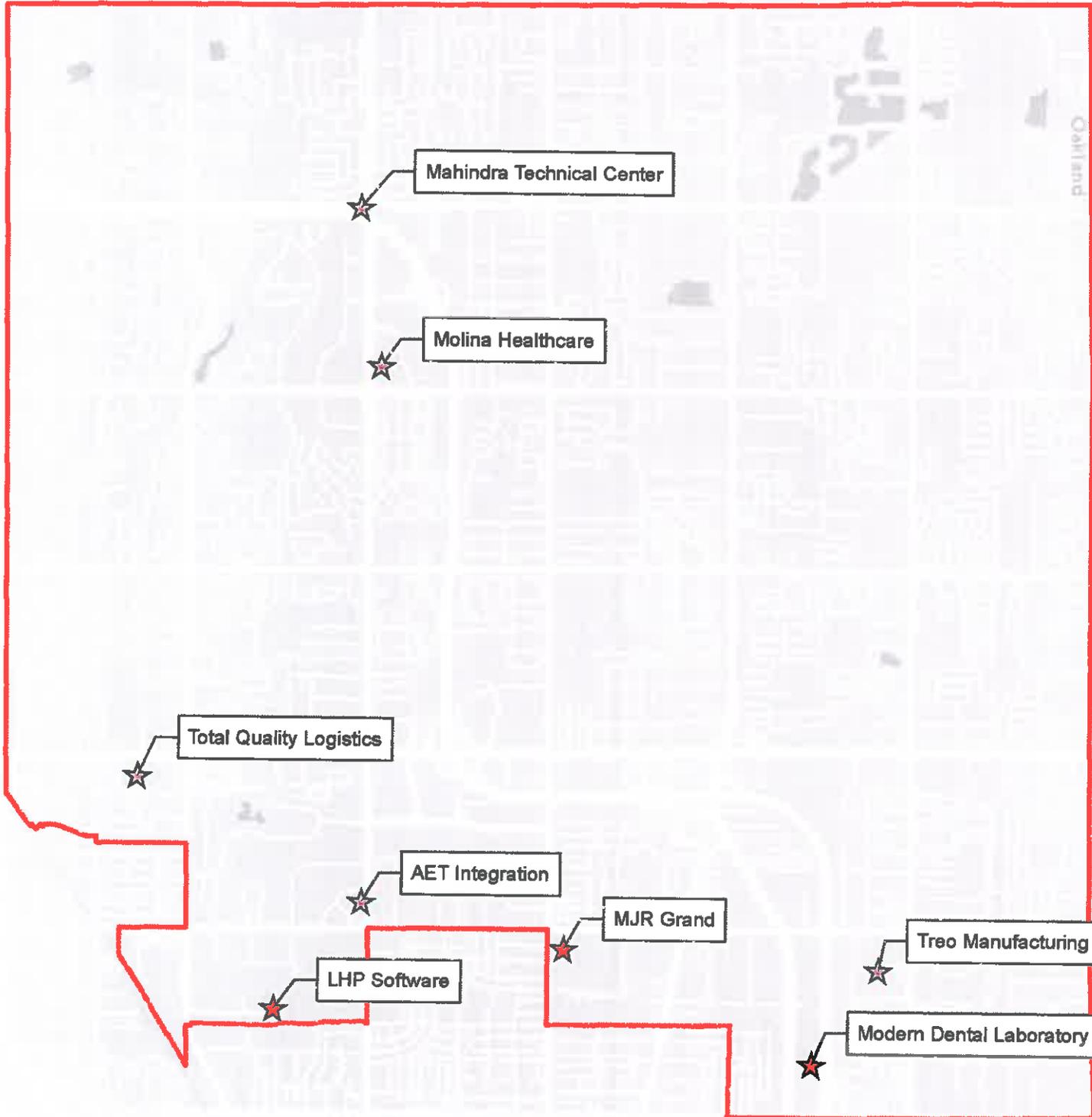
LHP Software - LHP Software, an Indiana-based engineering services company, is continuing its expansion in the Detroit automotive market. Since opening its first Troy office in January 2012 at 50 W. Big Beaver Road , LHP has grown to more than 20 employees based there and recently added a second Troy location at **2468 Industrial Row** that will serve as its technical and training center for the region. The second location is a partnership with Specialized Vehicles, Inc. LHP's technical and training center will focus on prototype engine building, controls integration, calibration services, and other engine development and testing using SVI's engine dynamometer. The company will also offer training from that location, including an SAE certificate program in gasoline engine controls and an embedded software testing course. The new facility will add 20 new employees.

AET Integration – AET Integration is a technology firm specializing in research, development, engineering, testing of materials, welding/joining, and forming. The company has relocated its facility from Wixom to a 22,500 square foot building at **1775 Crooks Road**. The company employs 18 professionals.

Total Quality Logistics – TQL is one of the largest freight brokerage firms in the nation, connecting shippers who have truckload freight that needs to be moved with quality carriers who have the capacity to move it. The Troy sales office, located at **3221 W. Big Beaver**, is TQL's first Michigan office. The company will initially employ about 13 people, with steady growth expected.

Treo Manufacturing – Treo Manufacturing is a company that specializes in producing extrusions, blow molded products, and injection molded products. The company has relocated to a new 22,000 square foot technology center at **1872 Ring Drive**. The facility will enable the company to further its prototype tooling capabilities for both conventional and hybrid molds, as well as expanding innovative molding processes. The company employs 10 people, with 10 more employees expected to be added.

As in the above projects, City management will continue to work with the State, County and other partners to provide existing and prospective businesses with the assistance necessary to locate in Troy and grow here.



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