



CITY COUNCIL REPORT

September 18, 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

General Market Activity

The City of Troy continues to see positive economic development activity.

According to CBRE, a leading international commercial real estate services company, Troy's office vacancy rate in the 2Q of 2014 was 22.5%. This compares to a 2Q 2013 office vacancy rate of about 25% and a 2Q 2012 office vacancy rate of 28%. The five-year office vacancy average is 26.5%. These rates all exclude the Kmart Headquarters which is functionally obsolete and is not being actively marketed for leasable office space.

Troy's industrial vacancy rate in the 2Q of 2014 was 5.3%. This compares to a 2Q 2013 industrial vacancy rate of about 6% and a 2Q 2012 industrial vacancy rate of about 10%. The five-year industrial vacancy average is 11.1%.

Troy's retail market continues to see activity, particularly along the Big Beaver corridor. However, available sites along Big Beaver are limited. We are now seeing renewed retail development interest in the Maple/Livernois area because of the new MJR project.

Although the methodology for calculating 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 continue to indicate limited availability of suitable industrial properties.

Recent Projects

Examples of recent development activity announced include the following:

S&P Data, LLC - After a thorough site selection process, S&P Data will locate its first Michigan call center facility at **340 E. Big Beaver Road** (formerly occupied by Flagstar operations). S&P Data is a provider of contact center solutions to Fortune 500 companies offering multiple channel support including phone, chat, e-mail and social media channels. The \$4.4 million project is expected to create 421 jobs over three years.



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Unified Business Technologies – UBT, founded in Troy in 1997, provides manufacturing, engineering, IT, telecommunications, and professional services to federal, state and local government agencies and the private sector. The company has been awarded a new contract by the U.S. Army and plans to expand its operations in the City of Troy. The project will generate a total capital investment of \$17.2 million and create 171 jobs. Troy was chosen over competing sites in Alabama, Texas, Kentucky and Tennessee. UBT is located at **315 Indusco Court**.

NS International – NS International has moved into the old Magna location at **600 Wilshire Drive**. NSI's Grand Opening took place on September 11, 2014. Approximately 175 employees work in the building with continued growth expected.

DMC Children's Hospital Specialty Center – The Groundbreaking Ceremony for the new facility, located at **350 W. Big Beaver**, took place on September 18, 2014. The \$42 million, 70,000 square foot project is expected to employ approximately 100 people.

Kaiser Studio – This school photography company purchased **1825 Birchwood** to house its growing business. The 14,000 square foot building will house approximately 70 employees during peak season.

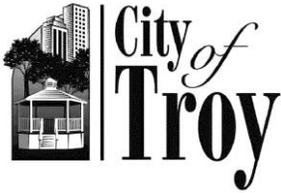
AkzoNobel – AkzoNobel will be relocating its North American Automotive & Aerospace Coatings Vehicle Refinishes Headquarters from Georgia to its **1845 Maxwell Street** location in Troy. The project is expected to add about 60 new jobs to the facility when it opens in the spring of 2015.

Toyoda Gosei – Toyoda Gosei has announced that it will be expanding its North American Headquarters located at **1400 Stephenson Highway**. The expansion will create approximately 51 jobs and will result in an investment of \$7.9 million. The Troy facility focuses on sales, engineering and administration for its subsidiaries engaged in research and design, and manufacturing operations throughout North America.

QEK Global Solutions, Inc. – QEK, a global leader in fleet solutions to the automotive and other industries, has acquired Alternative Automotive Technologies located at **1225 E. Maple Road**. QEK plans to invest in the facility and new equipment. As operations ramp up, the location's 45 employees is expected to grow in number.

Seco Tools North American Headquarters Expansion – Seco Tools, located at **2805 Bellingham**, specializes in metal cutting for advanced manufacturing. The company recently consolidated an out-of-state facility by adding to its current location in Troy. Seco supplies companies in all industry sectors; including automotive, motor vehicles, heavy equipment – construction/agriculture, aerospace, medical, power generation, oil & gas, mold & die, and general engineering. The new facility will concentrate on custom tooling manufacturing and testing. The firm has been staffing up the facility for the last year, making 20 hires in its technical engineering group.

Walsh College Expansion – Walsh College, located at **3838 Livernois**, broke ground for its \$15 million expansion and renovation on September 5, 2014. The project includes a 27,000 s.f. renovation and addition to the original campus. The addition will encompass distinct pavilions with a



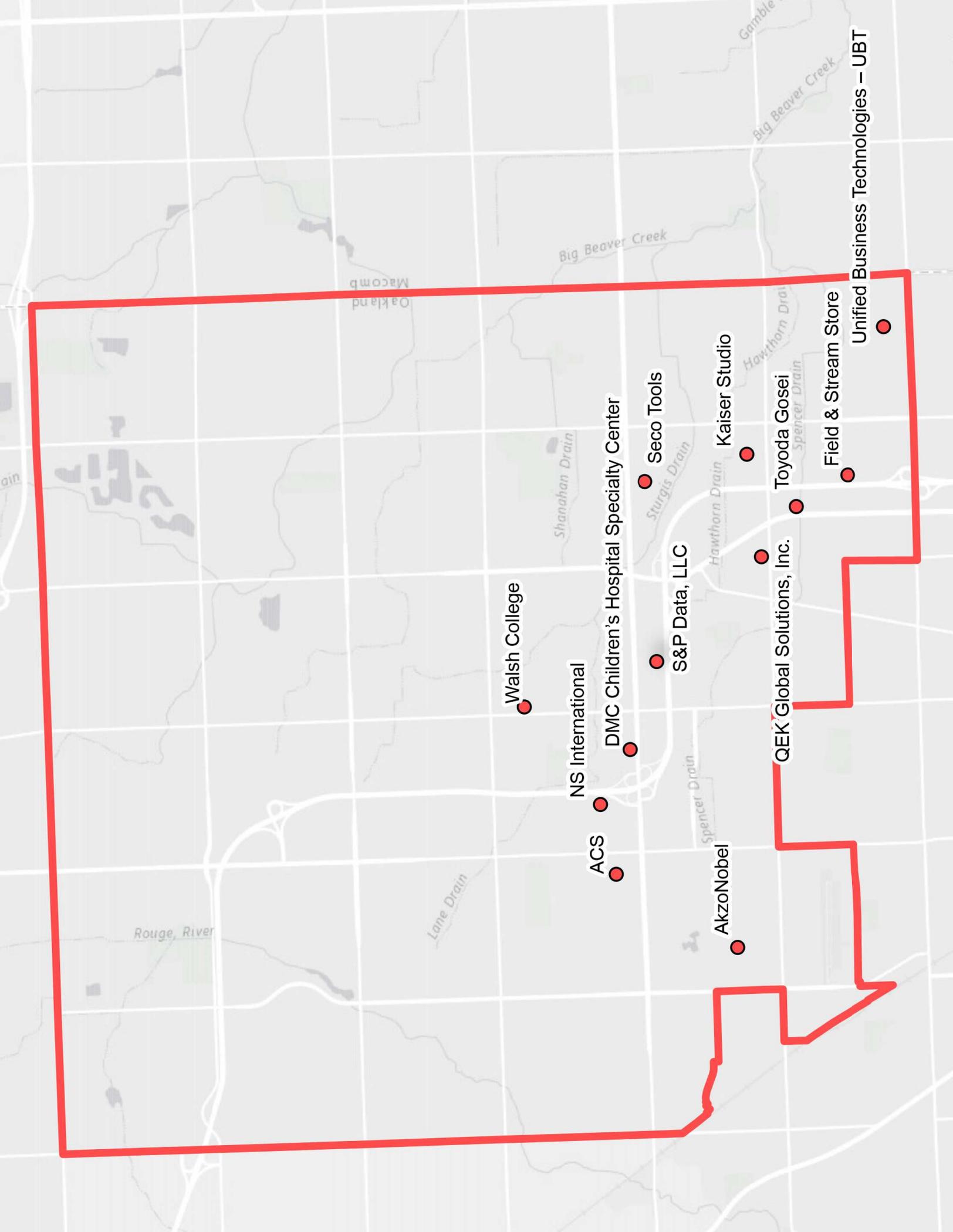
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business-communication focused student success center, a student lounge, and a “one-stop” student services center. Construction is expected to take 18 months. Walsh’s student body now totals more than 4,000.

Field & Stream Store – The Oakland Mall Circuit City store, located at **750 W. Fourteen Mile Road**, has been demolished, and a new Field & Stream Specialty Store will be taking its place. The new 50,000 s.f. store will carry the best brands that meet the evolving needs of hunters, anglers and outdoorsmen. The store, expected to open in the spring of 2015, will be the first one built in Michigan.

ACS – ACS provides test facility and equipment solutions for clients around the world. Based in Madison, WI, ACS has leased space at **1050 Wilshire Drive** for its first Michigan regional office. The company employs 160 people worldwide.

The above projects include a mix of companies and institutions that are new to the area and those that are expanding current operations in Troy. In particular, Troy continues to be a preferred location for international companies. The high caliber of companies locating and expanding in Troy reinforces Troy’s standing as Michigan’s premier address for business, retail and commerce.



Rouge River

Lane Drain

Shanahan Drain

Sturgis Drain

Hawthorn Drain

Spencer Drain

Big Beaver Creek

Gamble

Big Beaver Creek

Oakland

Walsh College

NS International

ACS

DMC Children's Hospital Specialty Center

AkzoNobel

S&P Data, LLC

Seco Tools

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QEK Global Solutions, Inc.

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