



CITY COUNCIL REPORT

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TO: Brian Kischnick, City Manager

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

General Market Activity

The City of Troy continued to see positive economic development activity in the fourth quarter of 2014.

According to CBRE, a leading international commercial real estate services company, **Troy's office vacancy rate in the 4Q of 2014 was 20.6%**. This compares to a 4Q 2013 office vacancy rate of about 23.8% and a 4Q 2012 office vacancy rate of 27%. The five-year office vacancy average is 25.1%. 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 4Q of 2014 was 4.5%. This compares to a 4Q 2013 industrial vacancy rate of about 6.2% and a 4Q 2012 industrial vacancy rate of about 7%. The five-year industrial vacancy average is 10.2%.

Troy's retail market vacancies remain low at 3.8% in the 4Q of 2014. The five-year retail vacancy average is 4.9%. Available retail sites along the prime Big Beaver corridor are limited. Potential opportunities for new Big Beaver retail development exist with the redevelopment of smaller, mature Big Beaver properties along with the out lot parking areas of larger Big Beaver office properties.

Although the methodology for calculating vacancy rates may vary between sources, the trend remains positive. The commercial brokers that focus on Troy have provided positive feedback on the level of activity they are continuing to see.

Recent Activity

Examples of recent economic development activity announced include the following:



CITY COUNCIL REPORT

Form G Tech – Form G Tech, a specialist in Carbide Header Tooling, purchased **1291 Rochester Road** for its expanding operations. This 53,000 square foot facility formerly housed Palmer Paint. Approximately 40 employees are expected to be located in the facility.

MSSC – MSSC, a division of Mitsubishi Steel Manufacturing, is a leading tier one supplier of automotive suspension components. The company plans to move its sales and technical center to a 20,000 square foot facility at **2040 Crooks**. Approximately 40 employees will be moving to the site in April of 2015.

Orbbec 3D International – Based in China, Orbbec 3D specializes in 3D measurement systems, sensors and artificial intelligence. The company is locating its new North American headquarters at **950 Stephenson Highway**. About 40 people are expected to be employed at the facility.

SMZ – SMZ is a branding and digital marketing company that has moved into its new 11,000 square foot Troy headquarters at **1200 Kirts**. The company employs approximately 40 people.

Stanley Engineered Fastening – This company, formerly known as Emhart Teknologies, provides fastening and assembly technologies for a variety of industries. Stanley Engineered Fastening is leasing 70,468 square feet of space at **2380, 2400 and 2500 Meijer Drive** in space formerly occupied by Faurecia.

Peter-Lacke USA – This international company, based in Germany, develops and produces paint and coating systems. Peter-Lacke USA will be locating its production and research facility at **865 Stephenson Highway** (former DuPont facility). The facility is expected to house approximately 27 employees initially. A spring 2015 opening is anticipated.

Primetime Testing – This mechanical testing lab for automotive interiors has located at **575 Robbins**. Approximately 20 employees are expected to work in this 9,000 square foot facility.

Tebis America – Germany-based Tebis AG, a provider of computer-aided design and manufacturing software for the die and mold industries worldwide, has relocated its U.S. headquarters to a 12,000-square-foot facility at **400 E. Big Beaver**, nearly twice the space of its previous location on Crooks Road. Tebis America has more than 20 employees with growth expected.



CITY COUNCIL REPORT

Innovative Learning Group – ILG is a training and performance improvement solutions company. The company will be moving its headquarters to a 10,000 square foot facility at **1130 Coolidge**. Occupancy is expected around the third quarter of 2015. The company employs approximately 15 people.

Sciometric Instruments – This Canadian-based company specializes in manufacturing data management, measurement and testing. Sciometric Instruments has located its U.S. Headquarters at **1409 Allen Road**. The company is expected to employ about 15 people in Troy with growth expected.

ZKW Lighting Systems – This Austria-based lighting technology company has leased about 4,000 square feet of space at **100 W. Big Beaver** for its first North American automotive lighting systems engineering office. The office will house eight employees initially. This international company has 5,200 employees worldwide.

Elefant Design – This design and marketing strategy company has selected **2145 Crooks** as its home. The office is located in a newly renovated building that will house a restaurant and other retailers and offices. The Elefant Design office will initially house 2 employees with growth expected.

Arab American and Chaldean Council – The ACC has moved its headquarters from Southfield to 11,000 square feet of space at **363 W. Big Beaver**. The ACC is the largest nonprofit human service organization serving the Middle-Eastern population in the United States. Over 80,000 clients are served each year.

As indicated in the above list, Troy continues to be a favored location for foreign based companies. Troy's central location is a hub for a wide range of industries including those specializing in advanced technology, financial services and automotive components. The types of companies based here, combined with quality of life factors such as first class retail, excellent schools and attractive neighborhoods, makes Troy a preferred location for not just foreign based companies but all companies interested in staying competitive in today's marketplace.

Economic Development Activity Update - Fourth Quarter 2014

