



500 West Big Beaver  
Troy, MI 48084  
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## CITY COUNCIL AGENDA ITEM

Date: May 12, 2021

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager  
Glenn Lapin, Economic Development Specialist

Subject: Economic Development Report

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The following provides an update on economic development activity in Troy.

### **First Quarter 2021 Vacancy Rates (Source: CoStar as provided by CBRE)**

Troy's **office** vacancy rate is approximately 16.2%, compared to 13.8% during the same time period one year ago. The ten-year average is 18.36%. Market rents per square foot are at \$20.96 compared to \$20.68 during the same time period one year ago. The ten-year average market rent is \$19.15 per square foot. The office vacancy numbers exclude the Kmart HQ site (approximately 4.4% of the total market), because it is functionally obsolete and not on the market.

Troy's **industrial** vacancy rate is approximately 3.4%, compared to 2.2% during the same time period one year ago. The ten-year average is 4.95%. Market rents per square foot are at \$8.23 compared to \$8.06 during the same time period one year ago. The ten-year average market rent is \$6.65 per square foot.

Troy's **retail** vacancy rate is approximately 4.4%, compared to 3.3% during the same time period one year ago. The ten-year average is 3.36%. Market rents per square foot are at \$28.19 compared to \$27.43 during the same time period one year ago. The ten-year average market rent is \$25.48 per square foot.

Overall vacancy rates have certainly been impacted by the ongoing pandemic, and the upward trend of the vacancy rates are reflected in these numbers. With leases in place, vacancies have been somewhat tempered. However, it is expected that the trend of increasing remote working may continue to impact vacancies, particularly in the office sector. Although each business is different, it is expected that many may choose a hybrid model of both office and remote work. Shared co-working office spaces, which Troy currently has approximately a dozen facilities, may potentially benefit from the trend of increased remote working. Some companies may eventually seek to reduce their physical footprints as current leases expire, but it is uncertain to what degree.

### **Business Attraction Projects**

The following business attraction projects involved a cooperative effort between the State, County and City governments. Business incentives were used to attract these companies.



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Aptiv (5725 Innovation Drive) – Aptiv, a global connected vehicle technology company, chose to grow its operations in Troy. The company undertook interior renovations and expects to eventually house 500 employees in its facility. The State of Michigan provided a Good Jobs for Michigan incentive, which offers a payment of up to 100% of employee withholding tax capture revenues for up to 10 years.

Flex-N-Gate (1400 Rochester Road) – The former AxleTech property was sold by its owner, Bostick Properties, to Flex-N-Gate in January of 2020 for \$14 million. The 209,980 square foot building sits on 10 acres. Flex-N-Gate will eventually have approximately 245 employees at the location. The facility focuses on assembly, sequencing and welding activities. The City of Troy transferred a previously existing Industrial Facilities Tax Exemption program incentive to the new owner.

Project Topeka (in progress) – The City of Troy is currently working with the Michigan Economic Development Corporation, Detroit Regional Partnership and Oakland County to have an unnamed engineering and IT company expand in Troy. The project would provide 240 jobs. A Michigan Business Development Program incentive, along with workforce assistance is expected.

### **Business Growth Activity**

The following includes a sampling of some of the companies that have recently chosen Troy for their business locations.

Electric Last Mile Solutions (1055 W. Square Lake Road) - ELMS has moved its global headquarters to Troy. The 31,000 square foot facility houses the company's tech hub, innovation prototype lab and customer center. The company develops electric last mile vehicles particularly for the service and delivery market. The facility is expected to eventually house 200 employees.

Belfor (1849 W. Maple Road) – Belfor, a leading property restoration company, has purchased this 61,000 square foot property. Belfor plans to consolidate some of its smaller locations into this larger facility. The company plans to occupy most of the first floor while leasing out the second floor to other tenants, including a company recently purchased by Belfor. Occupancy is expected in the summer of 2021. Approximately 60 employees are expected to be located in this facility.

Imbranded (500 W. Long Lake Road) – Imbranded purchased the 14-acre, 136,632 square foot former home of Paslin and Kamax from Bostick Properties. Imbranded specializes in large format graphic displays and architectural millwork. The company moved from Pontiac. Imbranded employs approximately 136 people at the location.

ITW Global Automotive (100 Kirts Blvd.) – This growing fastening solutions company moved from its Stephenson Highway location to this 35,000 square foot facility. The company employs 95 people.

Detroit Flex Defense (2921 Industrial Row) – This company assembles flexible hoses for the defense and aeronautics industries. The company purchased a nearby 14,800 square foot building on Industrial Row in order to expand its welding operations. The project represents a \$2.5 million investment. The company employs 48 people.



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Pulte Group (2800 Livernois) – This home building company moved its offices from Bloomfield Hills to 21,400 square feet of space at the Troy PentaCentre office complex. The company employs approximately 130 people.

Hyzon Motors (1208 E. Maple Road) – Hyzon Motors is a global supplier of zero-emissions hydrogen fuel cell powered commercial vehicles including heavy duty trucks, buses and coaches. The company will be leasing 15,600 square feet of space at this location for its R&D Center. The facility is expected to house approximately 15 employees.

Tru by Hilton (1575 E. Maple Road) – This new 124-room hotel opened at the end of April 2021. The hotel is managed by Group 10 Management. Tru by Hilton promises guests a simplified and spirited stay, rooted in value. Developed from the ground up using consumer and owner feedback, Tru by Hilton is a revolutionary brand with a cross-generational appeal for travelers looking for a new, affordable hotel experience.

Home 2 Suites (1035 Wilshire Drive) – This new 107-room hotel is scheduled to open in September 2021. The hotel is managed by Group 10 Management. This is an all-suites hotel in easy walking distance to many amenities.

### **New Retail & Restaurants**

Several new retail and restaurant establishments have opened in recent months. These include the following:

Michigan Design Center (1700 Stutz) - Gallery of Luxury; expanded Cercan Tile and Pindler.

Tropical Smoothie (1735 E. Big Beaver)

Clean Eat (319 E. Big Beaver)

Savvy Sliders (1434 W. Big Beaver – Former Starbucks) – Opening Soon

Qwench Juice Bar (1010 E. Maple) – Opening Soon

Beyond Juicery Eatery (830 E. Big Beaver Road)

Kura Revolving Sushi Bar (736 W. Big Beaver Road)

Aldana's Mexican Bar & Grill (2896 W. Maple Road)

Condado Tacos (724 W. Big Beaver Road)

### **Opportunity Zone Projects**

Troy's Opportunity Zone is bounded by Maple Road, Big Beaver Road, Crooks and Livernois. This federally designated zone provides for capital gains incentives on qualifying projects.

Kelly Services Properties (W. Big Beaver Road at Crooks) – Kelly Services has sold its headquarters building, headquarters annex and the adjacent Lindsay Centre to A.F. Jonna Co. Kelly Services is leasing back the space for its operations under a long-term Agreement. Employees from the annex building and Lindsay Centre are moving into the main headquarters building and 295 Kirts Blvd. (owned by Kelly Services), freeing up land for a new mixed-use development. Preliminary



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development plans include the construction of new multi-family housing units, a parking structure and retail. Due diligence for project planning is in progress. Kelly Services employs approximately 1,100 people at the location.

Huntington Bank Site (W. Big Beaver Road at Troy Center Drive) – Bostick Properties purchased the Huntington Bank site. The new owner is planning a mixed-use development on the site that includes a hotel, restaurant and parking structure in addition to a renovated office building. Project due diligence continues by the ownership team.

### **Brownfield Redevelopment Authority Projects**

The following projects have been recently approved to receive assistance from Troy's Brownfield Redevelopment Authority for eligible environmentally related costs. Any significant plan changes will require resubmittal of plans for reconsideration by the TBRA.

Uptown Apartments (1300 Livernois) - Located just south of the MJR Theaters, Uptown Apartments has welcomed its first tenants as Phase I nears completion. This \$55 million project includes the eventual demolition of the existing Fed Ex distribution center and new construction of the residential complex consisting of ten apartment buildings. The complex includes approximately 383 rental units. The project also includes the construction of a community park, dog park, playground and clubhouse.

Somerset Shoppes (2830 W. Maple Road) – This \$5.4 million redevelopment project entailed the demolition of the obsolete office building and expansion of the shopping center (approximately 14,000 square feet). The redevelopment also included the construction of two new out-lot buildings to support additional commercial/retail tenants (totaling approximately 5,100 square feet and 11,700 square feet). The completed retail center is nearly fully occupied.

Regency at Troy (2785 W. Maple Road) - Ciena Health, owner of the Regency at Troy is revising its project plans for the site due to changes in market conditions. The owner is now proposing to construct a 154-bed skilled nursing facility of 94,000 square feet and 3 stories toward the rear of the property. They plan to make the Maple Road frontage available to others for commercial uses. Ciena hopes to start construction in 3Q 2021. Construction is expected to take about 23 months.

Harrison Poolside Troy (Stutz Drive) – Due to escalating construction costs, the owner is revising its plans for the apartment project. The number of units is expected to be reduced from the originally planned 120 units.

### **Troy-Based Company News**

Flagstar Bank - Troy-based Flagstar Bank is to be purchased by a New York bank in a tentative \$2.6 billion deal. New York Community Bancorp plans to acquire Flagstar in the all-stock deal, which, pending shareholder and regulatory approvals, is expected to close by year's end. Troy would become NYCB's regional headquarters, with the bank's primary headquarters on Long Island in New York. The Flagstar name is expected to survive. Flagstar Bank currently employs approximately 1,750 people in Troy, and it is uncertain at this time if the number of employees here will be reduced.



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**Molina Healthcare** – Molina is selling its 198,000 square foot Troy property at 880 W. Long Lake Road to a Missouri-based Integris Ventures. Molina expects to lease the top three floors of approximately 100,000 square feet, leaving the lower three floors to be leased out to other tenants. Molina had already vacated a large portion of the building last year. Prior to the pandemic, Molina had approximately 625 employees in the building. Molina, as a company, is no longer interested in owning real estate.

### **Restaurant Relief Program**

The Oakland County Board of Commissioners established the Oakland County Restaurant Relief Program. The City of Troy is participating in this program to assist our local restaurants and bars during the pandemic. The City of Troy is partnering with the Troy Chamber of Commerce on this program.

In Phase I of the program, the County made available to cities, villages and townships certain types of products and supplies for distribution to restaurants, bars and cafes. Supplies offered include greenhouses/igloos, propane heaters, electrostatic sprayers, disinfectant and propane tanks. Six Troy restaurants, bars and cafes received Phase I program assistance, including Loaded Dice, Season's 52, Lolo Potluck, Cucina Lab, Gran Castor and Sedona Taphouse.

Phase II of the Oakland County Restaurant Relief Program was launched in February 2021. Phase II provides for additional products and reimbursement of limited costs (up to \$10,000) incurred by restaurants for the establishment of outdoor dining areas, PPE related items and specified business expenses. Up to \$230,000 in reimbursement funding was approved by Oakland County for Troy restaurants. The program concludes June 30, 2021.

There are currently 21 Troy restaurants, bars and cafes participating in the Phase II program. It is estimated that these participating restaurants impact 575 jobs. To date, approximately one-half of these 21 participants have had their requests fully reimbursed or payment is in process. The City of Troy is providing overall administrative and financial management for this program.

### **Troy Business Connect**

During the pandemic, the City of Troy has worked to disseminate necessary information about available resources to businesses in a timely manner. City administration has utilized its website and social media channels to share valuable resource information, and we have partnered with other organizations as needed. For instance, the City of Troy is represented at each Troy Chamber of Commerce Hospitality Committee meeting, sharing information about resources that can assist our restaurants and hotels.

Troy Business Connect is an e-newsletter that is distributed to nearly 3,500 local businesses and interested parties. This e-newsletter is distributed on a quarterly basis, or more often as needed to share timely resource information. Troy Business Connect has been redesigned and interested parties may sign up to receive the e-newsletter on the City's website.