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How to *Fast Track* Logistics



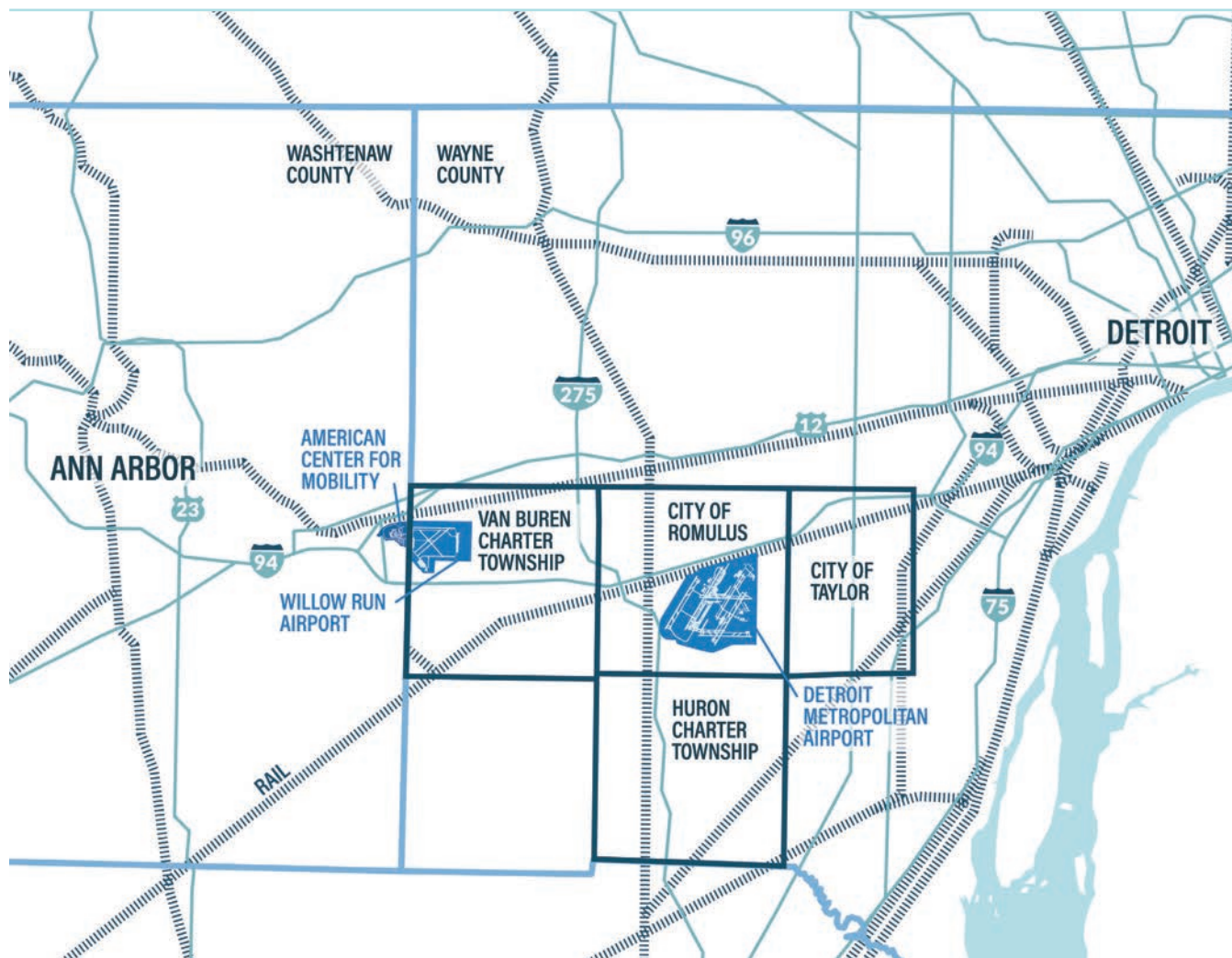
Airside or landside, this ‘Aerotropolis’ delivers logistics assets like no other location.

by MARK AREND
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Forget what you think you knew about the metro Detroit economy or business climate. It doesn't apply to the 6,000 acres west of Motown called the Detroit Region Aerotropolis. Well more than \$300 million of capital have been invested in the area in recent months by Amazon, Penske Logistics, FCA US (its Mopar Parts division) and automotive supplier Brose. They landed where they did thanks to an infrastructure ecosystem that's in a league of its own and the Detroit Region Aerotropolis Development Corporation that's guiding them in.

First the infrastructure. The Aerotropolis is home to not one, but two airports — Detroit Metro (DTW), a Delta Airlines hub and major cargo facility; and Willow Run, a top all-cargo airport and

Detroit Metro Airport
Photo courtesy of Detroit Region Aerotropolis



busy corporate and charter flight center. Then there are the three Interstates, five rail lines, the nearby Port of Detroit’s 29 terminals, the advantages afforded by being in the Greater Detroit Foreign Trade Zone and close proximity to Canada across the Detroit River.

“Based on the proximity to the airport and an international border coupled with other regional assets such as top-tier engineering talent, we think businesses are viewing the region as a perfect gateway to the North American market,” says Wayne County Executive Warren C. Evans.

The regional and global air connectivity afforded by Willow Run and DTW airports cannot be overstated. “It’s critical, particularly to transportation, distribution and logistics companies,” says Khalil Rahal, Director of Economic Development for Wayne County. “Amazon has made three major investments in Wayne County over the past year, including one in the Aerotropolis, and that’s no coincidence. We have access to world-

class airport services and that’s one of the first things global companies ask about.”

“We are well served by all transportation options, which is the backbone of what an Aerotropolis is,” adds Tim Keyes, Director of Economic Development for the city of Romulus, in which DTW is located and where Amazon and Penske are building. “Romulus is fortunate in that not only do we have one of the largest airports in the region in our backyard, but it’s made significant investments over the last 15 to 20 years, making it one of the nicest in the country. And the airport has great leadership, which helps their growth as well as ours.”

The Aerotropolis Development office is where companies that want to maximize those logistics assets turn to help make it happen. It’s a public-private partnership working on behalf of Wayne and Washtenaw Counties and four towns — Van Buren, Romulus, Huron and Taylor. More importantly, it’s empowered to grant incentives and serves as



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both a marketing arm of the municipalities and a location consulting and advisory office for existing and potential investors.

“For Amazon, we’re providing some funds via tax increment financing to help subsidize the cost of some infrastructure improvements at the site,” says Rob Luce, Executive Director.

Amazon’s latest Detroit-area fulfillment center will employ 1,500 and will be one of only two in the e-commerce giant’s growing network of such centers that’s big on robotics.

“It will be a highly technological workplace,” says Shevaun Brown, Regional Operations PR Manager for Amazon, of the 855,000-sq.-ft. facility. “It’s our first Amazon Robotics site in the Detroit area, and we’re excited to bring it there because it makes jobs more efficient and it allows us to create a larger number of full-time, full-benefit jobs.”

Amazon’s other area fulfillment center is in Livonia, outside the Aerotropolis; it handles larger items than the Romulus site will warehouse and ship. “The new center’s location within the Aerotropolis is key because it will handle smaller items that people want faster,” says Brown. “That’s why proximity to key infrastructure like the Interstates and the airport is so important to us — so we’re able to provide the fast shipping times to our customers in the region. Romulus is able to deliver the infrastructure we need.”

It’s doing the same for Penske Logistics, which will occupy a 606,000-sq.-ft. warehouse and food grade distribution center.

“We partnered with a developer, InSite Real Estate, who know Romulus and the Aerotropolis well,” says Nate Barnes, Director of Real Estate at Penske Truck Leasing. “They just completed a project down the street and are very familiar with the town, the officials and the permit process. From a logistics and operations perspective, the site offers easy access to the main arteries

and gives us the opportunity for expansion in the future.” When fully operational, the \$98 million facility will employ about 400.

The Detroit Region Aerotropolis approved a 10-year property tax abatement in support of the project. But the location delivers less tangible benefits, as well, says Barnes.

“We felt that the business-friendly environment in Romulus and the Aerotropolis would let us execute on an abbreviated timeline,” he explains. “We were confident that the city officials would work with us to move the project forward quickly and efficiently. If we had an issue, they’d help us resolve the situation quickly.”

And another benefit: “The size and scope of this project provides us with various opportunities for return on investment,” Barnes relates. “We also have a long history in the state of Michigan, and we feel confident in our ability to run an efficient and world-class facility. For example, we know that the labor pool in the area is strong, which will be a benefit when it comes time to staff the facility.”

Aerotropolis ‘Packages’ the Region

Elsewhere in the Aerotropolis, Brose New Boston is investing \$105 million in a Huron Township expansion that will create 300 new jobs. Brose New Boston and its parent, Brose North America Group, manufacture mechatronic components for vehicle bodies and interiors. The Detroit Region Aerotropolis Development Corporation supported the project with a 12-year property tax abatement.

That’s another example of how the local municipalities can offload, or outsource, such functions to the Aerotropolis to the benefit of all involved.

“They work all the various agencies and organizations — with Huron Township, the county, the state,” says Mike Brosseau,



Robotics will be central to Amazon's new fulfillment center in Romulus.

Photo courtesy of Amazon

President of Brose North America. “They can package the area, working with all the different organizations. We had a package of incentives, but we also had some land issues. There were parcels we needed, and we needed some wetland mitigation. Everyone worked well together — everyone wanted to get this done.”

Proximity to DTW and Willow Run airports is less critical to Brose’s operation than the rest of the logistics infrastructure, says Brosseau. “It’s the freeways and the rail lines that are important in our business — seat structures — which are heavy. With my product, if we have to put it on a plane, we’re in trouble. We need rail and trucking.”

Which is not to diminish the “aero” piece of the Aerotropolis — not every company requires it.

“Increasingly, the ‘Aerotropolis Region’ branding helps to quickly identify unique property and develop opportunities relating to the region of the county near two large airports connected by an Interstate highway system that ties several communities together,” says David Glaab, Huron Township Supervisor. “Access to major freight and passenger airports is extremely important, particularly in connection with global trade and transportation. Companies that have a presence in and out of the state and are international in nature come to appreciate and depend on close proximity of these major airports.”

What else can the region deliver?

The Aerotropolis communities are eager for development and known for quickly sighting quality projects and fast-tracking the development process. More importantly, they work hand in hand with the Aerotropolis team, as well as the State of Michigan and DTE — the local utility provider, to provide a streamlined development experience.

Expand this collaborative, client-based approach to roughly 6,000 acres of development-ready land and you have the Detroit Region Aerotropolis. ▼



This Investment Profile was prepared under the auspices of Detroit Region Aerotropolis. For more information, call 734-992-2286 or go to www.DetroitAero.org.