



CASE STUDY:

Challenge Manufacturing Co. LLC

PROJECT:

Pontiac East Assembly Plant Redevelopment in Pontiac, MI

BACKGROUND:

Located just west of Interstate 75, the Pontiac East Assembly Plant was part of the much larger Pontiac Central Manufacturing and Assembly Plant campus, which eventually came to encompass 400 acres and more than 60 buildings. This 162.4-acre parcel included six buildings totaling 3.8 million square feet. The property is located in an industrial zone, with other manufacturing facilities nearby as well as several hotels. Historic environmental impacts have been remediated. The Pontiac Assembly Plant was closed in 2009.

CHALLENGES:

Though the main manufacturing building was relatively modern compared with other auto

manufacturing plants, its size and design for a single large industrial user were an impediment to sale and reuse.

The Pontiac East Assembly Plant was among dozens of former manufacturing plants that were shuttered during the Great Recession, creating an over-supply of surplus industrial properties. Pontiac expressed desire to see the buildings put back into productive reuse, but it was clear from RACER's market analysis that ground-up redevelopment of the property would shorten the timeline for revitalization of the property.

RACER sold the property to MMP Group-Assembly, LLC with the understanding that the

buildings would be demolished and the property redeveloped to bring new jobs and other economic activity to the community.

OUTCOME:

RACER sold the property to MMP Group-Assembly in 2011. MCM Management Corp., a demolition group with numerous large-scale projects in its portfolio, won the contract to demolish the old buildings, a project it completed in August 2012.

Challenge Manufacturing Co. LLC, a Michigan-based Tier 1 automotive supplier, announced plans in the first half of 2014 to build a 400,000-square-foot manufacturing facility, a \$50 million investment that is expected to result in 450 new jobs.

Challenge Manufacturing makes engineered metal stampings and welded assemblies such as underbody and vehicle roofs. Founded in 1981, Challenge has expanded rapidly in recent years. It operates four facilities in West Michigan.

Construction is expected to finish in 2015.



RACER Trust is selling former GM properties for redevelopment, reuse and jobs. The majority of our industrial land portfolio is in the Upper Midwest of the U.S., in states with favorable investment environments, superior multi-modal transportation, excellent energy infrastructure and service, and outstanding workforces. RACER sales have resulted in thousands of new jobs pledged in communities in Michigan, Ohio, Kansas and Louisiana, with major redevelopment projects pending in New Jersey and Indiana. Our mission is to help communities that were hurt by the GM bankruptcy and loss of jobs, and we do that by performing safe, comprehensive cleanups, where needed, and by seeking buyers who will invest in redevelopment and job creation at our former GM locations.

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