



Case Study:

# LIVONIA POWERTRAIN PLANT

12200 MIDDLEBELT ROAD, LIVONIA, MI 48150

## FACTS

Site ID: 11950

Acres: 39.89

SF at Time of Sale: 945793

FMV: \$1,600,000

Congressional District: MI-11

Date Sold: February 25, 2014

Buyer: Schostak Brothers & Company

End-User(s): Bay Logistics, Inc.; Penske Logistics; Hollingsworth Logistics Company; Kuka Systems of N.A.

New Use: Reuse of structure as multi-tenant manufacturing and logistics facility

Jobs Pledged: No pledge made

Jobs Actual: N/A

Investment Pledged: No pledge made

Investment Actual: \$12MM

Est. New Tax Base: \$7.27MM

Lead Agency: U.S. EPA

Regulatory Programs: RCRA Corrective Action

Remedial Activities: Collected and analyzed soil samples from around the site, installed a number of monitoring wells to study potential impacts to groundwater, and conducted ground-penetrating radar studies in areas near former underground storage tank locations; recorded DRC; U.S. EPA approved No Further Action in 2015.

Est. Cleanup Cost: \$1,861,394

## BEFORE



## AFTER



## THE CHALLENGE:

The Livonia Plant was built by GM in 1971 and expanded in 1984, and is 950,000 square feet on 40 acres. The Property formerly housed GM's machining operations. In addition to the manufacturing facility, the Property includes a warehouse, wastewater treatment plant, and paved roads and parking lots. Environmental conditions necessitated restrictions on land reuse and limits to the use of groundwater on the Property. The U.S. EPA approved a No Further Action letter in 2015, signaling the close of active remediation. The buildings were in good condition and the community expressed a desire for reuse of the Property with the buildings intact, though the market for large buildings is constrained by factors such as high carrying costs and high renovation and rehabilitation costs when compared with greenfield construction.

## THE OUTCOME:

To position the Property as an investment sale and attract industrial landlord prospects, RACER secured a credit-worthy tenant, Bay Logistics, a provider of supply chain management services, for approximately 250,000 square feet of space in the building. The Bay Logistics lease, along with the condition of the buildings and the Property's location near Interstate 96, were important factors in RACER's marketing of the Property. RACER, in 2014, sold the Property to Schostak Brothers & Company, Inc., a fourth-generation commercial real estate company that is based in Livonia. Schostak Brothers subsequently sold to Ashley Capital, which has converted the remaining space for multi-tenant logistics and manufacturing users, including Penske Logistics, Hollingsworth Logistics Company, and Kuka Systems of North America. Together, these investments have increased the local tax base by more than \$7 million, helping Livonia to recover from the severe impact of manufacturing job losses.



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