

June 2010

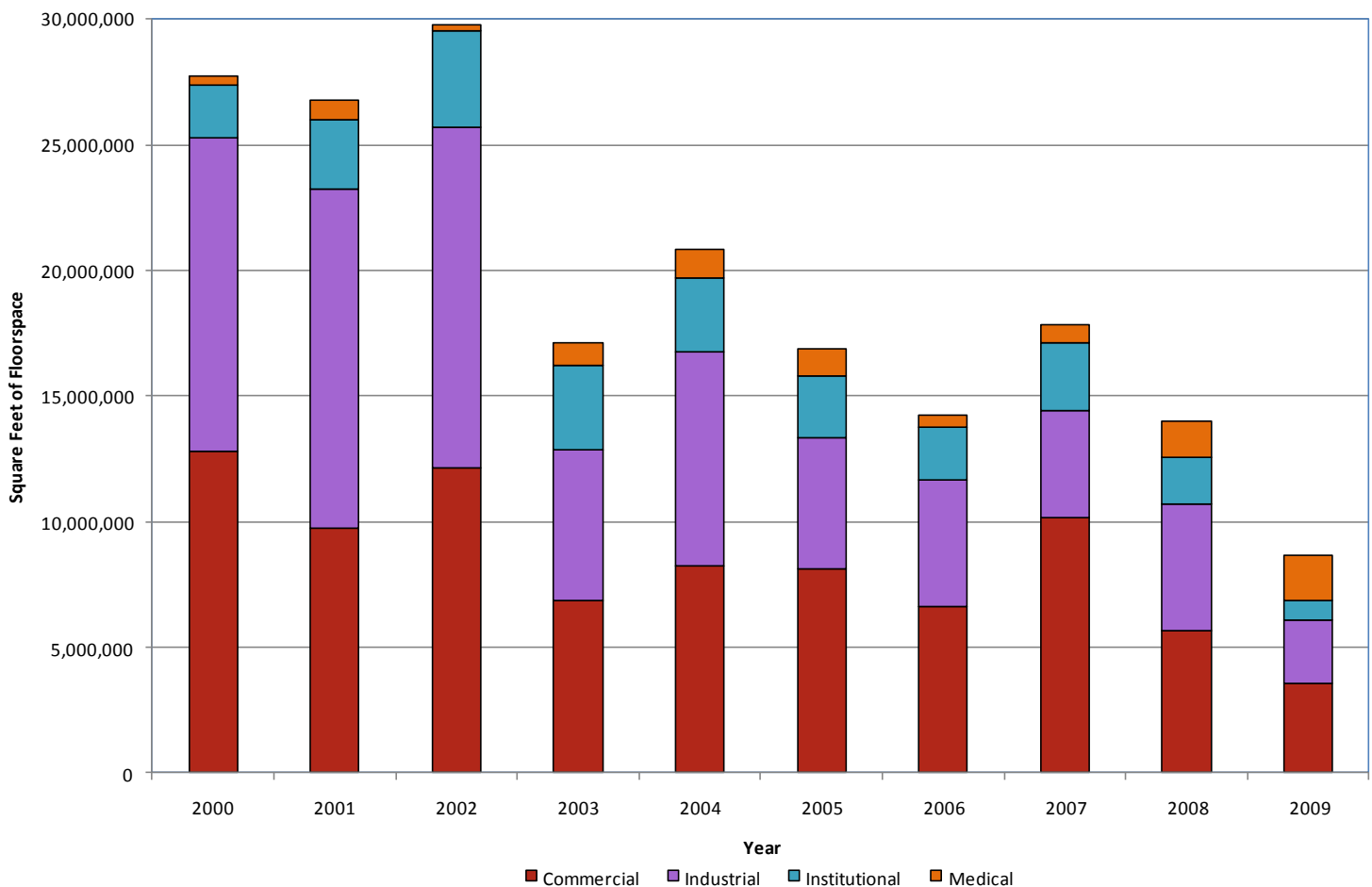
Nonresidential Development in Southeast Michigan, 2009

Overview

In 2009, the nonresidential construction sector continued to grapple with the region's distressed economy and had a few more of its own problems; record declines in revenue and cash flow, large amount of debt maturing, rent reductions, increased vacancies, and the inability to get construction loans financed, just to name a few. The result was a **38 percent decrease** in completed construction projects from 2008.

Since 2000, the region has averaged 19.4 million square feet of space completed and has not dipped below the 10-million mark since the early 1990s. Preliminary data indicate continued losses thru 2011. A modest recovery is hopeful for 2012.

10-Year History of Nonresidential Development



Regional Data

The seven-county Southeast Michigan region ended 2009 with 188 completed projects totaling 8.6 million square feet of space and over \$2 billion in value¹. Commercial development topped the region in number of projects and square feet of space, while industrial development peaked with just over \$9 million in construction/project value.

Nonresidential Development Completed, SEMCOG Region

Building Type	Completed 2009		
	Number of Projects	Square Feet of Floorspace	Construction/Project Value
Commercial	111	3,562,641	\$156,290,598
Industrial	35	2,540,134	\$901,304,073
Institutional	27	754,466	\$150,708,722
Medical	15	1,789,017	\$868,250,000
Total	188	8,646,258	\$2,076,553,393

Under-construction projects contributed an additional 137 projects, 6.9 million square feet of space, and \$1.7 billion in project value for the region. Commercial development accounted for 43 percent of the under-construction floorspace, and medical development reported \$7 million in value.

Nonresidential Development Under Construction, SEMCOG Region

Building Type	Under Construction in 2009		
	Number of Projects	Square Feet of Floorspace	Construction/Project Value
Commercial	75	2,975,290	\$391,248,916
Industrial	26	890,810	\$253,446,019
Institutional	31	1,269,982	\$353,158,478
Medical	5	1,749,000	\$702,000,000
Total	137	6,885,082	\$1,699,853,413

Smaller projects (25,000-square-feet and under) were numerous in 2009 with 64 percent of all projects, completed and under construction. Projects 100,000-square-feet and larger totaled 38, short of a regional 10-year average of 43 projects.

Total Development Projects by Size Range, SEMCOG Region

Size Range (by square feet of Floorspace)	Number	Total Floorspace
25,000 sq. ft. and under	207	1,781,583
25,001 - 99,999 sq. ft.	80	3,678,843
100,000 sq.ft. and over	38	10,070,914
Total	325	15,531,340

In Focus — Film Industry Development

Since the State of Michigan passed what some consider the best film incentives in the country in 2008, movie sets have been popping up all over the region. This activity has spurred the need for space for sound stages, production, equipment, crews, etc. to support the film industry. So far, most of the production companies have chosen to move in large, vacant industrial buildings and renovate the space — a positive for the region.

List of known film production projects in the region:

Name	Type	Status	Location	Size (in square feet)
23rd Street Productions	Renovation	Completed 2009	Detroit	130,000
S3 Entertainment Group, LLC	Renovation	Completed 2009	Madison Heights	29,000
Unity Studios	Renovation	Ongoing	Allen Park	600,000
Raleigh Michigan Studios	Renovation	Proposed	Pontiac	368,400
Vanir Entertainment	New	Proposed	Clinton Twp.	50,000

Renovation Projects²

Renovation projects are defined for this report as “significant interior and/or exterior structural changes to an existing building.” While not true new construction, the improvement and re-use of the region’s building stock is an important component of nonresidential development. Renovations to existing buildings renewed 4.4 million square feet of nonresidential development floorspace in the region and totaled \$4 million in value.

Summary of Nonresidential Development Renovation Projects, SEMCOG Region

Building Type	Completed in 2009		
	Number of Projects	Square Feet of Floorspace	Construction/Project Value
Commercial	43	891,726	\$110,112,050
Industrial	9	449,973	\$3,743,762
Institutional	11	1,096,251	\$195,683,000
Medical	2	30,402	\$450,000
Total	65	2,468,352	\$309,988,812

Building Type	Under Construction in 2009		
	Number of Projects	Square Feet of Floorspace	Construction/Project Value
Commercial	28	674,940	\$13,080,657
Industrial	5	850,100	\$38,024,000
Institutional	5	348,838	\$112,600,000
Medical	1	20,000	n/a
Total	39	1,893,878	\$163,704,657

Combined Total	104	4,362,230	\$473,693,469
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County Data

Nonresidential Development by County

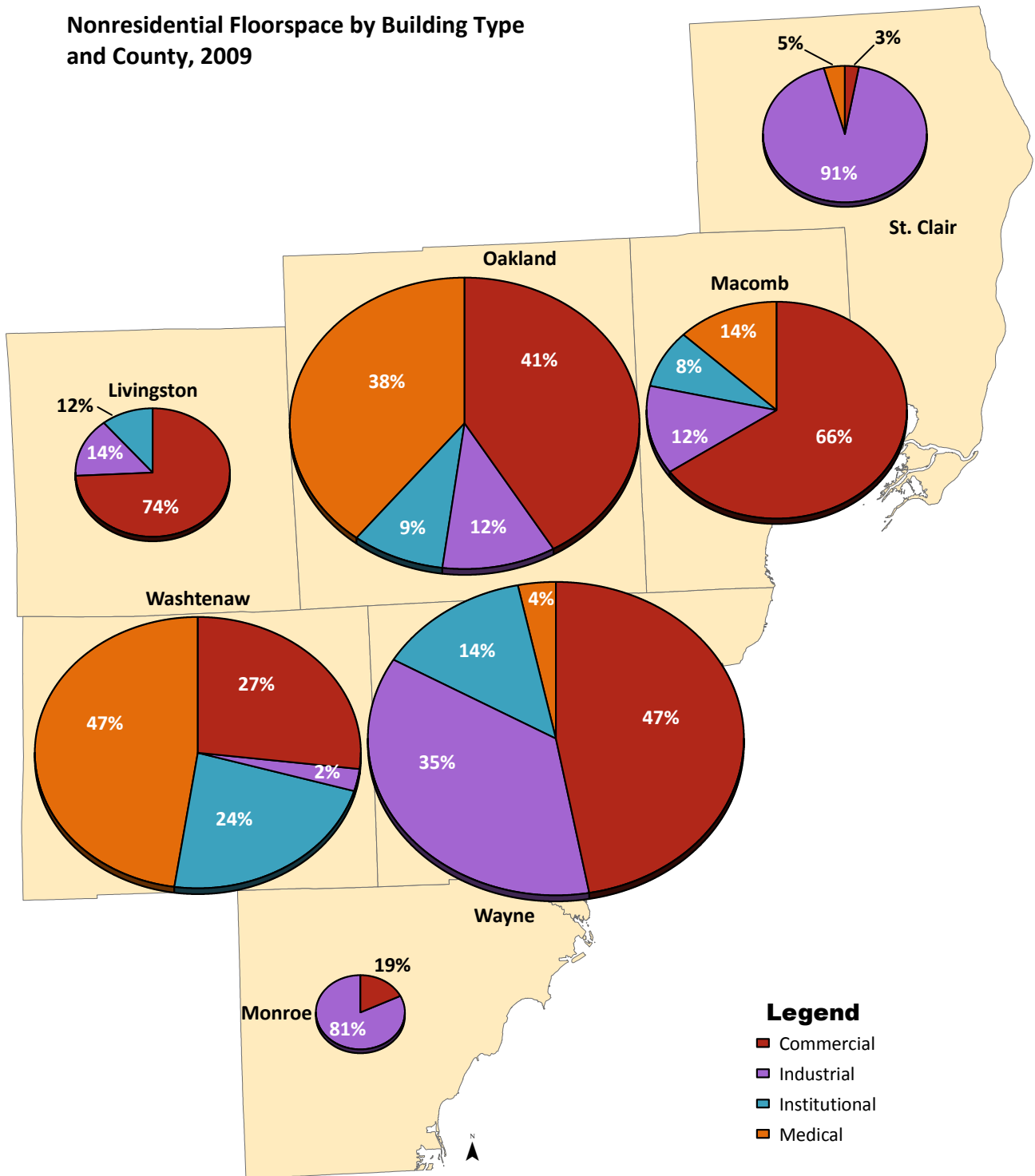
County	Completed 2009		
	Number of Projects	Square Feet of Floorspace	Construction/Project Value
Livingston	15	656,862	\$39,916,060
Macomb	33	1,304,848	\$66,590,000
Monroe	3	46,132	\$12,500,000
Oakland	55	2,296,926	\$844,898,392
St. Clair	9	817,857	\$82,402,810
Washtenaw	20	525,937	\$73,456,966
Wayne	53	2,997,696	\$956,789,165
SEMCOG Region	188	8,646,258	\$2,076,553,393

County	Under Construction in 2009		
	Number of Projects	Square Feet of Floorspace	Construction/Project Value
Livingston	7	89,379	\$6,116,287
Macomb	15	815,054	\$25,970,500
Monroe	5	202,425	\$21,633,360
Oakland	44	1,530,323	\$308,385,759
St. Clair	6	22,002	\$2,094,068
Washtenaw	18	2,797,473	\$1,138,372,488
Wayne	42	1,428,426	\$197,280,951
SEMCOG Region	137	6,885,082	\$1,699,853,413

Nonresidential development by type varied widely from county to county. The percent amount of floorspace (completed and under construction combined) contributed by building type is shown.

Commercial building was the main construction type in Livingston and Macomb counties, contributing 74 percent and 66 percent of the total, respectively. Monroe and St. Clair counties were dominated by industrial development, with 81 percent for Monroe and 91 percent for St. Clair. Medical development contributed almost half of the floorspace for Washtenaw County — 47 percent. Oakland County had a close split with medical (38 percent) and commercial (41 percent) development contributing the majority of floorspace. Wayne County also had two major contributors of floorspace, with a 47 percent commercial and 35 percent industrial split.

Nonresidential Floorspace by Building Type and County, 2009



Background

SEMCOG has been reporting on nonresidential development (construction) data in the Southeast Michigan region since the early 1990s. Data are collected from local planning and building departments, county planning departments, commercial real estate databases, construction periodicals, and newspapers. Information on any new nonresidential construction project occurring in the region is compiled year-round. Nonresidential development includes commercial, industrial, institutional, and medical. Relevant information, including size of building (in square feet of floorspace), location, construction costs, building type, construction size type, and project status are collected.

Information is compiled for current reporting year, and compared to previous years. Data are presented by total square feet, investment or construction value, building type (describes the intended use of the building), and project status.

Building Types

COMMERCIAL

retail, hotel, office, mixed-use, entertainment/recreational

INDUSTRIAL

research/hi-tech, warehouse/distribution, transportation/utility

INSTITUTIONAL

schools, government, churches

MEDICAL

hospitals, outpatient/specialty centers, large medical offices

Project Status

Completed - Construction finished and year built

Under Construction - Building still under construction; either continuation from previous years or construction began in reporting year.

Click [here](#) to download the complete list of 2009 projects in excel format. For questions, please contact Janet Mocadlo, Senior Planning Analyst at 313-324-3434 or mocadlo@semcog.org

¹Construction/project value is the value reported when a project is submitted by the community. Value can be investment, construction costs, or construction cost and improvements (i.e., machinery or equipment). No adjustments have been made to account for construction length of time or inflation. Value is updated if new information is gathered on the project.

²In previous years, nonresidential development reports, renovation projects were included with the new construction projects; beginning with this 2009 report, they will now be reported separately.