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Aerotropolis seen as key to reviving Detroit area

New economic hub would ease reliance on automakers

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First of two parts

As metro Detroit struggles to renew and rebuild its economy, one goal has emerged as pivotal -- the creation of a new economic hub around Metro and Willow Run airports.

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Known as an aerotropolis, or airport city, the goal foresees a day when tens of thousands of people would work in shipping, logistics, air cargo and other businesses linked to the global economy by convenient air transportation.

The goal of an aerotropolis remains elusive and faces daunting challenges. But Wayne County Executive Robert Ficano, who champions the plan, says it's critical to the region's future.

"We've got an economy that's been hit really hard. We've got to start doing things outside the box," he said. "Look at what Roosevelt did. He started a number of programs to jump-start the economy and spur economic growth. We cannot be afraid of failure."

Although the idea of an aerotropolis has been discussed for several years, Ficano and other civic and business leaders are optimistic that the plan now is moving forward in important ways.

Airport consultant John Kasarda of the University of North Carolina at Chapel Hill is to finish a benchmarking study early next year to see how the Detroit aerotropolis plan stacks up against other cities in the nation that are thinking the same way.

Wayne County has paid Kasarda \$158,000 for his consulting services.

Meanwhile, the corporate leadership group Detroit Renaissance has hired Detroit-based real estate consultant Jones Lang LaSalle to do a master plan for 25,000 acres near Metro and Willow

Run.

The study is to identify the most attractive parcels to develop and the best ways to boost development for the 11 communities involved in the planning.

Leaders expect that study to be done by the end of March.

Success in building an aerotropolis could deliver huge benefits.

Officials point to Amsterdam's Schiphol Airport in the Netherlands, where 60,000 people work in industries surrounding the airport.

That could be the model for Detroit, Ficano and others say.

That level of development could ease longstanding worries about unemployment in the region. It also would help to lessen the reliance of southeast Michigan on its struggling automotive industry.

But it won't be easy.

Even its backers admit that creating an aerotropolis of that size around Metro and Willow Run airports is a task measured in decades, not a few years. And Michigan's hard-hit economy, which includes the worst unemployment rate in the nation, is holding back growth that might otherwise occur.

"The concept struggles against the economic realities," said Peter Rogers, vice president of the Southfield-based brokerage firm CB Richard Ellis.

A lot of planning ahead

A lot remains to be done, even in the initial planning stages.

A task force looking at the potential aerotropolis faces two additional tasks after the master plan is done: a business attraction strategy plan, which would identify specific businesses and companies that the area should go after, and a marketing study, which would work on branding the area.

Neither of those things has been contracted out and won't be until the master plan is done.

But there are grounds for optimism.

Even without any official boost from the county, an informal aerotropolis has been taking shape near Metro and Willow Run.

Trucking and air cargo companies have leased space for decades near the airports. Lately, a modest stream of logistics firms, which schedule deliveries in today's just-in-time manufacturing

world, have been joining them.

Grubb & Ellis, a Southfield-based brokerage firm, reports that the communities around the airports are home to about 38 million square feet of industrial and warehouse space, about 25% of the total in metro Detroit.

Of that, vacancy rates were running about 13% this year, although new tenants continue to trickle in.

"I think the warehouse logistics area is an area of growth in the future, and I see more activity in those sectors right now than I do in manufacturing," said Brad Viergever, an associate broker with the Southfield-field-based firm Signature Associates.

Starting out behind

In the aerotropolis race, there's no doubt that metropolitan Detroit starts in a bit of a hole.

Detroit Metro ranks as the nation's 11th-busiest airport by passenger travel, but just the 37th-busiest for cargo shipments, according to the Federal Aviation Administration.

Chicago's O'Hare Airport -- where a lot of material bound for Michigan lands and is loaded onto trucks -- handles more than five times as much air cargo as Metro.

Willow Run ranks even further behind.

After a 2000 ranking of 45th in the nation, the sharp decline in the auto industry has caused Willow Run to lose more than 40% of its cargo hauling business. It now ranks 77th in the nation.

A smaller version of an aerotropolis -- Pinnacle Aeropark in Huron Township and Romulus -- has taken more than seven years to get off the ground. Construction still hasn't begun on the 1,300-acre business park.

However, a developer has promised two buildings for the park, and a thoroughbred horse owner plans to open a racetrack at Pinnacle.

Toby O'Berry, a portfolio analyst with the Principal Real Estate Group that owns the existing Metro Airport Center industrial park near the airport, said that creating an aerotropolis would be difficult unless the government upgrades the infrastructure in and around Metro and Willow Run.

"Things like express lanes dedicated only for trucks or a light rail system coming from the surrounding suburbs are two things that would help the concept take shape," O'Berry said.

Getting the money to build the necessary infrastructure, which also might include water and sewer lines, is expected to be a challenge.

"There's never going to be enough government money to pay for that," said Doug Rothwell,

president of Detroit Renaissance, an organization of the region's chief executives. "But we'll be looking at things like retirement funds and pension funds, too" to invest in improvements.

"I think they have to start small, put the infrastructure in, and then I'd be excited about it," said Jim McClowry, vice president with the Southfield-based brokerage firm Grubb & Ellis.

Moreover, the county and local township governments still have more to do to ease the red tape that can slow new development.

"You may deal with Huron Township to get a site plan approved, you need Wayne County to approve storm water permits, if there's wetlands issues you may have to coordinate with the State of Michigan," said Rogers, CB Richard Ellis' vice president. "All of those agencies have different requirements, different time frames. You have different personalities."

Area poised to advance

But Mulugetta Birru, Wayne County's director of jobs and economic development, said metro Detroit is uniquely positioned to become one of the biggest such hubs in the nation.

Other airports, such as Chicago's O'Hare, which is ranked eighth in the nation for cargo, are at or near capacity for flights and have little land left to develop.

Metro Airport, however, has the capacity to land 40 more planes during peak times. Willow Run also has plenty of capacity.

"We can guarantee to land a cargo plane at any given time," Birru said. "Chicago can't do that; Atlanta can't do that. And no other city or country has that much land available to develop."

Ficano also points to metro Detroit's extensive links to China, because of daily Northwest Airlines flights into the country, and the proximity to Canada, the largest trading partner with the United States.

Detroit Renaissance's Rothwell said the region must be patient with its plans to develop such a large swath of land. But he remains upbeat.

"I'm optimistic about this as long as we realize that it's a 20- to 30-year effort," he said. "We need to be really patient. ... We're going to be tempted to want to grab at something quickly because of our economy. But we're going to want to get the right kind of development."

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