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AUTOMOTIVE

GM buys large development at former Palace of Auburn Hills site

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General Motors Co. has purchased a newly built plant at the former site of the Palace of Auburn Hills in its latest manufacturing footprint maneuver ahead of a major launch at Orion Assembly Plant.

The automaker had intended to lease the 715,000-square-foot plant — to be operated by supplier Piston Automotive — but triggered an option agreement with developer Schostak Brothers & Company Inc., according to property records.

Piston Automotive will operate a GM vehicle parts factory (shown here in a 2023 rendering) at the former Palace of Auburn Hills site. (F.A.studio)

The decision, which gives GM total control of the site that will house critical assembly operations, was made after executives pulled the plug on electrification at the Orion plant in favor of gas-powered Chevy Silverado and GMC Sierra pickups and Escalade SUVs scheduled to launch early next year, a source at the automaker told Crain's.

GM and Schostak terminated the lease and transferred the property deed to the automaker on March 26, according to documents from the Oakland County Register of Deeds. The covenant deed transfer was filed with a Real Estate Transfer Affidavit, which shields the transaction price from public view.

One real estate expert estimated the price to be around $160 million.

GM declined to comment and Schostak did not respond to a request for comment.

The sub-assembly plant at the former Palace site was promised to come with a $200 million investment and around 1,000 jobs. Piston Automotive was awarded $10 million from the state to support the project in 2024.

The plant, erected after the Palace's demolition in 2020, was originally supposed to span 1.1 million square feet before being cut by a third. The plant was built specifically for GM, which ran out of assembly space at its Orion complex and looked to the site 4 miles south.

GM and its suppliers have made a flurry of moves in recent months running up to the long-awaited reopening of Orion Assembly, initially scheduled to launch electric pickups in 2024 before repeated delays and program changes.

As a rule, automakers own their assembly factories but often lease ancillary plants and force suppliers to take on their own leases, which spreads the risk. Many suppliers are reeling from the downside of the EV bust, for which GM has taken more than $7 billion of impairment charges.

One of the biggest changes resulting from Orion's pivot was GM's seating contract. Magna had won the initial EV business and announced in 2023 a $100 million investment and 500 jobs at a newly built plant next to Orion Assembly that now sits underutilized. Its rival Lear Corp. took over the contract and is investing $87 million and creating 460 jobs in Auburn Hills — at a site vacated by Dana Corp. whose EV parts plant for GM and Ford Motor Co. flopped due to weak demand.

Other plants announced to support GM's ambitious EV push still sit completely empty. Spanish supplier Gestamp planned 580 new jobs at a large new plant in Chesterfield Township as part of a $390 million EV expansion that fizzled. Real estate brokers have been hunting for a new user for the 450,000-square-foot plant.

Elsewhere in Oakland County, GFX, Flex-N-Gate and logistics suppliers are setting up new locations to support GM's launch.

In Detroit, GM is still sorting out what to do with a new building it leased at the former Michigan State Fairgrounds site after canceling a $55 million hydrogen project with Piston.