In Detroit, Creating a New Hub for Innovation

Entrepreneurs once flocked to Motor City to build cars. Now, they're building its mobility future.

David Medina Álvarez is developing an electric all-terrain vehicle at a business incubator in Detroit. Nick Hagen for The New York Times

By Micheline Maynard
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David Medina Álvarez hopped on a four-wheeled vehicle that looked like a speeder bike from Star Wars. Donning a helmet and goggles, the 25-year-old designer zoomed down 15th Street, driving alongside the massive Michigan Central train station, built in 1913, which had just reopened after a gleaming $1 billion renovation.

Rather than Detroit's past, however, Mr. Medina Álvarez represents the city's future. He was riding an electric all-terrain vehicle of his own design called the EQUAD. It's like those used by police to patrol vacation resorts and retirement communities, and which adventure seekers ride off-roading over dunes, mountain roads and in some lawbreaking instances, city streets.

Starting with $2,000 in family money, Mr. Medina Álvarez and a team of nine people are developing a production version at LIVAQ, one of 103 start-ups at Newlab, a 270,000-square-foot mobility-focused incubator set in a former book depository designed by the architect Albert Kahn. ("Livaq" is a pre-Hispanic Quechuan word to describe the explosion created by a bolt of lightning.)

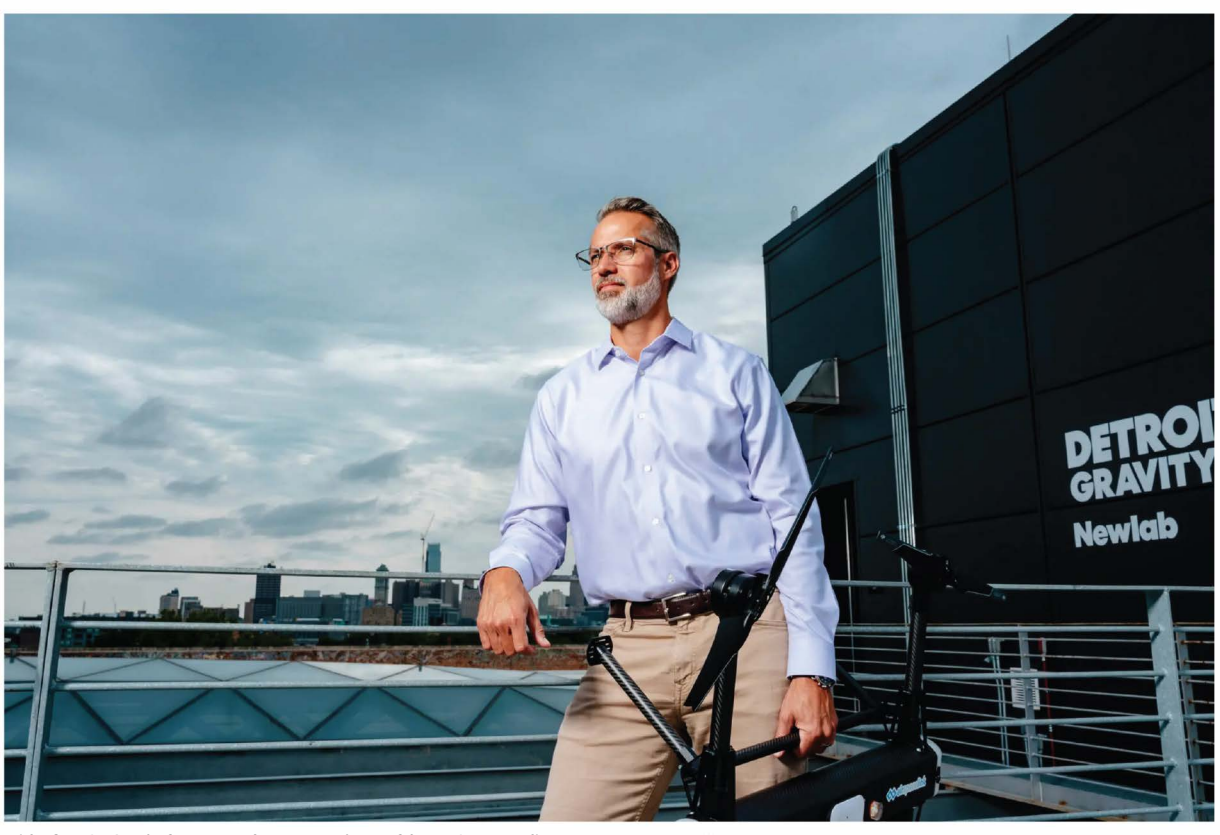
Ford Motor Company bought the vacant building in 2018, when it purchased the neighboring train station, and began renovations. Since the site opened last year, Newlab projects have received nearly $700 million in funding, although none has yet reported revenue as a stand-alone company.

Nearly 130 years ago, Henry Ford tested his first automobile on Detroit's streets, helping to usher in its future. Now, an incubator less than two miles from that test drive is moving the city even farther forward.

Resembling something out of Silicon Valley or Brooklyn, where a similar Newlab incubator operates, the three-story building has long hallways and glass-windowed work spaces. One floor features a row of trees in big planters.

Tables and chairs and bright sofas abound in open seating areas, site of informal meetings by the more than 700 people working here throughout the day. A busy cafe near the entrance has pastries and grab and go meals, with complimentary coffee and tea, plus plenty of dining space with a view of the train station.

Upstairs from Mr. Butler, with a vista that overlooks the Ambassador Bridge between Detroit and Windsor, Ontario, sits Airspace Link, one of the incubator's first and biggest projects.



Michael Healander, chief executive of Airspace Link, one of the incubator's earliest start-ups. Nick Hagen for The New York Times

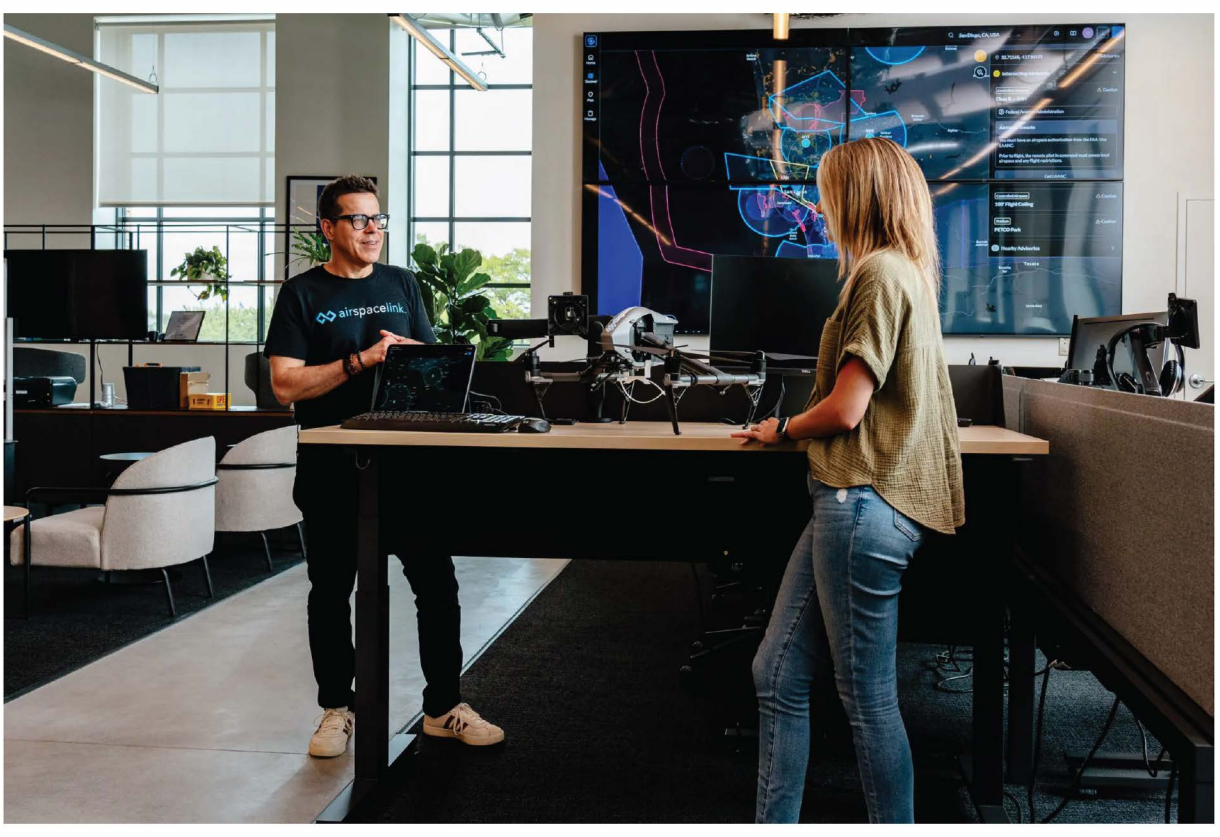
Under its chief executive, Michael Healander, and his two co-founders, Ann Healander, Michael's wife, and Daniel Bradshaw, the firm is aggressively preparing for new federal rules governing drones, officially known as unmanned aircraft systems. Under current law, drones must be flown within the operator's sight, at no higher than 400 feet, and their use can be restricted or banned, depending on local conditions.

But by 2026, the Federal Aviation Administration is expected to issue rules that allow drones to operate beyond visual line of sight, or BVLOS, giving operators a broader area in which they can be flown, if they are meticulously tracked, and the ability to track multiple devices, says Bill Johnson, Airspace Link's chief financial officer. "That allows the economy to unlock the potential for drones," he says.

Farther along compared with some of its Newlab neighbors, Airspace Link has obtained $37 million in backing, growing to a team of nearly 50 employees from 17.

Inside the bustling Airspace Link lab, a wall-sized digital map shows the drones in use across the country, limits on the heights where they can be flown, and places where they are prohibited. Each of the 785,000 drones in use must be registered with the F.A.A. and whether they are for personal or commercial use. Each gets an ID tag with its registration number.

Back in 2013, Amazon founder Jeff Bezos went on "60 Minutes" and demonstrated how drones could be deployed for deliveries. Fast forward a decade, and Airspace Link says its services, which include advising drone operators, can support a vast array of users, from hobbyists to economic developers, public safety departments, farmers, real estate agents and yes, delivery companies.



"Everybody is recognizing that there's a moment happening, a kind of wildfire going on," said Rich Fahle, the company's vice president of marketing.

Within two to five years, he predicts, the logistics field will be transformed as entities figure out how drones fit into their operations, and municipalities regulate the new environment. For many, the future is coming at them fast. "City planners are not used to planning anything in the sky," he says.

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