

# Building up business

## Health care, senior living construction sectors remain strong

New North's commercial construction industry is slowly thawing out after a rough 2009 as more businesses and organizations are moving ahead with their expansion and growth plans.

"People who had been holding off on projects are now feeling confident and moving ahead a bit," says Tracy Williams-Prince, marketing director for Kaukauna-based Keller Inc.

Tim Rinn, director of business development at Ganther Construction in Oshkosh, agrees developers are more optimistic than they were a year ago. "Renovation and retrofit projects are big right now along with new construction in specific areas such as health care and senior living."

While anecdotal evidence points to an uptick in the construction industry regionally, the national numbers still remain off. For the month of November – the latest month available – commercial and industrial construction posted a decline for the eighth straight month, according to the U.S. Commerce Department. The November decline, however, was slight – just 0.03 percent.

The decline in commercial building activity is linked to developers having a harder time getting new financing from banks who are a bit skittish as default rates increase for commercial real estate projects.

"For many projects, getting conventional funding remains a challenge," says Rinn, who works with



Senior living projects like Bella Vista in Oshkosh represent just one of the hot trends in construction, says Tim Rinn, director of business development at Ganther Construction. A renovation project, Bella Vista features warm, friendly gathering areas.



PHOTOGRAPHS COURTESY OF GANTHER CONSTRUCTION

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– Tim Rinn, Ganther Construction



developers to help them get what they need to move the project forward.

But while it is more difficult for businesses to get construction loans, it's not impossible. Those companies who are able to get financing are moving ahead on their growth plans, Williams-Prince says.

Health care, including dental offices, day cares and manufacturing are the busiest sectors now for Keller, Williams-Prince says. Health care is popular because providers are seeing an increase in demand for services as baby boomers age and patients "want their doctors as close as possible," she says.

Ganther specializes in senior housing projects and have a couple under development now in the area, including Century Oaks in Oshkosh. "There's a real demand out there for senior living and as the population continues to age, that segment will only continue to grow," Rinn says. "The market is definitely better than it was a year ago."

Ganther's work on high-profile senior living projects such as Island Shores in Neenah and Bella Vista in Oshkosh has helped the company gain clients from across the state and nation. "It's a demand that's not going away," he says.

As for manufacturing, Williams-Prince says the economic juggernaut known as the Oshkosh Corp. is

driving growth among its vendors and suppliers. Some projects are for companies that have ties to Oshkosh while others don't, but "Keller is definitely seeing more manufacturing projects than a year ago," she says.

### GRANTS STIMULATE PUBLIC PROJECTS

The American Recovery and Reinvestment Act of 2009 is moving some public infrastructure projects ahead, says Jonathan Bartz, president of Martenson & Eisele, a civil engineering and land surveying firm in Menasha.

"On a state level, projects are really moving and getting started. The stimulus dollars have gotten these projects, such as highway work, off the ground," he says.

For county and local municipalities, the stimulus dollars are trickling in as officials realize what type of projects are eligible for federal funds, Bartz says. "We really expect to see an increase in local infrastructure projects throughout 2010," he says.

At first, local officials weren't sure what type of projects would be eligible for the stimulus dollars, but Bartz says there are now more guidelines in place and officials are savvier about what qualifies and what doesn't.

"A lot of these projects had been held up because of local budget issues, but now are moving ahead thanks to the stimulus dollars," he says.

### NOT ALL THE WAY BACK

While health care remains strong, other sectors are slow, including retail and professional office space.

"There is a lot of available office space and retail space out there right now so there isn't much demand for new space," Williams-Prince says. "By being diversified, we've been able to weather that slowdown. ... we're not just relying on one sector, but trying to be broad so we can benefit from whatever sector is seeing growth right now."

While some public infrastructure projects are moving ahead, Bartz says private commercial projects are still slowly trickling in.

"Businesses interested in expansion are either cautious about moving ahead at this time, worried the economy won't continue growing or companies are having a hard time getting financing," he says. "We expect our commercial sector to remain flat in 2010."

Rinn says many businesses are cautious, but know the economy will pick up soon and they want to be ready.

"Some developers are finding premium locations right now at great deals because of the decline in commercial real estate so they're buying up those sites and working with them to fit their needs," he says. "They're planning for when things are really humming again." ①

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