

G2 CONSULTING & PARTNERS PROVIDE 2016 DEVELOPMENT OUTLOOK FOR SOUTHEAST MICHIGAN

Construction is on the march in metropolitan Detroit. It's creating jobs and opportunities not only in the construction industry itself, but among construction equipment, material providers, and the countless businesses that benefit from improved infrastructure and better communities.

One look at Woodward Avenue through Midtown and Downtown Detroit provides tangible proof that Development is happening in the city - Development with a capital D. The recently completed \$279 million upgrade of Cobo Hall; the new \$93 million Integrative Biosciences Center at Wayne State University; the tear-up of Woodward Avenue for the \$140 million M1 line; the \$1.2 billion Red Wings "District" project... all are proof that construction is booming in the Motor City. Add to that the planned billion-dollar-plus Canadian-funded Gordie Howe International Bridge connecting Detroit and Windsor, and the long-term billion-dollar plan to widen I-75 through Oakland County... Metro Detroit hasn't seen this kind of construction boom in half a century.

Still, after years of starts and stops and disappointing results, optimism remains guarded. "Our outlook is 'cautiously optimistic' as we look into 2016 and beyond," says Larry Goss, executive vice president of CORE Partners Associates. "There is a lot of great opportunity, which is exciting, but there are still challenges, and uncertainty, that can upset the viability of any particular deal. Proceed with caution."

"I'm feeling more confident that this is a sustained turnaround. Things are getting better here," says Olga Stella, COO of Detroit Economic Growth Corporation.

Adds Susan Mosey, president of Midtown Detroit, Inc., "Interest in real estate in Detroit in general, and Midtown in particular, is booming. Residential and mixed-use developments are springing up throughout the neighborhood and interest is coming from all over the U.S., and even abroad.

We're working overtime to address unmet housing demand. It's been a long time coming but Midtown seems to be on a solid and sustainable path for the future."

Cautious optimism, things getting better, and a solid and sustainable path for the future describe a whole

new attitude about development in Metro Detroit. "New development projects and plans for projects in the area are announced on an almost daily basis," says Mark Smolinski, principal of G2 Consulting Group, a geotechnical engineering and construction services firm based in Troy. "But different from years past, after the announcements the projects are actually *happening*."

One big and sorely needed area of development, or redevelopment, that's getting increased attention is rebuilding the area's old and failing infrastructure. There is a new sense of urgency to addressing roads, bridges, rail and sewer lines, etc., along with a recognition that, as Business Leaders for Michigan Chairman Patrick Doyle says, "Lacking infrastructure simply hinders the state's ability to compete."

Governor Snyder's recently signed transportation package will raise \$1.2 billion annually for transportation-related spending when it takes full effect in 2021. MDOT will invest \$9.7 billion in the state's transportation system (highways, bus, marine, rail and aviation) in the meantime. And the federal funding bill, Fixing America's Surface Transportation (FAST), signed into law in December 2015, will provide \$305 billion for highway and road construction/repair nationally through the

next five years. With the important role it plays in moving goods and freight between the U.S. and Canada, Michigan and Detroit stand a good chance to get a healthy share of that spending.

"We are seeing activity across all sectors," says Steve Guidos, director of development at Cunningham-Limp. "Existing buildings are being purchased, demolished or renovated and re-developed for highest and best use. New construction is extremely active in outlying communities and commercial/industrial parks. Urban renewal continues at an accelerating pace not only in Detroit, but also at the other end of Woodward in Pontiac's Indian Hill District."

There's no doubt that construction is on the march in metropolitan Detroit. It's creating jobs and opportunities not only in the construction industry itself but among construction equipment and materials providers and among the myriad businesses that benefit from improved infrastructure and better communities.

"Non-essential construction projects were cancelled entirely or put on hold in Michigan during the 2007-'11 period for the reasons we all know," says G2's Mark Smolinski. "It was a tough time for everyone in the industry but the smart companies used the time to improve their knowledge and their processes. Now there's a backlog of work waiting to be done. Businesses and governments that have the need now also have the budgets. It's a good story for the metro Detroit area and a welcome outcome for the construction industry."



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It was March 11, 1916 when George Walbridge and Albert Aldinger shook hands, signed papers and created Walbridge Aldinger Company in Detroit, Michigan.



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