



Business
update
1993-2010
publication

February 2010
\$2.00

30 Years of Teaching Skills & Building Confidence



Features:
Wireless Communication
Credit Unions
Material Handling
Trucking
Interior Design
Retirement Living
Health Care Construction
Construction Insurance

Health Care Projects

By Ted Booker

A host of large Medical Mile construction projects ensured a busy health care construction market in West Michigan last year, but with the brunt of these projects now reaching completion, industry experts say the workload for 2010 may not be as robust.

"We are quickly seeing our Medical Mile projects come to completion and with nowhere to send the many subcontractors, site managers and project managers that were for so long kept busy by these projects," said Jen Schottke, director of marketing for C.D. Barnes Associates of Grand Rapids. "With the ever-stringent regulations of the banking industry and the over saturation of the commercial real estate market, we are in for what we believe will be a slow year."

But while health care projects in Grand Rapids may have slowed, they're far from being depleted. Grand Rapids-based Pioneer Construction Inc., for example, is readying to begin construction on its Heart of the City Health Services project this spring, erecting a 80,000 sq. ft. medical office building and parking structure in downtown Grand Rapids. The innovative wellness facility, which is targeting LEED certification, will house Cherry Street Health Services, Touchstone Innovare and Proaction Behavioral Health.

"Although construction on the hill will be slowing with the completion of several major projects, we do expect continued demand for health care construction throughout West Michigan," said Pioneer director of development Chris Beckering. "We remain focused on health care construction as an area of specialization and growth for Pioneer Construction."

Ongoing demand for healthcare construction in 2010 is still anticipated, Schottke said, but projects are expected to be "smaller and far more competitive than previous years." On the other hand, she said that while major medical groups may be shelving their plans for large new projects, renovation and remodeling projects for older facilities will continue to see growth.

"The demand for renovation and expansion services has increased dramatically due to the over saturation of the commercial real estate market," she said. "We do not expect to see much demand for stand-alone medical office buildings. Rather, our clients will continue to evaluate their current facilities for updating, remodeling or relocation."

In particular, Schottke said CD Barnes has undergone growth in the dialysis, renal care and dental markets. The demand for non-elective medical specialties—including urgent-care facilities, geriatric care, dialysis facilities—is projected to increasingly expand in the future, she said.

"The baby boomers are aging and the need for their care will continue to grow. We expect to see the geriatric care market continuing to ask for additional space and put demand on the construction industry," she said.

Beckering likewise said the retiring generation of baby boomers is expected to be a major boon for the creation of health care projects. "We anticipate an increase in both new construction and renovation projects for assisted living facilities as the population continues to age and the level of care required and expectations for facilities [becomes] increasingly specialized," he said.

Notwithstanding the projected slowdown in 2010, Beckering concluded he remains optimistic about the outlook for health care construction in West Michigan. "With the Van Andel Institute, Grand Valley State University Center for Health Professions, the new MSU Secchia Center, and the excellent hospital systems and physician networks, we are confident in the stability of West Michigan's three legged stool of health care with regard to research, education and care," he said.