

# State of the Industry: Cautious, But Optimistic

Here's what three close observers think about Northeast Wisconsin's commercial real estate economy.

## Mike Dempsey Associated Bank

Overall, we remain very positive about commercial and industrial real estate in Northeast Wisconsin, though certain industry sectors are softer than others. Paper, printing and flexible packaging, for example, are cyclically soft at the moment, and the capacity within many of those plants needs to be filled before they think about expanding.

The commercial and retail space inventory is also soft in many areas. We've always been fairly conservative in our approach and careful in evaluating projects that are based on speculation. Generally we have favored projects that are owner-occupied or where the repayment source is known. There are exceptions, particularly where the developer has a proven history, a significant book of business and very diversified resources to bring to bear on the project. Given the softness in the market, I would say we are even less inclined to make exceptions than we might have been previously. Still, we have significant confidence in the regional economic base in the long term.

*Mike Dempsey is Fox Valley Regional President and CEO for Associated Bank in Neenah.*

## Tina Dettman-Bielefeldt DB Commercial Real Estate

With the renovation of Lambeau Field, the entertainment, hospitality and retail sectors are experiencing extensive growth in the Green Bay market. Restaurant growth has been impressive with a number of new chains either under construction or recently opened. New additions in the Lambeau Field area include International House of Pancakes, Margarita's, Buffalo Wild Wings, Max & Erma's, Noodles, Smokey Bones, and Texas Roadhouse.

The retail sector has also experienced significant growth. Bay Park Square Mall in Ashwaubenon is nearing completion of a mall expansion project that will add about 20 new shops and a two-story Younker's department store. In the same area, several large boxes, including Dick's Sporting Goods, Barnes and Noble, Game World, and Denis



*There's a large inventory of commercial space available in many areas - space that will need to be filled before significant new construction takes place.*

Sports were added last year. Another major construction project is Midwest Expansion's Shoppes at the Village, a 150,000-square-foot project just south of Bay Park Square Mall. The demand for retail space has increased after a lull in 2001 and 2002.

In hospitality, the Tundra Lodge, a water park/hotel complex is getting ready to open near the stadium. A second water park hotel is planned at the site of the former greyhound racetrack in Kaukauna.

Walmart has opened its first Green Bay area superstore on West Mason Street in Green Bay with a second store under con-

struction just south of De Pere on Highway 41. This area will be a growth leader in the coming year as Menard's also opens in the same area. Other major development areas include downtown Green Bay where the former Boston Store in Washington Commons will be redeveloped by Bay Lake Bank and the current Younkers is also part of a redevelopment plan. Growth also is seen in Bellevue in the area of the new Target store where several sites are under construction.

While retail is seeing a resurgence, office movement continues to be slow. The abundance of available space has resulted in a stagnation of existing rents and it is a tenant's market in terms of negotiation.

Overall, the market appears to be rebounding and there is increased movement in most sectors. As the economy continues to recover, the commercial market looks forward to a healthy period.

*Tina Dettman-Bielefeldt is co-owner of DB Commercial Real Estate in Green Bay.*

## Russ Schuler Wisconsin Business Bank

We're somewhat hesitant right now in terms of financing for development projects. A lot in the recent past has been based on speculation, whereas now lenders are tending to look more at what percentage of the square footage do you have have locked up in leases before they will issue the financing. They're also looking more closely at the quality of the tenants, in terms of their staying power and thus their ability to sustain the project. It's certainly a mixed bag right now. There are pockets of strength as well as weakness. We think the economy has bottomed out, but we also expect that growth will be slow and steady.

*Russ Schuler is chairman of Wisconsin Business Bank, based in Sheboygan.*

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