

2007 Economic Update - Green Bay, Wisconsin

The City of Green Bay experienced sustained growth in all industry sectors in 2007. Healthcare, retail, and manufacturing sectors continued growth trends that have led Green Bay's economy for the last several years, while both single- and multi-family developments remained strong. The mortgage crisis that led newspaper headlines in 2007 has not negatively impacted the City's real estate market like it has in several other markets across the nation. According to Wisconsin Department of Revenue and Brown County Sheriff's data, there were only 244 foreclosures in 2007, up only 30 from the previous year. Data provided by the Wisconsin Realtors Association show that home sales dropped only 3.3 percent in Brown County in 2007 compared to 2006, and median prices declined 1 percent. Statewide, home sales declined 10.8 percent, with median prices rising .2 percent.

The stability of Green Bay's real estate market can be attributed to several unique factors that make the City an attractive economy for residents. The City serves as a regional hub of commerce for all major industry sectors for northeast Wisconsin and the lower Upper Peninsula of Michigan. With a high quality of living that includes safe neighborhoods, affordable housing choices, and four-season outdoor recreational opportunities; strong public and private K-12 school systems; first-class institutions of higher education; and entertainment and cultural amenities that range from local to national acts, Green Bay's residential population continues to grow the City's economy.

Business owners and entrepreneurs are drawn to Green Bay's diverse transportation choices that include county, state, and federal highways; deep water port access that connects to the international economy; rail and trucking services that move goods to national markets; and the regional airport is well suited for business and leisure travel. In addition, Green Bay's increasing and skilled workforce attracts growing companies and with national name recognition, it's a great place for new and existing business. Because of these residential amenities and commercial opportunities, the Green Bay market remains stable and growing during a national economic slowdown.

HEALTHCARE INDUSTRY HIGHLIGHTS

The City of Green Bay's four major hospitals continued to invest in their facilities in 2007. These hospitals have grown their regional presence, which has helped establish Green Bay as the healthcare center of Northeast Wisconsin and made the healthcare sector Green Bay's largest employer. This sustained growth has increased demand for educated professionals in the area and helped Green Bay maintain median incomes that exceed state and national averages. The following are a few of the healthcare highlights from 2007:

- Aurora BayCare Medical Center – This private hospital began construction on a \$13.5 million sports medicine complex located in the I-43 Business Center. This project is a step toward Aurora's long-range plan to create a medical campus on the east side of Green Bay.

- St. Vincent Hospital – St. Vincent, one of Green Bay’s two urban hospitals, completed over \$5 million in upgrades to their facility. A \$4 million upgrade to the exterior included new windows for part of their facility.
- St. Mary’s Hospital– St. Mary’s made interior and exterior improvements that exceeded \$500,000 to make way for a \$30 million expansion that will begin in 2008. As the only hospital on the west side, St. Mary’s is benefiting from the growing west side suburbs.
- Bellin Hospital – Following a year with over \$40 million in improvements, Bellin Hospital completed an additional \$250,000 in interior upgrades.

RETAIL/COMMERCIAL DEVELOPMENT

Retail and commercial development projects were scattered throughout Green Bay in 2007. Growth in these sectors happen naturally near the busy I-43 (east side) and Highway 41 (west side) corridors and near Lambeau Field, but the real success stories were the major investments in the revitalizing urban commercial corridors. A majority of the highlighted projects listed below required expensive demolition and site preparation costs. The return on investment associated with these projects support these large upfront costs, so retailers clearly see significant value in doing business along Green Bay’s urban commercial corridors.

- Copp’s Grocery Store – Near the busy intersection of Main and Mason Streets, Copp’s Grocery razed the vacant Marcus Theater building to begin construction on a new \$5 million supermarket. Phase two, expected in 2008, will include the demolition of the existing Copp’s store and the development of a new strip center.
- Champion’s Sport Bar & Grill – This \$650,000 Packers themed restaurant compliments the Stadium District next to Lambeau Field and the recently completed Cambria Inn & Suites hotel.
- Culver’s – Culver’s opened its east side location in the I-43 Business Center near the recently completed Country Inn & Suites, which is located at the intersection of I-43 and Mason Street. This \$800,000 project satisfies the need for quick-casual dining for the nearly 4,000 I-43 Business Center employees and neighboring residential population.
- Rasmussen College/Retail – On the west side, Minnesota based Rasmussen College opened its doors in August. This 18,000 square feet, \$1.3 million structure located along Highway 41 includes retail space that compliments neighboring Home Depot and benefits from the close proximity to Rasmussen’s student population.

- Kwik Trip – La Crosse, Wisconsin based Kwik Trip opened another first-class service station on Green Bay’s east side. This \$1.7 million convenience store not only sells fuel, but also serves the neighboring residential population by carrying a variety of grocery items.
- Walgreen’s – Walgreen’s second west side location, valued at \$1.65 million, opened on the former Valley Motel site on Military Avenue. This was the first major project to take place on Military Avenue after the City announced plans to reinvest in the Military Avenue corridor.
- Starbuck’s/Fed-Ex Kinko’s – On the busy corner of Military and Mason Street, Starbuck’s added its first west side location. The \$750,000 structure includes a drive-thru and outdoor seating. This development joins Sears and Cub Foods, which have been at this intersection for several years.

DOWNTOWN REDEVELOPMENT

As in previous years, revitalization continued in Green Bay’s central business district. Areas of growth included all sectors of the market, including hospitality, office, residential, and commercial. Downtown Green Bay is the hub of government for Northeast Wisconsin with local, county, state and federal offices all located in a three-square block area. The financial services sector has also established a large presence in downtown with several banks locating their headquarters downtown and many others with regional offices in the heart of the City. Also growing in downtown Green Bay is the insurance industry, with several mergers and acquisitions adding to the growing number of employees in this industry segment. This momentum is already continuing into 2008 with more retail, office, and public uses expected to begin, or already under construction. The most visible projects undertaken in 2007 include:

- Waterfront Apartments – Stonehouse Development started construction on 66 waterfront apartment units and first-floor commercial on North Washington Street. This \$7.3 million project is the residential anchor for the larger RiverCenter development. Grand opening is expected in Fall 2008.
- RiverCenter Demolition – Disassembling of the seven-story former Younker’s Department Store was completed in 2007 to make way for the RiverCenter project. Careful demolition saved the shell of the historic structure, which will be used as raw residential loft space.
- Hotel Sierra Remodel – The former Regency Inn & Suites was acquired by LodgeWorks L. P., which immediately began renovations in excess of \$6 million to both individual guest rooms and public spaces. LodgeWorks is modernizing the facilities to accommodate Green Bay’s growing convention and business class travelers.

- Historic Bellin Building – This iconic Green Bay structure came alive in 2007. After years of neglect and prolonged vacancy, over \$500,000 was invested in the lower two levels of this eight story building, which yielded a new street level coffee shop, lounge, and second level fine dining restaurant. The remaining floors continue to fill up as the owner makes office upgrades that are attracting technology-based businesses.
- Johnson Bank Building – Over \$650,000 of build out was completed in 2007 to increase the occupancy of this Class A office building to 100%. This development added dozens of new jobs to the downtown market and added to the growing number of financial service businesses who call downtown home.
- Larson Redevelopment – 2007 was a year of preparing for development on the Larson Redevelopment site on the west side of the Fox River. Several hundred thousand square feet of warehouse space was removed to make way for development in 2008. The first two tenants of this 22-acre site will move in in 2008.

BUSINESS/INDUSTRIAL DEVELOPMENT

Green Bay experienced major investments by several companies in both the City's new and existing business and industrial parks. Over the past several years, business and industrial growth was limited primarily to the I-43 Business Center. This year, projects were completed not only in this park, but also the fully developed Packerland Industrial Park and the newly created University Heights Commerce Center. Again, this scattered growth demonstrates the strengths of all areas of the City and the stability of manufacturing in Green Bay at a time when foreign competition is growing. While there were several new developments and expansions in 2007, many of the following projects were completed by local business owners and entrepreneurs:

- WS Packaging – Wisconsin based WS Packaging Group selected Green Bay over several other cities as home for their \$2.5 million world headquarters. Not only did WS Packaging become the first tenant in the recently created University Heights Commerce Center, they brought with them over 100 corporate jobs.
- Business Bank – The Business Bank established its presence in the commercial district of the I-43 Business Center with a nearly \$1 million bank and nearly \$300,000 spec building. Another building is planned to help create a three structure financial center in the park.
- American Flexpack – This growing business added a 48,000 square foot, \$1 million expansion to their I-43 Business Center operation. This project is part of a growing trend of businesses that moved to the park several years ago and are now expanding to meet their growing needs.

- Green Bay Converting – In the fully developed Packerland Industrial Park, Green Bay Converting (GBC) found room to increase their footprint by 220,000 square feet. This nearly \$7 million investment will provide several new job opportunities and allow GBC to continue to compete in the highly competitive paper converting industry.
- American Custom Converting – Across the street from GBC, American Custom Converting, another one of Green Bay’s many paper converters, added a \$1.7 million, 50,000 square foot addition. Even with local and global competition, Green Bay’s converting industry clearly remains strong.

With these, and several other high-profile projects completed or underway in 2007, Green Bay’s employment trends, commercial and retail markets, and overall economic outlook remain strong. Growth and development in older urban areas and on the growing periphery of the City is expected to continue, including more major downtown residential, retail, and office projects coming online in 2008. With the lowest manufacturing/warehousing vacancy rate among large cities in the Midwest (currently 3.9%), business and industrial park development is expected to sustain current momentum well into next year. This positive outlook in these sectors will continue to maintain Green Bay’s position as an economic and residential hub of activity for all of Northeast Wisconsin and part of the Upper Peninsula of Michigan.