

THE LACY LEDGER

Construction news and trends, plus a little light-heartedness



A bird's eye view of the new Friesen Ford in Aurora, Nebraska.

6 Reasons Why You Should Build Your Project Now

A recent Consensus Construction Forecast from The American Institute of Architects' (AIA) projected that construction spending rose in 2016 and that 2017 could show an additional 6.7% gain for commercial (non-residential) construction. This survey of the nation's leading construction forecasters also suggests that some sectors will top that—for instance, commercial/industrial (7.5%) and office space (8.8%).

Many owners have put off the decision to build over the past few years as the economy was weakened and the presidential election was creating a lot of uncertainty. Now that the economy has rebounded, we have seen an increase in construction starts and are listening to owners and their rationale for moving forward.

Here are six reasons for considering new construction in the coming months:

1. New Construction Is Needed

Previously slumping economic conditions led to a freeze in spending on new construction in every sector (commercial-institutional-residential) and a very cautious attitude from the federal level to local municipalities. Everyone was waiting to “see what will happen.” Now is a good time to take advantage and build the projects that were put on hold, but are sorely needed: commercial buildings, schools, medical facilities, industrial facilities, and more.

2. Interest Rates Are Low

The cost of financing new construction has never been more advantageous. Even a percentage point or two can have an enormous effect on the cost of construction. Today's rates make building extremely competitive with the alternatives of tolerating unmet market needs, short-term rehabilitation projects, or low-budget solutions destined to cost more in the long-run.

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3356 W. Old Highway 30 | P.O. Box 188
Grand Island, NE 68802 | TEL: 308-384-2866
TOLL-FREE: 800-321-LACY (5229)
FAX: 308-384-2883 | WEBSITE: www.lacygc.com



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3. Material Costs Are Stable

It's true that the cost of construction materials skyrocketed for a time. But, the recent lowered demand created conditions for a "leveling off"—and in some cases, a reduction in the cost of raw materials and equipment. This won't last long as demand for new construction increases.

4. Incentives Are Plentiful

Attempts to stimulate job growth and spur the economy have led to government tax and investment incentives, further boosting return on investment. Many regions and municipalities have created incentives—from tax abatements to TIF districts—that offer substantial savings on tax rates and/or significant government assistance with infrastructure and other

project costs. It's a good time to investigate incentives offered for everything from new construction to rehabilitation projects and energy/tech retrofits. This alone is the best reason for working with your contractor at the infancy of your project. Most knowledgeable contractors can help you wade through the process of financing a project and help you take advantage of all of the incentives available to you.

5. A Building Is a Real Asset

One long-term strategy remains true today: land and buildings are tangible assets that retain value over time. In an era of declining interest on savings and the danger of investments squandered on the "hot new tech" of the moment, there is still something solid and substantial involved when it comes to construction. Yes, bank lending standards have stiffened, but financing for sound, market-worthy, well-planned developments can always find funding.

6. Winter/Early Spring Is a Great Time To Begin

The construction process can be a lengthy one with site selection, financing, permitting and design considerations requiring a lot of time and planning even before the first shovel of dirt is turned. By taking advantage of the "downtime" of winter, you can get a jump on your project and have it further along by the time the spring arrives.

Have a project in mind that you have been putting off? We welcome the opportunity to learn more about your project ideas and help you move forward with them. If you would like to learn more about what we can do for you, visit us at www.lacygc.com or call Jerry at 308.384.2866



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Visit our website at www.lacygc.com



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Grand Island, NE 68802