



# The Concord Group Newsletter

Spring 2012 Vol. 3, No. 1

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[View our profile on !\[\]\(4b7a79268f6ba26c1471d4232fffa85a\_img.jpg\)](#)

## NEW PROJECTS

### *Owner's Representation Services for . . .*

- Wheaton Franciscan Healthcare
- Franklin MOB
- 4300 Brown Deer Rd. Renovation
- Physician Suite
- Wauwatosa MOB
- Heart Hospital MOB
- Highway 20 Clinic

### *Cost Estimating Services for . . .*

**Dear Edward,**

Welcome to the most recent issue of our newsletter. This is an opportunity for us to share information about what's going on with our firm and staff.

## Middleton Construction Consulting

We are pleased to announce that The Concord Group is now associated with Middleton Construction Consulting (MCC) led by Tom Middleton. MCC is a certified SDVOSB that focuses on Construction Cost Estimating and Owner's Representation.



MCC will be located in our Milwaukee office and will work closely with our firm with a particular emphasis on projects for the Veteran's Administration and the Federal Government.

## Legislative Changes Related to Cost Segregation

### More Opportunity to Increase Your Cash Flow

In the past, when taxpayers renovated existing buildings they were not allowed to write off the remaining basis of most of the building components being abandoned or "ripped out".

This might include components such as the roof, HVAC units, plumbing fixtures, old lighting, etc. Under the new regulations, the IRS allows an engineering based "Retirement Study" to assign a value to both personal and real property components that are replaced and to write-off the remaining tax basis. This is a brand new opportunity that everyone should be aware of and includes renovations made in the past.

**Example**

University of Wisconsin -  
Oshkosh Campus  
Clow Hall Renovation  
School of Nursing

Milwaukee Public Library  
East Side Library  
Milwaukee, WI

St. Nichols Hospital  
Sheboygan, WI

General Services  
Administration  
Multiple Projects  
Chicago, IL

Public Building Commission  
of Chicago  
- Edison Park School Addition  
- Hale School Addition  
- Bell School Addition  
- Midway Airport  
Security Cameras  
- Cook County Courts  
Security Cameras  
- Dominguez Elementary  
School Turf Field

University of Illinois  
Champaign/Urbana, IL  
Multiple Projects

St. Augustine College  
Essany Center

Herman Kittle Properties  
- Harvard Multi  
Family Housing  
- Ottawa Multi  
Family Housing  
- Carbondale Multi  
Family Housing

ComEd  
Facility "Refresh" Project

St. Anthony Hospital  
Effingham, IL

Chicago History Museum  
Chicago, IL

Northshore Country Day  
School - Theater

Gerber Memorial Hospital  
Spectrum Health System  
Freemont, MI

Kaufmann School  
Kansas City, MO

University of Wisconsin  
Stout Campus  
River Falls, WI

Veteran's Administration

A building was constructed in 2005 and renovations occurred in 2010. A Retirement Study indicates that \$400,000 of the original building was abandoned as part of the 2010 renovations. The result of the study would provide an additional \$333,750 of depreciation in 2012 and a potential tax savings of \$133,500, at a 40% tax rate.

**When is it effective?**

The new temporary regulations regarding section 263(a) are effective immediately and can be used on assets retired in the past.

## SCUP-47

### Annual Conference Society of College and University Planning

This year we will be exhibiting at the SCUP-47 Conference in Chicago. The conference will be located at the Hyatt Regency Hotel on Wacker Dr. Exhibition dates are July 9 and 10.



We'll be joined by our friends from MC2 who produce one of the most sophisticated construction cost estimating applications available. It is one of the primary tools that we use in providing services to our clients.

If you plan on attending the conference, please visit us in booth 1230.

## Market Report

Nationally, the Non Residential Construction Index has risen for the last two quarters, indicating a slight growth trend. All markets, except for education construction, are expecting a modest increase in Q3 2012. During the first two quarters of the year, material prices generally have been on the rise and based on the most recent data available prices now seem to be moderating. Construction employment numbers continue to vary by state with declines in 28 states, increases in 19 and sustained levels in 3 states. Overall, unemployment in the sector has shrunk to approximately 14%, a 3% improvement over the previous year. The lack of long term federal funding for transit and infrastructure projects continues to stifle significant job growth in the sector. Other global and national issues that may effect the construction market in the coming months are the continuing debt crisis in Europe and the upcoming presidential election.

Regionally, the Midwest continues to see a sluggish construction market. States and municipalities continue to focus on refinancing existing debt with bonds rather than funding infrastructure and building projects. This has led to a

Historic Buildings IDIQ  
Milwaukee, WI

Veteran's Administration  
Middleton Hospital  
Madison, WI

Sparrow Clinton ED  
St. John's, MI

Veteran's Administration  
Danville Hospital  
Danville, IL

Risk Worldwide  
Multiple Replacement Cost  
Estimates related to the  
Christchurch, New Zealand  
Earthquakes

**Cost Segregation Services  
for . . .**

2701 & 2801 W. Sam  
Houston Pkwy Properties  
Office Buildings  
Houston, TX

17015 Park Row Property  
Office Building /Warehouse  
Houston, TX

776 Woodland Hills Blvd  
Multiple Gas Station  
Facilities  
Victoria, MN

Farmington Hills Property  
Dental Facility  
Farmington Hills, MI

La Fiesta Mexican  
Restaurant  
Chicago, IL

**Staff Updates**

Derek McLoughlin, CPE  
Now certified by the  
American Society of  
Professional Estimators

Andrew Mejia,  
Cost Estimator  
Now splitting time between  
Chicago and Milwaukee  
office

Blake Gleason  
Intern, Milwaukee

major decline in public sector projects being undertaken in the region. Similar to national trends, there has been slight cost increases evident in the construction market but not significant enough to offset continued market competitiveness. We are not expecting to see any major changes locally that would significantly affect construction costs during the remainder of 2012."

## The AIA Billing Index Update

The most recent billing index published by The American Institute of Architects (AIA) indicates growth in business



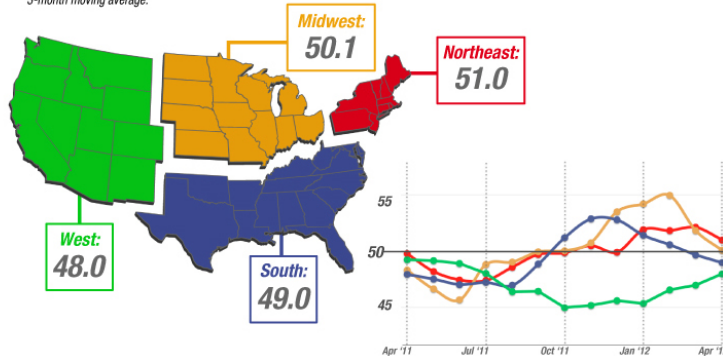
## THE AMERICAN INSTITUTE OF ARCHITECTS

conditions for architectural firms. The overall national index was 48.4 (anything above 50 indicates growth). The Midwest was at the upper end of the four national regions with an index of 50.1 but this was down slightly from the previous index of 54.9. The West was the lowest with an index of 48 but has continued on a climbing trend. [\(link to article\)](#) The graph below, from the AIA, shows all four national regions and their trend since spring 2011.

### REGIONAL

#### Firms in Northeast, Midwest Continue to Report Billings Growth

Graphs represent data from April 2011–April 2012 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Construction lags behind the design industry, which is not unusual. Here at The Concord Group, we have seen a significant increase in the number of Requests for Proposals that we have been asked to respond to. We believe that this is a sign that later in 2012 and on into 2013 we should begin seeing a rebound in the construction industry.

## NATIONAL RESTAURANT SHOW McCORMICK PLACE

Once again this year we exhibited our Cost Segregation services at the National Restaurant Show from May 5th to May 8th. It is the largest show of the year at Chicago's McCormick Place.





Steve Van Slyke, VP, who leads our Cost Segregation practice, presented

**"How Cost Segregation Can Improve Your Cash Flow".**

We hope that you have found our newsletter both enjoyable and helpful. We look forward to seeing you in the near future.

Sincerely,

Ed Stritch  
President and CEO  
The Concord Group

[Forward email](#)



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