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Hospital, Health-care Construction Provide Solace in Otherwise Sad Sector

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By Sharon Simonson

Two Bay Area hospital projects valued at nearly \$350 million are beginning construction, injecting jobs and money into a regional economy that should benefit from both.

Redwood City-based DPR Construction Inc. began work last week on Sutter Medical Center, Castro Valley, a seven-story, 230,000 square-foot hospital with 130 beds, said George Hurley, DPR's project executive. The \$320 million project, \$220 million of which is for construction, should employ up to 350 people at the height of work in the next 15 to 18 months.



The company hopes to achieve LEED gold certification from the U.S. Green Building Council for the hospital, he said.

At the same time, St. Louis-based McCarthy Building Companies Inc., which has offices in San Francisco, is starting work on a \$26 million, 80-bed Inpatient Mental Health Center for the Veterans Affairs Palo Alto Health Care System, said Jim Stewart, project director for McCarthy on the job.

At the height of construction, the project should employ 50 people, Stewart said. It is a precursor to a much larger VA hospital that is expected to go out for bid soon.

The company will employ a substantial contingent of veteran-owned and disabled-veteran-owned businesses in the construction, Stewart said.

Both projects have ceremonial groundbreaking events set for July 1.



Phoenix-based Devenney Group Architects designed the Sutter project; Design Partnership LLP of San Francisco is the VA center's architect.

Hospital construction and renovation, driven largely by California law requiring health-care facilities to meet current seismic standards, has been a stalwart of business for the construction industry over the last several years.

DPR has at least two additional hospital projects, one in Oakland and one in San Francisco, that are projected to start construction in the first and second quarters of next year, Hurley said. Among other projects, McCarthy is completing a hospital in Vallejo and expects to start another one in Oakland, Stewart said.

The activity is one of the sole bright spots in an otherwise dull Bay Area construction sector, according to new numbers from the Burbank-based Construction Industry Research Board. Through May, the most recent month available, the region's four largest counties—San Francisco, San Mateo, Santa Clara and Alameda—have seen a more than 50 percent decline in permitted private construction.

In those five months, cities and the four counties have issued permits for commercial and residential construction valued at \$1.69 billion in aggregate, compared to \$3.4 billion in the same time last year.
