



Officials: Economy Stabilizing

By Hillary Gavan

hgavan@beloitailynews.com

Published: Tuesday, May 18, 2010 2:32 PM CDT

Despite elevated unemployment rates, Rock County's economy is stabilizing.

This was the message shared by county officials during a recent bond rating review. And, while recovery is slow, officials say there are some signs of a strengthening economic such as increased home buying and construction activity on government projects.

The county's road to recovery is well under way, according to Rock County Economic Development Manager James Otterstein.

Incremental and targeted industry diversification, he said, has positioned the county more favorably than other automotive communities. From 2008 through April 2010, nearly 30 large-scale economic development projects have advanced in the county.

In terms of industry representation 11 were in manufacturing, six were in healthcare, five were in logistics, three were in office information technology and three were attributed to build-to-suit projects. Combined these projects represented more than \$325 million in capital investment and account for approximately 1.4 million square feet, Otterstein said.

Rock County also has a good bond rating, Otterstein said. For example, in 2008, the latest data available, Rock County was given a rating of AA by S&P's and Aa by Moody's. AA is designated as a "high quality" bond. Typically AAA is the highest rating and D is the lowest. Bond ratings are a measure of the quality and safety of a bond, based on the issuer's financial condition and ability to pay back its debt on capital improvement projects.

"The county has done a good job of managing its debt," Otterstein added. The better a bond rating is, the lower interest rate the county will have to pay for any money it borrows. These lower interest rates lead to less debt service. And lower debt service means a lower cost to Rock County, which translates into less taxes taken from residents to pay interest.

Otterstein said the high bond rating also sends a positive signal out into the marketplace for people looking for a good place to invest. He said high bond ratings are one of a host of positive economic indicators.

"This isn't going to immediately turn into job opportunities, but it shows that despite the macro level economic challenges occurring, we are starting to show some good progress and incremental advancements in a variety of market segments," Otterstein said.

Another bright spot in the local economy is home buying. It seems to be picking up again thanks to part to President Barack Obama's home buying incentives and consumer confidence.

Wade Williams, a real estate agent with Coldwell Banker Premier Borts in Beloit, said home sales are up for the first four months of 2010 by 30 percent, as compared to the same time period in 2009.

"These are properties that have sold and closed. It's definitely good news," he said. He attributed the sales in part to the home buying income tax credit. Under the credit first time home buyers were able to get a \$8,000 tax credit if they had a contract to buy a home by April 30, and are closed on it by June 30.

Williams credits most of the sales to consumer confidence, adding that a variety of factors influence peoples' decision to buy a home, not simply a tax credit. "People in the market are now more comfortable buying and selling homes. They're aware of the good news of low prices on homes and low interest rates," he said.

Commercial construction is slow, but is continuing. Corporate Contractors Vice President of Business Development Rick Glover said in Wisconsin, and the Midwest in general, there aren't more construction projects, but different types.

Last year saw the completion of many private projects that were initiated in 2007 and 2008. After those private projects were completed, there was a lull in new projects during the fourth quarter of 2009. Since then, there has been a flurry of projects out for bid that were mostly public, such as government, municipal, roads and infrastructure projects, in the first quarter.

Glover said the private industry continues to have difficulty getting construction financing to move projects forward. The public projects have a different source of funding, but seem to have played out quickly. "We are hearing of new interest by the private sector to initiate projects but they will take a while to assemble and actually come to market. We expect some increase in activity in the fourth quarter," he said.