

# SAN FRANCISCO Business Times

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## Gap's builder breaks out

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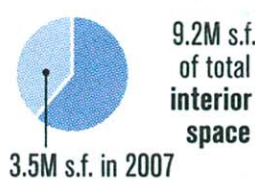
**F**isher Development Inc. is angling to move beyond retail.

The 40-year-old San Francisco general contractor rose to prominence during Gap's explosive expansion during the 1980s and 1990s. In retail circles, it's a well-known player that has done national rollouts for the likes of Williams-Sonoma, J.C. Penney and M.A.C. Cosmetics. As the retail supply chain withers, Fisher should by all accounts be one of the contractors suffering most.

"We've done so much of (the retail build-out) business over the years, we're so well-known in the industry ... we just waited around and the phone rang enough and we did a damn good business," said

SEE FISHER, 46

### DEVELOPER'S RETAIL RECORD FROM 2003-'07



### SINCE 1974

5,000	15,000+
Number of stores built.	Number of stores remodeled.

SOURCES: Retail Traffic Magazine; the company.



The son also rises: "Sustainable is the new normal," says exec Alex Fisher.

## 'What's Fisher doing here?'

## FISHER: Development company discovers there's more to life than shopping

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Chairman and Founder Bob Fisher, adding, "that end of the business has dried up to a great extent."

Fortunately, a new direction adopted four years ago, and which can be summed up as "diversify, diversify, diversify," is starting to pay off.

Yes, business is down about 20 percent since the start of the recession, Fisher said, and there have been some layoffs, but the situation would be much more dire had the company not gone after school contracts, sustainable, prefab projects, offices and even residential work. The private company won't disclose revenue figures.

Fisher started building for Gap in 1974 and grew with the retailer. It handled most of Gap's construction through the early part of this decade, but Fisher has not build for Gap Inc. since 2005.

"We're diversifying and finding that, given the competitive nature of real estate construction, we're having a good amount of success in other market sectors," said Alex Fisher, director of business development for the firm founded by his father, a brother of the late Don Fisher, Gap's founder. "Now that we are marketing ourselves (to different kinds of clients) ... a lot of other general contractors are saying, 'What's Fisher doing here?'"

The firm has always done some non-retail projects — it built Gap headquarters

in San Francisco, for example — but until recently retail was 90 percent of Fisher's business. Retail remains about 60 percent of Fisher's portfolio, but that could shrink further based on contracts now pending.

### Thinking green

Alex Fisher is encouraging the company to make a serious bet on sustainable and prefab construction. It's working with San Francisco-based Project Frog, a green modular building company spawned by architecture firm MK Think and backed by Rockport Capital Partners. Frog has built just a few modular, green classrooms to date, but it raised \$8 million a year ago, hired Ann Hand as CEO five weeks ago and is getting ready to make a growth play.

Fisher is building two of Frog's three current projects, most notably the new visitor center at Crissy Field. Construction began in June, and the new center, which must be built to accommodate construction of the Doyle Drive rebuild project, will open soon. Prefab is faster than traditional construction, and Hand said Frog also costs about 25 percent less.

Fisher "is very attractive to us because of their national reach and even international, if we go for that," Hand said. "We bring things to market with less actual construction time, and instead of Fisher looking at it as a reduction in construction costs, they see it as being part of being green and moving onto that next

project faster."

The more Fisher works with Frog, the more efficient the construction becomes, Hand said, though the partnership with Fisher is not exclusive. Hand said she expects Frog to grow over 400 percent in 2010 over 2009, though she won't disclose revenue.

Nor is Frog Fisher's only access to green building.

### 'The new normal'

Within the next few months, Fisher will start work on a four-unit, multi-family LEED platinum prefab project in Los Altos for Living Homes, which is backed by Khosla Ventures.

Fisher has offices in New York, Chicago and Orlando, but 40 percent of all jobs come through the home office. About 50 people staff Fisher's San Francisco headquarters, with about 30 others in the field.

"We believe that sustainable is the new normal, and we feel like we've got a pretty good head start in understanding that end of the business," said Alex Fisher.

And, of course, Fisher Development is keen on getting Frog and others to understand the retail opportunities for their prefab buildings.

"This is one side of the business I have real hope for," Alex Fisher said.