



ENTERPRISE FOCUS - COMMERCIAL CONSTRUCTION

Sluggish Economy, Fewer Industrial Jobs Fueling Competition for Commercial Work

By Nancie Hudson

Most of the commercial construction projects Randy Stone quoted to prospective customers during the past 12 months have been stalled, and the lack of building activity has nothing to do with the availability of skilled tradesmen or construction materials. Leery of the slow economy and international tensions that could lead the United States into war, many business owners who previously were planning to build new facilities or expand their existing structures have adopted a wait-and-see attitude, Stone says.

"Last year I quoted 40 projects from my office here -- some of them big, some of them small -- but 40 projects," reports Stone, general manager of Ancon Construction Company Inc. "More than half of them nobody's done anything with, and that's highly irregular."

Ironically, those business owners have put their building projects on hold at a time when trends in the commercial construction industry have created a buyer's market for customers. Just when they could take advantage of commercial builders' woes -- less industrial work, low profit margins for commercial work and intense competition for fewer

commercial jobs -- they are waiting for better economic times, which likely will increase demand for commercial construction, thereby whittling away the buyer's negotiating power.

However, the construction of governmental facilities, medical-related facilities, churches, country clubs, and a few industrial buildings as well as renovations of K-12 public schools, restaurants and other buildings are keeping commercial builders busy, local sources say.

The challenge lies in getting the jobs, because so many builders are competing for each project. And the competition among commercial builders becomes especially fierce when customers solicit bids for planned construction work, notes Jason Dosca, project manager for L.D. Dosca Associates Inc.

"There are so many guys bidding that the prices are getting beat way down, so they're usually getting a good bang for their buck every time they bid something out," Dosca says.

Nice Work If You Can Get It

What's better than landing a new commercial construction project in your own city during a slow economy? When that newly-



Dave Trombley of Maverick Construction Company outside the recently completed Fluid Process Equipment building in the WMU Business Technology & Research Park. Photo 2/03 by Tony Dugal.

constructed building wins a national award from Metal Construction News, a monthly trade publication based in Woodville, Ohio.

Such was the case for the One Way Products building in downtown Kalamazoo constructed last year by Maverick Construction Inc., according to marketing and administration manager Dave Trombley.

"This building won a national award of recognition for being one of the top five metal buildings in the nation in 2002, and it also won two additional awards from ABC Associated Builders and Contractors out of Grand Rapids for excellence in construction," Trombley says proudly. "It's a pre-engineered structure; however, it was built to look like a 1940s facility, and it's absolutely beautiful, especially inside."

Maverick Construction finished another high profile construction project late last fall with the completion of a new office and warehouse building for Fluid Process Equipment in Western Michigan University's Business, Technology & Research Park on U.S. 131, Trombley says.

Also during the past two years,

Maverick Construction completed a new building for Yorozu Automotive North America in Battle Creek's Ft. Custer Industrial Park, two additions to Parker Hannifin Corporation's manufacturing plant in Richland, and the new Custer Office Environments retail store and warehouse in Portage.



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