

## ENR Mountain States web site

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### Regional Contractors Say Revenues Are Up, More Commercial Work Is Available

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*By Mark Shaw*

The cautious optimism and widespread uncertainty expressed by contractors in recent years have all but disappeared in 2013, as leaders of the region's larger firms say the industry's much-anticipated recovery is well under way. They report more available work, stronger markets and improving fees and margins, which are not yet back to prerecession levels.

"We are definitely excited and upbeat about 2013 and beyond," says Mark Reilly, senior vice president at Denver's JE Dunn Construction. "We have clearly bounced off the bottom and are now seeing a high velocity of opportunity in the marketplace. Our revenues for 2013 will be up over 2012."

This year's growth sectors include multifamily, health care, education and, surprisingly, offices and hotels. "The life sciences, health care, mission-critical and higher education markets remain very strong for us in the Rocky Mountain and West regions," Reilly adds.

"The Mountain States region is on the rebound," says David S. Layton, president and CEO of Layton Construction Co., Salt Lake City. "Health care is doing well, and there is cautious growth in hotels and hospitality."

Neil W. Nelson, president of Engineered Structures Inc., Meridian, Idaho, agrees. "We have been fortunate to have good clients that are experiencing growth in retail, medical, office and multifamily," he says.

Contracting firms are further buoyed by increasing backlogs and more opportunities in private-sector markets. "Across the Rocky Mountain region, 2012 was highly competitive with fewer opportunities to pursue new work in our local market. However, 2013 has been far more active, more opportunities available, and PCL's backlog of work in the region is growing," says Trey Nobles, vice president and district manager at PCL Construction, Denver.

Construction leaders are also pleased about the ongoing recovery of the national and regional housing markets, which will eventually boost retail and commercial work. Single-family housing prices were up 17.2% in the second quarter in Salt Lake City from May 2012, according to the Salt Lake Board of Realtors. Denver home prices jumped 9.7% in May from the previous year, the Case-Shiller Home Prices Index says.

"We have a lot of positive momentum moving into 2013 and have been pleasantly surprised by our success in the area of commercial development," says Byron Haselden, president, Haselden Construction, Centennial, Colo. "While we are still seeing fees down from where they were several years ago, we are encouraged by the recovery of the housing market, an indication that the Colorado and Wyoming economy has stabilized and indicative of an even stronger 2014."

Another economic plus for Denver and Salt Lake City: the number of firms wanting to move their offices to the area. "One pleasant surprise has been the number of companies growing or expanding to Colorado recently," says Tom Horsting, senior vice president, Adolfson & Peterson Construction, Aurora, Colo. "This not only provides evidence of a growing economy, but it also drives commercial construction opportunities."

Construction project executives are also eyeing design-sector billings to see how much work may be ahead. The American Institute of Architects' Architectural Billings Index showed new projects inquiries in June hit the 62.6 mark, up from a reading of 59.1 the previous month.

"With steady demand for design work in all major nonresidential building categories, the construction sector seems to be stabilizing," says AIA chief economist Kermit Baker.

"As we rub shoulders with various architects and engineers in our trade areas, they have ramped up and have more work than in the recent past," says Dave Hogan, president, Wadman Corp., Ogden, Utah. "Our subcontractors are also filling up with work. Although we are still in a competitive marketplace, we are optimistic about the direction and future of our industry. This year has been better."

Many firms are improving their project efficiencies with better technology and earlier contractor involvement. "Fortunately, our clients and consultants are allowing us to become engaged earlier to ultimately set up projects that will be delivered on time with less mayhem than in previous years," says Gary Constant, vice president of preconstruction services and business development, GH Phipps Construction Cos., Denver.

The year "2013 has been a welcome change from the last couple of years," says Greg A. Schmidt, president, Saunders Construction, Denver. "We are seeing the overall construction market begin to stabilize and show signs of positive recovery."

But with that recovery come new concerns. Among them, uneasiness about the industry work force. "The extreme shortage of craftsmen in the field is just starting to show. How will this impact schedule and pricing for future projects?" says Jeff Erker, vice president of Front Range Colorado Operations for FCI Constructors, Denver.

PCL's Nobles agrees: "The pressure within the labor market to hire qualified construction professionals has been a surprise."

"Revenues are up," adds Layton of Layton Construction. "However, we still need to be cautious as the economy grows not to outpace the industry's ability to recover from the contractions of the recession."