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CONSTRUCTION

Builders look to stimulus plan for boost in public works

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Construction company veteran Dan Whiteman says time is running out for his industry.

As the recession and credit crunch move into another year, building projects are drying up. That's why Whiteman and other industry executives hope president-elect Barack Obama's plan to spend billions of dollars on infrastructure brings a much needed boost to the industry.

But Whiteman, president of Miami-based Coastal Construction, knows that even if the plan is approved by Congress, it will be late in 2009 or early 2010 by the time money is spent and critically needed public projects break ground.

"We have work to carry us through 2009," Whiteman said. "It's in 2010 that our work load will slow down, and we hope by then the stimulus will free up the credit market and the public sector will provide opportunities."

State and local officials have identified \$73 billion in ready-to-go infrastructure projects that would benefit in 2009 from the incoming administration's multibillion dollar economic stimulus package.

"But you don't push that kind of money that fast," said Cliff Breviss, senior director of

editorial operations at California-based McGraw-Hill Construction, which tracks projects across the U.S.

Although the stimulus package will eventually provide a lift for some contractors, other construction firms won't likely receive much benefit.

"Infrastructure such as roads, bridge construction, water and sewer plants require you to own a lot of different equipment," Whiteman said. "If someone is not already in that business it's not something you can get into easily, and a lot of the traditional builders you see here in South Florida are not in the infrastructure building business."

Whiteman hopes to benefit from investments the new administration has promised for public schools.

Whiteman said about 20 percent of his company's work in 2008 involved projects from the Miami-Dade and Monroe County public school districts. That's a jump from mostly residential projects about five years ago when Whiteman began to diversify his business.

"We believe public sector [construction] will provide more opportunities than the private sector but that will result in a rebound of the private sector as well," he said.

Whiteman isn't the only one expecting an uptick in business. Employees of competitors are looking to move to companies that specialize in public works projects.

"We are seeing a lot of resumes of quality people that have been with organizations for five to 10 years or more that are looking for work, and a year ago that was not the case," Whiteman said.

South Florida's construction industry is in one of its worst declines in history. Building activity in 2008 dropped by more than half in some sectors, including multifamily projects. That led to massive layoffs.

DOLLARS AND MORTAR

The amount of money spent in South Florida to construct commercial buildings, homes and public infrastructure such as schools and highways. (Dollar figures in millions)

Sector	2007	2008	2009*
Multiresidential	\$2,144	\$1,146	\$1,097
Education	765	690	694
Health	132	155	153
Office	1,084	505	454
Single family	1,446	762	662
Retail	655	503	455
Highway	521	515	520
Total**	9,923	7,354	6,862

* Projected

** Totals are approximate because of rounding

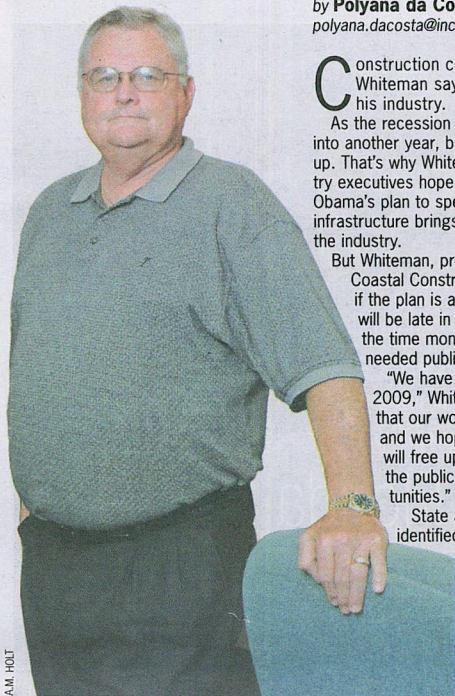
Source: McGraw-Hill Construction

The industry will continue to deteriorate in 2009, experts say, but at a slower pace than last year.

"Essentially, in 2009 we bottom out and wait for the recovery," said McGraw-Hill's Breviss. "2009 will not improve until the financial sector and liquidity returns to the market. South Florida will lag the national recovery because of the depths of the housing problem in single and multi family [markets]."

Construction costs, which have declined about 15 percent compared to last year and will continue to drop, Whiteman said. ■

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