

Construction trade is on an upswing

Industry hungry for more work after recession

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Despite increased evidence across the Quad-Cities of an upswing in the construction sector, many in the industry say it has yet to nail down a recovery.

For the commercial construction sector, the past couple of years have been challenging as projects have been delayed or even halted, financing has been difficult to obtain, and high unemployment has plagued the trades.

"We've had two of the most difficult years ever, certainly in my construction career," said Rory Washburn, director of the Tri-City Building and Construction Trades Council. "We've had a lot of people out of work — 60 to 70 percent unemployment in some individual trades."

The industry appears to be more active this summer with several high profile projects — among them, the new Western Illinois Campus and Kone Centre in Moline, and loft housing projects in Rock Island and Moline. But, Washburn said, "there aren't a great deal of huge projects, those that have lots of people on the job."

What he has seen is an upswing in private development. "People are feeling a little more secure than they were. We've got owners and developers thinking that the project they put off 18 months to two years, now as good a time as any to get started," he said.

But Steve Tondi, president and chief executive officer of Associated General Contractors of the Quad-Cities, said there is so much work that everybody is busy again. "We'd like to think we're in a recovery, but we're not."

"There is an upturn, but you wouldn't call it a recovery by any stretch of the imagination," he said. "Some contractors are busy. Some are as slow as they've ever been in their history, and some

are just getting by."

Both Tondi and Washburn said the level of activity among the trades also is different depending on the trade. Some trades tend to rebound ahead of others, they said.

"There's a project starting in Henry County (Ill.) putting up windmills and that's the iron workers doing that. So right now, they're pretty busy," Tondi said. "Before that, they were dead and when this is over, they probably will be dead again."

But Greg Lundgren, the president of Ryan Companies Quad-Cities, is cautiously positive about the future. "Overall, the Quad-City economy looks considerably brighter today than it did a year ago. In fact, it looked real dismal a year ago. I'm very optimistic about what the future, near-term and long-term, holds."

His confidence is boosted by some of company's current projects, including the \$40 million Kone tower, three clinics for Community Health Care, and ongoing remodeling work at Deere & Co. World Headquarters in Moline.

"The difficult part about the Kone project is that it started before the economy took a nosedive. Yet Rodney Blackwell (the developer) and his team were incredibly patient and persistent and got a project financed during a time when many other projects just stood still over a lack of financing," he said. The multi-story tower will be anchored by Kone, the elevator and escalator manufacturer.

Through the construction decline, Lundgren said Ryan Companies immersed itself in the renewable energy business — building wind and solar energy farms across the nation. "We've got five turbine developments in one stage or another," he said, adding that those projects have helped fill the void and worked to connect the national construction

— UPSWING | E2

Kone Centre



Photos by John Schultz /QUAD-CITY TIMES

Construction began in the spring on the Kone Centre office tower in downtown Moline at Bass Street Landing. Elevator manufacturer Kone Inc. will be the anchor tenant. It is being developed by Rodney Blackwell.

Western Illinois University



Western Illinois University's new riverfront campus on Moline's River Drive is expected to open for classes in January. It will accommodate up to 1,500 students.

Moline Enterprise Live-Work Lofts

Visible from the Interstate 74 bridge is the new Moline Enterprise Live-Work Lofts. The apartments, located at 19th Street and River Drive, are being developed by Wisconsin-based Gorman & Co.



UPSWING

From Page E1

company with European businesses expanding to the states.

Jim Russell, the president and CEO of Russell Construction, Davenport, said his company has had two of its best years and has been growing, but he worries about the level of work ahead for the industry.

Among Russell Construction's largest projects this year are a \$90 million plant expansion at 3M in Cordova, Ill.; a project at Nestlé Petcare in Davenport; and the \$28 million Kahl Home senior living facility in north Davenport, just south of Interstate 80.

Russell said many projects now under construction in the Quad-Cities — including Western's new riverfront campus — “are great examples of projects that were financed and conceived several years ago. They'll be done shortly and there is nothing behind them.”

“My job as CEO is to look out 12 to 24 months and right now, the pipeline (of new projects) is challenging,” he said.

Russell said his company, like others, is “stretching out further geographically.” It also is taking on different styles of projects and smaller projects than it had tackled in pre-recession days.

“The bad news is there are areas

where there is a more challenging economy than ours, such as Chicago,” he said. Fewer jobs there result in Chicago competitors looking to the Quad-Cities and all of Iowa for work.

The construction climate also is creating a different culture among project owners, Lundgren said. “You're not going to see an overabundance (of projects), but the people who are building are paying a lot of close attention to how they spend their money. We're seeing more due diligence in projects on the owners' side than we ever have in our history, and that's OK. That's probably what we all should have been doing a lot more in times past.”

A.J. Loss, president of Bush Construction Co., Davenport, acknowledges that the last two summers have been lean but he, too, believes a turnaround is in sight. “We're seeing more private developments than government projects, which is probably good since the government money might be running out.”

Loss said an upswing in projects is changing the competition. “There are more opportunities, but because there are more, you see less competitors on each project,” he said. Those who are vying for the contracts “are hungry for work.”

Bush Construction's major local projects include the new Western Illinois campus, Daven-

port Community School's Children's Village West early childhood campus and Jackson Square, an \$8.4 million housing redevelopment of the former Illinois Oil Building in Rock Island. All are publicly funded projects.

Though Bush Construction is the prime contractor for the Western Illinois project, university officials said it is creating jobs for about seven contractors and many more subcontractors. “I'd say there are 40 to 50 people at the job site every day,” Bill Brewer, the university's liaison, said. He estimated that \$13.5 million of the \$15.8 million project is construction costs.

Western broke ground when the jobs it created were especially welcomed. “We were sort of the first to get going (in the downturn) and hopefully, we're a seed to start a lot of other things going up,” Brewer said.

A second phase, estimated at \$42 million, will add five interconnected buildings to the long-awaited campus. About \$37 million of the cost is construction costs, he said. However, the second and third phases have yet to receive funding.

Washburn, of the building trades council, added “We hope when (Illinois) Governor (Pat) Quinn comes to cut the ribbon, he'll hand out shovels for the second phase to begin.”