

Somehow, builders keep cranking

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Tighter credit markets and soaring material costs apparently haven't crimped commercial construction in the state, as big power-plant projects keep cranes in demand.

"Business is booming, and it's led by power plants" says Steve White, director of the Affiliated Construction Trades Foundation labor umbrella group. "It's as good as it's been in a long time."

The big spender has been American Electric Power Co., which is investing \$1.4 billion to add emissions-reducing scrubbers to its Mountaineer plant in Mason County and John Amos plant near Winfield.

Other busy builders include hospitals and schools. Clarksburg's United Hospital Center is building a \$278 million facility dubbed the "New United Hospital Center" in Bridgeport, and CAMC Memorial Hospital's ongoing construction of a clinical teaching center ranked as Charleston's biggest construction project last year.

These typically recession-proof builders have taken up the slack during what normally would be a tough environment for building investment.

The raft of bad mortgage loans and soured investments on those loans last year have clenched the nation's biggest lenders, while higher gas prices and surging demand from China have upset the market for building materials.

"I've been in the business over 30 years, and the materials market is the most volatile I've ever seen it," said Keith McClanahan, senior vice president of Charleston builder BBL Carlton LLC. "The prices can jump 10 percent or more within a month."

Just about every kind of building material, from steel to plastic, is up. "That probably will have a big impact" this year, McClanahan said.

AEP's contracts, however, will help offset the increases.

"It spreads the work program out," McClanahan said. "When [new work] narrows down, you'll have the same people competing for work."

BBL's big projects lately have involved school-building, he said. Last year it had two Mason County school projects worth more than \$20 million, and this year it has two in Cabell County.

Scott Depot's Pray Construction has been busy with new field offices it's building for Chesapeake Energy Corp. in Jane Lew, Kentucky and Pennsylvania, as well as expansions to CAMC Teays Valley. It's also finishing the Bible Center Church's \$10.8 million sanctuary near the Southridge Centre shopping plaza.

"It's definitely nice to be in church-building, health care and the energy field," since such clients handle economic downturns better than most, said Lois Gillenwater, Pray's chief financial officer.

Statewide, contracts for future construction shot up 30 percent last year from 2006, to \$4.135 billion, according to data compiled by McGraw-Hill Construction, a New York-based industry researcher. Contracts fell by 11 percent across the nation, McGraw-Hill said.

This year, activity may be off a bit but will probably remain solid, the builders say.

"I would expect maybe not as large a gain but a gain," Gillenwater said. "Material costs continue to escalate, and there's inflation concern, but it's not going to be prohibitive." Building linked to retail, however, may slacken if costs don't stay in check, she said.

The Kanawha Valley in particular could be in for an especially strong year, White said.

Chesapeake Energy will build its \$35 million regional headquarters in the NorthGate Business Center, Thomas Hospital will raise a \$65 million patient tower and Tri-State Racetrack & Gaming Center in Cross Lanes will presumably begin the big building projects it promised would come with the arrival of table games. Racetrack officials have said they would spend around \$250 million on a new hotel and casino.