

Building numbers climbing

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After four years of tepid recovery from the economic downturn that battered the island's construction industry, Nantucket's builders are cautiously optimistic they've turned a corner.

For many in the construction trades, the spring of 2013 has been the busiest on Nantucket since the building and real-estate boom of 2004 through 2007. Building companies, subcontractors and architects are benefitting from an uptick in new construction starts, home additions and major-renovation projects that appear to be fueling a resurgence in one of Nantucket's primary economic engines.

With the 2013 fiscal year coming to an end, Building Department revenue from permit applications is on pace to reach \$774,000, its highest level since the 2008 fiscal year when revenue hit \$1.17 million: a 1 percent increase over last year and a 10 percent jump from the low point of the recession, FY 2010, when revenue dropped to \$697,541. Even so, revenue is still anticipated to be 51 percent below the peak year of the last decade, FY 2005, when it hit \$1.59 million.

"It's busier than I can remember for a long time, and that's a good thing," said Scott O'Connor, of O'Connor Customer Builders. "It seems like because of the last recession, most (contractors) are very reluctant to get back to where we were in the mid-2000s, gearing up and hiring people and adding overhead, because when the ball dropped everyone was stuck. So now people are understaffed. There's almost not enough people to do the work this spring."

Meanwhile, the total number of permits for building, wiring, plumbing and other types of construction work reached an all-time high in 2012, with 1,565 issued by the Building Department, a 16.8 percent increase over the previous year (although that increase reflects permits for minor work like sheet metal that were not required in the past). Permits have increased 54 percent over the low-point of the recession in 2009, when the number fell to 1,013.

While no one is claiming the building industry has returned anywhere close its previous highs, when two consecutive years of over a billion dollars in real estate sales led to a boom in construction activity from 2004 through 2007, Nantucket's construction firms are reporting promising signs of a recovery.

Steve Cheney, owner of Cheney Brothers Building & Remodeling, said this week his firm currently has eight active projects around the island, and is completing a new residentialcommercial building on Easy Street in the heart of the downtown area.

"We have an unusually large amount of work," Cheney said. "My take on it is that things are getting a lot better than they were, but I'm apprehensive to say that things are getting anywhere near where they were. It's almost a sweet spot now where the local labor can still handle the workload without needing to pull in off-islanders."

While difficult to quantify, there appears to be plenty of offisland help arriving on the island each day nonetheless, as the early-morning fast boat is filled with men in work clothes and tool belts.

At the Building Department, commissioner Steve Butler's desk and shelves are filled with files for ongoing and future projects as the number of permit applications has spiked.

"It's been busy, and everyone that I have talked to feels the same way. There seems to be plenty to do out there," Butler said. "I probably have 50 permits on my desk just since April 11."

Over the past four years, "the easiest way to say it, is there wasn't any certainty as to what was coming," Butler said. "There was still work around, but it had dropped off tremendously, and it was coming back in dribs and drabs with nothing on the horizon. Now, there not only seems to be a lot of work here, but there's work on the drawing board, talk of things beyond the drawing board, and it looks there will be work on the horizon for some period of time."

While previous building booms have been fueled by the construction of new dwellings, it is major renovation projects and large-scale additions that are driving the latest comeback. Butler noted a high number of permit applications to raise existing island homes up above grade in order to add new basements.

In 2012, the Building Department issued 1,314 permits for additions, renovations and other miscellaneous work; and 57 permits for new single-family homes. The number of additions and renovations has jumped 64 percent since 2009, compared to a 32.5 percent increase in new single-family home construction during that period.

“One of my categories is renovations and additions and that’s by far the biggest scope of work I see square-footage and dollar-wise,” Butler said. “There’s nowhere near the number of new dwellings, but substantially more major renovations and additions, which, realistically, are a lot more work than a new house.”

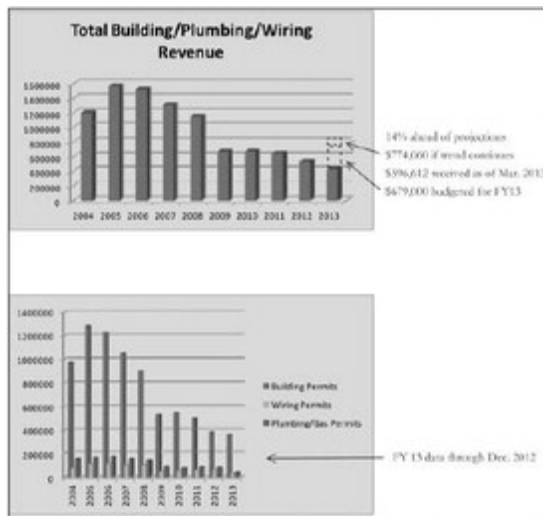
When the recession hit and work began to dry up in 2008, island builders invoked a number of strategies to stay afloat. For island builder Paul Kosciuk, the way forward was to get certified by the state Division of Capital Asset Management and Maintenance (DCAMM), which allowed him to bid on a number of municipal projects being funded by the town. That strategy allowed him to make it through the lean years to now, when he, like other island builders, is benefiting from the uptick in construction activity.

“It looks like it’s fairly busy, and the lumber companies indicate they’re doing pretty good this year,” Kosciuk said. “It’s picking up slowly as the economy gets back together. I always thought that sooner or later, these (foreclosed and under-water) houses would get absorbed after the downturn.” Kosciuk and several other island builders said they’d heard Nantucket’s two lumber companies are having record-breaking sales through the first two quarters of 2013, .

“It’s been crazy,” said one Marine Home Center employee who asked not to be named. “It’s been the best year in 10 years.” Several Island Lumber employees declined to return phone calls and e-mails seeking comment.

Steve Hollister, a principal at Cottage & Castle, said the spring rush in each of the last four years on Nantucket led to false hope that a substantive recovery was at hand. Instead, the momentum fizzled as the island entered fall and winter. This year, though, feels as if it could buck that trend, he said.

“It is distinctly different than it has been. Spring is always busy, but on top of all the normal spring openings, repair and business, there is a lot more large construction work..



Courtesy of Nantucket Planning and Land Use Services

Building Department Revenue and the number of permits issued are both projected to be up this year, indicators that Nantucket's construction economy could be on the upswing.

The architects are pretty busy too, from what I've heard. This spring we've taken meetings earlier than we have in the past for work we'll start this fall. Subcontractors right now are flat-out. It's really remarkable. The HVAC (heating, ventilation and air-conditioning) guys who do work for me say they can't do anything before the first week of June," he said.

"In years past, the spring has always felt busy, and the last couple years coming out of the recessions, people felt it was really heating up, but in the fall it hasn't turned out that way," Hollister added. "This year feels different. At this point now, we've been turning down some work. It's a lot less competitive than it was before. Three years ago, a homeowner would call five contractors and everyone was dying to do the job. Now I suspect they're having builders decline the work or decline the bidding process."

Island architect Steve Roethke, of S.M. Roethke Design, Inc., confirmed Hollister's assessment, and said he believes the uptick has spread to all sectors of the construction industry.

"Things are full-steam ahead out there," Roethke said. "A drive around shows you there's job sites all over the place and it's not just the top tier, or highend. It think all levels are moving again. Even spec houses have started up again. We're not involved in them, but I know those are happening, and that's a telltale sign."

Roethke also noted the rise in the volume of applications at the Historic District Commission. During a recent Tuesdaynight HDC meeting, there were 97 items on the agenda, and the architectural review board's meetings are once again stretching into Thursday sessions just to process the number of applications. This time last May, HDC agendas were seeing in the neighborhood of 40 to 50 items, sometimes as low as 30.

Matt MacEachern, owner of the residential-design firm Emeritus Development, said he was able to sustain his business during the downturn with a handful of commercial projects, but is happy to see business improving.

"The last 12 months, actually the last 18 months, it's been increasing significantly," MacEachern said. "We're at the point now where we've had to pass on a lot of projects. I think there's a lot of work to go around."

That was a refrain echoed by Tommy Arena, of Arena Construction Inc. The super-competitive bidding climate that in some cases allowed the property owner to dictate their price has subsided as work has become more plentiful, Arena said.

"The spring rush always happens, but I'm looking at two new projects that in years past, I don't think I would have had. There are spec houses again. I think it's going a lot better than it was in the last few years. Right now, we've got four jobs going and a couple big ones coming up in the near future. Those lean years were tough. But I don't think it's going to fizzle this year. If we get these jobs coming up, we'll have to hire. It's actually hard to find guys at the moment," he said.

At the Steamship Authority, the uptick in building activity has revealed itself in increased truck traffic this spring, a trend that hasn't gone unnoticed by Rob Ranney, Nantucket's representative on the boat line board of governors.

According to the most recent SSA statistics, year-to-date traffic for trucks over 20 feet through March between Nantucket and Hyannis was up 3.3 percent over last year, from 4,781 to 4,940.

"I've heard there's a lot of building supplies in general coming over," Ranney said. "I've seen it. My general sense, witnessing what's on the dock and gets off the boat, you can see there's been a pick-up of general building materials coming over, and bigger industrial-type trucks. And if you spend any time at the dock in the morning, the first boat is all workers, and the last boat at night is all workers going home."

Island builder Ron Winters, of Thirty Acre Wood LLC, joked this week that he was "too busy to speak" to a reporter,

but also provided a dose of healthy skepticism about whether the increased construction activity represented a true recovery from the depths of the recession.

“There’s been a definite increase in work, and I think it’s due to pricing that was competitive last year, and due to the spring rush, people doing lastminute projects,” he said. “It appears that way now, but it could be a false signal . . . We judge our work by how the Realtors are doing, and they say that properties are selling, but prices haven’t increased a lot. I would expect a slow recovery. It is getting better, and I’ve already seen some subcontractor price increases due to it. We’ve definitely just barely made it through the past four years.

“We have four new dwellings we’re doing right now,” Winters added. “The biggest percentage is new, which is abnormal. We’ve been doing a lot of renovations over the past four years, but now we’re building a couple guest houses. It’s a little bit of a mixed bag. I’ve also noticed a lot of spec building going on, which is a sign people are feeling confident things are going to move.”



Photo by Nicole Harnishfeger

Joe Delaney prepares a window in front of a new home being built by Cavacco Construction on Black Fish Lane. Island contractors say new-home construction is up this year, but they’re also seeing a greater number of major renovation projects.