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## Commercial builders thrive under housing bust

### Skilled workers aplenty, material costs stable

BY HUBBLE SMITH

The cloud over the housing market has a silver lining for commercial builders in Las Vegas.

With fewer homes being built, it's easier to find construction workers. Material prices have also stabilized, said Marty Harpster, vice president of Core Construction.

That's helped stem escalating tenant improvement costs at office and retail businesses, which can exceed \$100 a square foot.

Ready-mix concrete prices have relaxed 20 percent and drywall is back to what it was before the run-up a couple of years ago, Harpster said. Concrete went from \$60 to \$100 a cubic yard in eight years.

"So the boom that triggered the rapid escalation of material costs has relaxed," he said. "Certainly, we've seen a stabilization in price."

One local contractor who spoke on the condition of anonymity said most skilled laborers in Las Vegas are attracted to higher-paying union projects, leaving "second- and third-tier" workers for home building and tenant improvements.

Joe Crisci, owner of Crisci Builders, said tenant improvement costs have roughly doubled in the past 10 years from \$35 a square foot to \$70 a square foot minimum.

"They can even go up from there," Crisci said. "It depends on if you want to drive a Ford or a Lexus."

Tenant improvements can run \$135 a square foot for Class A office space with lots of granite and marble, he said. Fixtures such as lights and faucets cost more and the price of copper alone has risen significantly.

Medical offices are typically more expensive to build out because of extra plumbing and electrical requirements.

Core Construction was contracted by Las Vegas Radiology to do \$1.4 million in tenant improvements for a 6,000-square-foot office, about \$230 a square foot, in Las Vegas Tech Center at Smoke Ranch Road and Fire Mesa Street. The medical suite is designed to accommodate magnetic resonance imaging, positron emission tomography scans, nuclear medicine and digital radiology and fluoroscopy machines.

Crisci said he's sometimes able to bring costs down through "quality engineering." A \$200 light fixture may be comparably replaced for \$150, he said.

Tradewinds Construction has implemented a design-build approach to tenant improvement with complete interior design services, material selection, space planning, working drawings, furniture and information technology systems.

The company's "turn-key" office construction is cost-effective and simple, Tradewinds division President Bob Phillips said. By putting together a team of architects, engineers and contractors, the builder is able to guide clients through the cost estimation process and avoid "sticker shock," he said.

For example, hook-ups for plumbing fixtures cost about \$1,000 each with sanitation fees.

"So you tell a client they have six sinks here, that's \$6,000 right off the bat, all of a sudden they don't need this sink and that sink," Phillips said. "If you put the client's hat on -- a doctor, a dentist, an insurance company, someone who'll take 1,500 (square feet) to 6,000 square feet -- and you took the owner's perspective, how can we simplify it for them to give them the best value and everything they need."

Tenant improvements for office space is different than retail space, said Ofra Gelman, studio director for SH Architecture. Even within the same commercial sector, a restaurant is going to cost more to build than a nail salon, she said.

"With a restaurant, you have to deal with the health department, ventilation, plumbing. It could cost more to do a 1,000-square-foot restaurant than a 10,000-square-foot office," Gelman said.

Rick Myers, president of Thomas & Mack Development Group, said landlords usually kick in a portion of tenant improvement costs as part of the lease agreement. TI allowances vary from \$30 to \$40 a square foot, he said.