

**Hartford Business.com**

SHARE

## Construction project 'mini-boom' could be sign of better days ahead

By Kathryn M. Roy

Special to the Hartford Business Journal

Yesterday

Bloomfield-based PDS Engineering & Construction entered the fall construction season with seven major projects in the works — not a boom by pre-recession standards, but the most business it's seen in the past couple of years.

The new construction starts, which involve a variety of businesses and industries, may be indicative that there is increased confidence that the economy is finally turning around.

PDS' projects include two car dealerships, churches, a bank and a couple of industrial buildings. Three of the projects are located along one stretch of Route 5 in Wallingford.

PDS Vice President of Sales Chris Eseppi said business is picking up.



Photo / Lisa Wilder

"For us, it's a little mini-boom, but I think it's been a long hard year of maintaining your sales attitude instead of battenning down the hatches and not spending anything," Eseppi said. "We're maintaining our sales and our relationships with customers and future customers regardless of the economy."

Growth is not limited to PDS. The American Institute of Architect's August Architecture Billings Index shows good news after five straight months of continuous decline. The index showed an increase in billings in August, up more than six points from July, in addition to an improved new projects inquiry index.

AIA's chief economist, Kermit Baker, indicated that while many firms still struggle and are reporting continued problems with securing financing, the latest uptick may mean the worst may be over for these businesses.

Traditionally, construction business picks up for most firms after Labor Day.

"People feel that it's time to build, they feel the prices are right and they want to beat the weather," Eseppe said. "These are projects we've worked on for the past four to six months."

Current construction costs are lower, and coupled with pent up demand, firms are seeing more work.

"There are more people to do the work, so they're working for less money," Eseppe said. "We'll work for less money but we also have to maintain the quality and consistency that our customers want to see in us. It's a tough balancing act to get the proper price and still be competitive in this market."

Doreen DeSarro, business recruiter for the Town of Wallingford, said she's thrilled about a new Valenti Chevrolet car dealership, a new Fiat/Alfa Romeo dealership and a new TD Bank, all on North Colony Road.

"Route 5 really is an unusual situation," DeSarro said. "It's a very active retail spot, and they're retailers you have to have — all the grocery stores, pharmacies, banks, gas stations and cell phone dealers. They're necessities."

But DeSarro said other retailers along the stretch are holding their own too.

"When you're going to the grocery store or having your car services, you start to do some of the other things, like stop at a place to buy some bird seed or get your nails done," she said. "It's a mixture of things that are nice to have and things you have to have."

Two years ago, DeSarro said a handful of Route 5 businesses closed, but she said they've all been replaced.

"A Burger King just expanded, and we got a new car wash that just opened up," she said. "A lot of the small retailers are following suit as the larger ones are expanding."

Steve Lanza, editor of the University of Connecticut publication, Connecticut Economy, said now is the time to build.

"If you had any kinds of plans before the recession to do any kind of building, and if you had a quote at the time and you go out right now and did that project, you're going to see you will save a bundle of money," Lanza said. "There's just not enough business around. These construction firms are looking for work, and they're offering their best deals."

Lanza said there's a simple explanation for the construction of new and expanded automobile dealerships — people need cars. According to data compiled by



Connecticut Economy, new auto registrations have surged, off their recession lows of about 11,000 registrations per month to almost 18,000 per month.

"Since we've been adding back jobs, we've been adding back cars as well," Lanza said.

David Valenti of the Valenti Auto Group said the dealership is tearing down most of the old facility at 399 North Colony Road in Wallingford and building new. The project includes a new showroom, a new service area and new offices.

"We've been here for 84 years so over the years, every time we grew, we just added a little section of the building," Valentie said. "So with the old building, not only was it old, the efficiency and flow weren't that good."

Valenti said business is consistently growing and they expect to see more growth in the next three to four years.

"The average car on the road is nine years old at this point, so I think there's some pent up demand," he said. "Chevrolet is redesigning some beautiful cars. Contractors are coming (looking to purchase vehicles) and they haven't been buying for years."

Valenti said he's trying to get ahead of the curve in advance of an expected surge in demand.

"The interest rates are low and construction prices are reasonable so if there was ever a time to do it, if you can pull it off, you do it now," he said.

Meanwhile, Executive Auto Group is expanding its Wallingford operations with a new Fiat/Alfa Romeo dealership, one of only three in the state. With seven Executive Auto Group dealerships in the state and a Dodge/Jeep dealership right next door, Director of Operations Mark Altieri said Fiat/Alfa Romeo thought Executive was an ideal business to open a new shop.

In its first year, Altieri said the dealership will be set up to sell Fiats only, adding Alfa Romeos and expanding buildings to accommodate service on site as well.

"I've been pleasantly surprised with the feedback," he said. "We have customers asking us all the time what's going into the building. We're taking down people's information because they want to see this car. We feel it's going to be very successful."

The fuel-efficient, European-styled sporty Fiat is expected to be in high demand.

"We're seeing people looking to have that car," he said. "In some cases, it's their sole vehicle. Sometimes, they have that second, bigger vehicle but they want the car that's good on gas too, and this car fits the bill."

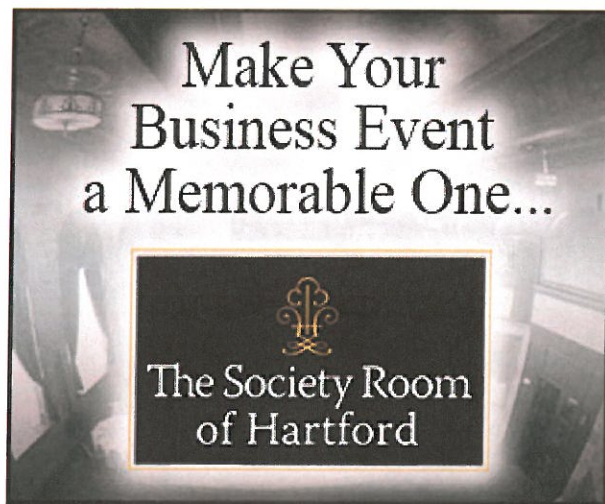
The Fiat dealership may be open for business as soon as late October.

While households continue to carry huge debt loads, Lanza said the future looks bright for many businesses.

"Profits are up," he said. "Businesses have really sort of cleaned house in the recession — they've improved the efficiency of their operations, they've pared down their workforces and retained only the most productive employees so businesses by and large are fairly flush with cash."

For those businesses, the time is right to go ahead with projects.

"Now may not be the ideal time, at least in terms of aggregate demand," he said. "Demand is weak, but it's not going to stay that weak forever. They might just be thinking the equation just works out better to spend now, even in the absence of current demand, when the costs are less."



**Comments** | To post a comment, you must register. | View our Comment FAQ.  
This article does not currently have any comments

Post A Comment

Message