



Volume 14  
Issue 3



## Common Goals – How to Make Lemonade



### Construction Costs

The conditions of an economy in recession continue to persist even as we enter Fourth Quarter 2011. Construction industry experts such as Reed Construction Data and the Associated General Contractors of America (AGC) have reset their forecasted expectations of growth for 2011 and have tempered their outlooks for construction activity levels in 2012. However, as we have witnessed this past year, depressed activity within the construction market does not necessarily equate to lower prices.

In spite of the hard hit construction sector, material prices remain unusually volatile. Reed Construction Data and the AGC have noted that there have been year-over-year increases for items such as diesel fuel, plastic resins and copper ores particularly due to the fluctuations of these commodities within the global market. Reed Construction Data

McShane Construction just concluded its fiscal year on September 30, 2011. Our year's activity was comprised of an eclectic mix of many market segments with predominance in two specific areas – multi-family and industrial. We worked hard to uncover new business opportunities and our efforts paid off in the achievement of our budgeted goals. That's a notable accomplishment given the current market conditions and the necessity of managing a lean operation focused on quality and client satisfaction.

Notwithstanding, we're experiencing a very sour period in the national economy, the overall construction industry and in our own personal financial growth potential. Although the forecasts do not project a significant sweetening of these conditions in 2012, predictions have been made that a modest expansion in the economy will result in growth in both the



Jeff Raday, President  
McShane Construction

residential and non-residential markets. That's where we step in.

As noted in the Marcus & Millichap *Economic and Apartment Outlook* (May 2011), strengthening economic conditions, demographic trends and the nominal delivery of new developments over the past year should reduce the national apartment vacancy rate to 5.6%. The report also indicates that the multi-family sector will be the first to start ramping up construction. Our expertise, extensive track record and HUD-approved contractor status provides McShane Construction a competitive edge to continue our quest to seek new opportunities for both market-rate and affordable housing projects.

The industrial market is also stirring following a long hiatus from new construction activity. In fact, the American Institute of Architects (AIA) forecasts an increase in activity of 8.4% in 2012. This is bolstered by the growing resurgence of leasing activity within existing industrial space led in both the

Inland Empire and the East Coast markets. McShane Construction is particularly well-positioned and poised to begin new industrial construction projects throughout the United States. Our teams recently secured the award of the new 1.3 million square foot construction of the First Solar manufacturing facility in Mesa, Arizona and we're completing a FedEx construction assignment in Norcross, Georgia for developer Scannell Properties, Inc.

Sustaining ourselves through this lengthy recession has required a steadfast commitment by the members of McShane Construction to stay the course and remain flexible, competitive and responsive to our prospects and clients. Our team continues to offer best-in-class expertise providing the right blend of construction innovation and contemporary technologies to meet the goals of the project in systems and materials selection, cost efficient options and sustainability.

We remain committed to providing a 'sweet' note of success to each construction project we undertake with our clients in the future. □

noted that 2010 to 2011 year-over-year material price increases have spiked diesel fuel by 50%, copper ores are up 45.5% and iron and scrap steel have risen 29.5%.

Ken Simonson, Chief Economist for the AGC reports that prices of materials produced nationally and used primarily

by U.S. contractors such as brick, lumber and plywood remain down, mirroring reduced demand for these products. There has also been a slight decrease in the price of cement, concrete and gypsum in 2011. However, other costs

**CONTINUED ON BACK PAGE**

### In This Issue:

- 300-Unit Mallard Creek Apartments Underway
- Ribbon-Cutting at Riverdale Senior Apartments
- T.I. Assignment for DIRT Nearing Completion
- Phase II Underway at Springs at Jordan Creek
- Instituto Health Sciences Career Academy Opens
- 48-Unit Las Brisas Senior Development Award

### McShane Selected to Construct 1,300,000 S.F. Solar Panel Manufacturing Plant in Mesa, Arizona

McShane Construction's Phoenix office is pleased to announce that it has been selected by M + W Group to provide comprehensive construction services for the new 1,300,000 square foot First Solar Inc. solar-panel manufacturing plant in Mesa, Arizona. The project is situated on the site of the former General Motors Desert Proving Ground in southeast Mesa. The 73-acre parcel for First Solar, Inc.'s manufacturing facility will be the first development project on the former GM site, which closed in 2009. First Solar, Inc. is one of the world's largest solar panel producers. The manufacturing facility will feature 1,000,000 square feet of manufacturing space, 74,000 square feet of office and 226,000 square feet dedicated to distribution processes. The plant represents First Solar's second U.S. manufacturing facility. M + W Group is providing overall general contracting services together with the interior architecture, space planning, and MEP design for the facility. Ware Malcomb is providing the shell architectural services for this sizable assignment that will be completed in Second Quarter 2012. □



Project Profile

## Phillips Realty Selects McShane For 300-Unit Mallard Creek Apartment Complex

The Charlotte, North Carolina apartment market continues to outperform expectations currently boasting the 10th best annual rent growth in the U.S. at 8%, as reported by Axiometrics. Those statistics led developer, Phillips Development & Realty LLC, to launch its latest apartment development – Phillips Mallard Creek, a premier 300-unit, Class A apartment project situated near the gates of the University of North Carolina at Charlotte. Phillips recently secured financing through the U.S. Department of Housing and Urban Development's 221(d)(4) program and awarded McShane Construction the assignment to complete this sizable 30-acre development. McShane will construct the 300 apartments of which 50% will be one-bedroom, 37% two-bedrooms and 13% three bedrooms. The development will include amenities such as a social room, coffee café with WIFI, a swimming pool, grilling area, fire pits and a fitness center. As Phillips noted, the rental development will be specifically marketed towards UNC-Charlotte students, staff and faculty, Carolina's Medical Center employees and employees of University Research Park. Ground-breaking is slated for early Fall with initial unit turnover in July 2012 and final project completion in May 2013. The Preston Partnership is providing the architectural services for this luxury rental development. □



Phillips Development & Realty LLC selected McShane Construction to complete Phillips Mallard Creek, a premier multi-building, 300-unit, luxury apartment development situated on a 30-acre site near the gates of the University of North Carolina in Charlotte, North Carolina.

## Ribbon-Cutting Celebrates Completion of Riverdale Senior Apartments

Developer, Turnstone Development Corp., recently hosted a ribbon-cutting to celebrate the completion and grand opening of its new Riverdale Senior Apartments complex in Riverdale, Illinois in south suburban Chicago. The 52-unit, five-story multi-family

project includes a combination of public and affordable housing, featuring 43 one-bedroom apartments and nine two-bedroom units. Together with the renovation of the apartment units, McShane's reconstruction of the 45-year-old building included the addition of a community room, on-site laundry, two new elevators and a general social services office. McShane also completed balcony refurbishing, window replacement, new roofing and entryway canopies contributing to the modern appeal of the residence. The project received funding



A ribbon-cutting ceremony celebrated McShane Construction's completion of Turnstone Development Corp.'s Riverdale Senior Apartments complex in Riverdale, Illinois. Pictured from left to right are: Richard Monocchio, City of Chicago; David Rintz, McShane; Karen Chavers, Turnstone; Mayor Deyon L. Dean, Village of Riverdale; Deborah Sims, Cook County; and Bill Schneider, Turnstone.

from the American Reinvestment and Recovery Act (ARRA) through the U.S. Department of Housing and Urban Development (HUD), the Housing Authority of the County of Cook, the County of Cook's Department of Planning and Development and DCEO (Illinois Dept. of Commerce & Economic Opportunity). Piekarz Associates PC provided the architectural services for this affordable senior housing assignment. □

## McShane Awarded 72,000 S.F. Assignment for DIRTT Environmental Solutions

McShane Construction's Phoenix office was recently selected to provide fast-track design/build construction services for the 72,000 square foot tenant suite on behalf of DIRTT Environmental Solutions. The construction will take place within a large single-story industrial facility located at 836 E. University Drive in Phoenix and include 5,000 square feet of office space together with 67,000 square feet of manufacturing. DIRTT Environmental Solutions specializes in the manufacture and sale of movable walls and champions environmental design and manufacturing throughout its products and business operations. The interior of the facility includes a spacious kitchen, a large open-format green learning center for greeting guests, a fitness center and locker rooms. A glass-enclosed "fish bowl" will be constructed to support employee workstations that surround the manufacturing operations on four sides. DIRTT will utilize its own product line for the facility's walls, modular power and data cabling and raised flooring. McShane will complete the project within an abbreviated

**McShane Construction Company**  
9550 W. Higgins Road, Suite 200  
Rosemont, IL 60018  
847.292.4300  
847.292.4310 fax  
e-mail: mcccchicago@mcshane.com

**McShane Construction Company**  
3131 E. Camelback Road, Suite 200  
Phoenix, AZ 85016  
602.508.6166  
602.508.6167 fax  
e-mail: mcccphoenix@mcshane.com

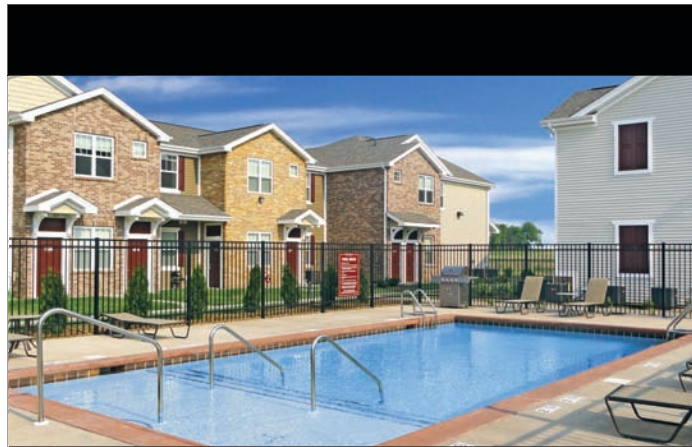
**McShane Construction Company**  
1943 S. College St., Suite A  
Auburn, AL 36832  
334.887.8181  
334.887.8087 fax  
e-mail: mccsoutheast@mcshane.com

**McShane Construction Company**  
2040 Main Street, Suite 175  
Irvine, CA 92614  
949.222.1000  
949.222.9001 fax  
email: mccsocial@mcshane.com

timeframe together with project architects, Butler Design Group and Phoenix Design One. □

## Phase II Underway at Springs at Jordan Creek for Continental Properties

Following the successful completion of Phase I at the Springs at Jordan Creek on behalf of developer Continental Properties, Inc. in West Des Moines, Iowa, McShane was selected to complete Phase II of this expansive seven-building, 169,700 square foot complex. This project will include 160 units upon completion and marks the seventh assignment that McShane Construction has received from developer Continental Properties, Inc. Phase I included 116 apartment units throughout five buildings together with a clubhouse, swimming pool and three covered garages totaling 122,600 square feet. Phase II will consist of the construction of two additional apartment buildings containing 44 apartment units adding 47,100 square feet of new resi-



*Following the completion of the first phase of development, the Phase II component of Springs at Jordan Creek is underway by McShane Construction on behalf of developer Continental Properties, Inc. in West Des Moines, Iowa, adding 44 more apartment units and 20 garage spaces to the complex.*

dential space to the complex. The second phase also incorporates 20 additional garage spaces and offers 20 high-end concierge units that will feature upgrades such as granite counters, tray ceilings and upgraded appliance packages to provide a more luxurious living space. All residences will incorporate simulated hardwood floors, a washer/dryer and modern finishes. Charlan, Brock & Associates is providing the architectural services for both phases of this extensive market-rate multi-family rental

assignment. McShane Construction will turn over the buildings for occupancy in January 2012. □

## The Paces Foundation Selects McShane for 48-Unit Las Brisas Senior Development

McShane Construction Company is pleased to announce its selection to construct the

new 48-unit Las Brisas Manor Senior, an independent senior living residence that will be located at 1970 S. U.S. Highway 277 in Del Rio, Texas. Del Rio is a border city in Texas and the county seat of Val Verde County, also home to Laughlin Air Force Base. The new 60,000 square foot, three-story residential complex is being developed by Smyrna, Georgia-based The Paces Foundation, Inc. and will be situated on a four-acre site. The low income housing tax credit development will feature an attractive exterior of brick veneer and fiber cement complemented by generous window lines with some units featuring balconies or porches. The development will also meet Energy Star 2.5 designation and is being constructed to achieve Green Built Texas designation. The new senior living complex will offer both one- and two-bedroom units with amenities including a furnished common area for activities, laundry room, outdoor pavilion and fitness center. Martin Riley Associates – Architects, P.C. is providing the architectural services for this assignment which is scheduled for completion in June 2012. □



*On behalf of owner, Instituto del Progreso Latino, McShane Construction recently completed its adaptive reuse construction assignment to transform an aging industrial facility into the new Instituto Health Sciences Career Academy, a contemporary, 100,890 square foot charter high school in the Pilsen neighborhood of Chicago, Illinois.*

## Students Welcomed at New Instituto Health Sciences Career Academy in Chicago

When the school year commenced for the Chicago Public School system in September 2011, a new charter high school – Instituto Health Sciences Career Academy (IHSCA) – opened its doors to students focusing on instruction specifically devoted to health sciences careers. McShane Construction, together with design architect, Moreno Architects, and Architect-of-Record, Ghafari Associates, provided a complete transformation of a former furniture warehouse facility at 2520 S. Western Avenue in Chicago's Pilsen neighborhood, into a modern, three-story, 100,890 square foot high school and community services facility. The construction assignment was performed for owner, Instituto del Progreso Latino with owner's representative services provided by The Resurrection Project. McShane completed both the adaptive re-use of the original structure together with the new construction of over 30,000 square feet remaking the building into modern classroom environments with nine science laboratories, office suites and community service areas. The IHSCA will also be used to provide healthcare services to 12,000 people annually served by Instituto del Progreso Latino. The project has been submitted for LEED™-Silver Certification since it incorporated numerous environmentally-friendly materials and cost-savings operational systems. □

# Feature Department

## Recently Completed Projects



W.W. GRAINGER, INC. – PATTERSON, CA



NSK AMERICA CORPORATION – HOFFMAN ESTATES, IL



OLD NAVY (THE VILLAGE AT FAIRVIEW) – FAIRVIEW, TX



LAKE WORTH HIGH SCHOOL – LAKE WORTH, TX



Follow us on Twitter

[www.twitter.com/mcshanetweets](http://www.twitter.com/mcshanetweets)

Pictured are recently completed projects by McShane Construction and Cadence McShane that include build-to-suit, design/build and general construction projects for the industrial, office, healthcare, multi-family, mixed-use, retail and educational markets.



WEST YARD LOFTS – NORTH CHARLESTON, SC



CAMELBACK ESPLANADE – PHOENIX, AZ



VETERANS AFFAIRS OUTPATIENT CLINIC – TEXAS CITY, TX



EDGEWOOD ELEMENTARY SCHOOL – HOUSTON, TX

## CONTINUED FROM FRONT PAGE Construction Costs

have risen substantially even with a continued decrease in spending in overall construction.

The American Institute of Architects recently noted that construction material prices have risen by 7.5% over the past year, even higher than the 7.3% increase in overall wholesale prices. The rise in energy costs has contributed more than 5% to that increase. The steady increase in the price of metals including steel,

copper and aluminum have risen more than 10% over last year offsetting any cost savings realized by the slight reduction in other materials.

The AGC predicts that overall 2011 prices will increase between 3% to 8% depending upon the project being constructed and the geographical area where the construction is taking place.

### Looking Ahead

A fairly modest recovery in the overall construction market is anticipated for 2012. Since the homebuilding market is still in substantial recession, it will

not yet provide the stimulus for new non-residential construction projects as it has done in the past. An employment recovery has also not yet taken place contributing to the lowered levels of growth and activity within the residential and non-residential markets. It appears that time – and a lot of it – is the single most important ingredient to this economic recovery.

The professionals at McShane Construction and Cadence McShane can provide current material prices and alternatives allowing our clients to arrive at cost-effective and

investment worthy decisions on behalf of their next construction project. Let our experience, knowledge and time work for you. □

*COMMON GROUND is published in January, May and October of each year by:*

**McShane Construction Company**  
9550 W. Higgins Road, Suite 200  
Rosemont, IL 60018  
847.292.4300  
847.292.4310 fax  
[www.mcshane-construction.com](http://www.mcshane-construction.com)