

BLUEPRINT for Progress

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CONSTRUCTION NEWS & INFORMATION FROM MINGHINI'S GENERAL CONTRACTORS, INC.

Commercial Construction Economic Outlook

The following article is excerpted from a report by Associated Builders and Contractors (ABC) Chief Economist Anirban Basu. ABC is a national trade association representing 22,000 members from more than 19,000 construction and industry-related firms. Founded on the merit-shop philosophy, ABC has 70 chapters, including the Cumberland Valley Chapter based in Hagerstown in which Minghini's has been active for many years. ABC helps member companies develop people, win work, and deliver safe, ethical and profitable projects for the betterment of the communities in which they work. For additional information see: www.abc.org.

Construction Materials

In 2013 construction materials prices were up 1.3 percent year over year, according to a January 15 Producer Price Index released by the Department of Labor. Non-residential construction materials prices were only 1 percent higher than the same time one year ago.

"Materials prices continue to be unusually well behaved, neither rising nor falling aggressively on a month-to-month basis," said Basu. "That said, there was some volatility in individual input segments, including natural gas prices, which were up 7.8 percent, and crude petroleum, which was up 7.1 percent," stated Basu. "These increases are at least partially explained by seasonal factors and do not likely foreshadow aggressive price increases going forward. At the same time, certain input prices fell, including softwood lumber, down 3.3 percent, and nonferrous wire/cable, down 1.4 percent."

Overall, the nation's wholesale goods prices were up 1.2 percent year over year.

"While there is never a guarantee of input price stability, for now things seems reasonably calm," Basu said. "The world economy is anticipated to accelerate this year to 3.6

percent growth, up from closer to 3 percent last year. That will help push the level of demand for construction materials higher, but not necessarily in ways that are especially damaging to a still-benign U.S. non-residential construction industry outlook."

Construction Spending Outlook

"ABC forecasts non-residential construction spending will expand in the high single digits next year," noted Basu. "According to ABC's model, next year's growth segments include commercial construction (about 5 percent), health care (nearly 7 percent), lodging (8 percent), communications (5 to 6 percent) and manufacturing (3 to 4 percent).

"ABC expects publicly financed segments to continue to be hamstrung by reluctant state and local government budget officials," Basu said. "Certain private categories, however, are set to expand meaningfully during the year ahead, including health care (utilization will be on the rise), power (a consistently strong segment in recent years), commercial (the result of protracted periods of consumer spending growth) and lodging (hotel occupancy continues to rise).

According to Basu, "Even slow growth ultimately unlocks construction opportunities. Ongoing recovery steadily produces lower vacancy rates, rising rents and more comfortable lenders. Growth eventually produces higher interest rates, and that may begin to serve as a more meaningful speed governor in late 2014 or in 2015.

"After only expanding an estimated 2.9 percent in 2013, the global economy is expected to accelerate to 3.6 percent next year," Basu said. "All things being equal, this will raise the level of demand for construction inputs, which in turn will accelerate materials price increases, though not to the extent experienced in 2004, 2005 and 2006 and 2007. ■



Year-to-Date Performance: 2012, 2013 and ABC's 2014 Forecast

Indicator	2012	2013*	2014*	% Change 2013-2014
ABC's Construction Backlog Indicator (CBI)				
National Index (in months)	7.8	8.6	9.3	8.1%
Construction Employment (thousands, not seasonally adjusted) - U.S. Department of Labor				
Nonresidential Building	662.2	686.7	699.7	1.9%
Residential Building	573.5	594.1	607.8	2.3%
Construction Spending (millions, seasonally adjusted annual rate) - U.S. Census Bureau				
<i>Total Nonresidential</i>				
Lodging	\$11,423	\$17,239	\$18,600	7.9%
Office	\$38,433	\$39,723	\$40,159	1.1%
Commercial	\$46,303	\$47,616	\$50,139	5.3%
Health Care	\$41,797	\$40,751	\$43,481	6.7%
Educational	\$84,618	\$81,954	\$83,675	2.1%
Power	\$94,068	\$93,214	\$99,925	7.2%
Manufacturing	\$46,850	\$49,836	\$51,580	3.5%
Total All Industries	\$570,429	\$582,978	\$623,203	6.9%
<i>Private Nonresidential</i>				
Lodging	\$10,783	\$15,452	\$16,735	8.3%
Office	\$27,963	\$31,941	\$32,420	1.5%
Commercial	\$43,163	\$45,316	\$47,899	5.7%
Health Care	\$30,767	\$28,603	\$30,605	7.0%
Educational	\$16,440	\$15,784	\$16,194	2.6%
Power	\$83,151	\$82,319	\$88,658	7.7%
Manufacturing	\$45,833	\$48,520	\$50,315	3.7%
Total All Industries	\$297,673	\$309,105	\$332,597	7.6%
<i>Public Nonresidential</i>				
Office	\$10,471	\$7,782	\$7,739	-0.5%
Commercial	\$3,140	\$2,300	\$2,240	-2.6%
Health Care	\$11,030	\$12,148	\$12,876	6.0%
Educational	\$68,178	\$66,170	\$67,481	2.0%
Power	\$10,917	\$10,895	\$11,267	3.41%
Total All Industries	\$272,756	\$273,962	\$290,606	6.0%
Producer Price Index - U.S. Department of Labor				
Inputs to Construction Industries - Index Value	214.7	218.5	228.114	4.4%
Gross Domestic Product (2005 billions of dollars) - U.S. Department of Commerce				
Real GDP	2.2%	1.7%	2.4%	N/A

*Data predictions by ABC Chief Economist

"ABC forecasts U.S. economic growth of around 2 percent again next year (1.8 percent to 2.6 percent)," Basu said. "That should help re-ignite the nation's housing market, which in turn will help restore consumer confidence and allow America to possibly approach 3 percent growth by the final two quarters of 2014. Uncertainty stems from the ongoing implementation of health care reform, including the enforcement of the employer mandate. Budget squabbles and news emerging from abroad also will serve to constrain growth. However, if Congress can create substantially greater transparency regarding America's federal budgetary future early next year, then 2015 could end up being a breakout year for the United States and ultimately for nonresidential construction."

Client Profile

Ellen Parsons, President
Opequon Motors, Martinsburg
304/ 267-9955
www.opequonmotors.com



Having owned and operated Opequon Motors in Martinsburg since 1983, Ellen Parsons is the consummate business woman. She and her husband, the late Fred Parsons Sr., started the business together. Today the dealership sells and services Buick, GMC, and Cadillac automobiles and also sells used cars. Additionally, Ellen's son, Fred, operates Kent Parsons Ford just down Shepherdstown Road from Opequon Motors.

According to Mrs. Parsons, "Over the years the dealerships have grown in size and stature as a result of the excellent team of people who have worked here, most for many years." Because of this continued growth, this year Opequon Motors required an extensive remodel inside and out.

Minghini's was selected to work with local (Northern Virginia) Architect David Lipp and the General Motors Architecture Team on the remodel. The entire interior was reconfigured and finished to a high standard, including the showrooms, offices, business area, and parts department. The service area stayed where it was. The exterior was also updated to reflect the dealership's outstanding image in the community.

Ellen raves about the work accomplished by Minghini's on the remodel, saying she couldn't be happier with the results. Notes Ellen, "Not only are they (*Minghini's*) good people to work with and diligent about every detail, I am particularly impressed with Morgan Collis who headed up this job."

Ellen Parsons says she is very positive about the economic outlook for Martinsburg, not just for the Automobile Industry but also for all businesses in the community.

In her spare time when weather permits, Ellen enjoys playing golf at Cress Creek and working in her garden. ■

Completed & New Projects

Completed

Opequon Motors Renovation, Martinsburg
Foxcroft Village Apartments,
Renovation (Fire Damage), Martinsburg
Harpers Ferry Middle School
Cafeteria, Harpers Ferry
Valley Mall Entrance, Martinsburg



Minghini's demolished the previous cafeteria and constructed the new Harpers Ferry Middle School Cafeteria in just 40 days so there was no disruption to the students when they returned to school.



New

Dr. Patricia Hartman Dental Office, Martinsburg
Dr. Hani El-Saleh Dental Building, Martinsburg
Hedgesville Physical Therapy New Construction, Hedgesville

Supplier Profile

Melissa Gelwicks, Office Manager
304/ 725-0012
Tom Moler, Operations Manager
301/ 988-4019
Panhandle Pumping Inc.
Jefferson, MD 21755 304.725-0012
www.panhandlepumping.com



Started in 2001 by family members, Panhandle Pumping specializes in concrete pumping for construction projects as well as on-site dumpster services for construction debris. The company operates three sizes of concrete pump trucks: 30, 37 and 38 cubic meters. It services WV, VA, MD and PA and Tom Moler is in charge of the scheduling of concrete pumping. Melissa oversees the office and roll-off dumpsters, of which they have a capacity of more than 75.

"All of Panhandle Pumping's employees are WV residents," notes Melissa. She has worked with Minghini's on jobs requiring concrete pumping and the company provides Minghini's with its dumpster services.

"We are pleased to provide such a respected company with our services" states Melissa "and we look forward to a busy future working together."

Melissa, a Jefferson County resident, has one son and in her spare time enjoys being a mother and spending as much time as possible with her family. ■

Subcontractor Profile

Scott Goff, President
Tina Goff, Office Manager
SG Plumbing, Inc.
Kearneysville, WV
304/ 728-0503
sgplumbingwv@yahoo.com



Scott, who has been a plumber for 35 years – his entire career-- started SG Plumbing in 1989. Today, he operates the Company with his wife, Tina, as Administrator and his daughter, Michelle, as Office Manager.

The company has grown to 15 employees and provides total plumbing and service for residential and commercial customers. SG Plumbing has worked as a subcontractor to Minghini's for the past decade, most recently providing services for Minghini's on the Asbury United Methodist Church addition, Hedgesville Public Library and is presently doing the plumbing for Dr. Hartman's dental offices in Martinsburg, another Minghini's project.

Scott says he has the highest respect for Minghini's in that "They are good upfront people and you can talk to them to come up with solutions." He also adds that when you work with Minghini's you know who you are working with because the owners are involved in all the projects.

Scott and Tina live in Middleway and have two children, Scott and Michelle, and three grandchildren. In his spare time, Scott is an avid hunter. ■

Editor's Message

We decided to return to basics and devote this issue to looking at what's happening in the Construction Industry. While it appears on a national perspective we can be cautiously optimistic about the near future, the prognosis for the Eastern Panhandle may be brighter yet.

We have some demographic and geographic factors going for us. First there is the greying of America and as people age they need more services, not the least of which is health care. We are currently engaged in building dental offices and a physical therapy center. But seniors often downsize to easy-to-care-for apartments and may even move to a graduated care facility, so we see opportunities in these areas for our region.

Being so close to the Washington/Baltimore Corridor, we are an ideal location for both retiring Baby Boomers as well as families who depend on urban employment. Our area for many years has had higher than average population growth (with Berkeley County now the State's second largest county growing 37.2% to 104,160 residents since 2000). We don't envision this stopping anytime soon. These families who chose to live here in "God's Country" create demands on private and public services, especially the school systems, which results in new construction, expansion and renovation by our Boards of Education.

Over the past 27 years, Minghini's has been fortunate to build and/or renovate many schools in the Eastern Panhandle as well as libraries, churches, health care centers, retail stores, and service stations.

Moreover, we are seeing industrial development in our Business Parks with Rust-Oleum's distribution center coming in, DC Corp. investing \$100 million into its Martinsburg expansion, and the BC Development Authority moving ahead with master plans for the Tabler Station Business Park.

So hopefully the economic crisis we have recently weathered is a thing of the past and the contractors, subs, and suppliers of our region can look forward to a steady supply of work. When there is a healthy amount of growth and building, all businesses reap the benefits. ■



Berniece Collis
Vice President

Community Service

Recently Berniece took part in two literacy project with the Martinsburg Rotary Club. This included distributing dictionaries to several third grade classes at Eagle School Intermediate and reading to second graders at Tuscarora Elementary.

She also served as a judge for the County Social Studies Fair on March 8th. ■



Shown: Craig and Berniece Collis and Juliette Gordon Lowe (AKA Lynne Steptoe). Berniece is a member of the Women's Advisory Board and the Board of Directors of the Girl Scout Council of the Nation's Capital.

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Associate Profile

Rick Wachtel, General Manager / Founder
Talk Radio WRNR, Martinsburg
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One of the Eastern Panhandles' most valued resources, TalkRadioWRNR (740 AM and 106.5 FM) was founded 38 years ago by brothers Rick and Gregg Wachtel. Today the popular talk, news, and sports format radio station is the go-to source for information and community news. Among its weekday programming line-up is the popular morning interview and audience call-in show "Eastern Panhandle Talk (from 8:40 – 10 a.m.). This program deals with issues ranging from economic development, education and politics to local and national government, and topical regional issues.

States General Manager Rick Wachtel, "TalkRadioWRNR's news, talk and sports format started in 1993 is the number 1 format among the 30+ audience. In fact the station's audience demographics includes a high percentage of the management and business owners in the Eastern Panhandle—the people who make the decisions and sign the checks."

For close to 30 years, Minghini's has been an institutional advertiser on WRNR running its ads in the regular rotations as well as sponsoring high-profile sporting events. Notes Wachtel, "Minghini's has a very strong reputation and it is an honor to have them as a client for so many years. Their advertising keeps their company name in front of the right people, and also helps the market understand the scope of its commercial building services."

TalkRadioWRNR has received many Radio Industry Awards and has

established a strong reputation for serving the community's needs for insightful news, issue commentary, and public service. Yet its linkages with a national network of talk-format programming provides more than a local orientation. Award-winning national radio personalities such as Dennis Miller, Charles Howard, Dave Ramsey and the anchors at Radio America News keep the Eastern Panhandle community up-to-date on contemporary issues and breaking news.

Moreover, TalkRadioWRNR's interactive website enables listeners to live-stream the stations' programming anywhere they are connected and also provides access to local weather, announcements, national NBC News, as well as allows them to participate through email in the talk topics. Its weekend consumer-oriented programming includes popular talk shows on gardening, and D-I-Y, along with local sports coverage and religious broadcasts on Sundays.

For many years, Rick Wachtel has served in leadership roles for community organizations, including the Martinsburg City Council, Airport Authority, and Martinsburg/Berkeley County Chamber of Commerce. Rick epitomizes the community service philosophy of the station.

Rick, who lives in Berkeley County, has two grown children. ■

Staff News

Minghini's newest family addition and employee, Boyd, helps his Grandma Berny (VP Berniece) with office work. Boyd has many friends in the office who enjoyed celebrating his first birthday party. ■

