

North America Bathroom News

November 2008



International Market Strategy

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USA: KOHLER CO. Lays Off 50, Mostly Administrators

15 October 2008 - KOHLER announced Tuesday it has permanently laid off 50 local workers, attributing the move to the slumping economy.

Those affected - who were notified Tuesday and let go immediately - include 38 administrators and 12 production workers, said KOHLER spokesman Todd Weber.

KOHLER has more than 7,500 employees in Sheboygan County, meaning the layoff affects less than 1 percent of the local work force, Weber said. He said the decision was made due to the "overall weakened economy, fueled by the housing slump."

The laid off employees consist of 29 administrators in the hospitality and real estate group, six in the engine division and three in the plumbing division, Weber said. The production workers, the only union members in the group, were in the faucet division.

Pete Behrensprung, president of the United Auto Workers Union Local 833, said the union has been aware layoffs were in the works for about a week. He said there are no immediate plans for additional layoffs, but the future is less than rosy.

"It's based on the economy, and the economy's not good," Behrensprung said. "I don't want to speculate right now, but things are slow all over."

Behrensprung said the laid off union workers had been at KOHLER since at least 2000 and were paid more than \$20 per hour. The workers will be eligible for a severance package, as well as unemployment insurance and outplacement assistance, Weber said.

This is the largest KOHLER layoff since July 2007, when the company idled 160 permanent employees and about 30 temporary workers, Behrensprung said. Those job cuts - at the company's distribution center and cast iron, engine and generator divisions - were similarly blamed on a slow housing industry.

None of those positions were refilled, though some of the workers stayed with KOHLER by bumping out union members in other divisions. That reversed a trend, as employees had been able to return to KOHLER following the previous two layoffs. Those initially affected 180 engine division employees in June 2005 and 173 employees in the pottery, generator and brass faucet divisions in March 2003.

Source: www.sheboyganpress.com



Canada: ACRYLINE Consolidates U.S., Canadian Facilities

14 October 2008 - ACRYLINE CUSTOM BATHING SYSTEMS announced the consolidation of their U.S. and Canadian facilities. The merge to the Canadian facility took effect October 1. "This is an incredible opportunity to ensure our commitment to continue to provide quality bathing systems to the industry," explained Steve Deland, ACRYLINE president.

ACRYLINE baths are produced in Canada at their manufacturing facility in Lyster, Quebec. "With manufacturing and technical support located in Canada, we have determined that it is both economically and structurally more beneficial to relocate our corporate headquarters to the plant," stated William Tennant, ACRYLINE CEO. "While we will maintain a U.S. presence with several satellite offices, we are excited to offer enhanced productivity, technical support and customer service through relocation to our manufacturing facility."

ACRYLINE CUSTOM BATHING SYSTEMS will continue to service the entire U.S. territory and all new products will be available in the U.S. Tennant and Deland are continuing to spearhead sales for the U.S. and Canada.

The company has long been known as a high-end innovator in the air system bathing field. Its custom warm air massage system baths promote personal health and well being for people of all ages. From a tactile to forceful massage, individuals can individually regulate, vary and change massage intensity to their own individual needs. With over 30 years in the industry, ACRYLINE has focused their efforts to an ongoing commitment of manufacturing bathing systems that promote personal health and wellbeing. The company's offerings include traditional soaking baths and sophisticated warm air hydro massage therapy system baths in a variety of elegant styles, shapes, sizes and colors.

Source: The Wholesaler



USA: MASCO Profits Fall Short, Outlook Cut; Shares Drop

28 October 2008, LOS ANGELES - MASCO CORP., a home building products maker, said Tuesday third-quarter earnings dropped sharply and fell short of forecasts. It also cut its outlook for full-year earnings.

MASCO said net income was \$33 million, or 9 cents a share, compared with \$205 million, or 56 cents a share, for the same period a year ago. Sales for the Taylor, Mich.-based company were \$2.53 billion against last year's \$3 billion.

The company said its income from continuing operations was 10 cents a share. Analysts polled by FACTSET RESEARCH had expected MASCO to post earnings of 18 cents a share on sales of \$2.58 billion.

MASCO also reduced its full-year outlook to a range of 25 cents to 30 cents a share, which includes a 4-cent charge "for plans undertaken to further rationalize the company's business," it said in a press release. MASCO's previous forecast was for 50 cents to 65 cents a share.

Shares of MASCO, which had tumbled early, rose 1% to finish at \$9.99 as the broader market staged a late day rally.

MASCO said the "rationalization" of its business involves consolidating some of its businesses, closing plants, cutting jobs and other initiatives. MASCO already has disposed of several European units deemed non-core businesses.

Nishu Sood, analyst at DEUTSCHE BANK, said in a morning note to clients that the sharp reduction in the company's full-year forecast implies that MASCO's fourth-quarter earnings could end up at break-even or perhaps post a loss of 5 cents a share. The FACTSET estimate currently stands at profits of 8 cents a share.

Sood said home improvement spending and European sales will continue to eat away at earnings into next year.

"Masco's outlook for new home construction, to which the company remains roughly 40% exposed, is unchanged - 2008 housing starts are forecast to be roughly 900,000 to 1 million," Sood wrote.

"Also, while management's outlook for housing starts didn't change for [the fourth quarter], starts in 2009 are likely to be meaningfully below 2008 levels. Housing starts in the last two months have been 817,000 and 872,000, respectively," he added.

Source: MarketWatch



USA: JETTA CORP. & METRO BUILDERS SUPPLY Enter Joint Venture

12 September 2008 - JETTA CORPORATION, a premier manufacturer of whirlpool bathtubs, and METRO BUILDERS SUPPLY, the leading distributor of appliances in the Midwest with nine locations across Kansas, Oklahoma, Missouri, and Arkansas, are pleased to announce the signing of a joint agreement for METRO BUILDERS SUPPLY to display, market and sell JETTA's bathtub product line, effective September 15th, 2008.

METRO will begin displaying the JETTA line in late September in the Wichita, Kansas, Springfield, Missouri, and Tulsa, Oklahoma locations with approximately 20-30 bathtubs in each location, including rectangle, corner, oval and freestanding units in all available sizes. METRO will also have live, working bathtubs on display to showcase JETTA's unique whirlpool, air jet, and whirlpool/air combination models, allowing customers to truly feel the "JETTA experience". JETTA's recently acquired line of WATERDANCE BATHS, featuring the Soaking Art models recently seen on HGTV's Kitchen and Bath special, will also be on display.

"We are extremely pleased to have reached an agreement with METRO to enter into the bathtub business" said JETTA CORPORATION's President, Matt Peterson. "METRO's store traffic on a daily basis is incredible, and they have long been a regional powerhouse in appliance distribution to the builder and remodel segments. From the JETTA perspective, we have made significant investments to support our growth strategy, including the acquisition of WATERDANCE BATHS and the launching of many new products. METRO provides us the perfect distribution partner to capitalize on these investments while providing unparalleled exposure for our JETTA brand. Many of today's homeowners are spending their dollars on remodeling their kitchens and master baths rather than moving to a new home, and our relationship with METRO will allow us to capitalize on these consumers who prefer to create their own "home spa experience."

"Entering into the bathtub business allows METRO to expand our current product range outside of appliances to support our growth, yet keeps us within our core competency of supplying kitchen and bath products to the builder/remodel industry" added Guy Minnix, President of METRO BUILDER SUPPLY. "We are expanding METRO's business model to include more live, built-in kitchens vignettes, as well as offering cooking classes and demonstrations. Adding JETTA's line of bathtubs and including live, working tubs supports our strategy of becoming more important to our existing customer base and providing homeowners a complete line of kitchen and bath products. We have been very impressed with JETTA's product line and the "JETTA story".

METRO BUILDERS SUPPLY, headquartered in Tulsa, Oklahoma, has been a leading supplier of home appliances since 1974.

JETTA CORPORATION, headquartered in Edmond, Oklahoma, has been providing its customers with high quality kitchen and bath products since 1981.

Source: www.jettaproducts.com



USA: ELKAY Creates Wholesale Business Unit

1 October 2008 - ELKAY MANUFACTURING CO.'s Plumbing Products Division (PPD) has developed the Commercial and Residential Wholesale business units. Jack Krecek, vice president, general manager of the PPD's Commercial business unit, will supervise specialized engineers, marketers, global sourcing agents and new product development resources targeting commercial business segments such as education, health care, hospitality and other public venues. Among the product managers supporting the commercial group is Gary Israelson, product manager for commercial faucets. Rod Magnuson, senior product manager, will lead a management team focused on new products.

Darold Vredberg, senior marketing manager, will handle areas related to pricing and costing; Kevin Keane is commercial financial manager and Franco Savoni, senior manager, engineering and technology, will manage a variety of areas, including the product engineers responsible for cost reduction and supply chain initiatives, the Savanna product testing lab, new and existing product initiatives, certifications and intellectual property activities.

Tom Samanic is the new vice president, general manager of the PPD's Residential Wholesale business unit, which will be responsible for all sinks, accessories and business development initiatives. Wally Moran, director of marketing and product development for sinks/accessories, will lead one of the residential wholesale business unit teams, supported by Mark Hird, marketing manager, and Martin Zummersch, leader of the engineering team. Angela Sheehan, who recently joined ELKAY as a director of marketing and product development for faucets, leads a second team, supported by Jens Bolleyer, marketing manager, and Mike Douglass, leader of the faucet engineering team.

Pete Wozniczka leads the PPD's market research and industrial design team. Laura Gicela manages the product engineering support team.

Source: Supply House Times



USA: LASCO BATHWARE Appoints Gary Anderson as New President

ANAHEIM, Calif. - LASCO BATHWARE (www.lascobathware.com), manufacturer of the largest selection of acrylic and gelcoat bath fixtures for the building, remodeling, and commercial construction markets, announces the appointment of Gary Anderson as its new president. LASCO is a division of TOMKINS INDUSTRIES and the largest manufacturer of bathing fixtures in the United States, producing nearly one-fourth of all bathing fixtures sold.

In his new position, Anderson will oversee more than 2,000 employees in nine locations across the United States. He will be responsible for positioning the company for growth as the housing market stabilizes.

"I'm excited to join the LASCO team," said Anderson. "It is a challenging time in our industry, but I am confident we will have the right people and strategies in place to meet those challenges. LASCO is taking the right steps to execute a back-to-basics approach to business that will serve it well in the coming years as it strengthens its market share and continues to lead the bathing fixtures industry."

Anderson brings extensive experience in a variety of diverse manufacturing businesses and has held several senior-level management positions throughout his 20-year career. Prior to joining LASCO, Anderson was the vice president of operations, acting vice president and general manager for LENNOX HEARTH PRODUCTS, a leading manufacturer of indoor and outdoor fireplaces. During his time at LENNOX, the company experienced significant growth and is currently a leader in its category, with five plants nationwide.

Dave McFarland, director of marketing for LASCO, welcomes the hire. "In the short time he's been with us, Gary's straightforward approach and strong vision for our company has proven to us that he is the right choice to lead us through the coming years. I look forward to working with him as we increase LASCO'S presence nationally."

From 2001 to 2004, Anderson was director of business excellence and a Six Sigma master black belt at HEATCRAFT WORLDWIDE REFRIGERATION. HEATCRAFT is a subsidiary of LENNOX INTERNATIONAL, providing climate-control solutions for commercial and industrial applications in more than 70 countries. Before joining HEATCRAFT, Anderson spent several years in management positions at PRESTOLITE WIRE CORP.

Anderson received his bachelor of business administration in management from Valdosta State University and was a sergeant in the United States Marine Corps.

Source: Business Wire



USA: WOLSELEY to Restructure U.S. Building Supplies Unit

23 October 2008 - WOLSELEY said on Thursday it planned to restructure its loss-making U.S. building materials business by closing branches, leaving some states and cutting another 3,000 jobs.

The company, which says it is the world's largest specialist trade distributor of plumbing and heating products, will close 86 branches generating a quarter of the STOCK BUILDING SUPPLY unit's revenue, exit 16 markets in six states and reduce its headcount to 8,700.

Including the latest job cuts, STOCK BUILDING SUPPLY has shed 55 percent of its staff since the peak of the U.S. housing market in 2006.

The unit posted a trading loss of \$246 million in the year ended July 31.

Source: Reuters



USA: GRAINGER Reports Record Sales in Q3

W. W. GRAINGER INC. reported record third quarter sales of \$1.8 billion, an 11 percent increase over the third quarter of 2007.

Net earnings for the quarter were \$140 million, an increase of 28 percent over the \$109 million reported last year.

"Our third quarter and year-to-date results are a testimony to [our] strategy and our employees' ability to execute," said James Ryan, GRAINGER president and CEO. "Going forward, the credit crisis and its effect on the economy create uncertainty. ... [However], with our strong performance this quarter, we are raising our earnings per share guidance this year to \$6 to \$6.20 from \$5.80 to \$6.10."

GRAINGER said daily sales for its branch-based segment in the United States increased 10 percent, with the strongest growth coming from government and national account customers. In Mexico, China, Panama and the U.S. combined, business also increased 10 percent.

Daily sales for the branch-based segment increased 8 percent. Daily sales grew by 10 percent in July and 6 percent in August.

Sales for the quarter were negatively affected by approximately one percentage point due to lower sales of seasonal products. The U.S. branch-based business raised prices in August to reflect higher costs from suppliers.

During the quarter, the U.S. branch-based business did not open any new full service branches, closed three full service branches as a result of relocations under market expansion and closed two will-call express locations.

The company opened one full service branch in Mexico and one in Panama, and closed six will-call expresses in China, bringing the total number of branches in the segment to 460.

Market expansion is targeted for completion in 2008, with only four projects remaining in the top 25 metro markets.

Sales growth in certain areas of the country, including Southern California and South Florida, were negatively affected by the local economies. The company expects to see continued incremental sales growth from the market expansion program through 2013.

The company said product line expansion also contributed to the strong sales performance in the quarter. GRAINGER has added approximately 150,000 new products since 2005.

Sales in Mexico were up 17 percent, 15 percent on a daily basis, in the quarter versus the same period in 2007. Stronger sales in natural resources were partially offset by slower sales in the hospitality and manufacturing sectors. GRAINGER opened one new branch in the third quarter, with two more branches planned for the fourth quarter.

The ACKLANDS-GRAINGER Canada division had a 17 percent increase over the third quarter of '07. Sales were strong in the agriculture, mining, oil and gas, and government segments, the company reported.



Sales for GRAINGER'S Lab Safety Supply division were up 14 percent versus the 2007 third quarter. GRAINGER said the sales from its July 2008 acquisition of HIGHSMITH, a direct marketing business serving libraries, contributed all of the sales growth for the quarter.

Source: www.inddist.com

California: California Signs Uniform Codes Into Law

California Gov. Arnold Schwarzenegger has signed legislation permanently establishing the International Association of Plumbing and Mechanical Officials' model plumbing and mechanical codes as the basis for the development of the California Buildings Standards Code.

Introduced by Sen. Ron Calderon (D-Montebello), Senate Bill 1473 seeks to clarify who has authority to develop building standards, including green building standards, for particular types of buildings. It includes intent that the measure will not affect the ability of local governments to adopt changes to the building code.

Sec. 5 of the bill adds Section 18938.3 to the Health and Safety Code, to read: "(...) Those model codes designated in Sections 17922 and 18938 that continue to be published and updated shall continue to serve as the basis for the California Building Standards Code." The bill establishes the Uniform Plumbing Code and the Uniform Mechanical Code, which were the basis for the 2007 triennial edition of the California Plumbing Code and California Mechanical Code, as the model codes for all future editions of the California code.

Source: Supply House Times



USA: Russian Steel Market To Acquire JOHN MANEELY

October 1, 2008 - NOVOLIPETSK STEEL (NLMK), the leading Russian steel producer, has signed a definitive agreement to acquire U.S. steel pipe and tube manufacturer JOHN MANEELY CO. (JMC) from a shareholder group including global private equity firm THE CARLYLE GROUP and the Zekelman family for \$3.53 billion, acquiring the company on a debt-free, cash-free basis. The transaction is subject to customary regulatory approvals and is expected to close in the fourth quarter of 2008.

JMC is the largest independent tubular manufacturer in North America, with holdings that include the WHEATLAND and ATLAS TUBE divisions, and SEMINOLE TUBULAR PRODUCTS. During CARLYLE's ownership, sales increased by \$800 million, a 36% percent rise, from \$2.2 billion in fiscal 2006 to an estimated \$3 billion in fiscal 2008.

Formed through the combination of JOHN MANEELY CO. and ATLAS TUBE in December 2006 and headquartered in Beachwood, OH, JMC operates 11 plants in five U.S. states and one Canadian province with a total production capacity of more than 3 million tons of steel pipe and tube per annum.

NLMK, through its joint venture with DUFERCO GROUP, has two manufacturing facilities in the U.S.: DUFERCO FARRELL CORP. and SHARON COATING LLC. DUFERCO FARRELL is currently the key supplier of hot rolled coils (HRC) to JMC and in particular the largest supplier of HRC to JMC's WHEATLAND division, to which it is closely located. NLMK is therefore in an excellent position to extract synergies (estimated to be around US\$35 million per annum) from the vertical integration of its steel assets in North America with JMC's low cost processing capabilities.

Vladimir Lisin, chairman of NLMK, said, "We are delighted to have secured an entry into the highly attractive U.S. pipe and tube market and we are confident that the incorporation of JMC's quality assets into the NLMK group will prove to be a highly attractive investment for NLMK's shareholders as well as a beneficial development for JMC's customers and employees."

Barry Zekelman, chief executive officer of JMC, said, "Our hard work these past few years has demonstrated that ATLAS and WHEATLAND are formidable players in their served markets. We are proud to become part of the NLMK steel family and believe the future is bright for the company and its dedicated employees."

Tom Conway, international vice president (administration) USW, said, "The United Steelworkers has had long-standing productive relationships with both companies. We look forward to working with the new owners."

Daniel A. Pryor, managing director on the CARLYLE industrial team, said, "In the face of intense global competition, JMC's remarkable management team and work force have built the premier global steel pipe and tube manufacturer. They have created economies of scale through two strategic acquisitions, improved operations with lean manufacturing and Six Sigma techniques, and grown sales through an intense focus on customer service. At many plants, the workforce has shared the benefits of this transformation via gain-sharing programs. This is a great example of how private equity can help create value."

The transaction will be financed from available bank commitments, including the recently established US\$1.6 billion Pre Export Finance (PXF) facility and a \$2 billion bridge commitment provided by



MERRILL LYNCH, DEUTSCHE BANK and SOCIETE GENERALE.

MERRILL LYNCH is the exclusive financial advisor and DEBEVOISE & PLIMPTON is the legal counsel to NLMK. JP MORGAN, GOLDMAN SACHS and GMP SECURITIES provided financial advice to JMC and LATHAM & WATKINS is the legal counsel.

Headquartered in Lipetsk, Russia, NLMK has annual revenues of about \$7.7 billion and 70,000 employees in production facilities across Russia, Europe and the United States. NLMK's ordinary shares are traded on the RTS and MICEX Stock Exchanges in Russia, and its global depository shares trade on the London Stock Exchange.

Source: Supply House Times

Arizona: Tucson Approves Greywater Regulations

According to the Arizona Daily Star, all new homes built in Tucson, Arizona., after mid-2010 will need to include plumbing for a greywater system. The new rules require stub-outs for greywater systems for all new homes that are issued permits after June 1, 2010.

The regulations affect only new construction, not existing houses, unless the homeowner builds an addition with a new bedroom, bathroom and kitchen. A newly constructed guesthouse on an existing property would need the greywater plumbing.

Installation of a greywater pumping system is not required, only the plumbing so the bigger system could be installed later.

Builders would be required to install pipes and other plumbing hardware to collect the greywater. A separate set of pipes would be required to take water directly from washing machines to yards.

The greywater plumbing would cost \$500 to install — although home builders can knock off \$200 of that through a state income-tax credit — and the cost would likely be passed on to home buyers. Homeowners then could choose to install additional pipes, underground tanks to store the water and a pump to move the water outdoors.

Source: Plumbing & Mechanical



USA: Doing More with Less Water - First WaterSense Partners of the Year

9 October 2008 - One less drop in the bucket means kudos for three organizations and one individual who are promoting water efficiency and saving water. The first WaterSense Partners of the Year are being recognized for encouraging Americans to tap into their water resources wisely over the last year.

"EPA commends these partners for being blue ribbon winners in water efficiency," said Benjamin H. Grumbles, EPA's assistant administrator for water. "These water stars are helping WaterSense transform the way Americans view and value our most precious liquid asset and, as a result, we are saving more and wasting less for future generations."

While EPA's WaterSense program depends on the efforts of more than 1,000 partners, these four exceptional partners earned this special distinction from EPA:

Promotional Partner of the Year: The Saving Water Partnership
Manufacturer Partner of the Year: KOHLER CO.
Retailer and Distributor Partner of the Year: FERGUSON
Irrigation Partner of the Year: Timothy Malooly of Shorewood, Minn.

These organizations and individual represent the best of WaterSense's four partner categories. The Saving Water Partnership is a collaboration between Seattle Public Utilities and 17 participating local water utilities. KOHLER CO. is a leading bathroom and kitchen product manufacturer. FERGUSON is one of the country's largest wholesale distributors of plumbing supplies. Timothy Malooly is a WaterSense irrigation partner and president of two Minnesota-based irrigation firms: IRRIGATION CONSULTANTS CONSULTANTS & CONTROL and IRRIGATION BY DESIGN.

The 2008 Partners of the Year helped advance the WaterSense mission through a range of activities demonstrating creativity and collaboration, and promoting water efficiency from New York City's Times Square to the Minnesota Zoological Garden. Three of the winning organizations have also worked together to educate plumbers and consumers on the benefits of WaterSense labeled products.

In 2007, WaterSense partners were responsible for labeling, selling and promoting more than 193,400 WaterSense labeled products, saving the United States more than 277 million gallons of water annually.

WaterSense, a partnership program launched in 2006 by the U.S. Environmental Protection Agency, seeks to protect the future of our nation's water supply by offering people a simple way to use less water.

The first WaterSense Partner of the Year awards are being presented at the WaterSmart Innovations Conference and Exposition in Las Vegas, Nev., the first national water-efficiency conference for an interdisciplinary audience.

Source: EPA



New York: End Seen To New York Building Boom

14 October 2008 - New York City's long-running building boom will peak this year, before new office and residential projects peter out in the coming years and the number of construction jobs falls by almost 30,000 by 2010, according to a report released on Tuesday by the New York Building Congress.

The building congress, a trade group for construction and real estate companies, estimates that construction spending on new housing, office towers, stadiums, subway tunnels and schools will decline slightly in 2009 before falling to \$26.2 billion in 2010, from \$33.8 billion this year. But even that forecast may be a bit optimistic.

The report noted that construction had already begun on "the majority of the 15 office towers factored into the 2009 and 2010 estimates." But at least one-third of those projects are already in doubt, given the flagging economy, turmoil on Wall Street and the virtual disappearance of construction financing for new projects.

Few if any real estate and construction executives believe that JPMorgan Chase will build a new tower downtown, at Greenwich and Cedar Streets, as it announced last year that it would, now that it has bought Bear Stearns and Bear's Midtown headquarters.

Vornado Realty Trust, one of the city's biggest commercial landlords, suspended its plan to build a 23-story, \$435 million headquarters for Major League Baseball's cable network, after it failed to secure additional tenants and financing. Vornado's effort to build a 1.3 million-square-foot office tower over the Port Authority Bus Terminal on 42nd Street is also "dormant," a company executive conceded.

Stephen Sigmund, a spokesman for the Port Authority of New York and New Jersey, disputed the notion that Vornado's tower over the bus terminal was stalled, saying that planning continues apace with the developer, who is required to meet very specific goals and timetables for the project.

"This is such an uncertain situation that it is almost impossible to say with confidence what the forecast for the construction market will be over the next several years," said Richard T. Anderson, the building congress's president. "That's why we posed two scenarios."

In the first instance, said Mr. Anderson, who delivered the report to a somber crowd of construction and real estate executives at the Hilton New York, the downturn is short-lived as the federal government steps in to ease the credit crunch, preserving thousands of jobs and projects.

But a more gloomy situation, he said, involves a prolonged downturn, with private projects coming to a standstill while government slashes funding for mass transit projects, new schools and infrastructure. Currently, capital spending by city, state and federal governments accounts for about half of all construction activity in the city.

"You've just got to be optimistic," Kenneth J. Knuckles, chief executive of the Upper Manhattan Empowerment Zone Development Corporation, whispered to the executive next to him during the presentation.

The warning signs, however, are everywhere. Unemployment is inching upward, and commercial



landlords are nervously gauging the impact of the continuing consolidation of the city's all-important financial industry.

Vacant space in the city's office towers is no longer hard to find. In Midtown alone, more than 20.9 million square feet of space is available, according to the latest report by Newmark Knight Frank, a real estate broker. The availability rate — the amount of space vacant or available — rose to 10.2 percent in September, up from 8.2 percent a year ago.

Housing construction is also expected to slow drastically, after a spectacular four years in which new apartments, mostly condominiums, were built in virtually every neighborhood in the city. The boom was fueled by a growing demand for housing and the Bloomberg administration's efforts to rezone areas like Williamsburg and the Far West Side of Manhattan for high-rise construction.

The report estimated that 35,700 housing units would be built this year, up from 31,900 last year. But by 2010, that number is expected to drop to 18,500. At the same time, the number of construction jobs would fall 23 percent — to 100,250 from a record 130,100 this year.

The report confirms that construction and real estate activity tends to be a lagging indicator of economic health. Projects that got under way in the last two years are going forward despite a flagging economy. But experts say that new projects are being delayed.

"The thing that's reassuring is how much work is under way," Mr. Anderson said. "This is a very large construction market."

Even if construction spending falls to \$26.2 billion in 2010, from an estimated \$33.8 billion this year, that is still a considerable sum, he said.

The Goldman Sachs headquarters near ground zero is nearing completion, as is a tower at 42nd Street and Eighth Avenue and a smaller tower at 510 Madison Avenue in Midtown. The steel for the Freedom Tower at ground zero is rising above street level, and uptown, Boston Properties says it will move forward with its proposed office tower at 55th Street and Eighth Avenue.

The big question, Mr. Anderson said, is whether the city and state will continue their commitment to capital spending on subway expansions, schools and other projects, or be forced to slash their budgets as tax revenues from Wall Street and real estate fall sharply.

The Bloomberg administration has already stretched out its four-year capital budget to five years. But Seth W. Pinsky, president of the city's Economic Development Corporation, told construction executives on Tuesday that the Bloomberg administration would continue to maintain important city services and build for the future, with the redevelopment of Willets Point in Queens and the development of a large-scale affordable housing project at Hunters Point South, on the East River waterfront.

Source: www.nytimes.com



USA: New-Home Sales Perk Up on Gains in the West

October 27, 2008 - Builders slash inventories of unsold homes by record 7.3% in September.

U.S. home builders took a big step in September toward reducing the gigantic oversupply of homes, boosting sales slightly, slashing prices and reducing the number of unsold homes at a record pace.

Sales of new homes rose an estimated 2.7% in September to a seasonally adjusted annual rate of 464,000 in September, the Commerce Department reported Monday, close to the 460,000 pace expected by economists surveyed by MarketWatch.

Sales surged 23% in the West, bouncing back from a similar decline in August. Meanwhile, sales in the Northeast fell to lowest level recorded in the past 35 years, and sales in the Midwest fell to a 17-year low.

Nationally, sales in September were down 33% compared with September 2007.

The inventory of unsold homes fell a record 7.3% in September to 394,000, the lowest level in four years. In the past year, inventories have fallen 25.4%, the biggest percentage drop since the government began tracking the data in 1963.

At 394,000, the inventory represents 10.4 months' worth of sales, about double the normal inventory. It's taking more than 9 months after completion for the typical new home to sell, a sign that builders have much more work to do to bring supply down to match demand.

In the past year, the number of homes for sale that were under construction has plunged by 35%.

The median sales price fell to \$218,400, down 9.1% in the past year. It's the lowest median sales price in four years.

Government statisticians have low confidence in the monthly report, which is subject to large revisions and sampling and other statistical errors. In most months, the government isn't sure whether sales rose or fell. The standard error in September, for instance, was plus or minus 12.1%.

The government says it can take up to five months to establish a new trend in sales. Over the past five months, sales have been on a 489,000 annual pace, 33% slower than a year earlier and about 3% lower than August's five-month trailing average.

In all of 2007, 776,000 new homes were sold, down from 1.05 million in 2006.

Regionally, sales plunged 21% in the Northeast to 22,000 annualized, the lowest pace recorded in 35 years. Sales rose 23% in the West to 108,000 annualized after plunging 30% in August. Sales dropped 6% in the Midwest to a 17-year low of 65,000 and rose 0.7% in the South to 269,000.

Source: MarketWatch



USA: New Life For Old Plumbing Fixtures

2 October 2008 - Jeff Allen collected old plumbing fixtures for years. The fixtures gathered dust and rust at his home and warehouse, waiting for the right project to come along.

When he heard that the McMenamins' Kennedy School old boiler room was going to be converted into a pub, Allen realized that his fixtures would get a new life. "I was always hoping this project would come up," said Allen. "These are too cool to go unused."

Located at 5736 N.E. 33rd Ave., the Kennedy School earlier this month opened the Boiler Room, a 2,800-square-foot space with four levels that gives new meaning to industrial design.

Railings in the third-level area are intricate compositions of old pipes, radiators, steam traps, pressure-reducing valves, heat dissipaters and pressure backflow preventors. The third and fourth levels feature a railing that encloses a viewing area to the second-level bar. Stair railings from the lower levels to upper levels have silver-painted radiator pieces from the heating units from McMenamins' under-construction hotel at Southwest 12th Avenue and Stark Street.

Allen said most of the metal work was collected from McMenamins' properties, such as the Bagdad Theater, Grand Lodge and Edgefield. Allen used an 8-inch diameter check valve from the old fire station at Edgefield as the centerpiece of the new Boiler Room. The room had housed a large coal-fed boiler that heated the old Kennedy School. The boiler was enclosed behind a 15-foot-high brick vault that was removed one brick at a time, according to Scott Howard, a project engineer with ROGGENKAMP ERICKSON & ASSOCIATES, a Vancouver, Wash. structural engineering firm. One of the challenges of the project, Howard said, was aligning the heavy railings along load-bearing walls in a tight space.

Mario Espinosa, a senior associate with ANKROM MOISAN ASSOCIATED ARCHITECTS, said he wanted to raise the mezzanine levels to nearly the height of the existing windows, to make use of natural light. A subterranean wing houses a pool table and shuffleboard table. The wing had been used by Kennedy School janitors – one of whom was Scottish and reportedly popular with students, who would come to the boiler room to hear him play a bagpipe, according to Jon Perry, project manager with McMenamins. In addition to overseeing the artistic presentation of pipe work and plumbing fixtures, McMenamins hired a team of artists to depict the old boiler room in panels around the room.

The walls feature old bricks and paneling made out of boards from 100-year-old Yamhill County barns. The oak bar is re-milled lumber from an early 20th century barrel-aging facility at the Jim Beam Distillery in Kentucky. Corners and nooks in the Boiler Room are packed with items that owner Mike McMenamini picked up in his world travels, including an 8-foot bronze statue from Cameroon. And a menacing-looking electric switchboard from the Edgefield's pump station is mounted on a wall next to the bar, and just above a 1950s-style, wall-mounted jukebox.

The Boiler Room gives new life to fixtures that, Howard said, "are no longer junk."

Source: Daily Journal of Commerce (Portland, Oregon)