

Commercial construction boom keeps booming

Mix of industrial, retail, medical, recreational, education and military projects fuel success

By GRADY PHELPS
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Construction boomed loud and clear in Corpus Christi in 1996 to a beat that was the third-highest volume since 1970, with more major commercial building on tap for 1997.

The city of Corpus Christi logged nearly \$237.6 million in new work last year. This was an increase of \$38 million or 19 percent from 1995.

It was the largest annual construction count since \$356.9 million was started in 1983.

That year and 1982's \$239.6 million were the only larger 12-month building spending periods in the past 26 years, including the massive rebuilding that followed after Hurricane Celia hit in 1970.

"It was a good, strong year and nearly everybody was busy," said general contractor Joe Fulton of Fulton Construction. "It appears 1997 has the potential to be an even higher volume year.

"As an example, our firm alone will take out permits in the next two months for \$42 million, mostly in health-care related projects. It could be my company's best year in seven or eight years.

"I've said all along that our economy is one of the best in the state because of its diversification," Fulton said. "This is sure good proof of it."

Contractor J.W. "Bill" Hall, owner of Commercial Products Inc., said 1996 was his firm's most productive year in 22 years in business, as sales rose 25 percent to 30 percent from 1995.

"We're counting on another strong year in 1997," he said. "But if we only did as well as 1996, I'd actually be tickled to death."

Hall, whose firm notched its strongest work in projects ranging from \$50,000 to \$500,000, said low inflation and interest rates were the big differences in increased building activity.

"Banks are also healthy and willing to make more loans," he said. "That is freeing up quite a bit of opportunity for small businesses to expand."

Ken Hayes, executive director of the Texas Coastal Bend Chapter of the Associated Builders & Contractors Inc., said 1997 new commercial construction "should be close to equaling 1996.

"I have a gut feeling we'll finally get that factory outlet center (\$50 million in northwest Corpus Christi) this year and that will kick off the RV park and golf course, generate more traffic to the northwest area and accelerate other new business and construction.

"Our contractors and subcontractors feel very positive because we have had favorable interest rates, good weather, confidence in the economy, Navy growth and additional companies moving to the city," Hayes said. "There is just a high level of public confidence that is driving businesses and developers to expand, add new buildings and take a chance.

"I'm excited because this is controlled growth and I cherish that," he said. "You can make building plans that tend to be realized and the economy is not likely to take a sudden downturn."

Hayes said industrial, retail, medical, recreational, education and military segments fuel a strong mix for new building projects in 1997. Corpus Christi Independent School District alone has \$26 million in projects scheduled this year as part of the first phase of a five-year, \$67 million bond improvement program.

More retail outlets

Commercial real estate broker **Matt Cravey** said: "Our market is hot. I feel real positive about our commercial market for years to come.

"A few years ago you couldn't attract many investors, developers and new retailers here because Corpus Christi was too small for them. Now our population has grown enough and successful retailers are putting out good sales figures.

"Developers have got the major metro markets covered well. Now there is so much competition there that they are moving to viable secondary markets like Corpus Christi to make investments. We're starting to be on everybody's list of new markets to tap."

Cravey credits local businessmen like Robert Rowling of the Omni Hotel chain and attorney Melvyn Klein, a national investment for their successes that have gained the city international attention and have helped cause new outside business interests to take a look at the area.

"We will be seeing more hotels, restaurants, (major) retailers and, believe it or not, more senior health care facilities coming our way in the months ahead,' he said.

Six projects for the elderly totaling 440 dwelling units at a combined investment of \$40 million were started or announced last year. They are Esplanade Gardens, The Grand Court, Remington Retirement Community, two Villa Residential Care locations and Leisure Centers. Trinity Towers also started a 10-story expansion.

"Our land prices are reasonable, except along South Padre Island Drive where everybody wants to go. But SPID sales are still strong and buyers are willing to pay because of the high volume of traffic.

"A trend we will be seeing is some retailers closing existing marginal locations and moving to open two or more other locations to better serve and capture their customer markets," Cravey said.

Also look for more commercial growth along Saratoga Boulevard, in the northwest, in Portland and even the downtown area, he said.

Apartment growth

Commercial real estate broker Wayne Lundquist also is upbeat about prospects for this year's new commercial action, particularly on Corpus Christi's Southside in the Saratoga-Staples area, which he says is his targeted property sales area.

"I'm talking with developers who have put up earnest money for two sites they have under contract to build apartment complexes on Saratoga in the first quarter," Lundquist said.

"Both are 13 to 15 acres and would be in the 250- to 300-unit range. I think they are committed and wouldn't just walk away from \$50,000 they have put up for the land."

The two new apartment houses would be in addition to the 220-unit, \$6-million San Marin Apartments recently started at Staples and Lipes streets. It is scheduled to open in June.

Lundquist feels the population growth on the Southside, with its apartment occupancy average of 96 percent, can absorb about 800 new apartments fairly easily. He said another large complex is planned on Ennis Joslin Road near SPID.

"I'm also talking to two pharmacy chains, with a couple of new restaurant chains and we can expect to see another new car dealership coming on South Padre Island Drive.

"We finally have enough (houses) south of Saratoga to support new retail growth and it's going to continue because that's where the new population is living," he said.

Dan Winship of Winship Construction said the city's building permits were impressively large but the true new construction impact was much greater because millions of dollars in area Navy, ship channel and Texas A&M University-Corpus Christi building programs were not counted.

"We had our best year in 30 years in 1996 in projects from \$10,000 to \$3 million in both new work, expansions of existing business, renovations and updating property," Winship said.

"I see a similar year in 1997 because our economy is so good and healthy and that tends to feed off into other business."

Bob Cuvelier, manager of Rabalais Electric Constructors, said 1996 was the best business year in two years mainly in the industrial and commercial sectors. The company increased its staff by 15 percent to handle the increased workload.

"It seemed like when one new restaurant or assisted-living health facility came to town, others followed and sparked other work," Cuvelier said.

"It's a ripe market. The way 1997 has started, we've got so many job bid packages we don't know what to do and that's sure a great position to be in."