

# Owners Should Take Advantage of A Buyer's Market

**T**hese are difficult economic times. People are losing their jobs, consumer spending is down, banks are sitting on what money they have and private companies are standing pat. No one knows that better than the construction industry, whose market that was booming a year ago has gone bust.

Yes, things are bad. We all know that. But there still is money out there. Despite the near-hysterical headlines, there now are water-cooler conversations about how, if you need something new, now is the time to buy. Stores are desperate to move product and are marking down prices to lure customers. The same can be said for construction. As one construction executive admitted, "If you need something built, now is the time to build."

First of all, materials prices have plummeted (ENR 12/22-29/08 p. 26). The price of oil has dropped nearly two-thirds from over \$140/bbl in July 2008 to under \$50/bbl at the start of 2009. And few materials are in short supply.

Also, many construction companies are worried and are bidding aggressively; some can afford to. After several years of worker shortages, the industry suddenly is experiencing a temporary bout of unemployment, easing pressure on wages for the next few months or so. Sadly, this means many contractors and designers are laying people off. From a customer's standpoint, that may be a positive, as the people left at these firms will generally be the most experienced and best employees. That means owners will not just be getting the best price but the best people to manage their projects.

This is the nature of a buyers' market.



However, this type of market won't last. They never do. The same construction executive who conceded that it is now a buyer's market for construction services also said he can't see this market going on for more than six months. First of all, there already is a lot of pent-up demand. The pressure to build will only grow as the months go by. Further, a tight credit market won't stay this tight indefinitely. There simply is too much cash out there tied up in underperforming but "safe" financial instruments to stay put. How long will people put up with squirreling away cash in Treasuries paying 0%?

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Once the market and the economy starts moving again, owners seeking to build factories, warehouses, apartments or any other project will find themselves scrambling, wondering where the bargains went. Now is the time for owners with construction needs and available cash to act. Nothing will be gained by sitting on your money waiting for the sky to fall. By acting now, owners may be getting the construction deal of a lifetime. And they may end up being their own private economic stimulus to a vital industry. ■

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