Looking at 1983

Most Wall and Ceiling Contractors Voice ‘Guarded Optimism’ About This Year’s Business Opportunities

Overworked to the point of near meaninglessness, the expression is still the one that comes to mind when talking about business prospects for wall and ceiling contractors in 1983.

The expressions is: “Guarded optimism.”

While politicians and economists debate the reasons and the speed of recovery, most wall and ceiling contractors are steadying their businesses for a continuation of restricted contracting opportunities with a bare—and just a bare—improvement over 1982 levels.

The forecast for a slowly emerging improvement in commercial and industrial construction comes from all sections of the country, including Hawaii and Alaska. Contractors are generally unanimous in their appraisals: the commercial and industrial sectors will show very little advance while pent-up demand and ‘a lowered interest rate provides noticeable impact on residential starts.

In only a few cases and areas is optimism shining. Charlie Barnes, president of Dry Wall Systems of Baltimore, sees a lot of work being bid in his city. “There’s a great deal of commercial work here,” he says, firmly, “and 1983 levels should be at least as much as 1982.

“A lot of the work here is rehab, but new work is coming off the board at a good rate. Of course, we’re a non-union contractors and business opportunities might not be all that good for union contractors,” Barnes added.

Elsewhere throughout the country, forecasts among contractors call for a slow, cautious 1983.

In Denver, Delta Dry Wall’s Vern Raymer anticipates an area market some 40% below current levels. “For the past two years,” he explained, “Denver has enjoyed somewhat of a boom, missing many of the recessionary difficulties of the rest of the country—but it’s now caught up with us. Industrial and commercial will probably be coming to a real slowdown.

“Denver’s Vern Raymer sees a 40% drop for this year.

“The increase, though, in residential, both multi and single starts has started and this—given a stabilized interest rate—should provide most of the construction impetus,” Raymer concluded.

Farther to the West, the outlook is for some improvement. Harley Krone, of H.I. Krone, Kent, Washington, feels that Northwest—currently running something over 13% in unemployment—should remain slow for the fast half of ‘83 with a resurgence in the last six months.

“Quite a bit of work is now starting to come off the boards,” Harley said, “so it should start picking up in the middle months. At the end of ‘82, work levels were down some 30% below ‘normal’ so we have a long way to go.”

Again, though, residential starts—mostly in multi units and not single houses—is picking up and should remain on the rise so long as interest rates don’t reverse.

In Southern California, E.F. Bolster Company’s “Bus” Ratliff sees some stirring among Los Angeles designers on future commercial work so 1983 business levels should match 1982 figures.

“Prospects are fair but not great” Bus explained, “but the additional problem is that price competition finds contractors chewing each other up for what bids are available. Housing is nearly 100% depleted and with the big developers still staying out of the market, there doesn’t seem to be a great deal of improvement there either.

“It’ll be fortunate if construction can hold to 1982 levels,” he concluded, “but some of the bigger jobs should start breaking to make way for perhaps a different situation in 1984.”

Washington’s Harley Krone forecasts a slow first half with a resurgence in the last six months.
“The forecast (by contractors) calls for a slowly emerging improvement during 1983 in commercial and industrial construction, including Hawaii and Alaska—but only in a few places is this optimism bright.”

Garland, Texas, “The first six months of 1983 should be strong with a definite softening later in the year.

“We’ve enjoyed a boom in the Dallas-Fort Worth area and we may be a bit overbuilt. Still, there is plenty of hotel work getting ready for the COP convention. Single family starts are picking up in response to lowered interest rates and this may help level out lower commercial prospects.

“All in all, I’d say this market area will be down some 20% from 1982.”

Houston’s Bill Scott, of the W.C. Scott Company, sees the first half of 1983 there being a bit slower than 1982 activity—primarily in the commercial market—with renewed activity in the last half.

“Residential is coming back here,” Bill said, “and if the interest rate remains stable the pent-up demand should lead to a housing boom in the last half of 1983 and on into 1984. This should help the commercial markets too which have enjoyed a tremendous office building surge in ‘81 and ‘82. We’re now filling up all those vacant office spaces.”

Throughout the Midwest, contractors are anticipating some slight improvements. Mike Dixon, of Acoustics Associates, Inc., Minneapolis, has begun to see the commercial Industrial market come alive.

“We’re already working on backlog to be installed in 1983 and after a two-three year period of little industrial expansion there’s sufficient activity to prompt some optimism. It’s possible we could stay even with 1982 levels and drop off some 10% while a downtown office building glut is digested.

“But some of the older buildings are being viewed for retrofit work and this market may offer the largest potential,” he continued.

Business prospects for the St. Louis area appear about the same as this past year, according to Jim Wies, President of Wies Drywall and Construction Corporation.

“From all indications,” Jim said, “residential is picking up noticeably, and there are some fairly good sized jobs on the boards that are being bid. That’s all ‘83 work—so work levels
St. Louis’ Jim Wies projects a 1983 as good as—maybe better—than ‘82.

here should be at least, and we hope, slightly above 1982.

“Retrofit probably will expand a little, especially in the inner city,” Wies concluded, “because we’re into some of that on two-three story buildings now.”

East of the Mississippi in Kentucky, construction activity should settle a bit but stay about at the 1982 par. Lynn P. Lassiter, President of Lassiter Plastering Company, Inc., of Murray, expects a bit of a decline early in the year but, all in all, looks for the 1983 business year to stay even with the previous year.

“Architects just aren’t all that busy right now,” Lynn explained, “so there probably won’t be as many jobs available. Also retrofit work has slowed down a little, starting in the last quarter of 1982.

“Still, though, there is plenty of smaller work and if it’s managed properly it can be profitable. From what we’ve seen in the area, work is off about 25% but I don’t expect it to slip much beyond that—which would be right at 1982 levels,” Lynn said.

Western Florida appears one of the brighter spots in the nation. Robert “Bob” Wallace, of Wallace & Fernald, in St. Petersburg, frankly admits there’s plenty of business in his area.

“We’re a sub and a general contractor,” Bob said, “and this area is generally healthy as far as construction is concerned. Cons work has dropped off, but a lot of work exists in high rise
construction in the Fort Meyer market, and some good financing means that the Western Florida market can look forward to a good 1983.

“Lowered interest rates—and continued demand from buyers who have the cash and the desire to buy—is keeping the residential market reasonably bright,” he added, “so the residential and commercial thrust should give us a 50% improvement over last year.”

Kenneth Hyde, of Hyde Drywall and Paint Company, in Lexington, South Carolina, reported that work in the Carolinas is tight right now but a pick-up should arrive around April or May.

“Some bid work is coming out in this area right now,” Ken said, “and we should feel the impact by mid-year. But generally I’d say work had been down by year’s end and through the first six months there doesn’t appear to be anything that would create a big upturn.

“Federal housing, which is big in the Lexington area, is down for obvious reasons and it won’t get moving again until mid-year. The interest rate doesn’t appear to have had much effect on residential work which is dying in these parts. With industry being off through 1982, we expect some more tough sledding for 1983,” Ken said.

Farther to the North, New Jersey’s Daniel McGlone, Vice President of T.J. McGlone and Company, Edison, N.J., is looking directly at some of the big projects that are coming up for bids.

“The smaller work isn’t as active right now as the big user,” Dan explained, “so we see some good jobs such as Johnson & Johnson, Exxon, Shearing Plow giving ‘83 a better appearance.

“In 1982 half of our volume came in small work, but this year we expect to do 70% of our volume with bigger contractors on fewer jobs. Also, the Atlantic City area should give the state some impetus . . . the Trump Tower job there has just started . . .

“For the most part, the New Jersey market is looking fair to good. In our company’s case we expect to have a better 1983, but the state as a whole should remain at about 1982 levels—or slightly better,” Dan concluded.

Northeast Up . . .


“Residential is already picking up,” Dick reported, “and this should stimulate the commercial and residential sectors. It looks as if there will be steady improvement in 1983—up some 10% to 15% over 1982—with the potential for a real boom in 1984.

Connor cited the usual lowered interest rate and pent-up demand as motivating factors for the New England residential resurgence, but he emphasized also the less attractive rates in money market funds as a vital element.

“As rates go down on CDs and other money market instruments,” he pointed out, “the money will come out and go into other areas—more tangible investing. That means house purchases. With increased consumption spending, our big worry in ‘83 and ‘84 will be a renewed inflation—not lack of construction opportunity.”