

AN EVOLVING INDUSTRY

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It's no secret that the construction industry has been tremendously impacted by the current economic downturn. Despite this, Stevens Construction Corp., a Madison-based merit shop general contractor known for its large wood-frame and concrete-frame construction projects, is one company that has endured and prevailed. Stevens Construction Corp. currently has over \$100 million in signed backlog and has added approximately 40 new jobs for construction professionals in the past few months.

Stevens builds projects of all sizes in a variety of markets; while many of those markets have seen a decrease in building needs, there are a few that have continued to grow. Identifying these specific market trends and industry needs have been the keys to Stevens' success. "One market where there's a lot of building and growth is multi-family housing," explains Mark A. Rudnicki, CEO of Stevens Construction Corp., who notes changes in financing and home-buying patterns have caused more families and young professionals to choose renting over homeownership.

The construction industry has been hurt by the lack of financing for private projects. However, this is starting to change as financial institutions slowly begin to lend again. Rudnicki explains that in order to see an increase in construction projects and jobs, private developers, who may be looking to capitalize on the multi-family housing boom, will need to work with lenders who now require higher levels of equity and pre-sales or pre-leases to secure financing.

The industry has also seen a change in the bidding process, albeit for the better, notes Rudnicki. "As the economy went down, there was a huge migration toward hard bidding jobs. I think we've started to get



Stevens has teamed up with the Mullins Group, LLC and Eppstein Uhen Architects on this multi-family, mixed-use apartment building. It is the largest privately funded project currently under construction in the City of Madison.

away from that process now as developers want less risk and more collaboration."

Hard bidding involves a developer bidding a project out to multiple contractors and awarding it to the lowest bid.

"When selecting on this hard bid basis, developers take many risks, possibly unknowingly, including responsibility for incomplete construction documents, quality issues, schedule delays, poor safety, and contractor and subcontractor failure," Rudnicki says. "Stevens Construction adds a lot of value to a developer's project when we are able to get involved early on. Our expertise is working collaboratively with the architects and engineers to tailor the most cost-effective solution, which results in a better quality building and an overall better construction experience."

Like in all other arenas of modern life, the sustainability revolution is thriving in the construction industry.

"I worried private developers would pull away from sustainable projects due to higher upfront costs, but we have found them actively working to make their buildings as energy efficient and green as possible," says Rudnicki. In fact, Stevens just signed a contract for a large multi-family apartment building that will be LEED-certified. Many others are still building with sustainability in mind, using alternative heating, cooling and other energy-efficient means to save costs in the future, for residents and management alike. "They may not all be going through the time and cost of obtaining a LEED certification, but they still want our help and guidance in making their buildings as efficient as possible."

While the industry continues to struggle, professionals like Rudnicki are hopeful. "Stevens Construction remains cautiously optimistic now that more construction activity is happening, but for the industry as a whole, improvement will be gradual." 

