Saturated market adds to construction slump in Upstate

True recovery years away, expert says

BY JESSICA SIBLEY
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CLEMSON — Tired of seeing vacant commercial buildings and half-erected condominiums without any windows?

Roger Liska, chairman of Clemson University's department of construction science and management, said we're going to have to suck it up.

"The construction industry is in its worst slump since last October," he said. "And I really don't see a true recovery happening for close to two years."

Liska said because there was so much housing stock left on the market in the tune of foreclosures and vacant commercial space, builders aren't keen on taking any chances.

"Until these fill in, they don't want to go off and build something else," he said. "It's simply too risky. Things aren't selling. We know that. But until that changes, the slump will remain."

Liska added that the construction industry has the highest unemployment rate, noting that a lack of condo construction is adding to the dismal situation.

"Especially in our area, condos that are built around the university are usually family investments," he said. "They will buy the condo while their kids are in school and turn around to sell them after the four or more years. That's come to a halt too, for the same reasons.

"On the flip side, if I had money, I would buy a condo in Myrtle Beach. Right now, they have some of the best deals that we will ever see in our lives," he added.

When it comes to stimulus help, Liska said that the majority of those funds are going towards big road projects and bridge improvements.

"Don't get me wrong, we need those things done, but even there, when that money runs out, what's the next plan?' he asked. "The money isn't streaming into the construction industry."

Gabe Yoder, of Yoder Builders, said some specialty branches of construction are doing better than others.

"We build custom homes, mostly lake front," Yoder said. "These are people who have usually bought a lot and are waiting to get started. Mostly retired families. It's a bit more steady than other areas, but still, we've seen a lot of people holding off. Over time, their 401(k) has turned into a 201(k), and they simply can't build right now."

Yoder added that in the spring, starter homes were really selling at a solid pace, but that too, has died off.

"The tax credit ending has a lot to do with that," he added. "Now, speculative homes are slow again too."

When it comes to professional builders, though, Yoder said there is work being completed.

"There are good builders out there who have work," he said. "But instead of having four homes being constructed, they might only have one."

That's one positive aspect to the tightened industry, Liska added, stating that the slump will help weed out less than professional contractors.

"It's the one industry where you don't need professional education to be cleared for work," he said. "If you have someone with money who is willing to let you do the work, that's all you need. Getting a business license for work is not the same as being professionally licensed. We need professional builders."

And finally, another way to help climb out of the construction slump is to encourage planning commissions to be closer with builders.

"We're talking feasibility," he said. "Do we really need another building? Keeping vacant space to a minimum is key. For tax collection and eyesore purposes."

In the end, however, Liska said not much will change with the construction slump until the economy makes a lasting and strong recovery.

"It's the same tune with everything," he said. "Until more people are employed or start getting raises, the money isn't there to pull us out of it."

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