



CONSTRUCTION INSPECTOR REVIEW

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Construction Market to Increase 11% in 2010, Says McGraw-Hill Construction Outlook Report

by Peter L. Mosca¹

It's more good news for the construction industry. McGraw-Hill Construction's 2010 Construction Outlook forecasts an increase in the level of construction starts in 2010 is expected to climb 11% to \$466.2 billion, following the 25% decline predicted for 2009. McGraw's Outlook, a mainstay of business planning for construction and manufacturing executives, says the increase will result from improvement for housing from extremely low levels and broader expansion for public works.

"The U.S. construction market in 2010 will be helped by growth for several sectors, following three straight years of decline that brought total construction activity down 39% from

its mid-decade peak," said Robert A. Murray, vice president of economic affairs for McGraw-Hill Construction. "The benefits from the stimulus act will broaden in scope, lifting not just highway construction but also environmental public works and several institutional structure types. With continued improvement expected for single family housing, after reaching bottom earlier this year, the overall level of construction activity should see moderate expansion in 2010." Highlights of the 2010 Construction Outlook include:

- Single family housing for 2010 will advance 32% in dollars, corresponding to a 30% increase in the number of units to 560,000 (McGraw-Hill Construction basis).

- Multifamily housing will improve 16% in dollars and 14% in units, after steep reductions in 2008 and 2009.
- Commercial buildings will drop 4% in dollars, following a steep 43% drop in 2009. The weak employment picture will further depress occupancies, making it

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¹ Peter L. Mosca is president and founder of BAK Communications, Inc. He has over 22 years of communications and media consulting experience, serving a variety of nonprofit organizations, including the CCIM Institute and the REALTOR Association on all three levels – national, state and local. He is the Spokesperson Trainer for the CCIM's Jay Levine Academy and trains hundreds of residential REALTORS nationwide to be effective industry spokespeople. He is consistently ranked as "excellent" by about 90% of those who attend his presentations.

While his principal consulting focuses are public speaking and media relations development and content delivery and management, Peter is also the host of the Voice America Network's weekly radio program, "Income Property Investment Talk," a one-hour program that brings the powerhouses of commercial and residential real estate to property investors every Wednesday at 11 a.m. EST.

Peter is married 17 years to his wife Barbara. They have two children: Ashley, 15 and Kelli, 12. Hence, the name BAK Communications, Inc.

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Construction Market to Increase

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even more difficult to justify new construction.

- Institutional buildings will begin to stabilize after losing momentum in 2009. Square footage will retreat another 2% after sliding 23% this year. The dollar amount of construction for this sector will edge up 1%, helped by a growing amount of energy-efficiency upgrades to federal buildings and continued strength for military buildings.
- Manufacturing buildings will drop 14% in dollars and 3% in square feet, hampered by the substantial amount of slack manufacturing capacity.
- Public works construction is expected to rise 14%, given more wide-ranging strength across all project types.
- Electric utility construction will slip 3%, continuing to settle back after a record high in 2008.

The 2010 Construction Outlook was presented at the McGraw-Hill Construction Outlook Executive Conference in Washington, DC, which brought together top management from all parts of the construction industry including firms involved in building product manufacturing, architecture and design, contracting, engineering, industry associations and other industry professionals. At the event, Frank Giunta of Hill International and George Pierson of Parsons Brinckerhoff offered insights to an industry emerging from the crisis:

“The stimulus funds are meant to be just that, a stimulus, not the be-all-end-all answer to infrastructure financing,” said Frank J. Giunta, senior vice president and managing director of Hill International. “Both public and private sectors need to be innovative and rewrite the rules of project finance to address tremendous construction needs with minimal financing options.”

“The efforts of the federal agencies at transparency and their willingness to engage with private industry is refreshing,” said George J. Pierson, chief operating officer, Parsons Brinckerhoff. “We have to work together to meet the challenges of infrastructure and this economy.” Working together and meeting the needs of the real estate consumer will help the construction and building industries revitalize in 2010 and continue to grow years thereafter. ■

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We are looking for contributors to the CIR newsletter. If you have an idea for an article or something you want us to review - let us know.

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JOIN OUR NETWORK!

GCI is constantly recruiting qualified individuals for our nationwide Inspector Network.

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GCI's TOP 5

Top 5 Key Points for a Good Inspection



1. Accepting the Inspection Online as soon as possible will not only show GCI that you will accept the inspection assignment, it may also prevent it from having the project reassigned. If GCI does not hear from the inspector or we are unable to make contact with you, the project will be reassigned permanently to another inspector.

2. Submitting your report and photographs before the required Turn-Time (36 hours) will allow us to process the information before our deadline and will secure additional projects. There are times the inspector exceeds the 36 hour deadline and causes everyone to scramble to complete and present the report and the photos to the client within the agreed (contracted with the client) time frame. If you consistently exceed the 36 hour Turn-Time, you will lose the project.

3. Reviewing the Special Instructions (Message from GCI) can help the inspector to quickly decipher what they will be doing on the inspection. Many times the information will contain contact information, Lock-Box codes, and/or Specific Line Items the Borrower, Builder or Lender will want the Inspector to report on. The Special

Instructions will also identify the type of inspection you will be conducting. For example, it may identify the inspection as a "Forensic inspection" which will require additional information and photos from the Inspector. Reviewing the Special Instructions can improve your Turn-Time, provide information specific to that inspection and/or provide critical information to the inspector.

4. Communication! Communication! Communication!
We cannot stress enough the importance of communicating both with GCI and the inspection contact. We typically ask the inspector to communicate with GCI when a problem occurs such as contact number is invalid and the Inspector is unable to set up the inspection appointment. It is imperative to communicate when an inspection appointment has been scheduled or changed. Communicating with the inspection contact will also allow the inspector to build a relationship and gain the confidence of the Borrower. Once established, the inspector can also obtain additional information not easily obtained through observation only.

5. Photographs are an essential part of the inspection as it allows us to confirm and validate your findings. Photographs can also provide a complete story of the project and its current conditions. Many times you will notice the standard note of the minimum 8-10 photos required on most of our inspections in the Special Instructions, however, a "good inspection" will contain an average of 25-35 photos. GCI not only uses your photos to validate the percentages you are submitting it also uses it to make adjustments when needed. Remember, your percentages should match what is observed in the photos. If you have entered a percentage for "Drywall" and there is no evidence of it in your photos, you will be contacted for clarification and/or additional photos. Photo labeling can also provide clarification especially if you are identifying and confirming the proposed project description. If we know that there are 4 bedrooms and 3 bathrooms, we should see photos of each room to confirm the room count and the stages and condition of construction.

Keep in mind, a "good inspection" will contain all of the information above and more!

INSPECTOR CENTRAL

"OUTSTANDING... IN THE FIELD"

Nick Alati of Gilbert, Arizona



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Nick Alati joined our network in 2007 and has consistently provided quality reports and photographs when conducting inspections for GCI. His professionalism continues to exceed our expectations. Nick's excellence allows our QC department to process the inspection field report and photos with minimal or no adjustments. Nick's Turn-Time is an amazing 4.38 hours making him the fastest inspector on our network!

Nick has been conducting inspections since 2003 and has been affiliated with Granite Construction Inspections for three years. Alati's inspection service LLC. offers Residential & Commercial property inspections, FHA/VA & 203K Inspections, Moisture intrusion and Mold testing throughout out the greater Metro Phoenix area and is intimately familiar with the remodeling, maintenance and repair methods used throughout the Phoenix area. Nick said, "The types of cooling systems, roofing systems, exteriors and extensive periods of heat we experience in Arizona are not common throughout the rest of the U.S and the impact they could have on your energy bill and life style!"

Nick J. Alati was raised in a family-owned construction business. Nick's Dad, Nunzio J. Alati, owned Alati's Construction Company in Rochester N.Y. Some of his first memories as a child are riding with his dad on a C-8 Bulldozer grading the Subdivision, watching the framing go up, helping with the trim work and assisting the subcontractors with finishing their tasks. Nick's family moved to Lake Havasu City, Arizona in 1972 and then to the Valley. Nick has over 27 years of experience in Arizona construction where he learned what a "Dry-Heat" really is and how a 180 attic plays a major roll on properties! Learning construction techniques and more so, customer concerns, Nick saw the need for an open-minded, non-evasive Home Inspector. Alati's Inspection Service LLC motto is, "Give me 5% of your trust and I will earn the other 95%!"

Nick is certified as an Arizona Certified Home Inspector #42912, Certified ASHI Home Inspector # 245350, Certified InterNACHI Home Inspector, Certified Residential Mold Inspector IAQA #1373, IAQ2 Certified and HUD/FHA Inspector #512. As a commercial building inspector, Nick has also conducted Property Condition Assessments & Property Condition Reports (ASTM).

Nick is married to Becky and has 4 children (1 son & 3 daughters) ages 27 to 32, 2 German Shepherds, and a nice home in Gilbert, Arizona. Nick and Becky like to travel, SCUBA dive and enjoy camping, sometimes sneaking away to Las Vegas (don't tell the kids).

"With today's market I feel that I needed to diversify and I'm thankful for the opportunity that Granite Construction Inspections offers me and my family", Nick commented.

Thank you Nick for being an integral part of our national network of quality inspectors!



Inspector Compliance Corner

Don't forget about these items!

As we become more accustomed to working on various inspections, we sometimes tend to forget items that are very important to our client. The classic example is the "For Sale" sign. There have been times that a "For Sale" sign is shown in the photograph but the inspector answered "no" in the Site Review (Checklist questionnaire). Another example is photographing areas that are not affected by the construction. These items are very important to the Lender and tend to be overlooked.

There are many other items that are just as important and in some cases, more important than the "For Sale" sign example. When conducting your inspection, many times we ask for the total number of rooms, total number of bedrooms and bathrooms and we only receive a portion of this information. If the Proposed Project Description has information indicating 4 bedrooms and we only receive photos showing 3 bedrooms, you will be asked to obtain photo(s) of the missing bedroom. This information is very critical to our client and must be included on every report. This request is to show that no work has been or is being conducted in the unaffected areas.

If you have entered a percentage for "Carpeting" and there are no photos showing the evidence of carpeting, you will be contacted to provide clarification and/or additional photos showing the carpeting.

By providing photos of every room of the property and providing wide angle (floor

to ceiling) photos, you are leaving very little doubt of the current conditions and items that have been completed. Many items such as cabinets, tile work, mill and finish work, to name a few, also tend to be left out and we have to decipher your photos to confirm installation and/or completion. By providing a photo and a note of the item, we can quickly validate and complete the quality assurance process.

Other items that tend to be left out of an inspection report are photos and notes pertaining to a detached garage or structures such as a Pool House or "Mother-In-Law" apartment. These items must also be included in your report as they are part of the property we are to report on.

We also ask that you label the photos of multiple structures to avoid confusion and validate your percentages correctly. Many times the inspector will take photos of the exterior but not show and/or notate any of the interior of these structures.

Information about detached garages and/or structures is also critical information for our clients. These items sometimes tend to be overlooked because either the inspector does not think they are important or because they are viewed as a separate item not associated with the project. Taking photos of every room, including the garage or additional structures, will avoid having to go out to the property again to obtain additional required photos and more importantly conserve your time and gas. ■



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