



**Construction Outlook**

It's been a slow recovery for the construction industry as it regains momentum following the 2008 recession. However, recent improvements are positively impacting the volume of construction activity forecasted for 2015.

The U.S. Bureau of Labor Statistics recently reported that the nation's unemployment rate now stands at 5.6%. Furthering this upward momentum is the U.S. Bureau of Economic Statistics' Third Quarter report that anticipates a 5% increase in Gross Domestic Product (GDP) in 2014.

Reflecting those positive statistics, the 2015 Dodge Construction Outlook cites that new construction starts also rose by 5% last year. Commercial building jumped 14% while manufacturing experienced a 57% increase, driven primarily by the energy sector.



**Common Goals – Filling the Pipeline**

Everywhere we turn there are signs of a robust upturn in the national economy. For those of us fortunate enough to be located in Texas, we have experienced the leading edge of the recovery. For the past year, the topic of conversation at industry events and social gatherings seems to revolve around the amount of work available in the marketplace. And while everyone is excited about the prospect of new opportunities, there also appears to be an undercurrent of concern. People are uneasy about the capacity in the marketplace to produce the volume of work planned.



**Will Hodges**  
President  
Cadence McShane Construction

The short answer is that resource constraints and capacity issues are real. Every firm that I talk to is operating at maximum capacity. They have been awarded projects that stretch them beyond their resources. Everyone is in a "hiring mode"

but is struggling to find qualified manpower.

I recently sat on a Bisnow roundtable where I was asked how these resource constraints would impact the owners in the crowd. The short answer was – It depends, but everyone is being impacted in some way.

We are all aware of the major impact of the recession – less work, lower cost and greater availability of resources. Owners experienced some additional benefits since companies had available manpower and placed their best people on every project. This produced higher quality work and shorter construction schedules.

With the growth in new construction volume, the inverse could begin to surface – higher costs, longer schedules and more quality control concerns. The extent to which your project will be impacted is tied

directly to how well you have adapted to the market changes and how your design and construction team is equipped to deal with a rapidly evolving market.

Owners that have proactively addressed the new reality are better able to navigate the shifting marketplace. They have moved rapidly to adjust their budgets and have hired a team that will work collaboratively with them to get their project started as quickly as possible. This rapid mobilization mitigates the monthly cost escalation we are now witnessing.

While no one has a crystal ball, everyone agrees that the real estate and construction markets will continue to shift. The firms that are able to anticipate these shifts and respond rapidly will be able to deliver the best results and projects. Our goal at Cadence McShane is to support our clients and help them navigate through this shifting marketplace. □

**Construction Industry Forecasts**

FMI's *U.S. Markets Construction Overview 2015* predicts continued growth as follows:

- **Multi-Family.** Predicted to grow 13%, since rents continue to increase and vacancies have decreased.

- **Manufacturing.** Manufacturing growth is expected to rise 8% in 2015 reaching \$55 billion in volume.

- **Office.** Growing employment and increased GDP sets the stage for a 7% growth in

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**Cadence McShane Selected by Houston ISD for New Five-Story High School for the Performing and Visual Arts in Downtown Houston**

Cadence McShane is pleased to announce its selection by the Houston Independent School District (Houston ISD) for the construction of its new High School for the Performing and Visual Arts in Houston, Texas. The new downtown educational facility will occupy an entire city block at 790 Austin Street providing direct access to Houston's Light Rail system and other arts and theatrical venues. The new five-story, 259,000 square foot high school will be constructed to support 750 students within six departments including Creative Writing, Dance, Instrumental Music, Theatre, Visual Art, and Vocal Music. The first floor will include a two-story atrium lobby, fully-equipped auditorium and dining/full-service kitchen areas. The second floor provides balcony access and support areas for the theater. Floors three and four include dance and music studios, labs and classrooms. The fifth floor features music and visual art studios, fitness center and two rooftop terraces. Cadence McShane will also complete the site's demolition and excavation including below-grade parking for 171 vehicles. Gensler is serving as architect with a target completion date of First Quarter 2017. □



**Project Profile**

## **Voltabox BTS Underway by Cadence McShane in Cedar Park, TX**

Cadence McShane is currently underway on the 23,150 square foot headquarters and manufacturing facility for Voltabox of Texas, Inc. As members of the paragon Group of Companies, Voltabox of Texas, Inc. and Voltabox Deutschland GmbH are leading world suppliers of safe, high-performance Lithium Ion batteries for all types of vehicle-based and stationary uses. The new build-to-suit represents the firm's first North American operation necessitating a comprehensive layout supporting streamlined automation and end-to-end processing capabilities. The build-to-suit is situated on a premier six-acre parcel located at 1500 Volta Drive in Cedar Park, Texas, within TIG Real Estate Services, Inc.'s Scottsdale Crossing Commerce Park. Cadence McShane is constructing the facility utilizing a steel frame and insulated tiltwall panels. The office component will feature an attractive curtain-wall exterior accented with metal panels and contemporary window lines. The interior of the building has been designed to maximize manufacturing operation efficiencies incorporating sophisticated assembly technology. Cadence McShane broke ground in October with final completion slated for Second Quarter 2015. The new assignment represents Cadence McShane's second project within TIG Real Estate, Inc.'s well-positioned Scottsdale Crossing Commerce Park previously com-



*The new 23,150 square foot build-to-suit headquarters and manufacturing facility for Voltabox of Texas, Inc. is currently underway by Cadence McShane in Cedar Park, Texas, with slated completion scheduled for Second Quarter 2015.*

pleting the adjacent building currently occupied by Dana Holdings Corporation. Studio 8 Architects is providing the architectural services for this build-to-suit assignment. □

## **Cadence McShane Completes Liberty Property Trust's Fallbrook DC II**

Cadence McShane has completed the construction of Fallbrook Distribution Center II, a 400,250 square foot speculative warehouse / dis-



*On behalf of Liberty Property Trust, Cadence McShane completed the new construction of Fallbrook Distribution Center II, a 400,250 square foot speculative warehouse / distribution facility located in Houston, Texas, with convenient access to several major transportation corridors.*

tribution facility for Liberty Property Trust. Positioned on a premier 30-acre parcel at 8303 Fallbrook Drive in Houston, Texas, the site provides convenient access to Beltway 8, Highway 249, Highway 290, and both Interstates 10 and 45. Divisible to 100,000 square feet, this cross-dock facility can support single- or multi-tenant configurations for industrial operations. Fallbrook DC II features a 32' clear height, generous 53.4' x 50' column spacing, 83 exterior docks, four drive-in doors, two ramps, an ESFR sprinkler system, 3,000 square feet of office space

to-suit and ample on-site trailer parking. Seeberger Architecture provided the architectural services for this warehouse / distribution assignment. Contact Liberty's Hans Brindley at (281.955.2000) for more information on this industrial property. □

## **Cadence McShane Soars with L-3 Link Simulation & Training Assignment**

Situated in Arlington, Texas, the 82,000 square foot facility for L-3 Link Simulation & Training is currently undergoing extensive renovation and upgrades by Cadence McShane Construction. L-3 Link, a division of L-3 Communications, occupies a facility at 2200 Arlington Downs Road that will be modernized and updated to support this growing firm. L-3 Link is involved in software and systems development, visual systems design, advanced simulation technology development and training systems support for domestic and international military training. The assignment includes the reconfiguration of the company's departments and offices, the upgrade and expansion of employee service areas and expansion of the building's data center. Cadence McShane will also implement exterior improvements including the construction of a new main entry and lobby accented with an attractive glass curtain-wall. Construction of a new canopy structure for the building's courtyard will also be completed. Merriman Associates/Architects, Inc. is providing the architectural services for the assignment scheduled for completion in April 2015. □

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## Legacy at Falcon Point Completed by Cadence McShane

Cadence McShane Construction recently completed Legacy at Falcon Point, an 82-unit assisted-living and memory care facility on behalf of PinPoint Commercial, L.P. Located on a seven-acre site at 1520 Katy Gap Road in Katy, Texas, the new development is conveniently situated within one mile of Memorial Hermann Katy Hospital and the popular Katy Mills Mall. The two-story, 64,281 square foot luxury residence was completed utilizing panel wall and steel construction accented with an elegant natural stone and stucco exterior. The complex features 60 assisted-living residences and 22 units designated for memory care incorporating a blend of upscale fixtures and finishes. An innovative 'Main Street and Neighborhood' concept was utilized for the site layout and design of Legacy at Falcon Point allowing residents to enjoy numerous amenities



*Cadence McShane Construction recently completed Legacy at Falcon Point, an 82-unit assisted-living and memory care facility incorporating state-of-the-art technology on behalf of PinPoint Commercial, L.P. in Katy, Texas.*

including a movie theater, spa, restaurant, fitness center and sports bar. The development also incorporates state-of-the-art technology for the safety and comfort of its residents. Sitework for Legacy at Falcon Point, including landscaping, sidewalks and available on-grade parking for 43 vehicles, was also completed by Cadence McShane. Three Square Design Group provided the architectural services for this fully-featured senior living community. □

## Cadence McShane Completes Two-School Assignment For Plano ISD

Cadence McShane recently completed the new construction and renovation assignments at both Bethany and Hedgcoxe Elementary Schools on behalf of Plano Independent School District (Plano ISD). The 75,861 square foot Bethany Elemen-

tary assignment included 15,127 square feet of new construction that allowed the school to achieve Texas Education Agency (TEA) space requirements. The remaining 60,734 square feet was modernized with updated wall and floor coverings, lighting, building and life safety systems and classroom equipment. Plano ISD selected Perkins + Will as architect for this assignment. Hedgcoxe Elementary underwent 78,762 square feet of comprehensive updates and improvements. A total of 11,740 square feet of expanded space was constructed to the main entrance, administrative spaces and classroom areas meeting compliance with TEA specifications. Renovations of the school totaled 67,022 square feet and included the cafeteria, kitchen, library, gymnasium, auditorium, performance stage and 36 classrooms. PBK Architects provided the architectural services at Hedgcoxe. □

## Construction Progresses on Career and Technical Education Center Expansion for Frisco Independent School District

Cadence McShane's construction team continues its on-time schedule for the new construction and renovation assignment at the Career and Technical Education Center (CTE Center) for Frisco Independent School District (Frisco ISD). This award-winning high school, located at 9889 Wade Boulevard in Frisco, Texas, was originally completed by Cadence McShane in 2008 but growing enrollment has necessitated the school's expansion and upgrades. With construction commencing in August 2014 and completion slated for June 2015, Cadence McShane is skillfully meeting the project's intricate schedule as it completes 44,090 square feet of new construction while expanding the school's geothermal well fields to accommodate the increased HVAC demands for the expanded building. With students, faculty and visitors utilizing the facility throughout construction, Cadence McShane carefully plans and implements its comprehensive safety program to ensure that the co-existence of construction work and educational goals is achieved simultaneously. SHW Group, now Stantec, is providing the architectural services for this sizable new construction and renovation assignment. □



*Cadence McShane's construction team continues to meet its on-track completion schedule for the 44,090 square foot construction and renovation assignment at the Career and Technical Education Center for Frisco Independent School District.*

## Projects in Progress



650 COMMERCE – GREENWOOD, IN



REDLANDS LOGISTICS CENTER – REDLANDS, CA



RIATA VISTA – AUSTIN, TX



L-3 LINK SIMULATION & TRAINING – ARLINGTON, TX

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SPRINGS AT MEMORIAL – OKLAHOMA CITY, OK



TAPESTRY GLENVIEW – GLENVIEW, IL



LEGACY AT CRYSTAL FALLS – LEANDER, TX



VOLTABOX OF TEXAS, INC. – CEDAR PARK, TX

### CONTINUED FROM FRONT PAGE Construction Outlook

the office sector for 2015, rising to \$43.6 billion.

“Construction firms are clearly ramping up their hiring to keep up with the swelling demand for construction,” stated Ken Simonson, Chief Economist for the Associated General Contractors of America (AGC). Simonson notes that total construction spending in 2014 was 5.7% above the same period in 2013 with private residential spending growing nearly 5% and private nonresidential construction increasing nearly 11%.

“The construction expansion should become more broad-based in 2015, with support coming from more sectors than was often the case in recent years,” said Robert Murray, Chief Economist and Vice President for Dodge Data & Analytics. Dodge predicts a 9% improvement in construction volume, reaching \$612 billion in 2015 and offers the following 2015 forecast:

- **Commercial building** will increase 15% with office leading the sector’s rebound and hotel and warehouse activity also improving.
- **Institutional building** will grow 9% with increased activity

in K-12 school construction and healthcare facilities.

- **Multi-family housing** is anticipated to grow 7% or 405,000 units this year with single-family housing rising 11%, adding 700,000 units in 2015.

- **Manufacturing plant construction** is forecasted to rise, notwithstanding a 42% increase in 2013 and a 57% jump in 2014 due to massive chemical and energy-related project starts.

Based upon the insightful observations of the construction industry’s well-respected forecasters, it appears that the darkest days of the nation’s recent recession are behind us. We are enter-

ing 2015 with a decidedly more positive outlook strengthened by an economy that forecasts steady growth and improvement throughout the coming year. □

COMMON GROUND is published in January, May and October of each year by:

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