

Construction activity picks up in the Danbury region

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Claris Construction is building a new Maplewood medical office building on Mount Pleasant Road in Newtown, Thursday, Sept. 10, 2015.

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Home-builders are dealing with a new reality.

While commercial projects are dominating the construction industry in the Danbury area — with particularly strong demand in the medical sector — some contractors report that residential work is finally starting to pick up after a seven-year lull.

That doesn't mean that contractors are building single-family homes again. In fact, most report that the industry has changed significantly in recent years. But with an increased demand for apartments, many larger national developers like Toll Brothers and Greystar have been coming into the area to meet that need.

And many of the smaller contractors in the area who made living in the past off single-family home construction have had to change the way they do business to survive.

“For the past seven years, the work is totally different than it was in the past, and those who have been able to adapt have hung on,” said **Peter Schneider**, a general contractor from Bethel with more than 25 years of experience in the industry. “In the past you would have investors who subdivide a property and sell them off to builders. Those are few and far between these days, and even when you can secure a property, the numbers just don't pan out.”

Schneider and other industry experts noted that while material and labor costs have escalated in recent years, the values of single-family homes have remained stagnant. As a result, builders aren't seeing the kind of profit potential from single-family home construction as in years past.

Many subcontractors, he added, have been traveling to southern Fairfield County where home construction is gaining more momentum, while others have relied on smaller additions, remodels and service work to keep busy.

"My taping contractor survived because he worked by himself and he has a good reputation," Schneider said. "But guys like me who bring a whole team to the table had a more difficult time."

Commercial contractors, however, have seen strong demand in the area in recent years for new construction.

"Commercial construction has been very strong in the past few years," said **Phil Clark**, the owner of Newtown-based **Claris Construction**. "There has been a lot of pent-up demand stemming from the recession and people who needed to expand are pulling the trigger. But I'm not sure how much longer we can keep it up."

Clark explained that while new office construction is almost nonexistent in the Danbury area due to a saturated market, there has been a strong demand for medical buildings to meet the needs of an aging population. Clark noted that they have several medical buildings under construction, including a new medical building under development on Stony Hill Road by Maplewood, a Westport-based developer, and several more in the pipeline.

"The demand for medical facilities is strong right now, but it's also very concerning," he said. "We can't build a state economy on medical buildings."

Demand has also been strong from auto dealers who are under pressure to upgrade and expand their facilities.

"We have about six projects at auto dealerships going on right now," said Clark, whose company also recently completed the new Colonial Subaru building near Interstate 84's exit 8.

And while commercial construction is often followed by a surge of residential development, **Terence Beaty**, a senior real estate adviser with **William Pitt Sotheby's** who is based in Stamford, said that isn't the case during this recovery.

"Residential growth surrounding new commercial projects is very organic," he said. "But we don't have the economic engine right now to create the second part of that equation. We were there before the recession, but it's very slow now. What's blocking it is that once approved, the prices of many residential projects are too expensive for a builder to make a profit."

Beaty said that while some uncertainty continues to plague the market — including from threats by companies like General Electric to move out of the area — things should begin to improve next year.

“We need to get through the political season and see how people feel at that point,” he said.

Schneider said he’s already seen an uptick in activity this year, although not near the levels seen prior to the recession.

“As a general contractor, my niche has been upper-middle-range new home construction, tear-down and rebuilds, and major remodels or additions,” he said. “That kind of work kept us going for a year, but in 2008 it evaporated. My annual sales went from almost \$2 million a year down to \$180,000.”

That kind of work, he said, is starting to come back.

“It’s been in hibernation for seven years but it’s reawakening and has some traction,” he said. “But we need at least three or four more years of this kind of activity to get to where we were before. This recession has set many of us back in the construction industry by more than 20 years in our careers. Retirement isn’t even in my vocabulary anymore. But I’m not giving up. I’m 61 and I still enjoy what I do.”

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