

ARIZONA BUSINESS GAZETTE

THE BUSINESS RESOURCE GAZETTE

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'Gloom and doom' called a self-fulfilling cycle

Wave of bad news can hurt rebound, some say

By Howard Fischer
CONSUMER MEDIA EDITOR

Bobbi Sparrow says she knows at least part of the reason Arizonans aren't buying as many new cars as they used to. The much news.

The "overwhelming" amount of "gloom and doom" news is affecting consumer confidence, the president of the Arizona Automobile Dealers Association said.

"I think they're being convinced not to buy anything, not just cars," Sparrow said. "People feel like they're not going to even move ahead in their lives."

Figures compiled by legislative budget

Don't let the news media influence what you can and can't buy.

Bobbi Sparrow
President of the Arizona Automobile Dealers Association, in a radio commercial

staffers who analyze sales-tax collections show that the sale of cars and automotive products is down 28.9 percent now compared with the same time a year earlier.

By contrast, the sale of building materials, a key indicator of Arizona's lagging construction industry, is off by almost 12 percent.

By separate levy on constructing a down close to 20 percent.

Neal Schrock, a general sales manager for Sanderson Ford in Glendale, in June of last year, talks about tough times for truck

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O Tribe aims for a stadium
The Fort McDowell Yavapai Nation is in preliminary talks that could bring a baseball stadium and training facility to the northeast Valley. Page 6

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A family junkyard business expands into recycling and papers. Page 4

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Constructing a bridge across recession

3 building-related firms finds ways to hang in there

We are pushing commercial projects and, at the same time, we have adjusted pricing (on) new townhomes.

Mike Hogarty
Co-owner of Desert Viking, a real-estate development business

er and a Chandler developer — are meeting the challenges of a rough economy in different ways.

Queen Creek's Kowalchuk Homes typically completes four to 10 projects annually — a combination of build-to-suit high-end homes and client-requested remodels and additions, said principal Kevin Kowalchuk.

"We are a small boutique builder specializing in one-on-one client experiences," he said, adding that he and his team of eight employees approach projects from a design-build mentality to ensure clients' visions are implemented and budgets met.

Still, his new-home revenues dropped off 100 percent during the past two years, and the remodel/addition work by 10 percent, he said. Prospects for 2009 aren't good either: Inquiries for new homes are minimal, and he expects sales for larger remodel/addition projects to drop by 50 percent.

Still, with new-home sales so challenging, he has focused on selling remodels and additions.

"We have been promoting the fact that with us they are deal-

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Constructing a bridge across recession

3 building-related firms finds ways to hang in there

By David M. Brown
SPECIAL FOR THE ABG

Ride the recession aggressively. Rein in tight. And expect bumps and bounces.

So say three Valley construction-industry business owners. All three — a Scottsdale architect, a Queen Creek home build-

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3 Valley construction-industry business owners tackle tough times

RECESSION

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ing with a professional ROC (Arizona Registrar of Contractors) contractor who uses licensed and qualified subcontractors," Kowalchuk said.

In Chandler, Mike Hogarty, co-owner of Desert Viking, says that revenues for his company increased in 2008. But sales prices on residential properties is down.

Desert Viking provides a variety of real-estate options in the Valley, including the restoration of historic properties and in-fill redevelopment.

Hogarty's current venture is San Marcos Commons, a three-block residential and commercial project in downtown Chandler. A total of 79 town homes are being built across from the historic San Marcos Hotel. The first phase of 37 homes is complete — 17 are occupied — and the second phase of 42 broke ground a few months ago. The homes begin at \$199,000.

"We cannot afford to 'ride out' this market on existing projects," said Hogarty, who employs eight and contracts out much of the work.

Tackling the recession

■ Improve your value offering, not just price but quality and service as well: "Continue to get your message out. Build awareness for when the market begins to improve." — Mike Hogarty, Desert Viking.

■ Be creative: "With about a dozen projects on hold, I am trying to arrange financing for some of these clients with lenders that I know." — Nick Tsontakis, AIA.

■ Be efficient and productive:

jects," said Hogarty, who employs eight and contracts out much of the work.

As a result, the company has intensified its marketing, including updating company collateral, redesigning the Web site and pushing commercial work.

"We are pushing commercial projects and, at the same time, we have adjusted pricing to remain the best value in the East Valley for new townhomes," he said.

Architect Nick Tsontakis of Nick Tsontakis AIA Architec-

"Bid your projects accurately so you can be profitable. It's not fun working for free." — Kevin Kowalchuk, Kowalchuk Homes.

■ Network: "Usually I go to one event every couple of weeks. I'm meeting a lot of suppliers, consultants, builders and other architects, and discussing ways in which we can work together on projects or get ideas from other." — Tsontakis.

ture and Interiors s-
rienced a 50 per cent
revenue in 2008 c-
the prior year.

To meet expenses
let some of his north
space and reduced
eight to four.

"Some of our
working on redu-
while others are w-
project-to-project
said.

What's more, hi-
serves as office m-
they handle their



CHRISTINE KEITH/ARIZONA BUSINESS GAZETTE
Outside a recent project: St. Katherine
community center and charter school.

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Architect Nick Tsontakis of Nick Tsontakis AIA Architec-

sultation for new homes and remodeling. The online consultations are free, with fees incurred only when he draws up plans, he said.

The recession has given him time to provide a public service as well as develop new business, Tsontakis said.

"It's something that I always wanted to do and find myself in the position now to have the time to develop and implement the project," he added.

■ Improve your value offering, not just price but quality and service as well: "Continue to get your message out. Build awareness for when the market begins to improve." — Mike Hogarty, Desert Viking.

