

Chattanooga: Anchors for building industry

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By:
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Volkswagen and Alstom Power are going full bore on multimillion-dollar projects that are bolstering a building industry hit hard by the weakened economy.

The value of building permits in Chattanooga is up by about 32 percent in the first three months of the year over the same period in 2008, according to figures.

If not for VW and Alstom and an expansion by Westinghouse, building here would be off about 53 percent in the first quarter, the numbers show.

“For home builders, those permits are down. Commercial projects are down,” said Roger Tudor, president of Associated General Contractors of East Tennessee.

Despite the half-dozen major projects under way, building materials are plentiful, officials said.

Mike Littrell, general manager of concrete provider Ready Mix USA, said that’s because of the poor economy.

“There’s not as much demand as there has been in the past,” he said.

Mr. Tudor said the sluggish economy has driven down many material costs for builders.

Last week, the federal government reported that nonresidential building materials costs nationally fell in March and now are at the same level as in January 2008.

March’s price drop was led by diesel fuel, down 8.9 percent from February. Structural steel was off 6.4 percent, and lumber fell 3.5 percent.

Early this year, concerns emerged that the massive VW plant might trigger a spike in concrete prices if availability fell. The \$1 billion, 1.9 million-square-foot assembly plant under construction at Enterprise South industrial park will be the largest-ever investment by a manufacturing company in the city.

Tim Costo of Sequatchie Concrete, which is supplying concrete for the plant’s paint shop, said the work is “going very well.”

He said the company, which also has facilities in Georgia, easily could supply concrete for the VW body and assembly shops if awarded the contract.

“Things are slow right now,” Mr. Costo said.

Mr. Tudor said contractors are bidding projects with very low profit margins to secure jobs.

“They, too, are trying to do everything they can to get employees active in the work force,” he said. “These are



Staff Photo by Dan Henry
 Workers check the first concrete beam installed at the new Volkswagen group assembly and paint shop site..

CITY BUILDING PERMITS

By value — First quarter

* 2008: \$82.5 million

* 2009: \$109.2 million

Source: Chattanooga government

MAJOR PROJECTS

First Quarter 2009

tenuous times for all of us.”

Jason Hall of Lambert Concrete said the economy is making it easier to provide what’s needed for the VW project, and he hopes his company eventually will see some benefit.

That could include more residential and commercial building as a result of the VW plant, he said. Suppliers will need buildings, and people are expected to move to the area.

Last week, Tennessee and Georgia had officials in Germany wooing suppliers. The Hamilton County and Northwest Georgia groups are touting the area’s potential to European auto parts manufacturers.

* \$29 million — VW paint shop

* \$17.6 million — Alstom renovation

* \$7.2 million — Westinghouse alteration

* \$7 million — Carmike Theater downtown

* \$3.59 million — Alstom administration building

* \$1.6 million — Alstom training building

Source: Chattanooga government

VW plans to start production of a new midsize vehicle in early 2011 and provide jobs for about 2,000 people.

Meanwhile, Alstom is spending \$280 million to expand and upgrade its Riverfront Parkway facilities. It plans to make steam and gas turbines for nuclear and fossil power plant construction in the United States.

Anticipating the nuclear industry’s expansion, Westinghouse Nuclear Services plans to add more than 50 jobs to the existing 75 here. The company bought and is renovating a building off Amnicola Highway.

A 70,000-square-foot Carmike Theater is going up on a former downtown parking lot bounded by Broad, Chestnut, Third and Fourth streets. The theater is scheduled to open in November and replace its existing nearby moviehouse.

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