



COMMON GROUND



**Focus
On:**

Overcoming Challenges

As the economy continues to face an uncertain future, the commercial construction industry is monitoring financial markets, economic reports, the single-family residential market and commercial lending with keen interest. Most reporting agencies are revising predictions made in late-2007 based upon changing economic factors. The commercial construction market appears to be entering an uncertain period of activity, material costs and labor.

Growth Markets

Although the economy has slowed, the Associated General Contractors of America's Chief Economist, Ken Simonson, has predicted that certain markets will continue to grow in 2008 and beyond. Those markets are:

Power: Construction growth for power plants, wind and solar facilities, and transmission lines grew by 27% in 2007 and is expected to be similar in 2008.

Energy: Refiners have announced major expansions and additions to existing plants and retrofits that also address

Common Goals – The Value of Pre-Construction Services

Cadence McShane's pre-construction services have become as much a part of our business as our construction services for both the private and public sectors. Pre-construction services begin by clearly identifying the owner's goals and objectives relating to cost, schedule and quality. We provide accurate and meaningful information during the design development phase to successfully meet the goals and objectives of the project.



Dan Delforge
Vice President

We develop a detailed breakdown with the owner and team members for the scope of work and continually make adjustments to maintain continuity between all aspects and phases of the project. This requires a significant effort from our estimating team. Since cost drives

most projects, the goal is to provide accurate cost data so that responsible decisions can be made on construction spending. We develop a team approach



Glenn Denham
Vice President

between the owner, architect/engineer and construction team.

Our full-service approach also provides the following benefits:

- **Single Source Responsibility** – A single contract from conception to completion that eliminates gaps/overlaps and protects the owner from changes and delays.
- **Cost Savings** – Selecting scope and service options while utilizing our quality relationships and competitive pricing from subcontractors to shorten the schedule to save time and money.
- **Accountability** – Incorporating value engineering into the design

process to provide an early cost determination and price guarantee thereby protecting the owner with reliable cost estimates.

Utilizing our historical cost database and estimating software, we provide significant detail for the project team as the documents are developed. We can also sort the estimates by trade, building area, departmental area or other classifications, better enabling decisions on final design.

By being involved early with the design team and throughout the entire pre-construction phase, we obtain a more comprehensive understanding of the entire scope of work and owner's goals saving significant time and cost and providing superior quality results. We will continue to provide the best possible information to maximize our client's significant investment in the project. □

environmental concerns. This segment should enjoy a 20% increase in 2008.

Communication: The continued use of cell phones and PDAs has caused a furor of new construction of cell phone towers and data centers that grew over 21% in 2007 and will likely repeat this rate in 2008.

Hospitals: Medical centers and hospitals are considering significant retrofitting and new construction to support changes in medical services and patient treatment. Growth in this sector rose 16% in 2007 with an equal expansion anticipated in 2008.

CONTINUED ON BACK PAGE

In This Issue:

1.2 MSF of LEED™-CS for Stream Realty

AMB's DHL Global Forwarding Project

New North Lake College Campus in Irving

ClayPoint Distribution Park Award

Lincoln Property Trust's BTS for Home Depot

Residences at Oak Hill Luxury Apartment Award

Cadence McShane Chosen to Construct Three-Building Burleson Business Park in Austin, TX

Cadence McShane recently participated at the groundbreaking for the new Burleson Business Park in Austin, Texas under development by TIG Real Estate Services, Brock Consulting Group and GID Investment Advisors. The park is comprised of a 34-acre land site situated at Burleson and Smith Roads near the Austin-Bergstrom International Airport. Phase One of the development consists of three 108,800 square foot industrial facilities totaling 326,400 square feet. The buildings will feature a concrete exterior with energy saving low-E reflective windows and recessed storefronts with pre-finished metal canopies. The 24' clear buildings also feature dock-high loading, efficient 160' bay depths and ESFR sprinklers. Pictured at the groundbreaking are (left to right): Vaughn Brock – Brock Consulting Group; Tom Pardee – TIG; Neal Harper - Cadence McShane; Bob Karp – GID; Srinath Kasturi - Cadence McShane; Bob Fessler – GID; Stan Ford – TIG; and Chris Martineau – Wrightwood Capital. Cadence McShane and project architect, Euwer & Associates, will provide completion in September 2008. □



Groundbreaking

Stream Realty Awards Three-Building, 1.2 MSF LEED-CS Project to Cadence McShane

The Houston office continues to 'lead' the area in constructing environmentally-friendly industrial facilities with its recent assignment from developer, Stream Realty Partners, L.P. at the Bay Area Business Park at Bay Area Boulevard and Red Bluff Road in Pasadena, Texas. The three new LEED™-CS (Core and Shell Development) registered facilities total 1,200,000 square feet and will be located at Stream Realty's new 80-acre commercial/industrial development near the Port of Houston. Cadence McShane and project architect, Powers Brown Architecture, will provide project completion in Fourth Quarter 2008. The three distribution facilities will be constructed of structural tiltwall panels with contemporary accents. Building 1 is a 219,000 square foot facility while Buildings 2 and 3 will each provide 480,060 square feet of new industrial space. The 32' clear, single-



Developer, Stream Realty Partners, L.P., selected Cadence McShane to complete a three-building LEED™-CS construction assignment totaling 1,200,000 square feet at the developer's new 80-acre Bay Area Business Park located in Pasadena, Texas.

multi-tenant facilities are divisible to 20,000 square feet. To learn more about these LEED™-CS properties, contact Justin Robinson, Kyle Valentine or Christopher Money at Stream Realty at 713.300.0300. □

AMB Selects CMC to Construct New DHL Facility at IAH

Cadence McShane's Houston office was recently selected by leading developer, AMB Property Corpo-

ration, to provide comprehensive construction services for the new 185,000 square foot property for DHL Global Forwarding. The new facility known as AMB IAH Logistics Center II will be located at 19120 Kenswick Drive, the main road leading into the future master-planned international air cargo terminal at the Houston Intercontinental Airport. The new two-story build-to-suit facility will be constructed of exterior tiltwall panels and feature a 30,000 square foot mezzanine. In addition, 51 exterior docks, one ramp and one drive-in door will be constructed. The

facility's concrete floor slab will also be increased to accommodate the use of oversized and heavy equipment used within the building. Cadence McShane will also complete all sitework and landscaping at the 20-acre site and will provide completion of the facility in November 2008. Seeberger + Associates, LP is providing the architectural services for the project. □

Weingarten Realty Selects Cadence McShane for ClayPoint Distribution Park

The Houston office of Cadence McShane was recently selected by Weingarten Realty to construct two new industrial facilities at the developer's ClayPoint Distribution Park located at Clay and Hammerly Roads in northwest Houston, Texas. The new assignment consists of Building 2, a 98,324 square foot speculative industrial facility and Building 3, a 200,850 square foot building. Both facilities will be constructed of low maintenance exterior tiltwall panels. The nearly 300,000

New North Lake College – South to be Completed by Cadence McShane in Irving, Texas

The Dallas County Community College District recently awarded the Dallas office of Cadence McShane the construction contract to complete the new 33,278 square foot North Lake College – South Campus Education Center. Located on the northeast corner of Shady Grove and MacArthur in Irving, Texas, the new two-story facility will provide an integrated community atmosphere offering college level courses that address the economic and workforce needs of Irving and the surrounding communities. The College is being constructed with sustainability features to provide energy savings and green building materials, when possible. The campus facility is located on an 11.72-acre site that will provide parking for 225 vehicles. The two-story exterior will be comprised of an artful combination of brick and stone highlighted with generous window lines to provide natural light into the facility. Cadence McShane will complete the 20-classroom facility that also includes three computer labs, a study area, food court area, administrative offices and a community room that will be open to members of the community and civic organizations. The project is scheduled for a December 2008 completion. F&S Partners is the project architect for the new North Lake College – South Campus Education Center facility. □



The Dallas County Community College District recently awarded the Dallas office of Cadence McShane the construction contract to complete its new two-story, 33,278 square foot North Lake College - South Campus Education Center located in Irving, Texas.

Cadence McShane Corporation

14860 Montfort Drive, Suite 270
 Dallas, TX 75254
 972.239.2336
 972.239.1214 fax
 e-mail: cmcdallas@cadencemcshane.com

Cadence McShane Corporation

7701 W. Little York Road, Suite 400
 Houston, TX 77040
 713.681.8500
 713.681.9990 fax
 e-mail: cmchouston@cadencemcshane.com

Cadence McShane Corporation

1717 West 6th Street, Suite 370
 Austin, TX 78703
 512.328.1411
 512.328.1432 fax
 e-mail: cmcaustin@cadencemcshane.com

square foot construction assignment will incorporate numerous environmental and sustainable design features. Cadence McShane will recycle and re-use existing on-site asphalt for the project and incorporate reflective roofing materials, energy-efficient double-glazing, T-5 light fixtures and xeriscaping (landscaping that does not rely upon irrigation). As part of the assignment, Cadence McShane will also complete additional enhancements to the business park including sitework, utility and roadway improvements. Completion of the two speculative properties is slated for Third Quarter 2008. Seeberger + Associates is providing the architectural services for the project. □

Fallbrook Facility Reconstructed to Suit Home Depot Needs

The recent construction, demolition and construction of the new Fallbrook facility in Houston, Texas had passersby scratching their heads over the activity that was witnessed at the construction site of this massive structure. In late 2007, developer Liberty Property Trust awarded Cadence McShane the construction assignment to erect a new 615,000 square foot, LEED™-CS (Core and Shell) registered building at its 38-acre site just south of the Sam Houston Race Park in northwest Houston. Construction was proceeding on schedule with sitework, foundations, concrete floor and exterior tiltwall panels in place when Home Depot expressed interest in leasing the entire building for its new distribution center if certain modifications could be made



The Houston office of Cadence McShane has been selected by Weingarten Realty to construct two new industrial facilities totaling nearly 300,000 square feet at the developer's ClayPoint Distribution Park located in northwest Houston, Texas that will be completed in Third Quarter 2008.

to tailor the building to its specific requirements. Liberty Property Trust consulted with Cadence McShane to understand the timing and parameters of converting the now-standing 615,000 square foot shell building into a customized 535,000 square foot build-to-suit for Home Depot. Rapidly re-engineering the building to accommodate such a divergence from the original plan, crews began to disassemble the east side of the building and re-

located the existing tiltwall panels to create a larger employee parking area. The western portion of the facility was also disassembled and reconstructed to add a third loading dock to meet Home Depot's requirements. Munson Kennedy Partnership, architect for the project, played a crucial role in the redesign of the project. Cadence McShane will complete the new Home Depot facility for Liberty Property Trust in Summer 2008. □



The construction of the new 276-unit Residences at Oak Hill luxury apartment complex is well underway by Cadence McShane on a 45-acre premier site located on Highway 71 in the Hills of Southwest Austin.

276-Unit Luxury Apartment Complex Underway in Southwest Austin

The construction of the new 276-unit Residences at Oak Hill multi-family apartment complex is well underway by Cadence McShane in Austin, Texas. Situated on Highway 71 in the Hills of Southwest Austin, the 45-acre Residences at Oak Hill development will feature 276 luxury rental apartment units located just a mile west of the convergence of Highway 290 and Highway 71, also known as the 'Y in Oak Hill'. As a 'Garden Style' luxury rental community, Cadence McShane will construct a combination of one-, two- and three-bedroom units ranging in size from 600 to 1,300 square feet. The exterior of the complex will be comprised of native stone, stucco and wood elements to emphasize the contemporary and natural elements found throughout the property. The units will feature resort-style amenities including nine-foot ceilings, garden tubs, ceiling fans and designer kitchens. Convenient surface parking will be situated throughout the development while additional covered garage and carport parking will be available for rent. The property's initial units will be available for lease in late February 2009. Cadence McShane Corporation is working in concert with Austin-based project architect, Chiles Architects, Inc. □

Feature Department

Projects in Progress



WASHINGTON AIRPORT CORPORATE CENTER – PHOENIX, AZ



ESPLANADE AT ARLINGTON HEIGHTS – ARLINGTON HEIGHTS, IL



NORTHFIELD 800 – GRAPEVINE, TX



HOME DEPOT DISTRIBUTION CENTER – HOUSTON, TX

Pictured are current projects under construction by Cadence McShane and McShane Construction that include build-to-suit, design/build and general construction projects for the warehouse, distribution, office, multi-family, retail and educational markets.



LE MAISON AT REVERE – HOUSTON, TX



KEYSTONE WEST BUSINESS PARK – PATTERSON, CA



SPRINGS AT MOUNTAIN VIEW – ANTIOCH, TN



FRISCO CAREER AND TECHNOLOGY CENTER – FRISCO, TX

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Overcoming Challenges

Higher Education: Educational construction rose by 14% in 2007 with the strongest growth in private higher education at 25% with this growth continuing through 2008.

Material Costs Forecast

From December 2003 to January 2008, construction prices rose 30.2% compared to a 14.5% rise in the consumer price index. The most severe price increases were:

Diesel Fuel: Within the first two months of 2008, the price of

diesel was 40% higher than the same period in 2007. From January 2007 to January 2008, a 55% increase was noted – and it's still rising.

Steel: Since mid-2004, steel prices have soared 63%. Sheet metal rose 24% while steel pipe and tube jumped 81%. It's anticipated that overall steel prices will rise an additional 5%+ in 2008.

Copper: At the end of February 2008, copper on the New York Mercantile Exchange was more than \$3.80 per pound, a 40% increase since February 2007. A 10% price hike is anticipated in 2008.

Price increases will vary depending upon the type of building being constructed. Most commercial and industrial facilities are comprised of large amounts of fuel-based products, steel, copper and commercial roofing materials. Due to the heavy use of those materials for warehouses and offices, construction costs in those markets are predicted to rise from 6% - 10% in 2008.

The construction professionals at McShane Construction and Cadence McShane are continually apprised of the changing costs and availability of construction materials and components. Our relationships and experience with

trusted subcontractors and material suppliers can avoid unexpected cost surprises when contemplating the launch of a new construction project. □

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Cadence McShane Corporation
14860 Montfort Drive, Suite 270
Dallas, TX 75254
972.239.2336
972.239.1214 fax
www.cadencemcshane.com