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Cleveland Construction exec weighs in on Charlotte market, what's next for company

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After a decade of working on projects in the local market, Cleveland Construction out of Ohio has opened a regional office in Charlotte.

The general contractor has worked on \$150 million worth of projects in the area, including the \$52 million, dual-branded AC Hotel and Residence Inn by Marriott (NASDAQ: MAR) atop the EpiCentre in uptown that's set to deliver next year. The company also developed and owns the Hyatt Place, also in uptown, which delivered in 2013.

David Sawicki, vice president of construction at Cleveland, relocated to Charlotte to open the office in Ballantyne Village and head regional operations and client development. Cleveland's Charlotte office will work within the Queen City as well as throughout the Southeast — it was recently awarded an adaptive-reuse assignment in Asheville to transform the 18-story BB&T Tower downtown into Arras Residences, high-end condos, and Hotel Arras, a Tribute Portfolio hotel, according to Sawicki.

Including Charlotte, Cleveland has seven regional offices, with locations in Ohio, Maryland and Florida.

Sawicki talked to *Charlotte Business Journal* about why Cleveland opened an office in Charlotte, current industry challenges and what's next for the company regionally.

Cleveland Construction has worked in the Charlotte market for several years. Why is now a good time to open a regional office?

We had been a traveling general contractor — licensed in, I think, 43 states — so we used to travel all over the country for work, which is hard on your managers and superintendents who are always traveling away from their families. We wanted to pick and establish ourselves in regions that have growth so that (employees) can have a good work-life balance. It helps us attract the very best talent that's out there.

With (the EpiCentre) project downtown, it gave us an opportunity to get here ... and we've got several years of work in the market now, which helped get our feet underneath us.

Why Charlotte versus other Southeastern markets?



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David Sawicki, vice president of construction at Cleveland Construction Inc.

Because of the success we've already had in the market. We enjoy the community here — Charlotte is a great town; it's not massive like Atlanta is. As far as competition, Atlanta and Charlotte probably have the same amount of general contractors competing for the same amount of work. But Charlotte is a great city, it has a great vibe, it's a great place to live. The growth potential here is huge. And its proximity to Raleigh/Durham, its proximity to Atlanta — it's a good, central location. The airport is fantastic for direct flights in and out. We've got six flights daily directly to Cleveland, our home office.

Locally, Cleveland has done a lot of hotel projects. Are you looking to do more diverse projects or stay focused on the hospitality sector?

Our portfolio through the years has been heavy in retail. Over the last decade, hospitality is something that we've really gotten into. We still, to this day, do a fair amount of retail work. We're really interested in clients like Lidl coming to town (and) Harris Teeter — those are the things that we've done in other markets for Kroger.

We probably have a 30-year history of building Walmart (stores) over the country. And then we have a relationship with Simon (Property Group) — we're actually building a Simon outlet mall in Norfolk, Va., and just finished one in Columbus. Those market sectors are our wheelhouse. (We have) a lot of multifamily experience, too, and, obviously, multifamily is hot in this market. We've been fortunate to meet with some great developers down here that do that, so hopefully there will be opportunities to participate in that.

How has response been in the market so far?

So far, so good. We've had a concentrated client development effort in the market for the last nine months. It's really yielded a lot of bid opportunities. We've already bid on some grocery store work for Publix in this area and have put budgets on several multifamily projects. People have opened up their doors and said, "Yeah, let's get to know each other."

What are some challenges you're seeing across the industry and specific to Charlotte?

(A challenge) across the industry is (getting) subcontractors and staff. It's a tough time to find good project managers and superintendents. I think ... our industry, since 2008, is down about 25% and we're in a building boom right now, so talent is hard to come by. It's not necessarily hard to keep (staff) once you get them, but getting the right folks on the right teams with the right clients ... that's the challenge. The construction itself isn't difficult or unusual; it's just finding the folks.

Because (Charlotte) is such a robust market, it seems to be that people are inherently more opportunistic. There's a lot of job jumping.

EpiCentre is wrapping up in about a year. Tell me about the construction process with that project.

Site logistics are really tough on that one, putting 17 stories of new construction on top of five floors of existing tenant space, which is occupied. It gives a new meaning to public safety (and) the amount of protection that we've had to provide to the general public. The whole platform, all the overhead protection that we've had to provide there to protect pedestrians from any chance of anything falling off the building during construction, all the netting on the back service courts and then over the top of the plaza itself ... those are pretty unique conditions. And then just the logistics of dealing with the traffic after hours (and) deliveries in a downtown environment to get materials to the job. It's tight quarters; not a lot of real estate to build your project from. But once you get beyond that, it's just another construction (site).

The EpiCentre building was designed to take a building on top of it that didn't happen with the downturn of the economy. You do frequently see — and the story of Ballantyne Village is not an exception, as there's a parking deck here that was designed to take a building on top of it — some forethought in some of the development that will allow some developers to do projects like that.

What do you see for this office in the next six to 12 months?

About a dozen more employees, more than likely, with the work in backlog that we have right now. The sky's the limit. We'll take as much as we can get responsibly and with the right staff. But I would think that's a pretty fair estimate of how many folks will be (working out of this office). Depending on the size of the projects, the guys or gals will either be here in this office or they will be on the job sites.

Is there a type of project you haven't done yet that you'd like to do in this region?

We pretty much get our hands into everything. I'm hopeful to push into the multifamily market here in Charlotte and even more retail. We've got to diversify our portfolio in (every) market, too, because at any point in time — we've seen it in the past — the market just changes and it happens quick and you've got to position yourself to be in those other market (sectors).

Ashley Fahey

Staff Writer

Charlotte Business Journal

