

Located The Century project in Century City, CA, a Liebherr 420 EC-H 16 was used by contractor Webcor

Taking a hit with the rest of construction, tower crane business could go flat in 2009, some industry experts predict. With the housing market in a slump and high-rises on hold, Lindsey Anderson reports on what's to come for the market

PHOTO COURTESY OF R. NAVARRO



Standing (not so) tall



A Liebherr 550 EC-H 20, a 630 EC-H 20 Litronic and an Alimak FC6800-12D HS are used by Batson-Cook Company in Charlotte, NC on the Wachovia (BOA) Center

PHOTO COURTESY OF J. STAPLETON

In cities across the world it's often one of the first pieces of equipment seen dotting a skyline—the tower crane. Designed and built for urban construction markets, tower cranes witnessed a boom in 2007 with large demand coming from high-rise building projects. According to the December 2007 issue of *ACT*, the need for tower cranes was so high for some rental companies that they branched out and created separate tower crane divisions to meet those needs.

Eagle West Cranes, based in Abbotsford, BC, Canada, was one of the most aggressive companies to bring new tower crane brands into the market between 2005 and 2007 by introducing both the Wilbert and San Marco range.

However, mid- and high-rise construction has stalled across the US due to the housing debacle, and companies are bracing for a flat 2009 when it comes to tower cranes. One of these companies is AmQuip Crane Rental, based in Bensalem, PA.

From strong to weak

In 2004 and 2005, AmQuip made a strategic decision to build up its tower crane business

by implementing a tower crane division. The rental house invested in a fleet of new Manitowoc Potain and Terex tower cranes that were put to use across the country on a variety of construction sites, including a new 50-story Ritz Carlton in Philadelphia. But this year's turmoil has not been a surprise to AmQuip, says Dennis Bates, vice president of AmQuip's tower crane division.

"We have been closely monitoring our markets since August of 2007," Bates says, "so this slowdown is really no surprise to us."

Bates says his company still has towers being rented for projects that are in the planning and bidding stages, but that the tides could turn with '08 knocking on our door. "We have seen a few commercial projects put on hold over the last few months," he says. "This is directly related to owner financing issues due to the current credit problems in the country. We are told that the projects will be built but they may not start until some time next year."

Current mixed commercial use building, such as office and high-rises, are still using towers, but hotels, education and gaming sectors are going strong for AmQuip, Bates says. The company currently has six luffing towers at Harvard's Allston Science complex in Boston and eight towers on the Revel Project in Atlantic City.

The Revel project is a \$2 billion, 20-acre site where a megaresort will reside after completion. The project will build a casino, twin hotel towers, and 500,000 square feet of shops, eateries and entertainment. In mid-October the site boasted 11 cranes of various size and structure along with almost

Located at Hollywood and Vine in Hollywood, CA, Webcor used a Liebherr 420 EC-H 16, a 550 EC-H 20 Litronic, and two 316 EC-H 12 Litronics

1,000 construction workers. But with all the activity, Bates still sees '09 as a year to watch carefully.

"Right now my best guess is that 2009 will be flat for all of us," he says. "There are still projects in the planning stage, but not the activity we have seen over the last few years." Bates says AmQuip also has towers at three power plants in the Northeast region.

AmQuip normally forecasts tower activities 10-12 months out but given the current economic break, Bates says, "it's really hard to anticipate any strong activity in the near future." (Referencing three to four quarters into '09.) "We continue to increase our larger luffing tower crane inventory for plant and inner city projects," Bates concludes.

All or nothing?

Oxford Builders Supplies is a company that services large commercial construction dealing with tower cranes. Oxford erects, dismantles, climbs and services all cranes in its fleet, which include Pecco, Terex Peiner and Terex Comedil. It is an equipment division of EllisDon Construction, where Mike Demelo, vice president, has watched tower crane demand remain steady due to ongoing projects over the last six months until recent.

"These projects require a longer duration from the average," Demelo says. "This past year has been good for business. Our tower cranes were utilized 100 percent. We are now starting to see a lag in work as our cranes complete a project and there are no immediate projects for them to go to."

Recently, Demelo says, the company erected four SK575 Terex Peiner tower cranes in Calgary, Alberta, CA for a \$1 billion project. At various hook heights and at fully erect 260-foot jib heights, the towers will be on the project for five years. After two years, Oxford will climb them to



PHOTO COURTESY OF R. NAVARRO

various heights and start to dismantle, only to relocate the cranes on the same site and re-erect them.

The company also has three Terex Comedil CTL630s on site at a project in Alberta. "We currently have one erected," says Demelo. "Two of the three CTL630s will be climbed 800 feet within the two-year duration as the 55-story building progresses."

Oxford also has cranes on commercial buildings, hospitals, hotel developments and civil projects. Some of the larger projects include the South Hospital, which has four SK575 tower cranes; the Eighth Avenue Place project with three CTL630 luffing jib cranes; the Henderson hospital with two SK315 tower cranes; the Sarnia Hospital with two SK415 tower cranes; and lastly, two SK315s working on commercial developments in Jamieson Place and two at Bankers Court in Western Canada.

Despite the continuation in projects, Demelo says the need for towers is still down. "We are seeing demand decline not only because of the economic climate of today but also a lot of contractors were or are purchasing their own tower cranes to supply to themselves."

Demelo sees dealers and OEMs noticing a slowdown in new orders during these uncertain times and purchasers seeking out used equipment before buying new. "Many orders would have been placed a year out so this upcoming year should be fine but concurrent years may see a drop due to increasing new orders," he says.

'Crystal ball'

Morrow Equipment, with its headquarters in Oregon, is a distributor for Liebherr and owns and operates a large fleet of tower cranes throughout North America. The company has 23 locations and has over 40 years of experience in the tower crane market. Christian Chalupny, president, says the rental company finished its fiscal year strong but that, like the rest, next year will be a different, more harrowing, story.

"Orders booked are substantially down from a year ago and our projection is for a 40 percent decline in revenue for 2009," Chalupny says. "The composition of where the business is coming from has changed. The condominium market has dried up almost completely. Office buildings, hospitals, energy, bridges and other infrastructure projects are still satisfactory."

But 2009 will still be a down year for everybody, he says. "Rental houses will not buy any additional tower cranes for quite some time. Companies with overleveraged balance sheets will run into serious problems. Utilization and rental prices will deteriorate substantially," Chalupny says. "A consolidation in the industry is likely."

While Chalupny says Morrow will do its best to stay competitive and fight for every project, while trying to sell some inventory



AmQuip currently has eight towers on the Revel Project in Atlantic City. The Revel project is a \$2 billion, 20-acre site where a megaresort will reside after completion

Large vertical graphic on the right side of the page featuring a blue and white geometric design with the letters 'T' and 'NE' and the text 'Maxim' and 'Visit u'.

Looking out from the Trump International Tower and Hotel in Chicago, IL, contractor Jas. McHugh Construction Co. used two Liebherr 420 EC-H 16 tower cranes to erect the mammoth new addition to Chicago's skyline

in international markets, a comeback isn't likely for tower cranes until 2011, "and this depends a lot on how the credit crisis will be resolved. Currently, financing is not available for new projects," he says. "Our rental fleet is a long-term investment and we will weather the downturn without a substantial reduction in our fleet."

However, as Chalupny puts it bluntly, the coming year is anyone's guess. "Nobody has the crystal ball as we are facing an uncertain future," he says.



Ahead of the curve

With doom and gloom painting construction news, and the economy as a whole, is there a way to stay on top? Demelo says Oxford will do all it can to offer its clients great service and a safe, reliable tower crane backed by the company's ability to erect, dismantle, climb and service its tower cranes. "I believe dealers and OEMs will see a slowdown in new orders as uncertain times inhibit new purchases," he says, echoing sentiments from earlier. "Purchasers will seek used equipment if available. Many orders would have been placed a year out so this upcoming year should be fine but concurrent years may see a drop due to decreasing new orders."

Demelo isn't sure about a 'Hail Mary' for the industry, as none are. "A comeback depends on the markets," he says. "Construction is usually one of the last sectors to feel the slowdown and, consequently, one of the last sectors to recover." **act**



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