

Faceoff: Miami Construction Leaders Optimistic About Future of the Sector

By Felipe Rivas May 21, 2021

May 2021 — Deeming the construction sector essential was a major win for the industry in a year marred by a once-in-a-lifetime pandemic. Despite uncharted territory, firms like Juneau Construction Company and Seacoast Construction successfully managed the disruptions by staying nimble and in constant communication with clients. A year into the pandemic, demand across various real estate classes is fueling optimism for a strong rebound.

In interviews with Invest: Juneau President Les Juneau and Seacoast President and Founder George Abadie shared their views on how their respective companies rebounded and what they expect moving forward.

What is the greatest lesson you learned over this past year and how is that lesson being applied in 2021?

Juneau: There was no COVID reference manual when this all started and the ability to think on our feet, be nimble, and be flexible to confront the numerous challenges that occurred daily was an adjustment. From a practical perspective, we did learn that many of our employees were able to be productive while working from home, even though as a construction company the idea of working from home was not something we would have ever envisioned. 80% of our employees are out on jobsites building, which can't be done from home, and the other 20% of us are here to support these teams while at the same time building pipelines and focusing on winning new business. Although COVID affected our younger generations a bit more, especially those just out of college and who were used to the team collaboration and socialization that you get in an office environment, COVID did improve overall communication both within our company as a whole and with our owner and architect partners. The use of technology both internally and externally has greatly improved. We found ways to not only communicate virtually, but we also found creative and innovative ways to help our clients still visualize the progress of their buildings without having to be in person. By implementing technology and tools such as DroneDeploy and Earthcam 360, we were still able to bring their project to life using visual means, while ensuring there were no delays in the delivery of their projects.

Abadie: Going into COVID-19, we had multiple projects within the assisted-living sector. In March 2020, we had about 10 projects underway, with about half of them in ALFs (assisted-living facilities). A few of those had to be stopped because of COVID-19 but, at the same time, they needed to start preparing makeshift areas because of the pandemic, so we found ourselves creating containment areas, makeshift rooms and makeshift bedding areas. Then, once we made it through the summer and we as a society had a better understanding of how the virus spreads and how we can protect those most vulnerable, we were able to go back to three of the projects. Fortunately, we were considered an essential business and we were able to continue moving forward on ground-up construction. One of the other sides of our business is interior build outs for retail and restaurants, and we saw a surprising amount of activity there in the fall as property owners began refitting vacant properties to attract new tenants. Thirdly, luxury residential construction was a small aspect of our business but has grown by leaps and bounds over the past year. The last quarter of 2020 salvaged the year for us. This year, we're already seeing a very active year.

What major trends in the construction sector are you seeing?

Juneau: Sustainability is a big deal for us and for our clients. One of our guiding principles is to be true to sustainable practices in everything we do. We have sustainable construction practices that are a part of every project, whether aiming for LEED certification or not. It is ingrained in our company culture as we look to protect our environment and the communities we work in. For past clients, it was important because they wanted the recognition of having a project certified as a "green building" per the USGBC standards, now clients are invested because at the end of the day it brings value to their end-users and the environment as a whole. Two recently completed projects in Miami, including the new Student Services Center for the University of Miami and CocoWalk, are perfect examples of this. Both are LEED Silver certified buildings that incorporate recycled and reused materials, exposed wood, local stone, and native species in their landscaping. As long as our clients see the value in sustainable building practices, we will continue to use that as a guide for delivering best in class sustainable solutions for them.



Abadie: We're seeing a lot of movement in the custom residential market. Executives are moving here from cities like New York or Chicago and large corporations are coming here as well. We see that trend continuing. There are a lot of transactions occurring now. I also see an uptick on the commercial side. Brokers have approached us to do preliminary assessments and we're seeing retail coming back; restaurants are actually on the rise. We're working on five restaurants that are switching to a new location, adding to their franchise, or wanting to move forward with a new build. Restaurants will come back. One area where we haven't seen much action is office space but that will come into play again as people start to move back into offices.

What is your outlook for the local construction market over the next 12 to 18 months?

Juneau: We are extremely optimistic about the future of construction in Miami. Real estate values are increasing and things are booming on the residential side (sales/rentals), which is unusual because it is usually one or the other, not both. In terms of the office, retail and hospitality markets, I think those are right on the heels of the residential boom, experiencing more setbacks due to COVID, but I think everyone is finding ways to combat the virus and move forward with these buildings, even if they look and feel (design, MEP systems, etc.) a little different from pre-COVID times. I don't know if there's an end in sight, which is great for construction companies like Juneau. On the other hand, it can also create challenges because right now we're living in a world where labor availability and sourcing materials are more difficult. If the industry is able to combat these challenges, then the Miami market should be positioned to stay very active for a while.

Abadie: We see an inflection point right now. We're about to turn the corner and a good number of buildings are going to go up. We see an abundance of work coming across the sector and that could lead to a labor shortage. We have yet to introduce the full layer of foreign money that has always come to South Florida and when that returns demand will be really high.

What I'm excited about is that the country is going to be able to improve economically. That will allow us to do what we do. I see a lot of positive things. The biggest concern in the short term will be a shortage of labor.