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Real estate market boosting fortunes of subcontractors

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The rebound in the real estate market is starting to boost the fortunes of companies that cater to homeowners and commercial builders. Industrial real estate brokers say they're busier than they have been in years leasing space to subcontractors and professionals who work on new or renovated properties.

But caution is no surprise to Rebel Cook, an industrial broker with Rebel Cook Real Estate in Jupiter. While she said she is seeing slow growth in demand for industrial space, some companies still are waiting to see how the housing trends proceed before making any big growth moves. (One interesting trend: An increased demand for leased industrial space by home designers and space planners, Cook said.) Although Cook does not see new tenants coming into the market, "the contractors who held on and survived are increasing their workforce or starting to work again," she said.

One of them is **Palm Beach Stucco** of Mangonia Park. **Don Starr**, Palm Beach Stucco vice president, said business finally has climbed — but only on a steady basis during the past six months. The company, in business since 1980, is known for exterior stucco, and interior plaster and drywall on mostly high-end homes. Jobs during the boom consisted heavily of new housing construction, leading the company to build a 6,500-square-foot facility in Mangonia Park. But when the downturn hit, Palm Beach Stucco hunkered down, held on to as many employees as it could and rode out the recession in leased space nearly of only 3,500 square feet. The Palm Beach Stucco building, meanwhile, was leased to another tenant. Jobs were scarce, and sometimes "we would take anything we could to make some money," said Starr, who owns the business with president **Paul DiPerri**.

Now that business is bouncing back, Starr said he's looking ahead six months and sees plenty of jobs lined up. It's a big improvement when work orders used to be counted on a month-to-month basis. New projects are coming from remodeling and new home construction in high-end neighborhoods, including **Frenchman's Creek** in Palm Beach Gardens and the **Bear's Club** in Jupiter, and also several homes on Palm Beach. But even with the increased business, Starr said Palm Beach Stucco is content to stay in its smaller space for now. If the company goes back to its own building, it might just use 2/3 of the space and then lease the rest to another tenant, Starr said. But that's a decision for another day.

Take Boca Raton-based **Alumiglass**, which doubled its space in a move to Boynton Beach last week. The company moved into a 58,057-square-foot space at **Duke Realty Gateway Center** in the **Quantum Corporate Park**. Alumiglass glazes glass for high-rise condos and office buildings. Alumiglass is doubled its size with this move to Boynton Beach from a 24,000-square-foot location in Boca Raton's **Florida Atlantic University** research park. Chief financial officer **Ernesto Mitsumasu** said the company is busy with jobs not only in the South Florida region but also out-of-state, too. Among the local jobs completed: Work on **Bethesda Hospital West**, west of Boynton Beach. "We got through the bad times, and now we're reaping the benefits," Mitsumasu said. The new Boynton Beach Alumiglass space will allow for greater production capacity and will also provide room for further growth, he said. The company employs about 35 to 40 workers now but may also hire more project managers and estimators, he said. The deal was brokered by **Robert Smith**, senior vice president for **CBRE** in Boca Raton. Smith said that even though the recent housing gains, and new construction, haven't resulted in a dramatic growth of new subcontractors like it did in 2007, Smith said he's doing more leases for companies that managed to survive the recession and are starting to expand again. With so many new single-family and multi-family homes being planned for Palm Beach County, Smith said he would have expected more companies to be seeking space. "You would think there would be a ton of plumbing, electrical and tile and marble guys," he said.

Alexandra Clough writes about the economy, real estate and the law.