

Kolbe layoffs illustrate residential woes

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The residential construction market's slow recovery is putting jobs in peril at building supply and material companies. "Unfortunately, unemployment tends to lag with recovery," said Jerry Deschane, executive vice president of the Wisconsin Builders Association. "Even though we're starting to see some signs of rebound, it's still an awful climate out there."

Kolbe & Kolbe Millwork Co. a Wausau-based residential construction supply company, became the climate's latest victim Tuesday when Kolbe announced the layoffs of 334 production and office employees because of the weak market. Company spokeswoman Cindy Brenner said Kolbe & Kolbe officials plan to rehire laid-off workers, but the market will dictate when that happens and how many people get their jobs back. Company leaders, she said, remain optimistic all of the positions will be restored.

Kolbe & Kolbe was not required to file a mass layoff report with the state's Department of Workforce Development because the 334 workers make up 24 percent of the company's work force - one percent less than the state threshold. After Tuesday's layoffs, Kolbe & Kolbe still employed more than 1,000 workers.

"Our forecasts show that 2010 should have a pickup in the residential market," Brenner said. "It just likely will not happen until spring."

The residential market should show "spectacular gains" in 2010, said Ken Simonson, chief economist of the Associated General Contractors of America. But, he said, spectacular is relative. "It's easy to get large gains when you're starting so low," Simonson said. "I think you may see some residential builders expand business, but, at the same time, there are going to be a lot of builders still on the sidelines."

Some contractors say the market is showing signs of a rebound. Chad Wuebben, president of Madison-based Encore Construction Inc., said his company has built 14 homes in 2009, up from 12 in 2008 and an improvement from 2004 construction numbers before the recession. "I think people are seeing numbers and getting more comfortable about building and buying again," he said.

But that does not guarantee a residential construction boom after the spring thaw.

Deschane said WBA forecasts show the residential market hit bottom in 2009, but a return to normal construction levels might take two years. "We're not expecting to bounce back or have the floodgates open on April 1," he said. "We're expecting a slow lob back." Until that happens, Deschane said, suppliers might still face reduced demand. He said he believes Kolbe & Kolbe can rehire the 334 workers, but it might take longer than expected. "I think the fact that you're still seeing layoffs happen to companies like Kolbe, which is so integrally tied to the industry, says a lot about the slow, steady nature of this," Deschane said. "And I think you're going to continue to see that with other companies for the next few months."