

January 2011

A Glimmer of Light for 2011

The beginning of a new year tends to cause reflection and spark renewal. With the economic recovery taking longer than we like, we may feel a sense of uncertainty for the future. Yes, times have been tough. Unemployment numbers and consumer optimism bounce like a bobber on a choppy lake. Mixed messages in the headlines make our heads spin. But if you don't get wrapped up in the minutia and melodrama, you might see a glimmer of light at the end of the tunnel.

Reasons for optimism: There were roughly one million new private sector jobs in 2010. Consumers are spending more money, causing an increase in the amount of goods being transported by trains and trucks. The demand for electricity has increased, moving decision-makers to take notice. Statistics like these tend to indicate an overall improvement in the economy.

From an industry perspective, our firm experienced a slow rebound in residential development, primarily senior housing and apartments, and slight improvement in the commercial market. Both markets are likely to remain somewhat stagnant until more jobs are created and the ability to finance projects is resolved. Regardless, the uptick in activity is something to feel good about.

We are also seeing continued promise in renewable energy power generation. All of the signs point to a growing solar market as the cost to produce solar energy drops with product improvement. Tax credits for solar projects remain in place through 2017, which will also help spur growth in solar. The wind market is less predictable. The federal government is providing very little guidance, placing wind developers at more risk and making financing more difficult. With the mid-term elections behind us and a one-year extension of the 1603 renewable energy tax credit, we are hopeful that congress will focus on a long-term energy policy.

Traditional energy markets provide more optimism. Natural gas production continues to improve and we are told that we now have anywhere from 100 to 140 years of natural gas in reserve. Electric generation continues to transition from coal fire facilities to natural gas turbines. In addition, oil prices have increased as the economy is slowly improving. The increase creates a demand for more pipelines.

The electrical transmission market remains strong as utilities work to make their systems more reliable and continue to add lines to meet the renewable energy standards (RES) in place in many states.

Yes, times are difficult, but there are positive signs. I've listed just a few of the opportunities that will create jobs and nurture our economy. There is a lot to be said about maintaining a positive outlook to see clearly through the barrage of mixed messages and forecasts. The glimmer of light that I see is a new year that looks better than the past three.



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