

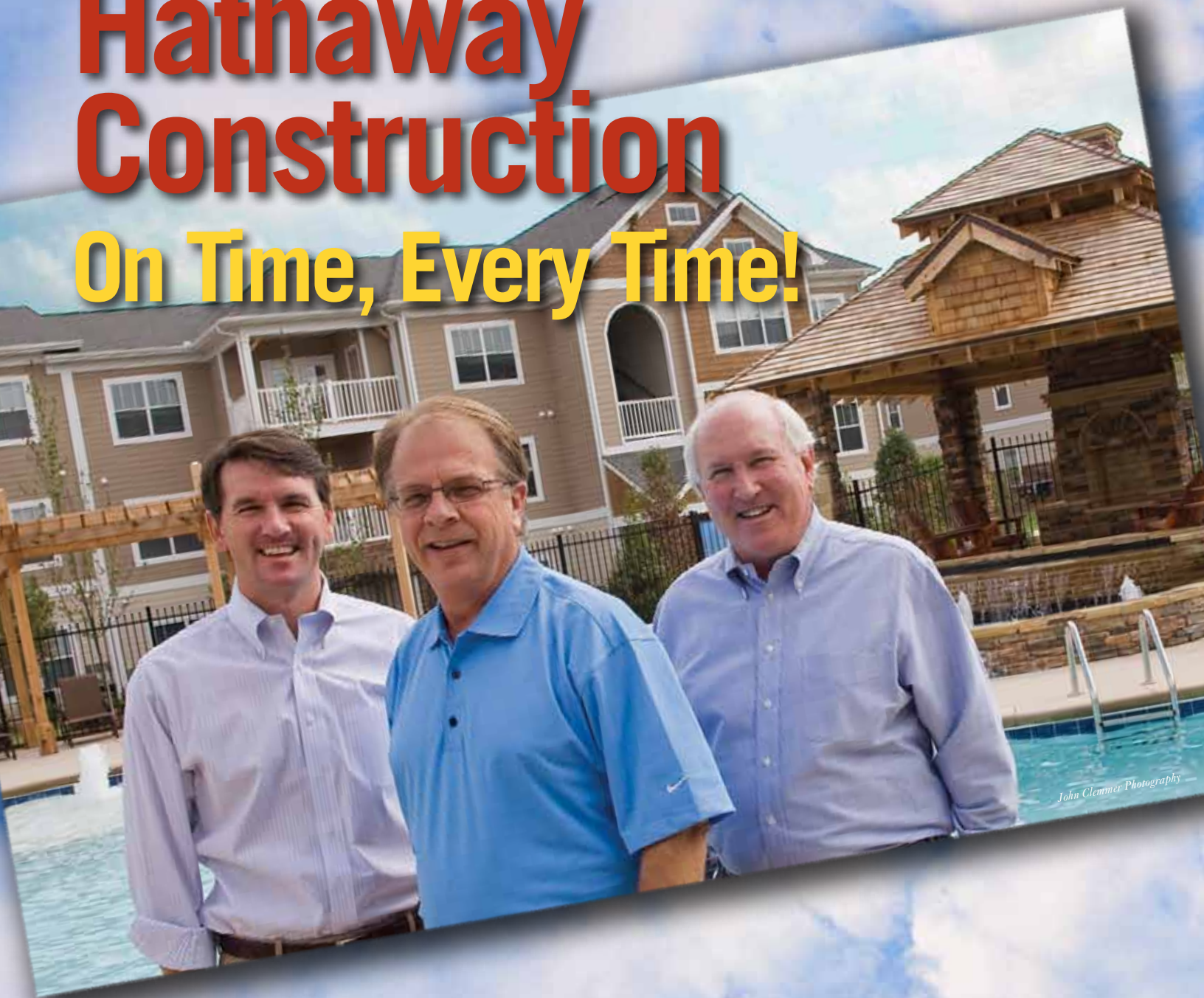
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Hathaway Construction On Time, Every Time!



John Clemmer Photography

You can tell a lot about a company by how well they keep their promises. Not even a direct hit from Hurricane Gustav in Houma, Louisiana last year could keep Hathaway Construction from meeting the critical Dec. 31, 2008, GO Zone (Gulf Opportunity Zone) deadline for its clients. Hathaway already was under the gun building two, 240-unit, multi-family apartment complexes whose start dates had been pushed back repeatedly when the job sites – and the entire town of Houma – were all but shut down from storm damage.

“Houma was totally without power, so we brought in generators and living quarters for many of the workers,” Hathaway Construction President Mike Muggridge explains. “We started serving meals, and our crews went out for a week helping clean up the town. We do whatever it takes to get the job done.” And despite the hurricane damage and the setback, Hathaway completed both jobs in the GO Zone in about 10 months, projects that would typically take at least 12 to 14 months to finish.

But that’s what Hathaway’s customers have come to expect over the last 10 years since founder and CEO David Hathaway expanded to include the construction division as part of his development company. Today, Hathaway Construction specializes in wood-frame construction throughout the Southeast – Georgia, Louisiana, Mississippi, Alabama, Tennessee, South Carolina, North Carolina and Florida – building single-family housing, condominiums, student housing, public storage facilities and town homes. However, garden-style, multi-frame construction is the company’s bread and butter. The company has built nearly 12,000 units throughout the Southeast over the last 11 years. “Garden-style apartments are the products that Hathaway builds,” Hathaway says. “All my life, I’ve believed in focusing on specific products and becoming the best in that field. Wood frame structures are something I’ve always understood. I’d rather perfect what I do than go out and try out and do five or six different things.”

But even before he was constructing apartments, David Hathaway was developing land and building single-family houses, controlling the entire process from start to finish. And that’s what eventually led him to apartment construction. In 1996, he and his partner developed the very successful Northridge Subdivision in Macon, GA that they later parlayed into a larger tract of land with several different uses, one of which

Hathaway

Knowing what a developer company build a reputation

By Sarah Gleim



John Clemmer Photography

While David Hathaway still takes a very active role in the management of company president Mike Muggridge (right) and Senior Project Manager Trip

ay Construction

wants, and consistently delivering it, has helped this of excellence throughout the Southeast.



the company's construction projects, most of the day-to-day supervision is the responsibility of the management team, consisting of his son Daniel Hathaway (left), Booker.



John Cleanner Photography

Interior finishing is something that Hathaway takes great pride in, and the quality of their work has certainly helped enhance their reputation in the industry. "We create interiors that we would want to live in ourselves," says Daniel Hathaway proudly.

happened to be an apartment site. "At the time, we tried to sell the property but were unable to find an buyer," Hathaway states. "Instead, we found an apartment-focused investment group. I became the superintendent, and managed the construction of my first apartment complex!"

That apartment complex, Northwoods Apartment Homes, was Hathaway's first multi-family housing development. Eventually he and his partner sold the property and, as a result, were able to build several more apartment complexes throughout the Southeast.

Of course, the recent economic crisis and real estate crash has affected Hathaway Construction because the market rate deals that have been conventionally financed are no longer being built. "I think we're on the last of a string of projects that are conventionally financed," Muggridge says. "And looking down the pipeline further out, those don't seem to be coming around in the next year or so. We've had to adjust what we're working on." Aside from the "bread-and-butter" garden-style apartment complexes, Muggridge says Hathaway Construction is looking toward more public sector work, as well as focusing strongly on HUD loan developments, renovation work and tax credit housing work. Currently, Hathaway has several HUD projects in the works in Georgia, Louisiana, and North Carolina.

But Daniel Hathaway, executive vice president of construction, says that just because fewer loans are being financed doesn't mean there aren't clients out there. "Right now we are focused on finding the clients seeking conventional financing," he explains. "We've called on

them, we've priced their jobs and we've secured the business. And that's the bottom line. The window of opportunity is much smaller, but the reason we've still been able to get business is because we've gone out and found it, we've come through and given them good pricing and done a good job."

Shannon Walton, president of United Residential Properties based in Macon, is currently developing a 264-unit complex with

Hathaway Construction in Knoxville, TN that is scheduled for completion in the second quarter of 2010. This complex will make nearly 20 that Hathaway has built for United Residential Properties over the companies' 10-year working relationship.

"We bid out every project, but we always go back with Hathaway," Walton explains. "They have it down to a science. They have a good relationship with their subs, and they know what they are doing because they've done it for themselves. That's not something every company can say."

Walton says she's also impressed with Hathaway's seamless operations and ability to complete its projects on time and within budget. "We don't always know what goes on behind the scenes with things like delays, but they always do a really good job of communicating with us," she says. "And they know how to meet the bottom line. It's not always about the least expensive; it's about good quality."

Of course, that's where Hathaway's people come into play, and David and Muggridge are the first to credit their team – both in the office and out in the field – with much of the company's success and reputation. "It's very easy to take a project from 0 to 97 percent," Muggridge says. "But to get 98, 99 and 100 percent takes a lot of effort. Daniel and I probably spent three years perfecting how we deliver a product to an owner."

The company has an extremely low turnover rate (even with its subcontractors), something David is very proud of, and during a time when many companies were laying people off, Hathaway was actually hiring. "As a small- to

medium-sized company, we have experienced cyclical movement, which is the nature of the business,” explains Senior Project Manager Trip Booker. “But there is very low turnover and that’s a good culture to have.”

A key reason for that is Hathaway’s dedicated base of subcontractors. “David has always made sure we paid our subcontractors on time so we have a good following,” Muggridge says. “We went through a lot of subs before we found a good group that had our same philosophy that

subs because they are paid on time. “That is a philosophy that gets you dividends in the short term and long term,” he states. “And, as a result, they can do projects more economically than others.”

Naturally, keeping those subs and workers safe on the job sites is paramount to the success of the company, so routine training and mock OSHA safety inspections are regular practice. “Safety is our main goal on a job site, regardless of budget or schedule,” Daniel explains. “But you rarely

“I see this as our future. Over the next 10 years, I believe that apartments will be an important segment of the housing market, as it will be much more challenging for people to purchase homes because of stricter underwriting and higher down payment requirements.”

you can make money being price efficient if you work in a very organized manner, but that’s where we pushed to set ourselves apart in the market.”

Atlanta-based architect David English with Pucciano & English has worked with Hathaway Construction for nearly 10 years and considers their business relationship very unique. “I don’t have many relationships that equal that one,” he explains. “We look out for each other. They are loyal to me, and I’m loyal to them.” But it goes much further than a long-term business allegiance, he explains. English says what he respects so much about Hathaway is the team’s ability to communicate changes, which allows him to adapt his role when required.

“This is a time-sensitive industry, of course, but Hathaway never cries wolf unless it’s really necessary and they never push me unless it’s real,” English says. “So I know if I have to work 18 hours a day to get it done, then I have to do that.” Of course, from a subcontractor’s standpoint, English says he is certain that Hathaway gets the performance it does from its

have the same people working on two different jobs. The general contractor may be the same and the sub may be the same, but rarely do you have the same people. So we constantly have to focus on training the guys in the field.”

Training the project managers and ensuring they stay ahead of the construction trends is also key to furthering the success of Hathaway Construction. For instance, Hathaway is far ahead of other apartment builders when it comes to the green movement and sustainable building



Ansley at Princeton Lakes features solar panels on their clubhouse. “The company’s philosophy has always been to be ahead of the curve when it comes to things like green building,” explains Senior Project Manager and LEED AP Trip Booker. “We’ve always tried to minimize our impact on the environment, even when it costs us a bit more. It’s just the right thing to do.”



Ansley at Princeton Lakes, located off Camp Creek, is one of several garden-style apartment complexes the company currently has under construction in the Southeast.

practices. Booker is a LEED AP and also is learning more about how Hathaway can participate in EarthCraft building practices. But Hathaway already has made steps toward becoming more eco-conscious as a builder. It was the first apartment builder to put solar panels on clubhouses, and has several jobs in the North Alabama and Tennessee areas where approximately 50 percent of the drywall being used is made from recycled materials.

“We also looked at what we could do upfront for our owners that could help them reduce their operations costs,” Muggridge says. For instance, one of the biggest expenses for apartment owners is around their amenities, so Hathaway began installing saltwater pools instead of chlorine and is looking further into the cost-to-value for owners of installing more solar panels for power. “The bottom line is we are taking the opportunity to look into these things and do our part whether the owners are asking us to or not,” Booker says.

So what does the future hold for Hathaway Construction? Ask David and he can sum that up for you in just one word: apartments. “I see this as our future,” he says. “Over the next 10 years, I believe that apartments will be an important segment of the housing market, as it will be much more challenging for people to purchase homes because of stricter underwriting and higher down payment requirements.”

Muggridge says the company has the right people in place to handle the market, however it shifts. “We knew a few years ago we needed to be prepared to do public sector work so we put the right people in place,” he says. “The bottom line is Hathaway Construction’s success revolves around the quality of its people, and we can definitely count on that.”

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