

# Electrical Wholesaling®

JANUARY/  
FEBRUARY 2023  
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VOICE OF ELECTRICAL  
DISTRIBUTION

## Residential Market 101

*Surge in Demand for Home Offices & High-Speed Networks Create New Residential Sales Opportunities. Read more on **pg. 14***





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# Electrical Wholesaling®

January/February 2023 • Vol. 104, No. 1 • www.ewweb.com

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Also publisher of:

**EC&M**      **ElectricalMarketing**



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Achievement Award  
1966, 1973, 1975,  
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Winner of the Jesse H. Neal  
Certificate of Merit  
1960, 1961 (First Award),  
1976, 1993, 1996 (2)



**Electrical Wholesaling** (USPS Permit 499-810, ISSN 0013-4430 print, ISSN 2771-6414 online) is published 6x a year (Jan/Feb, March/April, May/June, July/Aug, Sept/Oct, Nov/Dec) by Endeavor Business Media, LLC, 1233 Janesville Ave., Fort Atkinson, WI 53538. Periodical postage paid at Fort Atkinson, WI, and additional mailing offices. POSTMASTER: Send address changes to Electrical Wholesaling, PO Box 3257, Northbrook, IL 60065-3257. SUBSCRIPTIONS: Publisher reserves the right to reject non-qualified subscriptions. Subscription prices: U.S. (\$ 56.25); Canada/Mexico (\$ 80.00); All other countries (\$ 180.00). All subscriptions are payable in U.S. funds. Send subscription inquiries to Electrical Wholesaling, PO Box 3257, Northbrook, IL 60065-3257. Customer service can be reached toll-free at 877-382-9187 or at Electricalwholesaling@Omeda.com for magazine subscription assistance or questions.

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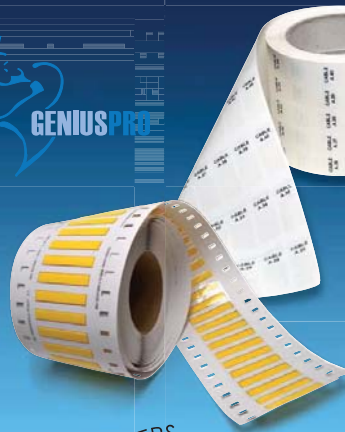
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# The Devil in the Details

Less is seldom really more in this age of bite-sized chunks of news and information.

In an age where the content we digest is often shaped by the character count in a tweet on Twitter or how far down we scroll on our smartphones, it's harder than ever to get the full context of a news story or other information in a digital format.

I recently ran across several types of content in the electrical market that illustrate this conundrum and realized you must be more careful than ever with the content you read.

## The big-and-bold headline that doesn't tell the whole story.

A presentation at the recent NAED Western Conference in Palm Desert, CA, focused on several new online purchasing platforms intended to help contractors buy direct from manufacturers in the construction market. The keynote speaker at the conference, Alex Moazed, the founding CEO of Applico, a developer of online platforms, ruffled a few feathers at the meeting with his discussion of Schneider Electric's involvement with several of these purchasing platforms through its venture capital unit, SE Ventures. That business unit recently invested in three young new-tech companies — Renorun, KOJO and Enable. Renorun and KOJO are developing online procurement platforms that focus on direct-to-contractors transactions, while in contrast, Enable helps distributors manage their rebates.

One of Moazed's slides offered some bulleted points on the three new-tech companies — and a title in large bold type: "Schneider Electric's Investments in Distributor Disruption."

The slide didn't offer any context of Schneider's history in the electrical

market, and if someone at the presentation was new to the business and was unfamiliar with Schneider, they wouldn't have learned anything in the presentation about the company's 100-plus year commitment to electrical distributors, or that the vast majority of its electrical products sales go through distributors. They could have come away from that presentation thinking that Schneider was just interested investing in several fledg-



ling new-tech companies marketing direct-to-customer online purchasing platforms that could cut distributors out of the loop.

**Where there's smoke, there isn't necessarily fire — yet.** The potential of electric vehicles and the related sales opportunity that EV charging stations represent for electrical distributors fascinates me, and I am convinced the billions of dollars the major car manufacturers are investing in new EV factories and EV battery development are a sure sign EVs will slowly but surely forever change the automobile industry.

But we need to pump the brakes a bit on EVs. While folks with Level 2 EV chargers in their garages will have a dependable charge waiting for them every night, it will be years before folks in apartments and other multi-family housing projects will have a place to charge their vehicles. And the infrastructure money for EV charging stations is real, but it will be pumped into local markets through states and municipal governments. Distributors, reps and contractors interested in EV charger installations will have to figure out how to get to that money through local contacts in those branches of government or local agencies.

Another huge challenge will be developing the nationwide EV charging network along the nation's highways, because right now it's woefully inadequate. If you want an unbiased take on the state of the public charging network, check out Kyle Conner's EV reviews on his Out of Spec Studios YouTube videos, and his sometimes harrowing experiences with finding a dependable charge on his cross-country test drives of various new EVs, or his recent frustrations with finding a working EV charger in sub-freezing temperatures in Colorado.

**Getting the real story on industry growth.** While much of the business news these days is all about the thousands of people getting laid off in tech industries and the potential of a recession, the economic reality in this industry is that while some signs of a slowdown do exist, the business is still hanging in there. You do have to account for rising electrical prices, and overall market growth right now may be flat at best because of inflation.

It's both a blessing and a curse that we have access to more information than ever before. The time you take to carefully analyze all of the nuances of the information you consume is well-worth the investment. **EW**

By Jim Lucy, Editor-In-Chief

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## Construction Bulls & Bears Have Different Expectations for 2023

Economists from the Dodge Construction Network and National Association of Home Builders (NAHB) had different takes on the 2023 business prospects in the construction industry. The Dodge Momentum Index (DMI), issued by Dodge Construction Network pointed to 2023 growth in some project types, while the NAHB execs are bracing themselves for a down year in the residential construction market.

Dodge's DMI improved +6.6% (2000=100) in December to 222.2 points from the revised November reading of 208.3 points. In December, the commercial component of the DMI rose +8.4%, and the institutional component ticked up +2.7%. The DMI is a monthly measure of the initial report for nonresidential building projects in planning that leads construction spending for nonresidential buildings by a full year.

"One of the key construction storylines for 2022 was the return of enthusiasm and optimism in prospects for non-residential growth," said Richard Branch, chief economist for Dodge Construction Network. "While some of that will likely erode in 2023 as economic growth wanes, increased demand for some building types like data centers, labs and

health-care buildings will provide a solid floor for the construction sector."

On a year-over-year basis, the DMI was +40% higher than in December 2021; the commercial component was up +51%, and institutional planning was +20% higher.

NAHB execs expect single-family starts to continue their decline again in 2023 after a very soft 2022. NAHB said total housing starts for 2022 were 1.55 million, a -3% decline from the 1.6 million total from 2021. Single-family starts in 2022 totaled 1.01 million, down -10.6% from the previous year. Multi-family starts in 2022 were up +14.5% compared to the previous year and exceeded a 500,000 annual pace for the first time since the Great Recession.

"The decline in single-family permits indicates that builders are slowing construction activity as interest rates have spiked in recent months," said Danushka Nanayakkara-Skillington, NAHB's assistant VP for forecasting and analysis. "Starts began on a strong footing in early 2022 but fell back in the latter part of the year as higher costs led to a pause in home building activity and affordability conditions worsened for home buyers."

## AIA SEES BIGGER CONSTRUCTION SLOWDOWN IN 2024

Despite macroeconomic headwinds such as inflation, rising interest rates and weak consumer sentiment, AIA's Consensus Construction Forecast panel comprising leading economic forecasters is projecting nonresidential construction spending to grow +5.8% in 2023 but to slow to under +1% in 2024. The forecast, which the American Institute of Architects (AIA) updates twice each year, also expect that growth in construction spending in 2023 will be uneven again, with a projected +2.6% increase in the commercial sector; +15.1% for industrial facilities; and +4.1% for institutional buildings.

"The economy will continue to face challenges as we move through 2023, dampening the construction outlook," said AIA Chief Economist Kermit Baker, in the press release. "However healthy architect and contractor project backlogs should ease the negative impact of an economic slowdown."

Baker said in AIA's 2023 Consensus Construction Forecast, now available at [www.aia.org](http://www.aia.org), that architects are now sitting on elevated backlogs estimated at about seven months. "Unlike construction companies, architecture firms have seen that backlogs can evaporate when business conditions weaken as clients may decide to delay or even cancel projects if they no longer make economic sense," he said.

He also said that despite strong revenue growth in 2022, AIA architects have modest expectations about potential revenue increases in 2023.

"After reporting average revenue growth of almost +7% last year, projections for this year were lowered to below +1%, with 30% of firms expecting a revenue decline of -5% or more."

Baker also provided some interesting commentary in AIA's Consensus Construction Forecast on 2024 business conditions and the rising importance of retrofit business for architects. "The construction slowdown that is expected to begin in the latter half of this year is projected to continue into 2024," he said. "With overall growth of less than +1% next year, spending on commercial facilities is projected to decline by over -1%, and industrial construction should eke out a very modest gain of less than one-half of +1%."

"Over the past few decades, there has been a steady increase in the share of revenue at architecture firms coming from reconstruction projects — renovations, retrofits, building additions and historic preservation. Part of this derives from an expanding interest in sustainability — fixing up an older building is more environmentally sensitive than tearing that building down and constructing a new one."

"However, fundamental economics and demographics likely play an equal or greater role. Slower population growth in recent years and the resulting slower growth in the economy means that we don't need to expand our building stock at the pace we did a decade or two ago."



## TSG Acquires Georgia Copper

Technical Services Group (TSG), Baton Rouge, LA, a provider of broadcast engineering and commercial AV solutions, has acquired Georgia Copper, a manufacturer of USA-made copper grounding and bonding products.

The acquisition broadens TSG's existing portfolio of broadcast studio and facility infrastructure solutions, which includes core copper, lightning and surge suppression products. TSG has served the radio and television broadcasting industries for years and also provides commercial AV solutions for sports venues, government offices, schools, houses of worship, healthcare facilities and hospitality sites.

TSG CEO Bo Hoover sees opportunity to expand the Georgia Copper product line, and said in the press release that he can easily see developing "another 50 niche products" in applications including data centers and broadcast facilities.

## ABB Sells Remaining Stake in Hitachi Energy

ABB completed its previously announced divestiture of the remaining 19.9% stake in Hitachi Energy joint venture to Hitachi, Ltd. According to the press release, ABB has realized a net positive cash inflow of approximately \$1.425 billion in the fourth quarter of 2022 as part of the divestment. The Hitachi Energy joint venture (formerly Hitachi ABB Power Grids) was formed in 2020 following ABB's divestment of 80.1% of its Power Grids business to Hitachi. According to the release, the divestment helps ABB focus entirely on industrial customers.

## LED Supply Sold to Applied UV

LED Supply Co., Lakewood, CO, a 13-year-old distributor of LED products and systems, was acquired by New York-based Applied UV Inc., a publicly traded specialist in disinfection technology solutions. LED Supply Co.'s sister company PURO Lighting, a specialist in UV light disinfection technologies is also now part of Applied UV. According to a post at [www.insidelighting.com](http://www.insidelighting.com), PURO was founded in 2019 by Stern, Lawrence and Jim Colantoni shortly before the COVID pandemic caused a spike in UV disinfection lighting demand.

LED Supply distributes products for more than 350 manufacturers and has 20 employees across five states. In an announcement about the acquisition on [www.ledsupplyco.com](http://www.ledsupplyco.com), Brian Stern, CEO, and Webb Lawrence, COO, said the acquisition allows them to expand their focus to not only LED and UV lighting, but also to smart building technologies, security, EV charging and other technologies.

## EW NEWS ANALYSIS

### Rexel Acquires Buckles-Smith

Rexel acquired Buckles-Smith, Santa Clara, CA, one of California's largest remaining independent distributors. Buckles-Smith is ranked # 64 on *Electrical Wholesaling's* 2022 Top 150 ranking with 154 employees and six locations. Rexel is ranked #5 in the *EW* Top 150 with \$5.8 billion in 2021 North American revenues, 7,364 employees in the United States and Canada; and 569 location in North America.

### Sonepar Buys NEDCO & HOLT

Codale Electric/Sonepar, Salt Lake City, UT, has acquired NEDCO Supply, Las Vegas. A privately-owned business since 1982, NEDCO Supply is a full-line distributor of electrical products and services for residential and commercial customers. Operating throughout southern Nevada, NEDCO has over 100 employees. The company is expected to record sales revenue in excess of \$180 million for 2022 and is ranked #71 on *EW's* 2022 Top 150 ranking.

The Springfield/Sonepar acquisition of HOLT Electrical Supply bolsters their coverage of Missouri. The company has 80 employees and eight locations in Missouri, HOLT is expected to record sales revenue of approximately \$75 million for 2022.

In other Sonepar acquisition news, the company bought a majority share in Alliantz, a large solar specialist in France. The company has annual sales of roughly \$64 million.

### Green Mountain Electric Makes More Acquisitions in NY

Green Mountain Electric Supply, Colchester, VT, has acquired certain assets of Scott Electric Supply, located in Fredonia and Depew, NY. Scott Electric Supply is a two branch, full-service electrical distributor in western New York covering Buffalo, NY, and eastern Lake Erie shore. Over the past two years, the company has made several acquisitions, including Davis Electric Supply, Buffalo, NY (2022); Generation Electric Supply & Lighting, Liverpool, NY (2022); Falcone Electric Supply, Batavia, NY (2022); Dunn Electric Supply, Binghamton, NY (2021); and Jamestown Electric Supply, Jamestown, NY (2021).

## VITAL STATISTICS

### CONSTRUCTION

**New Construction Put-in-Place** (\$ billions, SAAR)

	Nov. '22 <sub>1</sub>	Oct. '22 <sub>2</sub>	Mo. % Change	Nov. '21	YTY % Change
<b>Total Construction</b>	<b>1,807.50</b>	<b>1,803.20</b>	<b>0.2</b>	<b>1,665.20</b>	<b>8.5</b>
<b>Total Private Construction<sub>1</sub></b>	<b>1,426.40</b>	<b>1,421.60</b>	<b>0.3</b>	<b>1,319.90</b>	<b>8.1</b>
Residential	868	872.4	-0.5	824	5.3
New single family	394.9	406.7	-2.9	440	-10.2
New multifamily	110.2	107.6	2.4	99.5	10.7
Nonresidential	558.3	549.2	1.7	495.9	12.6
Lodging	19.8	19.8	0.2	15.2	30
Office	75.2	75.3	-0.1	73.5	2.3
Commercial	116.5	116.5	0	96.7	20.4
Health care	42.5	42.5	0.1	39.8	6.9
Educational	19.3	19.2	0.6	17.2	12.4
Religious	2.9	2.8	4.1	2.9	0.3
Amusement and recreation	14.2	14.5	-2	12.8	10.6
Transportation	18.6	18.1	2.8	15.3	21.4
Communication	24.6	24.8	-0.7	24.7	-0.1
Power	96.7	95.6	1.2	108.7	-11
Electric	75.3	74.5	1	85	-11.4
Manufacturing	125.6	118	6.4	87.9	42.9
<b>Public Construction</b> (\$ billions) <sub>2</sub>	<b>381.1</b>	<b>381.6</b>	<b>-0.1</b>	<b>345.3</b>	<b>10.4</b>
Residential	9.3	9.3	-0.1	9	3.8
Nonresidential	371.8	372.3	-0.1	336.3	10.6
Office	12.8	12.4	3	12.1	5.9
Commerical	4.2	4.2	-1.4	3.5	17.8
Health care	11.5	11.6	-0.8	10.6	8.5
Educational	81.3	81.2	0.1	80.1	1.5
Public safety	11.5	11.7	-1.3	10.4	10.2
Amusement and recreation	13.7	13.8	-0.5	13.4	2.5
Transportation	40.8	40.9	-0.2	40.3	1.2
Power	12.3	12.5	-1.7	10.4	18.1
Highway and street	115	116.2	-1	100.5	14.5
Sewage and waste disposal	32.5	32.4	0.3	27.5	18.5
Water supply	24.4	24.9	-2	18.5	31.6
Conservation and development	10.8	9.4	14.6	7.9	36.3
<b>Housing Starts</b> (SAAR)	<b>Dec. '22<sub>1</sub></b>	<b>Nov. '22<sub>2</sub></b>	<b>Mo. % Change</b>	<b>Dec. '21</b>	<b>YTY % Change</b>
Total (thousands of units)	1,382	1,401	-1.4%	1,768	-21.8%
Single-family (thousands of units)	909	817	11.3%	1,212	-25.0%
Multi-family (thousands)	463	571	-18.9%	553	-16.3%

### EMPLOYMENT WAGE & PRICE STATISTICS

	Mo.	Latest Month	Mo. % Change	Year ago	YTY % Change
<b>Employment, Electrical Contractors</b> (thousands) <sub>3</sub>	DEC	7691	-1.7	7557	1.8
<b>Hourly wage, Electrical Contractors</b> (\$) <sub>4</sub>	NOV	1003.6	-0.6	962.2	4.3
<b>Copper prices</b> (cents per pound)	NOV	34.42	-1.3	32.09	7.3

### INDUSTRIAL MARKET

	Mo.	Latest Month	Mo. % Change	Year ago	YTY % Change
<b>Electrical Mfrs' Shipments</b> (\$ millions)	NOV	4,014	4.6	3,452	16.3
<b>Electrical Mfrs' Inventories</b> (\$ millions SA) <sub>2</sub>	NOV	8,170	1.3	6,646	22.9
<b>Electrical Mfrs' Inventory-to-Shipments ratio</b>	NOV	2,035	-3.1	1,925	5.7
<b>Electrical Mfrs' New Orders</b> (\$ millions SA) <sub>2</sub>	NOV	3,800	-0.6	3,405	11.6
<b>Machine Tool Orders</b> (\$ millions) <sub>5</sub>	NOV	425.28	-5.4	476.95	-10.8
<b>Industrial Capacity Utilization</b> (percent, SA) <sub>1</sub>	DEC	77.47	-1.4 pts.	476.95	-10.8 pts.

**Footnotes:** 1 - preliminary; 2 - revised; 3 - includes residential improvements; Z - less than 0.005 percent; SA - seasonally adjusted; SAAR - seasonally adjusted annual rate. **Sources:** Construction Put-in-Place statistics - Department of Commerce; Housing starts - Department of Commerce's Census Bureau; Electrical contractor employment numbers and hourly wage - Department of Labor; Copper prices - *Metals Week*; Electrical manufacturers' shipment data - Department of Commerce; Machine Tool Orders - Association for Manufacturing Technology; Industrial Capacity Utilization - Federal Reserve Board; and Purchasing Managers Index - Institute for Supply Management.

**Note:** Additional economic data relevant to the electrical industry is available on a bi-weekly basis by subscribing to *Electrical Marketing* newsletter. For subscription information see [www.electricalmarketing.com](http://www.electricalmarketing.com).

## NEMA'S EBCI IS MIXED IN DECEMBER

The electroindustry experienced a month of relative stability in December, as the current conditions component edged up 7.7 points from November's reading to reach 50 points, a level indicating conditions had not changed from the previous month. This marked the fourth time the current conditions had hit the midpoint in the past calendar year.

The ElectroIndustry Business Conditions Index (EBCI) is a monthly survey of senior executives at electrical manufacturers published by the National Electrical Manufacturers Association (NEMA), Rosslyn, VA. Any score over the 50-point level indicates a greater number of panelists see conditions improving than see them deteriorating.

The modest uptick in the EBCI was driven by a slight increase in the share of panel members that reported "better" conditions while the majority of panelists noted "unchanged" conditions. Comments indicated that some respondents have seen pockets of growth, with "strong demand in key segments of the electrification transition," while others noted evident cooling in the residential market and slowing orders activity.

The future conditions component hit 36.4 points in December, falling 13.6 points from November's reading. Executives raised concerns about the effects of rising interest rates and recession fears but also noted expectations for supply chain and labor market improvement. Despite the contractionary future component score, comments were less definitive than the index number would suggest, with one NEMA exec saying, "The economy is slowing, but we are still expecting growth, just not at the pace we saw in 2022."

In the U.S. Census Dept.'s Value of New Construction numbers for November, the Private Manufacturing data stood out again, with a +5.6% monthly increase over Oct. 2022 to \$10.8 billion and a +33.6% increase over Nov. 2021. The Computer/electronic/electrical category was strongest, with a +16.3% monthly boost and a +204% annual increase to \$57.5 billion. **EW**

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## City Electric Supply Expands in Savannah

A new branch in Savannah, GA, is the 45th location in Georgia for City Electric Supply (CES). The branch, which recently underwent a four-month renovation, is CES's third location in Savannah.

In a space that was previously a gym, the CES team pictured here renovated and customized the 7,000 sq-ft layout, transforming the building into a sleek-looking counter space and warehouse. The location also features an additional 6,400 square-foot pipe yard behind the warehouse.

"We already have several branches in Savannah, and this one is in a new area of town for CES," said Robert Haney, CES regional manager, in the press release. "We are excited for the opportunity to be here and help the Savannah customer base with even more of their electrical needs."

"My team and I did a lot of the work ourselves, with the help of our district manager," said Branch Manager Ronald Roach in the press release. "We spent time putting up the shelves where we wanted them. We did all of the painting and even some demolition. Everything came together just in time before we opened up."

The branch team has a unique and versatile background ranging from aircraft interiors to design. This CES branch reportedly is unique in its own way, too, as the only supply house

in this area of Savannah. The location will also sell plumbing and HVAC equipment.

It sounds like the branch is in a unique neighborhood, and Roach says some neighbors have already come in for a visit. "Our location has sidewalks in front of it, with a mall on one side of us and residential communities on the other. One family came in to say hello just because her kids were curious about what was on our shelves," he said.

With over 12 years of experience in management and seven in electrical management, Roach said in the press release that he is excited to begin his journey at CES, with two team members that he knew from previous jobs. "When I decided to come on board with CES, I was at a point in my career where I could either challenge myself or be still," said Roach. "I wanted to challenge myself, and I wanted my team members to have challenges as well. We are going to grow here, and

I am excited to be here, running this location."

2022 was a busy year of branch expansion for CES. According to a LinkedIn post, the company opened 20 branches and hired 1,400 employees in 2022. Twenty of its branches celebrated their 25th anniversaries this year. CES now employs more than 3,000 people in over 500 branches across the U.S. The company is now ranked #7 on *EW's* 2022 Top 150 ranking.



## QEL to Warehouse Morris Products in Houston Metro



Morris Products Inc., Queensbury, NY, has partnered with Quality Electrical Lines (QEL) to warehouse Morris Products in its League City, TX, facility, outside of Houston. The QEL warehouse will stock a wide offering of Morris Products, with the goal of fulfilling over 80% of orders in the service area from that location.

Fuzzy Conner, QEL's principal, said in the press release, "This is a huge benefit to our customers, bringing immediate access to Morris Products." Kerry King, North American sales director, added in the release, "Not only will this be a benefit to our Texas customers, but we will be able to service customers in neighboring states from Mississippi to New Mexico to Wyoming to Iowa with one- to two-day shipments."

# Kichler Lighting Announces 30th Anniversary of Outdoor Illumination

Kichler Lighting, Solon, OH, is celebrating 30 years in landscape lighting. As part of the celebration of this milestone, Kichler is sharing the occasion with its community of partners, contractors and customers. Here are some Kichler Lighting's partnerships and programs that are part of its anniversary celebration.

## A COMMUNITY PARTNERSHIP WITH THE CITY OF SOLON, OH

Kichler is donating exterior LED lighting fixtures and path lights to Grantwood Golf Course for its clubhouse to support Solon's community revitalization project. Kichler's donation will include path lights, accent fixtures, cylinder wall lights, dual-light spotlights and outdoor wall lanterns. The landscape project has an estimated completion date of Spring 2023.

## LIGHTPRO REWARDS PROGRAM

Kichler will continue to offer an anniversary promotion to reward landscape contractors for their loyalty while recognizing achievements along the way. Reward points never expire, and once members hit their goal for the calendar year, they earn 3x the points on each dollar spent.

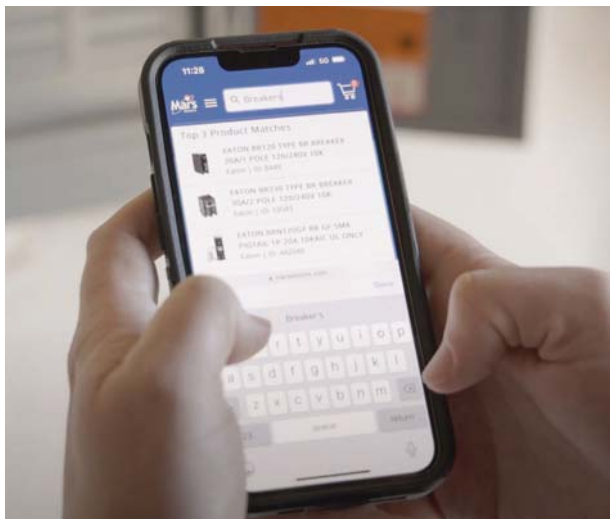


## FUN IN THE SUN REWARDS TRIP

Kichler hosted an all-inclusive tropical vacation for eligible LightPro Reward members. The trip took place in January for qualifying members and included airfare, lodging and transportation for a five-night stay. During the trip, Kichler announced their Contractor of the Year, Best Design and recognize contractor achievements.

# Mars Electric Launches New Website

Mars Electric, Mayfield Village, OH, launched its new website on Dec. 5, 2022. Since the launch, hundreds of contractors have visited the "online branch," checked inventory and ordered products. Michael Doris, president of Mars Electric,



said in the press release that the new site is the next evolution of Mars Electric. "When we designed the site, we wanted to make sure the same great services we offer today are available through the site," he said. "We know some customers want to do business with us online."

Michael Mamzone, VP of sales at Mars Electric, said the website is just another avenue to make it easier for customers to do business with the company. The site includes many new features to reduce the time customers spend researching, shopping for and buying materials. New features include:

- Real-time inventory
- 10,000 stocked products
- Robust product search
- Downloadable technical drawings and spec sheets
- Saved product lists
- Live support
- Delivery options

Visitors to the new site can stay informed with the latest Mars Electric and industry news through the monthly newsletter. The newsletter contains technical product usage tips, featured products and promotions and event and training information.

## INDUSTRY EVENTS

January 30 - February 2, 2023

### **NEMRA CONFERENCE**

Las Vegas, NV; National Electrical Manufacturers Representatives Association; [www.nemra.org](http://www.nemra.org)

January 31 - February 2, 2023

### **NAW EXECUTIVE SUMMIT**

Washington, DC; National Association of Wholesaler-Distributors (NAW); [www.naw.org](http://www.naw.org)

February 27 - March 1, 2023

### **NAED SOUTH CENTRAL CONFERENCE**

Orlando, FL; [www.naed.org](http://www.naed.org)

March 7-8, 2023

### **LEDUCATION**

New York, Designers Lighting Forum of New York; [www.leducation.org](http://www.leducation.org)

May 21-23, 2023

### **LIGHTFAIR TRADE SHOW & CONFERENCE**

New York; [www.lightfair.com](http://www.lightfair.com)

May 23-25, 2023

### **NAED ANNUAL CONFERENCE**

Marco Island, FL; [www.naed.org](http://www.naed.org)

June 12-14, 2023

### **NAED WOMEN IN INDUSTRY FORUM**

Salt Lake City, UT; [www.naed.org](http://www.naed.org)

June 14-16, 2023

### **NAED ADVENTURE**

Salt Lake City, UT  
[www.naed.org](http://www.naed.org)

September 18-20, 2023

### **IDEA EBIZ**

Nashville, TN; [www.idea4industry.com](http://www.idea4industry.com)



NSI execs and local dignitaries at the grand opening (left-right) Jim Piazza, NSI VP of Marketing; Natasha Marcus, North Carolina Senator District 41; G.R. Schrottenboer, NSI CEO; and Bill Russell, president & CEO of Lake Norman Chamber of Commerce.

## NSI Moves Into New HQ

NSI Industries, Huntersville, NC, moved into its new corporate headquarters, in Huntersville. The new 152,000-sq-ft facility, is two-and-a-half times the size of NSI's previous building, and it's also home to its new warehouse and distribution center. The new warehouse and distribution center has more capacity to serve more customers.

"As NSI has continued to expand with its recent acquisitions the past couple of years, we needed a new home that would allow us to consolidate all of our brands' warehousing needs into a new, more modern and streamlined corporate and distribution operation," said G. R. Schrottenboer, CEO of NSI Industries, in the press release.

"Creating one HQ and distribution center for all of our brands has allowed us to consolidate seven locations into one," Schrottenboer continued. "Efficiency was our goal. We can now drastically accelerate shipping by streamlining the ordering, packaging, and distribution processes with modern, up-to-date warehouse and distribution technologies. Also, we are making progress toward our new 'one order – one invoice' method enabling customers to order multiple NSI brands on one order, receive one invoice and in many cases one shipment."

Many of NSI's brands' products were used to build the new facility, including those from Bridgeport Fittings, Polaris Power Connectors, TORK Timers and Controls, WarriorWrap Professional Tape, TERMINATOR Premium Wire Connectors, RHINO Safety, Platinum Tools, TechLogix Networx, Duro Dyne Sheet Metal Accessories, Metallics Fasteners, Remke Industries and Lynn Electronics.

NSI's new headquarters and distribution facility address is 13235 Reese Blvd., Huntersville, NC.



# 2023 ELECTRICAL SALES FORECASTS

*Powered by Electrical Marketing*

NEED RELIABLE LOCAL MARKET DATA ON WHERE THE ELECTRICAL MARKET IS HEADED?

[www.electricalmarketing.com](http://www.electricalmarketing.com) is loaded with electrical market sales forecasts and related industry data for the 2023 market planning season.

In addition to keeping electrical executives current on the latest electrical market news, *Electrical Marketing* newsletter now offers a unique package of Electrical Sales Potential estimates at the national, state and local area, as well as state and national sales estimates for 17 key electrical products. This package of data and industry news is not available anywhere else in the electrical market. You can get it today as part of a special \$99 annual subscription to *Electrical Marketing*.

As part of your \$99 annual subscription, you get both online access to this data and 24 issues of *Electrical Marketing* newsletter, available either in print or online in a convenient downloadable PDF format. Included in *Electrical Marketing*'s new package of industry data:



## ELECTRICAL SALES POTENTIAL

### State & Metropolitan Statistical Area (MSA) data

*Updated quarterly*

*Electrical Marketing*'s estimates for total electrical sales, as well as estimates for the electrical contractor and industrial market – the two core electrical market that account for more than 75% of all electrical sales through full-line distributors.

### County-Level Sales Data

*Updated twice-a-year*

Drill down to the core electrical sales potential in the electrical contractor and industrial markets in more than 900 counties.

### State-Level Electrical Product Sales Potential in 17 product groups

*Updated annually*

*Electrical Marketing*'s estimates for state-level electrical sales potential are based on product mix data from more than 100 Top 200 electrical distributors.

### Local Electrical Market Indicators

*Updated quarterly*

Keep tabs on building permits, gross metropolitan product, population growth and employment trends in core market segments.

# Electrical Marketing

## OTHER MARKET DATA

### Local Construction Projects

*Updated quarterly*

A database of the largest construction projects in local markets across the U.S., with links to additional project information in news reports.

### Electrical Market Indicators

Regular posts on the key electrical market indicators shaping this industry.

## ELECTRICAL PRICE INDEX

Having a tough time keeping up with all of the price increases for electrical products? The Electrical Price Index offers a monthly update on pricing trends for more than 20 key electrical product groups.

[electricalmarketing.com/NewSub](http://electricalmarketing.com/NewSub)

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For questions on *Electrical Marketing*'s new market data, contact Jim Lucy, *Electrical Marketing*'s Editor-in-Chief, at [jlucy@endeavorb2b.com](mailto:jlucy@endeavorb2b.com).



# Residential Market 101

*Although home construction will be soft for the foreseeable future, there's some solid revenue opportunities in the residential market.*

**E**ditor's note: Electrical Wholesaling's Electrical Markets 101 series ranks high on the list of the magazine's most popular articles. Over the next few months, we will be updating our overviews of the electrical wholesaling industry's largest segments — the residential, commercial and industrial niches. Together, they account for more than three-quarters of all products sold through full-line electrical distributors. In this month's installment, we present the basics of the residential market. Along with providing these articles in the print editions of Electrical Wholesaling and online at [www.ewweb.com](http://www.ewweb.com), they will be part of the new EW Lunch & Learn series that the magazine's editors developed to provide new employees with a basic overview of the key markets and industry trends in the electrical business.

## WHERE THE RESIDENTIAL MARKET FITS IN

Every electrical distributor has a different take on the residential market. Many industrially-oriented distributors don't deal with it. And in many mature suburbs, inner cities or other areas where new residential construction is nonexistent or at a standstill, the residential market may not provide many sales dollars at all. However, in a fast-growing Sunbelt suburb this may be a key market for a distributor.

**By Jim Lucy, Editor-in-Chief**

What the market is depends on how you define it, too. For a residential lighting specialist that doesn't sell much pipe and wire, the residential market means selling replacement fixtures to homeowners or a "houseful" of fixtures to a new home buyer who has the builder's lighting fixture allowance to spend.

The market for residential lighting fixtures sold through full-line electrical distributors, residential lighting specialists, home centers, hardware stores and department stores operates differently than other aspects of the electrical market, primarily because of the retail nature of this business and the fact that the customer is most often a homeowner. Despite massive competition from home centers in this market, distributors still expect to sell billions in residential lighting fixtures this year.

Lighting may be the most visible segment of the residential market, but the wiring system hidden behind the walls of your home generates far more sales for full-line electrical distributors. The key products in this segment of the residential market include service-entrance equipment; load centers; circuit breakers; connectors; fittings and fasteners; wiring devices and wallplates; building wire; service entrance cable; and low-voltage wiring for home entertainment centers and man caves, plus security, sound, intercom, phone and home networking applications. Look for residential electric vehicles charging equipment to provide more sales opportunities in the coming years, too.



# Key Sales Opportunities in the Residential Market

## POWER IN

- Pole-line hardware
- Service entrance cable
- Utility meters
- Load centers
- Generators
- Circuit breakers
- Panel-mounted surge suppressors & AFCIs
- Photovoltaic panels

1

## CURRENT CARRIERS

- Building wire
- Security, coaxial, intercom, phone & computer cabling
- Portable cord
- Wiring devices & wall plates
- GFCI & AFCI wiring devices or circuit breakers
- Occupancy sensors
- Wire connectors
- Surge suppressors

2

## PROTECT & DIRECT

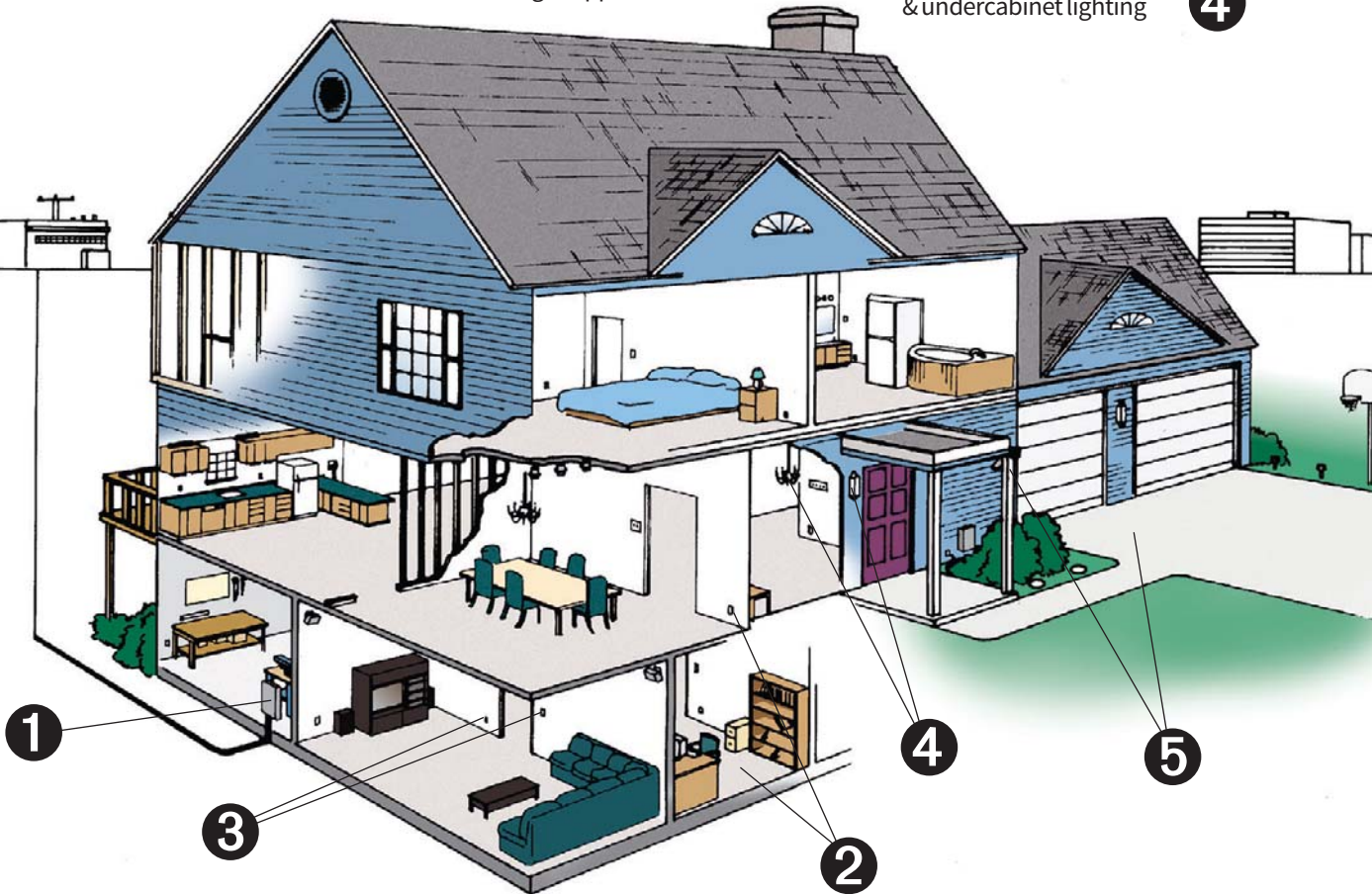
- Cable fittings & fasteners
- Nonmetallic & metallic conduit
- Receptacle boxes & outdoor enclosures

3

## LIGHTING LOADS & SUPPLIES

- LED downlights & dimmers
- Landscape & outdoor lighting
- Sconces, chandeliers & undercabinet lighting

4



## MISC. ELECTRICAL LOADS

- Electric heaters
- Under-tile heating systems
- Snow-melting equipment for driveways & walkways
- EV charging systems
- Ceiling fans
- Ventilating equipment
- Intercom systems & doorbells
- Home networking systems
- Smoke & CO2 detectors

5

## IN THE TRUCK

- Fittings, fasteners & connectors
- Cable ties & electrical tape
- Screws, nuts & bolts
- Wire lube
- Wire connectors
- Flashlights & rope
- Hard hats & foul-weather gear
- Work clothing, gloves & boots
- County & state maps
- Water coolers & lunch boxes

## TOOLS OF THE TRADE

- Tool belts
- Tool boxes
- Tool buckets
- Metering equipment
- Hammers & saws
- Power drills
- Reciprocating saws
- Measuring tape
- Wire cutters



### INCENTIVES FOR SOLAR & RESIDENTIAL EV CHARGERS

**Solar.** Because the installation of a residential PV system can be very pricey and easily cost more than \$30,000, the ROI can approach a decade. But the dynamics of the residential solar market have changed because of the tax incentives for homeowners in the federal government's new Inflation Reduction Act (IRA), which passed Congress in Aug. 2022. These federal tax incentives, along local utility rebate programs and other local, county or state financial incentives can drive down that ROI.

Make sure any builders, contractors or homeowners that you work with are aware of what the IRA offers. Congress passed an extension of the Investment Tax Credit (ITC) in the IRA, raising it from 26% to 30% for the installation of residential PV systems installed between 2022-2032. (Systems installed on or before Dec. 31, 2019 were also eligible for a 30% tax credit.) The ITC will decrease to 26% for systems installed in 2033 and to 22% for systems installed in 2034. Expenses covered by the ITC include the solar panels, contractor labor and installation costs, balance of system (BOS) equipment including wiring, inverters and mounting equipment.

The tax credit expires starting in 2035 unless Congress renews it. For more information on the ITC, go to [www.energy.gov/eere/solar/homeowners-guide-federal-tax-credit-solar-photovoltaics](http://www.energy.gov/eere/solar/homeowners-guide-federal-tax-credit-solar-photovoltaics).

According to the "U.S. Solar Market Insights Q3 2022" report published by Wood Mackenzie and the Solar Energy Industries Association (SEIA), "The residential solar segment set a record for the fifth consecutive quarter with nearly 180,000 American households installing solar in Q2. The IRA will drive an additional 7.3 GW of residential solar capacity over the next five years, and the new stand-alone storage tax credit across all market segments is expected to improve grid reliability."

**EV charging systems for homes.** As electric vehicles become more popular the demand for residential EV chargers will increase dramatically. All of the



Supplying EV charging systems for residentially oriented electrical contractors should develop into a solid revenue opportunity over the next few years.

major distribution equipment manufacturers (ABB, Eaton, Schneider Electric and Siemens), as well as Leviton, and charger specialists such as ChargePoint and Wallbox manufacture residential EV charging equipment.

As with solar equipment, the federal government offers an impressive tax credit to homeowners for the installation of EV charging equipment. According to an article in *Kiplinger*, if you install a residential EV charger, the IRA tax credit is 30% of the cost of hardware and installation, up to \$1,000. In 2023, incentives are also available for the installation of bi-directional EV chargers, which allow homeowners to send electricity from the battery in their EV back out onto the grid and get paid for the power they produce ([www.kiplinger.com/taxes/605201/federal-tax-credit-for-electric-vehicle-chargers](http://www.kiplinger.com/taxes/605201/federal-tax-credit-for-electric-vehicle-chargers)).

Make sure your customers know that homeowners can also tap into financial incentives for the installation of residential EV charging equipment from their local utility, as well as various state or county incentives. BriteSwitch, which first became well-known in the electrical business for its database of rebates and financial incentives for energy-efficient

lighting, now offers the same for EV charging equipment. Check out [www.britewitch.com](http://www.britewitch.com) for more information.

**Residential battery storage.** Another trend that can mean new business for residentially oriented electrical contractors is residential battery storage. Homeowners who want to store the electricity they produce from solar panels are installing Generac PWRcells or Tesla Powerwalls. The Powerwalls can also charge EVs in the event of a power outage. Starting in 2023, battery storage equipment for the home with a capacity of 3 kilowatt-hours (kWh) or more will be eligible for ITC tax credits.

### MARKET SIZE

While the main focus in the electrical wholesaling industry tends to be on the much larger commercial and industrial markets, the residential market is still an important niche. It accounts for an estimated \$27 billion to \$28 billion in sales for 2023 — 19% of total distributor sales — according to data from *Electrical Wholesaling's* 2023 Market Planning Guide.

**Hot markets.** It's an interesting market segment to analyze because its growth is tied to a kaleidoscope of

## 50 BUSIEST MARKETS FOR SINGLE-FAMILY HOMEBUILDERS

Metropolitan Statistical Area (MSA)	Single-Family Units	YOY # Change	YOY % Change	2020 Population	2015-2020 # Change	2015-2020 % Change	Hotness Index (Permits per 1K Residents)
Houston-The Woodlands-Sugar Land, TX	42,826	(1,516)	-3.4	7,154,478	483,675	7.3	5.99
Dallas-Fort Worth-Arlington, TX	39,154	(3,858)	-9.0	7,694,138	651,816	9.3	5.09
Phoenix-Mesa-Chandler, AZ	24,470	(5,543)	-18.5	5,059,909	479,564	10.5	4.84
Atlanta-Sandy Springs-Alpharetta, GA	23,805	(3,478)	-12.7	6,087,762	399,179	7.0	3.91
Austin-Round Rock-Georgetown, TX	18,518	(2,377)	-11.4	2,295,303	292,489	14.6	8.07
Charlotte-Concord-Gastonia, NC-SC	16,806	496	3.0	2,684,276	234,770	9.6	6.26
Orlando-Kissimmee-Sanford, FL	14,099	(907)	-6.0	2,639,374	249,797	10.5	5.34
Tampa-St. Petersburg-Clearwater, FL	13,733	(2,880)	-17.3	3,243,963	258,488	8.7	4.23
Nashville-Davidson-Murfreesboro-Franklin, TN	13,594	(172)	-1.2	1,961,232	155,244	8.6	6.93
Jacksonville, FL	12,551	(1,258)	-9.1	1,587,892	142,273	9.8	7.90
Raleigh-Cary, NC	11,138	(1,075)	-8.8	1,420,376	148,708	11.7	7.84
Riverside-San Bernardino-Ontario, CA	11,033	1,133	11.4	4,678,371	219,371	4.9	2.36
New York-Newark-Jersey City, NY-NJ-PA	10,793	(78)	-0.7	19,124,359	(197,880)	-1.0	0.56
Washington-Arlington-Alexandria, DC-VA-MD-WV	10,325	(1,243)	-10.7	6,324,629	225,466	3.7	1.63
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	10,119	1,824	22.0	514,488	82,816	19.2	19.67
North Port-Sarasota-Bradenton, FL	9,876	(514)	-4.9	854,684	86,764	11.3	11.56
Los Angeles-Long Beach-Anaheim, CA	9,444	10	0.1	13,109,903	(116,312)	-0.9	0.72
San Antonio-New Braunfels, TX	9,191	(3,077)	-25.1	2,590,732	211,375	8.9	3.55
Denver-Aurora-Lakewood, CO	9,165	(1,705)	-15.7	2,991,231	176,848	6.3	3.06
Las Vegas-Henderson-Paradise, NV	8,410	(1,605)	-16.0	2,315,963	218,131	10.4	3.63
Lakeland-Winter Haven, FL	8,322	418	5.3	744,552	95,729	14.8	11.18
Cape Coral-Fort Myers, FL	8,283	(1,068)	-11.4	790,767	90,524	12.9	10.47
Minneapolis-St. Paul-Bloomington, MN-WI	8,272	(1,451)	-14.9	3,657,477	152,355	4.3	2.26
Indianapolis-Carmel-Anderson, IN	7,977	(306)	-3.7	2,091,019	104,099	5.2	3.81
Chicago-Naperville-Elgin, IL-IN-WI	7,494	(953)	-11.3	9,406,638	(145,713)	-1.5	0.80
Sacramento-Roseville-Folsom, CA	7,179	(647)	-8.3	2,374,749	111,707	4.9	3.02
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	6,569	(786)	-10.7	6,107,906	47,769	0.8	1.08
Seattle-Tacoma-Bellevue, WA	6,307	(1,329)	-17.4	4,018,598	276,887	7.4	1.57
Miami-Fort Lauderdale-Pompano Beach, FL	6,021	(1,229)	-17.0	6,173,008	203,252	3.4	0.98
Deltona-Daytona Beach-Ormond Beach, FL	5,534	1,187	27.3	679,948	58,271	9.4	8.14
Boise City, ID	5,506	(1,511)	-21.5	770,353	95,180	14.1	7.15
Greenville-Anderson, SC	5,463	(2,178)	-28.5	932,705	59,585	6.8	5.86
Oklahoma City, OK	5,379	(1,231)	-18.6	1,425,375	67,851	5.0	3.77
Portland-Vancouver-Hillsboro, OR-WA	5,308	(1,646)	-23.7	2,510,259	126,905	5.3	2.11
Charleston-North Charleston, SC	5,259	200	4.0	819,705	73,561	9.9	6.42
Columbus, OH	4,961	(767)	-13.4	2,138,946	110,440	5.4	2.32
Provo-Orem, UT	4,870	(1,768)	-26.6	663,181	79,332	13.6	7.34
Fayetteville-Springdale-Rogers, AR	4,858	(58)	-1.2	548,634	56,556	11.5	8.85
Ocala, FL	4,760	(57)	-1.2	373,513	31,125	9.1	12.74
Kansas City, MO-KS	4,724	(1,105)	-19.0	2,173,212	85,805	4.1	2.17
Port St. Lucie, FL	4,374	(379)	-8.0	499,274	46,129	10.2	8.76
Detroit-Warren-Dearborn, MI	4,310	(584)	-11.9	4,304,136	(6,010)	-0.1	1.00
Punta Gorda, FL	4,164	1,481	55.2	194,711	22,104	12.8	21.39
St. Louis, MO-IL	4,036	(773)	-16.1	2,805,473	(3,335)	-0.1	1.44
Richmond, VA	3,980	(1,205)	-23.2	1,303,469	56,039	4.5	3.05
Salisbury, MD-DE	3,669	(380)	-9.4	423,481	29,656	7.5	8.66
Cincinnati, OH-KY-IN	3,656	(900)	-19.8	2,232,907	49,836	2.3	1.64
Knoxville, TN	3,605	191	5.6	878,124	39,799	4.7	4.11
Palm Bay-Melbourne-Titusville, FL	3,585	200	5.9	608,459	42,326	7.5	5.89
Columbia, SC	3,530	(1,536)	-30.3	847,397	37,598	4.6	4.17

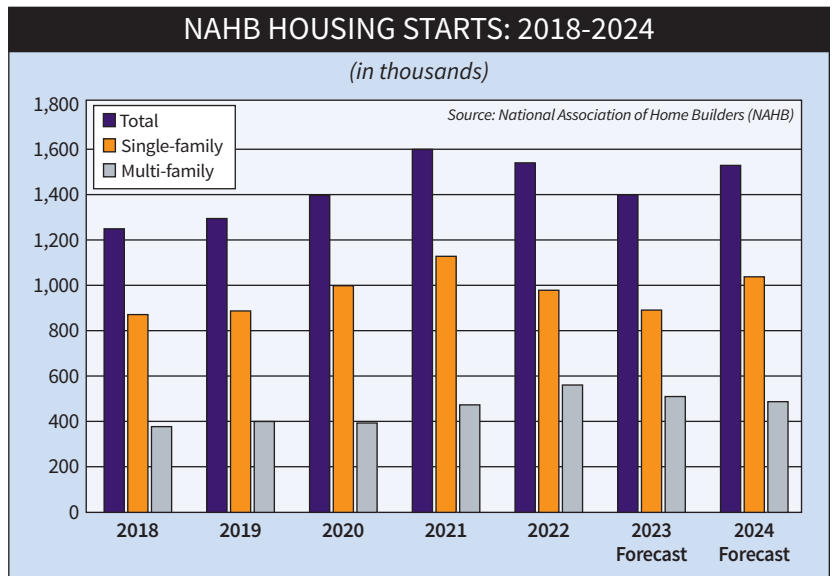
Notes: Building permits: Ranked by Oct. 22 single-family building permit year-to-date data from U.S. Census Bureau;  
Population data: U.S. Census Bureau. Hotness Index - Calculated by dividing Single-family Building Permits by Population (in thousands)

factors, including demographic trends, interest rates, preferences for living in urban or suburban locales and constantly advancing computer and home entertainment technology. Hot markets for homebuilding have a direct correlation with sunshine and population growth, and it's interesting to note that most of the 50 Metropolitan Statistical Areas (MSAs) that added the most new residents from 2015 to 2020 were in sunny or vacation-oriented/outdoorsy states — Texas, Florida, Arizona, California, North Carolina, Georgia, Colorado, South Carolina, Nevada and Utah.

When you measure the residential market by the number of single-family building permits, you will find it's fairly consolidated, and a surprisingly small handful of MSAs accounting for a big share of the total market for single-family homes and multi-family projects. Through Oct. 2022, the 10 MSAs with the most permits accounted for roughly 29% of the total; the 25 largest markets accounted for 46%; the 50 largest MSAs had 63% of the national total; and the 100 largest MSAs (out of the 384 that had permit activity) had 80% of the action.

One of the most helpful tools for understanding which MSAs are growing the fastest is the "Housing Hotness Index," which is the ration of building permits per 1,000 residents (See chart on page 17 for the 50 metros with the highest ranking). This allows you to size up market not based on their total housing activity, but by how much homebuilding is going on in the MSA compared to how many people live there.

When measuring a market with this ratio by comparing just single-family building permits to the population of a market, the 10 most active metros in terms of single-family housing in the "Hotness Index" are: Punta Gorda, FL; Myrtle Beach-Conway-North Myrtle Beach, SC-NC; Ocala, FL; North Port-Sarasota-Bradenton, FL; Cape Coral-Fort Myers, FL; Fayetteville-Springdale-Rogers, AR; Port St. Lucie, FL; Salisbury, MD-DE; and Deltona-Daytona Beach-Ormond Beach, FL.



The National Association of Home Builders (NAHB) expects single-family starts to drop -9.4% in 2023 to an 886,000 annual rate. The association says multi-family starts will drop -8% to a 515,000 annual rate.

Home builders and building product manufacturers must be tuned in to the sometimes finicky tastes of Millennials now entering their prime home-buying years in their 30s. When buying their first homes, townhouses and condos, they often load them with granite countertops, home entertainment wiring, high-speed Internet cabling and wireless home security systems. On the other end of the demographic spectrum, home builders need to provide retiring Baby Boomers with patio homes in maintenance-free communities and vacation areas and condos in downtown urban environments with the features they need.

Housing won't soon hit the record numbers it saw before the Great Recession of 2007-2009 when total starts topped 2 million in 2005 and single-family starts hit 1 million every year. The homebuilding market is heading for a rough patch in 2023, according to NAHB's forecasts. The association's economists expect a -9.4% decline in single-family starts in 2023 and a -8% decline in multi-family starts this year. While NAHB is currently forecasting a +16.5% increase in single-family starts for 2024, that sizeable increase doesn't make up for the combined -22.9% decline in starts from 2021 levels it

expects from 2022-2023 (See related chart above).

In another sign of the sad state of the housing market, the NAHB/Wells Fargo Housing Market Index, which measures builder sentiment on a monthly basis is still dropping. Said NAHB in its analysis of the December HMI data, "Builder confidence in the market for newly built single-family homes posted its 12th straight monthly decline in December, dropping two points to 31 points. This is the lowest confidence reading since mid-2012, with the exception of the onset of the pandemic in the spring of 2020."

"The silver lining in this HMI report is that it is the smallest drop in the index in the past six months, indicating that we are possibly nearing the bottom of the cycle for builder sentiment," said NAHB Chief Economist Robert Dietz. "Mortgage rates are down from above 7% in recent weeks to about 6.3% today, and for the first time since April, builders registered an increase in future sales expectations."

## THE CUSTOMERS

To make the most of the residential market, you will need to first understand how the residential market works. Distributors work closely with two key customers in



## Builder Magazine's 10 Largest Homebuilders

Rank	Builder	2021 Total Closings	2021 Gross Revenue (\$ Millions)
1	D.R. Horton	81,981	\$27,932
2	Lennar Corp.	59,825	\$25,348
3	PulteGroup	28,894	\$13,376
4	NVR	21,540	\$8,701
5	Taylor Morrison	13,699	\$7,270
6	KB Home	13,472	\$5,705
7	Meritage Homes Corp.	12,801	\$5,094
8	Clayton Properties Group	10,967	\$3,790
9	Century Communities	10,805	\$4,216
10	LGI Homes	10,442	\$3,050

Source: Builder Magazine

this market. For those distributors that focus on new construction and renovation, it's the electrical contractor. Those companies with residential lighting showrooms focus on the homeowner. You also should get to know the builders in your market area. They work on a very tight production schedule, and the more you know about what they expect from their subcontractors, the better off you and your contractor customers will be. Builders also will sometimes buy bulk lighting fixtures and some other electrical products directly from distributors.

Depending on your region of the country, the national homebuilders may or may not have a major influence. The 2007-2009 recession crushed the homebuilding market, and the big builders aren't producing houses at anywhere near the pace of the go-go years of 2005-2006, when the 200 largest home builders would close more than 500,000 new homes a year, according to *Builder* magazine ([www.builderonline.com](http://www.builderonline.com)). Builder says in 2021 its 200 largest homebuilders closed 264,426 homes. Check out the chart above to see the 10 largest homebuilders in the Builder Online ranking.

If you look at the articles and posts on [www.builderonline.com](http://www.builderonline.com) and other web-sites or publications aimed at home builders, the electrical products featured most often include high-end lighting

and dimming systems, structured wiring systems, security systems and solar equipment. Manufacturers of these products are interested in forging relationships with builders, and you should be, too. Let's now look at how to build relationships with these customers and buying influences.

**Keep your promises.** Distributors don't have any great secrets in building relationships with electrical contractors. The biggest factor is, and has always been, service. Sure, contractors probably are more price-conscious than any other customers. And, yes, in the residential market they can get many of the products you sell from home centers. But for the long haul, contractors in your market need a dependable source for supplies. They need a distributor who may not always be the cheapest on each and every product but is the most reliable supplier in town.

As much as and probably more than any other customer, electrical contractors need the electrical distributor to deliver the right products on time and in the right location. Whether that be a delivery to the job site or a pick-up at the counter, the electrical contractor depends on the distributor to come through. That's because contractors are on a tight time schedule at the job site. If they can't finish the wiring, it has a chain-reaction effect, holding up the

sheetrockers, painters, trim carpenters, and so-on down the line. If the electrical contractor is gumming up the works on a new home, his boss at the construction site — usually the general contractor or builder — isn't going to be happy with him and may not use him in the next phase of the development. When this happens, you don't need too much imagination to figure out what that contractor will think of the electrical distributor who made him late.

If builders in your market area are offering structured systems in their developments, this adds another step in the construction process — and puts additional pressure on the time line. That's why many builders prefer to deal with one electrical contractor (and by extension, a sole source of power and home-networking or structured wiring supplies) to wire traditional wiring and structured wiring systems.

**Don't underestimate the power of credit.** Why do contractors continue to do business with distributors when they can buy so many of the products they sell from Home Depot and other home centers? Credit is definitely one of the key reasons. Electrical contractors, particularly smaller electrical contractors, value a credit line from a dependable supply source. They need credit to keep working, and those credit lines on Visa, MasterCard or the store credit cards they get at the home centers only go so far.

Sure, contractors can often be a bigger credit risk than other customers. And while every distributor has either heard of or has had personal experience with an unscrupulous contractor running up a credit line and then skipping town, these horror stories are fortunately more the exception rather than the rule. Why do contractors have financial problems? Most often it's because they fall victim to inadequate cash flow, the cyclical nature of the construction market, unscrupulous general contractors or poor business management on their own part.

**Small residential contractors can turn into big commercial/industrial contractors.** The saying, "From tiny acorns do mighty oaks grow," applies

directly to contractors. That new contractor in town doing a few residential service calls and trying to crack the new construction market may not add much to your company in the way of sales or profits today. But when these companies grow, they often expand past the residential market into the commercial or industrial markets. As they grow, so too does their buying power. They usually remember who did and didn't offer them credit when they were just starting out, or who helped them get their business off the ground.

**Teach contractors about business basics.** Electrical contractors may be wiring wizards, but they often have trouble running a business. Accounting, bookkeeping and budgeting are usually second-nature to many electrical distributors. But contractors with no business background may struggle with these basic business skills. Have contractors sit down with your financial manager to get some basic business tips. Contractors often have a lot to learn about marketing themselves, too, and if your company has a marketing person on staff, he or she may have advice for customers in this area, too. Think about how you can help an electrical contractor market themselves with social media, if that's one of your areas of expertise. You should also encourage these customers to join community organizations like the Kiwanis or Chamber of Commerce. This will give them the opportunity to develop professional relationships with accountants, bankers and lawyers they may someday need to use in their business.

**Be prepared to offer some technical help.** Although contractors have been pulling building wire for so long they can do it blindfolded, if an unusual installation does come up, they will need information from the distributor or the rep on that product. Providing technical assistance in newer markets like home theater, solar or home security can make a distributor look like a champ.

**Get a grip on the technical basics.** For salespeople and other employees new to the electrical market, or for those employees not too technically inclined,



Federal tax incentives for residential PV projects should stimulate sales of solar products for electrical distributors.

studying the residential market is helpful because the technical functions of these products are easier to understand than those in the commercial and industrial markets.

The first step in learning more about the fundamentals of electricity is to take a course or read one of the many books published on this subject. Manufacturers or trade associations also often provide training material on this area. The Electrical Products Education Course (EPEC) is a great training program offered by the National Association of Electrical Distributors (NAED), St. Louis. You can find more information on EPEC at [www.naed.org](http://www.naed.org). BlueVolt, Portland, OR, also offers a ton of technical training on products at [www.bluevolt.com](http://www.bluevolt.com).

Once you feel comfortable with electrical theory, the next step is to get a feel for how these fundamentals actually work in an electrical system. Home wiring is a great place to see these fundamentals in action because residential systems use relatively basic electrical circuitry.

**Work with builders to alert your contractor customers to opportunities in the VDV/structured wiring market.** As mentioned, home builders

may be looking for one contractor to handle power wiring and home theater or home networking systems for computers, home entertainment and security systems. If you can supply home-networking supplies along with traditional products, you can increase your sales-per-house.

**Use what you learn in the residential market to build sales with other customers.** The residential market is important to study because it offers a solid foundation in the customer-service basics that so often determine the distributor of choice in a particular area.

When dealing with homeowners, product knowledge separates distributors from home centers. The rules of the game may be somewhat different in the residential lighting market. But product knowledge is still a key value-added service that distributors can offer, whether they are selling fuses or chandeliers. This is an issue in the residential lighting market because of competition from home centers. It can be tough to compete with home centers on price for many of the basic fixture styles. To survive, many residential lighting distributors have focused on areas where home centers are weak such as the high end of the

market, lighting design and on offering knowledgeable sales assistance.

## PRODUCTS WITH AN EXTRA EDGE

Many of the electrical products used in residential construction haven't changed much, but over the past few years, several relatively new products designed for the residential business have hit this market. You should make sure your contractor customers are aware of them. The most popular new products with electrical contractors these days seem to fall in three distinct categories: energy-saving products; labor-saving tools that allow them to save time, money and effort on the job site; and products required by the National Electrical Code or federal, state or industry safety regulations. Here are some examples of these products.

**Arc-fault circuit interrupters (AFCIs).** To reduce the number of electrical fires caused by parallel arc faults in branch circuit wiring, the National Electrical Code (NEC) requires arc-fault circuit interrupter (AFCI) protection device in an increasing number of residential applications. The AFCI protection device must de-energize and protect the entire circuit from an arc fault, according to Mike Holt, NEC consultant for *EC&M* magazine. The only device that can do this is an AFCI circuit breaker. For more information on AFCIs, check out Holt's website at [www.mikeholt.com](http://www.mikeholt.com) and talk with your local electrical inspectors about where they are required in your market. With new construction, 120V, single-phase, 15A- and 20A branch circuits supplying all outlets in kitchens, family rooms, dining rooms, living rooms, parlors, libraries, dens, bedrooms, sunrooms, recreation rooms, closets, hallways, laundry areas and finished basements must be protected by AFCIs.

**Surge suppression equipment.** Because so many homes are loaded with sensitive electronic equipment, your customers may be asked to install surge suppression equipment at the service entrance.

**Structured wiring systems.** An exciting opportunity for your customers

in the residential market is the installation of home networking for computers, security and home entertainment applications. Products for these applications include but are not limited to nonmetallic enclosures, data cable and jacks, USB receptacles, routers, modems and repeaters.

**Cable fasteners.** NEC Art. 300.4(D) requires that building wire be placed 1/4-inch from the edge of the stud to protect it from drywall screws or nails.

**Metal-stud boxes and bushings.** In some other areas of the United States, metal-stud construction has replaced wood studs as the primary frame of the building. This has created new sales opportunities for the bushings required to protect the cable from the sharp edges of the stud and for special boxes for steel-stud construction.

**Weatherproof outlet covers.** NEC regulation 410.57 requires the use of outlet covers for outside receptacles to protect them from the elements.

**GFCI equipment.** More areas than ever in the home must now be protected by ground-fault circuit interrupters (GFCIs) according to the 2023 National Electrical Code. Generally speaking, GFCIs are required in bathrooms, kitchens, basements and outdoors. Check out the product offerings from manufacturers of wiring devices and GFCI circuit breakers. A related NEC rule calls for GFCI protection of portable cords, which can be a nice add-on sale. Check *ECM's* article for more information: <https://www.ecmweb.com/national-electrical-code/article/21254614/top-changes-to-the-2023-national-electrical-code>

**Safety products.** Hard hats, safety goggles and signage are just a few of the many safety products you can sell to residential electrical contractors.

**Dimming products.** Dimmers and dimming systems offer the opportunity to sell more than just a wall switch. For instance, contractors can "sell up" on residential service calls to replace a dimmer that's burned out. Some manufacturers provide demonstration dimming systems for contractors to bring out on these

service calls. This product niche is changing fast with the introduction of lighting control apps for smart phones that homeowners can use to control lighting when they are not in their homes.

**Top-shelf lighting.** LEDs are a giant factor in the residential market, as in other electrical business niches. In addition to ceiling fixtures and downlights, don't forget applications for undercabinet lighting and landscape lighting.

**USB outlets.** Homeowners can never get enough USB charging stations for their smartphones and tablets, and the combo receptacles that offer USB ports are popular.

**Generators.** The increasing frequency of blackouts, brownouts and longer term outages caused by wildfires, hurricanes, tornados and other natural disasters has driven demand for generators in residential applications.

**Solar panels & related equipment.** Mentioned earlier

**EV charging stations and storage batteries.** As mentioned earlier, these products are emerging.

**Poke-through outlets for granite countertops.** This is an increasingly popular product area that offers access to power in the kitchen applications.

**Snow-melting equipment.** This product can be sold in upscale residential construction projects in the northern climates where snow and ice are a problem. Snow-melting systems are installed beneath walkways or driveways to keep these areas passable during colder weather.

**Labor-saving tools.** Electrical distributors have good reasons to carry tools that can save time and labor on the job. Contractors have an innate love for tools and are always interested in what's new in this area. Tools are also an excellent product line to merchandise in the counter area because many customers buy them on impulse.

Solid sales opportunities abound in the residential market if you stick to the basics of customer service and explore these hot product areas. **EW**

*Next issue: Commercial Market 101*



# 10 Big-Money CONSTRUCTION PROJECTS *for* 2023

Even in what could be a down year for the construction market, there's still a **surprising number of billion-dollar projects** underway or on the drawing boards.



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10% of the typical construction project, when a billion-dollar trophy job breaks ground, it can provide engineering firms doing the design, electrical contractors working on job, and distributors, reps and manufacturers providing supply and support services with a nice chunk of change.

Below are 10 billion-dollar projects that highlight the construction niches *Electrical Wholesaling's* editors believe may offer the most promise in 2023.

- 1. Semiconductor plants** – The Skywater-Purdue partnership
- 2. Offshore wind farms** – Multiple wind farms off New York's Atlantic coast
- 3. Microgrids** – The Renaissance at Bader Field proposal in Atlantic City, NJ
- 4. Residential construction in fastest-growing metros** – The massive Teravalis development in Phoenix
- 5. Urban mixed-use projects** – Nashville Yards
- 6. Mass transit** – New York's Metropolitan Transit Authority (MTA) subway station expansion
- 7. Airport terminals** – The Big Apple's JFK Terminal One
- 8. Port expansion** – Savannah's port renovation
- 9. EV battery plants** – Envision-AESC battery plant in South Carolina
- 10. Electric grid expansion** – Quantia's Colorado's Power Pathway Transmission Project

**W**hile 2023 may turn out to be a slower year for the construction market, there's still plenty of action with some types of projects and in fast-growing local markets. This construction activity will be fueled in part by federal economic stimulus like the

CHIPS Act to incentivize onshoring of semiconductor manufacturing and the IRA legislation that provides financial incentives and tax breaks for a broad swath of construction activity, including but not limited to the revitalization of the U.S. electrical grid, mass transit, ports, electric vehicle charging stations and renewables.

When you consider that electrical construction accounts for no less than

By Jim Lucy, Editor-in-Chief

## SEMICONDUCTOR FACTORIES

Skywater-Purdue University  
Private/Public Partnership  
West Lafayette, IN

While there's been all sorts of plans announced for multi-billion-dollar semiconductor plants, the public-private partnership engineered by Skywater Technology, the state of Indiana and Purdue University to jointly develop a \$1.8-billion-dollar semiconductor factory in Purdue's Discovery Park District is unique. One of the big draws to building a new chip factory adjacent the Purdue campus was the pipeline of engineering talent in the university's technical programs.

Announced in July 2022, the project will be funded in part by CHIPS (Creating Helpful Incentives to Produce Semiconductors) for America Act financial incentives. "Federal investment will enable SkyWater to more quickly expand our efforts to address the need



for strategic reshoring of semiconductor manufacturing," said Thomas Sonderman, SkyWater president and CEO, in the press release.

"Through our alliance with the Indiana Economic Development Corp. and

Purdue Research Foundation, we have a unique opportunity to increase domestic production, shore up our supply chains and lay the groundwork for manufacturing technologies that will support growing demand for microelectronics."



## OFFSHORE WIND FARMS

South Fork Wind & South Wind  
Offshore Wind Farms  
Off the coast of Long Island, NY

The first of several wind farms that will be built off the New York coast has started construction.

The South Fork Wind project being built by Orsted and Eversource will have 12 Siemens-Gamesa 11 MW turbines that will generate approximately 130 megawatts of power — enough to power more than 70,000 homes. It's expected to begin producing power for Long Island by end of 2023.

In addition to construction jobs for the offshore wind farm, New York state is building a new operations & maintenance hub in Port Jefferson, NY, that will create up to 100 new and permanent full-time jobs, and the \$10 million National Workforce Training Center on Long Island. This facility will offer training programs that will create job opportunities in offshore wind industry. A larger offshore wind farm, Sunrise Wind, will generate 924 MW and have the potential capacity to power nearly 600,000 homes. It's expected to begin power production in 2025, according to the press release.

Offshore wind farms like South Fork Wind and Sunrise Wind offer the electrical industry a variety of new revenue opportunities. Wire and cable manufacturers compete for contracts to supply the massive undersea cables, and the onshore substations and staging areas at ports will offer the electrical construction industry some solid bidding opportunities in the years to come.





Greater Atlantic City Chamber of Commerce

power or emergency/backup power and are often connected to the grid to provide excess power to a local utility.

The proposed Renaissance at Bader Field development on a brownfield site at a former airport in Atlantic City, NJ is a \$2.7-billion project powered in part by a microgrid that would include LEED-certified luxury and affordable multi-family housing, offices, stores and a 2.44-mile Formula One racetrack and hotel. Deem Enterprises, the developer, and ProtoGen, the contractor, said the microgrid would be powered by natural gas turbines but would eventually be transitioned to clean hydrogen. Solar panels on the roofs of the buildings in the development would provide additional power.

Ken Wright, co-founder and president of ProtoGen, said in a presentation on microgrid opportunities at the 2021 NECA conference that two of the biggest challenges currently restricting the growth of microgrids are a regulatory thicket at the local level that often sparks debates about how to bring the power generated by microgrids to end-users and the perception by some utilities that microgrids installed by commercial customers or third-party power providers are a threat to their primary role of being a provider of electrical power.

## MICROGRIDS

### Renaissance at Bader Field Atlantic City, NJ

Microgrids may evolve into a major new decentralized power source – and a new market opportunity for electrical contractors, distributors, reps, manufacturers, design firms and other electrical professionals.

A microgrid produces local power outside of the conventional electrical grid from solar panels, wind turbines, natural-gas powered turbines and other power sources. Microgrids often mix and match these power sources to provide power for cities, municipalities and cities, schools or college campuses, military bases, airports and off-the-grid applications. Microgrids can provide primary

## MASS TRANSIT

### New York's Metro-North Penn Station Access Project Bronx, NY

Light-rail and passenger service expansion projects typically require millions of dollars in medium- and high-voltage electrical equipment and draw other businesses to new or renovated stations. The \$3.2-billion expansion of New York's subway service in Bronx, NY, that broke ground recently is the Metropolitan Transit Authority's (MTA) largest expansion since 1983 and will add four new stations to an area of the city that historically had poor direct access to Manhattan's Penn Station and the rest of the city's subway system, as well as Amtrak.

The new stations will be in Hunts Point, Parkchester/Van Nest, Morris Park, and Co-Op City and are expected

Metropolitan Transit Authority



to drastically reduce commute times for hundreds of thousands of residents

who live near these subway stations, according to the press release.



## DOWNTOWN MIXED-USE DEVELOPMENTS

**Nashville Yards**  
Nashville, TN

Although the nonresidential construction segment as a whole may be down in 2023, *Electrical Wholesaling's* editors still see plenty of activity in downtown revitalization projects. One of the larger urban mixed-use projects now underway is the \$1-billion, 18-acre Nashville Yards being developed by Anschutz Entertainment Group (AEG), and Southwest Value Partners.

This mixed-used entertainment district will be anchored by a 4,000-capacity, state-of-the-art country music venue; an upscale eight-screen cinema; more than 1,000 hotel rooms; restaurants and stores; 275,000 sq ft of Class A office space; and three residential towers.

Other cities with mixed-use projects underway or planned and valued at \$1 billion or more in total construction



value include Google's plans for the \$19-billion Downtown West development in San Jose, CA; the \$3.5-billion Seaport San Diego project proposal; the \$2-billion GreenCity in Richmond, VA; and Washington, DC's \$2-billion

Poplar Place waterfront redevelopment. While all of these projects will have a big impact on their cities, none is quite as large as the \$25-billion, multi-year Hudson Yards development in the Big Apple nearing completion.



## HOMEBUILDING IN FAST-GROWING AREAS

**Teravalis Mega-Development**  
Phoenix

Sure, residential development has hit the skids in many local metropolitan areas. But over the past few years, homebuilders in Phoenix have pulled building permits at a rate that would amaze folks in most other markets. In 2022, builders pulled 25,831 single-family permits through November, a number that only the Houston and Dallas metros topped. And since 2019, U.S. Bureau of Census data shows that Phoenix builders pulled more than 91,000 building permits.

The truly massive Teravalis development that broke ground near the western edge of Phoenix's Valley of the Sun will make those numbers look like chump change. Over the next few years, the developer intends to build 100,000 homes on 37,000 acres, as well as 55 million sq ft of commercial space.

"Since 2015, Arizona has welcomed over 584,000 new residents, and we don't expect that momentum to stop anytime soon," said Arizona Gov. Doug Ducey in the press release. "This increases the demand for housing opportunities, and Howard Hughes Corp. is providing quality housing options for current and future Arizonans."



## AIRPORTS

### JFK Terminal One

New York

While airport renovation projects have been quite common in recent years, the \$9.5-billion price tag for JFK International Airport's new Terminal One caught our eye. The project, which broke ground in Sept. 2022, is part of a \$18-billion revitalization of JFK that included several other completed terminal renovations.

Airport construction in the New York metropolitan area has been going gangbusters in recent years. The work at JFK follows the \$8-billion renovation of nearby LaGuardia Airport,

as well as Newark's \$3-billion Terminal A project, which was completed in late 2022.

The state of New York said in a press release that when complete the new JFK terminal will be the largest at JFK Airport and will require 6,000 construction workers on-site (and an estimated 780 electrical contractor employees).

That release said JFK's New Terminal One will have 23 gates and cover 2.4 million sq ft. It's massive, and as a point of comparison will be nearly the same size as the new LaGuardia Airport's two new terminals combined. Construction of the new terminal will take place in phases. The first phase of the project is expected to open in 2026 and all three phases are anticipated to finish up in 2030.



## PORTS

### Port of Savannah

Savannah, GA

There's a surprising amount of electrical construction work at ports, including not only lighting, wire and cable for warehouses and docks, but plenty of control equipment and cabling for the cranes that handle the shipping containers. This construction segment got a ton of financial stimulus from the federal government's Infrastructure Investment and Jobs Act, which allocated \$17 billion in funding for port renovation and waterways.

One of the larger port projects now underway is the Georgia Ports Authority Board's renovations of the Port of Savannah's Ocean Terminal and docks to better accommodate its expanding container operation. According to the press release, construction has started on 360,000 sq ft of dockside warehousing that will serve auto processing; three additional buildings; 85 acres of auto storage space; and new cranes.



## ELECTRIC GRID EXPANSION & REVITALIZATION

### 610-Mile Power Pathway Project

Eastern Colorado

Quanta Services, the Houston-based electrical contractor with a specialty in electric transmission and utility-scale renewable projects, recently won a big bid in Colorado that will help that state get more electrical power from new solar and wind farms. According to a Quanta press release, Xcel Energy selected the company as the prime contractor for the massive Power Pathway project, which will include the construction of approximately 610 miles of 345 kV transmission infrastructure, primarily in eastern Colorado.

The project includes the installation of four new substations and the expansion of four existing substations. It's designed to increase the reliability of Colorado's power grid and enable future renewable energy development in the state, including approximately 5,500 MW of new wind, solar and other resources that Xcel Energy plans to add through 2030.



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The press release said certain segments of the project are expected to be completed in 2025, with other segments expected to be completed in

2026 and 2027. Preconstruction activities have already begun and construction on the first segment is scheduled to begin in mid-2023.



BMW Group

## ELECTRIC VEHICLE BATTERY PLANTS

### Envision AESC Factory to Build EV Batteries for BMW

Florence, SC

Over the past two years, EV battery manufacturers have announced plans for tens of billions in combined investment for EV battery factories in the United States. The Dec. 2022 announcement that Envision AESC would invest \$810 million in a new EV factory in South Carolina to supply BMW with EV batteries was the latest news about a trend that's juicing up industrial

construction nationwide. A press release from South Carolina's Office of the Governor said the new factory would create 1,170 new jobs.

BMW is also investing in its U.S. EV operations in a big way, and recently announced that it will spend \$1 billion to add EV manufacturing capacity to its Spartanburg, SC, plant and will invest \$700 million in Woodruff, SC, on a to build a 1-million-sq-ft, high-voltage battery assembly facility in nearby Woodruff, SC. By 2030, the company says it will build at least six fully electric models in the U.S.



# THE URGE TO MERGE

Rep merger & acquisition activity is heating up.

Noticing more rep acquisitions and mergers than ever before? Over the past few years, *Electrical Wholesaling's* editors have reported on almost 20 rep mergers (see chart on page 29). While each one of them is unique, they likely occurred for one of these five reasons:

- An independent manufacturers' rep wants to expand into an adjacent geographic territory, and he or she contacts a company in that market about selling their company.

- A rep wants to expand into a new product vertical or customer group and seeks out a blue-chip rep firm with that expertise and/or customer relationships.

- A rep is nearing retirement age, but doesn't have a succession plan in place.

- A manufacturer needs to increase sales in a geographic area and wants to do it with one preferred rep rather than several smaller companies, so they suggest that rep acquires the other company.

- A large, regional rep with a proven and profitable business model for growth merges with a smaller rep firm that has the local customer relationships and a solid line card, but doesn't have enough capital to invest in the company's operations to accelerate future growth.

Ewing-Foley, Cupertino, CA, has made several acquisitions over the past few years, and each one of them has a unique twist. It expanded into the Pacific Northwest in 2000 when one of its key principals for its northern California territory, Hoffman, wanted to convert from a direct sales force in Washington to an independent rep. Gary Lessing, then Ewing-Foley's president, saw an opportunity to establish a footprint for the agency in the Pacific Northwest, and the firm acquired the existing Hoffman rep in Oregon and combined it with the best assets from Hoffman's direct sales efforts in Washington, including personnel and facilities.

**By Jim Lucy, Editor-in-Chief**

Within two years, Ewing-Foley was able to demonstrate its value proposition to two other large principals, Panduit Corp. and EGS Electrical Group. Like Hoffman, the two companies wanted to convert from direct sales organizations to independent reps in their Pacific Northwest territories. "We were in a unique position to be able to pull together the individual strengths of each of these complementary principals so the sum of the pieces was greater than the parts," Lessing told *EW* in a 2007 article. "The customer base responded favorably to this 'solution set' approach."

The company used a different approach when it expanded its coverage of the Denver market and Intermountain region in 2022 by merging with Ryall Group. Ryall was attracted to the company's business operating system, the two companies' synergistic line

cards and complementary and contiguous territories and focus on common customer types.

Dan Ryall, president, and CEO of Ryall Group, said in the press release announcing the acquisition that they felt EFI was its best choice in helping us scale to the next level. "We recognized that we needed the back-office support and business systems EFI has successfully deployed across their other territories to achieve our goals," he

said. "Developing this capability is a long and costly journey for any representative firm, and we are fortunate to leverage the years of work EFI has done in this area."

In an interview with *EW*, Scott Lessing said the EFI business system is attractive to other reps because the company had talented people in sales administration, HR, accounting, IT, business analysis, reporting, sales/commission reconciliation and administrative support throughout its Western offices. "It comes down to sharing, explaining, demonstrating and living the company culture that makes us what we are today. This always takes time. We take every opportunity to provide training and support, solicit feedback and share results so that everyone on our team understands our asks and how we use the information, including feedback, mentoring, coaching, and accountability using our MBO (Management by Objectives) process.



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## Rep Mergers & Acquisitions in Recent Years

Company Name	Location	Acquirer	Location	Year
Integrated Sales Inc.	Lavista, NE	Convergence Partners Inc.	North Kansas City, MO	2022
Lighting Solutions of Iowa Inc.	Van Meter, IA	Convergence Partners Inc.	North Kansas City, MO	2022
Ryall Group	Denver, CO	Ewing-Foley	Cupertino, CA	2022
EDG Reps	Phoenix, AZ	Ewing-Foley	Cupertino, CA	2017
ElectriGroup	Sacramento, CA	Ewing-Foley	Cupertino, CA	2011
Integrated Component Sales Inc. (ICS)	Winter Park, FL	JD Martin	Houston, TX	2022
I-Pro	Denver, CO	JD Martin	Houston, TX	2022
The Schell Co.	Mandeville, LA	JD Martin	Houston, TX	2018
Philip McCully & Associates	Toluca, IL	KSA Lighting & Controls	Hanover Park, IL	2017
Cardel-Criste	Scott Depot, WV	Lester Sales Co.	Indianapolis, IN	2022
Paolicelli/One Source Associates (certain assets of western PA & WV operations)	Carnegie, PA	Lester Sales Co.	Indianapolis, IN	2022
Paolicelli & Associates	Carnegie, PA	One Source Associates	Columbia, MD	2016
WHOCO Lighting & Controls	Raleigh, NC	SESCO Lighting	Maitland, FL	2022
Schneider Co.	Greenville, SC	SESCO Lighting	Maitland, FL	2021
Marvin Bochner	Miami, FL	SESCO Lighting	Maitland, FL	2020
G2 Lighting	Birmingham, AL	SESCO Lighting	Maitland, FL	2017
Pyramid Lighting Group	New York, NY	Synergy Electrical Sales	Fairless Hills, PA	2020

“Regarding new activities, we rely on the talented group of people I mentioned to push the envelope in areas like data analytics, CRM analytics, calendar/activities, objective (MBO) tracking, and deliverables back to our employees using power BI and other dashboard tools.”

## BLENDING EXPERTISE & MARKET REACH

An acquisition often blends one or more of these strategies. When Synergy Electrical Sales, Fairless Hills, PA, bought Pyramid Lighting Group, New York in 2017, it expanded and bolstered its geographic presence in the New York

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metropolitan area and gain additional lighting expertise.

Before the acquisition, Synergy was already intimately familiar with the merger process because the company itself was formed through a merger of three well-known and family-run rep firms in the eastern Pennsylvania, southern New Jersey and Delaware markets — Low Associates, McDevitt Electrical Sales and Jacobson-Rodger Associates. The Pyramid acquisition was a win-win for both companies because it gave Synergy a showroom presence on West 29th St. in Manhattan and gave Pyramid access to Lutron’s Shading Solutions product line.

**MANUFACTURERS WEIGH IN**

Jim Johnson, the president and CEO of the National Electrical Manufacturers Representatives Association (NEMRA), says electrical manufacturers often suggest an acquisition of a smaller rep in an adjacent geographic territory to a preferred rep because they are looking for the efficiencies and fewer touch points of managing a smaller network of reps.

He also told *Electrical Wholesaling* succession planning is a big issue for many NEMRA reps, and that the association offers its members assistance with business evaluation and succession planning.

**THE NEED FOR SUCCESSION PLANNING**

Charley Cohon, president of the Manufacturers Agents National Association (MANA), and formerly CEO of Prime Devices Corp., Glenview, IL, has experience with rep acquisitions as both the owner of an agency who sold his business and as an association executive who provides resources on succession planning to reps. He has seen an increase in demand for the resources that MANA provides. “An increase in acquisitions is a challenging thing to pin down, because a rep firm acquisition done right is usually a five-year transition. When I speak to reps on this topic, I often say, ‘If you have a new grandchild today and start your succession planning today, on the day you finally walk away from your rep firm you can walk that grandchild to their first day of kindergarten.’”

“Most acquisitions are still because the owner has reached an age where they want to step away from the daily grind. At times, it’s driven by a manufacturer who wants to consolidate their rep firms into a smaller group. Very rarely, a manufacturer who has lost confidence in a rep and asks them to allow one of that manufacturer’s more-successful reps in an adjacent territory to take over that rep’s geography.”

**Summary.** While mergers and acquisitions have always been part of the world of independent reps, it will be interesting to see if they continue at the same rapid pace. Many agency owners may decide to sell their businesses in the future for the same demographic and economic reasons that executives of other family-owned businesses — including electrical supply houses — are selling their companies: a plan to retire and spend more time with family; the lack of a succession plan; a post-Covid re-evaluation of priorities in their lives; and a desire to sell the business while the long-term prospects of the economy are still reasonably strong.

With these factors in mind, chances are the current surge of rep acquisition activity won’t slow down anytime too soon. **EW**

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This index is a service to our readers. Every effort is made to maintain accuracy, but *Electrical Wholesaling* cannot assume responsibility for errors or omissions.



*Eaton (Cleveland):* **Mike Yelton** will succeed **Brian Brickhouse** as president, Americas Region, Electrical Sector, and **Pete Denk** will succeed **Joao Faria** as president, Vehicle Group, effective April 1. Brickhouse and Faria will be retiring. Yelton will report to Heath Monesmith, president and chief operating officer, Electrical Sector. Denk will report to Paulo Ruiz, president and chief operating officer, Industrial Sector. Both Yelton and Denk will join Eaton's senior leadership team.



**Yelton**

Yelton, who currently holds the role of president, Assemblies and Residential Solutions, Electrical Sector, Americas Region, has been with Eaton for 29 years. During this time, he has served as vice president and general manager of Electrical Engineering Services, senior vice president and general manager of Commercial Distribution Products and Assemblies, and president, Commercial and Residential Distribution Solutions.

*Border States Electric (Fargo, ND):* **Tammy Miller**, former CEO, was sworn in as the 39th lieutenant governor of North Dakota on Jan. 3. She led Border States through an impressive period of growth, as under her leadership, the company grew from under \$500 million in annual sales to nearly \$2.5 billion. She continues to serve as board chair. A native of Bocket, ND, Miller graduated from high school in Lakota. She earned a bachelor's degree in accounting and a MBA from Minnesota State University Moorhead and is a certified public accountant.



**Miller**

*Graybar Electric Co. (St. Louis):* The company announced several promotions in its executive ranks. **Tom Twitty** has been named senior VP - Supply Chain Management effective April 1. Twitty currently serves as district VP in the company's Richmond district. In his new role, he will lead Graybar's strategies for delivering an exceptional customer experience and supporting profitable growth through the company's operational platform, service capabilities and logistics network.

**David Bender** has been named regional VP with responsibility for the company's Minneapolis, St. Louis,

Dallas, Seattle, Southwest and California districts. Bender currently serves as VP-Business Performance and moved into his new role on Jan. 1.

**Brian Delaney** has been named VP-Subsidiaries, with responsibility for Graybar's U.S.-based subsidiaries, also effective Jan. 1, 2023. Delaney currently serves as VP-Marketing and Strategic Planning.

*Schaedler Yesco (Harrisburg, PA):* After 22 years with the company, **Matt Brnik** retired from Schaedler Yesco. He will be succeeded by Ryan Jones, executive VP. After serving 8.5 years with General Electric and 14 years with Rockwell Automation, Brnik joined Schaedler Yesco in Oct. 2000, just a few months after Schaedler Bros. merged with York Electrical Supply Co. In addition to overseeing the sales team, he was instrumental in the integration of the companies, which became Schaedler Yesco Distribution, Inc.



**Brnik**

*OmniCable (West Chester, PA):* **Shaker Brock** joined the company as national account manager-IMARK, according to a LinkedIn post. He comes to the company from Electric Supply Inc., Tampa, FL.

### OBITUARY

**Henri Coisne**, Sonepar's founder and honorary chairman passed away on Dec. 15 at the age of 99. He founded Sonepar in 1969, and the company now operates more than 40 countries and has 45,000 associates.

Marie-Christine Coisne-Roquette, Sonepar chairman, said in a company release, "Our father was a pioneer who was an inspiration to all of us. He was always ambitious and driven by an entrepreneurial spirit which will continue to guide the Group in the future. He was fair and good man.

"As a family business, he was obsessed with the long term and even if he no longer held an operational role, he always remained fully up-to-date with all the developments in the Group. As he would often say, 'What counts is what lasts.'

"Over 50 years later, Sonepar's independence remains a key strength to support the Group's strategy of sustainable, long-term growth powered by the commitments of its family shareholders."

*NSI Industries (Huntersville, NC):* Industry veteran **Tom O’Gara** was named as the company’s first national sales manager for its Electrical Division Cable and Conduit Fittings Product category. Previously, O’Gara has been with the company’s Remke brand for the past 15 years, most recently as VP of sales and marketing.



**O’Gara**

*Rexel (Dallas):* **Chris Smith** recently joined Rexel USA as an outside sales rep specializing in telecommunications. He has more than 40 years of experience in the telecom business and plans to make Rexel a one-stop shop for all telecom material needs.



**Smith**

*United Electric Supply (Wilmington, DE):* The company has announced the retirement of **Bob Crawford**, VP of Operations and COO and **Rich Stagliano**, senior VP of Finance and CFO. Crawford and Stagliano join **Gayle Davis** as United Electric alumni. Davis retired from her position as VP of Human Resources in 2022.

**Amanda Witham**, director of Sales Operations, will take on Crawford’s management of sales operations, which includes leading the inside and counter sales teams, along with the sales and operations management trainee program. Witham joined United Electric in 2019 and has an extensive background in the electrical distribution industry, specifically in sales, operations and finance.

**Joe Sabatino**, director of Logistics, will take on Crawford’s management of logistics and warehousing including facilities, transportation and advanced logistics services. Sabatino joined United Electric Supply in Dec. 2019 and has over 30 years’ experience in the electrical distribution industry in operations and logistics.

**Tony Buonocore** has been promoted to VP of Field Services & Industry Sales. Buonocore leads United’s On-Point Automation group and will be adding responsibility for the industry sales team. The OnPoint Automation group includes building and industrial teams who provide a comprehensive solution to customers from products to services. He has 15 years of industry experience, and

prior to joining United Electric, he owned an electrical distribution company.

**Rebecca Starkey** has been promoted to director of Marketing. Starkey brings 17 years of marketing experience in both B2B & B2C industries with a focus on digital marketing. She joined United in 2020.

**Mike Caloway** has been promoted to District Sales & Operations Manager (Delmarva) where he will have added responsibilities to manage the sales team. Caloway has been with United for 21 years with his most recent role being District operations manager. He has over 37 years of industry experience, specifically in operations management, vendor relations and sales.

*National Electrical Manufacturers Association (NEMA) (Rosslyn, VA):* **Rich Stinson**, president and CEO at Southwire, was named chair of NEMA’s board of governors. **Beth Wozniak**, CEO at nVent, will serve as the board’s new vice-chair and **Brian Brickhouse**, president, Americas Region, Electrical Sector at Eaton, will serve as treasurer.



**Stinson**

Stinson brings more than three decades of industry experience and has served as president and CEO of Southwire since 2015. He also serves on the board of directors for the National Association of Manufacturers and previously served as vice chair on NEMA’s Board.

Wozniak is CEO and director of nVent, a global provider of electrical connection and protection solutions. She brings decades of industry experience as the former president of Pentair’s Electrical segment and a leader at Honeywell. She also serves on the board of directors of Carrier Global.

NEMA’s board of governors also named two new members, **Susan Hakkarainen** and **Barry Powell**. Hakkarainen is chairman and CEO of Lutron Electronics Co. Powell leads the Siemens Electrical Products business in North America and has over 25 years of experience in the electrical products industry.

### REP NEWS

**Pfeiffer Sales**, Louisville, KY, was awarded the Atkore line for the entire state of Michigan. The company also covers Kentucky and Indiana.

**Fox Rowden McBrayer (FRM)** is now representing Maxlite in Florida and eastern Tennessee, according to a LinkedIn post.





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