

Search input field

Advanced Search

Search input field

Symbol(s) Name

Free Dow Jones Sites

As of Monday, June 18, 2007

Online Journal Subscribers LOG IN

- Home
News
Technology
Markets
Personal Journal
Opinion
Leisure

TODAY'S NEWSPAPER

MY ONLINE JOURNAL

MULTIMEDIA & EXTRAS

MARKETS DATA & TOOLS

FIND A CAR

FIND A JOB

FIND A HOME

Special Offer

Subscribe to the print Journal today and receive 8 weeks FREE! Click Here!

Crane Migration Hinders Builders

Global Construction Boom Lures Giant Lifters Abroad, Sparking a Scarcity in U.S.

By ILAN BRAT June 18, 2007; Page B1

These days, a good crane is hard to find.

Just ask the folks at the Boldt Co. In early April, the large Wisconsin contractor bid on a project to put up 87 wind turbines this fall in Indiana. Jim Lee, president of Boldt's northern operations, immediately had three project managers put in calls to 12 crane rental companies...

"Had we waited a week, somebody else would've grabbed them," Mr. Lee says.



Gary Yealon

A 300-ton-capacity Manitowoc crane erects a platform for an offshore oil rig in Orange, Texas.

For years, cranes were easy to secure in the U.S. and Europe as the proliferation of manufacturers combined with the growth of international trade to spur their production.

Crane rental companies complain they're tapped out when customers call. Prices for used cranes are surging around the world. Meanwhile, crane makers are racing to pump out the lumbering lifters.

Manitowoc Co., one of the largest crane manufacturers in the world, has more than 6,000 people in its cranes division, its

EMAIL PRINT

Start a FREE trial of the Online Journal



Subscribe to The Print Journal



Free US Quotes:

- Symbol
Name

Search input field

Get FREE E-Mail by topic

Check Out our Mobile & Wireless Services

DIGEST OF EARNINGS

Details of the latest corporate earnings reported for FREE.

BARRON'S CONFERENCES THE ART OF SUCCESSFUL

advertisement Take the free test that can determine if you will become a success or a FAILURE

INVESTING

Monday
October 22nd
2007

METROPOLITAN CLUB
NEW YORK, NY

Dow Jones Sites

- [• StartupJournal](#)
- [• OpinionJournal](#)
- [• CollegeJournal](#)
- [• CareerJournal](#)
- [• RealEstateJournal](#)
- [• MarketWatch](#)
- [• Barron's Online](#)

Customer Service

- [• The Online Journal](#)
- [• The Print Edition](#)
- [• Contact Us](#)
- [• Site Map](#)
- [• Help](#)
- [• Subscribe](#)

Advertiser Links

Featured Advertiser

RBS and WSJ.com
present
"Make it Happen"
find out how RBS and
WSJ.com can help you
"Make it Happen".

[Click Here ...](#)

[Click here to find out
how RBS and WSJ.com
can help you "Make it
Happen"](#)

[A special section on
Global Mindset by
Accenture](#)

[Submit your business
challenge. Visit
Delivering Insight.](#)

[See what's new at
AA.com.](#)

[Intuitive. Decisive.
Smart. People Ready.
Are you ready?](#)

[A notebook PC that's a
wi-fi hotspot.](#)

largest. About half of those are in North America, where the company has added about 500 employees in the last three years. The company, based in Manitowoc, Wis., slapped on a third shift at its factories in the U.S. and acquired a machining shop in Wisconsin to expand the company's production capacity.

"Our factories are running 100 miles an hour right now," President and Chief Executive Glen Tellock says.

Bolstered by price increases, Manitowoc recently saw its first-quarter net income more than double, compared with a year ago, to \$64 million. Shares of Manitowoc have risen 66% in the past year, closing at \$80.39 Friday in 4 p.m. New York Stock Exchange trading.

Crane and construction-equipment maker [Terex Corp.](#), Westport, Conn., whose cranes division has a backlog of orders valued at \$1.4 billion, complains that shortages in certain types of steel, tires and other components are crimping the supply of cranes. One tricky problem: Many parts like gear boxes and rings that allow cranes to rotate 360 degrees also are used to build the windmills that cranes are putting up amid a wind-energy boom, says Steve Filipov, president of Terex's cranes division.

The cranes division gets 50% to 70% of its parts from outside suppliers, making purchasing a huge and increasingly tough job, he says. Terex now has 25 supply-chain managers in Germany, up from seven or so five years ago. They constantly travel the region visiting suppliers, he says.

"Eighty percent of what we're doing today is putting out fires" as one supplier after another reports delays and other problems, says Mr. Filipov, who says he parries several calls a day from customers pushing for their orders to move up in line. "Everybody needs their machines yesterday," he says, and Terex is "just focused on getting product out the door."

On Friday, shares of Terex stood at \$84.90, up \$1.60, in 4 p.m. composite trading on the Big Board.

The U.S. long had plenty of cranes to get its big projects done. But many of the cranes today are migrating all over the world -- shipped from the U.S. to the Mideast, Asia, Latin America and elsewhere, where a global boom in commodities, oil and other sectors is spurring growth. Countries are investing the windfall in bridges, roads, power plants, oil pipelines and other infrastructure. Two big users are Dubai in the United Arab Emirates, where residents joke the construction crane is now the national bird, and China, where an unprecedented building boom is under way in preparation for the Beijing Summer Olympics.

Specific figures on cranes are hard to come by, especially as no one really tracks when old cranes are scrapped, destroyed in accidents or abandoned. However, according to Chortsey Barr Associates, a crane-industry consulting firm in Hagerstown, Md., the worldwide working



TODAY'S MOST POPULAR

- [1. Springing Libby Cuts Two Ways](#)
- [2. Popular Advice You Shouldn't Take](#)
- [3. A Stunning Resignation](#)
- [4. Och-Ziff Hedge Fund Files for IPO](#)
- [5. New York Building Gets Record Price](#)

[MORE](#)

COMPANIES

	Dow Jones, Reuters
Manitowoc Co. (MTW)	
PRICE	83.15
CHANGE	0.02
	11:30a.m.
Terex Corp. (TEX)	
PRICE	84.77
CHANGE	-0.69
	11:30a.m.

* At Market Close

RELATED INDUSTRIES

- [• Real Estate](#)

Personalized Home Page Setup

Put headlines on your homepage about the companies, industries and topics that interest you most.

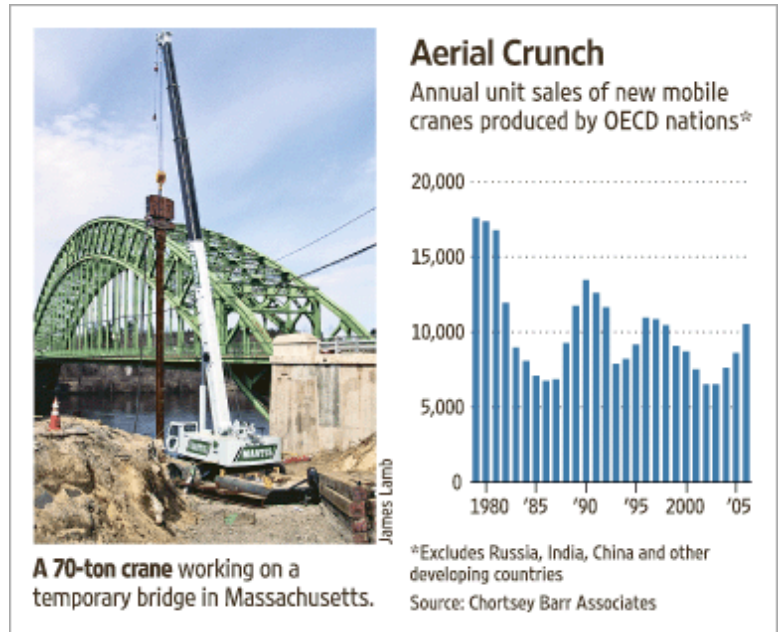
Turn Information
Technology into
Business Technology
with HP.

HP Workstations for
Finance

population of mobile cranes, one of the most common types, is 500,000 to 600,000. Some of these can be 30 to 40 years old. About 30% are in North America, 30% in Europe including Russia, 20% Japan, 10% Southeast Asia including China and 10% in the rest of the world.

Scores of cranes tower above the ground in the Chinese enclave of Macau, where casino operators are throwing up lavish new gambling dens to attract visitors from the increasingly affluent Chinese mainland and elsewhere in Asia. (See [related article](#).)

Larsen & Toubro Ltd., one of India's largest engineering and construction conglomerates, already owns more than 250 cranes, but when it needed to acquire 40 more for projects in 2006, the company was able to get only 10, says Sunny Joseph Punnose, head of the construction arm's plant and machinery business unit.



In Rotterdam, Netherlands, Doron Livnat, owner of Hovago Cranes BV, a subsidiary of Prodelta Holdings BV, says he has farmed out nearly his entire fleet of more than 300 cranes to rental companies in Brazil, Germany, Kazakhstan, Qatar, Canada, China and other countries. His sole crane sits in his Rotterdam yard before it will head to the Middle East. He says he could rent out 100 more today if he had them available.

"The demand for cranes -- I have never experienced anything like that," says Mr. Livnat, whose father-in-law founded the company in 1945 and has been involved in the crane industry for more than 30 years. He says he has ordered 150 cranes from different manufacturers, many to be delivered in 2009.

Early cranes made from wood beams, ropes and pulleys helped hoist obelisks and stone temple columns at least as far back as ancient Greece, according to "The History of Cranes" by Oliver Bachmann, Heinz-Herbert Cohrs, Tim Whiteman and Alfred Wislicki.

Modern versions of the mobile crane began to develop in the late 1800s and early 20th century, says Stuart Anderson, founder of Chortsey Barr Associates, who has also written a book on the subject. The global crane industry took off after World War II with the explosion of international trade and the introduction of more mobile cranes with extending booms, he says.

As project sizes expanded over the next several decades, cranes became bigger -- and more expensive. Some of the largest mobile cranes nowadays can lift 3,000 tons, cost \$7 million to \$13 million and extend hundreds of feet in the air.

Many contractors have been hit by cost increases and delays because of the shortage. Any delay on a construction site can cost thousands of dollars a day, because out-of-town workers often are staying in rented rooms and construction equipment is leased out on a month-by-month basis.

Andrew McPherson, vice president of Seretta Construction Inc., one of the largest contractors for casting and lifting concrete walls in the Southeast, says that in March a crane he had scheduled to lift a three-story concrete slab onto an office building in Tampa didn't show up on time. The general contractor on the project "went ballistic" he says, and told him to find another crane. He called more than 10 crane rental companies in Florida but wasn't successful. The extra one-week delay on the originally two-week project cost him \$15,000, he says.

"It's not a fun pill to swallow," says Mr. McPherson.

Ted Kettlewell has also been pinched. Last fall, the executive vice president of OCCI Inc., a Fulton, Mo., contractor, had to search for two months before he could buy a three-year-old, 270-ton-capacity Manitowoc crane for \$1.4 million. Coincidentally, he had bought the same model for that very price the same year the used crane was made. It would be essential for projects repairing a lock and dam on the Illinois River and building a railroad bridge in Boone, Iowa, this year.

His firm also occasionally has had to reconfigure projects to lessen its dependence on large, mobile cranes. Three years ago, instead of putting a tall, mobile crane on a barge to repair a lock in London, W.Va., his firm designed and built a stationary crane just for the project that would straddle the lock instead of operating from one side.

"The industry's gotten really crazy right now," he says. "I wish I were in the crane business. I'd be making a fortune."

--Binny Sabharwal and Bruce Stanley contributed to this article.

Write to Ilan Brat at ilan.brat@wsj.com

 [FORMAT FOR PRINTING](#)

Sponsored by

TOSHIBA
PRINT • COPY • SCAN

ADVERTISERS LINKS

[What's This?](#) | [Get Listed](#)

Hot Stock Alert

Oxford Funding, Inc (OTC:OXFD). Subprime Mortgage Restructuring Firm
www.oxfordfunding.com

AARP & The Hartford Auto Insurance

Over 50? Save up to \$303 on auto insurance from AARP & The Hartford.
aarp.thehartford.com

Is Hiring a Challenge for your Firm?

Let Taleo, #1 leader in e-hiring help you save time, cost and effort.
www.taleo.com

[Return To Top](#)

[Subscribe](#) [Log In](#) [Take a Tour](#) [Contact Us](#) [Help](#) [Email Setup](#) Customer Service: [Online](#) | [Print](#)

[Privacy Policy](#) [Subscriber Agreement & Terms of Use](#) [Mobile Devices](#) [RSS Feeds](#)

[News Licensing](#) [Advertising](#) [About Dow Jones](#)

Copyright © 2007 Dow Jones & Company, Inc. All Rights Reserved

