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SECTION D

GigaCrete answers call for 'green' construction

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All Las Vegas architect Andrew Dennis wanted was a strong, lightweight material to build a home in the Caribbean.

After years of experimenting, what he got is GigaCrete Inc., a company whose "greener" version of concrete is poised to grab its share of the growing market for environmentally friendly building materials.

GigaCrete last month landed \$3.5 million in venture capital from Craton Equity Partners, a Los Angeles-based investment firm that specializes in clean-technology growth companies. Craton will add an additional \$1.5 million if GigaCrete meets its goals.

As part of the deal, Chief Executive Officer Erik Hanson is moving GigaCrete's headquarters from Las Vegas to his home base in the northeast Valley. The funding also will move GigaCrete out of the research-and-development stage and into manufacturing, Hanson said.

"I just really believe in what we're doing in terms of creating a new line of products in the market," Hanson said. "I think the timing of the markets from a regulatory perspective, the consumer perspective, builders, architects and even developers are really pushing and moving in this direction."

GigaCrete will use the money to add executive and support staff, office space and marketing, he said. Its also will expand and equip its factory, which remains in Las Vegas.

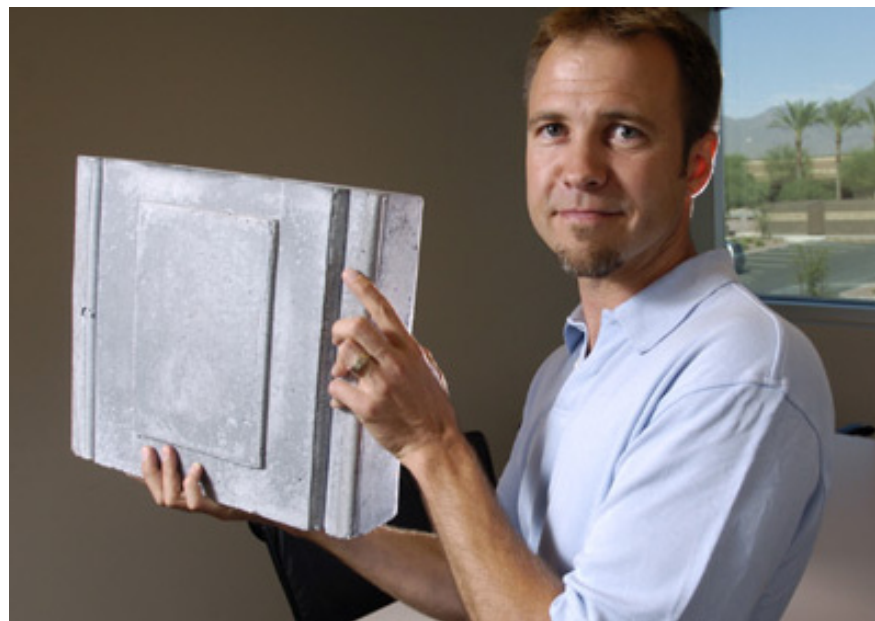
Dennis' quest was for a building material that was lightweight, strong enough to resist hurricanes and didn't require heavy equipment or highly skilled labor during construction. Traditional concrete was out because of the heavy aggregates it uses.

GigaCrete uses naturally occurring sand, recycled fly ash or its preferred material, the bottom ash salvaged from coal-fired power plants. Future iterations would use other recycled materials, including waste paper, plastics and polystyrene.

The materials are blended with GigaCrete's proprietary cement that uses less water and yields less carbon dioxide than Portland cement during its production.

The material has turned into an entire family of green building materials, ranging from concrete panels to stucco to flooring, for the residential-construction market. GigaCrete also developed steel connectors that hold its building panels together.

The 2- by 9-foot panels go up quickly, cutting the time and cost of constructing shells. Its StuccoMax products take one coat and bond directly to polystyrene instead of lathe, also saving time. The material also is fire-resistant because it contains no petroleum products.



Hanson joined the firm two years ago after selling his direct-mail company in California.

He is seeking space for GigaCrete's headquarters in Scottsdale or the northeast Valley. Besides wanting to be close to his Scottsdale home, Hanson said he believes the Valley has a growing presence of green companies, a good pool of building talent and convenient air travel.

GigaCrete's first products this fall will be bagged materials, such as the concrete for interior floors, plaster products and StuccoMax stuccos.

Limited production of the building panels will begin the end of this year or early next year.

The company is seeking International Code Council approval for the stucco and panel products.

GigaCrete envisions four more factories around the country and could expand internationally. It plans to sell its products through wholesalers and directly to large customers. Retail sales are not planned for now, Hanson said.

Craton Equity Partners was attracted to the deal by GigaCrete's clean technology, its variety of products, and the amount of time and effort that Dennis and others put into the products, managing partner Robert MacDonald said.

The Leadership in Energy and Environmental Design, or LEED, rating system for green buildings also is helping drive builders' interest in clean materials, he said. That works in GigaCrete's favor.

"Unlike other businesses where they worry about marketing, this is more the case of if you have a company with the capital and the management team, you're able to scale up and you have a ready-made market," MacDonald said.

Hanson expects demand for green materials to be strong despite the current housing slump.

"We're actually pretty happy to be launching at the point we are," he said. "We think we'll be well positioned when the market takes off."

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