

Increased Demand and Competition for Contractors



BY MARK BRIDGE

In 2018, we have seen the war for talent increase. In each of the past few years, there has been an increase in the work load among the contractors and handymen. They are hiring more workers and increasing their prices. It's good news for contractors, but it's increasing harder for owners, operators, and developers to get con-

tractor bids in their budget and the work done on schedule. The jobs are getting more expensive, and workers are getting backlogged causing jobs to take longer to start once the bid is approved. There are many contributing factors to blame. Nationwide apartment vacancy in August was down 10 basis points to 4.6% year over year, and eco-

nommic growth grew past 4% in the second quarter of 2018. On top of that, consumer and business confidence is at near record levels. And add in that unemployment fell below 4% in the first half of 2018, and you can see how competitive it's becoming to hire the best contractors around.

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18 years, I have built many relationships with owners, clients, and friends. And once I started investing in and operating my own apartments over the years, it came to my attention very quickly that I needed a good contactor for capital improvement projects as well as regular maintenance. As most people might do, I started asking around and doing some research. It also became crystal clear that asking all those owners, clients, and friends if they knew of a good handyman was like asking them if I could borrow their only car for a month. The fact is it's rare for a good handyman or contractor to be shared freely by others who are also using them.

The combination of rising rents and low vacancy is causing owners and operators of multifamily to spend more on construction, and capital improvements such as interior and exterior renovations. Personal disposable income grew by 5.4% over the last year, and wage growth in the first half of 2018 is at its highest level of 2.7% since the recession. All of this causing increased pressure on owners and operators in finding well priced and qualified contractors. Single family and multifamily developers don't have it any easier with developers set to deliver a 7.5% increase in supply, and demand expected to increase by 19%. The race to find the best qualified contractors, while staying on time and under budget is on.

Here are some do's and don'ts to hiring a contractor. Always hire a licensed contractor. That means checking the license on the internet to make sure it's valid and from the proper entity. If a worker gets hurt, there could likely be increased liability for an owner who hired an unlicensed contractor to complete the work. Always get a written bid, in fact you should get multiple competing bids to review. Ask for and check contractor references. This is easy to ask for and do, but most people do not do it. You should also check the quality of the contractor's materials. Ask them about the different materials, so you can compare the bids apples to

apples. Don't trust verbal agreements. Get them in writing.

Where should you look for a contractor? Well you can always ask around as I mentioned before. You can ask your fellow property owners or the broker you are working with. I get requests from owners fairly often. You can look in your local multifamily association magazine, which will have at least a few contractors advertising in it. There are also many websites to search such as

Thumbtack, Angie's List, Home Advisor, and more. [A.N.](#)

About the Author:

Mark currently holds the First Vice President of Investments title with Marcus & Millichap, and is also a Director of the firms National Multi-Housing Group. He has continually been a Top Ten agent in the Newport Beach Office. Mark has devoted himself to an advisory role in the disposition and acquisition of multi-family investments in Orange County and Southern California.

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