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Havasu construction picks up pace

Local housing market building at quickest pace since 2006

By Michael Zogg
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Crews work on Built Well Construction's Paraiso homes at the corner of Moyo and Querio Drive. New construction has been slowly increasing for about a decade, and appears to have gotten another boost since the start of the pandemic.

Michael Zogg/Today's News-Herald

Lake Havasu City is seeing its highest levels of new residential construction since the Great Recession.

According to monthly building reports

NEW HOUSING BUILDING PERMITS

Year	Mohave County	Lake Havasu City
2020	1,403	387
2019	1,111	335
2018	1,018	392
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published by Lake Havasu City, there have already been 146 building permits for new residences — single family, duplexes, multifamily, and mobile homes — approved within the city limits so far in the 2021 calendar year which puts it on pace for 438 by the end of December.

That would be the most building permits for new residential construction since 2006, when 579 such permits were issued.

Of course 2007 saw the start of a four-year housing crisis that triggered the recession and sent housing prices plummeting along with permits for new construction.

The number of building permits issued in Lake Havasu City cratered at 64 in 2009 and remained below 100 permits through 2011.

But the numbers have slowly been building back up ever since.

The city seemed to reach a plateau from 2017 until last year, when the number of building permits stayed steady between 300 and 400, although there was an increase in permits for duplex and multifamily permits during that time.

But the pandemic appears to have given new residential construction another bump.

Builder Justin Janecek said Janecek Homes, which has been in business in Lake Havasu City for 35 years, hit a low point in the aftermath of the housing crisis with just 12 to 15 jobs they were involved with at a time, from permitting to finishing construction. For comparison, he said the company has been consistently involved with 45 to 50 houses at a time for the past year.

Mychal Gorden, with Desert Land Group, said many of the builders in the city during the early

2017	913	337
2016	683	321
2015	636	289
2014	535	239
2013	464	235
2012	345	151
2011	196	92
2010	262	87
2009	267	64
2008	556	169
2007	1,223	246
2006		579
2005		881
2004		1,176
2003		1,391
2002		822
2001		1,186

- Sources: U.S. Census Bureau; Lake Havasu City Building Department.

2000s ended up moving away as the number of new construction jobs dropped by more than 90 percent in the span of just a few years.

“It left a skeleton of subcontractors,” he said. “Of course there were some long-time strong subcontractors that survived that, but we have had a hard time. Even in the years where we were doing 200 to 300 building permits we had a hard time ramping up the subcontractors to the same degree that we have been ramping up new construction activity.”

Janecek said the strain on the local subcontractors has become even more pronounced since the start of the pandemic – over the last eight months to a year.

“The help just isn’t here right now. Ten years ago you could still find the people, but now it is a struggle to find,” he said. “It is not just one builder that is busy, it is everybody in town. So that has been the biggest difference for builders – trying to find the manpower to get everything done.”

Gorden said demand for subcontractors has increased further due to a spike in the number of building permits for residential improvements such as remodels, pools, or retaining walls. Such building permits have actually been increasing in Havasu more quickly than the number of permits for new construction.

“That puts an additional strain on the subcontractor workforce right now,” Gorden said. “They are starting to charge more and everything is starting to cost more – including rents and everything else. So it is kind of this race where workforce housing is getting more and more critical – for a lot of reasons – but part of it is the demand for subcontractors. We need to move more people in here to work and execute these construction jobs.”

Gorden called the situation a Catch 22. Havasu needs more workers in the construction industry to keep up with residential demand, but rent prices make it hard for those workers to afford to live here because there is a shortage of housing.

Another struggle for locals in the construction industry has been the cost of building materials due to pandemic-related disruptions in the supply lines. Eric Gedalje, CEO of the Janecek & Gedalje Group, estimated that their costs for lumber alone have risen by about 20 percent during the last year. In most cases, those extra costs have to be absorbed by the buyer, but Gedalje said that hasn’t been enough to slow down demand.

“The quality of life that Lake Havasu is producing has brought a demand unlike anything anyone has ever seen before,” Gedalje said. “It’s the fact that people can enjoy the lake, the river, restaurants, and have everything at their disposal. The covid-19 has awakened Lake Havasu as probably one of the most desirable communities to live in, and they are willing to pay the increase in materials just to have those quality of life.”

Although supply line troubles haven’t crimped demand, it has created lots of delays.

Janecek said nearly everything he orders for a new home is taking longer to deliver than it did before the pandemic. That, coupled with the strain on available subcontractors, is forcing longer construction times as well.

“We used to order the front door when the house was framed, and now we are ordering them before we even break ground on the house,” Janecek said. “We have been known to build a custom house in less than a year, now we are at a year and a half and they are still coming.”

Michael Zogg

Reporter