**SEO DETAILS:**

Page Title: What Construction and Real Estate Companies Can Do to Prepare for a Possible Recession | [INSERT RELATED SERVICE] | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] covers steps that real estate and construction companies can take now to prepare for an economic downturn.

Headline: What Construction and Real Estate Companies Can Do to Prepare for a Possible Recession

**BODY COPY:**

Inflation and increasing interest rates have made many people nervous in a wide range of industries. Ongoing struggles that began with the COVID-19 pandemic, such as supply chain issues, only add to the concern. While the country is not in a recession, many observers seem to believe it is only a matter of time. The last big recession, 14 years ago, hit the real estate and construction industries particularly hard. Business owners and executives in these industries can take steps now to prepare for a possible — or probable — economic downturn.

### Hold on to Your Cash

Recessions can squeeze cash reserves and tighten, especially for contractors that must compete for new business against large pools of bidders. A close look at operating expenses and other costs can help businesses identify ways to improve their cash flow. Talking to bankers about additional credit could also be helpful.

### Avoid Large Expenses

Along with protecting cash flow, it may also be important to determine which upcoming major expenditures, if any, are absolutely necessary, and which can be deferred or put off altogether. The more expenses a company can avoid in the short term, the more cash it will have on hand in case revenue takes a dip.

### Protect Your Workforce

Layoffs are a tempting way for a company to save money during a downturn, but they could cause more harm than good. The post-COVID-19 world has seen changes in the relationships between labor and management. Letting employees go now could lead to situations where a company cannot hire them back later.

It might even be prudent for some construction businesses to maintain their hiring practices during a downturn. If a company's competitors are shedding workers, it could be an excellent opportunity to build an especially skilled workforce.

### Build and Maintain Your Backlog

Real estate and construction companies might see their backlogs shrink if the indicators of an economic downturn continue. The more work they can line up, the better they will be able to weather whatever happens. A backlog of at least 12 months should be more than enough.

Keeping the work they already have scheduled or underway is just as important for a company as bringing in new business. Business owners and executives should stay in close contact with project managers, clients, customers and other stakeholders.

### Stick to What You Know Best

A period of economic uncertainty is not the time for a company to expand its repertoire. Attempting a new trade or venturing into a new market is risky even when the economy is doing well. Sticking to work with an established track record minimizes that kind of risk.

**Look for Federal Contracts**

While many types of real estate and construction work might slow down should current economic conditions continue, federal contracts appear to be on the rise. New laws like the Inflation Reduction Act of 2022 have made billions of dollars available for a wide range of projects involving areas like green energy.

**Stay on Top of Financials**

Keeping accurate financial records and statements is never more important than during tough economic times. Costs for labor and materials are likely to continue to increase because of inflation, which will affect overhead expenses and bidding processes. Profit margins may depend on staying up-to-date on market conditions and project progress. This requires regular communication among different departments, with subcontractors and with clients to ensure that everything is moving smoothly.

The better the communication between key people, the faster the company can respond to and fix problems that may arise. This leads to satisfied customers, which in turn leads to a more profitable business.

Pro forma financial statements can help companies anticipate problems and plan for how to respond. Statements that anticipate substantially reduced revenues, for example, may allow a company to identify areas where it can reduce expenses and take other actions to protect and preserve the business.

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