



Ann Arbor-based Mr. Handyman rebuilds as housing market recovers

032714_Mr.Handyman_CS-7.jpg

Ray Krajniak from Mr. Handyman spackles a newly replaced ceiling at a home in Ann Arbor. *(Courtney Sacco | The Ann Arbor News)*

Lizzy Alfs | lizyalfs@mlive.com By **Lizzy Alfs | lizyalfs@mlive.com**

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The economic recession had a devastating impact on Ann Arbor-based home repair and maintenance franchise Mr. Handyman.

At the company's peak, it had 315 franchises across the U.S. and Canada. More than 100 locations closed as economic conditions worsened and home repair sales dropped.

"Essentially, we lost a third of our system over the 2009 to 2012 timeline," said company president Alex Roberts.

He added: "There were certainly days over the past several years where there was a lot of doom and gloom."

But Roberts characterized 2013 as a year of growth for Mr. Handyman, a business that is directly reliant on consumer confidence in the housing market.

The business experienced a 14 percent system-wide sales increase last year, posting \$6.5 million more in revenue compared to 2012. Forty-two percent of the company's franchisees noted 2013 was their best financial year.

"As the housing market collapsed, homeowners lost confidence in the market, people were underwater on their homes and they were not willing to put money into improvements," Roberts said.

“Now, as consumers are gaining confidence in the housing market, they see this as a time they can invest in their own homes. ... I think bathroom remodeling is the biggest thing we’re seeing across the country where people are investing their dollars.”

Home improvement spending is up nationwide; the Leading Indicator of Remodeling Activity predicts double-digit gains in annual home improvement spending for the first half of the year, which should moderate to just under 10 percent by the third quarter.

New home construction is also on the rise, with building permits for single-family homes in Washtenaw County up 46 percent in 2013 over the previous year.

Founded in 1996, Mr. Handyman is headquartered out of an office on Rancho Drive in Ann Arbor. Service Brands International, a parent company that also owns Molly Maid and Protect Painters, acquired Mr. Handyman in 2000.

Mr. Handyman specializes in maintenance repairs and improvements for both residential and commercial facilities. Roberts said residential projects account for about 80 percent of Mr. Handyman’s revenue.

The company charges by the hour, and Roberts said the average rate around the country is \$90 per hour.

“We call our core business the two-hour to two-day jobs, where we’re not generally doing the major remodeling projects, like building an addition on a home,” Roberts said. “But we absolutely do a lot of bathroom makeovers, kitchens, basements.”

Roberts said Mr. Handyman’s business took a “significant hit” from 2009 to 2011. Competition increased as builders across the country turned to remodeling projects to make ends meet.

But customer loyalty was crucial for many of the Mr. Handyman franchises, which relied on repeat and referral business.

“That’s absolutely what carried us through the recession, was our existing customer database,” Roberts said. “Now, in 2013, our new customer count was finally increasing to pre-recession levels and we’ve seen a huge uptick.”

The Ann Arbor area Mr. Handyman franchise — which is named My Handyman due to a trademark issue — closed during the economic recession as sales declined. The location reopened under a new owner in fall 2012.

“We knew we felt very strongly about the Washtenaw County market. ...(That franchisee) is going to be, probably, in our top 25 percent of

owners in the next two years.”

Roberts said Mr. Handyman’s growth plan includes adding 16 to 20 franchises in 2014, and another 30 franchises in 2015.

*Lizzy Alfs is a business reporter for The Ann Arbor News. Reach her at 734-623-2584, email her lizzyalfs@mlive.com or follow her on **Twitter**.*

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