

Ashley Arroyo, Andrew Gillespie Discuss Material and Labor Shortage Risks for Developers in *Colorado Real Estate Journal* Article

In the News

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Partner [Ashley Arroyo](#) and attorney [Andrew Gillespie](#) authored an article for *Colorado Real Estate Journal*, titled "Developers must consider material & labor shortage plan." The article details the risks developers are facing in the midst of the current material and labor shortages and why developers must analyze the elements of construction contracts with general contractors to address such risks.

"Although fixed-price and guaranteed maximum price contracts make up most contracts utilized in private project delivery, the risk of increased costs and project delay is rarely, if ever, fully borne by the general contractor," Arroyo and Gillespie write. "With the confluence of so many headwinds, the risk of falling behind schedule and going over budget warrants careful examination of risk allocation in contracts, particularly in the force majeure, contract assumption, and material escalation provisions."

Material and labor shortage plans are essential for developers to properly situate how their construction projects can proceed in a post-COVID-19 world. Arroyo and Gillespie consider a variety of ways in which developers can address material cost overruns and delays, appropriately allocate these risks, situate their budgets and formulate mitigation plans to avoid disputes from arising.

Arroyo is a commercial real estate and finance attorney who structures and negotiates all phases of commercial real estate and secured lending transactions. Her counsel runs the gamut of acquisition financing, leasing, issuance of legal opinions, and loan workouts involving distressed assets.

Gillespie handles a wide variety of asset acquisitions, financings and dispositions for lenders, borrowers and sponsors. He actively advises his clients in credit originations and regularly counsels private equity firms, privately held businesses and real estate investors on Reg. D capital raises, joint ventures and real

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estate and private company acquisitions and dispositions.

[Read](#) the full article.

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