



nerej

Why is now an excellent time to build or renovate with the design/build advantage?

December 30, 2009 - Connecticut

The time has never been better to build or renovate. Due to the recent recession, current low interest rates, and low consumer demand, materials and labor costs are at a ten year low. This coupled with new federal, state and local incentives and development programs, and a growing stability in the financial markets ensures prospective project owners the highest rate of return for their capital investment.

However, in light of current construction market conditions and an over abundant labor-pool, buyers must continue to be very careful in selecting an appropriate builder for their project. The old adage "Cavite Emptor," (Buyer Beware) remains the cautionary phrase of the day. A project owner must fully understand the price points, scope of services to be provided, contract terms and conditions and the method and schedule of payments proposed for their perspective project.

In addition, recognition and thorough understanding of the technical ability, reputation, past completion record and financial stability of the firm being considered, prior to selection, is paramount. The lowest price should not be the deciding selection factor, but one of several to consider. When money is tight it is easy to focus on price and overlook important items such as the firm's past history, available staffing and equipment and its reputation for completing projects within budget, on time and with a high standard of workmanship.

Also, determining the appropriate type of project to be undertaken is vital. For instance, at this time it may be more cost effective to renovate an existing building rather than build new. This should be determined based on an evaluation of need and a subsequent cost comparison analysis of required hard and soft costs for both project delivery methods under consideration. The analysis should consider costs for all major components of new construction versus renovation and include such items as land acquisition, site development, architectural/engineering fees, utility service(s), moving fees, etc.

Over the past several years there has been a renewed commitment on the part of both the private and public sectors to reduce costs while providing energy efficient and practical solutions to their building needs. At the forefront are programs such as the American Recovery and Reinvestment Act of 2009 (the stimulus bill), signed by President Obama in February, and the Emergency Economic Stabilization Act of 2008 (the "bailout" bill) signed by former president Bush. The design/build project delivery method considers and incorporates all of these factors and ensures that the project owner receives the most cost, time and energy efficient building product. It also provides for a single source of responsibility and minimizes the need for other professional services providers which results in lower project costs. The advantages are clear, a turnkey project delivery method that provides economical building solutions from initial design through completed construction.

Gary Capitanio is vice president of Borghesi Building & Engineering Co., Inc., Torrington, Conn.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540