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The benefits of retrofits in today's challenging market - by Parker Snyder

May 20, 2022 - Construction Design & Engineering



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The demand for distribution and logistics space continues to rise as companies across industry types seek to increase capacity in response to consumer-driven success sparked by the pandemic. Further, ongoing supply chain disruptions caused by overwhelmed ports and the competitive workforce market have led to accelerated demand as end-users look to overcome the challenges of just-in-time production networks and mitigate further disruptions by stockpiling input materials and finished goods. However, addressing this need is more complex than simply building a new facility or expanding existing assets.

Markets, where greenfield sites are scarce and permitting processes, can be exceptionally long often make build-to-suit developments and expansion projects difficult for owners looking to bring new facilities online quickly. Additionally, today's challenging market is further exacerbating schedule difficulties associated with new construction projects as ongoing supply chain issues continue to impact lead times for key materials.

Oftentimes, choosing to retrofit or renovate an existing space rather than build new is a cost-effective and functional solution. With speed to market and proximity to population centers, labor, and raw materials driving decisions for many owners, especially those in the e-commerce and food and beverage industries, choosing to retrofit offers the potential to simultaneously prioritize schedule and location.

Further, owners who choose to utilize design-build as their retrofit project delivery method can compound schedule benefits by addressing long material lead times and delays in a project's earliest stages.

Speed to Market Benefits

Retrofitting an existing facility can allow for increased capacity or expanded operations to occur months earlier than it would when building a new facility as ongoing supply chain disruptions continue to have a major impact on new construction project schedules. Commodities such as steel, roofing, electrical equipment, and precast concrete have seen significant increases in procurement times with some lead times as long as 12 months. Owners who choose to retrofit rather than build new, experience a quicker speed to market, as valuable schedule time is saved due to the building shell and infrastructure already being in place.

Additionally, in the speculative environment, the speed to market demands of tenants have now led developers to create facilities that focus on decreasing time on retrofit. Full dock, lighting, and HVAC packages, along with speculative offices, are often incorporated to ensure tenants are fully operational within the facility as soon as possible.

Location Benefits

For many companies, location has become increasingly important to address shifting consumer demands such as quick delivery turnaround times. However, increased competition for space and rising land costs are pushing new construction sites further away from large population centers.

Owners can maintain the location benefits of their current facility by choosing to renovate rather than relocate. Retrofitting an existing ideally located warehouse is also a viable option in some cases. In ideal scenarios, retrofitting a current space or an existing warehouse development also gives companies ample space for the necessary technology, equipment, and automation upgrades needed to increase capacity and overall efficiency.

The Design-Build Difference

The integrated approach of design-build delivery can further compound the benefits of retrofitting, especially when it comes to schedule savings and addressing current market challenges. Unlike traditional delivery methods that treat the phases of design and construction sequentially, the design-build process combines quality of design and construction, management of capital expense, and adherence to schedule all under a single point of responsibility.

Preliminary design is completed during the proposal process, and owners benefit now more than ever from the speed at which design-build delivery moves. Once a project is awarded, the design-builder can move swiftly through design and buyout to secure material pricing for all materials that can be locked in. Under normal circumstances, this offers a substantial advantage over the traditional design-bid-build delivery process, but in current conditions, the benefit is not only advantageous; it's critical to overcoming market challenges and supply chain disruptions.

ARCO's design-build approach allows us to determine construction costs significantly earlier than the traditional design-bid-build method. By working directly with the architect and engineers to ensure feasibility and design efficiency, all decisions can be made with full knowledge of their impact on cost and schedule at a much earlier date. This combined with our expert proposal delivery and national buying power allows pricing to be locked in and key materials to be secured immediately upon execution of a letter of authorization, mitigating risk and saving valuable schedule time.

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