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## **The value of preconstruction: How design-build contractors support brokers in commercial & industrial real estate - by Jason Grant**

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In the commercial and industrial real estate and construction industries, preconstruction services play a vital role in setting projects up for long-term success. These services often include strategic planning, tenant consultation, site feasibility analysis, preliminary design, budgeting, and schedule planning. By addressing key project factors early in the process, stakeholders are better equipped to evaluate potential spaces, manage risks, and make informed decisions.

This is especially beneficial as tenant requirements are becoming increasingly complex, driven by the rise of specialized operations in sectors like cold storage, food processing, manufacturing, life science, pharmaceuticals, and more. For brokers navigating these evolving demands, partnering with a design-build general contractor in a project's early stages can be a key differentiator.

A broker representing a cold storage and food processing tenant recently engaged ARCO early in lease negotiations, leveraging their expertise in design and budgeting to explore multiple layout options. Initially focused on a 4,500 s/f freezer, the project expanded to a full 23,000 s/f facility build-out, driven by ARCO's detailed planning and cost analysis. (Photo for illustrative purposes.)

### Tenant Need Expertise

Partnering with a design-build general contractor that understands tenant-specific needs is valuable for brokers navigating complex lease negotiations. When tenants require specialized space, whether it's cold storage, manufacturing, or life science space, having a construction partner with deep experience in tenant-driven projects ensures a smoother, more informed process from the start.

Design-build contractors can assess feasibility, identify challenges, and propose practical solutions well before construction begins. By walking the site, looking at how things currently run, and talking through long-term plans, they help make sure the space fits what the tenant needs now and in the future.

### Property Selection & Feasibility Guidance

Design-build contractors can also coordinate detailed site feasibility studies, offering brokers and tenants technical insight into a site's potential. These evaluations often include:

- Environmental assessments to determine remediation requirements;
- Geotechnical reports that identify soil conditions and foundation implications;
- Zoning reviews to confirm intended use and identify entitlement challenges;
- Site utility evaluations for water, sewer, gas, and electrical capacity; and

- Full constructability analysis to assess development suitability.

For ground-up developments, the contractor can also generate site massing and layout options to better understand how buildings can be configured on the property. For retrofit opportunities, the contractor can assess the building's compatibility with the tenant's operations and provide recommendations for necessary upgrades and modifications.

#### Preliminary Design & Budgeting

A common challenge during lease negotiations or build-to-suit considerations is the lack of reliable cost information. Without accurate construction input, brokers and clients are left estimating costs that may not reflect reality.

A design-build partner can resolve this by delivering real-time budgeting, scheduling, and layout guidance during preconstruction. This insight allows brokers and tenants to:

- Understand the true cost of adapting or developing a site;
- Compare the benefits of new build vs. retrofit options; and
- Use construction input to inform lease negotiations or development agreements.

This support gives tenants a clearer picture of their total occupancy cost, not just rental rates. It also gives them the ability to conceptualize how a space can be used before a financial commitment is made. This allows for more informed decisions and often leads to larger, more strategic building or lease values.

#### A Strategic Advantage in an Evolving Market

In today's increasingly specialized commercial and industrial real estate landscape, the ability to bring construction insights into the earliest phases of a deal can be a critical differentiator. Preconstruction services not only bridge the gap between design intent and construction feasibility but also empower brokers and tenants with the tools to make more confident, cost-effective decisions. By engaging a design-build contractor early - well before leases are signed or sites are selected - brokers can add significant value for their clients, reduce project risk, and improve the likelihood of long-term success.

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