



# nerej

## **Design-build approach is more economical and offers greater flexibility to owners**

August 25, 2009 - Retail

In the July 2009 Summary of Commentary on Current Economic Conditions commonly called the Beige Book, New England's retail economy is described by the Federal Reserve District as "cautiously optimistic." Retailers surveyed "expect sales growth to remain modest," even though "across the board, leasing volume remains very low, as tenants refrain from making commitments beyond a one-month horizon." However, "commercial real estate financing continues to be available from small and medium-sized banks with healthy balance sheets, and through the public equity (REIT) market, which has seen increased activity in recent months."

What does this mean to New England's retailers and developers? What actions should be taken to thrive in this economy? What steps should occur in looking at current and potential assets to help ensure future profitability?

A vital first step is joining forces with a quality construction manager like Callahan, Inc. that can offer invaluable advice in multiple areas. Pre-construction services, including site review, conceptual design, code reviews and cost estimates for all phases of work offer tremendous benefits for developers and retailers looking for new properties.

A huge benefit of the pre-construction process is that the developer, design team and contractor work closely together through all phases of the design. From conceptual design, to design development, to the preparation of contract documents, the construction manager is involved with and oversees all aspects of the project, giving them intimate knowledge of the documents and rationale behind the design. This greatly reduces change orders, missed scopes and other costly claim items that are a typical part of the hard-bid approach to construction. This eliminates finger pointing at the construction stage of the project and engenders more of a team approach to the job.

In addition to pre-construction services, Callahan, Inc. has in-house architectural and civil engineering departments for developers interested in completing projects with a design-build approach. Our team of architects and engineers offer superior service to traditional sole-source firms, as coordination can be achieved in these aspects of the project on a daily basis.

The design-build approach is also consistently more economical and offers greater flexibility to owners requiring immediate turnaround on tenant fitup options and building permit requirements when dealing with existing spaces. The Federal Reserve District notes that retail vacancy rates are currently hovering around 20%, so it is vital to have a team ready to design and build once a tenant lease is signed. They also indicate that "landlords are offering significant leasing concessions" to new and existing tenants. Callahan, Inc. has the ability to help minimize owner costs through the design and construction of retail space, offering greater profitability to developers.

Callahan, Inc. is currently working with numerous developers in the New England region on new retail projects like the Launch at Hingham Shipyard and Gloucester Crossing, and with retailers like

Walmart, Bed Bath & Beyond, Marshalls, BJ's, Fresh City, Papa Ginos, and Dick's. We offer quality pre-construction, design and construction management practices with a positive, team-based philosophy of meeting clients' needs and exceeding expectations.

Douglas Morrison is project executive at Callahan Construction, Inc., Bridgewater, Mass.

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