

Design build perspective



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Design Build is a 'total solution' approach adopted by many organizations looking to minimize the project risk, shorten delivery time and ensure that all of the organizations' real estate requirements are met throughout the construction phase. Our Industrial Services division offers a comprehensive project management approach to design build real estate. We manage the ancillary real estate requirements resulting from a design build project, such as site selection, operations relocation, sales and leasing or redevelopment of existing facilities, and consulting services such as project management, lease audit, planning and re-zoning management.

Despite the emergence of speculative building, undertaken by asset managers on behalf of their pension fund clients, the local development community and the US developers new to our market, design build remains a strong source of new construction in most markets across the GTA and beyond.

Construction trends

Due to demand for zoned and serviced sites outstripping supply, growth is occurring in secondary and tertiary markets, where land supply is less constrained and prices more attractive. An example of this can be seen in the province of Ontario where the implementation of The Places to Grow Act and Greenbelt Plan has resulted in increased developer interest outside of the Greenbelt in markets such as Brantford, Woodstock, Guelph, Bolton, Cambridge and Milton.

Higher construction costs are being experienced in all markets due to material and labour settlement costs. It appears construction costs have increased approximately 5%-7%.

All municipalities are now fully aware that development charges represent an opportunity to fund infrastructure costs. Even most secondary and tertiary markets listed above have now enacted by-laws authorizing the collection of these charges.

The annual increase to these charges has escalated dramatically and represents a significant cost factor in decision making with respect to re-location criteria.

The impact of LEED certification standards on the real estate market is significant in some cases and ignored in others. Few industrial buildings have been built according to LEED standards. Conversely, suburban office buildings with LEED registration are growing in popularity amongst landlords and users. Typical building construction costs can rise approximately 10%-15% to achieve LEED certification. As more owners and tenants educate themselves regarding LEED certification, more consideration will be devoted to the benefits of this certification.