



## **Monthly Q&A with Hunt of Hunt Corp. - Budget Quotations vs. Contract Bids**

November 10, 2014 - Long Island

**Q:** We are contemplating a comprehensive renovation of our existing office space, and would like to get some idea of the cost. Should we be getting multiple bids?

**A:** Yes, you should eventually get multiple construction bids, but that is not what you need right now!

If you are planning commercial construction or renovation, there are two types of construction estimates. You need to be aware of the advantages and disadvantages of both. A "budget quotation" is a rough estimate of the costs of construction which is prepared without a lot of detailed information on the quality or type of materials. A "contract bid" is a price for which the contractor is prepared to build, and is usually based on a complete set of drawings and/or outline specifications.

What you need at the moment is a budgetary quotation, and obtaining a quotation from just one reputable contractor will usually suffice. Why would anyone want a budget quotation? Hunt Construction Services recently provided a budget quotation to a Huntington businessman who was interested in expanding his building. An architect had prepared a single page plot plan showing an outline of the proposed addition on the site. That's all there was. But it was enough for a budget quotation. In this case, a budget quotation helped our client make a "go/no-go" decision. Will he be able to finance the addition? Will the additional carrying costs and taxes be more than offset by the additional business that can be booked? Our client did not want to bear the cost of a full set of architectural drawings before having an understanding of the scope of the project.

For the budgetary quotation, a contractor will need to have a reasonable idea of the demolition involved, lineal footage of new sheet rock, number of interior doors and level of finish (carpet, wall coverings, ceiling etc.) When our firm provides budgetary quotations, they are not a rough guess! We will break down the budgetary quotation by trade, and show you our assumptions and their associated costs. Now you have a fairly good idea of the cost of the project and can begin to make some intelligent decisions about the feasibility, scope or specifications of the project.

Unlike a budgetary quotation, a contract bid should be based upon very tight specifications (down to the last doorknob) and a complete set of plans. So once you have made the decision to move forward, an architect (or in some cases, a space planner) should be hired to prepare drawings and specifications. Only when those drawings are complete do you ask at least three reputable contractors to bid the work. Because the drawings reflect the work down to the last detail, there is no room for guesswork on the part of the contractor. If these drawings and specifications are not done, the result will be construction bids that vary widely based upon what each contractor believes you want. So a complete set of plans is the last place where you want to skimp!

If price is not that much of a consideration, you can safely skip the budgetary quotation and go straight to construction drawings. But on any major project never, but never, skip the construction

drawings and multiple construction bids!

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