



Do full-service real estate resources add project management and logistics value?

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The primary role of commercial real estate brokerage firms is to assist in the selection of the best property for a particular client. For some real estate companies, this role is fairly one-dimensional. It centers on presenting properties based on the client's space and location requirements. However, many business owners are seeking more from their real estate service providers, specifically in the area of project management and logistics. It is a "value-added" service they can expect from a full-service real estate resource.

Project management and logistics encompass many elements including:

- * Master planning, design and layout services, (space analysis/planning, process-focused facility design, simulation modeling and material handling solutions);
- * Real estate advisory services (tenant/owner and corporate services, property and asset management, market research and incentives);
- * Design management (i.e., architectural and interior design, programming, ergonomics, compliance, RFP creation, vendor selection, negotiating terms and cost segregation);
- * Procurement services (i.e., purchasing strategies, cost analyses, national agreements, leveraging buying, bids/negotiations, managing ordering, delivery and installation processes);
- * Construction management, (process management, scheduling, general and subcontractor selection and liaison, meetings, site visits, final punch list and obtaining the Certificate of Occupancy); and
- * Relocation management. (i.e., exit strategy, move and logistics planning, Information Technology (IT) systems de- and re-installation, vendor selection, communications, facility completion and detailing, and onsite management).

Benefits Derived

By relying on a real estate company's project management and logistics service, businesses reduce: their operating costs, time required for the property renovation/retrofit project and relocation, and the related risks. These benefits are derived provided for all size projects - from small and large one-offs to multi-market and global portfolios.

Process

Gaining these critical advantages starts with a needs assessment. The broker raises various questions regarding current space and utilization requirements, as well as projected future needs. Covered in the assessment is everything, including: work flow and utility demands, office equipment and IT systems, production machinery, inventory racking, materials handling solutions, and transportation-related requirements (both workforce commuter needs and product shipping demands) including proximity to major thoroughfares, rails and airports. Applying this information, the broker can present the most suitable properties. Once a property is selected, the project

management and logistics service further kicks in.

Project Management for Lower Operating Costs

For a large project, the real estate company's project management and logistical service encompasses master planning for optimum space utilization, business process improvements, and enhanced design and layout to maximize the return on investment (ROI) for the entire project. Also offered is the opportunity to gain economies of scale related to the purchase of materials, furnishings and equipment to be integrated into the new facilities. These economies are afforded through the real estate company's own large volume buying power.

Businesses implementing smaller projects also gain business process improvements and a cost-effective design and layout service which will improve their ROI.

The larger the scale, the greater the potential benefits. For multi-market portfolio assignments, in addition to the master planning, space utilization, business process improvements, and design services, sourcing strategies to improve utilization and leverage procurement and the negotiation of strategic national purchase agreements are provided. For multi-market and global portfolio assignments, wherein the real estate resource is involved in the integration of various projects, there are still greater benefits, including: logistical modeling to reduce transportation, inventory and occupancy costs and improve customer service, as well as master planning which incorporates standardization to reduce redundancies between facilities and processes.

Time Savings

Project management and logistical services also places commercial/industrial/retail real estate projects on a faster track for successful completion. Facilities are delivered on-time, employees/occupants can return to their normal routines with minimum downtime and internal management required. The management team can stay focused on core revenue producing functions, confident that their real estate project is in good hands and all logistics are being effectively managed.

Risk Management

Project management and logistical services also reduce common risks associated with real estate projects (i.e., out-of-control purchasing, budget variations, scheduling delays, ineffective plant and office layouts and unnecessary downtime). These risks are mitigated through the project management and logistics team's hands-on involvement in all project phases, including:

- * Management of the purchasing process
- * Build-out cost procedure for low percentage of budget variation
- * Provision of expertise in the property design and construction
- * Relocation management
- * Advice on supply chain and channel of distribution strategies

In the end, professional project management and logistics services pave the way for sound decision making in all aspects of the project.

Ralph Perna is the executive managing director of Newmark Knight Frank, Melville, N.Y.

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