



BENUZZI'S INDUSTRIAL GUIDE

Your BIG Chicago Area Industrial Real Estate Resource Guide

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The Art of the Deal: Bringing a Build-to-Suit Development to Fruition

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Completing a successful build-to-suit development is all about making sure all the right people are at the table. Bringing together the right site, at the right time, for the right building, for the right user—and particularly, for the right deal—is an art and a science. A successful build-to-suit development is all about ensuring that the deal comes together in a way that both serves the unique needs of the building's user today, and also creates a property that will retain its value in the years to come.

Commercial real estate brokers, particularly those who bring years of experience and insights to benefit landlords and tenants, like those who have earned the SIOR designation, many times serve as the glue that holds a deal together. Those who can bring all the right people into the room (real or sometimes metaphorical) at the same time are the professionals who can work through the barriers that come up, to get it all done.



Adam Roth

The right site

Any successful real estate transaction begins with the adage “location, location, location.” However, it’s never as simple as it sounds. An experienced commercial real estate broker knows their marketplace inside and out, can challenge assumptions, and bring forward ideas that can achieve the user’s overall goals. Many times what seems like a ‘perfect site’ does not turn out to be the best decision when the needs of the company’s employees, their financial objectives, and their operational needs are fully considered. Experienced real estate brokers understand the history of different sites, the goals of the developers involved, and can anticipate where the deal can be optimized or where it might go off the rails.

The right time

The wrong timing for a deal can drastically complicate its outcome, so understanding the right time to initiate a build-to-suit is critical. Company needs are many times contradictory to market cycle ideal timing, so balancing the need for speed-to-market with the need for best land and materials pricing calls for experience and creativity.

The right building

Designing and constructing a facility for a company with unique operational requirements is where every deal faces its “make it or break it” moment. Even when the location, price and timing are fully aligned—it’s the building that the company has commissioned, when all is said and done. Commercial real estate brokers can bring in the right set of consultants, architects and

construction companies that will together form the team that gets the job done.

The right user

Key to the idea of build-to-suit is “to suit”—the user, that is. If a company could lease speculative-built space, they might be able to do so faster and cheaper; there’s typically a reason that the user is pursuing a build-to-suit development. It’s important to keep the user’s needs at the forefront, even as design, construction materials and financial goals are considered and shape the ultimate outcome.

The right deal

Structuring a build-to-suit transaction is about a lot more than price. Depending on the long- and short-term financial goals of the user, the company will need to choose whether to own or lease the site. Market cycle will impact this choice, as will upcoming changes to lease accounting regulations. Many times companies will want to lease the building in its entirety—so the property must be designed, built and priced so that it is marketable in the institutional real estate capital markets.

Bringing it all together

Many build-to-suit deals are more complex than simple leases or building sales. The companies commissioning the building tend to have unique or unusual needs that can, many times, add complexity to the transaction and to the process. Experienced commercial real estate brokers understand how to work through challenges that can derail a transaction, and are there to keep

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the project on-track. While other stakeholders to the deal bring critical expertise, the brokers hold it all together.

Choosing a broker with an SIOR designation is one way to ensure that your commercial real estate advisor is both experienced and proven in the marketplace. SIORs are an elite group of professionals who conduct business according to a strict code of ethics, and who have proven their ability to deliver results via the organization's transaction volume

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requirements.

The Chicago Chapter of the Society of Industrial and Office REALTORS® (SIOR), the leading international professional commercial and industrial real estate association (www.sior.com), boasts 195 total members, including 147 active members possessing the highest level of knowledge, production and ethics in the Chicago industrial and office real estate market. The Windy City's active SIOR professionals are well known for assuring its clients of the most expert representation available. In a metropolitan area of more than 5,600 square miles with a population of more than 9.1

million people, SIOR professionals consistently service with distinction both industrial (over 1.2 billion square feet of industrial properties) and office (over 107 million square feet of office rental space) properties on behalf of a sophisticated, multi-faceted array of owners, landlords, tenants and investors.

Adam Roth, CCIM, SIOR, is the 2016 President of the Chicago Chapter of SIOR, Executive Vice President NAI Hiffman and Director, NAI Global Logistics. For more information about becoming an SIOR or hiring an SIOR, visit the organization's website at www.siorchicago.com.



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