

## ROLE OF THE REAL ESTATE DEVELOPMENT CONSULTANT

A professional real estate development consultant serves as development manager throughout the development of a real estate project - from initial concept to the end of construction. By guiding the development process, coordinating the work of the development team, and serving as central point for communication and decision making, a development consultant helps organizations develop real estate projects on time, on budget, and ready to begin operations.

### ORGANIZATIONS THAT BENEFIT FROM USING THE SERVICES OF A DEVELOPMENT CONSULTANT

Real estate development consultants are engaged by a wide range of non-profit and for-profit organizations interested in developing multi-unit residential, health care, institutional, and commercial projects. These organizations include:

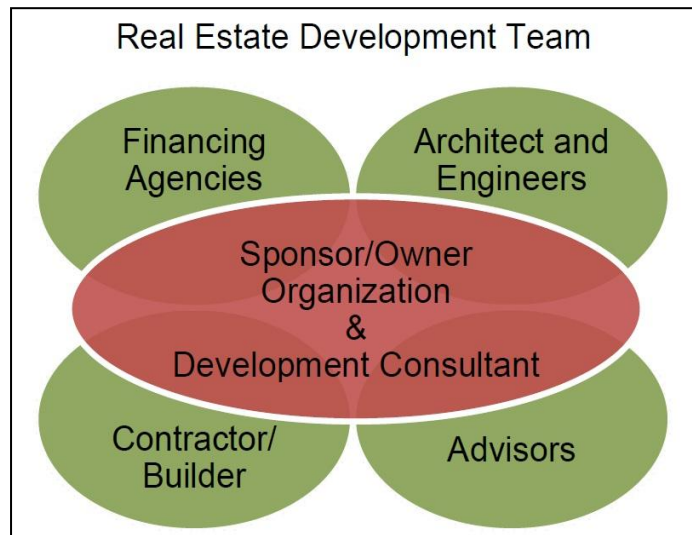
- Health care agencies and authorities
- Non-profit housing authorities and organizations
- Churches and other faith based organizations
- Hospitals and personal care/nursing homes
- Colleges and universities
- Community service organizations
- Government departments/agencies
- Private real estate investors/trusts

These types of organizations seldom possess the internal capacity, time, knowledge, and expertise necessary to develop real estate in a cost effective and efficient manner. An experienced development consultant can help organizations achieve their real estate development goals by providing these qualities throughout the development process.

By working together, the organization and the development consultant become the “developer” of the project. While the organization is responsible for decision making, the development consultant supports the organization by providing advice throughout the development process and by coordinating the work of the development team. In addition, the development consultant also takes on a number of specific duties either independently or in conjunction with other members of the development team. These duties normally include:

- Oversee the preparation of development program and concept plan(s)
- Undertake market/need/demand analysis
- Identify, evaluate and assist with negotiating property acquisition
- Assist with project design (particularly from market and budget perspectives)
- Prepare capital and operating cost budgets
- Assist with zoning and other development approvals
- Prepare applications for government assistance
- Prepare marketing materials and coordinate marketing/application process
- Prepare financing applications and negotiate terms
- Coordinate an acceptable procurement method and construction contract
- Account for all project costs
- Assist with organizing property management

Because each project is unique, it is difficult to list the exact duties the development consultant may take on. In fact, because development consultants are frequently involved very early in the development process, the exact list of duties may be impossible to know until the development process has begun.



## DEVELOPMENT CONSULTANTS AND THE REAL ESTATE DEVELOPMENT PROCESS

For most projects, development consultants guide organizations and the development team through a five step real estate development process.

During the first step the development consultant helps the organization assemble the development team, secure/define the property to be developed, identify the project's goals and objectives, and develop an initial concept. The development consultant also assists the organization in assessing its own financial and operational capacity to undertake development of the project.

During step two the development consultant works with the organization to assess the project's feasibility. This step typically involves helping the organization with tasks such as: market/need/demand analysis, preliminary designs, preliminary capital and operating budgets, financing applications and negotiations, and zoning/development approvals. The goal of the feasibility stage is to help the organization determine whether it should proceed to the next stage of development.

Once feasibility has been determined the next step is pre-construction. Deciding to go to pre-construction is normally a major step for an organization as it usually involves significant expenditures of funds for architectural and engineering services. During this stage the development consultant helps the organization determine an acceptable construction contract. The goal of step three is to arrive at a final capital cost budget, finalize agreements, and achieve all necessary approvals in order to proceed with construction.

During construction of the project, the development consultant participates in construction meetings, helps the organization resolve any construction issues that arise, accounts for all project costs, and facilitates advances from financing agencies. Depending on the project, the development consultant may also need to initiate and coordinate the marketing/pre-leasing/pre-sales process.

The final step in the development process involves setting up for on-going property management. Depending on the situation, the development consultant may need to help the organization initiate staffing or enter into an on-going property management contract.

Because developing real estate is a cumulative process with each step forming a foundation for the next, it is important for the development consultant to be involved in a project as early as possible. Decisions made early in the development process will undoubtedly have an impact later in the development process. Awareness of how early decisions impact later in the process is one of the skills a qualified development consultant brings to a project.

## CONCLUSION

Developing real estate is a complex process involving years of effort, large sums of money, and the work of many professionals. In recent years, changes in financing procedures, shifting market needs and demands, increasingly more complicated government programs and development regulations, and evolving design requirements have all added to the complexity of the development process. An experienced development consultant offers organizations the comfort of having someone "on board" who understands the complexities of real estate development and has navigated through the process many times before.

