

COGENCE Alliance

Owners + Architects + Engineers + Contractors

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Cogence Central Ohio Chapter Roundtable Series on Developer-led Projects

Anatomy of a Deal – and Why it Matters to You! *Program 1: November 21, 2024*

Panelists:

- Matt Canterbury, VP of Development, The Daimler Group
- Joe Gavin, VP of Development, Elford Development
- Kevin Zeppernick, CEO, Thrive Companies



Anatomy of a Deal – and Why it Matters to You!

Summary:

- **Impact of Politics:** Concerns about the new federal administration's policies and their implications for development projects.
- **Thrive - Quarry Trails Development:** \$100M invested before generating revenue, highlighting the financial risks and challenges.
- **Funding and Speed to Market:** Exploring the typical timeline and how funding impacts project delivery.
- **Top Risks for Developers:** Budget is the primary concern, closely followed by communication. Construction costs dominate at 70%, with soft costs at 20% and land at 10%. Developers face significant effort (80%) to secure 20% of the funding.
- **Project Uniqueness:** Each project has its own "WHY," emphasizing the importance of understanding individual goals and challenges.



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Summary:

- **Role of Incentives:** Incentives are crucial for project success, involving three key stakeholders. Communication is vital for incentives to work effectively. Thrive notes that no project can succeed without municipal incentives, especially in the Columbus market.
- **Construction Costs:** Economics of supply and demand dictate affordability. Legislative measures alone cannot solve the issue; building is essential.
- **Jeff Edwards' Contribution:** Recognized for uplifting Columbus through community projects and targeting \$130K/door construction costs.
- **Office to Residential Conversion:** Discussion on downtown projects and the potential for repurposing office spaces.
- **Support Projects:** Identifying developer-led initiatives that complement larger projects.



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Anatomy of the Deal:

- Understanding the target residents is crucial - building in Pataskala differs from Short North.
- Evaluating the municipality is key to the development process.
- The “essence” of the deal and a positive collaboration plug for Columbus.
- Speed is a priority – tasks that used to take months can now be completed internally in days.
- Contracts: The company operates the development but does not own the property.

Weaknesses in the System:

- Funding for K-12 education in the state is imbalanced.
- Market products have slowed.
- Previous mindset: "Anyone can be a developer" without depth or the backing of a large firm.



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Breakout Session Insights:

- How Cogence constituents can better facilitate developers.
- A thorough due diligence package supplemented by strong narratives to aid pricing.
- Speed in execution is vital.
- Design teams have experience with the client and focus on priority-driven designs.
- Balancing living vs. amenity space is an important consideration.
- Starting small and fostering relationships is necessary due to project risks.
- Developers familiar with the team pose less risk.
- Community incentives for taking on risk—could preliminary studies be compensated with project equity?
- Educating the government on regulatory implications.



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Key Takeaways:

- Identifying decision-makers early ensures linear design progress and minimizes rework.
- Integrated communication is essential for meeting the speed and decision-making pressures.
- Standard AIA contracts don't always align with unique projects.
- Developer entry barriers remain challenging—how to appeal to them?
- Developers need a single point of contact, even across multiple deals.



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Mentimeter Polling Results: *What do you need to understand better to be successful on developer-led projects?*

- Need to understand expectations, goals, parameters in a transparent honest way. At times important information feels as though it's kept secret, or the goals are expressed in an overly optimistic way.
- What aspects of this project are specific to this project and must take priority for this process?
- Having a better understanding of how the construction manager can get involved earlier in stages of development to build the relationship and gain trust to deliver the fastest and most desirable outcome
- Clear guardrails on client interface, cost of materials to use or not
- Understanding all players needs/wants.



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Mentimeter Polling Results Continued: *What do you need to understand better to be successful on developer-led projects?*

- What do they need from us? Drawings, design, narratives code/zoning info etc and WHEN?
- Be clear about what deliverables will be used for pricing at different milestones and interim design points.
- Clear understanding of what expectations are for design package submissions. Level of detail needed, whether they are being used for pricing, permit only, etc.
- How to best support them in their upfront process of making a project go forward.
- Schedule & Deliverables expectations
- The process and everyone's expectations
- Overall typical process of a developer led project.
- Understanding how the PM/ GC fits in