

WHY HIRE A PREFERRED DEVELOPER?

When a restaurant, retail, industrial, or medical business wants to expand with multiple new locations, they will often select a preferred developer to help them establish a good team and standardize their development projects. This is especially true of franchise owners. This article will cover what a preferred developer is and why many companies choose to use them.

A preferred commercial real estate developer is a firm that a company trusts to help bring their vision for multiple new locations into fruition. A preferred developer can handle each phase of the real estate development process, from site selection, architectural design all the way through to the construction buildout. A company's preferred developer will not always be hired for every development project a company has due to extenuating circumstance, but they will be designated as the company's first choice for new development projects. A developer typically becomes a company's preferred developer after trust is built over time through completing multiple successful projects together or through a thoroughly vetted qualification process.

By now you should know what a preferred developer is, but why should companies hire a preferred developer?

LOWERED RISK

Preferred developers can take care of the entire new location project process from selecting a site to designing and constructing it. A good preferred developer will have decades of experience in completing these types of projects with a large portfolio of proven success, minimizing the risks associated with building out a new location. This is especially beneficial to a company that's trying to break into a new market.

INCREASED EFFICIENCY

Experienced real estate developers can carry out projects efficiently and effectively, saving precious time and money for the companies that partner with them. When companies forgo using a preferred developer and instead decide to manage their own commercial real estate projects, resources are diverted away from their core business, and more time and money is wasted in development, an area in which they are not skilled in. Because commercial real estate development projects are preferred developers' bread and butter, substantially less time is spent "figuring things out" and more time is given to the owner to focus on their strengths.

Additionally, when preferred developers become deeply trusted by the company they are partnering with, in many cases they begin to make decisions for the company when the owners cannot decide, further increasing the project's efficiency.

BUDGET ADHERENCE

Preferred developers have the experience and know-how to create a budget and stick to it. They know how to handle unforeseen circumstances and typically keep the budget to what was agreed upon. This sometimes even means bearing extra costs personally, but a good preferred developer is committed to budget adherence because being a preferred developer relies on great customer service, loyalty, and honesty. These qualities are especially relevant now, as construction costs have been fluctuating.

CUSTOMIZED STRATEGY

Every company has unique desires and goals. A preferred developer will become well-acquainted with these desires and goals and be able to realize them with a customized strategy not only once, but for every project in the future as well. Which brings us to our next point.

If a company is planning on or wishing to commit to a large rollout or expansion plan, a preferred developer will standardize their development process, making it easily repeatable. Because all of the processes throughout development happen in a single place, results will be reliable, consistent, efficient, and customized to the company's specificities.

A LASTING RELATIONSHIP IN THE FIELD OF CRE

Commercial real estate development is a relationship business. Having the right relationships could be the difference between the success or failure of a project. Here's an old saying that you've probably heard before if you follow our weekly insights: "a contractor is only as good as his subs". The statement is popular for a reason and bears repeating. Having a strong level of trust and assured reliance on all parties involved in the course of a real estate development process is extremely important. Unqualified parties don't always have the owner's interest in mind and can cause many problems leading to higher costs and longer construction timelines. Hiring a preferred developer who already has access to a vast network of qualified brokers, contractors, and subcontractors and other vendors related to commercial real estate development allows companies to skip the time it takes to scout and qualify all of them on their own. This ensures that only qualified professionals will handle the company's project every step of the way.

FINANCIAL CONSISTENCY AND RELIABILITY

Financing is a critical part of bringing projects to life, especially with franchises. A preferred developer will have a history with financial institutions, and can lend financial stability to a project, which is an enormous support. Many preferred developers will assist the owners attain financing by introducing them to lenders who can finance their project. As

explained earlier, preferred developers also help cut costs through value engineering, which can lower the amount of capital needed for financing in the first place.

A preferred developer can make projects more efficient and reduce costs immensely, and the lasting partnership that results from hiring one can help a company expand to reach the goals that they've set in the most streamlined way possible.