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DESIGN IS GOOD BUSINESS

It doesn't just add value; it multiplies it.



Design is Good Business Firm Toolkit

Your building can do much more than keep the rain off your business; it can advance your business plan. To capture the full value of your capital program, you will do well to engage your architect in a discussion of your business goals, with your business leaders.

The Architect and Real Estate Development

Charles F. Bloszies, FAIA

Many architects work with a number of folks in the real estate business, especially at the outset of a new project. The real estate professional might be an advisor working for a buyer or seller of an improved or unimproved property or a leasing agent representing a tenant or a landlord. Developers, institutional investors, and private asset owners are generally real estate savvy, and they are primary consumers of the architect's services. An architect with an aptitude for real estate and an understanding of the real estate professional's needs can be a valuable asset to these folks on a number of different levels.

Architects are adept at recognizing and defining design

Library

- [Savings by Design](#)
- [The Business Case for Green Building](#)
- [Green Schools Investment Guide](#)
- [The Technical Feasibility of Zero Net Energy Buildings in California](#)
- [The Dollars and Sense of Green Retrofits](#)

opportunities for both undeveloped sites and sites that have been built on for decades. An architect can help determine the development potential of a site, putting to use an in-depth understanding of planning and building codes. Critical financial decisions often hinge on an interpretation of these codes, and most brokers and owners have gained some understanding of them in the course of their experience. Yet the objectives of a planning agency or building official are not always apparent from a simple reading of code language, and owners have made faulty decisions based on prior experience that doesn't translate to a new situation. An experienced architect who understands both the letter of the code and the logic behind it can help owners and brokers define the risks associated with a real estate transaction and make informed decisions.

Development Potential

In broad terms, the success of a real estate development depends on the cost of building relative to the value of the asset when the project is completed. An architect is able to provide the metrics for various building envelopes that can be used by a developer or owner to evaluate both cost and value. Not all sites need to be "maxed out" to yield the highest return on investment. For example, orienting a new building for optimal energy savings might lead to a smaller but more valuable building. For sites with buildings already in place, architects can help evaluate the existing conditions to determine if upgrading worn out infrastructure is a worthwhile alternative to replacement with a new building.

Design Constraints and Opportunities

In some situations, a new building will need to fit into a master plan or comply with a formidable set of design guidelines. An architect is trained to think about design context and is able to advise real estate professionals on the ease or difficulty of successfully complying with these constraints. Through sketches and more advanced drawings, designers can test a buyer's vision for a site well before a final acquisition has been made; for sellers, images of feasible developments can be created to stimulate potential buyers. Occasionally an architect will be able to see an opportunity that a broker has overlooked, such as transfer of air rights from another property to increase the scope of a development project.

Planning and Building Codes

Planning regulations are intended to shape the built environment in a way that will best satisfy a myriad of stakeholders. They are often complex, especially in urban environments. Yet cities grow one building at a time, and credible advice on how the process works is crucial. Most planning codes allow exceptions, such as variances and conditional use permits, and although advice from a land use attorney is paramount, only an architect has the wide view necessary to assess if exceptions are needed and the likelihood that they will be granted.

Building codes, on the other hand, are intended to promote life safety, efficient use of energy, and access to buildings by disabled persons. Sometimes, these concerns determine if a site is suitable for development. For example, it can be a challenge to design a building with two separate fire exits on a narrow infill site in the middle of a dense city block. The only code-compliant solution might significantly decrease the amount of retail storefront the broker is counting on.

Local Knowledge

Buyers unfamiliar with local regulations must rely on architects and land use attorneys who are intimately familiar with local procedures for project approval, including the amount of time required to obtain permits. With local knowledge and assistance from other professionals, an architect will be able to guide owners and brokers through the approval process. Building signs, for example, can be essential for attracting retail tenants to a particular building, but in big cities signage is often heavily regulated. Knowing the local parameters governing sign design and when to begin the sign approval process often determines the opening date for retail tenants.

Matching Architect's Specific Expertise with Broker's Needs

The key to working with an architect in the early stages of a real estate transaction is to match the architect's particular expertise with the owner's and broker's needs. Like real estate professionals, architects fit into different market niches. Residential design and commercial design require different skill sets, and some architects are more suited for adaptive reuse projects than for new building development. Some architects are more knowledgeable than others about code nuances that can have a big influence on a real estate transaction.

Financial issues are the main drivers of real estate deals, but most experienced owners and brokers understand that estimating the cost of a building from a napkin sketch can lead to real estate peril. It is important to hire an architect to develop a design just enough so that reliable information can be obtained. As one of today's true generalists, the architect is best suited to help bring the big picture into focus.

Design doesn't add value, it multiplies it.

Charles F. Bloszies, FAIA, is a San Francisco-based architect and structural engineer with special expertise in the assessment of real estate development potential. His [1 Kearny Street](#) project won the 2010 Kirby Ward Fitzpatrick Prize from the Architectural Foundation of San Francisco for best new building by a small firm. A recognized authority on the design of contemporary additions to cherished historical buildings in dense urban setting, he is the author of [Old Buildings, New Designs: Architectural Transformations](#) (New York: Princeton Architectural Press, 2011).



2016 AIACC Honor Award for Architecture, Mr. Robinson, San Diego, CA, Jonathan Segal, FAIA.

This multi-family residential project integrates affordable units and activates street-front commercial spaces with outdoor gathering places for the community.



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