

# Experienced guide

Let an owner representative guide your commercial real estate project

INTERVIEWED BY ADAM BURROUGHS

An owner representative in a commercial real estate project serves as the eyes and ears for an owner. These professionals have expertise from a number of different disciplines and bring them to bear on a project, tackling financial, accounting, project coordination and real estate elements.

“Leveraging the experience of an owner representative means the owner doesn’t have to use his or her company’s resources and take people off of their main tasks to oversee a real estate project,” says Dale Bradford, Esq., a principal at Skoda Minotti.

“Working with an experienced owner representative on a commercial real estate project, whether renovating or buying land and building, means putting the task in the hands of someone with experience to ensure the project gets completed on time and on budget.”

*Smart Business* spoke with Bradford about owner representatives and their role in commercial real estate deals.

## What are the common roadblocks in a commercial real estate transaction?

Companies must deal with the jurisdictional requirements, such as zoning, and concerns such as whether the location is within a flood plain. There are also environmental issues, such as whether or not the property is on a brownfield, has hazard violations or could be in a protected wetland.

There are many reasons land may not be prime for development, for instance because of geological limitations. Issues found underground can be among of the most problematic for a real estate project. Owners can rest a lot easier after the foundation is built.

Other concerns that need resolved are

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the title, easements, and determining if there is access to necessary and sufficient infrastructure, such as water, sewer and electric.

Many due diligence questions need to be asked from the initial research through the project to completion. It’s an owner representative’s job to think about everything that’s involved and be sure that any point at which a problem could arise it either doesn’t or is quickly addressed when it does.

## Why should an economic analysis be performed?

The overall cost of a project is determined and reviewed between the owner and owner representative. Its basis is established by matching the functional necessities of the final structure with the available budget for its creation. It’s very important that owners carefully set a budget for the project and understand what outcome is feasible for that money, and where the funding for the project will come from.

Crunching numbers and setting budgets may sound like a job for a CFO. But — and with respect to CFOs — they aren’t necessarily focused on the same issues as someone who primarily does commercial real estate. Owner representatives are naturally considering such elements as the cost of materials and putting together

bid proposals. It’s a different assessment than those most companies do regularly, which is why it’s better left to experienced professionals.

## What factors determine whether or not to proceed with a commercial real estate development project?

There are basically three:

- Outside third-party incentives offered by the authority overseeing the state or local jurisdiction, such as tax credits and tax abatements, or other government incentive programs specifically created to facilitate real estate development projects that offer an owner tangible savings.
- The availability of real estate in a location that makes sense.
- Whether it accommodates most or all of the user’s end needs. For example, a manufacturing facility may need nearby access from the facility to a highway or rail spur.

While those are important, consider that many projects fail or cost way more than they should because they are not coordinated well. It can be tough for those who are inexperienced to be aware of real estate project pitfalls. An owner representative has the experience to bring a project in on time and on budget while avoiding pitfalls that would trap an inexperienced project leader. ●