



Build or renovate?

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Five overlooked factors when deciding to build or renovate



From client perception and employee morale to functionality and aesthetics, the building and space you occupy says a lot about your business. Many businesses seek to own their work space and take control of these important influences. Long before you are handed the keys to the front door, you first must decide to build new space or buy (and likely renovate) an existing building. Aside from the usual project considerations, such as location, cost and schedule, also consider these often overlooked ingredients to cooking up a successful project:

Time is money: What is your time worth? New building projects present literally thousands of choices along the path to a finished product. Some are exciting and inspiring, yet many are quite tedious. When starting with a blank slate, your options are extensive. Members of the project team can, and will, help you make many of those decisions, especially the intricate and technical decisions. But to be involved in the details of the project, be prepared to commit large quantities of time for an extended period. If this feels like more than what you want to tackle, consider a renovation project. With an existing set of constraints, your decision task list is significantly reduced. The authors of the 1996 book “The Millionaire Next Door” report that millionaires typically buy quality, well-kept existing homes rather than building new homes. This practice often frees the buyer of time-consuming issues associated with new construction to focus on their core wealth-building business. The same principle applies to commercial properties.

Good bones: Cost-effective renovations often start with buildings that have a sound structure, or “good bones.” Unlike carpet, fixtures, roofs and mechanical systems, a building structure’s useful life doesn’t get “used up” by simply remaining in service. The structural system of a well-maintained building can outlast the other building systems around it. Before committing to the purchase and renovation of an existing building, investigate the



condition and suitability of the structural system. A structural deficiency discovered after the renovation project is underway is no fun and costly. If structural issues become too large, complex or costly for your taste or budget, lean toward a new building project. However, don't be scared away by an "ugly" building. If the structure is sound, or can be reasonably repaired or modified to meet your needs, you may find a diamond in the rough.

Code triggers: Changing the occupancy, use or configuration of an existing building may trigger mandatory code upgrades including fire, life safety and sometimes structural or seismic upgrades. Careful building selection and project planning can avoid or minimize mandatory building code upgrades. If your proposed project triggers excessive upgrade costs, consider a different building, a different renovation plan or opt for a new building project instead.

Relative costs: Renovation projects can generally be more cost-effective than a comparable "from the ground up" project. Building renovation projects are often more scalable, allowing them to better fit within a given budget and schedule. However, once building renovation costs exceed approximately 80 percent of a new building, often the best value is to proceed with a new building.

Earth-friendly: While designing, building and operating an environmentally-friendly new building is possible, renovation of an existing building is typically a more earth-friendly endeavor. By renovating an existing building you extend the useful life of thousands of pounds of construction materials that might otherwise end up in a landfill. You'll simultaneously be averting the fabrication, transport and use of a comparable quantity of replacement materials. If you're looking to go green, think renovation.

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