

# HREB CONTRACTOR SURVEY



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1) Where is your company's work most concentrated in the Midwest?

The majority of Meridian's work is in Chicago and its collar counties. We perform work regionally throughout the Midwest.

2) Which sector do you see most of your business coming from this year?

Speculative and build-to-suit industrial construction is the core of Meridian's business. We have also seen an increase in the number of opportunities to work directly with several manufacturers and food processors.

3) What's the latest construction buzzword in the Midwest?

"Green", "LEED" or "Sustainable" are definitely the current buzzwords at industry events.

4) What new services/amenities are your clients asking you to provide?

Most clients now want to at least investigate LEED Certification for their project whether it's new construction, shell & core, or tenant improvements. To be on the forefront of the LEED movement, we have successfully encouraged our project management staff to become LEED Accredited Professionals.

5) What is the biggest trend you're seeing within the green building movement?

There is a trend towards fast-track priority of projects through municipal entitlement/permitting processes. AIA reported in 2007 that over 90 cities have adopted green building ordinances that mandate green building. This would level the playing field, from a cost standpoint, between owners/developers committed to the concept and those who have not yet embraced it.

6) Does a certain property type lead the way in terms of green building business?

Government buildings lead the way; in my opinion, the use of public funds, not having the need to generate investor returns and heightened demand for green building by the public, makes LEED implementation easier. Office buildings comprise the largest component of green building type. With the issuance of LEED for Schools, we'll see growth there for the same reasons that make government buildings strong candidates for LEED.

7) What's the latest on construction costs? Is a certain product type more affected than others?

Besides the interest in being green, there is a rigorous focus on cost control and long-term value, particularly with build-to-suit clients. On the industrial side, the real estate professionals have advised us that, while costs of land and construction continue to increase, rents are not tightening the ROI, which is continually putting pressure on project viability.

8) What have been the most common measures taken by developers when negotiating rising construction costs?

Meridian suggests a greater effort towards upfront coordination and planning to minimize the effect of rising construction costs. Commit to long lead items early to lock in pricing and delivery. The prices for steel products are being adjusted approximately every 15 days and the trend is not down. Carefully sequenced construction schedules will result in minimizing the time from commencement to completion.

9) What new industry issue or trend will be a large factor during the rest of 2008?

The modified LEED rating systems will be effective January 2009, which may have a substantial impact, as the new system will weight the credits. If there is a cost-benefit distribution to the rating system, it may disrupt the creative, "low cost" model that has been incorporated by several industrial developers to achieve the minimum number of points for LEED Certification.