

|&



Build-To-Suit Development

SWEID & SWEID

WHAT IS A BUILD-TO-SUIT DEVELOPMENT?

A build-to-suit development is a customized real estate solution - built specifically for a particular tenant, taking into consideration their unique requirements.

- Build-to-suit developments allow tenants to fully meet their operational and corporate needs including function, image, and workplace strategy.
- Under a build-to-suit structure, the tenant commits to a long-term lease and enjoys long-term stability in location and rental rates.
- With a build-to-suit, the developer bears the burden of the large up-front capital expenditure that comes with building and owning a property. Alternatively, with shorter project timelines, the developer can acquire an existing property and finish or customize it to suit the tenant's specifications.
- Build-to-suit tenants maintain control over the asset management of the facility— including security, access, and maintenance.



BUILT-TO-SUIT AND ITS PLACE IN THE WORLD

Build-to-suit developments have a place in all real estate categories – from commercial offices to logistics hubs, and educational facilities to medical centers.



Developed Markets:

Build-to-suits provide tenants with the necessary customized solution catered to their unique business needs.

Emerging Markets:

Where quality product is scarce, build-to-suits are used to maintain global corporate standards and allow for market entry without a major capital commitment.

ADVANTAGES OF CUSTOMIZATION

Site Selection:

Tenants are able to select a site that suits their specific budget and business requirements.

For example: Some corporations prefer suburban office parks to dense urban offices, or to be in close proximity to other similar businesses or transportation hubs.

Building Size:

Tenants can get the specific space they require – not too much and not too little.

For example: It is difficult to find large continuous workspaces. Unfortunately in emerging markets, ownership is often split among numerous landlords and investors.

Building Specifications:

Tenants obtain a facility that meets their individual technical requirements.

For example: A company may have specific electrical and mechanical requirements for IT equipment, or environmental health and safety standards that need to be consistent with global corporate policies

Building Design:

Tenants can reflect their brand and corporate image through architectural design and aesthetics.

For example: A corporate or regional headquarters can help serve as a marketing tool for companies seeking to re-brand themselves or establish a presence in new territory.

Maintaining Standards:

In emerging markets, built-to-suits can help maintain the standards of the facilities to which their corporate logos and brands are affixed.

For example: Multinational logistics companies avoid low-quality warehousing and distribution facilities.

Interior design and Layout:

Designing the building and interiors around work flow patterns allows for more efficient business operations.

For example: Specific departments within a company can be strategically placed next to each other to increase communication and facilitate the exchange of ideas, increasing overall productivity.





“ARCHITECTURE
IS A MEANS OF
COMMUNICATION”

FINANCIAL ADVANTAGES

Preservation of Capital:

With a Build-to-suit solution, the developer funds the facility for the tenant on a turn-key basis. *Capital is precious*, so whether a tenant is looking to buy, build or even lease a property - the build-to-suit alternative allows for their capital to be allocated towards core business operations.

For example: Companies in growth mode can reserve capital for expanding operations and human resources.

Stability of Value:

Companies who own their real estate are subjecting themselves to market risks which inherently affect the value of their business.

For example: A decrease in the market value of real estate owned by a company will ultimately translate into a decrease in value of that company - even though it is unrelated to core business performance.

Predictability of Cash Flows:

Long term leases provide long-term visibility of future expenses so tenants can effectively manage and allocate future cash flows, simplifying capital budgeting decisions.

You Get What You Pay For:

With a Build-to-suit, rental rates paid by the tenant are a function of construction costs- which are inherently determined by tenant requirements.

For example: While some tenants desire lavish lobbies, others may require higher technical specifications – either way, funds are allocated specifically to where the business needs them most.

WHO USES BUILT-TO-SUIT?

INDUSTRY	LOGIC FOR USING BUILT-TO-SUIT
CORPORATE HQ	Large space requirements, establishing a dominant market presence.
LOGISTICS	Site location and layout requirements for product distribution and delivery.
EDUCATION	Unique fit out and design requirements such as lecture halls and dormitories
RESIDENTIAL COMPOUND	Close proximity to workplace, and controlled access in countries with a security risk.
HEALTH CARE	Unique technical and fit-out requirements such as air filtration systems and operating theatres
DATA STORAGE	High-standards of technical specifications such as backup generators and cooling.
RETAIL	Quick and easy entry into new markets without major capital commitments.



SWEID & SWEID AND YOUR BUILD-TO-SUIT

Fit-out and construction can prove to be tricky for tenants to undertake, with many pitfalls to be avoided throughout design, material selection, construction management and quality control.

Sweid & Sweid delivers a turn-key solution, providing expertise to structure and manage the entire process - from site selection through construction, and ultimately to project delivery and handover. This is achieved through the following control points:

Cost control:

Sweid & Sweid carries the risk of construction cost overruns as rental rates are pre-fixed in the build-to-suit contract. In addition, value-engineering allows experienced developers to realize better value for money in design, contracting and fit-out.

Time control:

Sweid & Sweid is committed to pre-defined delivery schedules, preventing costly delays to all parties.

Quality control:

Sweid & Sweid understands how to build for quality that will last. Tenant and developer interests are aligned with build-to-suit projects, as the developer is the ultimate owner of the facility.



At Sweid & Sweid, our hands-on approach makes the difference. From negotiating a fair and equitable lease to securing the best sites and local contractors, we invest time and effort to provide our client with a hassle-free solution, and peace of mind. Ultimately, satisfied tenants can focus on growing their business, building their presence, and laying roots within their community.