

# How To: CHOOSE A COMMERCIAL DEVELOPER

## Developer can be trusted partner in complex process

BY DIANA BARR

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Even with the credit crunch and recession, businesses and retailers still need space, and land owners want to see buildings sprout on their acreage.

A commercial developer's involvement in a project can include land assembly, financing, construction management and leasing and sales. Depending on the customer, a developer might act as landlord or sell the project to an owner/occupant. A business or land owner also might work with a developer as equity partners.

"The first thing is to begin to dream what's possible," said Sister Mary Whited, president of the Sisters of the Most Precious Blood in O'Fallon, Mo. The religious order is redeveloping its 42-acre campus to house retired religious sisters and other seniors, as well as add mixed-use components in the future.

"We were looking to enter into a partnership," she said. "This is a very complex project because it's a historical project as well."

Sister Whited said the community's leadership team looked at area developers' capabilities, sent out requests for proposals, then narrowed the list to three before making a choice.

Identify developers for consideration by talking to architects and construction

### LARGEST COMMERCIAL DEVELOPERS

St. Louis-area developers ranked by total square feet of commercial space completed or under construction in 2008

DEVELOPER	SQUARE FEET
Panattoni Development Co.	19,612,044
The DESCO Group	4,026,057
Gundaker Commercial Group	2,752,356
Koman Properties Inc., Koman Group	2,591,945
Clayco	2,400,000

Source: Business Journal research, August 2008

companies, said Don Vondriska, director of business development for animal health and nutrition firm Novus International. He managed the process of finding a developer for the company's new leased headquarters and renovated lab building at Missouri Research Park in St. Charles. The right developer will talk to you about a longer time horizon — where the project fits in with your company's long-term strategic goals, he said.

"A developer should know about how much things cost and can help you sort through those at a macro level," Vondriska said.

Tom Rocheford, vice president of corporate real estate services for Express Scripts,

said that when the company decided it had outgrown its Riverport location, it relied on a commercial real estate broker to help in the process. The pharmacy benefit management firm wanted to find a developer who would construct a building to its specifications and then lease it to the company, he said. Brokers can help identify available sites and developers who fit your needs.

"We talked to no less than three developers for different sites in St. Louis," Rocheford said, before choosing a site on the University of Missouri-St. Louis campus and inking a 10-year lease. "As a tenant, you create a more competitive environment if you identify the site and then bring in the developer."

Where the developer makes money is in the difference between the tenant's lease rate and the financing and development costs, Vondriska said. "They do take an interest-rate risk," he said. "We agreed to a lease term at the beginning of the project."

Look for a developer with a knowledge of tax credits and government assistance, Vondriska said.

Developers also should have a good relationship with municipal governments, Rocheford said.

Even if you will be a tenant without equity interest in the project, act like an owner, Vondriska said. "Hiring a developer doesn't lighten you of responsibility."

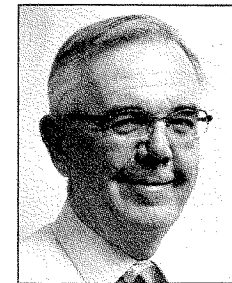
### ASK THE EXPERTS



**SISTER MARY WHITED**

*President of the Sisters of the Most Precious Blood in O'Fallon, Mo.*

- **VISUALIZE** your goal with trusted advisers
- **INVOLVE** stakeholders along the way



**DON VONDRISKA**

*Director of business development for Novus International*

- **TALK** to architects, contractors
- **TAKE** ownership in the project



**TOM ROCHEFORD**

*Vice president of corporate real estate services for Express Scripts Inc.*

- **CONSULT** with local municipalities
- **CREATE** a competitive environment