

THE BROAD DIMENSION

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Property Conditions Assessments

Property conditions assessments can be carried out for a wide variety of purposes, including:

- ADA assessment
- Seismic upgrade assessment
- MEP upgrade assessments
- Due diligence reports on a building considered for purchase
- Building report for a potential lender or insurance company
- Assessing required maintenance requirements



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The detail and extent of the assessment will naturally depend on the requirements of the building owner or other person commissioning the report, but the procedure involved in preparing the report will normally follow a similar pattern.

Initially, the person commissioning the report should provide any relevant documents that are available, which might include existing plans and elevations and other appropriate drawings, any previous reports, and maintenance records if available. A point of contact should also be named, through whom requests for clarifications or additional information can be made.

The person or company carrying out the report can then prepare and submit any preliminary questions and prepare for the initial building walkthrough/site inspection. There may be standard checklists available, especially for ADA surveys and other common reports, or the surveyor may need to prepare a custom checklist.

Once all the initial documentation has been collected and reviewed, and the appropriate arrangements have been made, the initial building walkthrough can be conducted. One walkthrough may be sufficient to survey any deficiencies, with the walkthrough participants including consultants from all appropriate disciplines. Alternatively, a walkthrough by a general purpose surveyor can ascertain what sections need to be looked at in more detail, and consultants can be called in later to look at these items.



The detail in the report should be appropriate for the required purpose, but should include:

- Details of how and when the walkthrough was carried out.
- A general summary of the property condition, and of problems observed, ideally including photographs of

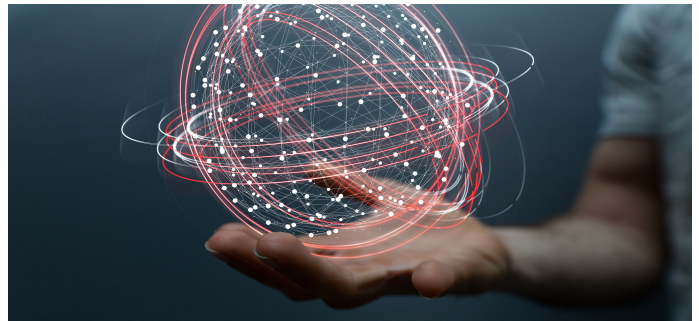
items highlighted in the report.

- Recommendations for remedial action, which should identify the recommended timeline, i.e. is it critical work (such as code violation or life-safety issues), or can it be scheduled over a period of time.
- A cost report showing the anticipated approximate cost of the recommended work (since detail design work is not usually carried out for the report, such estimate can only be order-of-magnitude).
- Information on what was excluded from the survey and report. Such exclusions may arise from the instructions of the person commissioning the report or because portions of the building could not be accessed (e.g. locked rooms, unsafe conditions, work hidden by other construction, etc.).

Property conditions assessments would normally be prepared in conformance with ASTM standard E2018, Standard Guide for Property Condition Assessments: Baseline Property Conditions Assessment Process.

Hyperconnectivity

Back at the turn of the millennium we thought we were connected. Most people were only a phone call or fax away, and a lot of people even had cellphones. Or you could dial into your Internet account and see if anyone had sent you an email. Now almost everyone seems to have their smartphone with them at all times, getting emails and text message constantly, and for those that still remember what a fax is, you can receive and send those from your phone too. We have moved from being a connected society to being a hyperconnected one, and the arrival of the Internet of Things (IoT) simply increases the connections.



This connectivity is already increasing productivity. If you want to, you can already open your garage door and control other household articles via your cellphone, and whatever information you are looking for, along with other resources are all nearly instantly accessible. The downside might be that *you* are almost instantly accessible as well.

This connectivity is changing the way people interact with one another, and we can expect these shifts in our culture and social values to continue occurring. Businesses need to adapt likewise, to ensure they don't go the way of the late-lamented high-street bookstore or video rental shop. The connectivity can also be of use to people with less than honest intentions, so security is a major concern, but one that is frequently neglected.

In business it is often suggested that who you know can be as important, and sometimes more so, than what you know. With online services such as Facebook and LinkedIn we are able to maintain connections to many more people than we would otherwise, and you can get to know just about anything with Internet search engines and training videos on YouTube.

The effects of this connectivity are already being felt in the construction industry. Design and construction teams are collaborating and sharing information via the Internet and online meetings. Web cams, and now drones, can provide images of the site to those back in the design team's and/or contractor's offices, and online project management systems are speeding up the RFP and other contractual processes. Contracts and other documents can be emailed and signed electronically. As plant and equipment becomes part of the IoT it will improve the monitoring and more effective scheduling of them, avoiding excessive downtime and thereby saving costs. Being able to know where construction staff are, and being able to contact



them almost instantly to pass on information or instructions, and to get progress reports, will likewise increase on-site production efficiency.

In theory at least, the more efficient the connectivity is, the more effective the management should become. That theory appears to be borne out in practice, evidenced by a report from the Economist Intelligence Unit that the Internet accounted for over 20% of the GDP growth in some developing nations between 2004 and 2009.

So far, more than half of the world's population has no Internet access, and the changes that will occur for them, and for all of us, as they become connected is expected to be substantial. The opportunities for connecting with people anywhere in the world, and the ease with which online stores, etc., can be set up should create more jobs, reducing poverty levels. That should lead on to improving healthcare, along with other benefits.

Neurologists studying the brain are coming to the idea that it is the extent of interconnections, or the connectivity, within our brains that gives us consciousness and intelligence. Perhaps the growth of hyperconnectivity will lead to smarter and smarter buildings. We'll worry about the computers behind them becoming conscious, if and when that happens.

Island of Stability

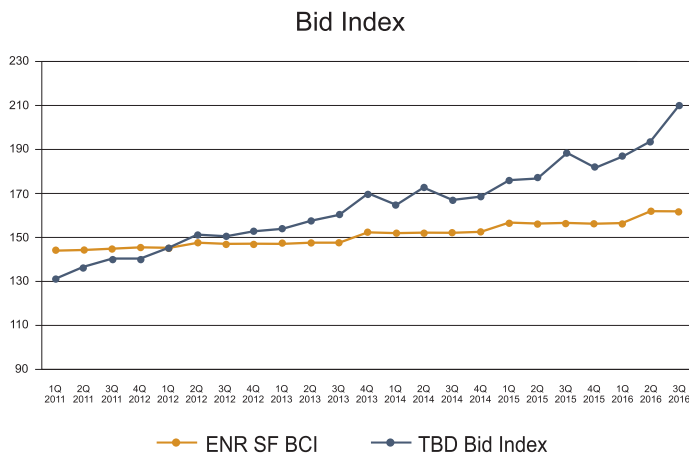
Brexit (the UK's vote to leave the European Union) took the markets by surprise, and markets don't like that. But the effect was short-lived, and US stock markets were soon hitting all-time highs again, and Britain will remain a member of the European Union for something like two years while the terms of its withdrawal are worked out. The big question is whether any more nations will attempt to leave the EU, but even if they do, the long-term effect on markets here should be small to non-existent.

Events in China are more likely to affect the economy here, and mixed messages were being received recently. Chinese exports were reported to have declined in twelve

of the thirteen months up to July, at which point they were 4.4% below where they had been a year earlier. That was seen as indicative of a general global economic slowdown. Chinese imports were reported as being 12.5% lower than a year previous, although their gross domestic product was said to have increased in the second quarter, even while its national debt has been increasing.

On the domestic front, the big question is who is going to win the presidential election and what effect that result will have on the economy. We will reserve speculation on that front until the next newsletter, when the votes will have been counted.

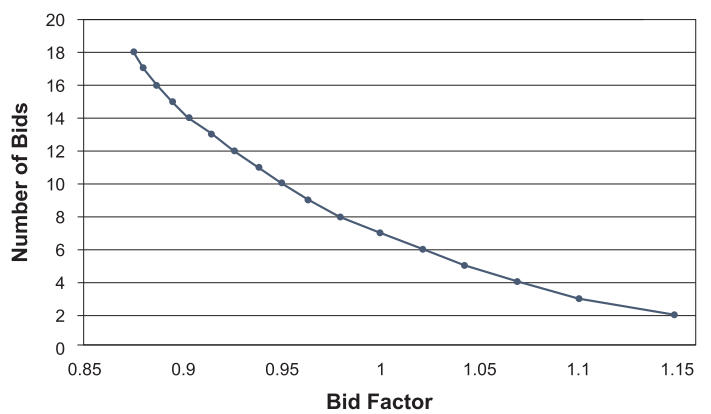
Meanwhile, unemployment figures continue to drop, the Dow Jones, S&P, and Nasdaq indices have been hitting all-time highs, and (probably related) consumer confidence has been showing a marked increase. This confidence has been reaching building owners too, and the amount of construction work, both renovation and new-build, has been increasing. That increase in work-load tends to result in an increase in construction cost as well, and our Bid Index has been showing that movement for some time.



The prevailing view seems to be that the non-residential construction field will remain strong through the end of 2017 at least, barring unforeseen problems along the way. That appears to be confirmed by the Architectural Billings Index (ABI), which has been around or above 50 for some time, indicating a growth in workload for design teams. That growth should then turn into more onsite construction work about a year or so further down the line. The ABI has been trending downwards a bit, but at present that only indicates a slowing of the rate of growth, not a contraction.

The strongest areas seem to be in the West and South, with the Midwest being the weakest zone.

Contractors in many areas already have as much work as they can handle, especially with the continuing shortage of craftsmen and other on-site staff. This has meant that contractors can pick and choose which projects to go for, reducing the number of bidders where projects appear in any way problematic. Such problems can include the size of a project, type of construction, access problems, etc., and historically it has been found that a reduction in the number of bidders for a project will result in a fairly steep increase in the bid price.



There are plenty of events that can affect the world economy. Oil prices continuing to slip and slide in both directions, terrorist attacks being an ever present threat, questions about Chinese and European economies, and Japan as well, a seeming reluctance for US consumers to purchase much more than essentials, and an unsettled political climate in the US are among the things that could end up derailing the boom times, but that doesn't look like it's going to happen in the immediate future.

With regard to US politics, both presidential candidates have indicated they will increase money for things like infrastructure projects. Government-funded construction is one area where growth has been lagging, so we might see that picking up again.

For now, the US remains a relative island of stability in an ocean of international turmoil.

Geoff Canham, Editor