

Annual Meeting ‘22: Keeping a Legal Lid on Construction Costs

Community

Real Estate



Session 104 Panelists

William Cotter, V.P., General Counsel & Federal Program Manager, Cotter Consulting, Inc.
Suzanne Decker, Partner, Fried, Frank, Harris, Shriver & Jacobson LLP
Yvette Landau, Co-Owner, W.A. Richardson Builders, LLC
Evangelin Tuft, Associate General Counsel, McKinsey & Company

What was the most valuable thing you learned during this session?

> “Keeping a lid on construction costs is very difficult right now and you need to get professionals at the table to assist with that.”
>
> MICHAËL HASSAN, MANAGING DIRECTOR AND DIVISIONAL GENERAL COUNSEL, PSP INVESTMENTS

Hope for the best, plan for the worst

- With the exception of the government, everyone involved in the project has a common interest: doing a good job and making money. If someone is not making money, you won’t get to the finish line.
- Owners' representatives can be the eyes and ears for what’s going on in the market. There is

no substitute for having someone on the ground looking out for your interests.

- The design approach dictates which type of construction contract you will use: Design-Bid-Build (traditional approach) or Design-Build Approach (fast track).
- Rising interest rates have had a considerable impact on residential construction costs.
- Single-family home costs rose significantly over the past year.

The forecast for 2023 is unpredictable and like riding a wave. Will costs stabilize and decrease? Or will demand rise causing an increase in costs? The most important thing to do, while wearing your lawyer hat — in a world where you don't know what's going to happen next — is to make sure everyone is protecting their interest to deal with either of these scenarios.

Suzanne Decker, Partner, Fried Frank



Presenters address attendees in Session 104.

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