

# The Top 12 Reasons to Use Construction Technology for Retail Construction

Improve Retail Building Projects with Construction Technology





# Introduction

With over 134.5 million square feet of retail space constructed around the world in 2016, demand remains high for new retail environments, despite the growing influence of e-commerce.<sup>1</sup> This demand for new retail and mixed-use construction spans the globe, including in Mexico, China, Morocco, Saudi Arabia and the United States. Whether a construction firm has been servicing this sector for years or is just expanding into it, plenty of challenges are guaranteed. Thankfully, overcoming these challenges is made easier with the right construction technology. If you've got a retail project coming up or in progress, look for software tools that offer these 12 benefits.





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# 1 Tracking Accessibility Requirements

Keeping track of strictly legislated accessibility requirements—the Disabilities Act in the US and the Disability Discrimination Act in the UK are prime examples—can overwhelm even experienced project managers. A single undersized doorway or lack of power door control can result in costly fees for the building's owner and a demand for rework from the contractor. Planning software that tracks and shows changes to drawings and plans can help ensure compliance, resulting in less rework. Consider software with machine-learning capabilities, as these tools can pinpoint important accessibility features and make it easier to determine where they're missing.<sup>2</sup>

# 2 Satisfying Sustainability Standards

Not only are green building features mandated in many countries, many retail construction clients desire them even when they're optional. Sustainable building standards such as LEED requirements help reduce costs for the owners and tenants and are now considered revenue generators.<sup>3</sup> However, restrictions on layout, space use and building materials can make an already complex project more complicated. Construction technology doesn't just help organize these details; it can also model different building designs and estimate future energy use and environmental impact.



# 3 Adapting to Changing Consumer Trends

Many retail projects are completed surprisingly quickly compared to other types of construction, but construction of major multi-unit outlets like malls and strip centers tend to stretch over months and years. With rapid changes in consumer demand and shopping trends, construction companies sometimes have to deal with late-term changes in design. A single project may include hundreds of design changes after construction has already started, so having the technology for distributing these changes to the entire team as soon as they're approved is essential.

# 4 Planning for Build-Outs

Retail construction often occurs before the exact use or eventual tenants of the space are known, so structures must be designed to leave as many build-out options as possible. Small details like the choice of interior finishing materials and the placement of framing elements can dramatically limit future options. With landlords demanding maximum flexibility so they can attract a wide range of tenants as retail markets change, design firms must create structures that could satisfy a wide range of needs.

Modeling software helps solve this challenge. Digital modeling allows the design team to test how different build-out packages could maximize the potential to satisfy both the property owner and future tenants. Some construction firms also set up exclusive contracts for build-out rights on the structures they build—which means they will be the ones to deal with difficulties caused by failure to plan properly from the beginning.

## 5 Dealing with Difficult Sites

Sites for retail construction are often chosen based on every factor aside from general suitability for building. Access to steady foot or road traffic, zoning restrictions and opportunities for future expansion are prioritized over soil composition or the amount of grading needed.<sup>4</sup> This leaves construction firms struggling with difficulties like flooding, extensive ground preparation and endless design adjustments as new issues are found.

A combination of planning software and site analysis tools can help a firm stay on time and under budget even under trying circumstances. Appraising the feasibility of a site may not help a construction firm dissuade a retail owner from building on a certain plot of land, but it will help them prepare to deal with potential problems by planning for extra labor or advanced equipment.

## 6 Maintaining Steady Supplies

Demand continues to rise steadily for new retail construction. This might sound like a winning situation for construction firms serving the industry. However, a building boom of any kind makes it harder to get a steady and affordable supply of labor and materials. Combine that with external forces such as the 72 percent tariff on Chinese-supplied steel piping imposed by the European Union and keeping a retail construction project under budget and on time can seem impossible.<sup>5</sup> Apps that integrate with supply chain tracking software help construction firms find the best prices, contract with alternative suppliers when their usual vendors run out of stock and even offer alternative material suggestions. These apps can also assist with locating sustainable materials and checking on the labor practices of manufacturers.<sup>6</sup>



# 7 Sticking to Hard Deadlines

Missed deadlines lead to losses in every part of the construction industry, but they are particularly painful for retail store owners. For example, the opening of the Turtle Crossing grocery store on South Dakota's Rosebud Reservation was delayed by only six months and yet that delay created over \$2 million in extra costs.<sup>7</sup> Many retail construction contracts include steep penalties for even the shortest delays that push out the opening date.

When time is of the essence, construction technology that streamlines communication and organizes thousands of relevant project documents is a worthwhile investment. Apps that combine the two functions allow the entire team to stay on task rather than having to spend hours of valuable building time in meetings just to stay up to date. Additionally, thoughtful leveraging of one of the many different scheduling software tools built for specifically construction teams is critical for meeting deadlines and staying on schedule.

# 8 Securing Financing

Due to the changing landscape of retail across the globe, commercial lenders are becoming more reluctant to approve financing for new construction. In the U.S., retail lending only grew a mere one percent in the last quarter of 2018, while industrial lending rose by 28 percent during the same period.<sup>8</sup> For construction companies also functioning as the development firm for a new retail installation, difficulties and delays in securing financing can make or break a project. Lenders are looking for as much information as possible on secured leases, traffic levels, market competition and other details. Construction software can also help with gathering data to satisfy a lender's requests. For example, the same budgeting software used to determine a project's viability can generate reports that firms can submit directly to their financing companies.

## 9 Combining Residential and Retail Work

Mixed-use developments are becoming so popular that they're now becoming a requirement in many zones that were formerly residential or retail only. Yet the differences between retail and residential construction methods can lead to quality issues in either part of the structure. It's also easy to overestimate demand for space in these mixed-use buildings, which tend to be more appealing to small retailers rather than big anchor chains.<sup>9</sup> Look for construction technology capable of assisting with both construction processes. The build team shouldn't be expected to switch between two different planning and data management apps just to find the information they're looking for. Tagging and other data categorization options help indicate which part of the structure each document or photo is attached to, reducing confusion that leads to costly rework.

## 10 Integrating Delivery Systems

Today's retail construction is designed and built with the growing influence of e-commerce in mind and many spaces that previously focused solely on product sales are now integrating warehouse space. Combining in-person sales with e-commerce fulfillment allows retailers to stay competitive. It also creates plenty of extra work for the construction firm handling the building process. Thankfully, the same combined planning and document storage software that helps manage residential mixed-use development will also work for retail outlets with a combined warehouse and shipping portal component.





# 11 Working Around Limitations

Retail is one of the most highly regulated forms of construction after industrial structures. Many countries, states and regions have recently enacted new zoning control measures to discourage big box stores or to limit the amount of retail space to create room for residential or commercial growth. Regardless of the limitations, they all tend to increase the costs of permitting and planning. While only a few cities (such as Palo Alto, California) have developed apps to assist in the permitting process, general construction technology for planning and organization still assists with tracking the various limitations imposed on the design, layout and location of a retail project.<sup>10</sup>

# 12 Alternating Between High and Low Demand

Retail construction will only continue to grow in complexity as retail industry uncertainties continue to unfold. From the growth of e-commerce outlets to changing tastes between Millennials and Gen Z, it takes a lot of experience and focus to keep these construction projects profitable.<sup>11</sup> Construction firms that can adapt with the changes stand to capture a much larger share of the market and make more money from the projects they complete. Don't wait to embrace construction technology. The sooner a company embraces software tools like PlanGrid that improve communication and project workflows, the higher the chances of project success.

# Conclusions

Retail construction will only continue to grow in complexity as retail industry uncertainties continue to unfold. From the growth of e-commerce outlets to changing tastes between Millennials and Gen Z, it takes a lot of experience and focus to keep these construction projects profitable.<sup>11</sup> Construction firms that can adapt with the changes stand to capture a much larger share of the market and make more money from the projects they complete. Don't wait to embrace construction technology. The sooner a company embraces software tools like PlanGrid that improve communication and project workflows, the higher the chances of project success.



## References

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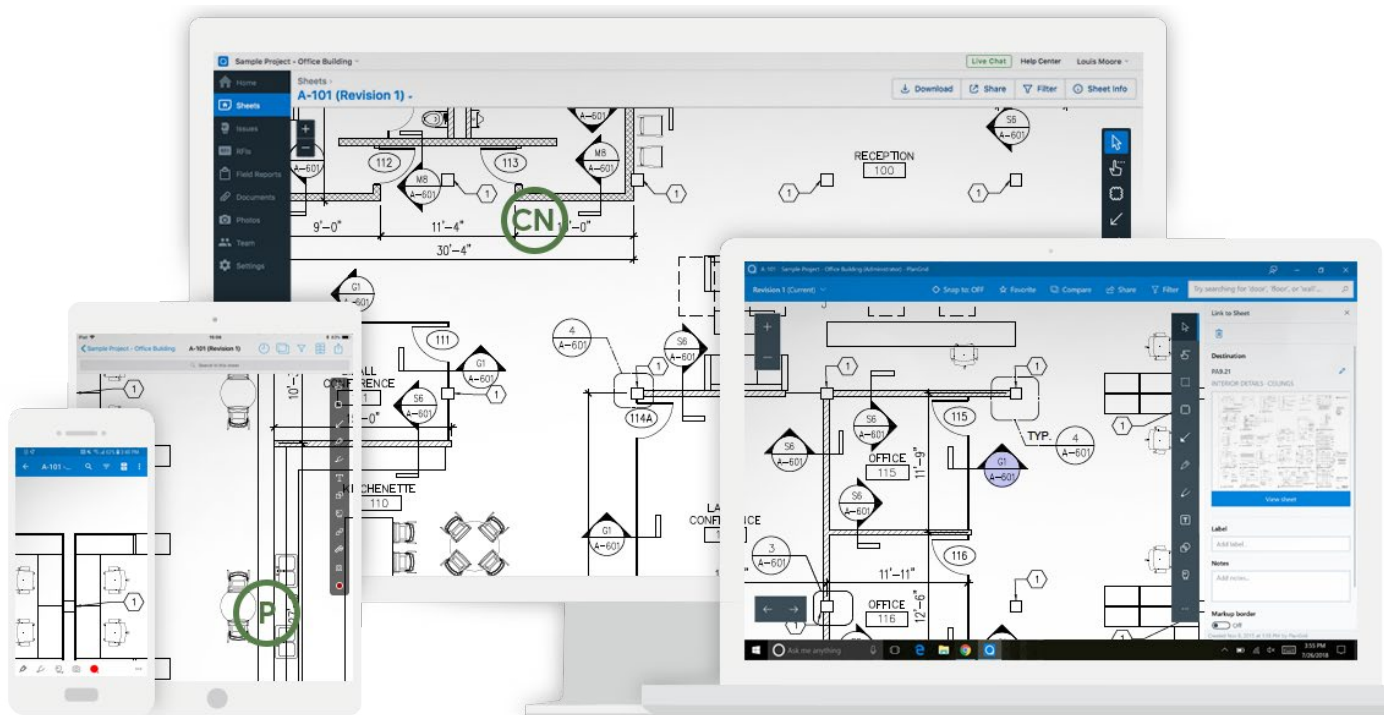


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Used on more than 1,500,000 projects around the world, PlanGrid is the first construction productivity software that allows contractors and owners in commercial, heavy civil, and other industries to collaborate, collect, and share project information from any desktop or mobile device through the entire project lifecycle.

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