

Bauhaus-Universität Weimar

Projektergebnis / Publikation
aus dem Projekt »Professional.Bauhaus«
an der Bauhaus-Universität Weimar

Förderkennzeichen: 16 OH 11026 / 16 OH 12006
Förderprogramm: »Aufstieg durch Bildung: offene Hochschulen«



GEFÖRDERT VOM



Bundesministerium
für Bildung
und Forschung

Übersetzung Studienbrief »Projektentwicklung«

16. Februar 2015

Dokumentation

Die deutsche Ursprungsfassung wurde nicht mit Projektmitteln erstellt.

Verantwortlich:
Lehrstuhl Baumanagement und Bauwirtschaft
Antonia Herten M. Sc.
antonia.herten@uni-weimar.de

Übersetzung:
Svenja Müller
svenja.mueller@uni-weimar.de

GEFÖRDERT VOM



Bundesministerium
für Bildung
und Forschung



EUROPÄISCHE UNION



1	Project development.....	2
1.1	Definition of project development.....	2
1.1.1	Clarification of the term project.....	2
1.1.2	Clarification of the term development.....	2
1.1.3	Definition of project development.....	3
1.2	Motives and risks of project development.....	4
1.2.1	Motives.....	4
1.2.2	Risks.....	5
1.3	Types of project development.....	7
1.3.1	Project development by location.....	7
1.3.2	Project development by idea.....	8
1.3.3	Project development by capital.....	8
1.4	Phases of project development.....	8
1.4.1	Project initiation.....	10
1.4.1.1	Location seeks project idea.....	10
1.4.3	Project implementation.....	11
1.4.4	Project management.....	11
1.4.5	Project marketing.....	11
1.4.6	Object management.....	12
1.5	Performance profile of project development.....	12
1.6	Location and market analysis.....	17
1.6.1	Macro location.....	18
1.6.2	Micro location.....	20
1.7	Provider of project development.....	20
1.7.1	Service-Developer.....	21
1.7.2	Trader-Developer.....	21
1.7.3	Investor-Developer.....	21
1.7.4	Residential-Developer.....	21
1.8	Actors of project development.....	22
1.8.1	Property owner.....	23
1.8.2	Investors.....	23
1.8.3	Financial institutions.....	25
1.8.4	Contractors.....	26
1.8.5	Architects and engineers.....	27
1.8.6	Broker.....	28
1.8.7	Tenants.....	28
1.8.8	Public sector/Political actors.....	29
1.8.9	Coordination of the involved actors.....	30

1 Project development

1.1 Definition of project development

Key characteristics of the real estate project development are complexity, multi-disciplinary and a high entrepreneurial risk. The multidisciplinary management and coordination of planning, construction and marketing processes with the goal of value creation are the core competencies of a project developer. The optimal timing plays a special role in almost all tasks in the process of project development. A project development is affected by cyclical movements. The timing of the acquisition of land is just as important as the date of the commencement of marketing and sale. Therefore, both, the market and the real estate life cycle must be considered ([16]).

1.1.1 Clarification of the term project

Project and object are frequently used terms in construction businesses. They often are used interchangeably. However, they are distinguishable from each other.

*Definition
object*

Generally, the term object is defined as a subject, with which something happens or should be done. In economic language use it is a value, contract or business purpose ([9]).

*Definition
project*

A project is a from a variety of activities consisting process, in which an object, in project development often a building, is planned, built or rebuilt. The object, which is in its initial state, is transferred through a project to a new desired state ([11]). The term project is also understood as a temporary, relatively innovative and risky task of significant complexity, which usually requires a separate project management due to its difficulty and importance ([9]). In addition, reference is made to DIN 69901 "Project Management". A project is this kind of scheme, which is substantially characterized by its uniqueness of conditions in their commonality such as target set, time, money, personnel and other limitations, differentiation from other projects, project-specific organization. Project management is understood as the commonality of leadership responsibilities, management organization, techniques, and tools for the processing of a project. ([4]).

*Demands on
project
development*

From this definition, demands derive which the project development should meet: The development of innovative objects, limitation and management of risks, and successful handling of complex tasks. ([19]).

1.1.2 Clarification of the term development

*Definition
development*

In the Brockhaus, economic development is circumscribed as followed: „*Establishing, expanding and utilization of the macroeconomic capital of production to supply the population with goods and services as part of a social and political order.*“ The term thus has an economic, social and political dimension and can be understood both, in terms of referring to a certain point in time related development as well as a time period based development process. The idea of the overall cost-effectiveness and social compatibility is mentioned by Diederichs ([6], [3]) in his definition of project development, which will be discussed further below ([19]).

However, unlike just described, project development begins particularly before the actual process of planning the object. By previous location-, market- and trend-analyzes, feasibility studies and other assessments, its aims is to find an optimal solution ([19]).

Project development before planning

1.1.3 Definition of project development

Real estate development is the merging of the project idea, the property, the capital and the user with the aim to make a profitable investment ([17]).

Definition of project development

Diederichs defines project development as followed: „Through project development, the factors location, project idea and capital have to be combined with each other in such a way, that microeconomic competitive, employment-creating and securing, as well as macroeconomic socially and environmentally sustainable properties can be created and be used economically viable.“ ([6], [3]).

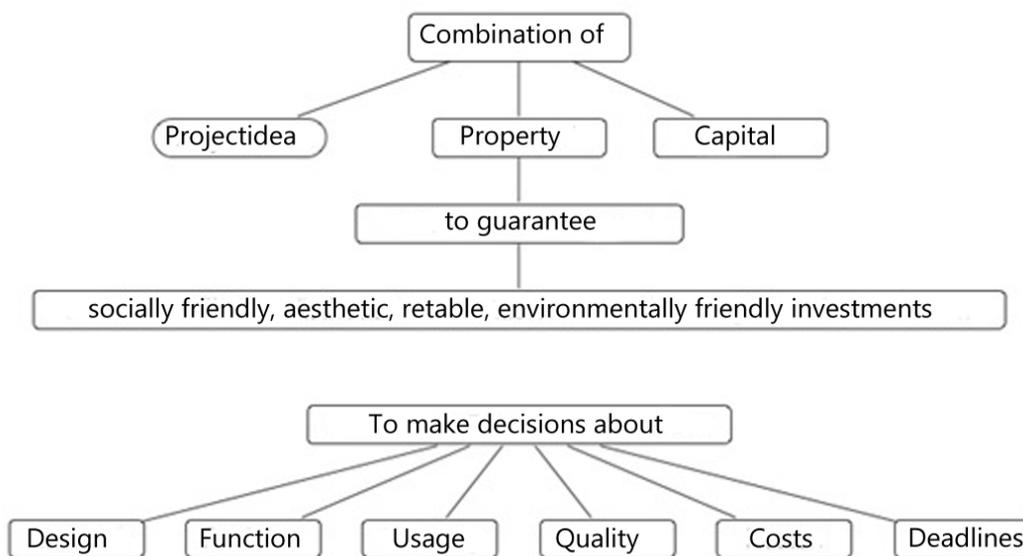


Abb. 1.1: Definition of project development by Diederichs ([6], [3])

He also distinguishes between the project development in the narrower and in a broader sense.

The project development in the narrower sense includes the phase of the project initiation until the decision on the further pursuit of the project idea by granting planning contracts, or until the decision on the setting of all other activities due to high project risks.

Project development in a narrower sense

The project development in a broader sense considers the whole life cycle of the property, from the project initiation to the reclassification or the demolition at the end of the economically justifiable useful life ([5]).

Project development in a broader sense

In chronological order the following project phases are going to be successively distinguished:

- Project development in the narrower sense,
- project management with project leadership and project control as well as
- object management.

Sustainability is also in the development of real estate projects a main topic throughout the whole life cycle. The increasing certification according to sustainability criteria (since 1990 BREEAM, since 1994 LEED, since 2009 DGNB in Germany, and many more), subordinated under the term "Green Building", with broader criteria as "Blue Building" summarized, is divided into the dimensions of ecological quality, technical quality, economic quality, socio-cultural and functional quality, and process quality. These critical sectors should be coordinated early with each other to provide a project development product, which not only follows the market criteria of timing, location, structure of usable floor space, quality, development potential, fungibility and profitability, but also satisfies the current needs and does so in the future.

The different aspects of sustainability influence each other and should therefore not be considered individually. They have a significant impact on the overall sustainability of the property and, therefore, on the success of a real estate project development ([13]). An early implementation in the development process of the project is therefore favorable.

1.2 Motives and risks of project development

Similar as in other disciplines, such as the object management, at the beginning the question arises, which advantages and which opportunities the project development can offer. In addition, limitations and risks must be named.

Diederichs names and describes motives and risks of project development ([4]) (see *Chap. 1.2.1 Motives* und *Chap. 1.2.2 Risks*).

1.2.1 Motives

1. **Association of real estate management activities in one hand (the main subject of project development):** The entrepreneurial primary objective of the project development is, by associating the real estate management activities in one hand, and by inexpensive purchase of the property before the project development of the real estate, as well as by favorable sale of the real estate after completion or during the utilization phase, to include the trade margins at various stages before and after the actual construction to gain profits from them.
2. **Shortages of funds suitable objects:** The project development expands the possibilities for real estate funds. In times of a rising real estate price level, the possibility is offered to realize suitable real estate projects themselves instead of purchasing properties with a low performance. In times of decreasing demand, the opportunity is offered to develop projects with special ideas or project philosophies and thereby to differentiate themselves from competing objects. Thus, the project development activity has the advantage of supply and demand fluctuations of the real estate market.
3. **Impact on renting:** When buying rented property, the purchaser has no influence on the assortment and arrangement of the tenancies. During the project development process it is possible to address the corresponding conceptions of the investor at an early stage. Lease agreements can be concluded in accordance to his ideas, tenants are selected according to his wishes.