PRENDOS.
Intelligent Property Solutions

PROPERTY INFORMED.

SPRING 2021

FEATURING

03 AUCKLAND'S PROPERTY PUZZLE

We look at why property prices continue to rise against the odds.

11 THE BENEFITS AND COSTS OF MASS TIMBER SOLUTIONS

Exploring the big picture benefits of timber; for our homes and for the planet.

13 PROJECT RESCUE & RECOVERY

Why a project might go off track, and what you can do to bring it back in line.

09

PROPOSED CHANGES TO THE UNIT TITLES ACT

What do they mean for Long Term Maintenance Plans, and what impact could this have for Body Corporates?


"FOR THE PAST 30 YEARS, WE'VE BUILT OUR BUSINESS AROUND TRULY UNDERSTANDING OUR CLIENTS. EVERY DAY, OUR TEAM OF SPECIALIST CONSULTANTS PROVIDES PROPERTY ADVICE AND SUPPORT RIGHT ACROSS NEW ZEALAND."
Fiona Gavriel, CEO

PRENDOS.
Intelligent Property Solutions

WHAT'S INSIDE THIS ISSUE

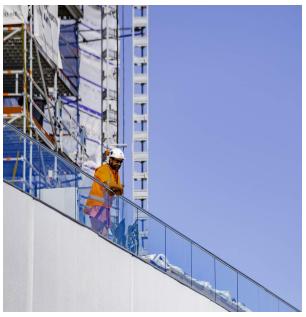
03
PROPERTY PUZZLE: WHY DO PRICES CONTINUE RISING?

05
WHY YOU SHOULD USE A PROFESSIONAL PROJECT MANAGER

07
HOW A QS CAN HELP FROM A LEGAL PERSPECTIVE

09
CHANGES TO THE UNIT TITLES ACT: WHAT'S THE IMPACT?

11
THE BENEFITS & COSTS OF MASS TIMBER SOLUTIONS



13
PROJECT RECOVERY: WHAT TO DO WHEN THINGS GO WRONG

15
HEATHER CRILLY: MAKING HER MARK ON THE INDUSTRY

PROPERTY PUZZLE: WHY PRICES CONTINUE TO RISE AGAINST THE ODDS

With house prices peaking and residential development in Auckland booming, valuations expert Gordon Edginton looks at whether the market surge is sustainable – particularly when many signs point in the opposite direction.

Despite experts' predictions, the New Zealand housing market is experiencing one of its biggest growth periods. Since the arrival of COVID in early 2020, prices have risen a staggering 25% and building consents are at their highest levels ever. This growth is even more peculiar given that two of the market's key drivers – population growth and a lack of supply of new homes – have gone.

"Net migration gains have fallen dramatically since the pandemic," says Gordon, "with only around 6,000 people a year arriving now, compared with the more than 60,000 arriving prior to the pandemic.

"In addition, house construction is at record levels, so the old supply issue is also being seriously eaten into. In fact, if migration gains stay this low, there's likely to be a housing oversupply in some areas and sectors of the market. With this in mind, it's extraordinary that house prices have risen so much in the past 18 months."

Gordon says the growth can largely be put down to the incredibly low interest rates we've been enjoying, as well as the relatively free availability of money.

"All this cash has been looking for a home, and both the property and share markets have boomed as a result. Throw in the strength of the New Zealand economy, a strong under-resourced labour market, inflationary pressures and no overseas travel, and the result is a lot of savings being spent on housing, shares and consumer items. Investors are also chasing better returns from property as money in the bank delivers next to nothing."

"If migration gains stay this low, there's likely to be a housing over-supply in some areas and sectors of the market."

An acute shortage of listings across most of New Zealand has meant buyers have little to no choice when shopping for a home – one of the biggest problems facing the market at present. It's kept competition fierce, with the number of days to sell at a low 30 nationwide, compared to the historical average of 39 days, further demonstrating the tightness in the market.

"When there are less houses available, the result is competitive bidding, and this has pushed up prices and vendor expectations," says Gordon. "After all, when you sell, you still have to buy in the same overpriced market. Compounding this in Auckland is the fact that developers are willing to pay more for land that has any development potential, thanks to Auckland's more intensive building and development rules under the

Unitary Plan. The new zoning rules in most areas allow far more intensive multi-unit construction than has been seen in the past, and developers are seeing high profits when building these projects. As a result, land values have skyrocketed."

Rising construction costs are also pushing up prices. Some building components have risen 20% in recent months and there are well-reported supply problems for timber and other building materials – with some firms stockpiling building products ahead of this growing problem. On top of this, Gordon says FOMO is also still alive and well in the market.

"The fear of missing out on owning a home has always been present in the New Zealand market, driving demand and prices. It's now possibly waning, but there are still many disappointed buyers looking for a home. First home buyers in particular would be feeling this pinch, and what bothers me is that they're competing head-to-head against the Government for new housing. Many new housing projects have been partially or fully sold down to Housing New Zealand to meet their housing demands – and it's the exact same stock that should be available to first home buyers."

As a headwind to all this, the pressures for a slowing market are growing thanks to rising interest rates and LVR changes, government legislative changes, and prices already being at record levels.

"What bothers me is that (first home buyers) are competing head-to-head against the Government for new housing."

"The Reserve Bank has signalled that higher interest rates, at least 1.75% above existing rates, are inevitable. Inflation has spiked to 3.3% on the back of strong economic activity and our supply/logistics issues, which have resulted in a shortage goods and long delivery delays. It's also likely the Reserve Bank will introduce debt to income ratios in order to slow the market.

"Higher interest rates should result in a re-pricing of housing and other investments. Affordability will reduce thanks to lower debt servicing ability and a decrease in the amount able to be borrowed and serviced. Bank policies have already hardened and become more prudent as a forerunner to this move."

Government intervention and legislation has been directed at the investment market, with the aim of dampening and curbing enthusiasm.

"Things such as loss of mortgage interest deductibility, ring-fencing losses, fewer depreciation benefits, the extension of the Brightline test to 10 years (a defacto capital gains tax) all make property investment less

appealing. Then there's the additional landlord requirements that have come through the Healthy Homes legislation and numerous tenancy related changes in favour of tenants. Add this to the much weaker population growth, reduced demand for housing and boom in construction, and a turn in the market seems likely."

Housing in New Zealand is overpriced against all metrics. Gordon believes the recent surge in prices over the past year is unjustified and simply propped up by extremely low borrowing costs. As this ends, he says a stall in the house price spiral should come.

"The market should react to the pressures being applied, and when we couple these with the further uncertainty created by the latest round of COVID lockdowns, I believe the market is poised to turn and soften. However, predicting just when this will happen is anyone's guess."

Prendos' valuations team is experienced in the valuation of residential, commercial, industrial, rural, multi-use & multi-unit residential properties. If you'd like to see where your property stacks up, give them a call or email valuations@prendos.co.nz.

PROJECT MANAGEMENT: WHY YOU SHOULD SEEK A PROFESSIONAL

Prendos.PM Senior Project Manager Mark Abrey talks about the project manager's role in a construction or property project, and why it's so important to engage a professional.

Property and construction projects can be daunting. They typically involve a vast number of complex processes and risks and, while many of our clients are experts in their own field, they often have little to no project delivery experience. On top of this, there are harsh financial implications for clients and investors should the project not be deemed a success.

That's why it's so important to engage a professionally qualified project manager in the initial project stages. Not only do they understand the unique requirements of a project, but can mitigate risk and ensure the project is delivered within the constraints of scope, time, cost and quality.

What is construction project management?

In general terms, construction project management is a professional service where processes are applied to ensure the successful delivery of a project. A project manager leads the stakeholders and consultants and manages all related processes – from the early planning stages through design development, tendering and construction to project close out. Their main objective is to facilitate the process and deliver a project that not only meets requirements, but exceeds expectations.

1) Acquisition & initial stages

In the early stages of a new project, a project manager can help by conducting feasibility and viability studies to identify project strengths and weaknesses – ultimately ensuring the project is profitable and will achieve the client's requirements.

They'll then develop the client's brief by establishing project objectives, priorities and constraints, including potential risks. They'll also assist the client in identifying suitably qualified consultants, creating a procurement strategy and generating an indicative project timeline.

2) Planning, design & tendering stages

During these stages, the project manager will compile a project execution plan, clearly articulate the project brief to the appointed consultants, and facilitate the development of the concept design. Once the project is deemed feasible and the client approves the concept design, the project manager will oversee the design development process – ensuring the detailed design is created within scope, time, cost and quality constraints.

Next, the project manager coordinates the tendering process by preparing documentation in consultation with the designer and cost consultant. They then manage the tendering process – identifying suitable contractors, calling for tenders and formally responding to queries raised. Finally, they obtain advice from the cost consultant, adjudicate tender submissions, and issue a recommendation to the client for approval.

3) Construction stage

Here, the project manager is responsible for the management and administration of the construction contract and processes, to facilitate successful execution of the works. Under the NZS3910 contract, they'll also fulfill the function of Engineer's Representative and assist the Engineer to Contract in administering the construction contract. Prendos.PM' senior project managers are also well versed in the role of Engineer to Contract.

Overall, the project manager is responsible for coordinating the project team throughout the construction phase. They'll appoint contractors on behalf of the client, then look after everything from reviewing contract documentation to monitoring contractor performance, dealing with issues and managing the programme. They'll also ensure risk mitigation measures are implemented on site, non-conformance is addressed and legislative compliance is adhered to – including health and safety. A great project manager will give the client regular progress updates and keep stakeholders informed at all times, including project cost reporting and management.

"A great project manager will give the client regular progress updates and keep stakeholders informed at all times."

4) Close-out

The project manager is responsible for closing out the project, obtaining all handover documentation (certificates, warranties, as-builts, O&M manuals etc.) before a Practical Completion Certificate is issued. They also monitor the defect liability period and ensure any defects are rectified by the contractor before the Final Completion Certificate is issued. Once all requirements have been met, they prepare a project close out report for the client, discuss lessons learned and gather any feedback.

What if things go wrong?

Sometimes, projects don't go as planned and disputes can arise. A skilled project manager will be a decisive leader with strong interpersonal skills and the ability to stay calm under pressure in order to resolve conflicts. Having an innate understanding of people and construction practices helps, so they can resolve conflicts in a fair and reasonable manner while considering the best interests of all stakeholders.

Things to look for in a project manager

When engaging a project manager for a property or construction project, it's important to consider their past project experience, technical abilities and professional qualifications. This will help you assess whether they have the competencies required to successfully deliver your project.

A project manager must be technically competent and have a sound understanding of a variety of construction processes and methodologies. A previous track record of onsite experience helps here, as it gives a well-rounded understanding of building processes, techniques, materials, resources and finishes. They should also be able to understand onsite construction processes, including HR requirements and lead times, in order to appropriately allocate resources and durations to project programmes.

Professional qualifications give a project manager further insight into the construction science and management practices needed to successfully deliver complex property and construction projects. They introduce subjects like building science, business management, commercial law and organisational behaviour, which can differentiate a trade experienced project manager from a professionally qualified one. Professional memberships also keep a project manager up-to-date with industry and legislative advancements through continuing professional development. On top of this, professional bodies have a code of conduct to ensure their members not only act in an ethical manner, but maintain positive working relationships throughout the project lifecycle.

All in all, using a professionally qualified project manager will not only help you plan and deliver a high-quality project, but save you time, money and stress in the long run.

THE LEGAL & COST BENEFITS OF ENGAGING A QUANTITY SURVEYOR

Recently completing a Master of Construction Law has given Prendos Registered Quantity Surveyor Asela Premaratne an even greater understanding of the legal obligations in construction contracts and statutory provisions. We spoke to him about the value a Quantity Surveyor can add to a project from both a cost and legal perspective.

As Lead Quantity Surveyor (QS) for the Auckland region, Asela works closely with the wider QS team, based in Tauranga and Christchurch, on a variety of consultancy instructions. During his five years with Prendos, he's built up his commercial project experience through large remediation, new build and seismic strengthening projects across various sectors including education, care home, retail and office.

"In my role I work with our building surveyors on defective construction claims, life cycle costing analysis and long-term maintenance plans, and with our architects and engineers on feasibility studies and business case analyses. I also enjoy working with the Lead QSs from other regions, sharing our experiences, analysing different market trends across the country and discussing the challenges on a variety of projects we've been appointed on. Every day is different."

Asela says the knowledge gained from his master's qualification can be applied to his role on a daily basis.

"My degree has given me a greater appreciation of the role that professionals, contractors and the design team play in the construction process, what obligations each party has and what liabilities they can be exposed to. It's also given me a better understanding of statutory adjudication and other dispute resolution procedures, as well as contractual issues in construction contract administration such as extension of time or contract claims."

Involving a QS from the start

As Lead QS, Asela is typically involved with clients from the outset of a project - something Prendos recommends, irrespective of the project's size or value.

"All clients are, naturally, cost sensitive, and having a knowledgeable cost consultant on their team from the start can make a huge difference. We're able to add the most value at the beginning of a project - providing cost advice and setting things up to run smoothly from inception to completion. Because we understand the process, we can help establish robust budgets, monitor costs and identify issues early on to stop them getting out of control, rather than being the ambulance at the end of the cliff."

"Having a knowledgeable cost consultant on your team from the start can make a huge difference. We're able to add the most value at the beginning of a project - providing cost advice and setting things up to run smoothly."

One of Asela's biggest frustrations is that some clients still choose not to involve a professionally qualified quantity surveyor (PQS) at the start of their project.

"Unfortunately, clients can get carried away with the design and lose sight of the cost of carrying out the works. When they eventually come to us, they've usually had a real shock at the level of funds required to get their project over the line. They've learnt the hard way that a small investment in professional advice from the early stages of a project pays dividends in the long run."

"The team brings different areas of expertise to the table, from an in-depth knowledge of timber framed buildings, to bank finance reporting and construction contract claims."

Asela says that, as QSs, they are often engaged in providing expert witness services and assistance to resolve construction contract disputes through mediation, arbitration, adjudication and court processes.

"In these situations, it's important we stick to our area of expertise - in the same way building surveyors and architects stick to their own specialties. If we don't, it can put the evidence at risk of being dismissed by a judge - which wouldn't help our clients or our reputation. We're also very aware of our obligation to provide independent advice. We're not an advocate for the client; we're there to provide impartial, unbiased evidence that allows the decision maker to reach a just outcome."

Getting the right team on the job

Prendos' team of building surveyors and QSs work closely together for many Kiwi law firms and their clients. Asela says key to success is getting the right team on the job.

"Our Directors usually assist at the outset, making sure we're the right experts to assist, gathering case history information and getting up to speed on the statement of claim. We then decide who's best placed to work on it. Prendos has experts in passive fire, weathertightness and insurance claims - flood, fire and earthquake.

"My QS colleagues and I also bring different areas of expertise to the table, from an in-depth knowledge of timber framed buildings, to bank finance reporting and construction contract claims. Once we have the right team in place, we gather sufficient evidence, prepare clear reports on our findings and issue these to our client's legal advisors - usually as privileged information."

After a busy few years juggling a young family, a full-time job and a Masters' degree, Asela says he's now settling into his role as Lead QS for the Auckland region.

"I can apply the knowledge from my master's degree, as well as the experience I've gained over the years, to help grow the team and continue building our client base. With the team's support, I'm enjoying making a real contribution to Prendos and our clients. It's satisfying when you've acted as an expert and a dispute is resolved. Even when the client doesn't get everything they expected, if the proper legal process is followed, we know we've assisted in reaching a fair outcome."

***Asela Premaratne** is a Registered Quantity Surveyor at Prendos. Based in Auckland, he leads the QS team for the Auckland region, and completed his Master of Construction Law in 2021.*

PROPOSED CHANGES TO THE UNIT TITLES ACT: WHAT'S THE IMPACT?

Prendos Senior Building Surveyor, Leon Goodwin, looks at proposed changes to the Unit Titles Act and what they might mean for Long term Maintenance Plans and Body Corporates.

The government's proposed changes to the Unit Titles Act (UTA) 2010 are included in the *Unit Titles Amendment Bill (strengthening body corporate governance and other matters)*, which as of July 2021 was going through its second reading.

The Bill is intended to address a number of issues, such as the disclosure of information to prosective buyers of units in a body corporate development, strengthening of body corporate governance, and increasing the professionalism of body corporate managers.

The bill also proposes changes to the planning and funding of long term maintenance plans (LTMPs), with the objective of improving the quality of the plans and encouraging body corporates to seek good advice from property professionals at the outset.

Here, we run through the proposed key changes to the Unit Titles Act with relation to LTMPs. It's important to remember that these changes may not necessarily pass into legislation in their current form, so it's somewhat premature to consider them a requirement. However, we will closely follow how they develop into amendments to the current Act.

1. Identification of defects

The *Unit Titles Amendment Bill* firstly proposes a change to s116(3) – 'the purpose of a long term maintenance plan' – now stating that it is to 'identify any defects in or repairs required to the unit title development and estimate the costs involved in resolving the issue'.

Currently, the Act does not include any requirement to identify inherent issues or defects in the building/s – something Prendos has unfortuantely found lacking in many of the pre-existing LTMPs that body corporates have asked us to review or update. The financial effect of remedying building related defects can be considerable and can seriously impact the funding projections of long term maintenance plans, so this proposed change would lead to greater transparency for both owners and potential buyers.

2. Changes to medium & large unit title developments

The Bill also proposes introducing a new section (2A), which outlines further obligations for medium and large unit title developments. Medium developments are defined as those with between 10 and 29 residential units, while large developments have 30 or more units.

The proposal states that while medium developments may vote to opt out of these additional requirements if they wish, large developments cannot.

PROPOSED ADDITIONAL REQUIREMENTS FOR LTMPS

A minimum 30 year reporting period

Under the current UTA requirements (s.116(2)), a LTMP must cover a period of at least 10 years from the date of the plan. From our perspective this minimum period is insufficient, and Prendos has been recommending it should increase since the UTA was established. 10 year LTMP reports generally only cover items with a short maintenance cycle such as paint coatings and floor coverings. They don't cover the (often costly) replacement or refurbishment cycles for many major building elements such as roof coverings, exterior joinery, electrical fixtures and fittings or HVAC equipment.

The proposed changes under section 157D(3) extend the minimum LTMP period to 30 years – allowing for the inclusion of short-term replacement items while ensuring provision is made for replacing more 'durable' building elements in the longer term.

Regular review of Long Term Maintenance Plans

The proposed changes also include a mandatory requirement for medium and large unit title developments to review their LTMP every three years – ensuring building condition and maintenance data is kept current.

Under section 157D(5), it also states that 'if the body corporate becomes aware of any matter that may have a material impact on the long term maintenance plan, it must review the plan in accordance with this section as soon as practicable'.

For example, if a seismic or weathertightness assessment has been completed which recommends additional repairs not already included in the plan, the LTMP would have to be reviewed at that time and the additional works incorporated. This requirement again ensures relevant data is included and the LTMP is current.

Requirement for professional peer review

Section 157D(6)(7)(8) requires LTMPs to be peer reviewed by a chartered (MRICS/FRICS), a registered (MNZIBS) building surveyor or an IPENZ registered engineer. Peer reviewers are required to provide a written statement that *'in the reviewer's opinion, having made all reasonable investigations, (the LTMP) is as accurate and complete as possible and identifies any defects in or repairs required to the unit title development*'.

The requirement of an independent, professional peer reviewer is welcome, but it does require a number of hefty obligations from the reviewer before they can be comfortable issuing such a statement. As a minimum, a thorough site investigation and document review should be carried out. This may mean checking maintenance records, council LIM reports and previous LTMP reports - potentially making the peer review process quite lengthy and therefore costly. The best advice is to approach a qualified professional to develop the LTMP in the first instance - avoiding the prospect of expensive peer review fees.

Overall, the proposed changes to the UTA show that the government wants to improve the quality of LTMP reporting and focus body corporates on getting good advice from property professionals at the outset.

In our experience, the quality of information provided in current LTMPs in New Zealand varies greatly. There are a number of providers in the market who are not construction professionals and therefore cannot provide informed, expert advice around the condition of buildings and their associated risk. Many of the long term maintenance plans we see are lacking in detailed information on the building's current condition and fail to identify any construction related issues. As you can imagine, this can have considerable bearing on LTMP funding provisions.

What comes through strongly in the proposed changes is that the government is keen to have LTMPs produced, or at least peer reviewed, by professional building surveyors or engineers. With an innate understanding of buildings and the implications of good (and bad) maintenance, they can use their expertise to provide informed advice to owners and prospective buyers of body corporate properties.

The proposed changes also place an obligation on body corporates to seek professional advice on their long term maintenance obligations. While this may cost a little more in the short term, a professional report will ensure unit title developments are better maintained, thus preserving what is, for many, their most valuable asset.

"What comes through strongly... is that the government is keen to have LTMPs produced, or at least peer reviewed, by professional building surveyors/engineers."

All in all, it seems the changes proposed under the Unit Titles Amendment Bill are sensible, and will hopefully drive an improvement in the quality of such properties available to New Zealanders.

Prendos chartered and registered building surveyors deliver detailed LTMPs & peer-review existing plans for properties of all sizes. Call 0800 PRENDOS for more info.

EXPLORING THE BENEFITS & COSTS OF MASS TIMBER SOLUTIONS

As a Chartered Quantity Surveyor, Linda Lodetti has spent most of her life providing construction cost advice in South Africa, the United Kingdom and New Zealand. She is also the author of New Zealand's first Costing Timber Guide, which looks at the benefits of mass engineered timber and the factors impacting on cost in mass engineered timber projects.

Innovations around the world have resulted in new manufacturing and processing techniques delivering a range of engineered timber products, including Laminated Veneer Lumber (LVL), glulam, Cross Laminated Timber (CLT) and cassette flooring systems, to name a few.

The strength and performance of these products can depend on tree species, thickness, manufacturing process and application, and means construction costs may not be certain. This can potentially lead Quantity Surveyors to provide overly cautious budgets for new mass timber solutions – something that has been recently criticised in the industry.

"For Quantity Surveyors, assessing project risk in the absence of historical cost data or benchmark projects can lead to contingency factors being included in the project budget," says Linda. "These allowances can often bump the price up substantially, and may even have the potential to kill the viability of a project. The *Costing Timber Guide* attempts to avoid this happening by exploring the factors impacting on cost and building greater understanding of the value of engineered timber."

During the preparation of the guide, Linda says it became evident that timber manufacturers also needed to understand Quantity Surveyors' estimating and pricing processes.

"I developed a two-fold agenda explaining how Quantity Surveyors approach costs per m2 of GFA (requiring historical data), elemental analysis of the proposed construction project, and trade costs based on developed detailed drawings. With a more transparent view of how QSs come up with their costs, timber manufacturers can better understand the areas where further information is required to assist with compiling appropriate budgets."

The guide explores the key aspects of mass timber, including 'When is mass timber appropriate to use?' and 'The value propositions of timber solutions'. Linda says one of her favourite examples is where underlying soil conditions are poor.

"At 1/5th the weight of concrete and less dense than steel, mass timber presents a solution for projects where the soil isn't ideal for traditional solutions. For

example, construction work at a popular Christchurch backpackers was initially not financially feasible using traditional piling and steel, but timber piling and CLT panel structures presented a viable option. A retirement village in Christchurch was another project where preloaded gravel and concrete floor slabs with CLT panel structures avoided the expense and risk of traditional piling foundations."

As more projects are completed using mass timber, more cost information for different project types will become available – arming QSs with the historical data they need to form accurate budgets.

Collaboration is key

Linda worked with Martin Bisset of QV Cost Builder to include extracts from the paid on-line service, which provides trusted analysis and cost data.

"With extracts from QV Cost Builder, we were able to show what level of information cost plans are based on at the Concept Design stage, as well as what cost data looks like when the measures move to Elemental Analysis as the design develops, then finally at the Detailed Design stage. It's ultimately collaboration with all parties involved that led to a successful outcome."

Why support mass timber solutions?

Linda is clear that the guide does not suggest steel and concrete don't have a place in design solutions. Instead, it highlights when mass timber is appropriate to bring to the design table.

"The value of timber goes beyond bottom line costs. Experienced QSs will know that you need to look at the big picture, and this can only happen through collaboration around buildability issues with all those involved – from the design engineers and suppliers to the proposed (ECI) contractors. When considering mass timber solutions, quantity surveyors need to be challenged to assess what this innovative product can bring to the table, what the cost drivers are, and where other costs may be reduced as a result."

Right now, Linda says direct comparisons of traditional steel frames with structural timber show mass timber as the more expensive option. Unravelling that means looking at the full picture:

- Can timber result in reduced foundation loads and costs?
- Can costs be reduced due to shorter programme durations?
- Can scaffolding costs be reduced due to site methodologies?
- Can waste removal be reduced on site?
- How much is early occupation worth to the client in potential earlier income?

"It's time to have that difficult conversation about how the construction industry can contribute to the future of our planet. I believe it will see mass timber become the preferred building product."

What about our carbon footprint?

Timber is the only truly renewable construction product, and using timber from sustainably managed certified forests offers a real solution to reducing our carbon footprint.

"Timber's stored and sequestrated CO2 properties are far greater than that of steel – the production of which is destroying our air quality," Linda explains. "Timber is also not as demanding on our water resources as concrete production. All of this adds to the merits and value proposition of mass timber."

In July 2020, the Ministry of Business, Innovation and Employment (MBIE) launched *Building for Climate Change: Transforming the Building & Construction Sector to reduce emissions & improve climate resilience.* This programme aims to help the Government achieve its Carbon Zero goals by 2050, and requires changes to the Building Code and consent requirements – targeted for implementation Oct 2021.

"A key part of reducing our carbon footprint must be careful consideration of the construction products and methodologies we use. It's time to have that difficult conversation about how the construction industry can contribute to the future of our planet. I believe it will see mass timber become the preferred building product."

Chartered Quantity Surveyor Linda Lodetti is Prendos' Central North Island Lead QS, based in the Bay of Plenty. Her *Costing Timber Guide* is one of the many technical guides published by NZ Wood Design.

PRENDOS.PM
PROJECT MANAGEMENT

PROJECT RESCUE & RECOVERY

What do you do when your construction project goes off track? We spoke to Prendos.PM Senior Project Manager Qusain Khan about why a project might end up needing to be 'rescued', and what can be done to bring it back in line.

With many people and moving parts involved, successfully running a construction project requires a great deal of coordination.

"Whether you're building, remediating or modifying a multi-million-dollar shopping mall, an apartment block or a commercial building in the heart of the CBD, construction projects are highly structured," explains Qusain. "Like any project, they have phases – from planning and design to scheduling the build itself – and each of these are multi-faceted and complicated. They require a methodical, coordinated approach mixed with an element of flexibility and reactive decision making, and that's where an experienced professional can make all the difference."

'It's useful to have a process in place to assess whether a rescue is wise (or even possible!) and how best to proceed."

Prendos offers a wide range of services including technical due diligence, client representation, defective construction review and observation, design peer reviews and expert witness services. The company's project management arm, Prendos.PM, is made up of 13 experienced project managers who, with extensive technical knowledge, are perfectly placed to recover a project should trouble arise.

"When you're working on complex construction projects, the possibility of errors and mismanagement rises substantially," Qusain explains. "When mistakes happen, experts are often called in to rescue and recover the project. There are many reasons it may've reached this point and, while every project is different, there are a few common triggers. These include stakeholder disengagement, low team morale, resource constraints, consistently missed milestones, incomplete design documentation, high defect rates, defensive attitudes and lack of trust or unresolved issues between those involved.

"But, whatever the reason, it's useful to have a process in place to assess whether a rescue is wise (or even possible!) and how best to proceed."

How to rescue a project

After years of experience in both New Zealand and the United Kingdom, Qusain has seen first-hand what's required to rescue and recover a troubled project, and says identifying the problem early is crucial.

"If issues are identified at their initial stages and an appropriate rescue plan is initiated, you have a far greater chance of successful resolution. Unfortunately, given the complexity of construction projects, situations very rarely 'sort themselves out'. Avoidance is a poor strategy, and one to be avoided!"

A good rescue plan should align with the original definition and drivers of the project, and be fully understood by all – including the existing project

manager, rescue project manager, stakeholders and wider contractor leadership team.

"The rescue process should have clear start and end dates, objectives and deliverables. It needs a well-defined methodology for determining the sources of trouble, so you can tackle any potential issues head on. It should also get progressively more detailed as the project is better understood and recovery phases are developed.

"By using the right rescue and recovery team, you'll be able to create plans for recovery and execute these with meticulously detailed monitoring, ideally nursing the project back to a healthy state. Or, you can make a well-informed decision to terminate the project if things aren't recoverable."

Starting off on the right foot

At the end of the day, Qusain says the best advice he can give is to engage an experienced project management team from the start of a project.

"In the construction industry, the need to rescue and recover a project can be faced by any team, in any organisation. That's why it's so important to put the right plan in place from the start. Prendos.PM has successfully managed many large remediation, construction and refurbishment projects, thanks to our multi-disciplinary approach and our combination of project management and technical know-how.

"We work with clients to develop a comprehensive Project Execution Plan upfront and ensure this is regularly monitored and updated throughout the project. We define what success looks like and what failure means, and make sure this is clearly understood by all stakeholders, consultants and contractors.

"You should always go into a project predicting not only its success but its potential failure, so you're able to create a strategy for recovery at an early stage."

10 STEPS TO PROJECT RESCUE & RECOVERY

The key steps to follow if a project has been identified as 'requiring rescue'.

- Define the 'trigger event/s' and assess the project.
- If deemed necessary issue a 'stop work order'.
- Open up communication with all stakeholders and outline common objectives and end goals.
- Set boundaries by defining original failure, outline the cost and time investment required to rescue, ensure engagement and approval from stakeholders.
- Assess the risks.
- Re-engage key stakeholders.
- Determine the process to recover the project.
- Confirm responsibilities.
- Reset expectations.
- Agree tangible milestones and quality descriptors.

If you'd like to get in touch with Prendos.PM about your next construction project (or to get a project back on track!) call us on 0800 773 636 or email prendospm@prendos.co.nz.

Our experienced, qualified project managers are based in offices across the country. Find out more at www.prendospm.co.nz.

MAKING HER MARK ON THE NEW ZEALAND PROPERTY INDUSTRY

With an impressive array of projects under her belt, it's no surprise to see Chartered & Registered Building Surveyor and Senior Project Manager Heather Crilly become the first female President of the NZ Institute of Building Surveyors.

Heather, husband Michael and family moved from Ireland to New Zealand in January 2014 and settled in Canterbury, where Heather started working for Prendos' Christchurch office. At the time, the office was in its infancy, and Director and Southern Manager Rory Crosbie needed experienced Chartered Building Surveyors to assist the company's Canterbury clients.

"When we got to New Zealand, the Canterbury region was still in recovery mode from the 2011 earthquakes," Heather explains. "So, when I joined Prendos, Rory got me straight into earthquake related insurance claims. My experience as a Senior Chartered Building Surveyor in the UK certainly helped – I'd completed many stock condition surveys, so my knowledge of different building types and defects stood me in good stead when assessing Christchurch's earthquake damaged buildings. My project management skills also helped, as Rory got me straight into managing remediation and earthquake repair projects. I basically hit the ground running!"

Not long after arriving in New Zealand, Heather qualified as a Registered Building Surveyor, which equipped her with the local knowledge she needed to negotiate her way through many of the more complex earthquake assessments. This, together with her building surveying and project management experience, enabled her to not only identify earthquake damage and scope its repair, but – once the claim was settled – project manage the remediation. Some of Heather's notable insurance projects include the investigation of Lincoln University's residential portfolio, Wellington's NZ Post House and Victoria University's portfolio following the Kaikoura earthquake.

> *"I enjoy working as Engineer to Contract, partnering with consultants and contractors to fix damage and put things right for building owners. That's the most rewarding part."*

"One particularly interesting earthquake repair job I managed was the remediation of the Buddhist Temple in Christchurch – a landmark stone clad building that had only been built six years prior to the earthquakes. It suffered severe damage to its foundations and required pretty extensive repairs, so seeing it all come together was satisfying. I enjoy working as Engineer to Contract, partnering with consultants and main contractors to fix damage and put things right for building owners. That's the most rewarding part."

On top of this, Heather's strong science background sees her frequently completing forensic analyses – both for weathertightness and general building defects, as well as to identify material damage caused by earthquake, flood or fire. Her impressive level of expertise in these areas also sees her being called upon by local lawyers to act as expert witness.

"Through the relationships I've built with insurance loss adjustors and advocates, I'm now involved in fire and flood damage claims for commercial and retail buildings across the South Island, and I've been lucky enough to go on to project manage many of the remediations. Acting as expert witness leads to a huge variety of work, with some cases relating to design and construction defects, others to contract disputes. But, regardless of the subject, my duty is to the court. I'm there to prepare detailed reports on the items being disputed and ultimately help bring these cases to a fair resolution."

Stepping up to NZIBS President

Over the past seven years, Heather has worked with Rory to grow the Christchurch team, which now comprises six building surveyors, two quantity surveyors and an architect. More recently, she took over from Rory as President of the New Zealand Institute of Building Surveyors (NZIBS) in October 2020, becoming the first female to take up the position.

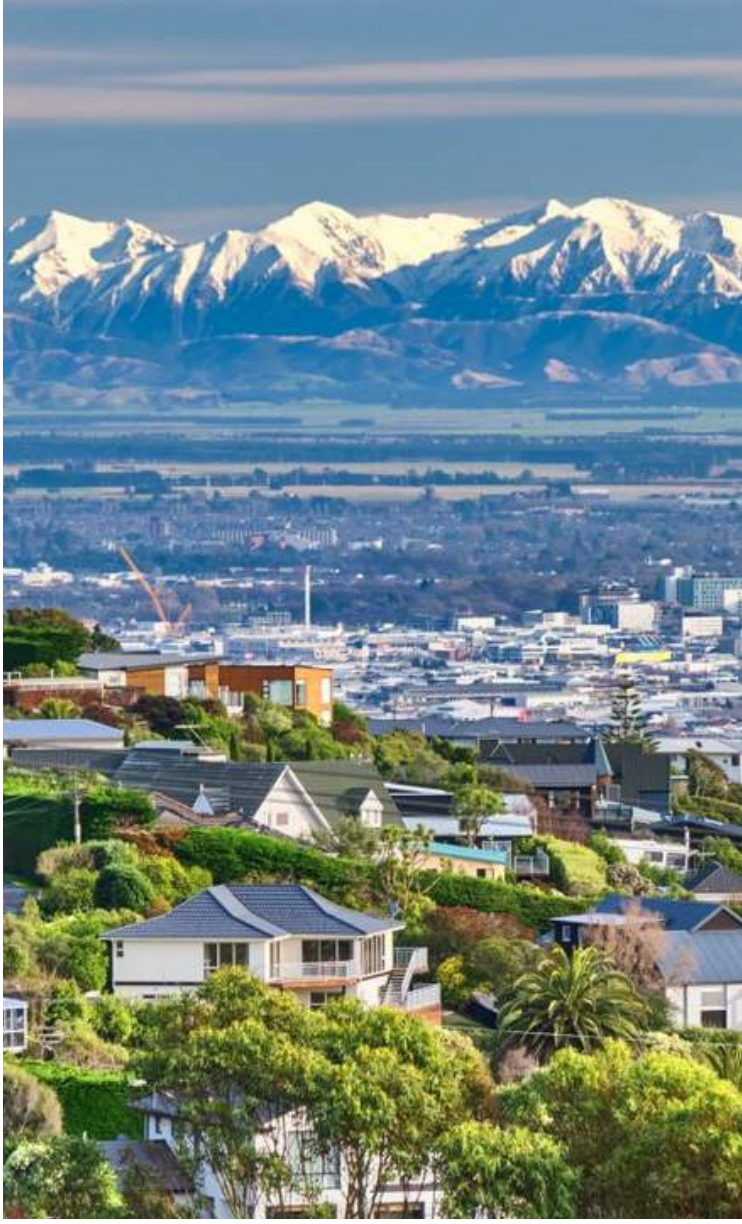
"It was a real honour to be selected as NZIBS President. It's certainly a lot of extra work, but it's a great opportunity to do something different, and it's always good to challenge yourself!

"We held our NZIBS training day in March, where building surveyors from across the country come to hear presentations on relevant topics. This year's event, held in Auckland, looked at carbon and building for climate change. We're now ramping up for this year's main conference, which (all going well!) will be held in Nelson in September. It's a great chance for the Institute's surveyors to get together, network and hear about what's happening across the industry. I've extended invites to representatives from NZIQS and the PassiveHouse Institute as well as architects – it's important we all work together to get the effective change required to meet our carbon targets. I'm also working with the Executive to set up a homegrown, Kiwi degree in building surveying, something New Zealand badly needs for the sustainability of the profession in this country."

"I'm working to set up a homegrown, Kiwi degree in building surveying, something New Zealand badly needs for the sustainability of the profession in this country."

Heather was recently named an Associate at Prendos and Rory says she has become an integral part of the South Island team.

"Heather has built a well-founded reputation in the industry. She's contributed significantly to many complex earthquake insurance claims and has a proven, in-depth knowledge of weathertightness, earthquake damage identification and how buildings perform. Not only that, she consistently gives back to the industry – not only in her role as NZIBS President, but through her involvement with RICS as an assessor of up-and-coming members and with women in property events. She's extremely well-respected by her industry peers."



And it seems the property and construction industry is in the family. Heather's husband Michael retrained in structural engineering upon arriving in New Zealand, and now works alongside Heather in the Prendos Christchurch office. He's currently completing his papers to become a building surveyor.

"Having Michael in the office makes our work conversations at home pretty easy! We're loving New Zealand, and seeing the kids grow up here. Ireland does seem so much further away at the moment thanks to COVID, but luckily our office feels a bit like home – we're a multi-cultural bunch! The past seven years have been a real learning curve, both in my role at Prendos and as NZIBS President. I'm looking forward to continuing to work with our clients to further rebuild and strengthen the Canterbury region, and to advance the building surveying industry through my role with NZIBS."

- Strategic Property Consulting
- Building Consulting
- Structural Engineering
- Cost Management
- Project Management
- Property Valuation
- Design Services
- Specialist Services

INTELLIGENT PROPERTY SOLUTIONS.

At Prendos, we've built our business around truly understanding our clients. Every day, our specialist consultants provide structural engineering, building surveying, cost management, property valuation and project management advice and support across New Zealand.

If you'd like to talk to us about your property, give us a call. We'd love to hear from you.

HEAD OFFICE (AUCKLAND)
34 Barrys Point Road
PO Box 33700, Takapuna
09 970 7070

TAURANGA (CENTRAL NORTH ISLAND)
96 Cameron Road
Tauranga
0800 773 6363

ROTORUA (CENTRAL NORTH ISLAND)
Unit 1B, 1188 Whakaue Street
PO Box 12018, Rotorua
0800 773 6363

WELLINGTON (LOWER NORTH ISLAND)
Ground Floor, Dell EMC House, 5-7 Willeston Street
PO Box 10 278 The Terrace, Wellington 6142
04 931 7070

CHRISTCHURCH (SOUTH ISLAND)
6/35 Sir William Pickering Drive
PO Box 8049, Burnside
03 341 7570

DUNEDIN (LOWER SOUTH ISLAND)
Level 2, Vero House, 34 London Street
PO Box 6231, Dunedin 9059
03 940 2763

Prendos New Zealand Limited
p. 0800 PRENDOS e. prendos@prendos.co.nz
www.prendos.co.nz

PRENDOS.
Intelligent Property Solutions