

Office-to-Residential Conversion

Value Assurance Project Review | 90 Units | Office-to-Residential Conversion | 100,000+ GSF

\$885K+

Target Savings Identified

30

Findings

2.9%

of Total HC Budget

Conversion

Office-to-Residential

THE CHALLENGE

A multifamily developer was advancing its largest project to date — a 90-unit, mid-rise urban office-to-residential conversion with a \$28 to \$30M construction budget. After receiving initial pricing, margins had compressed significantly. The sponsor needed to recover spread without compromising design quality.

Unlike ground-up construction, this adaptive reuse project introduced constraints that narrowed the available cost levers. Existing envelope, structural systems, and site conditions were fixed — meaning some traditional categories of savings (site improvements, structural elements & exterior envelope) were largely off the table. The complexity of this retrofit further demanded MEP approaches not typically seen in new construction, layering additional cost into the documents.

The sponsor recognized the need for an independent set of eyes focused exclusively on construction document efficiency. The goal was to have someone on the development side reviewing drawings at a granular level to surface savings and build the evidentiary support to inform a stronger negotiating posture as they completed the GMP contract.

RESULTS

Over the course of 3 weeks, the Value Assurance team conducted its VAPR review of the permit set. The team identified **30 unique findings** totaling **over \$885,000 in target hard-cost savings** - approximately 2.9% of the construction budget - with only 2 items overlapping the team's pre-existing VE list:

Category	Target Savings
Alternative Code Approach	\$14,200
Plan Development	\$559,800
Building Systems	\$234,200
Site Improvements	\$0
Overhead & Other	\$76,800
Total Identified Savings	\$885,000

**Reflects reduction in contractor fee and contingency on direct savings.*

WHY CONVERSION PROJECTS NEED VAPR

In ground-up construction, cost savings can be distributed across site work, structural systems and building envelope, but in an office-to-residential conversion, those options narrow considerably. MEP systems must navigate existing conditions. Code-triggered upgrades require seamless integration. (Want a third statement here that is unique to conversion). All constraints that new construction would avoid entirely.

This review demonstrates that even when an entire category of savings — Site Improvements — is off the table, and structural findings are constrained by existing conditions, a disciplined review of the construction documents can still surface nearly \$900K in target savings. The findings were concentrated in Plan Development and Building Systems — the areas where design decisions, not fixed conditions, drive cost.

THE BOTTOM LINE

With fewer levers available and higher stakes on every cost decision, the evidentiary depth of the VAPR report gave the sponsor a tool to negotiate from a position of knowledge. This engagement proved that the constraints of adaptive reuse do not limit the value of an independent document review — **they amplify it.**

*Owner-side, design-literate cost reduction for real estate development – **cut cost not quality.***