



# Mass Timber Spec Offices: Developers Share Real Deal Business Cases

Disclaimer:

This presentation was developed by a third party and is not funded by WoodWorks or the Softwood Lumber Board.



**WoodWorks™**  
WOOD PRODUCTS COUNCIL

**Wood Design Symposium** - November 2020

# SPEAKERS



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# Environmental

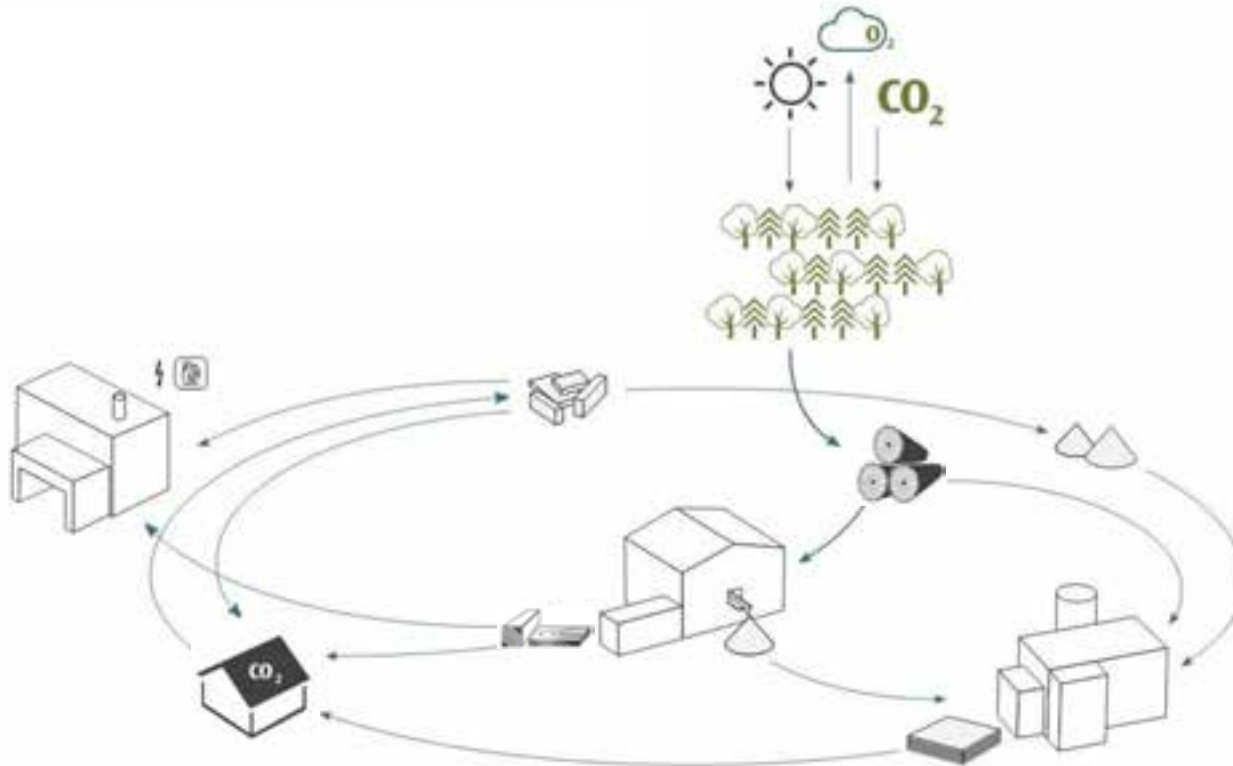
# Social

# Governance



# Circularity

## Renewable Resource | Carbon Sequestration



Sustainable Forestry  
supports

**ALL 17 UN SDG Goals<sup>2,3</sup>**

# Environmental Social Governance

## UN Sustainable Development Goals



Sources: [Sustainable Wood for a Sustainable World global meeting \(SW4SW\) hosted by UN FAO](#)<sup>2</sup>  
[Forests and the Sustainable Development Goals, NYDF Global Platform](#)<sup>3</sup>

# ESG

## UN Sustainable Development Goals



Sources: [Sustainable Wood for a Sustainable World global meeting \(SW4SW\) hosted by UN FAO](#)<sup>2</sup>  
[Forests and the Sustainable Development Goals, NYDF Global Platform](#)<sup>3</sup>

# Mass Timber Cost & Design Optimization Checklists

## Overview

- Aid in design & cost optimization of mass timber projects
- Guiding discussions between:
  - Designers (architects & engineers)
  - Builders (general contractors, estimators, fabricators & installers)
  - Owners (developers & construction managers)

### Pre-Design Checklist:

- ☒ Design & Builder Team
- ☒ Cost Estimating Considerations
- ☒ Contractual Considerations
- ☒ Design Goals
- ☒ Contact WoodWorks

**Download Checklists at**

[www.woodworks.org](http://www.woodworks.org)

[www.woodworks.org/wp-content/uploads/wood\\_solution\\_paper-Mass-Timber-Design-Cost-Optimization-Checklists.pdf](http://www.woodworks.org/wp-content/uploads/wood_solution_paper-Mass-Timber-Design-Cost-Optimization-Checklists.pdf)



Potential Benefits	Project Goal ✓	Value Add ✓
Fast construction		
Aesthetic Value (Leasing velocity/ premiums) Healthy Building / Biophilia		
Lightweight structure		
Labor shortage solution <ul style="list-style-type: none"><li>• small crews</li><li>• entry level workers</li></ul>		
Just-in-time delivery (ideal for dense urban sites)		
Environmentally friendly (low carbon footprint)		
Healthy forests/ wildfire resiliency & support rural economies		



# Healthy Buildings

## Productivity

### The JLL 3-30-300 formula:

“...the average order of magnitude for a company’s cost per square foot:”

\$3 utilities

\$30 rent

\$300 payroll

10% energy increase = \$0.30/ sf

10% rent reduction = \$3/ sf

10% productivity improvement = \$30/ sf

Source: JLL,

<https://www.us.jll.com/en/trends-and-insights/workplace/a-surprising-way-to-cut-real-estate-costs>

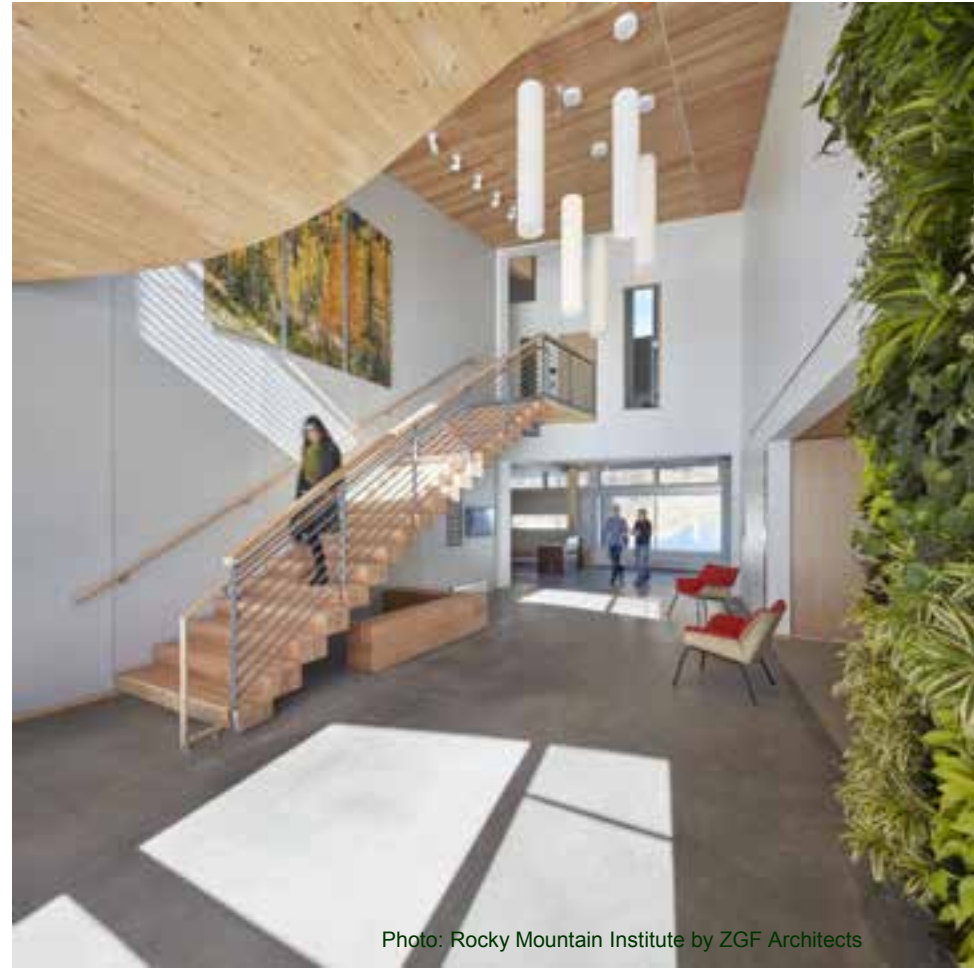


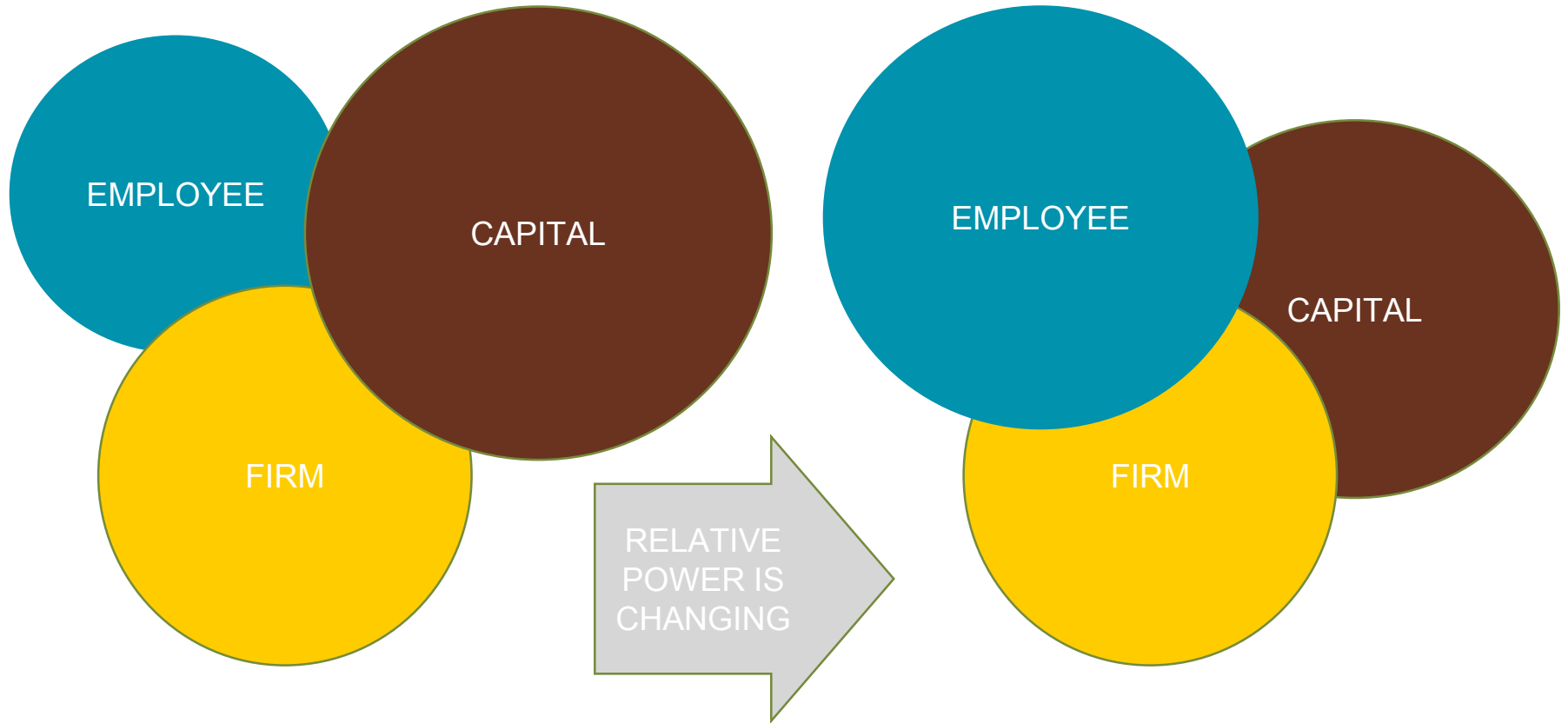
Photo: Rocky Mountain Institute by ZGF Architects





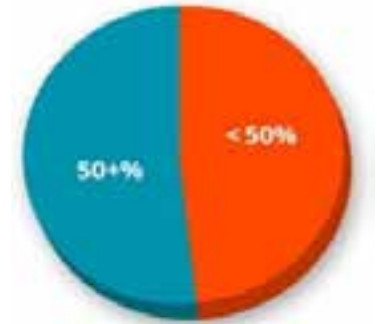
George Fox University – Canyon Commons  
Hacker | Photo: Jeremy Bittermann

# INSTITUTIONAL OFFICE: STAKEHOLDERS

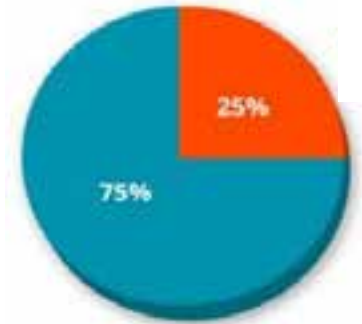




# MILLENNIAL WORKFORCE



2015



2030

■ Millennials  
■ Non-millennials

# THE CONSUMER of THE PRODUCT



# QUESTION

**THE FIRM AND/OR THEIR LABOR  
QUESTION:**

**HOW TO ATTRACT & RETAIN TALENT?**

**HOW TO DRIVE PRODUCTIVITY?**

***DOES THE PRODUCT (A MASS TIMBER BLDG)  
HELP?***

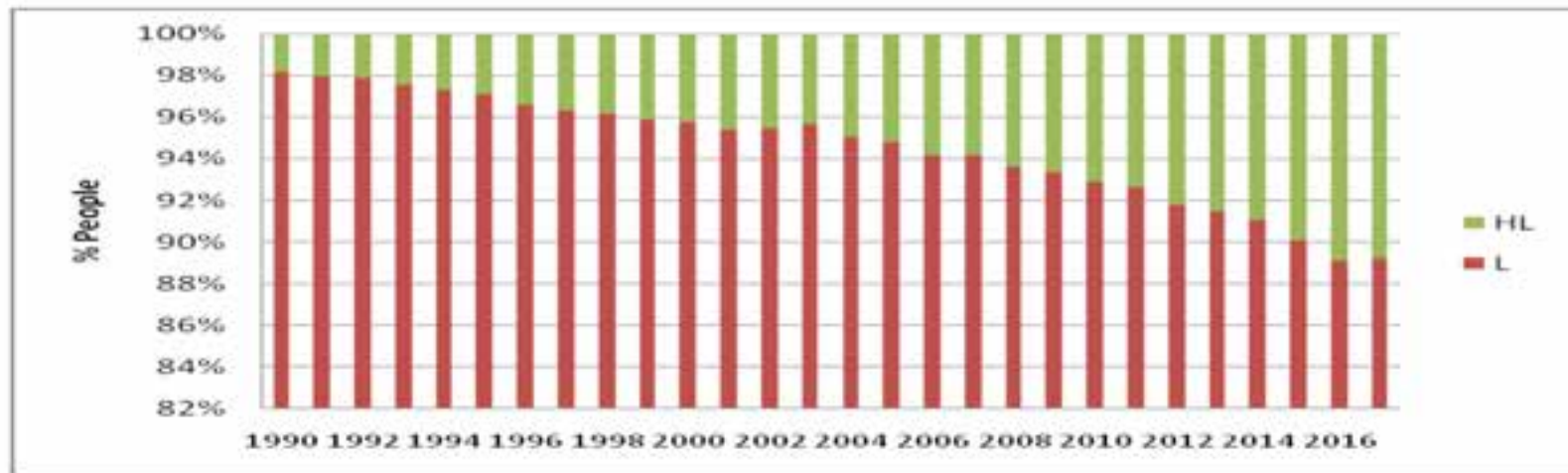


# — CAPITAL FLOWS

**TRADERS KNOW THIS**

**LABOR ECONOMISTS KNOW THIS**

Invesco QQQ		SPDR S&P 500 ETF
Large Cap Growth Equities		Large Cap Growth Equities
NASDAQ-100 Index		S&P 500 Index
YTD Return	27.37%	2.94%
1-Year Return	37.71%	9.77%
3-Year Return	21.95%	10.38%



Source: BPS (2017), processed.

COMPARISON BETWEEN THE TOTAL NUMBER OF WORKERS AND NUMBER OF HIGH- EDUCATED WORKERS (HL)



**NOT** PRODUCT



Humans as a factor of production  
*(creativity not needed)*





# PRODUCT



# PRODUCT



The Hudson  
Mackenzie | Photo: Christian Columbres



# PRODUCT





# Business Case for Mass Timber





# Business Case for Mass Timber

Substantively communicate the business case of mass timber buildings in relevant and relatable fashion through case studies across six property sub-types.



Image: LEVER Architecture

# Audiences

- Investors: resilient **asset**
- Occupants: desired **experience**
- Community: social **contribution**



# Investor Stakeholders

- Institutional equity investors
- ESG equity investors
- Local investors / firms
- Sources of debt, large and small
- Real Estate Developers

**BLACKROCK®**

Chan  
Zuckerberg  
Initiative

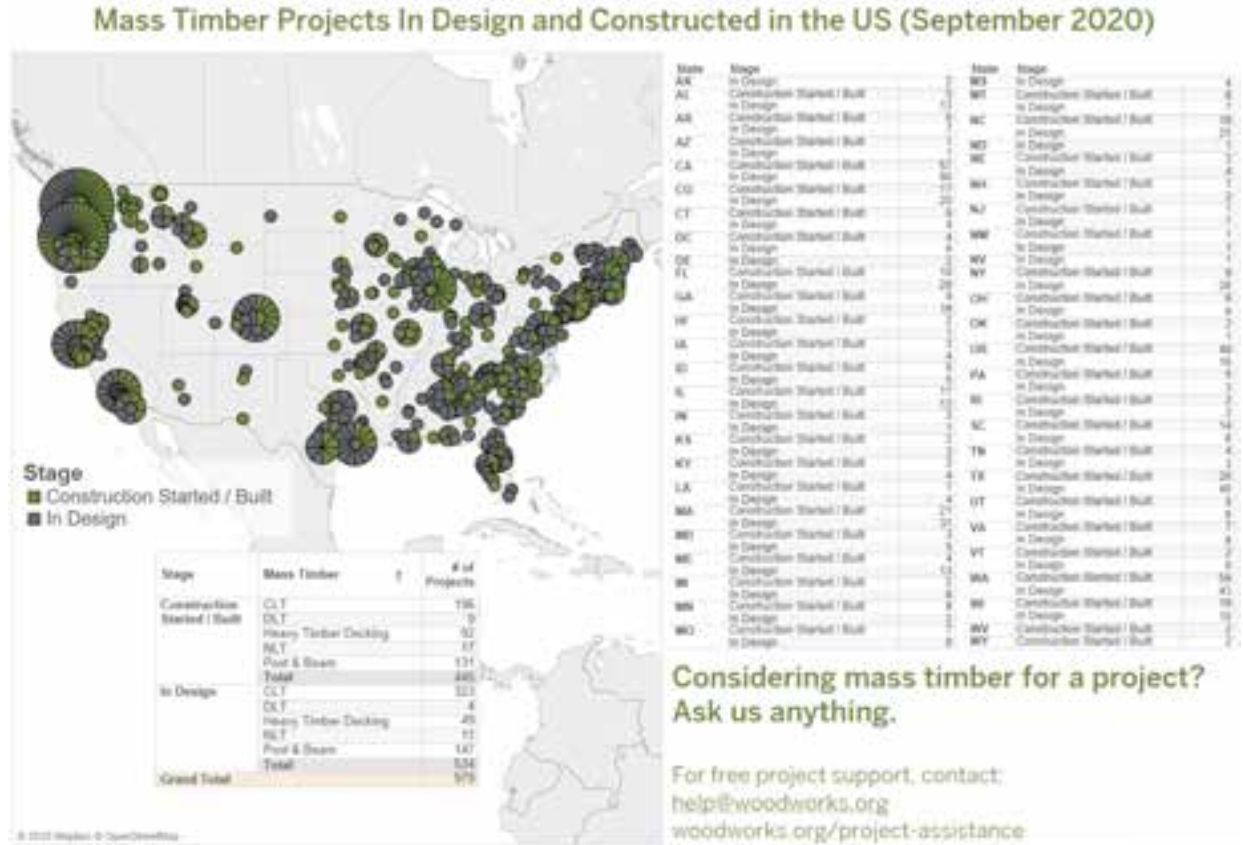


**Calvert** 

 **Bank OZK**

# Selection Criteria

- Scale
- Impetuses
- Location
- Perspective
- Asset Class
- Status



# Asset Categories

## Six Property Sub-Types

Institutional Office	Commercial
Purpose-Built / Owner Occupied	Commercial
Institutional For-Rent	Residential and/or Mixed Use
For-Sale Housing	Condo, Townhome & Detached Homes
Purpose-Built Affordable / Dorms	Gov't-related housing
Redevelopment/ Vertical Additions	Commercial, Mixed-Use or Housing



# **\_BUSINESS CASE**

## **CAN MASS TIMBER BE A USEFUL TOOL?**

**TO RESPOND TO:**

**OCCUPANT:**

**A SOCIALLY-RESPONSIBLE, HEALTHY, INSPIRING, PRODUCTIVE EXPERIENCE**

**INVESTOR:**

**AN ESG, LOWER-VOLATILITY, DIFFERENTIATED CASH FLOWING ASSET**

**SOCIETY:**

**A LOCALLY-SOURCED, LOWER-CARBON, PROVEN, JOB-CREATING 'CHANGE'**

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# INDICATIVE TRENDS

## 1. A PRUDENT INVESTMENT?

*EARLY EXAMPLES SUGGEST YES*

## 2. POSITIVE SOCIAL IMPACTS?

*BEING RECOGNIZED & VALUED... CONFUSIONS REMAIN*

## 3. INNOVATION BEING REWARDED?

*MKT: YES, VIA A PREMIUM AND/OR A TENANT*

*A&E: WHAT IS OPTIMAL STILL A WORK IN PROGRESS*

## 4. IT SEEMS SIMPLE; IS IT?

*TOUGHER THAN IT LOOKS, NEED TO LOVE CHALLENGES*

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# Mass Timber Business Case Studies

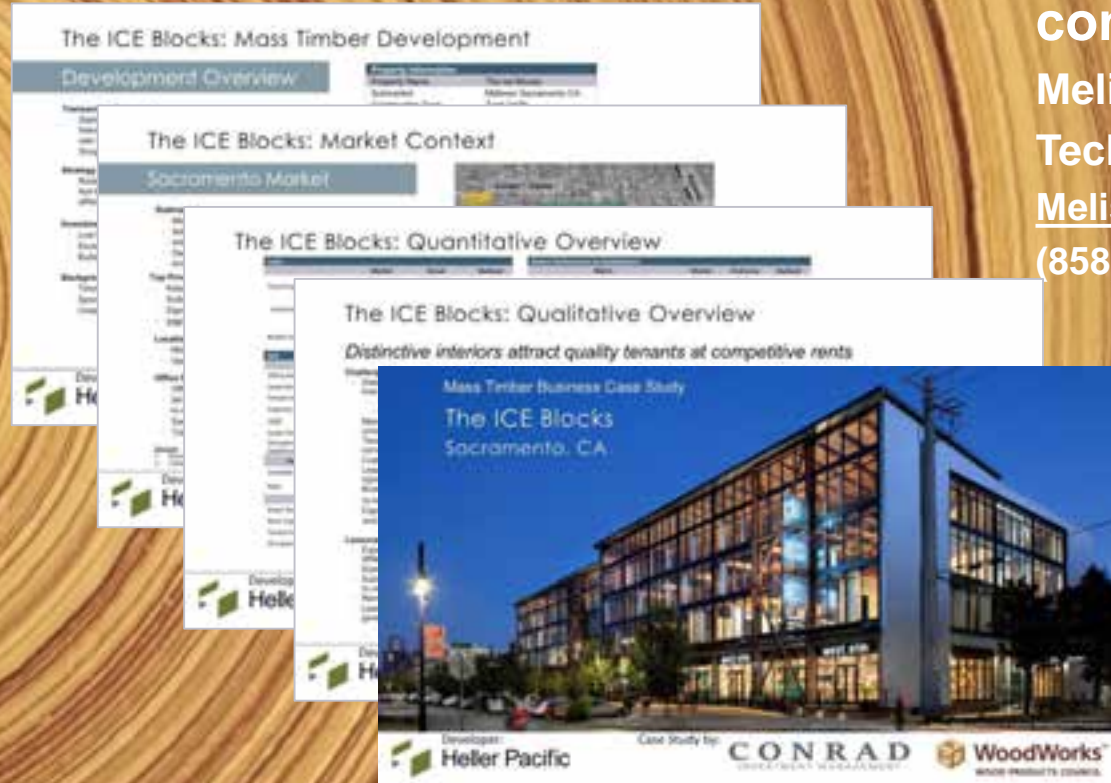
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Questions?