

Your topic: Your written report should be 2,500 words in length and should be referenced where necessary using an appropriate referencing style. Your report should analyze at least three activities and the type of knowledge you used to undertake the activities. The examination is to distinguish between what you learnt at university and what you learnt while at work and how you integrated the knowledge and skills. †— It is to distinguish between discipline specific knowledge and generic skills (such as observation, analysis, problem solving, communication, collaboration). †— It should also consider attitudes, their development and applications. As part of the process, compare and contrast the different types of knowledge according to Orrell’s description above. † While the report you prepared/ are preparing in BEB703 can be used a guiding base to this section, the main requirement for this report is for you to describe and differentiate between academic and work practice knowledge; its implications for your professional development; with reference to challenges of practice and global issues.

Your topic's description: Emphaise on implications for your professional development; with reference to challenges of practice and global issues. Three topics of choice that need to be analysis: - Commercial construction (General overlook on commercial construction as a study and reflect how it is used in everyday work) - Cost estimating (pricing individual aspects of construction on drawings and working an overall price) - Economics (the process of establishing costs, working out cash flow in regards to construction payments and risk management)

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1. Introduction

The commercial building construction industry includes the firms and organizations that are responsible to build the infrastructure of a country and are primarily responsible for the work in construction sector such as new projects, additions, alterations to maintenance and repair. The buildings that the commercial construction industry works on include offices, hotels, airports, retail and so on. A major number of the participants working in this sector consist of general contractors and project managers. One thing that needs to be understood is that this sector does not include construction of municipal buildings that comprise institutional buildings such as schools, churches, hospitals etc. This paper analyses three aspects of the world of commercial construction including the use of commercial construction in everyday life, cost estimation in commercial construction and the economics of commercial construction. These three aspects are also described under the light of global issues and the challenges in commercial construction.

Commercial construction engineering concerns the planning and management of the construction of offices, real estate buildings and any other building that is required by the commercial sector of the economy. It does not work on the projects that include municipal interference or projects that are related to any institutions such as schools, hospitals and churches. The engineering of construction engages in the designing of structures, estimating the cost, planning and scheduling, selection of equipment, cost control and risk management. According to a brief definition of commercial construction, it refers to the building of projects excluding houses and municipal buildings construction. It is one of the biggest sectors of the entire construction industry which has strengthened the construction industry in recent years due to rapid growth and incline in the number of projects (Saucerman, 2001). The commercial sector of the construction industry has implemented a steady approach towards success and has become

strong in the world. As the demand for offices, industries and retail buildings will keep increasing and remain high due to need of specialized professionals. According to a report in 2005, the commercial sections are providing a lift to the infrastructure segment and taking the whole construction industry up the ladder.

2. Commercial Construction

Construction industry, with the increased demands of specialized and professional buildings, has become of the most booming industrial sector in the world today. The industry is mainly based on urban roots where there is more demand of professional buildings along with real estate properties, as compared to the rest. The construction industry conducts actions from building of new projects to repairing and alteration of the existed ones. The construction industry can be characterized into three basic categories. First, construction that involves heavy and civil engineering which involves the construction of large scale projects such as bridges, roads that directly affect the infrastructure of a city or a country. Second is general construction, which covers the construction of buildings involving the ones such as real estate's which include residential or commercial real estate assets. Finally, the third category is the construction of projects involving special trades.

Construction industry is also, divided into several sectors, each sector taking care of special kind of construction. The commercial construction sector works in the establishment and taking care of all commercial and real estate buildings (Myatt & Muller, 1988). The commercial construction industry is booming and will remain on top globally due to the continuous demand of the commercial buildings especially in the developed countries. It is important to understand the commercial projects in construction require extra care and planning in order to be effective.

Decisive planning and scheduling despite of the nature and size of the project is compulsory in commercial construction. However factors that are needed to be taken in the planning of these projects are the availability of materials and resources. Similarly, deadlines are also an important factor as there are chances of always chances of dates getting changed, and careful advanced planning is required along with the adaptability in these commercial construction projects. Along with all these factors, one of the main factors that help effectively in the completion of the project is communication. These projects that are needed to be established are of high price and hold huge budgets which are generally tend to be monitored very carefully.

A commercial construction project functions on track with the help of a highly crafted construction software. With the help of these software companies are able to improve and analyse the projects they are working on effectively and it also helps reducing the cost drastically. Cost management also plays an important role in the completion of the commercial construction projects. The factor of cost has however been the most crucial aspect of management in construction and many different techniques and strategies are being implemented by the firms in order to achieve desired results in fewer budgets (R.S. Means Company, 1998).

Despite all these factors and other important aspects of the construction industry, there are some hurdles that limit the downturn in traditional commercial construction. One of the key factor for this downturn is the expansion has been modest by historical standards. For instance, in the past few years, the commercial construction has only risen by 3 percent excluding the healthcare facilities. Disciplines have faded away over past couple of years as the construction has accelerated to be now done at virtual basis which has slowed down the business activities. Looking just a few years back, the building industry was at its peak and continuing to boom and

the customers and project managers were extending their boundaries. New approaches were being undertaken to deliver a new owner experience.

3. Cost Estimation

The cost of construction includes both the initial cost and the cost of the subsequent operation along with the maintenance cost of the project. Each of these cost categories includes major cost components and the expenses related to the initial establishment of the facility are land acquisitions, engineering design, construction including materials, labour and equipment, the supervision of field, finances, insurance and taxation, inspections and maintenance. The magnitude of each of these components is dependent on the nature and size of the project along with its location. The firm that has undertaken the responsibility of completion of the project also brings many changes in the cost consideration. All in all the owner of the project is always interested in achieving the best outcomes in the lowest cost possible (Halperin, Aollier, & Collier, 2007).

The designing professionals have understood the importance of cost management because it helps them realize that construction cost despite of all the other expenses of the project is the single largest component of the capital cost. For instance, the cost required for acquisition of the land is a major expense for construction firms especially in urban areas and construction of a large project in such area can reach to the same cost as constructing a nuclear plant. Mostly, along with all these expenses there is allowance for unexpected cost occurring during construction. This amount is decided on the basis of historical experiences and other expected difficulties that a particular construction project has faced before (Geltner, 2007).

3.1. Approaches of Cost Estimation

Cost estimation is one of the most important steps in project management. The estimation of cost establishes a structure of the total project cost that is being used in different stages of the construction. This estimated cost gives an overview provided by the cost estimator or engineer on the basis of available data about the project. Cost engineering by the American Association of Cost Engineering has been defined as that area of the practice where engineering judgment and experiences are utilized in the light of scientific principles and techniques to the issues of budget estimation including cost control and profit. Virtually, the estimation of cost is performed according to one or more sets of combinations of the basic approaches that follow, production function, empirical cost inference, unit cost for bills of quantities and allocation of joint costs.

3.2. Types of Construction Cost Estimates

The cost of construction holds only a fraction, however a major fraction of the total cost of project. The part of the cost is under the control and supervision of the construction project manager who is responsible for a fair treatment to the net budget. The precise level of construction cost estimates are required at different stages of project development as they vary from stage to stage from ball park figures in the early stages to fairly reliable estimates towards the control prior to construction. Since the decision in design that are made at the beginning of the project are likely to be more tentative than those made at the later stages, the cost estimates that are made at the earlier stages tends to be less accurate (Dearborn Real Estate, 2002).

The cost estimates of construction can be viewed under different perspectives because of the different institutional requirements. Regardless of the different types of the cost estimates

being used at different levels, the estimation of cost can be classified in to three major categories according to the nature of their functions. In commercial construction, an estimation cost provides one of the three basic functions of design, control and bid. A design estimate is for the owner or a designated design professional who designs the cost estimate counter parts such as screening estimates, detailed estimates, preliminary estimates and engineering estimates that are based on plans and specifications. On the other hand, the bid estimates are for contractors. These estimates are reported to the owner for competitive building and consist of construction cost along with the field supervision. Subcontractor quotations, quantity takeoffs and construction procedures work as the combination of the direct cost of construction for bid estimations. Finally, the control estimates are for monitoring the construction projects during a control estimate and is derived from the information that is available to establish the budget estimate for financing, the cost that has been budgeted after contracting and estimated cost for completion during the process of completion the project (Fabozzi, 2000).

3.3.Commercial Construction Cost

The most important aspect of the commercial property construction planning is the cost that is involved in its designing, planning and construction. Unluckily, the importance of cost has overtaken the quality of the projects being done by these construction firms. However, there are several cost cutting strategies and efforts that can be used to keep the cost of such massive projects down and under budget. One of the greatest ways to ensure that costs are kept to minimum is the usage of proper commercial construction cost management and planning. The planning should ensure to be realistic about the capital cost of any project along with ensuring the bids that are provided on the construction project are completed within the arranged

framework and cost. It is always effective to find the most efficient economic ways to ensure that the project does not run over budget.

Every project in commercial construction should have the ability to employ fair and independent professional cost manager or quantity surveyor who can understand and keeps checks and balance in order to protect the financial rights of the people working for the projects (Halperin, Aollier, & Collier, 2007).

4. Economics of Commercial Construction

One of the most essential parts of financing a construction project is its overall financial strategy i.e. Cash flow. The construction industry is facing the issue of great number of distressed firms that in any other industries. Out of the few, a primary cause is the insufficient cash resources and the failure to convince creditors and lenders of the temporary nature. Hence, cash flow management has now become an essential tool for managing, controlling and monitoring construction of projects in commercial construction industry. Although, the project cash flow has been studied many times in the past, but in today's world with the growing importance of the money and effective budgeting, most researchers primarily emphasize on the developing of the ideal cash flow curve and mathematical formula with the help of past projects data (Committee of Financial Services, 2006).

Cash is undoubtedly the most important asset of any construction, because it is the major reason behind the failure of most of the companies. Cash flow management is an important problem that is being faced by the companies regardless of their nature and size therefore its planning has become an essential part of the construction projects. Most of the researchers in commercial construction require project cash flow plan for the preparation of periodic budgets to

monitor and control their projects. There are a few factors that affect the cash flow during construction projects. There are some influences factors in terms of revenue as well as some factors are in terms of the cost (Kirby, 1998). Time and term of contract also play a vital role in influencing the cost flow. Some other factors include the material related variables and inflation. There are also avenues which provide the possibilities of cash flows in construction projects, which include, mobilization advancement, payments against bills for works executed, payment against material stock and payment received against sale of scrap. Some factors that affect the cash out flow in a construction project are resource procurement, labour cost, material cost, overhead cost and plan depreciation cost. All in all a detailed cash flow plan helps in giving the contractor a better understanding about spending the money as well as the funds that are to be run smoothly.

Risk management can be defined as the process of planning, leading and controlling the resources and activities of an organization. Risk management in commercial construction fulfils the cost effectively, protection and growth of corporate assets and enhancement of shareholders. Risk management also helps in identifying the issues before starting the project which involves the problems regarding property, personnel, net income and liability. Every business has some risks and risk management techniques (Burtonshaw-Gunn, 2009). The same goes for the commercial construction techniques as well; however some of the risks are complex for business owners, contractors, investors and design firms. From the beginning of the first concept regarding the project to the completion, there are different risk factors that are attached and along the other risks and factors, due to the construction process, the job-site safety is another concern for the project managers (Gilbreath, 1992).

5. Conclusion

In the world of great developments, construction and building has paved its way the importance ladder. With the growing demand of offices and real estate locations, commercial construction has become an essential part of the construction world especially in the developing countries. It is said that nothing is safe from the tornado of recession and once it did hit the commercial construction severely. Changes were made in the strategies and other management techniques of the commercial construction world and there was a thin time period of the decline in new projects and proper financing from funders, however, the change has been noticed with another up rise in the demand of the commercial buildings.

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