



FINANCING

OFF-SITE CONSTRUCTION

- Compared with traditional construction, often perceived as an investment with higher risk
- Generally requires at least 50 percent of the total fabrication cost upfront to cover material procurement cost

CONVENTIONAL CONSTRUCTION

- Lenders are more familiar with traditional construction timelines, and see it as less risky because they can take possession of the completed sections of development if developer fails to complete the project
- Lenders release payments in installments as construction milestones are accomplished and verified



DESIGN AND QUALITY

OFF-SITE CONSTRUCTION

- Generally requires designers and engineers to complete the planning and design process in a detailed manner upfront as fabrication requires thorough, complete drawings and plans
- Higher levels of precision, coordination and quality control required to avoid on-site technical issues, which often improve the quality of construction
- Less flexibility when it comes to carrying out on-site alterations to address technical issues during the on-site assembly phase

CONVENTIONAL CONSTRUCTION

- Designers and engineers generally have more time to finalize and complete details of the design and engineering processes as construction timeline is typically longer and starts with site and foundation work
- Offers more flexibility in making design and architectural changes during construction phase



REGULATIONS AND LOGISTICS

OFF-SITE CONSTRUCTION

- In addition to obtaining a building permit ahead of construction, developers typically required to pass factory and on-site inspections
- Majority of states require a governmental /third-party agency to complete factory inspections to ensure compliance with state codes governing off-site construction
- The assembly of developments commonly inspected by a local department to ensure compliance with local building codes

CONVENTIONAL CONSTRUCTION

- Developers required to obtain building permits from local agencies before starting construction work
- Majority of permits require one or more onsite inspections before work is considered complete and final to ensure compliance with local building codes



CONSTRUCTION TIMELINE AND COST

OFF-SITE CONSTRUCTION

- Allows for conducting site and foundation work concurrently with factory fabrication phase, which can accelerate construction timeline and offer time-related cost benefits
- Can help avoid weather-related delays as majority of construction work takes place in a controlled, indoor environment; can also reduce demand for skilled construction and trade labor
- Majority of cost benefits are in the accelerated construction timeline but permitting and approval hurdles can erase associated cost savings

CONVENTIONAL CONSTRUCTION

- Uses a linear timeline that requires the completion of site and foundation work before construction can begin
- Extreme weather conditions often delay construction phase, burdening developers with time-related costs
- Developers have reported challenges in finding skilled construction and trade workers, which can delay the construction phase and add cost-related challenges