



PCA

Property Condition Assessment

RAA

Risk Assessment And Allocation

A Property Condition Assessment (PCA) is an engineering due diligence project of a commercial real estate property.



What is a PCA?

Property condition assessments (PCAs) are due diligence projects associated with commercial real estate. PCA's are important for clients seeking to know the condition of a property or real estate they may be purchasing, leasing, financing or simply maintaining. Commercial Building Inspectors follow industry accepted international guidelines of ASTM E2018.

Once the inspection or Property Condition Assessment is completed, a written report (also known as the Property Condition Report or PCR) is compiled and delivered to the client within an acceptable time frame. The Property Condition Report may include such items as concerns observed, recommendations for repairs or further inspections and opinions of the likely cost of future capital project.

A property condition assessment must be conducted in accordance with [ASTM E2018](#) – the Standard Guide for Property Condition Assessments.





Property Condition Assessments (PCA's) ensures that the purchase of a property is a worthwhile investment for the buyers and/or lenders.

Our Vision



PCA's are typically conducted during the transfer of ownership of commercial property.

At SDT we aim to deliver customer value by being industry leaders in Property Condition Assessments. The scope of our investigation is designed to address the unique concerns and risk tolerance of our clients.

Our Property Condition Assessment and corresponding report provides appropriate due diligence in a real estate transaction with regard to a property's physical condition to ensure proper financial decision making, and that the concerned real estate transaction is a worthwhile investment.

Assessment Approach



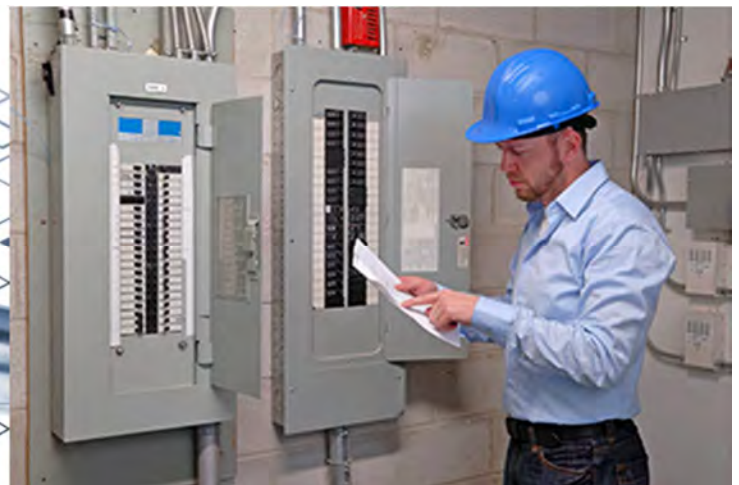
PCA Procedure

Property Condition Assessment is initiated through property documents review which are provided by the owner or facility operator and include drawings, permits, building operation and maintenance documents, guest / tenants complaint logs,...

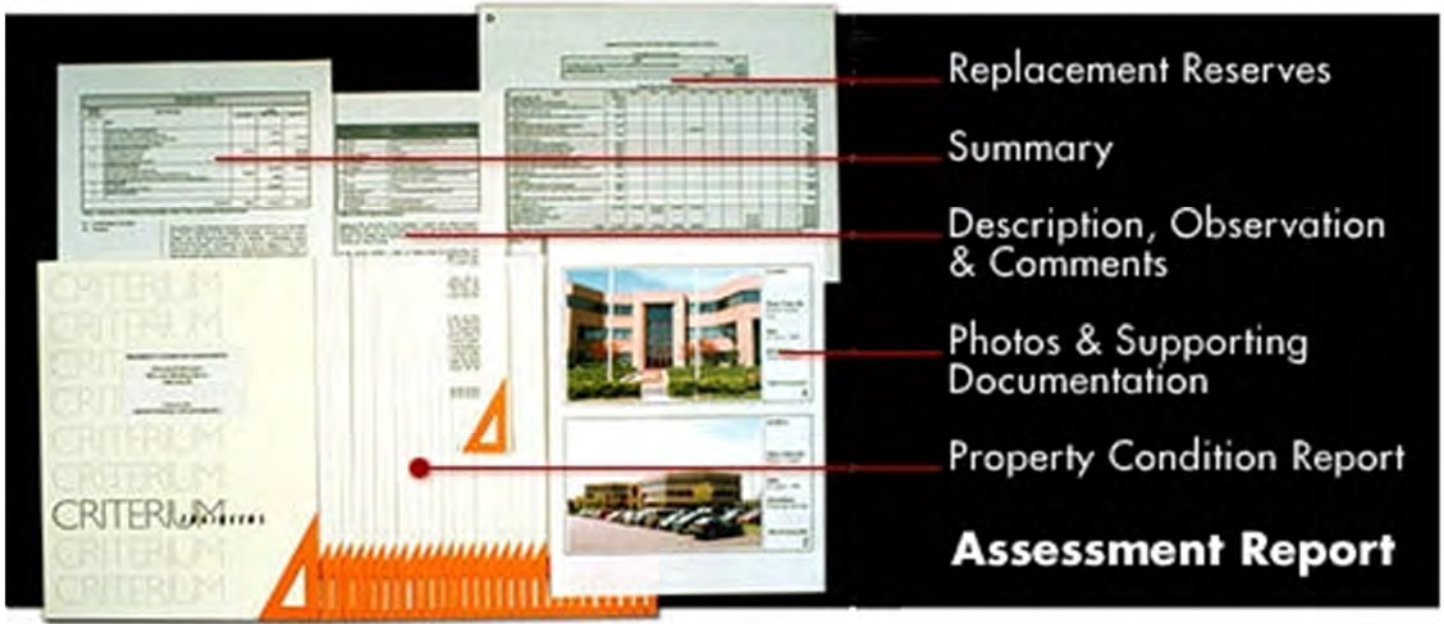
The document review is then followed by a detailed property survey conducted by qualified engineers during which all the property elements are physically inspected and documented using checklists and colored photographs. Operation and testing may be performed for various available equipment or fixtures to make sure that this equipment are fully functional.

In parallel to the walk-through survey, facility managers and operators are interviewed for the purpose of gathering additional information about specific elements or previous deferred maintenance works encountered during the service life of the building.

Once the survey is concluded, a property condition report is prepared, inside which all the survey collected data is compiled along with photographs and supporting documents, in addition to remedial solutions for detected defects and their related cost estimates which lead to the preparation of the capital reserve schedules.



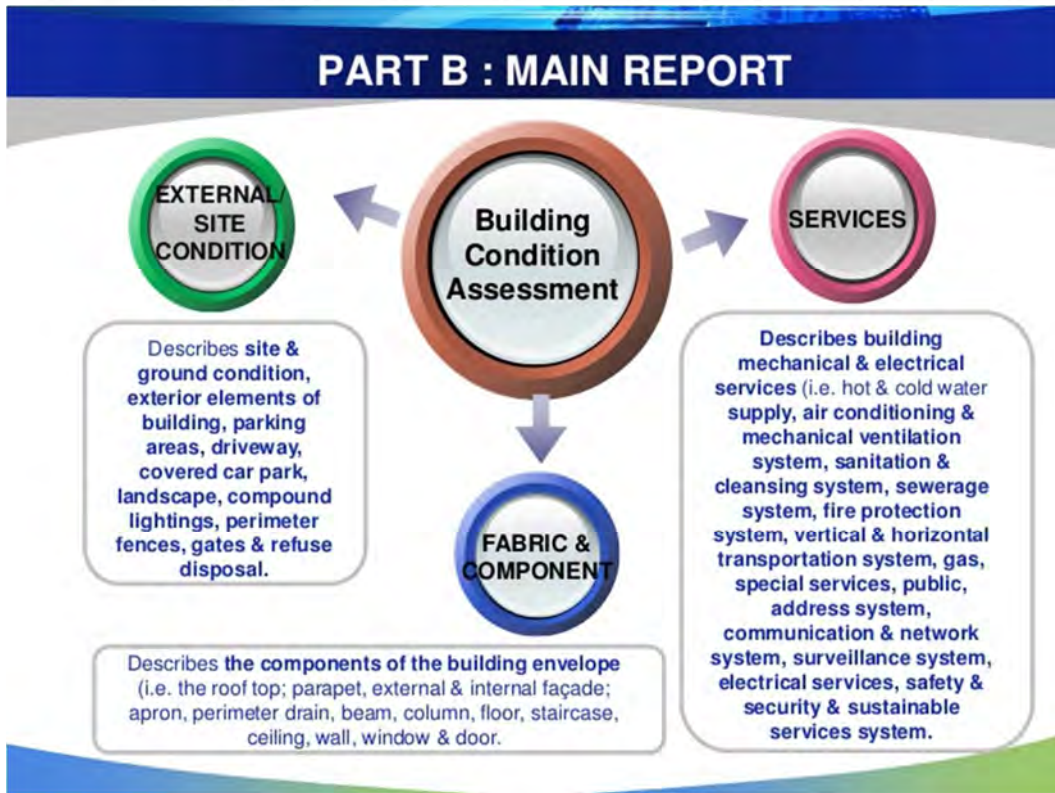
Property Condition Report



- Replacement Reserves
 - Summary
 - Description, Observation & Comments
 - Photos & Supporting Documentation
 - Property Condition Report
- Assessment Report**

Once the inspection or Property Condition Assessment is completed, a written report (also known as the Property Condition Report or PCR) is compiled and delivered to the client within an acceptable time frame.

The PCR includes all the collected property data gathered from interviews, document reviews and during the walk-through survey, in addition to such items as concerns observed, recommendations for repairs or further inspections and opinions of the likely cost of repair and remedial measures.



The report will also categorize the remedial measure and maintenance works needs according to their priority in order to organize replacement reserves and expenditures.

The immediate and long term costs for maintenance works are summarized in the report where the total costs can be used to have a clearer idea on the true value of a property.



PCA for Ongoing Construction



Property Condition Assessment is also conducted for ongoing construction projects where the status of the contractors' ongoing works, quality of accomplished works in addition to remaining construction items and their cost are vital information which should be financially considered prior to transferring ownership of a building or assigning new contractors.

The snag lists which contain problems with accomplished activities, the list of purchased material and the schedules of ongoing / unaccomplished site activities in addition to their related financial cost, support better decision making for clients wishing to purchase or finance a property and gives a clearer idea of its true value which is vital in any price negotiation.

Risk Assessment



Risk assessment and risk planning are used interchangeably to describe a sequence of analysis and management activities focused on creating a project-specific response to the inherent risks of developing a new capital facility.

It offers the ability to better understand potential risks, their probability of occurrence, their impact and how to successfully manage them through preemptive planning, which gives a more accurate approach to possible project cost impacts.

The most common set of processes include Risk Identification, Assessment, Analysis, Mitigation, Allocation, Monitoring and Updating.



1 - Risk Identification

The objectives of risk identification are to identify and categorize risks that could affect the project and to document these risks. The risk identification process begins with compiling the project's risk events which are gathered from various sources. After the risks are identified, they are classified into groups of risks which helps illustrates major risks.



2 - Risk Assessment



Risk assessment is the process of quantifying the risk events documented in the risk identification stage. It involves determining the likelihood of risk occurring (risk frequency) and the impact of these risks should they occur (consequence severity)

		Potential Severity Rating			
		Minor	Moderate	Significant	Catastrophic
Likelihood severity occurs	Very Likely	Moderate	High	Extreme	Extreme
	Likely	Low	Moderate	High	Extreme
	Unlikely	Very Low	Low	Moderate	High
	Rare	Very Low	Very Low	Low	Moderate

3 - Risk Analysis

A project's qualitative risk assessment will recognize some risks whose occurrence is so likely and whose consequences are severe that further quantitative analysis is warranted. The key purpose is to combine the effects of the various identified and assessed risk events into an overall project risk estimate which can be used to make global project decisions.



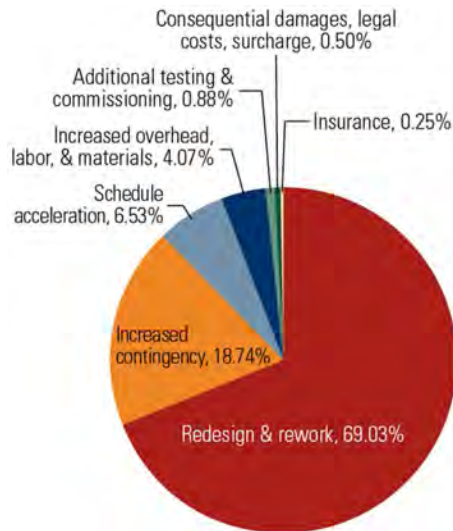
4 - Risk Mitigation and Planning

The objectives of risk mitigation and planning are to explore and implement risk response strategies for the high-risk items identified in the qualitative and quantitative risk analysis.

A series of risk response actions can help avoid or mitigate the identified risks, such as: Avoidance, transference, mitigation and acceptance.



5 - Risk Allocation

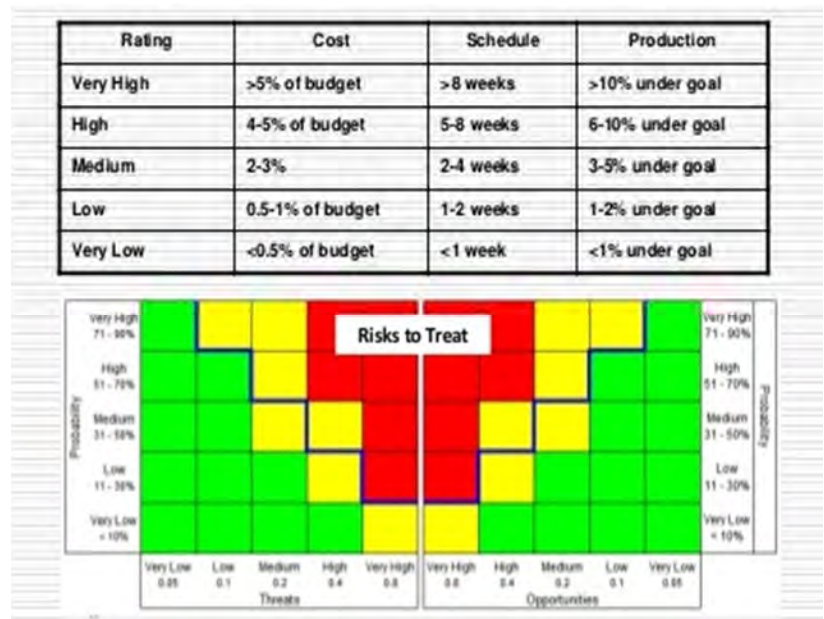


Risk allocation in any contract affects costs, time, quality and the potential for disputes, delays and claims. The objectives can vary depending on the project unique goals:

- Allocate risks to the party best able to manage them
- Allocate risk in alignment with project goals
- Share risk when appropriate to accomplish project goals

6 - Risk Monitoring and Updating

The objectives of risk monitoring is to systematically track the identified risks, identify new risks, effectively manage the contingency reserve and capture lessons learned for future risk assessment and allocation efforts.



SAMPLE SDT PCA PROJECTS

Rafal Kempinski Hotel



Project:

Rafal Kempinski
Hotel

Client:

Riyadh Capital

Location:

Riyadh / KSA

Job Description:

Property Condition &
Risk Assessment

A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

The project comprises two basements used as car parking, sixty four upper floors.

The plot area is 21000 m² with a built up area of 90000 m².

The Residence



Project:
The Residence

Client:
Riyadh Capital

Location:
Riyadh / KSA



Job Description:
Property Condition &
Risk Assessment



A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

The project comprises a commercial center, nineteen residential villas along with an administration building, a multi-purpose hall and a fitness center.

The plot area is 15000 m² with a total built up area of 16000 m².

Omnia



Project:

Omnia

Client:

Riyadh Capital

Location:

Jeddah / KSA

Job Description:

Property Condition &
Risk Assessment

A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

The project comprises two buildings, a commercial center and an old residential building named "Sunset". The plot area is 23000 m2 with a total built up area of 7000 m2.

Saida Shopping Mall



Project:
Saida Shopping Mall

Client:
HAR Properties

Location:
Saida / Lebanon

Job Description:
Property Condition &
Risk Assessment

A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

The project is composed of a retail shopping center on a plot area of 35000 m2 which was under construction at the time of the assessment and pending an ownership transfer in addition to a change of the main contractor.

Al Khayareen Complex



Project:
Al Khayareen Hotel

Client:
Mercury

Location:
Doha / Qatar

Job Description:
Property Condition &
Risk Assessment

A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

Aya Tower



Project:
Aya tower

Client:
HAR Properties

Location:
Mar Mikhael /
Lebanon

Job Description:
Property Condition &
Risk Assessment

A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

Upark



Project:

Upark

Client:

HAR Properties

Location:

Ashrafiye / Lebanon

Job Description:

Property Condition &
Risk Assessment

A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

The SmallVille Hotel



Project:

The SmallVille Hotel

Client:

SmallVille Hotel

Location:

Beirut / Lebanon

Job Description:

Property Condition &
Risk Assessment

A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations.

The project was under construction at the time of the assessment and pending a real estate transaction and transfer of ownership.

Tanios Hotel



Project:
Tanios Hotel

Client:
Al Rayyan project
development

Location:
Aley / Lebanon

Job Description:
Property Condition &
Risk Assessment



A complete condition assessment was performed covering all engineering trades where all aspects of the property were reviewed and rated. Remedial solutions for all defects and maintenance works were proposed in addition to their related cost estimates. A comprehensive report was submitted for the client's financial reference in the ongoing ownership transaction and the related negotiations. The project was under construction at the time of the assessment and pending a real estate transaction and transfer of ownership.



SERVICES DESIGN TECHNOLOGY International

About SDT

SDT international was established in 1991 as an engineering consultancy company that provides comprehensive range of services in the Structural, Mechanical, Electrical, Infrastructure, Environmental and Plumbing design.

For the past 26 years, we have been a pioneering force in the planning, design and implementation of development projects in the Middle East, UK and Australia.

With six offices in six countries, we employ high caliber specialized engineers capable to apply innovative approaches to design and deliver practical and cost effective solutions.

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