

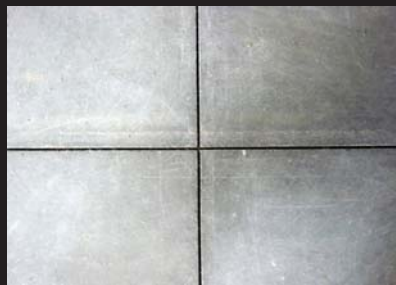
10 REASONS YOU CAN'T AFFORD NOT TO FILL FLOOR JOINTS IN SPEC BUILDINGS

We are often asked by tenants or purchasers of warehouses/distribution centers built on speculation to inspect their concrete floors to determine the cause of floor joint damage which is creating problems for their material handling operations. Almost always, we have to report that the cause of their floor problems is that "the joints were never filled and are unprotected." This inevitably sets off a "blame game" between the tenant and the developer who built the facility as to why the joints were never filled and who now will pay to have this problem fixed. It's an unpleasant scenario we see played out dozens of times annually, but one that could easily be avoided.

We recognize that many developers prefer to defer floor joint filling until they have a tenant. Still others never fill the joints at all, leaving the decision up to the tenant or purchaser. In either case, excluding floor joint filling from the initial construction scope can prove to be a costly mistake later, both in terms of tenant/owner relations and in the long term value of the building. This article discusses the potential harm caused by deferring or eliminating joint filling at the time of construction and how changing the way in which you approach this issue can pay big dividends throughout the life of the building.

THE COST OF JOINT PROTECTION ONLY INCREASES WITH TIME...

Unfilled At Construction Phase



Approx. Filling Cost: \$1.50 lf

Unfilled One Year Later



Approx. Repair Cost: \$5.00 lf

Unfilled Three Years Later



Approx. Repair Cost: \$15.00 lf

10 REASONS WHY FILLING YOUR FLOOR JOINTS DURING INITIAL CONSTRUCTION PROVIDES A STRONG RETURN ON INVESTMENT

1. It's a Good Selling Feature...for the Building and Your Firm

The typical tenant/purchaser has become more sophisticated in evaluating warehouses. They know floor condition is critically important and that joints can deteriorate rapidly unless properly filled. In our experience, many clients have relocated to a new facility specifically due to poor floor conditions in their previous location. Having your floor joints filled conveys to the client that you are offering a quality facility and that you are a quality-minded firm focused on providing them with a first class building. As an added bonus, it removes one more logistical hurdle that the tenant needs to deal with prior to occupancy.

2. It Protects Your Investment

Regardless of who your tenant might end up being, you still own the building, and the floor. Experts in concrete floor design and construction will tell you that joints are the most vulnerable part of any floor. Unfilled joints will begin to deteriorate almost immediately upon being subjected to material handling vehicle traffic. Not only will this reduce the value of your asset, it may lead the tenant to question the quality of the floor itself and perhaps the entire facility. The floor is the foundation of your investment and the work surface for any occupant. Why pay for a quality floor, only to have it deteriorate under your feet?

3. Filling at Construction Means Reduced Out-of-Pocket Expense

By adding joint filling to the original construction scope of work, the cost is financed as a long term capital cost and lease rates can be adjusted appropriately. If you defer filling the joints until a later time, the expense will come right out of pocket.

4. Filling Initially is Less Expensive

The cost of properly installed joint filling in an unoccupied building can be as low as \$1.35 per lineal foot, especially if the installer is given flexibility in scheduling the work. Tell the installer it needs to be completed "right now," and the price has gone up. Wait until the facility is occupied, and the impediments to an installer's productivity (racking, off-hour work requirements, dust restrictions, etc.) can quickly raise your costs up to \$2.00 to \$3.00 per lf. The cost of filling joints continues to increase the longer you defer the work.

5. Filling Later Means Filling and Repairing

Filling alone may cost \$1.35 to \$1.75 per lf *up front*. But filling even slightly deteriorated joints in an occupied facility *after the fact* will likely cost between \$2.00 to \$6.00 per lf. Joint "repair" requires a restoration of the joint to a clean, vertical edge. This requires more joint preparation (increased labor) and more joint filler for the wider joint. Bottom line: increased costs for you.

Continued

WHY YOU CAN'T AFFORD NOT TO FILL FLOOR JOINTS IN SPEC BUILDINGS

10 REASONS WHY FILLING YOUR FLOOR JOINTS DURING INITIAL CONSTRUCTION...continued

6. Filled Joints Eliminate a Source of Tenant Complaints

A happy tenant is like money in the bank. A disgruntled tenant can be a nightmare. We assess floor conditions for hundreds of industrial tenants each year and find a strong correlation between poor floor condition and poor relationships between owner and tenant. Early joint filling makes the floor more durable and increases operational productivity, eliminating a potential source of tenant complaints.



Floor defects and poorly maintained floors substantially increase material handling vehicle damage and wear, leading to increased costs and very likely an unhappy tenant.

7. Sanitation Factors

If your prospective tenant is in the food or drug industry, they will likely consider floor joint filling a prerequisite rather than a bonus. We have worked with dozens of food industry clients who have walked away from a potential lease over floor condition issues.

8. Tenants Are Not in the Construction Business...

Let's face it, quite often tenants are not as qualified to find quality contractors to fill or repair the joints in your floor as you are. And unless you have a tenant well educated on floor protection needs and the long term cost of choosing low cost products or installers, the tenant has little incentive to "shop" around for the best products or installers. Result: the joint filling package your tenant selects may be ineffective in providing durable joint edge protection. This can mean that value of your asset is still being compromised.

9. Aesthetics

Warehouse inventory is adequate or plentiful in many markets. With an abundance of properties to choose from, which warehouse do you think prospective buyers or tenants will choose; your warehouse with unfilled joints or floor patches everywhere, or a brand new warehouse with an undamaged floor in which the joints are filled?

10. Filling Joints is a Lifetime Investment Opportunity

There is truly only one ideal opportunity to fill the joints...before they deteriorate. A properly installed and maintained joint filler should provide protection throughout the service life of the floor. We are often told by developers that they are deferring filling joints "because we don't know what the needs of the tenant will be yet." The true benefit of installing a semi-rigid joint filler is that no matter what your future tenant's needs might be, whether they distribute paper goods or pillows, you will have provided the tenant with the best available joint protection under any conditions. More importantly, you will have ensured the long term durability and serviceability of your buildings most critical, valuable asset—the floor.

A TALE OF TWO TENANTS...

Two real-life histories of clients who signed leases stipulating the floor be returned to "original" condition at the end of lease.

Tenant A called us in to review the floor conditions and make repair recommendations on a 150,000 sf leased building they were preparing to vacate. The joints had never been filled and substantial joint edge deterioration had resulted from frequent traffic and heavy loads over the lease term. When we reported the scope of necessary repairs and the approximate cost (\$75,000+), the client was enraged that the owner had not filled the joints and had not even discussed the need for filling. After threatening litigation, Tenant A ultimately paid to have the repairwork done, but swore they would never do business with the owner again. One year later, Tenant A did not renew a lease in another location owned and managed by the same firm, citing this experience.

Tenant B called us in on a 125,000 sf cross dock facility under a similar lease-end circumstance. After we confirmed that unfilled joints were the primary culprit in the joint deterioration, Tenant B acknowledged that the landlord had mentioned joint filling early on, but portrayed it as more of an aesthetics/sanitation issue and told Tenant B it was "optional." After providing Tenant B with a report outlining the repair scope and approximate repair cost (\$50,000), we never heard from them again and efforts to contact them were unsuccessful. Two years later we received a call from the building owner indicating that their new tenant was complaining about floor problems and requesting our assistance.

Upon arrival at the building, we found that repairs had been done but were rapidly deteriorating. After a discussion with the owner, we found out that Tenant B ultimately agreed to pay for 50% of the repair cost of the floor prior to leaving and had found a contractor to perform the work for less than half of what we had estimated. The contractor did little joint preparation and had used a cementitious patching compound that was not appropriate for the repair. The repair material was breaking up and new joint deterioration was occurring. The new tenant had agreed to the lease only under the condition that the building owner would ensure that the floor remained "serviceable and in good condition" throughout the term of the lease. Our new estimate for repairs was \$89,000 and was presented to the building owner.

FILL JOINTS RIGHT THE FIRST TIME

The only thing more short-sighted than letting unfilled joints deteriorate is to pay for a filler installation that is deficient, and thus literally worthless. If joints are not filled with a proper filler, or are filled using incorrect procedures, you are throwing away your money, because inadequate fillers and poor installations will still allow joint edges to deteriorate.

METZGER/McGUIRE CAN HELP...

For over forty years we've been helping developers protect their floors by getting the best fillers and filler installation possible. Call us if you have a project in the planning or completion stages. We invite you to put our expertise and our experience to work for you.



800-223-MM80

www.metzgermcguire.com

COPYRIGHT © 2006 Metzger/McGuire
All rights reserved. No part of this publication may be reproduced without written consent of Metzger/McGuire.