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## DEVELOPMENT SUPPORT AS AN EFFECTIVE TOOL OF PROJECT MANAGEMENT IN CONSTRUCTION

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The article states that during the years of independence the construction industry went through a thorny path of trial and error, because in the initial stages of its formation construction companies did not have sufficient knowledge and practical skills, worked according to old, still Soviet standards. At present, the experience of Ukrainian builders is much greater, enriched with new knowledge and approaches, but despite this, it still cannot compete with the experience and traditions of the construction industry in Western countries, where the management of investment construction projects is not the first decade is carried out through development support of projects. It is emphasized that despite the antiquity of the concept of “development”, the existence of unanimity, both opinions and approaches to the interpretation of its substantive component, among domestic scientists is absent. It is emphasized that the main function of development is to promote the project from the initial idea to the sale of real estate or rent it to the final consumer for a fee. The variety of interpretations of the concept of “developer” is unified and the scientific thesaurus is supplemented by its author’s definition according to the functional approach, as a system of relations that arise during the implementation of projects for construction or transformation (renovation) of real estate to preserve its value. Distinctive features of development support are considered, its advantages over traditional forms of organization of project activity are emphasized: financial responsibility of the developer for results of investment activity; creation of stable business relations at the production and management level; improving the financial results of activities by reducing the cost of the project, minimizing the risks of investors, etc. Each of the stages of development support of construction projects is briefly analysed. It is proved that development support of projects during the cycles of their promotion and implementation allows due to the optimal combination of goals, deadlines, costs, risks, quality of construction work and user preferences, to ensure the effectiveness of construction project management and success.

**Keywords:** development, developer, development project, development support of projects, development company.

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### *Introduction and problem statement*

The transformational changes that have been observed in the country’s economy during the years of Ukraine’s independence have led to qualitative changes in certain areas of economic relations, in particular, in construction. The development of domestic construction was a thorny path of trial and error, because in the initial stages of its formation, construction companies did not have sufficient

knowledge and practical skills, worked according to the old, still Soviet standards. Undoubtedly, the current experience of Ukrainian builders is much greater, enriched with new knowledge and approaches, but despite this, it still cannot compete with the experience and traditions of the construction industry of Western countries, where investment construction projects have long received a new name for Ukraine “development projects” and the process of supporting their implementation – “development

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support of projects” [1,106].

Instead, the need for development in Ukraine is growing rapidly. So, if five years later in Ukraine the management of such projects is carried out in almost 100% of cases through its own structure of the customer or general contractor, today more than half of investors attract development companies for this role [2], because development support provides optimal combination goals, deadlines, costs, risks, quality and other characteristics of the project [3,107]. Remaining still little studied by domestic scientists, development support requires further filigree study.

**Analysis of recent research and publications**

Analysis of recent research and publications shows that the issue of development support for construction projects for a long time does not leave indifferent both practitioners and scientists. In particular, its influence on the success of project implementation is fully substantiated in the works of such scientists as, Azarova I., Fesun A., Andrieieva V., Antoniuk T., Hladka O., Ivanov A.V., Pysariev Ya., Rach V., Rashkovskiy O., Semenov H.I. and others.

However, despite the antiquity of the concept of “development”, unanimity, both opinions and approaches to the interpretation of its substantive component, among domestic scientists is still absent, which is what requires further research.

**The purpose of the article**

The purpose of the article is to carry out a filigree study of development support of projects in construction.

**Presenting the main material**

The concept of “development” in its original meaning – translated from English it means

development, i.e. the transition to a qualitatively new level. Instead, according to the results of consideration of its definitions (Table), we see the lack of unanimity among scientists, both opinions and approaches to the interpretation of its content component.

Most approaches to the interpretation of this concept are fragmentary. Of fundamental importance in understanding the “development” of real estate is the creation and implementation of the best possible options for the development of specific real estate in a particular area, because the sale of real estate is not just buying and selling goods, and capital movements on medium- and long-term time horizons [10,162]. The main function of development is to promote the project from the initial idea to the sale of real estate or lease to the final consumer for a fee while minimizing the risks of the investor [3,108]. Therefore, according to the functional approach, development should be understood as a system of relations that arise during the implementation of projects for the construction or transformation (renovation) of real estate in order to preserve its value.

The following distinctive features are characteristic for development support of projects in construction (Fig. 1).

Therefore, we must recognize a number of its advantages over traditional forms of organization of project activities, in particular: full, including financial responsibility of the developer for the results of investment activities; creation of stable business relations at the production and management level; improving the financial results of the activity by reducing the cost of the project, minimizing the risks

**Scientific approaches to the interpretation of the content component the concept of “development”**

Approaches	Author	Content component the concept
As activity	Azarova I. [4,7]	real estate development is a type of entrepreneurial investment project-oriented and operational activities associated with a qualitative change in the existing state of real estate (including land) in order to increase its value
	Semenova H. [5,232]	development is a line of business related to the quality transformation of real estate and ensuring the growth of its value
As a process	Kryvenko T. [6]	development is a process of increasing the value of real estate, by meeting consumer demand
	Rach V., Hladka O. [7,2]	real estate development is a process limited in time, resources and scale, which results in a conceptually new real estate object
	Rashkovskiy O. [3,108]	development is logically completed process of project promotion from the initial idea to the sale of real estate or lease to the final consumer for a fee
	Lee Mao Ruia [8,2941]	development is a process of qualitative material transformation of real estate, which ensures the growth of its market value
As a form of organization	Andrieieva V. [9,26]	real estate development is activities for the organization and implementation of investment and construction projects
	Fesun A. [1,107]	development is a form of organization of an investment project in real estate, and directly development project is an investment project, which is a set of interrelated measures with available resources to create new long-term assets to further return the investment and income.



Fig. 1. Characteristic features of development support of projects in construction

of investors, etc. [3,108].

The process of development support includes a full cycle of work: from the search for land, preparation of the necessary documentation, the use of effective financing mechanisms, selection of contractors, the formation of marketing strategy and sales system [3,108]. It would seem that it is possible to create a universal roadmap for development support of construction projects. However, each project is unique.

Therefore, the customer from the development support is waiting for new interesting concepts to obtain maximum and long-term economic and social effects. As a result, the most important role in the management of development projects is played by the development of a detailed concept of project development (Fig. 2), aimed at ensuring the maximum possible profitability in the long run and investment liquidity of the object. The better it is processed, the longer the real estate object will retain its value and will not require reconstruction or redevelopment (redevelopment) [4,9].

Therefore, we will briefly dwell on the characteristics of each of the stages of development support of projects in construction. In particular, at the first stage of project support the development company provides for the implementation of rapid analysis:

- real estate market and target audience;
- consumer sentiment and behaviour of partners;
- location or territory of the object (conditions of its vital activity);
- the relationship of state and local authorities to the property, namely the lack of restrictions (resources, geography, etc.), compliance of the property with the master plan of development and

development of the city or town where it is located, the ability to obtain appropriate permits from state supervisory authorities, lack of negative attitude on the part of local enterprises and residents, as well as the possibility of establishing partnerships with local authorities, entrepreneurs and obtaining the support of public organizations [11,200];

- political, economic, social and technological components that will affect the demand for real estate, its value and profitability.

The results of rapid analysis are decisive in the formation of the main communication goals of the project and its objectives, the development of a tactical plan for the implementation of the project, i.e. the fundamental basis for the concept of project development, which combines marketing, commercial and architectural construction project.

However, the most difficult stage of project development support is the following - determining the financial model, needs and sources of project financing, which usually includes:

- preliminary study of the viability of the project;
- organization of project financing;
- formation of budget options for development project costs and possible profits under different scenarios of changes in the external and internal environment of the project;
- control over the implementation of the plan and financing conditions [9,27].

Currently, financing of development projects in Ukraine is often limited to only three sources – the capital of owners or partners, co-investors and long-term bank loans, forcing development companies to seek additional alternative financing instruments, including:

- the use of mezzanine financing (which

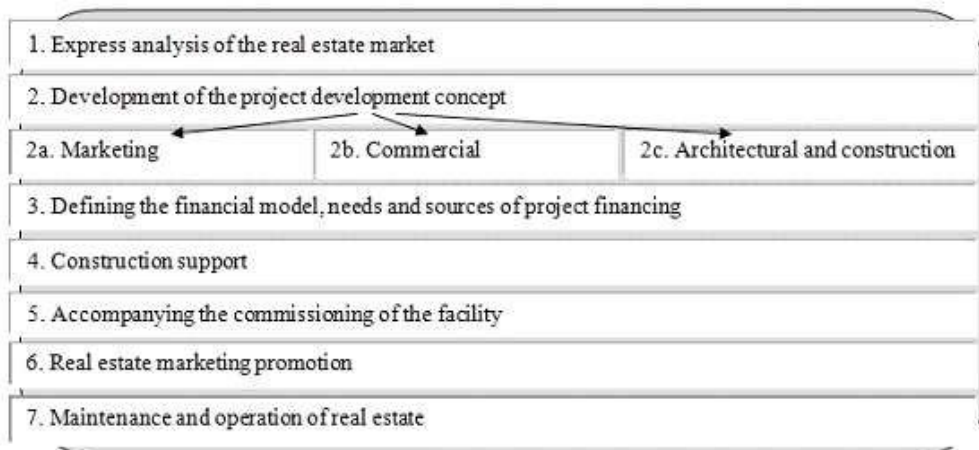


Fig. 2. Stages of development support of projects in construction

combines the features of debt financing and direct investment), which, unlike the European market, has not yet become widespread in Ukraine;

- attracting portfolio investors;
- public offering of shares on Western European stock exchanges, etc. [3,108].

However, at this stage it is important not only to find sources of funding, but also the correctness of the project budget, as exceeding the budget is one of the most common problems of construction projects. Budget overruns are the result not only of incorrect calculations (except, of course, when financial indicators are stated incorrectly intentionally to please the investor’s expectations) at the start of work, but also of a lack of control. So, in order not to deviate from the goal and move forward as planned, at the stage of project initiation the development company determines what financial results it wants to achieve, what indicators NPM, ROI, ROCE, IRR, NPV, PBP (where NPM (Net Profit Margin) - rate of return, ROI (Return on Investment) – return on investment, ROCE (Revenue on Capital Employed) – return on invested capital as a percentage, IRR (Internal Rate of Return) – internal rate of return, NPV (Net Present Value) – net present value capital, PBP (Payment Back Period – payback period of the project) expects taking into account the existing constraints of resources and realities of the real estate market, plans project finances and budgets P&L, Cash Flow, Balance Sheet, which further, namely monthly maintenance of construction, control over compliance with the budget and weekly checks the compliance of actual cost indicators with the planned [2].

The most difficult stage of development support is the support of commissioning of a real estate object. Currently, commissioning is mandatory for any real estate object, but the commissioning procedure itself depends on the categories of complexity of construction objects. Yes, according to Art. 32 of

the Law of Ukraine “On regulation of urban planning activities” from 17.02.2011, No. 3038-VI [12] all construction projects are divided into five different categories of complexity, depending on which is determined by the procedure for putting the property into operation [12].

In particular, to put into operation an object of I–III categories of complexity (private, country or garden house, office building, small residential apartment buildings, etc.), you must first obtain a declaration of readiness for operation. At the same time, in order to put into operation the object of IV–V categories of complexity (apartment building, shopping centre, hospital, etc.) – you need to obtain a certificate of conformity [12].

To form a clearer idea of the complexity of the procedure for putting real estate into operation, on the example of objects of I–III category, consider each of the stages of commissioning of the object (Fig. 3).

Regarding the first stage of commissioning of the real estate object, it should be noted that if the area of the real estate object does not exceed 300 m<sup>2</sup> and the number of storeys is two floors without the attic, then a construction passport must be obtained for the real estate object in district architecture. If the area of the object exceeds the specified area or number of storeys, then there is a need to develop a project of the building and obtain urban planning conditions, as well as restrictions on its development.

At the second stage it is necessary to receive in the State architectural and building inspection (further – SABI) the notice on the beginning of construction works with the individual code assigned to it.

The third stage is no less difficult, as it involves the implementation of the BTI technical inventory and obtaining a technical passport.

The next stage differs from the previous ones in simplicity and minimum time and involves the

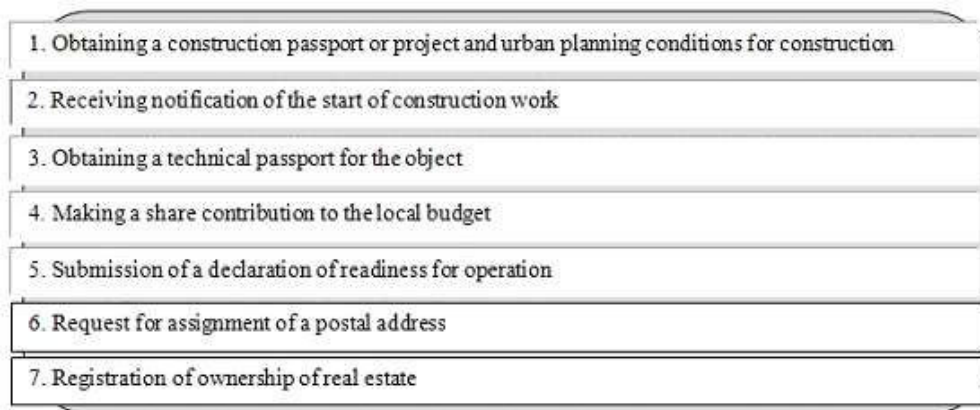


Fig. 3. Stages of the procedure of putting the real estate into operation

payment of a share contribution to the local budget for infrastructure development. However, it should be noted that this contribution is made only for the commissioning of residential buildings with an area of more than 300 m<sup>2</sup> and commercial buildings.

In the next stages, it is planned to declare the readiness of the facility for operation in the DABI and assign it a postal address.

The final stage of putting a real estate object into operation is registration with the district State Registration Service or a notary of ownership of the construction object and obtaining a certificate of ownership.

However, this is not the end of the development support of the object, as there is a need for marketing promotion of the property, the formation of its image and reaching the target audience. The most effective marketing tools at the moment are: search engine optimization (SEO), media advertising, advertising on profile sites (aggregator sites), targeted advertising on social media with a brand page with an effective content policy, e-mail marketing, YouTube video advertising. A new trend is the active use by developers of such tools as lead generation, which allows you to make advertising more personalized and influence only the audience that is potentially interested in buying or renting real estate. As a rule, these promotion channels can attract up to 60% of end buyers, in particular, the residential complex [13]. Instead, marketing promotion of real estate is determined not only by its channels, but also by the chosen strategy of entry and promotion of real estate in the market, which forms its “meta-value”, which allows each participant to make sure of receiving added value from real estate, if not more, then in general and not less than the expected level [11,201].

In the next stages, it is planned to declare the readiness of the facility for operation in the SACI (State Architectural and Construction Inspectorate) and assign it a postal address.

Particular attention should be paid to the study

of the last stage of maintenance company development project – the stage of operation and management of real estate, because in conditions of uncertainty, under the influence of both exogenous and endogenous factors may be a situation of income below the expected level. In this situation, there is a need for the development company to re-concept – a set of measures to increase profitability, among which the most common are, in particular:

– rebranding, the implementation of which is appropriate when the positioning of the image of the property ceases to meet the wishes of consumers. In practice, it is often not necessary to completely change the strategy of the property, but only to rejuvenate it, give it a modern look and / or additional characteristics [14]. Rebranding involves the implementation of such activities as the audit of the image of the object and its image building, the development of repositioning of the image of the object / renaming, corporate style restyling, etc.

In particular, the audit of the image of the property is performed in order to study the attitude of consumers to the image of the object and its popularity, to identify its weaknesses and strengths. Its logical conclusion is the implementation of image building – a set of consistent, interconnected, interdependent, systematic and continuous actions to update the image of a commercial real estate, maintaining its leadership position and attracting audiences. Renaming is mainly used when the vector of real estate development and its functional tasks changes, in particular, when selling and buying real estate, expanding or merging a business, etc. The use of restyling is appropriate when you need to clearly communicate to the target audience the changes that have occurred in the ideology and functional purpose of the property;

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reengineering – the implementation of which is appropriate if necessary to replace utilities and communications of real estate;

reconstruction – reconstruction of the real estate object taking into account changes of its functional purpose and preferences of users.

The proposed list of development support services for construction projects is incomplete, as depending on the situation and the wishes of the customer it can be significantly expanded, but under any circumstances development support aims to effectively manage the construction project and its successful implementation.

#### **Conclusions and prospects for further exploration in this direction**

Thus, based on the results of a conducted study of development support of real estate construction projects, we conclude that its main functions are to support the project and its promotion from the initial idea to the sale of real estate or lease to the final consumer for a fee while minimizing risks, which allows to ensure the success of such projects through the optimal combination of goals, deadlines, costs, risks, quality of construction work and user preferences.

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## ДЕВЕЛОПМЕНТСЬКИЙ СУПРОВІД ЯК ДІЄВИЙ ІНСТРУМЕНТ УПРАВЛІННЯ ПРОЕКТАМИ У БУДІВНИЦТВІ

Левченко Н.М., Бугрім О.Ю.

У статті констатовано, що впродовж років незалежності галузь будівництва пройшла тернистим шляхом спроб і помилок, оскільки на початкових етапах свого становлення будівельні організації не володіли достатнім обсягом знань та практичних навичок, працювали за старими, ще радянськими стандартами. Наразі ж досвід українських будівельників є значно більшим, збагаченим новими знаннями та підходами, але незважаючи на це, він все ще не може конкурувати з досвідом і традиціями будівельної галузі західних країн, де управління інвестиційними будівельними проектами вже не перше десятиліття здійснюється завдяки девелопментському супроводу проектів. Акцентовано, що не дивлячись на давнину існування поняття «девелопмент», існування одностайності, як думок, так і підходів щодо трактування його змістовної складової, серед вітчизняних науковців відсутнє. Наголошено, що основна функція девелопменту полягає в просуванні проекту від початкової ідеї до продажу об'єкта нерухомості або здачі його в оренду кінцевому споживачеві за певну винагороду. Уніфіковано розмаїття трактувань поняття «девелопмент» та доповнено науковий тезаурус його авторським визначенням за функціональним підходом, як системи відносин, що виникають під час реалізації проектів з будівництва чи перетворенні (оновленні) нерухомості з метою збереження її цінності. Розглянуто відмінні риси девелопментського супроводу, підкреслено його переваги над традиційними формами організації проектної діяльності: фінансову відповідальність девелопера за результати інвестиційної діяльності; створення стійких ділових зв'язків на виробничому і управлінському рівні; поліпшення фінансових результатів діяльності за рахунок зниження собівартості проекту, мінімізації ризиків інвесторів тощо. Коротко проаналізовано кожен з етапів девелопментського супроводу проектів у будівництві. Доведено, що девелопментське супроводження проектів протягом циклів їх просування та реалізації дозволяє завдяки оптимальному поєднанню цілей, термінів, витрат, ризиків, якості виконання будівельних робіт та вподобань користувачів, забезпечити ефективність управління проектами з будівництва та успішність їх реалізації.

**Ключові слова:** девелопмент, девелопер, девелопментський проект, девелопментський супровід проектів, девелопментська компанія.

## ДЕВЕЛОПМЕНТСКОЕ СОПРОВОЖДЕНИЕ КАК ДЕЙСТВЕННЫЙ ИНСТРУМЕНТ УПРАВЛЕНИЯ ПРОЕКТАМИ В СТРОИТЕЛЬСТВЕ

Левченко Н.М., Бугрім А.Ю.

В статье констатировано, что на протяжении лет независимости отрасль строительства прошла тернистый путь проб и ошибок, поскольку на начальных этапах своего становления строительные организации не обладали достаточным объемом знаний и практических навыков, работали по старым, еще советским стандартам. Ныне опыта в украинских строителей значительно больше, обогащенного новыми знаниями и подходами, но несмотря на это, он все еще не может конкурировать с опытом и традициями строительной отрасли западных стран, где управление инвестиционными строительными проектами уже не первое десятилетие осуществляется благодаря девелопментскому сопровождению проектов. Акцентировано, что несмотря на уже довольно длительное существование понятия «девелопмент», как единство мысли, так и подходов к трактовке его содержания, среди отечественных ученых отсутствует. Отмечено, что основная функция девелопмента состоит в продвижении проекта от начальной идеи до продажи объекта недвижимости или

сдачи его в аренду конечному потребителю за определенное вознаграждение. Унифицировано разнообразие трактовки понятия «девелопмент» путем дополнения научного тезауруса его авторским определением по функциональному подходу, как системы отношений, возникающих при реализации проектов по строительству или преобразованию (обновлению) недвижимости с целью сохранения ее ценности. Рассмотрены отличительные черты девелопментского сопровождения проектов, подчеркнуты его преимущества над традиционными формами организации проектной деятельности: финансовая ответственность девелопера за результаты инвестиционной деятельности; создание устойчивых деловых связей на производственном и управленческом уровне; улучшение финансовых результатов деятельности за счет снижения себестоимости проекта, минимизации рисков инвесторов. Коротко проанализированы каждый из этапов девелопментского сопровождения проектов в строительстве. Доказано, что девелопментское сопровождение проектов в течение цикла их продвижения и реализации позволяет благодаря оптимальному сочетанию целей, сроков, затрат, рисков, качества выполнения строительных работ и предпочтений пользователей, обеспечить эффективность управления проектами по строительству, а также успешность их реализации.

**Ключевые слова:** девелопмент, девелопер, девелопментский проект, девелопментское сопровождение проектов, девелопментская компания.

## DEVELOPMENT SUPPORT AS AN EFFECTIVE TOOL OF PROJECT MANAGEMENT IN CONSTRUCTION

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The article states that during the years of independence the construction industry went through a thorny path of trial and error, because in the initial stages of its formation construction companies did not have sufficient knowledge and practical skills, worked according to old, still Soviet standards. At present, the experience of Ukrainian builders is much greater, enriched with new knowledge and approaches, but despite this, it still cannot compete with the experience and traditions of the construction industry in Western countries, where the management of investment construction projects is not the first decade is carried out through development support of projects. It is emphasized that despite the antiquity of the concept of “development”, the existence of unanimity, both opinions and approaches to the interpretation of its substantive component, among domestic scientists is absent. It is emphasized that the main function of development is to promote the project from the initial idea to the sale of real estate or rent it to the final consumer for a fee. The variety of interpretations of the concept of “developer” is unified and the scientific thesaurus is supplemented by its author’s definition according to the functional approach, as a system of relations that arise during the implementation of projects for construction or transformation (renovation) of real estate to preserve its value. Distinctive features of development support are considered, its advantages over traditional forms of organization of project activity are emphasized: financial responsibility of the developer for results of investment activity; creation of stable business relations at the production and management level; improving the financial results of activities by reducing the cost of the project, minimizing the risks of investors, etc. Each of the stages of development support of construction projects is briefly analysed. It is proved that development support of projects during the cycles of their promotion and implementation allows due to the optimal combination of goals, deadlines, costs, risks, quality of construction work and user preferences, to ensure

the effectiveness of construction project management and success.

**Keywords:** development, developer, development project, development support of projects, development company.

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