



BUILDCOST
CHARTERED QUANTITY SURVEYORS



Second Half **2020**

Construction Cost Guide

www.buildcost.ie

Welcome

Managing Your Construction Budgets in unprecedented times

We continue to live and operate in unprecedented times. The focus remains on ensuring the health and wellbeing of our family, friends, and work colleagues during this Covid-19 pandemic. It is still too early to understand its full implications or when it will conclude, but it has already permanently changed the Irish Economy. It has also changed our attitudes towards the way we all work and live our life going forward.

The impacts on the construction and property industry have been significant. We have been through a period of site closures where some workers had been temporary laid off. Tenders, planning applications, planning decisions etc. have slowed down or taking longer. Some projects at pre-contract stage have been delayed indefinitely, and contracts for future projects may not be awarded until the crisis has passed.

On most construction sites, works have re-commenced. Working alongside the virus with social distancing, enhanced cleaning regimes, staggered breaktimes, additional welfare facilities etc. will remain in place for the foreseeable future and become the new normal. Most contractors, clients and design teams have evaluated the consequences of past delays and are now looking forward. However, it is still difficult to predict the potential impact of Covid-19 going forward and there are risks of future delays.

People's work and life requirements are changing. Different development models / asset classes may be required in the future. Companies will need to be agile and quick to adapt to the changing requirements. Certain questions are being asked such as:

'With people now experiencing working from home, what will be the impact on office space?'

'Will there be a demand for more or better-quality homes which can cope with remote working in terms of facilities and connectivity?'

'How will physical retail be impacted considering most shopping is now done online?'

Opportunities for remote working is likely to increase demand for houses outside core urban areas. However current policy has placed a heavy emphasis on building higher-density apartment blocks in large urban centres.

Where possible, many companies have agreed that their employees can work from home. Will the requirement to live near city centres decline?

Fewer office workers will also mean less economic activity in city centres. With greater flexibility, peoples' housing priorities could change.

Delivering value for money schemes against the backdrop of inflation, Brexit, Sectoral Employment Order (SEO), NZEB and pressure of increasing wages has been a huge challenge for all in the industry over the past number of years. Delivering schemes on the backdrop of Covid-19 will probably be the most difficult challenge the industry has ever faced.

We at Buildcost, are completely cost-focused and look forward to embracing this new challenge with our clients. We will continue to take the lead in looking at cost effective solutions across all asset classes, including new sectors that will emerge after this crisis has abated. Value Engineering will be critical in this regard. We have been busy providing valued information to the industry through the following publications:

- Covid 19 – Impacts for employers to consider on projects under construction / contract (In conjunction with Philip Lee)
- <http://buildcost.ie/covid19-impact-for-employer/>
- Making Apartment Costs Viable 2020
- <http://buildcost.ie/Buildcost-Making-Apartment-Costs-Viable.pdf>
- Is your property Adequately Insured? (in conjunction with S.A. Faughnan)
- https://www.linkedin.com/posts/buildcost_buildcost-article-adequately-insured-activity-6696450116863213568--JzL
- The Dublin Private Rented Sector Investment Report Q2 2020 (in conjunction with Hooke & McDonald)
- https://www.linkedin.com/posts/buildcost_hooke-macdonald-2020-activity-6705078422827274240-yAi_

Within the pages of this booklet, you will find an overview on current construction costs. These figures are presented as a range of costs. Where your construction project falls within this range will depend on many factors. The information contained with this booklet is a guide only. If you would require more specific cost information, please do not hesitate to contact us for a consultation. Now is the time to re-evaluate all schemes.

Buildcost Directors

Jason Tully Liam Langan

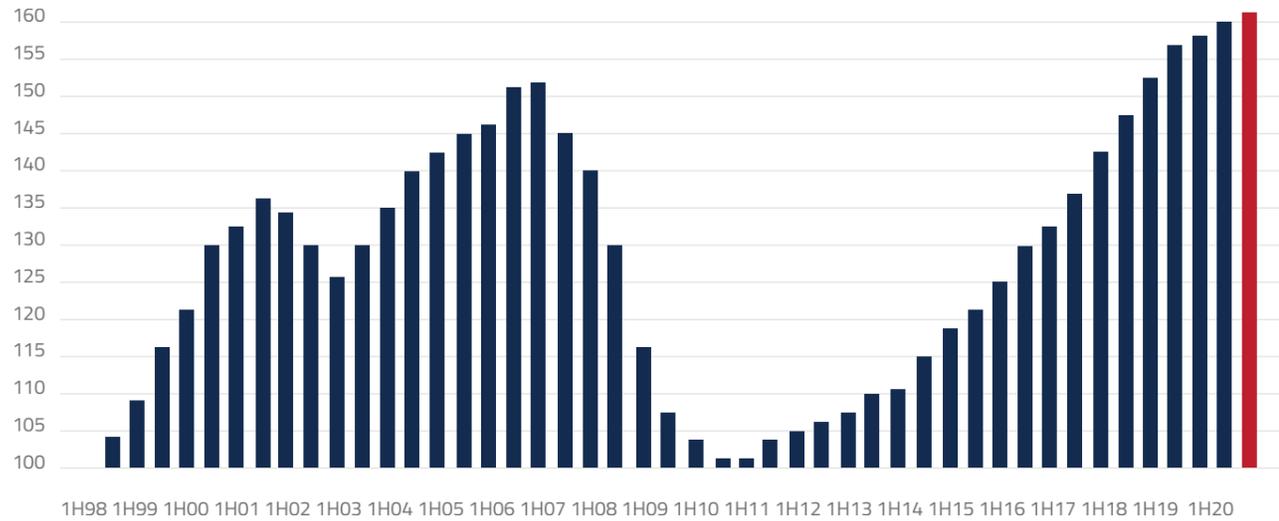


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SCSI Tender Indices

The latest tender price indices published by the Society of Chartered Surveyors Ireland shows that, despite the Covid-19 pandemic, construction tender prices marginally rose in the first half of 2020. The index for the 1st half of 2020 shows an increase of **0.9%** from the 2nd half of 2019. This represents a full year increase of **3.8%** (July 19- July 20). However this is the lowest yearly rate of growth for a number of years now.



Year	Period	Index Value	Year	Period	Index Value	Year	Period	Index Value
1998	First Half	100.00	2006	First Half	146.7	2014	First Half	112.0
	Second Half	103.8		Second Half	151.7		Second Half	115.2
1999	First Half	108.6	2007	First Half	152.0	2015	First Half	118.2
	Second Half	116.1		Second Half	145.2		Second Half	121.5
2000	First Half	121.7	2008	First Half	140.7	2016	First Half	125.5
	Second Half	130.7		Second Half	130.0		Second Half	129.2
2001	First Half	132.2	2009	First Half	116.4	2017	First Half	132.6
	Second Half	136.9		Second Half	107.7		Second Half	137.4
2002	First Half	133.9	2010	First Half	103.7	2018	First Half	142.6
	Second Half	130.1		Second Half	101.5		Second Half	147.7
2003	First Half	127.2	2011	First Half	101.5	2019	First Half	152.7
	Second Half	129.3		Second Half	103.5		Second Half	157.0
2004	First Half	135.3	2012	First Half	104.5	2020	First Half	158.4
	Second Half	139.4		Second Half	106.4		Second Half	159.5 (f)
2005	First Half	142.6	2013	First Half	107.3			
	Second Half	147.7		Second Half	109.7			

Source: Society of Chartered Surveyors Ireland

Buildcost Commentary on the recent SCSi Tender Indices...and Covid-19

The recent Tender Indices as produced by the SCSi for the First Half of 2020 shows an increase of just **0.9%** as a national average. This national average is not uniform across the country. Dublin increased by **0.9%** while the rest of Leinster increased by **1.4%** over the same period.

This represents a full year increase of **3.8%** (July 19 - July 20). This is the lowest yearly rate of growth for several years. The inflation prediction for the whole of the 2020 year is just **1.6%**.

The main reason why inflation has been slowing is due to the Covid-19 pandemic and the lockdown having an instant impact on the level of new projects being tendered. This has an impact on tender rates as construction firms are concerned about future workload and have been keen to secure projects for 2021 and onwards. The uncertainty currently in the market is fueling lower tender rates.

It is important to note that all the above analysis is up to July 2020. As we write this, the impact is still being felt.

Residential: While it's too early to tell what the overall impact will be for the new homes market, so far we have seen very little evidence of a reduction in the desire to purchase a new home, particularly with first-time buyers.

According to a new report from the ESRI, the biggest threat from the pandemic is the risk to housing supply. Ireland's housing market has suffered from chronic supply shortages over the past number of years and the disruptions to activity which are associated with Covid-19 place further pressure on delivery in the private sector. The pandemic is likely to mean less investment in new housing by developers whilst also skewing demand away from urban apartments as remote workers eye houses outside the city. The report's key finding warns that the uncertainty created by the pandemic combined with new health and safety restrictions on building sites and possible issues for builders obtaining finance may reduce investment in housing, leading to a decline in completions.

The most long-lasting impact of the crisis will be the potential exacerbation of the imbalance between housing demand and supply which already exists in the market. The most efficient policy response in that context is for an increase in the State provision of social and affordable housing over the short to medium term. The impact will depend on the

extent of disruption on the market, the speed at which we recover, the impact on unemployment, and the extent of reductions in average incomes, all which affect a person's ability to afford a home.

Pre Covid-19 there was a severe supply shortage of residential units. This was mainly due to the prohibitive cost of delivering new residential units, particularly new apartments. There were significant costs in complying with current regulations such as part M (disabled access), part L (sustainability), dual aspect views, apartment sizes etc. These factors were driving a high construction cost. These construction costs or "hard costs" account for circa half the overall delivery cost. Soft costs (site acquisition, stamp duty, professional fees, legal fees, planning contributions, finance etc.) make up the remaining cost.

Commercial: The news that Google has pulled out of talks to lease the Sorting Office, a seven-storey office building in Dublin's docklands, will send a chill through the commercial property sector. The sector is already bracing itself for the impact of an anticipated shift to higher numbers of people working from home even after the Covid-19 pandemic abates.

The decision not to add to Google's Dublin office space is likely to add to the belief among business leaders that more staff are set to work from home well into the future. Ulster Bank paused its search for a new Dublin headquarters over the summer to reassess what it believes are new post-Covid space requirements.

Financial markets are hugely volatile now. Some commercial property transactions may not take place until this crisis has passed and markets are on the road to recovery. Current and future rents may be impacted also. Some fear that remote working will be detrimental to the office sector. Others feel remote working will compliment the office working environment. The office environment is valuable for collaboration, team working and social interaction for both employees and employers.

Post Covid-19, there may be opportunities in the interior fit-out market as people re-assess the new way of working and the use of their existing office space may require modifying. There may be an increase in smaller satellite offices to assist with social distancing, reduce the need for commuting and the reliance on public transport. This may also assist companies in reducing their carbon footprint.

Other Sectors: All sectors of the industry will be in a different place post Covid-19.

Data centre projects, pharmaceutical projects and logistic projects are still performing well.

Physical retail space may be seriously impacted due to people's reliance on online shopping.

Healthcare spending is significantly up and a strategy for dealing with the aftermath of this will need to be implemented.

The success of the Public Sector Works and Public Private Partnerships process will depend on the amount of finance available from the Government Post Covid-19.

Conclusion: Since the re-opening of sites in May, the funders have generally been cautious about funding new developments. Some projects have been paused and it is unclear when and if they will be restarted.

There is a concern over the future impact the pandemic and a no-deal Brexit could potentially have on the construction industry.

The SCSi have called for the Government to take advantage of the softening in construction costs and commence a large-scale building programme via local authorities.

The CIF called on the Government to secure €15 billion from the EU recovery fund to bolster the national development plan, the introduction of a shared equity scheme for private homes, and the extension of planning expiry dates so that development permissions are not lost due to Covid-19 disruptions.

In summary, the pace of tender rates slowing in the first half of 2020 is to be welcomed, as it allows projects the opportunity to remain viable. It is extremely difficult to predict the impact on future tender rates because of Covid-19. The current trend shows that inflation is slowing. Will we see deflation soon?

The truth is nobody can be certain at this stage how this crisis will impact the world, our country, and our industry. We believe that to navigate our way through these times will require us all to change and that this change will become our future. It will be interesting to see what the impact of this will have on Tender rates in the next 6 months!

Construction Cost Guide

Our construction cost guide sets out typical building costs prepared from our experience and cost database. The cost ranges are representative of standard specifications and should be used as a guidance only. These costs exclude FF&E, siteworks, VAT, professional fees, future inflation and other developer costs etc.

Commercial Offices	Cost Range €
Sub Urban Offices	2,200 - 2,800 per m2
City Centre Offices	3,000 - 3,500 per m2
Office Fit Outs (Cat B)	600 - 2,700 per m2

Refurbishment / Fit-Out Work	Cost Range €
Minor upgrade of internal finishes	600 - 800 per m2
New internal finishes, new cellularisation and upgrade of mechanical & electrical works	800 - 1,800 per m2
New internal finishes, new cellularisation, new mechanical & electrical works and facade enhancements	1,800 - 2,700 per m2
Refurbishment / Fit-Out Works to existing Georgian Buildings	3,000 - 6,000 per m2

High Tech Industrial Units	Cost Range €
Warehouse with no Office - Low Specification	750 - 850 per m2
Warehouse with 10% Office - Medium Specification	800 - 950 per m2
Warehouse with 10% Office - High Specification	950 - 1,100 per m2

Retail	Cost Range €
Shopping Centre - Anchor Unit	1,000 - 1,200 per m2
Shopping Centre - Shop Unit	1,200 - 1,500 per m2
Shopping Centre - Covered Mall	2,700 - 3,500 per m2

Residential	Cost Range €
Terraced Houses	1,050 - 1,250 per m2
Semi Detached Houses	1,100 - 1,350 per m2
Apartments (Build to Sell)	2,000 - 2,500 per m2
Apartments (Build to Rent)	2,200 - 2,700 per m2
Shared / Student Accommodation	70,000 - 90,000 per unit
Crèche "Grey Box"	900 - 1,200 per m2

Construction Cost Guide

Site Development Works	Cost Range €
Estate Roads	2,200 - 2,800 per m
Roads, Footpaths, Enclosed and Services	150 - 200 per m2
Civic / Public Realm Areas	500 - 800 per m2

Education *Basic building costs only - external allowance of 12.5% And abnormal costs to be added	Cost Range €
Primary Level (DOE allowance)	1,313 per m2*
Secondary Level (DOE allowance)	1,313 per m2*
Sports Hall (DOE allowance of 30% uplift on basic building costs)	1,707 per m2
Third Level (Excludes FF&E)	2,600 - 3,500 per m2

Leisure * All of the figures below exclude FF&E	Cost Range €
Hotel - 3 Star	2,500 - 3,100 per m2
Hotel - 4 Star	2,700 - 3,400 per m2
Hotel - 5 Star	3,000 - 3,600 per m2
Swimming Pool / Leisure Centre	2,400 - 3,000 per m2

Health * Health budgets exclude medical equipment	Cost Range €
Primary Care Centre	2,000 - 2,500 per m2
Hospital	3,500 - 5,000 per m2

Carparks * Carpark costs will depend on efficiencies	Cost Range €
Surface Car Park	3,000 - 4,000 per space
Multi Storey Car Park	15,000 - 20,000 per space
Undercroft Car Park	17,000 - 23,000 per space
Single Basement Car Park	45,000 - 65,000 per space
Double Basement Car Park	65,000 - 75,000 per space

Just Beginning...

Apartment Block

Hansfield, Dublin 15



Under Construction...

Apartment Block

Clancy Quay, Dublin 8



Just Completed...

Hibernia REIT HQ

1WML, Windmill Lane, Dublin 2



SCSI House Rebuilding Guide

This guide is intended to assist you in insuring your home and briefly explains some of the more important aspects of house insurance. It also seeks to emphasize the importance of adequately insuring what is probably your most valuable possession. Remember that home insurance policies differ, some covering more than others; hence the importance of examining your policy carefully and insuring for the correct amount.

House Type	No. of bedrooms	Typical Size	Dublin Area	Cork Area	Galway Area	Waterford Area	Limerick Area	North West Area	North East Area
Terraced Town House	2	753 sq. ft 70 sq. m	€204 sq. ft €2193 sq. m	€168 sq. ft €1814 sq. m	€161 sq. ft €1732 sq. m	€153 sq. ft €1650 sq. m	€162 sq. ft €1744 sq. m	€133 sq. ft €1435 sq. m	€162 sq. ft €1741 sq. m
Terraced Town House	3	1023 sq. ft 95 sq. m	€194 sq. ft €2091 sq. m	€159 sq. ft €1709 sq. m	€154 sq. ft €1662 sq. m	€146 sq. ft €1571 sq. m	€154 sq. ft €1662 sq. m	€126 sq. ft €1356 sq. m	€152 sq. ft €1639 sq. m
Semi Detached	3	1023 sq. ft 95 sq. m	€203 sq. ft €2181 sq. m	€161 sq. ft €1732 sq. m	€159 sq. ft €1709 sq. m	€148 sq. ft €1594 sq. m	€156 sq. ft €1674 sq. m	€127 sq. ft €1368 sq. m	€160 sq. ft €1718 sq. m
Semi Detached	4	1270 sq. ft 118 sq. m	€197 sq. ft €2125 sq. m	€159 sq. ft €1709 sq. m	€151 sq. ft €1628 sq. m	€145 sq. ft €1560 sq. m	€150 sq. ft €1616 sq. m	€126 sq. ft €1356 sq. m	€148 sq. ft €1594 sq. m
Detached	4	1270 sq. ft 118 sq. m	€197 sq. ft €2125 sq. m	€164 sq. ft €1767 sq. m	€156 sq. ft €1674 sq. m	€149 sq. ft €1605 sq. m	€158 sq. ft €1697 sq. m	€127 sq. ft €1368 sq. m	€154 sq. ft €1661 sq. m
Detached Bungalow	4	1572sq. ft 146 sq. m	€191 sq. ft €2057 sq. m	€160 sq. ft €1721 sq. m	€149 sq. ft €1604 sq. m	€140 sq. ft €1503 sq. m	€158 sq. ft €1697 sq. m	€123 sq. ft €1322 sq. m	€150 sq. ft €1616 sq. m

The costs are based on building rates in September 2019. **More information can be found at: https://www.scsi.ie/advice/house_rebuilding_calculator**

Planning and Fire Certificate Charges

The planning charges below are based on Dublin City Council charges and excludes development levies such as contributions towards road, water, sewerage, parks and other facilities provided by the council.

Planning	Charges
Provision of dwelling house or apartment	€65 for each dwelling
Domestic extension / other improvements	€34 for each dwelling
Other buildings (i.e. offices, commercial etc.)	€80 or €3.60 per m2 (whichever is greater) up to a maximum of €38,000
Use of land as golf or pitch & putt course	€50 per hectare
Outline Planning Permission	75% of full planning permission charge up to a maximum of €28,500
Fire Certificate	Charges
Standard Application	€125 or €2.90 per m2 (whichever is greater) up to a maximum of €12,500
A Seven Day Notice Application	€250 or €5.80 per m2 (whichever is greater) up to a maximum of €25,000
A Regularisation Fire Safety Certificate Application	€500 or €11.60 per m2 (whichever is greater) up to a maximum of €50,000
Other	Charges
Commencement Notice	€30 in respect of each building
Disability Access Certificate	€800 per building

About Buildcost

Buildcost are a Chartered Quantity Surveying practice based in Dublin, Ireland.

Buildcost was established by founding directors **Liam Langan and Jason Tully.**



Liam Langan
Director



Jason Tully
Director

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We are experts in providing cost consulting on construction and refurbishment projects. We have a strong team of highly motivated and professional quantity surveyors and support staff in our Dublin head office.

We successfully provide our cost management services to a broad range of clients including developers, REITs, public bodies, financial institutions, tech companies, agents, and large contractors etc. We provide a professional service and adopt a partnership approach that ties our own success to that of our clients.

What Sets Us Apart

We have a proven track record for delivering considerable cost savings on large scale projects through our in depth analysis of the key cost drivers and in particular our expertise in value engineering and building efficiencies. The cost savings achieved on previous projects far outweigh our fees.

Buildcost Culture

There are three pillars that make Buildcost stand out...





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