2021 Construction Cost Handbook

ARCADIS

MARKET SECTOR	DESCRIPTION / QUALIFYING NOTES	SYDNEY		BRISBANE		MELBOURNE		PERTH		ADELAIDE	
		LOWER	UPPER	LOWER	UPPER	LOWER	UPPER	LOWER	UPPER	LOWER	UPPER
INDUSTRIAL	Shell only; conventional single storey framed units; tilt-up walls; M&E services to main distribution unit only; excluding offices	876	1,092	778	1,182	770	1,227	680	964	720	980
COMMERCIAL OFFICES	High Rise Commercial Offices; Prestige quality; including Base Build Fit-Out; 36 to 50 Storeys	5,428	6,087	3,727	4,444	4,025	4,555	3,806	4,750	-	-
	High Rise Commercial Offices; Grade A quality; including Base Build Fit-Out; 25 to 40 Storeys	4,367	4,934	3,131	3,878	3,515	3,994	3,421	4,111	2,950	3,800
	Medium to High Rise Commercial Offices; Grade A quality; including Base Build Fit-Out; 21 to 35 Storeys	3,708	4,481	3,030	3,575	3,234	3,609	3,360	4,030	2,820	3,470
	Medium to High Rise Commercial Offices; Grade B quality (investment grade); including Base Build Fit-Out; 7 to 20 Storeys	3,172	3,780	2,616	2,959	2,579	3,245	2,852	3,400	2,550	3,080
WORK-PLACE	Tenant Office Fit-Out - Category B Good Quality Fit-Out to complete to building to tenant's requirements; including workstations and furniture	2,102	3,200	2,102	3,200	2,102	3,200	1,787	2,720	1,787	2,720
RETAIL	Supermarket Format; between 8,000m2 and 10,000m2; warm shell including M&E services; excluding shop fit-out	1,823	2,740	1,586	1,879	1,539	2,049	1,523	1,817	1,540	1,760
	Shopping Centre; based on 65% retail unit shells; 10% BOH and 25% shopping mall; including M&E Services; single storey; excluding shop fit-out	2,318	3,245	2,000	2,656	1,893	2,350	1,857	2,203	1,580	2,090
PARKING	Underground / Basement Car Park; less than 3 levels	1,607	1,967	1,677	2,050	1,508	1,841	1,807	2,355	1,030	1,910
	Multi-Level Car Park; less than 4 levels	803	1,061	909	1,263	780	1,196	690	924	690	940
HEALTH	General / District Hospital; single storey; including operating theatres	3,976	4,336	3,656	4,000	3,827	4,170	3,603	3,928	3,720	4,870
	General / District Hospital; multi-storey; including operating theatres	6,211	6,777	6,030	6,777	5,606	6,126	5,765	6,293	4,980	6,210
	Private Hospital; single storey; including operating theatres	3,172	3,646	3,616	4,252	3,068	3,453	3,299	3,725	4,030	5,200
	Private Hospital; multi-storey; including operating theatres	4,707	5,521	4,818	5,494	3,630	4,836	4,263	4,902	3,520	4,640
SPORTS	Sports Club House; Multi-Purpose; Dry Sports Only; including M&E services	1,720	2,029	1,626	1,919	1,300	1,487	1,309	1,411	1,290	1,390
PRIMARY & SECONDARY EDUCATION	Primary School; General Teaching; single storey	2,472	2,709	1,667	1,818	1,778	2,007	1,583	1,726	1,680	1,810
	Primary / Secondary School; General Teaching Only; maximum of 3 levels	2,740	2,977	1,828	1,990	2,049	2,298	1,746	1,908	2,020	2,180
	Secondary School; Laboratories; maxiumum of 3 levels	2,513	2,730	2,394	2,737	2,475	2,829	2,456	2,822	2,200	2,370
UNIVERSITY	University; Arts; maximum of 3 levels	3,265	3,914	3,222	3,525	3,224	3,442	3,258	3,563	3,420	3,680
	University; Lecture Theatres; 1-2 storeys	3,677	4,336	3,373	3,678	3,463	3,858	3,522	3,918	3,670	3,950
	University; Science Laboratories; maximum of 3 levels	4,275	4,841	3,990	4,656	4,170	4,857	4,131	4,801	4,360	4,700
	University; Administration; 1-2 storeys	2,616	2,987	2,151	2,495	2,548	2,777	2,487	2,710	2,600	2,800
	University; Library; maximum of 3 levels	3,275	3,801	2,485	2,838	2,610	2,974	2,558	2,913	2,600	2,800
	Student Residences	3,770	3,950	3,392	2,855	3,177	3,934	3,324	3,778	3,256	3,700
RESIDENTIAL	Town House; 2-storey; Medium Standard	2,142	2,750	1,656	1,889	2,007	2,579	1,695	2,294	1,580	2,190
	Town House; 2-storey; High Standard	2,472	3,420	1,929	2,111	2,423	2,766	1,888	2,558	1,710	2,240
	Apartments; multi-storey; Medium Standard	2,627	3,111	2,697	3,121	2,652	3,214	2,527	3,126	2,460	2,950
	Apartments; multi-storey; High Standard	3,399	3,995	3,081	3,606	3,307	3,827	2,812	3,441	2,720	3,230
	Apartments; multi-storey; Prestige Standard	4,130	4,913	3,404	3,727	3,630	4,150	3,441	4,040	3,150	3,400
HOTELS (SHORT STAY)	Budget Hotel (3 Star); Mid Market; 30-32m2 per key; including M&E Services but excluding FF&E	3,512	4,141	3,171	3,858	3,016	3,494	3,035	3,603	3,320	3,960
	Mid-Range Hotel (4 Star); 30-32m2 per key; including M&E Services but excluding FF&E	4,202	5,408	3,646	4,242	3,817	4,566	3,278	3,918	3,910	4,680
	International Standard Hotel (5 Star); 68m2 per key; including M&E Services but excluding FF&E	5,253	6,448	4,363	5,141	4,420	5,138	4,476	5,227	4,550	5,200

The construction cost ranges identified within this Handbook represent estimates of construction cost for a variety of property asset types across Sydney, Melbourne, Brisbane, Perth, and Adelaide. Actual costs are likely to vary as a consequence of several factors such as site and climatic conditions, specification standards, and future changes in local markets and supply chains.

All construction cost ranges are represented in AUD and on a cost-per-square-metre basis and are current as at the Second Quarter of 2021. Costs are deemed to include those items that are typically incorporated within standard building contracts. However, for the avoidance of doubt, the following items are specifically excluded from these cost ranges:

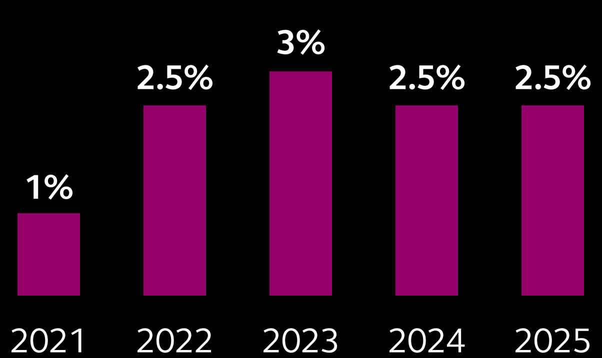
- Goods and Service Tax (GST)
- Land costs
- Legal and professional fees
- Tenancy works (where applicable)
- Loose fixtures, fittings and furniture
- Specific site works such as services infrastructure upgrades and relocations

Tender Price Forecast

Arcadis have analysed several metrics to produce this Tender Price Forecast. It is important to note that the forecasts that have been presented represent the anticipated average increase to tender prices on a range of asset types across each location. When forming a view on tender price inflation at the project level It is necessary to take project specific factors into account.

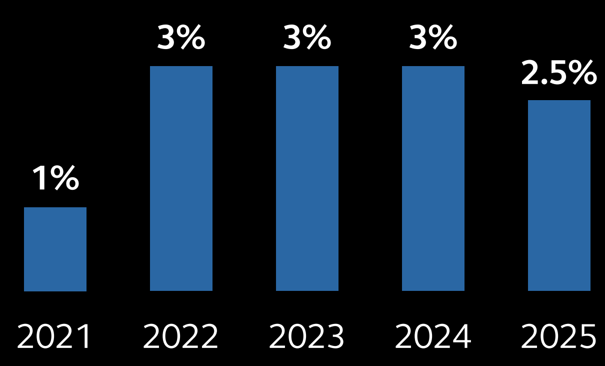
Sydney

The Sydney construction market was mildly impact by COVID-19 last year and is now making a swift return to pre-pandemic levels. This recovery has been underpinned by a significant roll-out of public sector investment by both the Federal and State Government. These conditions are anticipated to continue for at least the next few years and potentially improve further as the private sector returns to previous levels.



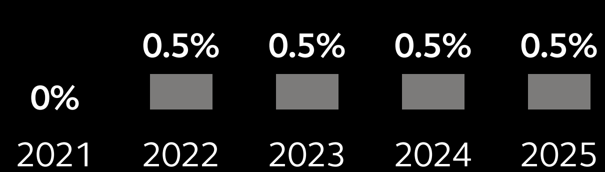
Melbourne

The Melbourne construction market is still relatively competitive despite the extent of lockdowns that were a significant feature of last year. In fact, the Melbourne construction market actually outpaced all of its counterparts in terms of total Building Activity in 2020. We anticipate that this will continue throughout the rest of 2021, meaning that clients, in most cases, will be able to secure their preferred tender list and that contractors are not yet turning down tender opportunities. However, increasing levels of construction activity across several sectors, combined with a funded pipeline of future work, are beginning to push up costs. This is exacerbated by the challenge of securing materials and skilled labour.



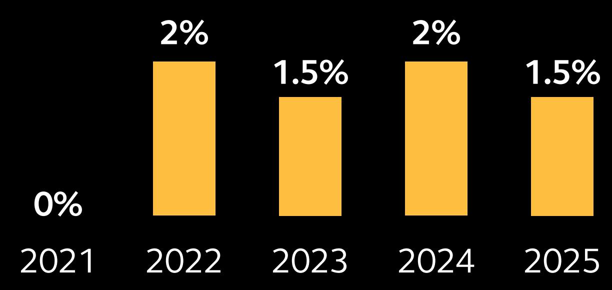
Perth

Unlike the market conditions that are impacting the cities on the East Coast, there is an excess capacity of labour across Western Australia. This is likely to continue for the rest of 2021. We anticipate, therefore, that the market will remain extremely competitive as contractors to fill their order books. The impact of this is that tender prices are likely to remain relatively subdued in the short term.



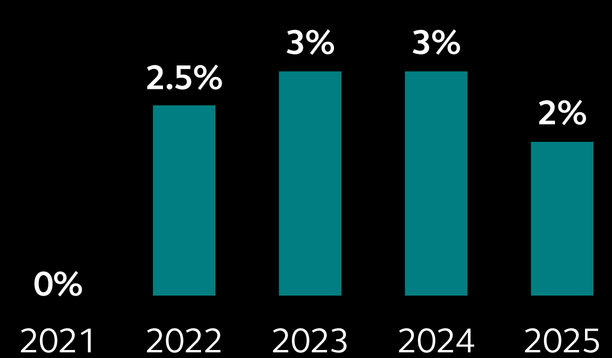
Adelaide

Unlike many of the other cities featured, Adelaide and South Australia have not had significantly levels of infrastructure investment over the last few years. This is likely to change with the roll-out of the a number of projects including Adelaide North-South Corridor project, which is slated for 2023-24. It is also anticipated that existing sectors that have demonstrated recent remarkable growth, such as Health, Defence, and Data Centres, will likely continue to underpin the construction market over the next few years.



Brisbane

Brisbane has suffered for quite some time with regards to the lack of a confirmed future pipeline of work. This has led to many larger contractors, particularly those that are placed in the Tier 1 category, to focus on the Southern States to fill their order books. This has reduced competition and kept construction pricing artificially high. With the potential for an SEQ Olympics, there is the potential for a more significant pipeline of work to be established, which may result in some contractors returning to the State.



At Arcadis, we understand our clients' challenges, and work with them to deliver best in class cost solutions that are supported by relevant data and analytics.

Contact

Matthew Mackey
National Director – Cost & Commercial
E matthew.mackey@arcadis.com

Connect with us

@ArcadisAustraliaPacific @ArcadisAustraliaPacific Arcadis Australia Pacific

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