

Building Cost Indicator

Aged Care

Asset Replacement and New Builds

June 2016

Building Industry Update

The building industry in Australia continues its fairly stable position which has been evident over the last couple of years. Apartment construction is still very active whilst new house starts are below desired levels. Infrastructure construction is lower than it was a few years ago during the federal government's stimulus package era. The net effect of this is that many builders are continuing to price projects keenly with low margins.

Contractors are absorbing whole or part of recent increases in materials such as metalwork, steelwork and timber with these benefits flowing on to the domestic and aged care sectors where competition between builders and availability of subcontractors and materials remains strong.

These benefits have flowed through to the home renovation industry where costs have been static for some time. These conditions are likely to continue until government spending on infrastructure increases.

Anecdotal information from CKA Group's Shanghai office indicates that there remains a modest slowdown in domestic construction activity and surprisingly, in government construction in China. This is partly due to a nationwide investigation into corruption in government building contracts which has "spooked" local and province government officials and slowed the issuing of contracts. This could mean that more Chinese building products will be directed to Australia and other overseas markets meaning more competition between product suppliers and unlikely cost increases in imported items such as plumbing, electrical fittings, kitchenware, glazing etc.

There has been a reasonable increase in activity in the aged care sector and this will probably continue as operators realise the importance of upgrading existing facilities.

In summary, building prices are very attractive at the moment and are likely to remain stable for the next six months.

Robert Caulfield
Managing Director

About this Cost Guide

These Cost Indicators have been prepared from data provided by Caulfield Krivanek Architecture (ckagroup.com.au) in conjunction with Quantity Surveyor Rodney Vapp and Associates Pty Ltd (rodneyvapp.com.au). They are intended as a guide only to assist the managers of aged care facilities and retirement living complexes to undertake basic planning for new facilities and extensions to existing ones.

More accurate costs can be provided from concept sketches prepared by Caulfield Krivanek Architecture and financial analyses prepared by Rodney Vapp and Associates. Contact Caulfield Krivanek Architecture on **03 8658 4000** to discuss your Aged Care Project

1 Asset Replacement Cost

It is important that facility managers have a good understanding of the replacement value of their assets, for insurance and valuation purposes.

If you know the size of your facility in square metres, you can apply the rates noted in 1.1. If not, you should have the property professionally measured up.

An approximate guide to the size of standard single occupancy room aged care facilities is as follows:

- **20 bed** standard facility with small commercial kitchen, dining, lounge, laundry, admin **1,100m²**
- **30 bed standard** facility with small commercial kitchen, dining, lounge, sitting, laundry, consulting room, admin **1,400m²**
- **60 bed** standard facility with commercial kitchen, multiple dining, and lounge areas, sitting, hairdressing, laundry, consulting room, admin **2,900m²**

If you would like help working out the size of your facility, **Caulfield Krivanek Architecture** can provide a complete measure up of your facility and a detailed inspection and maintenance report.

1.1 Building and Furniture & Fittings Replacement Costs

Replacement Cost	Cost per m ²		
	Standard Finishes	Quality Finishes	Luxury Finishes
Building	\$2,2778	\$3,116	\$3,512
Furniture & Fittings	\$8,000	\$10,000	\$15,000

Note: Building Replacement Costs include allowances for demolition following a fire, consultant's fees (nominal 10%) and permits required to rebuild. These costs do **not** include external works and services and Authority charges See 2.3 and 2.4. Separate allowance should be made when assessing insurance for loose furniture & equipment.

2 New Building Cost Indicator

Indicative new building costs for aged care facilities can be calculated by the following process:

- a) Assess the quality of facility and finishes you want to achieve. This is generally proportional to the sales or bond values in the local area. As a general rule, standard facilities are in outer suburban areas, quality facilities in middle suburban areas and luxury facilities in top-end suburbs and selected resort areas.
- b) Prepare a concept plan of the proposed facility. **Caulfield Krivanek Architecture** can help you do this.
- c) Calculate the structural (shell) cost of new construction on a square metre basis.
- d) Calculate the cost of fitting out kitchens, bathrooms and laundries.
- e) Calculate the cost of furniture and fittings. Include office and administrative furniture, nurses' stations, beds, lounge and dining room furniture, curtains, blinds and artwork.
- f) Allow for consultants design fees, planning, building and authorities permit fees.

2.1 Structural (Shell) Cost

The shell includes the basic structure, bedroom, ensuites and floor finishes.

Facility size (beds)	Cost per m ²		
	Standard Finishes	Quality Finishes	Luxury Finishes
< 30	\$2,120-\$2,520	\$2,350-\$2,720	\$2,640-\$3,120
30-60	\$2,080-\$2,490	\$2,350-\$2,680	\$2,600-\$3,110
60+	\$2,060-\$2,470	\$2,330-\$2,660	\$2,580-\$3,090

2.2 Fitout Cost

	Cost (Total)	
	Standard Finishes	Luxury Finishes
Commercial Kitchen		
< 30 Bed Facility	\$120,000	\$180,000
30-60 Bed Facility	\$180,000	\$260,000
60+ Bed Facility	\$240,000	\$320,000
Commercial Laundry		
< 30 Bed Facility	\$80,000	\$150,000
30-60 Bed Facility	\$160,000	\$360,000
60+ Bed Facility	\$240,000	\$270,000
Public Access Toilet	\$30,000	\$45,000
Assisted Bathroom	\$90,000	\$140,000

2.3 External costs to be added on

External works & services includes those outside of the building line, including fencing, paths, hydraulic services, electrical and gas

	Allowance	
	30 Bed Facility	60 Bed Facility
At Grade Car Parking	\$90,000-\$120,000	\$140,000-\$160,000
External Works & Services	20-25% of building cost	15-20% of building cost
Landscaping	\$80,000-\$160,000	

2.4 Fees

Consultants' fees include fees for the architect, surveyor, town planner, structural and services engineering, building surveyors, landscape, quantity surveyor etc.

Authorities Fees and Permits can vary enormously depending upon zoning and planning conditions.

Allowance	
Consultants Fees	12-15% of building cost
Authorities Fees & Permits	1-6% of building cost

Sample Budget for Aged Care Facility

	Number of beds	Area per bed	Total building area	Cost per m ²	Total cost
Medium quality facade	60	50m ²	3,000m ²	\$2,460	\$7,380,000
Add for sloping site					\$0
Add for adverse soil conditions					\$0
Fitout					
Commercial Kitchen					\$230,000
Commercial Laundry					\$180,000
Assisted Bathroom					\$120,000
Public Access Toilet					\$35,000
INDICATIVE ESTIMATED TOTAL BUILDING COST (excl. GST)					\$7,945,000
External Works & Services (nominal 20% of building cost)					\$1,589,000
Car Parking					\$150,000
Landscaping					\$120,000
INDICATIVE ESTIMATED TOTAL CONSTRUCTION COST (excl. GST)					\$9,804,000
Additional Costs					
Contract Contingency (nominal 5% of building cost)					\$490,000
Consultants Fees (nominal 12% of building cost)					\$1,180,000
Authority Charges (nominal 1% of building cost)					\$100,000
Loose Furniture & Equipment (nominal \$10,000 per bed)					\$600,000
INDICATIVE ESTIMATED PROJECT COST (excl. GST)					\$12,174,000