



# New Home Construction Cost Indicator

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Establishing the likely cost of a new home can be a difficult process and many people underestimate how much it might cost to translate their ideas into reality.

CKA Group has designed hundreds of homes in Australia, United States, China, India, UAE and other countries. These have varied from modest villas up to substantial palaces with correspondingly varying price tags.

Most people have an idea of what they think a house should cost to build on a square metre basis, or even per square (one square being 100 square feet or approximately 10 square metres). However, the rate can vary dramatically depending on the site conditions, standard of finishes, size of the house and many other factors. Homes we have designed have varied from \$1,800 to \$10,000 per square metre.

What we do know is that we can provide stunning magazine quality award winning homes to suit almost any budget and brief. We can help you achieve that too.

This guide aims to provide some clarity to what your house might cost by breaking down its components to manageable items.

## Note

Construction costs have been relatively stable over the last six months. There have been substantial drops in the price of some materials, particularly steel and some subcontractor prices which have been partly offset by modest increases in labour costs in some areas. Clients have reported tender prices coming in favourably, generally below estimates. Many projects, particularly apartment and commercial projects remain on hold or have been cancelled. This has eased the demand on building contractors and suggests that building prices will remain fairly stable over the next six months. A new financial year and promised drops in interest rates may see much needed apartment and housing projects coming back on stream.

For some context, we have calculated the approximate finished square metre costs of some of our recent projects. We have updated these to current prices and you can look at these on our website, [www.ckagroup.com.au](http://www.ckagroup.com.au).

Ringwood House	\$2,300 m <sup>2</sup>
Mornington House	\$2,450 m <sup>2</sup>
Nunawading House	\$2,650 m <sup>2</sup>
Lum Road House	\$4,850 m <sup>2</sup>
Electric Tree House	\$5,500 m <sup>2</sup>

Approximate new home costs can be calculated using the following estimating process.

Stage 1	Calculate the structural cost of new construction (the shell)
Stage 2	Calculate the fitout cost of kitchen, bathrooms, and laundries and add these to the structural cost
Stage 3	Calculate the cost of decks, verandas, garages etc
Stage 4	Calculate the cost of professional fees, permits, authorities charges, connection fees and add GST

#### **Stage 1 - Structural Shell Cost**

<b>Standard Construction</b>	
Typical timber or metal frame, brick veneer, weatherboard, rendered sheet finishes, carpet, floating timber or tile floor, 2.7m ceiling	
Under 200 m <sup>2</sup>	\$1,750 - \$2,000 m <sup>2</sup>
Over 200 m <sup>2</sup>	\$1,500 - \$1,870 m <sup>2</sup>
<b>Quality Construction</b>	
Brick block, Hebel or similar construction, rendered finishes, carpet, floating timbers or tile floor, 3m ceiling, some external decorative finishes	
Under 300 m <sup>2</sup>	\$2,100 - \$2,500 m <sup>2</sup>
Over 300 m <sup>2</sup>	\$1,860 - \$2,240 m <sup>2</sup>
<b>Luxury Construction</b>	
Brick block, Hebel or similar construction, rendered finishes, quality carpet, tiles or solid timber flooring, 3 - 4 m ceilings, decorative features to windows, doors, eaves etc, basement garage	
Under 300 m <sup>2</sup>	\$3,100 - \$3,780 m <sup>2</sup>
Over 300 m <sup>2</sup>	\$2,870 - \$3,550 m <sup>2</sup>

#### **Stage 2 - Fitout Cost**

<b>Kitchen</b>	
Standard Kitchen	\$14,360 - \$19,760
Quality Kitchen	\$22,200 - \$35,600
Luxury Kitchen	\$32,690 - \$50,900
<b>Bathroom</b>	
Standard Bathroom	\$13,360 - \$22,810
Quality Bathroom	\$20,640 - \$32,150
Luxury Bathroom	\$32,000 - \$50,360
<b>Ensuite</b>	
Standard Ensuite	\$8,490 - \$13,090
Quality Ensuite	\$15,020 - \$21,200
Luxury Ensuite	\$22,540 - \$34,090
<b>Laundry</b>	
Standard - Luxury	\$6,000 - \$22,680
<b>Powder Room</b>	
Standard - Luxury	\$6,550 - \$21,530

### **Stage 3 - Garages, Carports and Decks**

On a relatively flat site with good soil, add the following percentage allowance for external works and services to cover fencing, paths, driveways, landscaping, drainage and water supply, electrical and gas connections.

External works and services	
Project up to \$500K	Add 10% - 15%
Project from \$500K - \$1.5m	Add 8% - 12%
Project over \$1.5m	Add 6% - 8%

Adjustments may need to be made to the above percentages depending on site conditions such as soil condition, slope of site and accessibility to the work site. We can help estimate these costs.

### **Stage 4 - GST and Professional Fees**

You will need to add 10% GST to your estimate. You may be able to claim some of this back depending on your personal taxation structure and the nature of your renovation. Your accountant or taxation consultant can advise you of this.

You will also need to make an allowance for architects, structural engineers and possibly other design consultants fees. New building works require planning and building permits, as well as council approvals, and in some cases zoning approval. Speak with your Council, as they should be able to provide you with estimates of costs, as well as expected approval time frames. These would typically be a total of 10% to 15% of the construction cost, and generally need to be paid in the early stages of the project.

Total Cost Structure	
The approximate cost structure of new homes and renovations is as follows:	
Materials	40%
Labour	30%
GST, taxes, fees, permits	20%
Builders profit margin	10%

### **Owner Builders**

For people considering being owner builders, savings can be made in labour costs and builders profit margin, although plumbing and electrical work must be carried out by a licensed contractor.

Owner builders may not obtain the same trade discounts as builders so a premium of 5% to 10% on materials may apply.

Owner builders must be registered and will need to pay Homeowners Warranty Insurance. CKA can assist through this process.