AGED CARE
CONSTRUCTION COST INDICATOR



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This document is intended to be used only as a guide to assist the managers of aged care facilities and retirement living complexes in undertaking basic planning for new facilities and extensions to existing ones. More accurate costs can be provided from concept sketches prepared by CKA Group and financial analyses prepared by a quantity surveyor.

Note
Construction costs have fluctuated significantly over the past 12 months.
Government expenditure on major infrastructure projects has placed sustained upward pressure on both material supply and trade availability. This was further exacerbated by supply chain disruptions and fuel shortages linked to the Middle East war, with costs of key materials such as concrete, steel and plastics increasing by 30%.
However, these same pressures contributed to a slowdown in the building development sector. As demand softened and fuel prices began to stabilise, material costs have eased and the availability of builders and trades has improved. As a result, construction prices have largely stabilised and are now only slightly higher than they were 12 months ago. Looking ahead, the outlook remains uncertain. Ongoing impacts from the Middle East war may continue to place upward pressure on costs, while potential government changes to capital gains tax and negative gearing may have a downward effect. The combined result of these factors is difficult to assess.

ASSET REPLACEMENT COST

Facility managers must 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.

If you would like help working out the size of your facility, CKA Group can provide a complete measure-up of your facility and a detailed inspection and maintenance report.

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	1,600 m²
30 bed standard facility with small commercial kitchen, dining, lounge, sitting, laundry, consulting room, admin	2,000 m²
60 bed standard facility with commercial kitchen, multiple dining, and lounge areas, sitting, hairdressing, laundry, consulting room, admin	4,000 m²
90 bed standard facility with large commercial kitchen, commercial laundry, multiple dining and lounge areas, sitting, hairdressing, café, shop, day centre, training facilities, staff and maintenance areas	6,500 m²

BUILDING, FURNITURE & FITTINGS REPLACEMENT COSTS

1.1 Cost /m²			
Replacement Cost	**Standard Finishes**	**Quality Finishes**	**Luxury Finishes**
Building	$3,100	$4,250	$4,800
Furniture & Fittings Per Bed	$10,000	$12,000	$17,800

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 External Costs and Fees on the following page. Separate allowance should be made when assessing insurance for loose furniture and equipment.

NEW BUILDING COST INDICATOR

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

STAGE 01	Assess the quality of the facility and finishes you want to achieve. This is generally proportional to the sales or refundable accommodation deposit 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
STAGE 02	Prepare a concept plan of the proposed facility. CKA Group can help you do this
STAGE 03	Calculate the structural (shell) cost of new construction on a square metre basis
STAGE 04	Calculate the cost of professional fees, permits, authorities charges, connection fees
STAGE 05	Calculate the cost of fitting out kitchens, bathrooms and laundries
STAGE 06	Calculate the cost of furniture and fittings. Include office and administrative furniture, nurses' stations, beds, lounge and dining room furniture, curtains, blinds and artwork
STAGE 07	Allow for consultants design fees, planning, building, authorities permit fees and add GST

STRUCTURAL (SHELL) COST

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

Cost /m²			
Facility Size (Beds)	**Standard Finishes**	**Quality Finishes**	**Luxury Finishes**
< 30	$2,800 - 3,400	$3,100 - 3,700	$3,500 - 3,650
30 - 60	$2,750 - 3,400	$3,000 - 3,650	$3,400 - 4,200
60+	$2,700 - 3,380	$3,080 - 3,610	$3,420 - 4,100

FITOUT COST

Cost (Total)		
Commercial Kitchen	**Standard Finishes**	**Luxury Finishes**
< 30	$150,000	$220,000
30 - 60	$220,000	$330,000
60+	$310,000	$410,000
Commercial Laundry	**Standard Finishes**	**Luxury Finishes**
< 30	$100,000	$190,000
30 - 60	$200,000	$310,000
60+	$320,000	$360,000
Public Access Toilet	$36,000	$55,000
Assisted Bathroom	$44,000	$72,000

EXTERNAL COSTS TO BE ADDED ON

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

Allowance	30 Bed Facility	60 Bed Facility
On Grade Car Parking	$133,000 - 190,000	$210,000 - 280,000
External Works & Services	20 - 25% of building cost	15 - 20% of building cost
Landscaping	$100,000 - 200,000	

FEES

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

Authority fees and permits can vary enormously depending upon zoning and planning conditions.

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

AGED CARE FACILITY SAMPLE BUDGET

	Bed No.	Area Per Bed	Total Building Area	Cost Per m²	Total Cost
Structural (Shell)					
Luxury Finishes	90	80 m²	7,200 m²	$3,400	$24,480,000
Add for Sloping Site					$0
Add for Adverse Soil Conditions					$0
Fitout					
Commercial Kitchen					$410,000
Commercial Laundry					$360,000
Assisted Bathroom					$72,000
Public Access Toilet					$55,000
INDICATIVE ESTIMATED TOTAL BUILDING COST (excl. GST)					**$25,377,000**
External Works & Services (nominal 20% of building cost)					$5,075,000
Car Parking					$280,000
Landscaping					$200,000
INDICATIVE ESTIMATED TOTAL CONSTRUCTION COST (excl. GST)					**$30,932,000**
Additional Costs					
Contract Contingency (nominal 5% of construction cost)					$1,547,000
Consultants Fees (nominal 12% of construction cost)					$3,712,000
Authority Charges (nominal 1% of construction cost)					$309,000
Loose Furniture & Equipment (nominal $17,800 per bed)					$1,602,000
INDICATIVE ESTIMATED PROJECT COST (excl. GST)					**$38,102,000**

REGIONAL DIFFERENCES

Construction prices vary from city to city and are generally more expensive in rural areas. Using Sydney construction prices as a base, capital city adjustments are approximately as follows:

- Sydney 0%
- Melbourne -1%
- Brisbane +4%
- Perth +5%
- Hobart 0%
- Adelaide 0%
- Rural areas +5% to 15% depending on distance from major cities

TOTAL COST STRUCTURE

The approximate cost structure of new construction and renovations is as follows:

- Materials 40%
- Labour 30%
- GST, taxes, fees, permits 20%
- Builder's profit margin 10%

Thank you for taking the time to read our Aged Care Construction Cost Indicator. If you are ready to start planning your aged care project, get in touch with our team today.

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