



Identifying Costs & Timing



Direct & Indirect Costs



Direct Costs

- Direct Costs aka Hard Costs
 - Directly Related
 - Brick & Mortar Costs
 - Material & Labour Costs



Indirect Costs

- Indirect Costs aka Soft Costs
 - Indirectly related
 - Invisible Costs
 - Consultants, Legal, Finance, Accounting etc.
 - Can even continue when the project is complete
 - Insurance
 - Maintenance
 - Security etc.



Hard Costs & Eligible Soft Costs

- Hard Costs
 - Direct costs related to construction
 - Land Acquisition
 - Site Improvement
 - Building Costs
- Eligible Soft Costs
 - Indirect costs related to construction
 - Consultants (architect, engineer etc.)
 - Marketing
 - Insurance
 - Council Contributions / Property Taxes
 - Construction loan fees and interest



Ineligible Soft Costs

- Ineligible Soft Costs
 - Ineligible for debt financing
 - Accounting Fees
 - Developer's Cost of Equity
 - Interest costs on holding land
 - Costs incurred with consultants before planning permit
 - Marketing and Agents commission paid at the time of signing
 - Operating deficit



Why do we need to know them?

- Because lenders usually do not fund Soft Costs.
- Developers Equity Contribution can change significantly based on whether they are required to fund Soft Costs or not.



Land Acquisition Costs

1. Purchase Price
2. Legal Fees
3. Stamp Duty
4. Buyer's Agent Commission
5. Spotters Fee



Finance Costs

- Brokerage Fee
- Establishment Fee
- Valuation Fee
- Interest
- Annual Fee
- Admin Fees
- Closure Fees



Drawings, Professionals & Consultants

- 3D Artist Impressions
- Architectural Drawings
 - Town Planning
 - Working Drawings
- Civil and Structural Engineers
 - Civil Drawings
 - Structural Drawings
- Mechanical, Electrical & Services Engineers
 - Electrical Drawings
 - Mechanical Drawings
- Hydraulic Engineer
- Joinery Drawings
- Landscape Drawings
- Re-Establishment Survey



Consultants & Reports

- Arborist Report
- Asbestos Report
- Building Surveyor
- Heritage Consultant
- Dilapidation Report
- Energy Report
- Environmental Audit/Survey
- Land Survey
- Fire Engineer Report/Assessment
- Soil Report / Geotechnical
- Specifications & Material Board
- Town Planning and Conditions
- Traffic Management Report



Construction Costs

- Abolishment of Services
 - Gas & Electricity
- Demolition Costs
 - Investigation Survey
 - Demolition Permit
- Site Cut & Clean (Clearing out of site)
- Building Costs
 - Substructure
 - Slab / Base Stage
 - Super Structure
 - Frame
 - Lock Up
 - Finishing
 - Fit out / Fixing Stage
 - Practical Completion
 - Handover
- External Costs
 - Land Scaping
- Civil Costs (Land Subdivisions)



Contribution & Charges

- Council Fees (Application)
- Services Connection Fees
 - Electricity
 - Gas
 - Water
 - Telephone
- Parkland Contributions
- Council Contribution
- Sewer & Water Contribution
- Planning Gain (UK)
- Developer could be required to either
 - Construction these elements or
 - Substitute a payment in lieu of (commuted payment)
 - Or a combination of both



Selling & Marketing Costs

- Advertising
- Commissions
- 3D Artist Impressions
- Catalogue/Website
- Contract of Sale – Legals
- Owners Corporation (Property Management)
- Marketing / Display Suites



Land Holding Costs

- Land Tax
- Rates
- Interest Costs
 - Opportunity Cost of money
- Security
- Hoarding and Fencing



Misc

- Building Insurance
 - Pre-Construction
 - Post-Construction
- Title Registration
- Security



Sources of Cost Information

- Developers Experience
 - Previous Projects
- Building Economist
- Quantity Surveyor
- Estimator
- www.rics.org
 - the global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure.
 - <https://www.rics.org/uk/knowledge/bcis/> (UK)
 - <http://www.rics.org/au/knowledge/bcis-oceania/> (Australia)
 - <https://www.bmtqs.com.au/construction-cost-table> (Australia)
 - <https://www.rsmeans.com/> (USA)
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