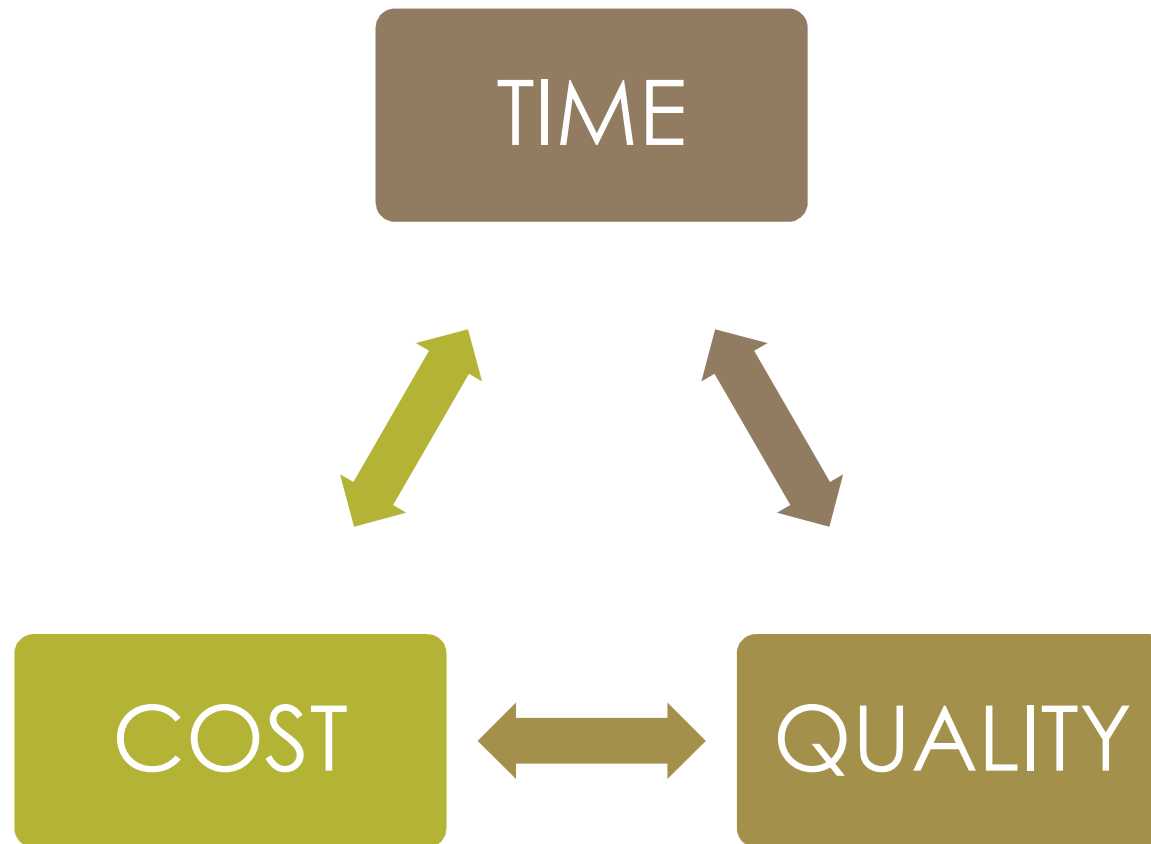


PROJECT COST ESTIMATES & FEASIBILITIES

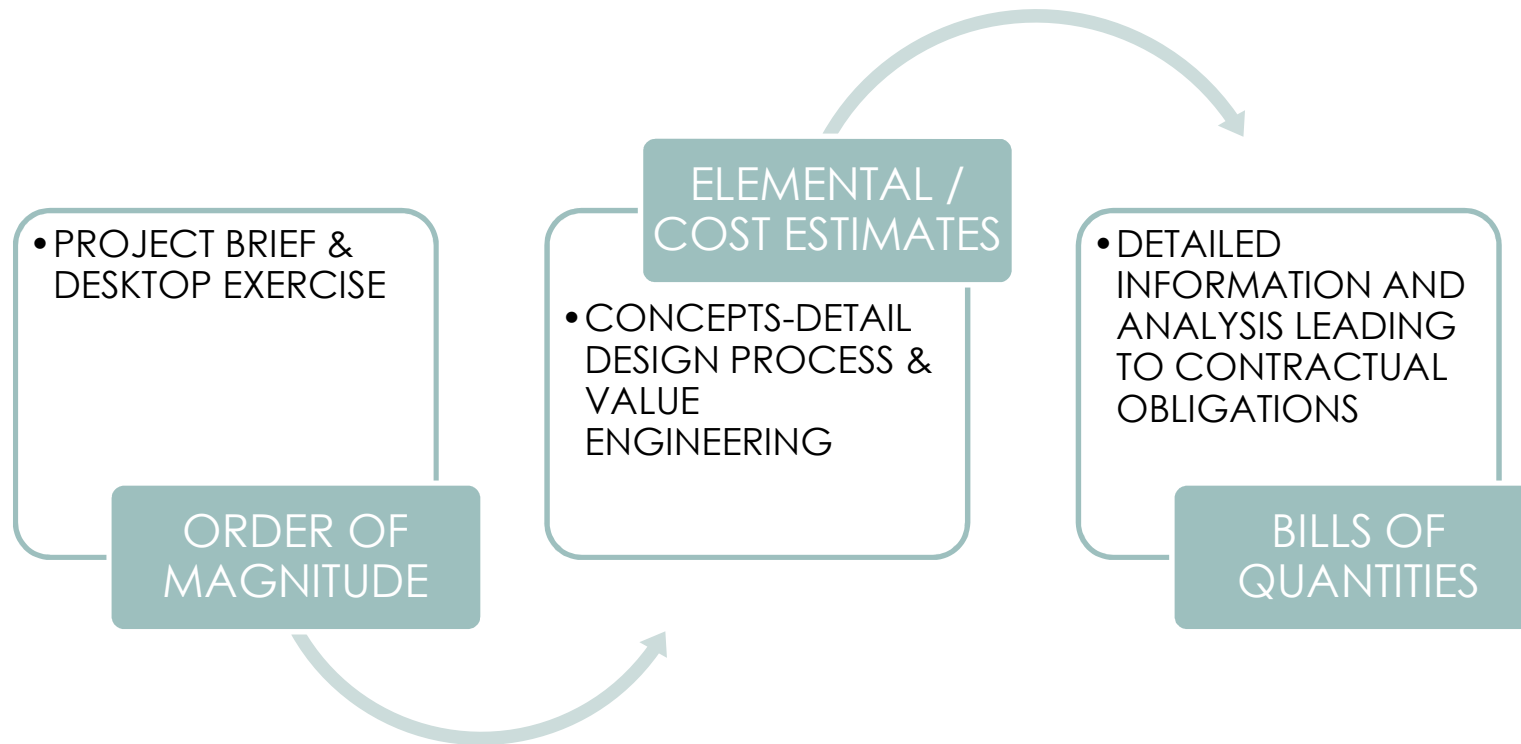
PRESENTED BY
NHLANHLA MTOBI



PROJECT FUNDAMENTALS



PROJECT COST TIMELINE



ORDER OF MAGNITUDE STAGE 1

DEGREE OF ACCURACY + /- 20%

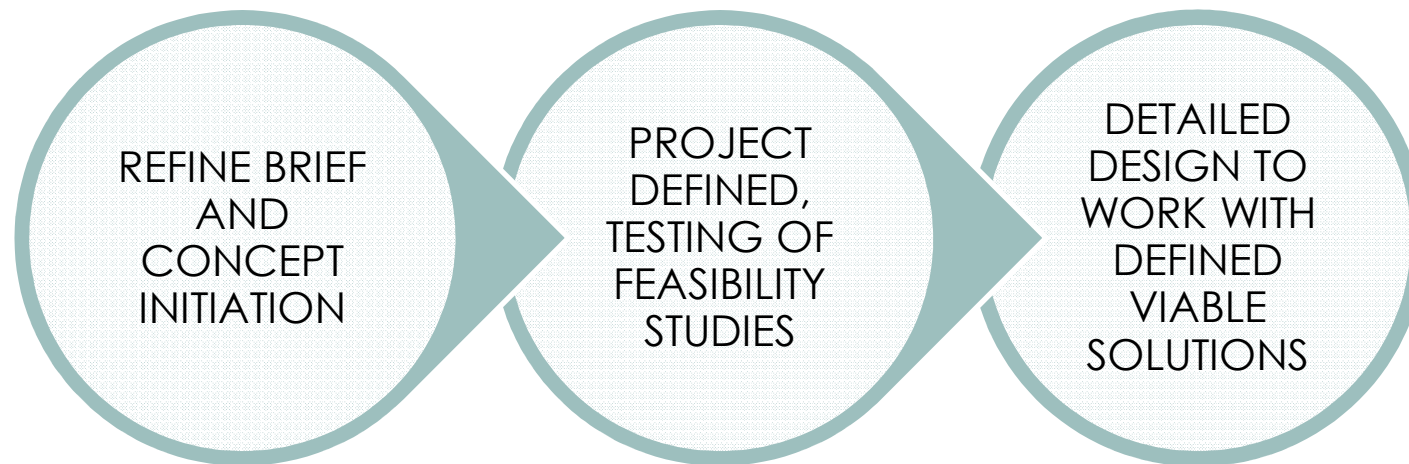


TYPICAL ORDER OF MAGNITUDE EXAMPLES



ELEMENTAL / COST ESTIMATES STAGE 2 & 3

DEGREE OF ACCURACY +/- 10%



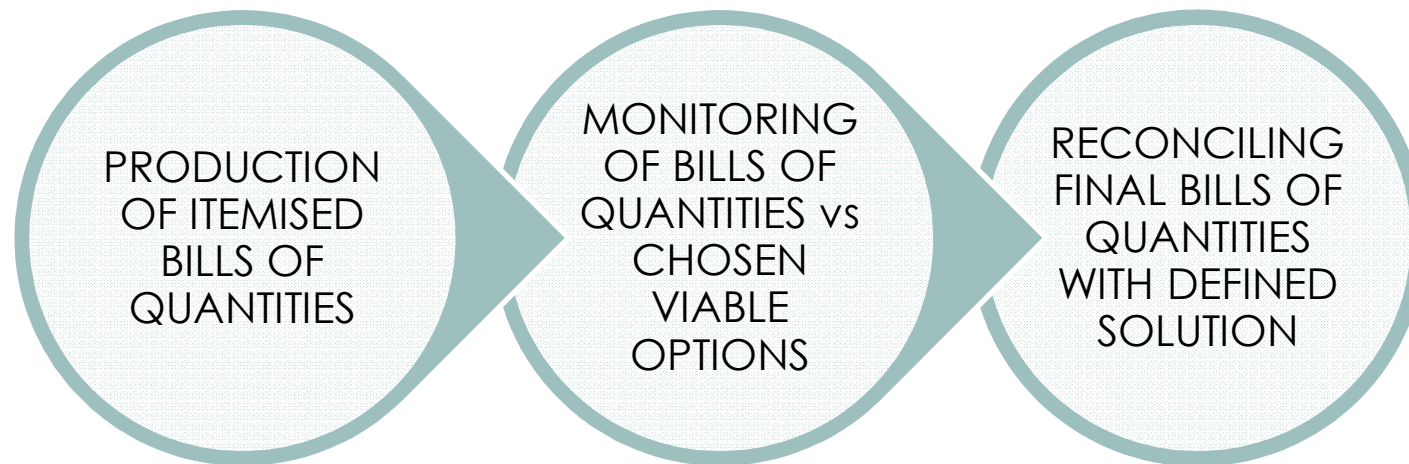
TYPICAL EXAMPLES OF ELEMENTAL ESTIMATES



BILLS OF QUANTITIES

STAGE 5 & 6

DEGREE OF ACCURACY + /- 3%



TYPICAL EXAMPLES OF BILLS OF QUANTITIES



COSTING TECHNIQUES

ORDER OF MAGNITUDE - Single Rate estimates or Rate/m². Very crude method usually based on previous experience of similar projects. Must not be relied on for budget approval purposes. Use for initial investigations only.

ELEMENTAL / COST ESTIMATES-Elemental estimate or project cost plan. As the name implies this is used when more planning information is available. Can be used for budget approval or in smaller projects for final procurement.

BILLS OF QUANTITIES-Detailed schedule of fixed and provisional trades. Widely used in building projects for procuring contractors and services.



WHAT IS INCLUDED IN DEVELOPMENT ESTIMATES / COSTINGS?

LAND / OPPORTUNITY

- LAND / BUILDING PURCHASE PRICE
- COUNCIL CONTRIBUTIONS, TRANSFER COSTS ETC.

IMPROVEMENT COSTS

- BUILDING COSTS & SERVICES
- P&G, ESCALATION, PROFESSIONAL FEES, CONTINGENCY ETC.

GENERAL COSTS / DEVELOPERS COSTS

- DEVELOPMENT MANAGEMENT FEES
- MARKETING, LEGAL FEES, LEASING AGENTS ETC, PLAN APPROVALS ETC.

CAPITALISED INTEREST

- OPPORTUNITY LOST DURING CONSTRUCTION i.e IF YOU HAD INVESTED THE CAPITAL ELSEWHERE INSTEAD OF BUILDING, WHAT WOULD YOU HAVE EARNED?



IMPROVEMENT COSTS



BUILDING COSTS

- BUILDERS WORK PACKAGE
- SERVICES
- MARK-UP
- TENANT FIT-OUT
- EXTERNAL WORKS
- GREEN COSTS
- PRELIMINARIES & GENERAL



PROFESIONAL FEES

- ARCHITECT
- QS
- PM
- ENGINEERS
- GUIDED BY FEE SCALES
- DISBURSEMENTS

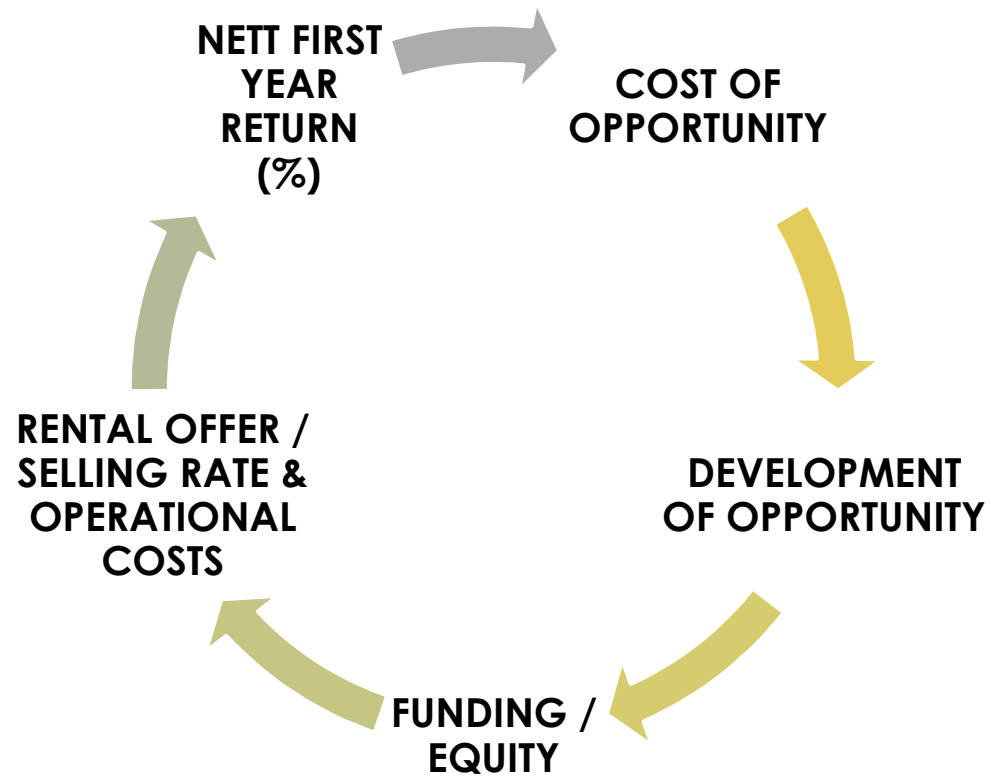


RICK COVER

- DESIGN CONTINGENCY
- BUILDERS WORK CONTINGENCY
- SERVICES CONTINGENCY
- ESCALATION



FEASIBILITY STUDIES



TYPICAL EXAMPLE OF DEVELOPMENT COSTING / FEASIBILITY STUDY



IMPORTANT NOTES TO REMEMBER

THE CLEARER AND MORE DEFINED A BRIEF IS, ALLOWS FOR A HARMONIOUS PROJECT.

SELECTION OF DESIGN TEAM IS PARAMOUNT TO NEW DEVELOPERS AS THEIR EXPERIENCE CAN UNLOCK A LOT OF VALUE.

A TYPICAL PROJECT MUST BE LOOKED AT AS AN INVESTMENT RATHER THAN AMOUNT OF CAPITAL OUTLAY.

IN A TYPICAL PROJECT, 35-40% OF COSTS IS FOR HUMAN CAPITAL AND CONTIGENCIES i.e. 60-65c/Rand WILL BE TO ITEMS YOU CAN "TOUCH & FEEL"

IN AFFORDABLE HOUSING MARKET, DESIGN FOR THE MARKET. THE TARGET MARKET IS HIGHLY RENT SENSITIVE.

RESEARCH YOUR MARKET, TRENDS, RETURNS, FUNDING AND HUMAN CAPITAL BEFORE EMBARKING ON ANY DEVELOPMENT.



GPF APPROVALS

To arrive at a feasible project and get funding approvals certain milestones and thresholds must be achieved

1. Provide Business plan including cost estimates and income projections.
2. Land or building must have appropriate zoning
3. For Greenfield developments opportunity cost per unit should not exceed R60 000
4. The sale agreement must be signed by both parties
5. The value of the project on completion should exceed the total development cost



CHOOSING A PROFESSIONAL TEAM

- Professional team must be registered with their respective bodies i.e. SAICA; SACQSP, ECSA; etc.
- Use the PROCSA agreement as the contract between client and consultant
- Must have Professional Indemnity, with the relevant qualifications and experience



THANK YOU



YOUR DREAMS ...OUR REALITY!

Contact Details

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