

KIRKSEY ANNUAL CONSTRUCTION COST UPDATE 2007

OFFICE BUILDINGS AND PARKING STRUCTURES

Market conditions in the construction economy are constantly changing. As a service to our clients, we periodically poll leading general contractors to give an update on current conditions. Using several generic building types, we have compiled our findings below.

One-Story Flex Office Buildings—\$55 to \$66/sf

One-story shell buildings designed to accommodate uses ranging from traditional offices to light assembly, high technology lab applications. Typical projects are cold, dark, shell steel structures with tilt-up concrete skins and punched openings. Cost includes \$6 to \$8/sf for sitework and surface parking lot, depending on parking density and detention requirements.

Low-Rise Office Buildings—\$75 to \$85/sf

Two- to three-story, larger footprint shell buildings designed with speculative building features. Typical projects are composite steel structures, bar joist roof structures with tilt-up concrete skins and punched openings. Cost includes \$6 to \$7/sf for sitework and surface parking lot, depending on parking density and detention requirements.

Mid-Rise Office Buildings—\$85 to \$95/sf

Four- to six-story, 25,000-sf footprint shell office buildings designed with speculative building features. Typical projects are composite steel structures with pre-cast concrete and glass skins. Cost includes \$4 to \$5/sf for sitework and minimal (visitor) surface parking.

High-Rise Office Buildings—\$90 to \$115/sf

Eight- to 25-story, 25,000-sf footprint shell buildings. Typical projects are cast-in-place concrete structures with articulated precast or curtainwall glass skins. Costs include less than \$3/sf for sitework and minimal (visitor) surface parking.

Commercial Tenant Improvements—\$30 to \$40/sf

Costs typical of a 25,000-sf full floor office tenant buildout. Reception lobby and executive areas have upgraded finishes. The remainder of the space is about 50% enclosed offices and 50% open plan areas with tenant standard finishes.

Medical Office Buildings—\$83 to \$120/sf

Low-rise, 2 to 3 stories—\$83 to \$95/sf
Mid-rise, 4 to 6 stories—\$88 to \$105/sf
High-rise, 7 to 25 stories—\$100 to \$120/sf

In general, Medical Office shell buildings have similar features to corporate office buildings described above. Unique MOB features include larger parking requirements, larger floor-to-floor heights, and increased base MEP systems with redundancies and emergency power.

Parking Structures

Cast-in-place concrete—\$28 to \$35/sf, without basement
Pre-cast concrete—\$24 to \$29/sf, without basement
Steel—\$24 to \$29/sf, without basement

*Cost information reflects market conditions in and around the Houston area.
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Parking Structures *(cont'd)*

Most office projects continue to build pre-cast or cast-in-place garages. Pre-cast concrete availability is variable, and shortages are a reality. The lower cost range examples would typically be for more efficient suburban sites. Small urban downtown and medical center sites with limitations may have higher costs than our ranges show. Many low-rise projects continue to provide inexpensive canopies to meet market demands for covered parking.

Recent Trends

2006 saw volatile costs for construction materials, with even more inflation than in previous years. Due to the tremendous volume of work in Houston, a shortage of labor is expected to contribute to the higher construction costs.

LEED® Certification and green buildings have become serious considerations for almost every office building project. Intelligent design practices and required energy codes in recent years have minimized green building costs, which are likely to continue decreasing as the technology becomes more widespread. The actual hard cost burden is currently around 1-2% of construction cost, with documentation and commissioning fees adding another 1-2%.

Statistics Provided By:

Brookstone Corporation
Burton Construction
DE Harvey Builders
EE Reed Construction
Hoar Construction
Manhattan Construction Company
Metzger Construction Company
Mission Constructors
Pepper-Lawson Construction
Rosenberger Construction
Satterfield & Pontikes Construction
SpawGlass Construction
Tellepsen Corporation
Trademark Construction
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