

Research & Forecast Report

KSA | BENCHMARKING

Kingdom of Saudi Arabia Construction Cost Benchmarking and Forecasting

Item	Building Type	FORECASTED					
		2015 (2 nd Qtr)		2016 (2 nd Qtr)		2017 (2 nd Qtr)	
		Cost Range (SAR/m ²)		Cost Range (SAR/m ²)		Cost Range (SAR/m ²)	
Residential							
1	Villa - Low Specification	1,939	- 2,412	2,048	- 2,549	2,172	- 2,703
2	Villa - Medium Specification	2,822	- 3,450	2,982	- 3,645	3,162	- 3,865
3	Villa - Medium High Specification	3,812	- 4,659	4,027	- 4,922	4,270	- 5,219
4	Villa - High Specification	5,077	- 6,205	5,364	- 6,556	5,688	- 6,952
5	Apartment Low Rise - Low Specification	2,104	- 2,572	2,223	- 2,717	2,358	- 2,881
6	Apartment Low to Medium Rise - Medium Specification	3,113	- 3,805	3,289	- 4,020	3,488	- 4,263
7	Apartment High Rise - High Specification	5,511	- 6,215	5,822	- 6,566	6,174	- 6,963
Commercial (Shell and Core only)							
8	Office Low to Medium Rise - Medium Specification	2,930	- 3,837	3,095	- 4,054	3,283	- 4,299
9	Office High Rise - Medium Specification	3,578	- 4,374	3,781	- 4,621	4,009	- 4,900
10	Office High Rise - High Specification	4,700	- 5,326	4,965	- 5,627	5,266	- 5,968
Industrial							
11	Light Duty Industrial	1,729	- 2,689	1,827	- 2,841	1,937	- 3,013
12	Medium to Heavy Duty Industrial	2,475	- 4,950	2,615	- 5,230	2,773	- 5,546
Hotels (Including FF&E)							
13	Three Star	4,858	- 6,680	5,133	- 7,058	5,443	- 7,485
14	Four Star	7,227	- 8,833	7,635	- 9,332	8,097	- 9,897
15	Five Star	8,146	- 10,797	8,607	- 11,407	9,127	- 12,097
Retail (Shell & core with public area finished)							
16	District Mall	4,050	- 5,850	4,279	- 6,181	4,538	- 6,554
Carparking							
17	Podium	1,940	- 2,574	2,050	- 2,719	2,174	- 2,884
18	Basement	2,200	- 2,915	2,324	- 3,080	2,464	- 3,266

- Professional fees, land acquisition costs and financing costs are excluded from the above.
- All hotel rates are inclusive of Furniture, Fittings and Equipment (FF&E)
- Costs/m² are based on GIA as per the RICS code of measuring practice 6th edition.

(Date of Publication – 12th May 2015)

“Benchmarking is an essential tool to predict the cost of construction at the inception stage of projects.”

Source of our benchmarking

Colliers International's internal database of projects across all four regions of Saudi Arabia form the basis of the **Cost Models** required to build our benchmarking. A cost model provides a consolidated construction cost image of a proposed development, however, each cost model has to be normalized and index linked. For projects older than 6 months in our database, we update via developing a **Construction Cost Index**, to track the actual movement of cost from the point in time the project was tendered/awarded, up to May 2015, which allows us to build an accurate current range.

The Construction Cost Index tracks the historic movement of the following;

- > Global construction commodity trends
- > Movement in major construction materials such as steel, concrete, cement, blockwork, etc
- > Inflation
- > Shifts in labour and overhead costs
- > Construction workload & competitiveness

The above are the key drivers for index linking all projects over 6 months old to present day pricing.

When **predicting the future** construction costs for 2016 & 2017, the same methodology is used, however, instead of looking at historical data, we study forecasted data. Whilst the forecasted data is derived from respected local, regional and international sources such as Government Departments, the IMF, the World Bank, industry stake holders etc, they are predictions based on current information, which are subject to change and therefore require updating regularly.

Our project management & cost consultancy services include:

Project Management

- > Development Management
- > Program Management
- > Project Management
- > Workplace Consultancy
- > Client Representation
- > Construction Supervision
- > Tenant Coordination
- > Building Surveying

Quantity Surveying

- > Cost Modelling & Benchmarking
- > Cost Planning / Management / Control
- > Risk Appraisal
- > Life Cycle Costing
- > Value Engineering
- > Procurement Strategy & Advise
- > Tendering & Evaluation
- > Tender Documentation & Bills of Quantities
- > Contract Documentation & Administration
- > Cash Flow Forecasting

Project Monitoring

- > Bank/Financial Institution Representation
- > Early Warning Advice
- > Project Cost Analysis and Advice
- > Program Monitoring
- > Stage Payment Recommendations
- > Quality & Specification Inspections

FOR MORE INFORMATION

Bob Flanagan

Director | Head of Project Management
& Cost Consultancy
Main: +971 4 453 7400
Mobile: +971 50 870 2107
bob.flanagan@colliers.com

Imad Damrah

Managing Director | Saudi Arabia
Main: +966 11 273 7775
Mobile: +966 50 417 2178
imad.damrah@colliers.com