# Abu Dhabi and Dubai Construction Cost Benchmarking

## 2016 (4th Quarter)

### Item | Building Type | Cost Range (AED/m²)
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1 | Villa - Medium Specification | 3,428 - 4,201
2 | Villa - High Specification | 5,251 - 6,240
3 | Apartment Low to Medium Rise - Medium Specification | 3,214 - 4,208
4 | Apartment High Rise - High Specification | 5,560 - 6,295
5 | Office Low to Medium Rise - Medium Specification | 3,425 - 4,250
6 | Office High Rise - Medium Specification | 3,922 - 5,223
7 | Medium Duty Industrial | 1,715 - 2,858
8 | Medium to Heavy Duty Industrial | 2,686 - 5,355
9 | Three Star | 5,305 - 6,710
10 | Four Star | 7,621 - 9,250
11 | Five Star | 9,107 - 11,977
12 | District Mall | 3,812 - 5,225
13 | Podium | 1,899 - 2,568
14 | Basement | 2,451 - 2,911

- 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.

Source: Colliers International January 2017
“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 the UAE 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 type, 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 January 2017, 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 construction materials
- Shifts in manpower which include overheads, supervision staff, skilled and unskilled labour
- Construction workload & competitiveness

Construction Materials: Some of the more notable movements over the 12 month period from Q3 2015 to Q3 2016 include increases in aggregate & sand +3%, blocks +6%, concrete +2%, sanitaryware +4%, single core PVC insulated cables +5.6%, glass and mirrors +5%. Others that recorded a drop in price include cement -3%, timber -7%, diesel -14%, uPVC pipes -11% and switches & sockets -5.5%.

On average, for a second consecutive year material pricing has remained stable. In the context of overall construction costs, the 2016 movement in material prices represents a variance of -0.4% to +1.2% on 2015 costs, depending on the building type, design and specification.

Cashflow: The single biggest issue for UAE contractors and sub-contractors at present is cashflow. Sustained delays in payment should not be viewed as a problem solely for the construction companies, it needs to be acknowledged as an issue that affects the industry as a whole, including stakeholders. Widespread cashflow issues negatively impact the industry’s ability to deliver quality projects within budget and on time.

Inflation Outlook: Weakening global construction commodity pricing over the past two years has given a much needed buffer to the industry. However, going forward commodities including crude oil, aluminium, iron ore and copper are predicted to gradually rise. This combined with fuel/subsidy cuts and the introduction of Value Added Tax (VAT) in January 2018, will put upward pressure on construction costs for the next 2 years.
Colliers International Construction Consultancy

As specialist construction consultants we provide project, cost and construction management services. Our success is based on two simple principles;

i. Construction advisory that is tailored to each client, based on the knowledge of our staff whom first and foremost are construction people.

ii. Our services ensure risks are eliminated, quality of design & construction is delivered, optimum program timelines are achieved, all at the lowest price possible.

Our Project Management & Cost Consultancy Services include:

Project Management
> Development Management
> Program Management
> Project Management
> 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
Colliers International

554 offices in 66 countries on 6 continents
United States: 153
Canada: 34
Latin America: 24
Asia Pacific: 231
EMEA: 112

$2.5 billion in annual revenue

2 billion square feet under management

16,000 professionals and staff

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