

An example of the calculation of the replacement cost for a single story office building

Building and Policy Details

Address:	1 South Street, Northfield, ACT	
Policy Commencement Date:		1-July-2016
Policy Expiry Date:		30-Jun-2017
Estimated Time For:	<ul style="list-style-type: none"> • Removal of debris, including making the site safe, pollution remediation etc • Preparing Plans & obtaining Statutory Approvals • Settling the agreed reconstruction costs with the Insure • Reconstruction Works 	3 Months 6 Months 3 Months 18 Months
Estimated Annual Rate of Cost Increases:		6.00%

Building Details:

Constructed on a flat site, 82 m by 81 m, with good street exposure & access, the building was completed during January 2000. The structure consists of a concrete slab, with foundations to a normal specification, portal steel frame, with cavity brick infill walls, suspended acoustic tile ceiling, carpeted floors except for toilet & kitchen facilities which have ceramic tile covered floors & walls. All areas are fully sprinklered and serviced by airconditioning from a central plant. Roof area is insulated and covered in metal clad colorbond. The Owner provided all inter-tenancy walls & tenants provided internal fitouts. The building is rectangular in shape having external dimensions of about 50 m (facing Heal Street) and a depth of about 66 m. The estimated gross floor area (gfa) as defined in the Building Code of Australia is about 3,300 m² and the net lettable area is about 2,950 m². Open space parking is provided for 85 cars and the fully fenced site has minimal landscaping. The all up construction cost, excluding the cost of funding and land acquisition, was \$6.75 million or \$2,045 per m² of gfa

Photo:



An example of the calculation of the replacement cost for a single story office building

Reinstatement Calculations				
Estimated Reconstruction Cost				
Structure				
Building including Owner provided inter-tenancy walls		Rate per m ² of gfa	\$1,450	
		gfa in m ²	3,300	\$4,785,000
Government Fees & Charges				\$100,000
Professional Fees			12.50%	\$610,625
Contingency Allowance			5.00%	\$274,781
Allowance for Demolition (including Sundries)			@ \$75 m ² of gfa	\$5,770,406
				\$6,017,906
Sundries				
Fencing	326 metres	Rate per m \$42	\$13,692	
External Lighting & Security System			\$45,000	
Car Parking	85 spaces	Rate per space \$2965 (includes roads)	\$252,025	
Landscaping	370 m ²	Rate per m \$35	\$12,950	
			\$323,667	
Fees @		10.00%	\$32,367	
			\$356,034	
Contingency Allowance		5.00%	\$17,802	\$373,835
Replacement Cost Estimate as at 1st July 2016				\$6,391,742
Cost increase through to the Policy Expiry Date			6.00%	\$383,504
Replacement Cost Estimate as at 30th June 2017				\$6,775,246
Cost Increases During Demolition, Re-Planning and Reconstruction			2.5 Years @ 6.00% pa 15.68%	\$1,062,474
				\$7,837,720
INSURANCE REPLACEMENT COST ESTIMATE TO BE DECLARED AS AT 1st JULY 2016				\$7,900,000

The figures in this example are used for illustrative purposes only; they do not purport to represent either accurate or current costs and ratios. As the Insurer is to provide the funds for rebuilding, there is no provision for funding costs (i.e. interest).