



Market conditions in the construction economy are constantly changing. As a service to our clients, we annually poll leading general contractors to give an update on current conditions.

Office Buildings & Parking Structures

The office building figures apply to site, and core & shell only, while the corporate interiors costs reference a 25,000-gsf floor plate. Using several generic building types, we have compiled our findings below.

ONE-STORY FLEX OFFICE BUILDINGS: **\$79 to \$86/SF** (\$77 to \$84/sf in 2017)

One-story shell buildings 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 \$10 to \$14/sf for sitework, assuming five spaces/1,000 sf in a surface parking lot.

LOW-RISE OFFICE BUILDINGS: **\$92 to \$108/SF** (\$89 to \$104/sf in 2017)

Two- to three-story, larger footprint shell buildings designed with speculative building features. Typical projects are composite steel structures with bar joist roof structures with tilt-up concrete skins and punched openings. Cost includes \$10 to \$14/sf for sitework, assuming four spaces/1,000 sf in a surface parking lot.

MID-RISE OFFICE BUILDINGS: **\$103 to \$120/SF** (\$98 to \$115/sf in 2017)

Four- to six-story, 25,000-sf footprint shell buildings designed with speculative building features. Typical projects are composite steel structures with pre-cast concrete and glass skins. Cost includes \$8 to \$12/sf for sitework and minimal (visitor) surface parking. Typical projects have the majority of parking housed in an adjacent garage. See Parking Structures in the next column.

HIGH-RISE OFFICE BUILDINGS: **\$113 to \$156/SF** (\$109 to \$154/sf in 2017)

7 stories: \$113 to \$127/sf (\$110 to \$123/sf in 2017)
14 stories: \$122 to \$137/sf (\$120 to \$133/sf in 2017)
20 stories: \$131 to \$146/sf (\$131 to \$146/sf in 2017)
25 stories: \$142 to \$156/sf (\$142 to \$154/sf in 2017)

Seven- to 25-story, 25,000-sf footprint shell buildings. Typical projects are cast-in-place concrete structures with articulated pre-cast and curtainwall glass skins. Rising cost of concrete may result in some composite steel structures. Costs include less than \$8/sf for sitework and minimal (visitor) surface parking. The majority of parking is in adjacent garages. See Parking Structures in the next column.

PODIUM BUILDINGS: **\$130 to \$149/SF (BUILDING)** **\$47 to \$60/SF (PARKING)**

(Building: \$126 to \$146/sf in 2017) (Parking: \$45 to \$58/sf in 2017)

Twelve-story, 25,000-sf typical office footprints over eight levels, 50,000-sf parking footprints without below grade parking. The 50,000-sf ground level includes: 5,000-sf, two-level lobby, 10,000-sf of amenity shell space, 5,000-sf of building support spaces, and 30,000-sf of parking and ramps. Typical projects are cast-in-place concrete structures with curtainwall glass skins for both the office and garage levels. Cost includes \$7 to \$10/sf for sitework.

PARKING STRUCTURES: **\$30 to \$50/SF** (\$29 to \$47/sf in 2017)

Includes sitework costs.

Cast-in-place concrete: \$39 to \$50/sf, without basement
(\$38 to \$48/sf in 2017)

Pre-cast concrete: \$32 to \$40/sf, without basement
(\$31 to \$37/sf in 2017)

Steel: \$30 to \$34/sf, without basement
(\$28 to \$32/sf in 2017)

Most office projects continue to build pre-cast or cast-in-place garages. 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.

trends

Construction costs in Houston are predicted to trend upwards anywhere from 2% to 5% for a variety of reasons. Even many months after Hurricane Harvey, we continue to see impacts such as subcontractor shortages in several trades – primarily drywall finishing and interior painting. These impacts will likely continue for another year, as the pace of residential construction recovery is spread out due to delays and complications with insurance settlements and permitting. Overall, permitting durations are no better than last year (and in some cases, worse) with the increase in total permitted projects after Harvey.

Likewise, the recently proposed 25% tariffs on steel and aluminum will have a noticeable impact on the heavily steel-dependent trades: electrical, mechanical, drywall framing, structural steel, and concrete reinforcement (rebar). Although much of the material in these trades is domestically produced, there has already been an immediate price increase across the board – with more adjustments likely if the tariff is indeed imposed and the true impacts become apparent.

Looking towards the future, the biggest shadow on all of the building trades is the diminishing pool of talent for skilled trades. Although labor rates are currently stable, the ability to staff projects properly is no longer a certainty. As a result, construction durations may likely increase, not decrease.

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Corporate Interiors

All categories reference a 25,000-nrsf floor plate with 50% offices and 50% open-plan. Construction cost only; does not include owner-provided AV and IT equipment.

BUILDING STANDARD OFFICE SPACE: \$43 to \$54/SF

(\$42 to \$52/sf in 2017)

The most basic applicable space in a Type A building, but using all new components: basic 2x4 LED lighting, standard 2x2 ceiling, plastic laminate building standard doors with mortised hardware, no glass at office fronts, minimal millwork and all plastic laminate, \$25/yard broadloom carpet, standard electrical and HVAC.

MID-RANGE TYPICAL OFFICE SPACE: \$57 to \$75/SF

(\$56 to \$73/sf in 2017)

Upgraded with linear LED lighting, 2x2 fineline ceiling, wood veneer building standard doors with mortised hardware, full-height glass office fronts in aluminum framing system, more extensive plastic laminate millwork with solid surface countertops throughout, \$35/yard carpet tiles, more extensive electrical service with 24/7 server room AC and two supplemental fan-coil units for conference room zones.

EXECUTIVE OFFICE SPACE: \$96 to \$151/SF

(\$92 to \$149/sf in 2017)

Upgraded with some drywall ceiling areas with indirect cove lighting, architectural woodwork doors and frames, glass office fronts in matching wood framing; 30% of wall areas as premium-grade architectural woodwork, 40% with acoustical fabric wallcovering, 30% as painted drywall; extensive wood veneer millwork with granite countertops, \$45/yard broadloom carpet, more extensive lighting and custom fixtures for artwork and accent areas.

FURNITURE: \$20 to \$70/SF

(\$18 to \$60/sf in 2017)

Building standard office space: \$20 to \$25/sf
Mid-range typical office space: \$25 to \$35/sf
Executive office space: \$35 to \$70/sf

FITNESS FACILITY: \$140 to \$189/SF

(\$129 to \$181/sf in 2017)

10,000 sf with strength and cardio areas including rubber flooring, exposed painted structure ceiling in workout areas, frameless glass entry doors, pendant indirect lighting, extensive wiring for AV and TV; men's and women's locker rooms to have ceramic tile wet areas (four showers and two toilets each); carpeted dressing areas with plastic laminate lockers.

CONFERENCE CENTER: \$136 to \$198/SF

(\$131 to \$193/sf in 2017)

Similar to executive office space description except with ceiling system and acoustical upgrades, as well as individual fan-coil units for each room, VIP lounge area with millwork, coffee service, and receptionist millwork.

EMPLOYEE DINING FACILITY, KITCHEN AND SERVERY: \$157 to \$208/SF

(\$151 to \$201/sf in 2017)

5,000 sf, kitchen to have 2x4 washable surface suspended ceiling, quarry tile flooring, FRP walls, all equipment by others; servery to have drywall ceiling with indirect cove lighting, ceramic tile flooring, painted drywall; dining to have mix of drywall and acoustical ceilings, linear LED lighting, indirect cove and pendant accent lighting; some low walls with architectural woodwork paneling as room dividers, ceramic tile throughout.

Statistics provided by:

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