

Office Buildings & Parking Structures

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. **Figures apply to core and shell only and do not include tenant improvements.** Using several generic building types, we have compiled our findings below.

One-Story Flex Office Buildings — \$58 to \$65/sf (\$60 to \$65/sf in 2010)

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 \$7 to \$10/sf for sitework and surface parking lot, depending on parking density and detention requirements.

Low-Rise Office Buildings — \$72 to \$80/sf (\$75 to \$83/sf in 2010)

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 \$7 to \$9/sf for sitework and surface parking lot, depending on parking density and detention requirements.

Mid-Rise Office Buildings — \$82 to \$90/sf (\$85 to \$95/sf in 2010)

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 \$4 to \$5/sf for sitework and minimal (visitor) surface parking. Typical projects have majority of parking housed in adjacent parking garage. See garage costs on next page.

High-Rise Office Buildings — \$90 to \$125/sf (\$90 to \$122/sf in 2010)

7 stories — \$90 to \$100/sf (\$90 to \$100/sf in 2010)

14 stories — \$95 to \$115/sf (\$100 to \$110/sf in 2010)

20 stories — \$105 to \$115/sf (\$105 to \$115/sf in 2010)

25 stories — \$115 to \$125/sf (\$115 to \$122/sf in 2010)

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. Costs include less than \$3/sf for sitework and minimal (visitor) surface parking. Majority of parking is in adjacent garages. See garage costs on next page.

Commercial Tenant Improvements — \$35 to \$43/sf (\$35 to \$42/sf in 2010)

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 — \$93 to \$120/sf (\$95 to \$125/sf in 2010)

Low-rise, 2 to 3 stories — \$93 to \$102/sf (\$95 to \$105/sf in 2010)

Mid-rise, 4 to 6 stories — \$101 to \$110/sf (\$105 to \$115/sf in 2010)

High-rise, 7 to 25 stories — \$110 to \$120/sf (\$115 to \$125/sf in 2010)

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, increased base MEP systems with redundancies, emergency power, covered walkways and drop-offs, and increased elevator requirements.

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Office Buildings & Parking Structures, cont'd

Parking Structures — \$20 to \$34/sf (\$20 to \$33/sf in 2010)

Cast-in-place concrete — \$28 to \$34/sf, without basement (\$28 to \$33/sf in 2010)

Pre-cast concrete — \$22 to \$27/sf, without basement (\$23 to \$27/sf in 2010)

Steel — \$20 to \$25/sf, without basement (\$20 to \$25/sf in 2010)

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. Many low-rise projects continue to provide inexpensive canopies to meet market demands for covered parking.

Recent Trends

Though still in the midst of a depressed building market, we are seeing increased activity in office buildings. Private construction should improve later in 2011, although the public side may slow. A number of growing companies, however — particularly energy-related — will be moving forward with building projects in the near future.

In general, construction costs have stabilized at a low point over the past year. While a few material costs and transportation costs are beginning to rise, competition has kept prices low. Depending on the magnitude of the private side building rebound, construction costs should begin to rise in the second half of the year. Competition will remain fierce for the near future, but regardless, now is a favorable time to build while interest rates and construction costs are lower.

As greater acceptance has reduced the cost premiums, **green building** — particularly **LEED® Certified** — has become standard for most office buildings. Total costs for LEED Silver level certification including hard costs, documentation fees, and commissioning, range from 0.5%-2% of construction costs, with higher percentages affecting smaller projects. Though the current depressed market has reduced the total number of new building projects, the percentage of projects seeking green building certification has continued to grow.

Statistics Provided By:

Arch-Con Corporation
Austin Commercial
Brookstone Corporation
Burton Construction
EE Reed Construction, LP
Gilbane, Inc.

Harvey Builders
Hoar Construction, LLC
JE Dunn Construction Company
McCarthy Building Companies
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Pepper-Lawson Construction

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