

Office Buildings & Parking Structures

Market conditions in the construction economy are constantly changing. As a service to our clients, we periodically 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 — \$60 to \$65/sf (\$60 to \$70/sf in 2009)

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 — \$75 to \$83/sf (\$77 to \$90/sf in 2009)

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 — \$85 to \$95/sf (\$90 to \$100/sf in 2009)

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 \$122/sf (\$100 to \$125/sf in 2009)

7 stories — \$90 to \$100/sf (\$100 to \$105/sf in 2009)
14 stories — \$100 to \$110/sf (\$105 to \$115/sf in 2009)
20 stories — \$105 to \$115/sf (\$110 to \$120/sf in 2009)
25 stories — \$115 to \$122/sf (\$120 to \$125/sf in 2009)

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 \$42/sf (\$35 to \$45/sf in 2009)

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 — \$95 to \$125/sf (\$100 to \$130/sf in 2009)

Low-rise, 2 to 3 stories — \$95 to \$105/sf (\$100 to \$110/sf in 2009)
Mid-rise, 4 to 6 stories — \$105 to \$115/sf (\$110 to \$120/sf in 2009)
High-rise, 7 to 25 stories — \$115 to \$125/sf (\$120 to \$130/sf in 2009)

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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Parking Structures — \$20 to \$33/sf (\$23 to \$36/sf in 2009)

Cast-in-place concrete — \$28 to \$33/sf, without basement (\$31 to \$36/sf in 2009)

Pre-cast concrete — \$23 to \$27/sf, without basement (\$25 to \$29/sf in 2009)

Steel — \$20 to \$25/sf, without basement (\$23 to \$28/sf in 2009)

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

Despite the hesitation nationwide to undertake new building projects, **now may be the best time to build.** Interest rates are low and construction costs are down, so owners and developers are able to get more for their dollar. In addition to decreased material costs, these lower costs are due in part to subcontractors' reductions in fees, so while it is a great time to take advantage of lower costs, it is important to work closely with general contractors to qualify subcontractors and avoid potential defaults.

While office building and parking garage costs continue their fall from the highs of early 2008, new starts in buildings taller than three or four stories are few and far between. There is some activity in the small build-to-suit office building markets with owners taking advantage of the low construction costs, but commercial activity is slow to recover.

LEED® Certification and green buildings have become standard considerations for most office building projects. Intelligent design practices, required energy codes, and construction team experience have reduced green building premiums. Hard cost premiums, documentation fees, and commissioning services range from 0.5% to 2% of construction costs for a Silver Certified LEED office building, with the higher percentage range affecting smaller projects. Because of increasing competition, existing buildings are rapidly adopting the LEED for Existing Buildings program to "green" their operations and maintenance. For the Gold LEED EB rating, properties are paying \$0.06/sf to \$0.26/sf, with the higher number affecting smaller properties.

Statistics Provided By:

Anslow + Bryant Construction
Arch-Con Corporation
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Brookstone Corporation
Burton Construction
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Gilbane, Inc.
Harvey Builders
Hoar Construction, LLC
JE Dunn Construction Company
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For more information, please contact **Scott Wilkinson, AIA, Commercial Team Leader,**
713 426 7434, scottw@kirksey.com.