

Comparison of public & private residential cost benchmarks

Barry Keogh
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Ongoing commentary about the differing delivery costs in public and private sector. However, are benchmark cost sets really that different?

Average cost of building a new home up 12% over the last four years

Updated / Thursday, 30 Jul 2020 15:17



The SCSi said it plans to report on the Covid-19 cost element of building a new home when sufficient data is available

The cost of building a three bedroom semi-detached house in Dublin has

Cost of building homes can be 'much cheaper'

Figures show cost of public sector building a three-bed home averages less than €300,000

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Building costs can be well below what local authorities are paying private developers for social housing, figures show. Photograph: Frank Miller

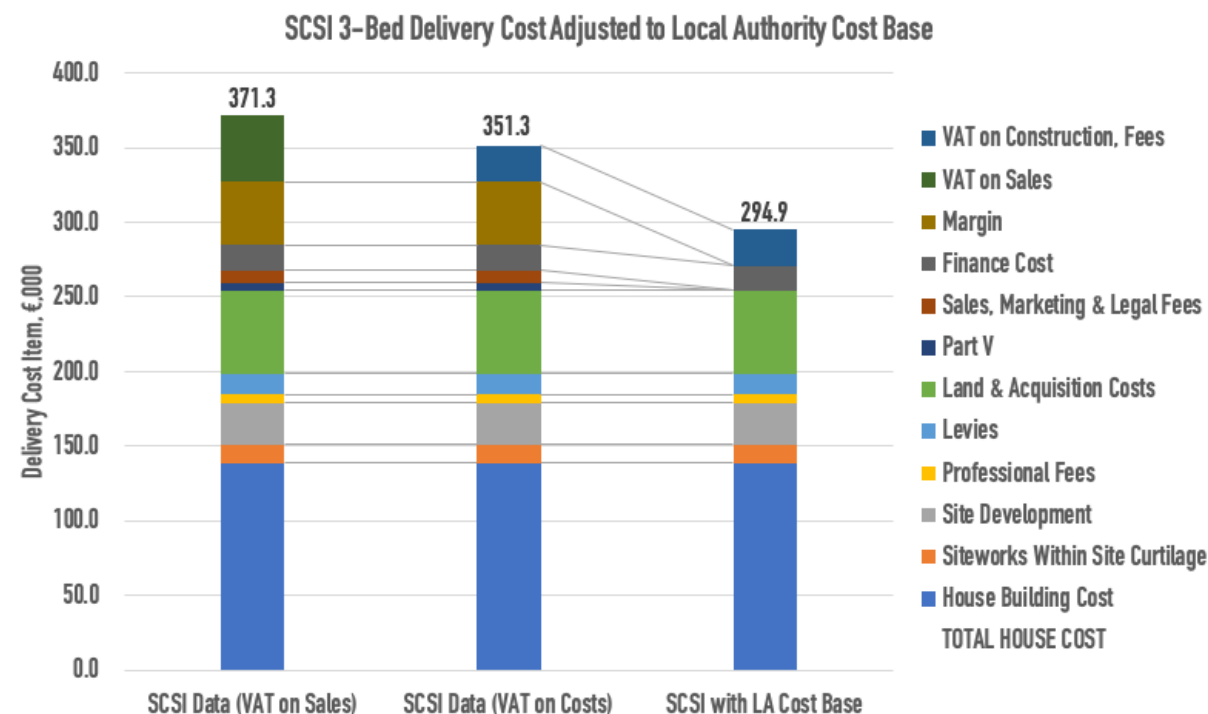
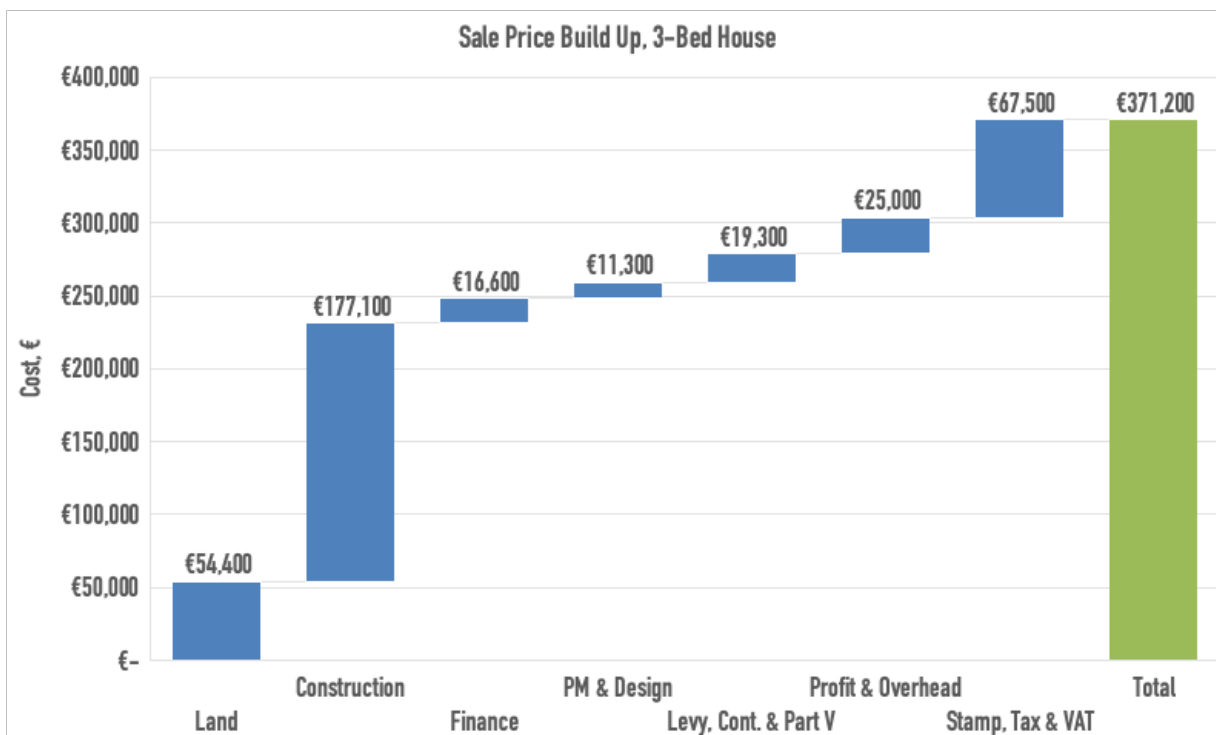
Local authorities have prepared base building costs benchmarks from returned tenders up to 2019. SCSi benchmark study from 2020.

			Non Local Authority Costs					
	Build (incl VAT)	All In (Delivery Not Sales)	Part V	Marketing	Profit Margin	"Like for Like" All In	"Like for Like" Inflated to 2020 basis	Land. Design, Contributions, Utiilities, Funding etc.
Cork City	204,500		0	0	0	264,900	273,080	60,400
Dublin	272,600		0	0	0	348,900	359,804	76,300
Dun Laoghaire	215,600		0	0	0	277,500	286,124	61,900
Fingal	205,300		0	0	0	266,100	274,312	60,800
South Dublin	215,600		0	0	0	277,500	286,124	61,900
Galway City	189,000		0	0	0	248,300	255,860	59,300
Limerick City	203,800		0	0	0	265,800	273,952	62,000
Waterford City	184,700		0	0	0	243,100	250,488	58,400
SCSi Dublin	203,052	351,024	(5,300)	(8,400)	(42,600)	294,724	294,724	91,672

3 Bedroom House Unit Costs

Source: Local Authority Cost Circular 2019

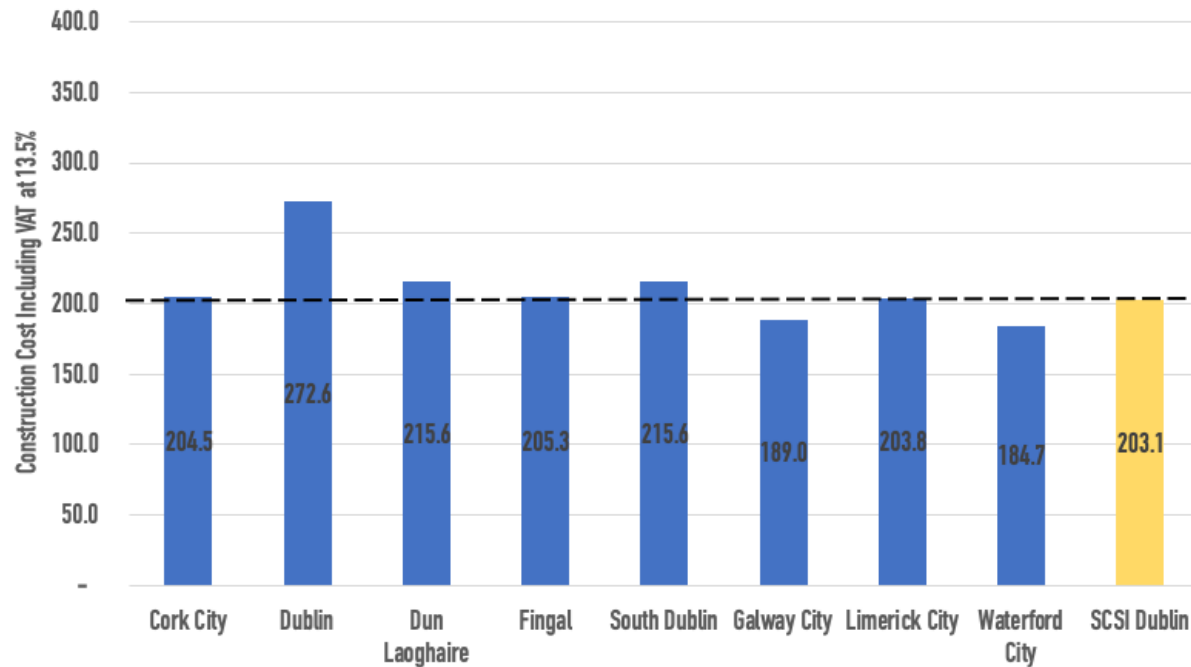
With different cost bases a public & private sector comparison must look to adjust & compare like with like.



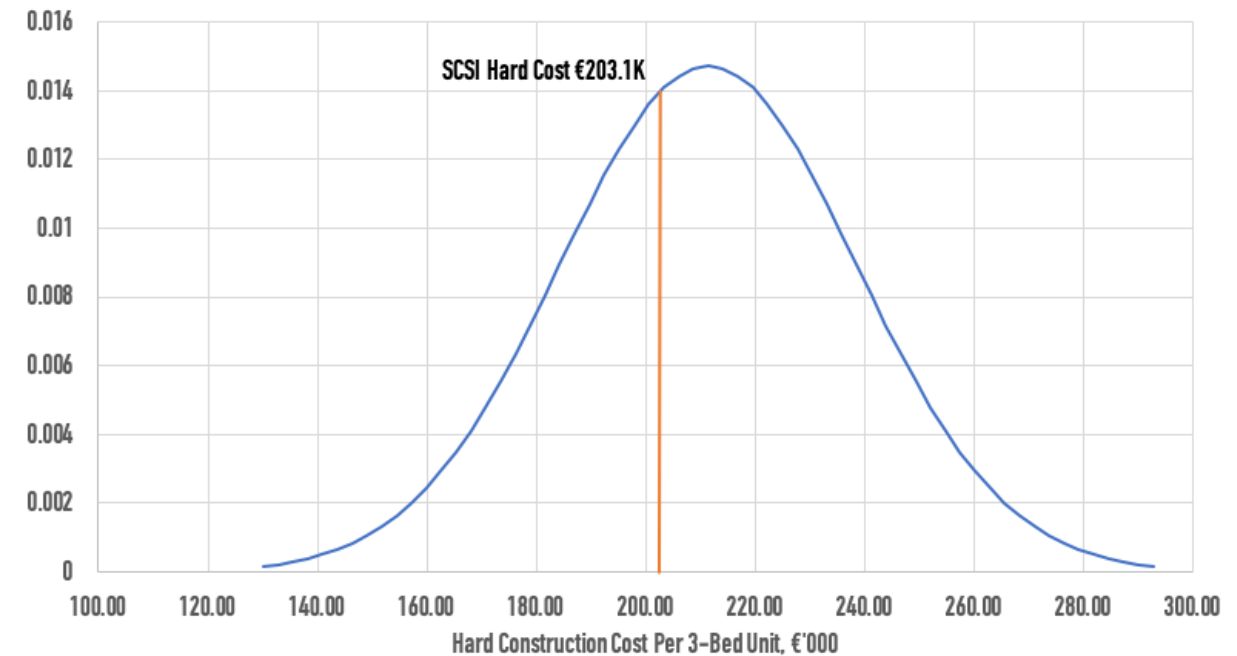
Source: Analysis of SCSI data

Analysing the different data sets – hard construction costs are in line between public and private sector...

Benchmarking of Local Authority Unit Costs v SCSi 2020 3 Bed Analysis



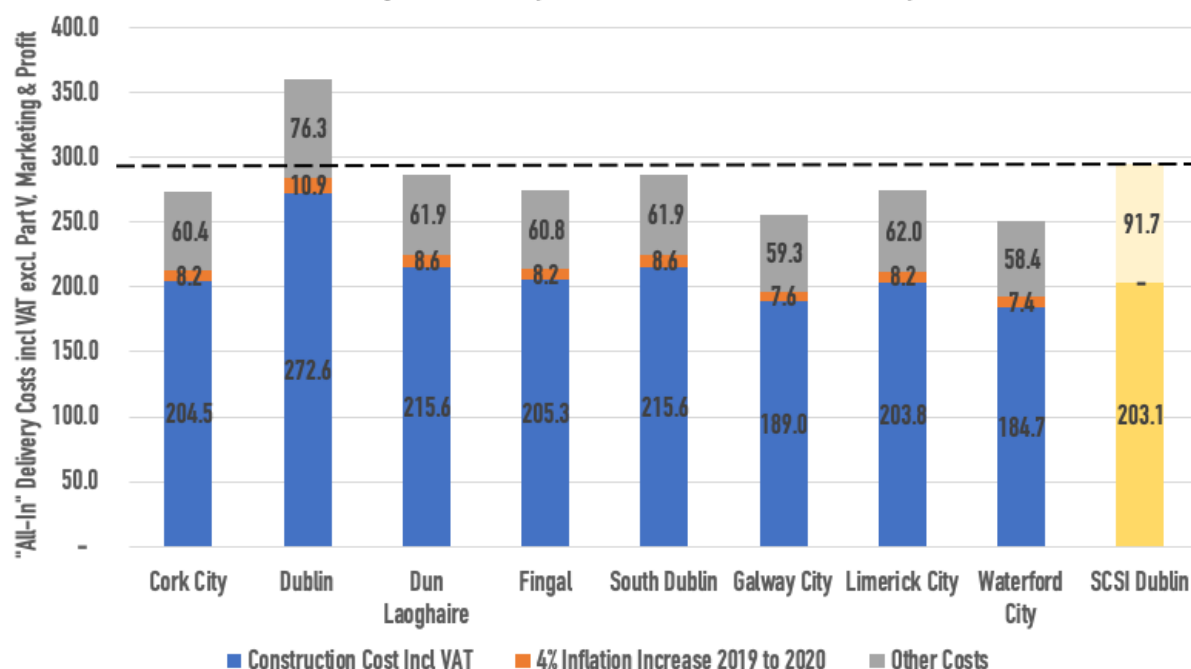
Distribution of Local Authority 3-Bed Hard Construction Costs



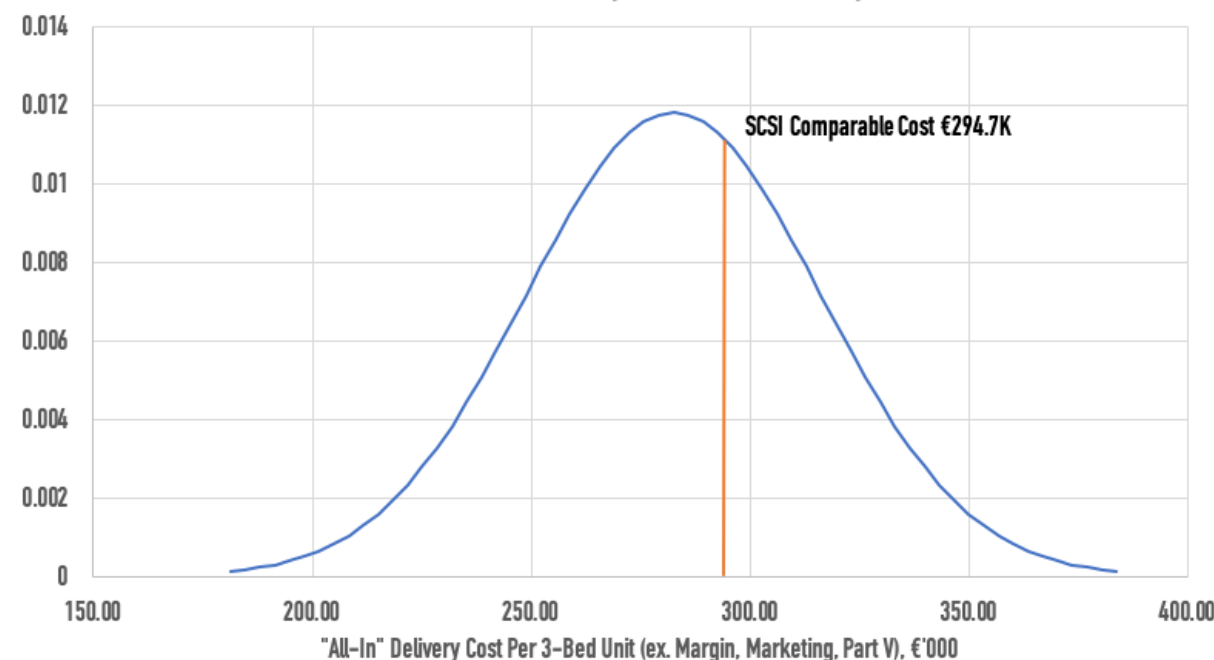
Source: Analysis of SCSi & Local Authority data

When Part V costs, marketing and profit are removed from the SCSi soft costs the “All In” cost data set are also broadly in line.

Benchmarking of Local Authority Unit “All-In” Costs v SCSi 2020 3 Bed Analysis

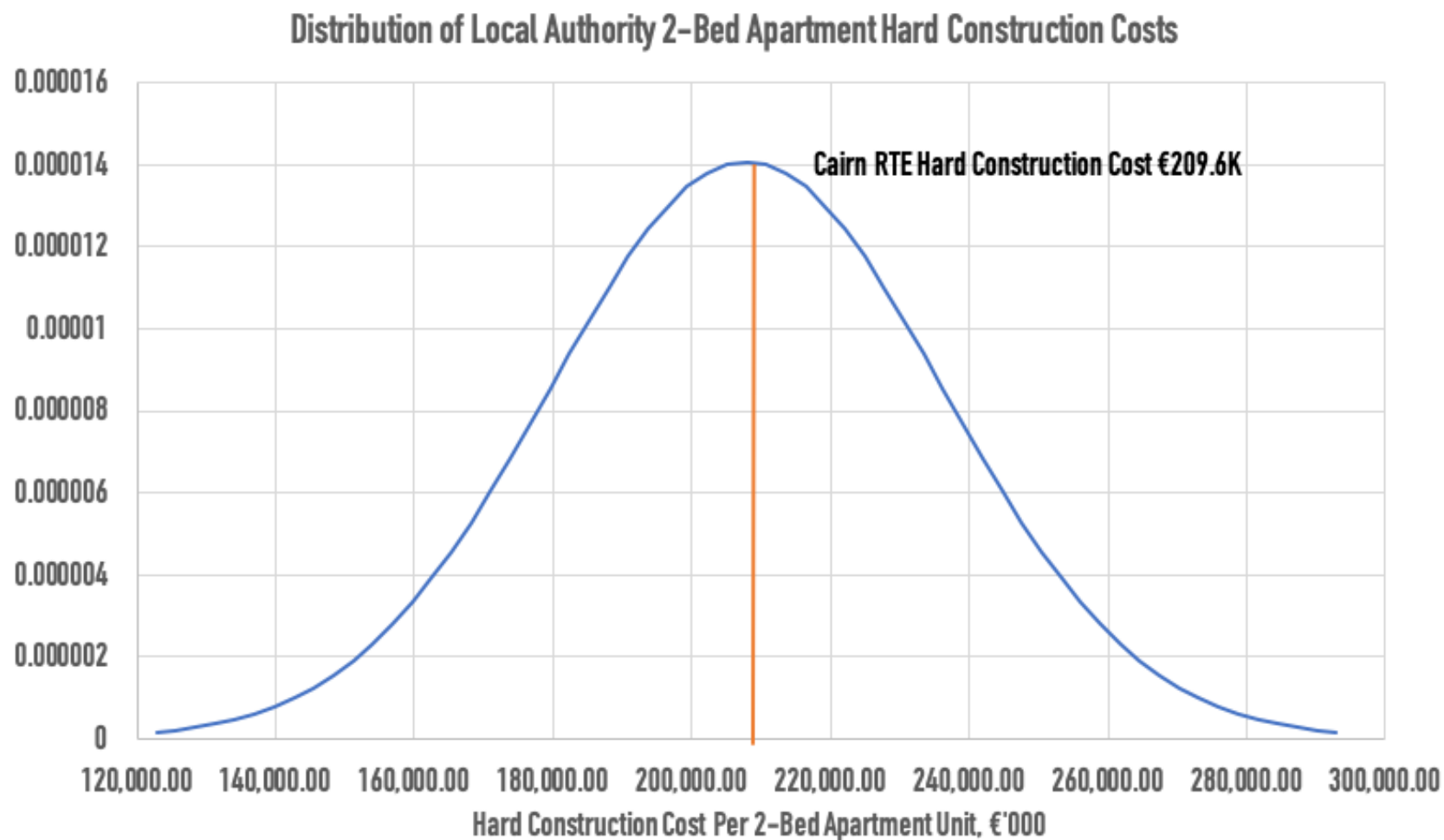


Distribution of Local Authority 3-Bed “All-In” Delivery Costs

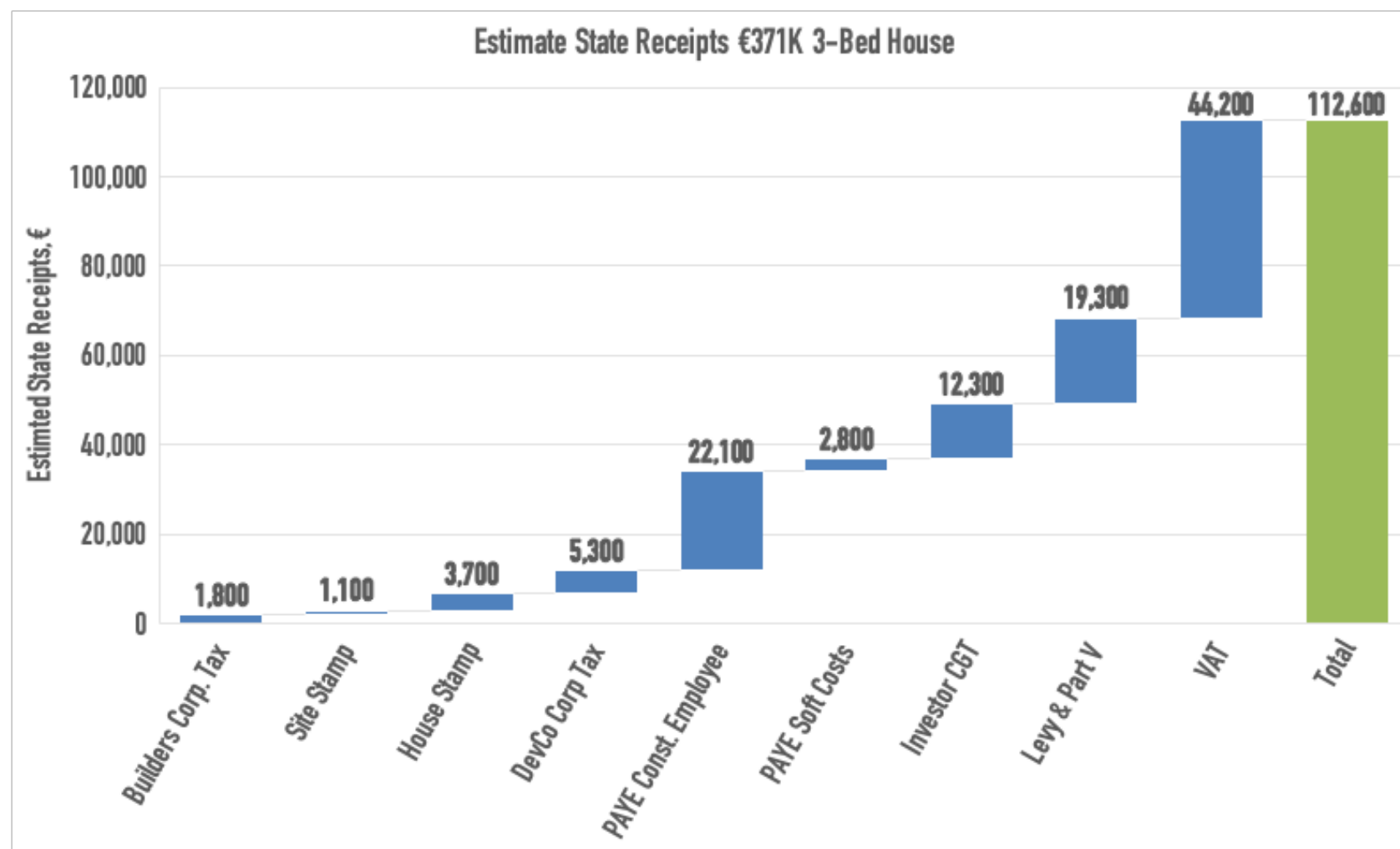


Source: Analysis of SCSi & Local Authority data

Hard costs for some high profile development e.g. RTE are in line with LA costs. However, soft costs add significantly to "All-In" delivery cost.



The net cost to the State of buying completed units (e.g. Part V) can be somewhat reduced by levies, VAT, corporate & income tax receipts



Source: Keogh Consulting calculations

When making comparisons of benchmark data like must be compared with like. Hard costs are similar. Soft costs are different.

- Housing cost benchmarks need to be adjusted to the same basis before making a direct comparison.
- This involves reviewing specification, adjusting for timing differences and ensuring that the cost base is comparable with certain private costs excluded e.g. Finance, Marketing, Part V, Margin.
- The importance of understanding the basis of estimate cannot be understated
- The base hard construction costs for housing are in line between public and private sector delivery.
- Soft costs, applicable only to the private sector, (finance, site cost, margin, marketing etc.) give rise to a difference in delivery cost to public delivery.