

KSA Construction Cost Benchmarking - Q1 2020

Residential - Villa

Asset description	Low (SAR/m ²)	High (SAR/m ²)
Villa standard	3,000	4,200
Villa mid-market	3,500	5,000
Villa upper mid-market	4,500	7,500
Villa luxury	7,500	10,000

Residential - Apartment

Apartments - low rise	3,500	6,500
Apartments - mid rise	3,950	7,300
Apartments - high rise	4,550	9,000

Hospitality

Three-star hotel	6,800	9,200
Four-star hotel	7,500	11,500
Five-star hotel	9,000	14,200

Hotel - Branded/ serviced apartments

Branded/serviced apartments	6,000	11,000
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Retail

Regional mall	4,500	7,000
District mall	4,000	6,500

Commercial property

Asset description	Low (SAR/m ²)	High (SAR/m ²)
Commercial office - stand alone	4,900	8,000
Commercial office - stand alone - grade A	8,400	11,500
Commercial office - business park - core and shell	5,200	8,250
Commercial office - business park - grade A	8,700	11,750

Healthcare

Hospital	10,000	14,000
Clinic	12,000	14,500

Other amenities

International schools	3,500	6,000
Mosques	5,000	9,000

Car parking

Car parking - basement/ underground	3,000	3,800
Car parking - above-ground structure	1,800	3,100
Car parking - podium with 1.2m exposed above grade	2,050	3,450
Car parking - on grade	500	1,200

Landscape

Asset description	Low (SAR/m ²)	High (SAR/m ²)
Parks (hard landscape)	400	750
Parks (soft landscape)	350	650

Basis/assumptions/exclusions

- All costs derived from Currie & Brown's in-house database and project experience
- Rates have been calculated based on the GIFA measurement as defined by the RICS Code of Measuring Practice 6th Edition
- Rates include for hard construction costs only
- Rates are current as of Q1 2020
- Rates include contractor's general requirements
- Rates exclude:
 - Contingency
 - Inflation beyond Q1 2020
 - Soft costs such as but not limited to: professional fees, local authority fees, legal fees, sales and marketing costs or pre-opening costs
- Rate assumes a traditional build only procurement route with works being undertaken by reputable main works contractors
- The above rates are indicative and should not be used or relied upon in lieu of a detailed project-specific cost estimate

Integrated project management

Project management
 Construction management and site supervision
 Project controls and planning
 Cost management
 Commercial and contract management
 Procurement services
 Design management
 Contract advisory services
 Facilities management consultancy

KSA market

Over the next ten years there will be significant growth in the construction market in KSA, accelerated by the award of the known giga-projects coupled with the growth in private developer markets.

In alignment with Vision 2030, the country's giga-projects are now transitioning into the next stage of their development. It is anticipated that during 2020 some of the relevant assets' designs will be finalised and issued to the market. It is expected that only early/enabling/infrastructure works will be awarded this year.

In the event that all known portfolios materialise, the construction market is expected to boom, which will place additional pressure on contractor capacity, including their workforce, and cause a potential shortage of materials.

Currie & Brown's Q1 2020 benchmarks only reflect the market at the referred quarter, and potential alterations to these benchmarks are expected to occur during this year. This is as a result of the commencement of the known giga-projects in KSA as well as the potential impact of the coronavirus pandemic, the latter being too early to determine.

With oil prices forecast by the Energy Information Administration in February 2020 to remain in the \$60-per-barrel range, 2020 was already going to be a difficult year across the Gulf region. The Saudi government's own budget forecasts a fiscal deficit at 6.5 per cent of GDP for 2020, to be filled with reserves, loans or bond issues. The price per barrel is nowadays lower than 50% of the forecast range and the impact of this effect on the Saudi government's budget is still to be determined.

In light of the negative impact of the coronavirus pandemic on public finances in the Kingdom, Saudi Arabia is to cut circa SAR50 billion from this year's public sector budget. The cut is less than five per cent of the overall budget and is expected to be in areas that have the least social and economic impact. In accordance with latest news from governmental agencies, given the potential impacts of the coronavirus outbreak, future developments are to be reassessed, expenditure reviewed, and appropriate decisions to be made in a timely manner.

These benchmarks will need to be regularly updated to take into consideration the market, relevant tender returns impact, and/or any shortage of skilled labour and material impact.

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