

Factors to consider when opting to build a residential property

Whether it's cheaper to buy or build is a complex question when it comes to residential property. "It depends on individual needs and preferences, and a host of other factors, which is why, if building your own residential property is a consideration, we highly recommend consulting a quantity surveyor to help you plan and manage the cost of building," says Steven van Rooyen, principal at Leapfrog Milnerton.



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Professional quantity surveyor Guillaume Cillié, Western Cape branch manager at CAQS Quantity Surveyors, says there are various factors to consider if you're considering building your own residential property. "Unfortunately, there is not a simple 'yes' or 'no' answer to the question of whether it is cheaper to buy or to build, but it does pay to be aware of all the costs of building in order to make a more informed decision."

He answers some pertinent questions related to the cost of building.

What are the main factors that determine building costs?

Floor area is typically the main cost factor in a residential building. This is simply because as the floor area increases, so do all other costs. Building a 200m² property is going to require less labour and less materials than an 800m² property, just by virtue of the fact that it is smaller.

It is also important to consider the size, layout and geology of the site where the residential property will be built. “Naturally size influences price but layout too can affect costs if, for instance, the site has to be excavated before building can commence,” Cillié points out.

Other factors that contribute significantly to the cost of building a residential property is the height between the floor and ceiling, roof type, and finishes, though the latter tends to be an area where cost savings are very possible as personal preferences mostly drive cost here.

How does location affect building costs?

As with all matters related to property, location is a key factor affecting building costs. “Location can have an impact on the structural and waterproofing requirements of the building, and thus the cost. A building at the coast, for example, will require thicker roof sheeting than a building that’s 50km inland,” Cillié explains.

Location also gives you some indication of needs and preferences, which also impacts the cost. “It’s very likely that somebody building a property in Clifton wants more state-of-the-art features and finishes, than somebody building a granny flat in their backyard, for example. One could say that keeping up with the market and location influences the cost then,” Cillié reasons.

How is the final cost per square metre determined?

The equation is the sum of the contractor overheads (site supervision, fuel, transport, equipment etc.), plus building costs (material, labour, waste and profit), plus professional fees, plus VAT, divided by the construction area.

The official SAPOA (SA Property Owners Association) definition of a construction area for a residential building is the sum of the areas measured at each floor level over the external walls to the external finished areas.

It is also important to distinguish between the cost of construction and the cost of the final finishes. “While both form part of the cost, the price of the ‘shell’ is typically determined by the design, as explained above, while the finishes are heavily influenced by personal taste,” Cillié points out.

What are some of the questions people looking to build a residential property should ask of their quantity surveyor?

How much is this project going to cost? The most obvious question, but an important one to ask nevertheless.

How can we reduce the cost? The goal should always be to get the most value for money. “There is nothing wrong with asking your quantity surveyor where and how you can best optimise your building budget within the design parameters set by the architect,” Cillié believes.

How long is this project going to take? Building projects are, unfortunately, infamous for running over time. “Time is money in a building project, which is why you want to have clarity on how long your residential building project is going to take so that the various parties can be held accountable and expectations managed,” Cillié highlights.

How do I choose a contractor? Your quantity surveyor is likely to have a database of trusted contractors that they work with on a regular basis, and will thus be able to recommend a contractor that understands your particular needs and can work with the team in realising your project, on time and within budget. The contractors are normally appointed on a comparative tender basis.

What is the expected cash flow? The quantity surveyor is usually responsible for valuations of work done for payment to the construction company. Cillié explains: “Make sure you know how the project will be paid for. It’s usually monthly as per the most popular building contract we use namely the JBCC, though in some cases payments might be fortnightly or otherwise agreed upfront. Make sure you’re clear on how the cash flow will be managed.”

How are the fees of the quantity surveyor calculated and what does it include? The quantity surveyor’s fees are based on a fee scale, but all fees are always negotiable based on the size of the project as well as the duration.

What kind of building contract is put in place? Whatever you do, make very sure a building contract is in place and that you understand and are comfortable with it. “Insist that your quantity surveyor explains the ins and outs of the contract if necessary,” Cillié believes.

Clients are always interested in cutting costs and getting the best bang for their building buck. What are some of the areas, if any, where cost saving is possible in a residential building project?

“One of the biggest savings is to opt for brickwork, rather than concrete elements if possible. While concrete is more durable, brickwork is often just as suitable, in terms of structural integrity, for a residential property,” Cillié advises.

Reducing the height between the floor and ceiling is also likely to make a noteworthy difference to the cost, Cillié adds. Opting for less expensive finishes – everything from flooring to the joinery, veneer above solid wood, sanitary ware, paint and the like – can help to bring down the costs. “And choose locally manufactured products and materials, it’s the best way to sidestep the effect of the exchange rate and to boost the local economy,” Cillié believes.

What are some of the unexpected costs that always come to plague a project?

One of the reasons one opts to employ a quantity surveyor on a residential building project is to ensure that unexpected costs don’t crop up and that variations are calculated correctly. “The quantity surveyor’s role is to determine and manage the budget as tightly as possible, to offer maximum value and minimum cost, so that there are no surprises when construction is finished,” Cillié highlights.

Nine times out of ten, major changes to the overall cost of the project can be attributed to changes to the specifications of the finishes and the design by the client, Cillié explains. “Often clients don’t realise that a seemingly small change can have a big impact on the cost,” he says.

Again, he adds, it’s about being transparent about your needs and your budget, and in turn the quantity surveyor will be realistic about what is possible within your budget.

It does occasionally happen that there is a major change in the cost of materials during the construction period that may influence the cost, but the quantity surveyor would have made provision for some fluctuations. In the odd case it happens that there are problems that only present themselves when construction starts.

“The age of the building could have an impact on the electrical wiring, for example. Something that you would not necessarily have known at the outset but that will cost money to get into safe, working order,” Cillié concludes.