

Understanding the Full Cost of Real Estate Development – The Quantity Surveyor's Perspective

Analyzing project expenses and cost control methods

INTRODUCTION AND OVERVIEW



Introduction

Role of Conceptualizer

A clear purpose and vision guide the successful start of any real estate development project.

Dual Objectives

Real estate development aims to meet societal needs while generating profit for stakeholders.

Importance of Planning

Strategic planning influences design, budgeting, and execution to avoid delays and cost overruns.

The Cost of Real Estate Development

Pre-Contract Costs

Pre-contract costs include planning expenses, professional fees, land acquisition, and statutory approvals before construction.

Post-Contract Costs

Post-contract costs cover construction execution, contractor fees, material costs, and scheduling during the building phase.

Importance of Cost Management

Accurate budgeting and cost management prevent financial strain and project delays in real estate development.

PRE-CONTRACT PHASE

Pre-Contract Costs



Initial Professional Fees

Costs include payments to land surveyors, architects, and quantity surveyors during planning stages.

Engineering and Technical Services

Engineering services ensure technical feasibility in civil, structural, mechanical, electrical, and geological areas.

Legal and Regulatory Fees

Legal fees cover title acquisition, conveyancing, and compliance with regulatory agencies and permits.

Additional Statutory Expenses

Finance charges, realtor fees, and statutory costs for approvals from agencies add to pre-contract costs.

Key Pre-Contract Professionals



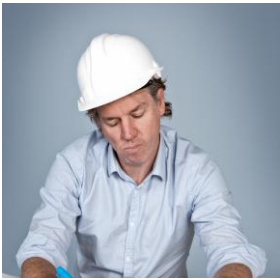
Role of Land Surveyor

Land surveyors ensure accurate land measurements to prevent boundary disputes and design errors early in the project.



Architect's Contribution

Architects shape the project vision, ensuring design coherence and compliance with regulations from the start.



Quantity Surveyor's Role

Quantity surveyors manage cost planning and financial control, supporting informed budgeting and design decisions.

Other Pre-Contract Considerations



Engagement of Engineers

Civil, structural, and MEP engineers must be involved after initial design to ensure structural integrity and system efficiency.

Legal Fees and Compliance

Legal fees cover essential services like change-of-use applications and title transfers to ensure compliance and ownership security.

Financial Charges and Negotiations

Finance charges negotiated with banks impact project costs, requiring favorable terms for profitability.

Realtor Fees Budgeting

Realtor fees, though negotiable, must be included in the budget especially for large-scale developments.

POST-CONTRACT PHASE

Post-Contract Costs



Construction Phase Expenses

Post-contract costs involve expenses from the construction phase based on approved drawings and priced bills of quantities.

Budget and Financial Planning

The developer's budget created by the quantity surveyor ensures realistic pricing and financial sustainability.

Contractor Engagement and Scheduling

Careful planning of contractor engagement and scheduling avoids delays and additional costs.

Cost Monitoring and Coordination

Continuous monitoring and coordination among stakeholders control costs and maintain project success.

CONCLUSION

Final Thoughts



Pricing with Future Costs

Selling price should consider future cost changes to ensure sustained profitability in real estate projects.

Importance of Professional Engagement

Engaging qualified professionals during pre-contract and post-contract phases improves project success rates.

Strategic Foresight and Risk Management

Using strategic foresight and financial discipline minimizes risks and enhances outcomes in development projects.

Sustainable Development Principles

Informed decisions and proactive management form the foundation for sustainable long-term real estate success.