

## Abu Dhabi and Dubai Construction Cost Benchmarking

Item	Building Type	2018 (1st Quarter)	
		Cost Range (AED/m <sup>2</sup> )	
<b>Residential</b>			
1	Villa - Medium Specification	3,490	- 4,277
2	Villa - High Specification	5,377	- 6,390
3	Apartment Low to Medium Rise - Medium Specification	3,275	- 4,288
4	Apartment High Rise - High Specification	5,688	- 6,440
<b>Commercial (Shell and Core only)</b>			
5	Office Low to Medium Rise - Medium Specification	3,487	- 4,327
6	Office High Rise - Medium Specification	3,997	- 5,322
<b>Industrial</b>			
7	Medium Duty Industrial	1,770	- 2,949
8	Medium to Heavy Duty Industrial	2,772	- 5,526
<b>Hotels (Including FF&amp;E)</b>			
9	Three Star	5,400	- 6,744
10	Four Star	7,758	- 9,296
11	Five Star	9,271	- 11,977
<b>Retail (Shell &amp; core with public area finished)</b>			
12	District Mall	3,881	- 5,319
<b>Carparking</b>			
13	Podium	2,041	- 2,761
14	Basement	2,635	- 3,129
<ul style="list-style-type: none"> <li>Professional fees, land acquisition costs and financing costs are excluded from the above</li> <li>All hotel rates are inclusive of Furniture, Fittings and Equipment (FF&amp;E)</li> <li>Costs/m<sup>2</sup> are based on GIA as per the RICS code of measuring practice 6<sup>th</sup> edition</li> </ul>			

Source: Colliers International

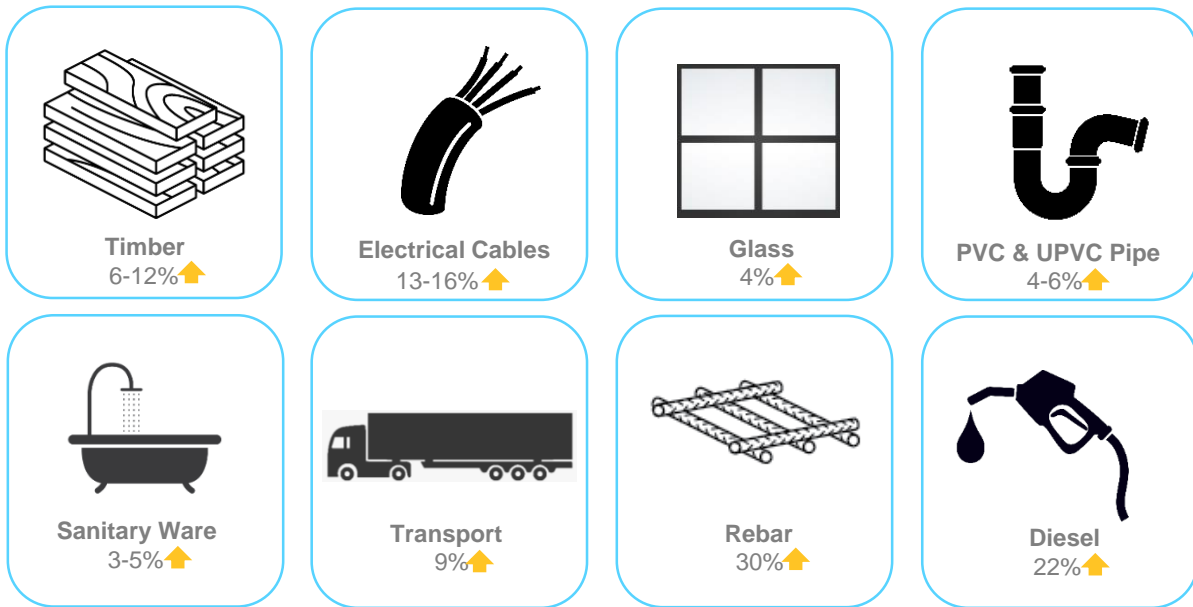
# Construction Cost Movement

## Materials

The industry has witnessed a notable upward movement in construction materials. There are many factors for this ascending trend, which include increased cost of production for locally manufactured materials, a recent drive by Chinese authorities to close down factories that do not conform to pollution control regulations, increased cost of materials imported from regions experiencing a growth in construction such as Europe, and world pricing for the likes of steel.

For the average building, this material cost increase when comparing Q1 2017 to Q1 2018, is an add-on of 3.1%. However, when one takes into account all average costs between the period, and a continuous competitive market putting pressure on contractor margins, the actual overall increase to the cost of construction between Q1 2017 & Q1 2018 ranges from 1.8 to 2.3%, depending on building type, design and specification.

Below is a representation of the material percentage movement from Q1 2017 to Q1 2018.



## Inflation Outlook

In April of this year the World Bank has predicted that copper and crude oil pricing will remain relatively flat for the period between 2018 & 2019, with iron ore and aluminum prices decreasing by 6.3% & 3.4%, respectively. With no major material inflation predicted, combined with another period of expected strong competition between contractors, it is forecasted that construction cost inflation will not exceed 1.8% for the next twelve months.





## Colliers International Construction Consultancy

As specialist construction consultants we provide project, cost and construction management services. Our success is based on two simple principles;

- i. Construction advisory that is tailored to each client, based on the knowledge of our staff whom first and foremost are construction people.
- ii. Our services ensure risks are eliminated, quality of design & construction is delivered, optimum program timelines are achieved, all at the lowest price possible.

## Our Project Management & Cost Consultancy Services include:

### Project Management

- > Development Management
- > Program Management
- > Project Management
- > Client Representation
- > Construction Supervision
- > Tenant Coordination
- > Building Surveying

### Quantity Surveying

- > Cost Modelling & Benchmarking
- > Cost Planning/Management/Control
- > Risk Appraisal
- > Life Cycle Costing
- > Value Engineering
- > Procurement Strategy & Advise
- > Tendering & Evaluation
- > Tender Documentation & Bills of Quantities
- > Contract Documentation & Administration
- > Cash Flow Forecasting

### Project Monitoring

- > Bank/Financial Institution Representation
- > Early Warning Advice
- > Project Cost Analysis and Advice
- > Program Monitoring
- > Stage Payment Recommendations
- > Quality & Specification Inspections

**Colliers**  
INTERNATIONAL



# Colliers International

---

Operating from

69 countries on

6 continents

---

**\$2.7**

billion in  
annual revenue

**2**

billion square feet  
under management

**15,400**

professionals  
and staff

For further information,  
please contact:

**Bob Flanagan**

Managing Director

Project Management & Cost Consultancy Services

[bob.flanagan@colliers.com](mailto:bob.flanagan@colliers.com)

**Colliers International**

Abu Dhabi | United Arab Emirates

+971 2 619 2460

Dubai | United Arab Emirates

+971 4 453 7400

[www.colliers.com](http://www.colliers.com)

Copyright © 2018 Colliers International.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.