

Understanding Office Construction Costs

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- What is the range of costs to develop office space in a shell building?
- What are the construction components of building office?
- What should you consider in determining a budget?

New or expanding businesses looking for office space in Edmonton have some difficult options to choose from. Do they buy, lease, or build? The cost of improving a location, whether it is a lease or a sale, ends up costing the user. One of the more popular choices, developing a custom office layout within a shell building, has many benefits but it also carries unknown costs.

The benefits of a shell building can be substantial: Ease of interior development, best use of space and most of the properties with an open slate are relatively new. Finding a location with a layout that works well for the user is not easy and requires effort. However many in Edmonton are learning that, in a tightening labour market, most options will require improvements or customization and can carry a higher cost than expected.

So what are the costs and how should one budget? The answer to cost is not as simple as simply pricing items for purchase or finding out what your friend paid. As an example, hiring a contractor to build two 8' x 10' walls to put up an additional office will cost much more per wall than hiring a contractor to put up fifty 8' x 10' walls. This is due to the contractor having certain costs, such as the pickup of supplies, delivery, getting staff to the job site, and so on.

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There are a few rules of thumb that can be used as an initial estimate, but these will vary with time and will depend on many factors. Ten years ago, it was common to hear you could build a finished office space for \$25 per square foot in a shell building, but not anymore. With increasing supply and labour costs, using this estimate is a sure-fire way to disappointment. Overall the costs can range depending on what the “shell” of the building provides, such as air conditioning units, plumbing, and washrooms, however a range in the \$45 to 65 per square foot range is more typical; but inflation is low don't you know?

The following list breaks down the components typically involved with office improvements:

Flooring Supply/ Install: \$4.00 – 4.50 per. sq. ft.
Commercial Grade Carpeting (8 Oz.)
Or Vinyl Composite Tile

Walls: 10' Height - \$150-200 per lineal foot
Taped, sanded, primed
Adjust price for higher or lower walls

Electrical: \$120 per outlet or switch
Standard outlets to code

Networking: \$120 per outlet
Outlet with pull string for IT to Network to server

Ceiling & Lighting: \$7.00-10.00/sq.ft.
Acoustic Ceiling Tiles and Fluorescent Lighting
Lighting fixtures vary in price

Painting: \$0.35-0.50/sq.ft. + trim/doors
or \$1.50/sq.ft. as a budget (depends on detail)

Doors/Hardware: \$100 per door
Hollow Core/Painted Solid doors with differing dimensions & quality lock set can be \$1,000 each

Lunch Counter with Sink: \$2,500-3,000
Assuming 8'-10' laminate counter, cupboard below and sink

Washroom: \$3,500-4,500
One stall/toilet
Assuming plumbing and drainage tie in nearby

Mechanical and ducting: On new construction as an average \$6.50/sq.ft. (unit and distribution)
On renovation, varies based on number of offices, size of rooms, total size to be serviced, and what existing systems are present. If adding to an existing build-out, you should first check if your existing unit or units can handle the type of improvements you require.

Note: Remember these are simply general rules of thumb which can vary, and should only be used to help establish an initial estimate for a budget. If you are renovating, know that dealing with what is currently there also carries a cost and in some cases causes overall costs to be higher. This can be due to unforeseen factors such as, having to determine where power is running from, plumbing being relocated, networking, etc.

As we all know, there is not always one simple way to get the job done, so if you have three opinions for cost, I can assure you they will be different. Keep in mind that once you have made your initial budget and found the property or improvement project that meets your needs make sure you get qualified contractors to give you firm quotes. Expect that quotes may be different from each other and be ready to choose one that best suits your budget and expectations —and remember, the cheapest quote is not always the best quote.

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