



Insurance Replacement Cost Estimates

Do you know what it would cost to rebuild your building if it was destroyed?

As a developer or investor, you may know the original construction cost, but you may not have factored in all the relevant costs. Replacement Cost Estimates are an assessment of the actual cost to reinstate a building in today's economic climate. When accurately determining the replacement cost of any building, many issues need to be considered:

- 1 - Current market rates
- 2 - Cost of demolition
- 3 - Additional costs assuring the new dwelling complies with current standards
- 4 - Site clearing
- 5 - Professional fees
- 6 - Compliance costs (permits & applications)
- 7 - Reconstruction time, plus time allowed for design and documentation approval
- 8 - Inflation and the new policy period

About Replacement Cost Estimates

An Insurance replacement Cost Estimate should basically represent the full cost of rebuilding in case of total destruction. The report should include all facets associated with this scenario.

Anyone attempting to rebuild a dwelling following an insurance claim will be forced to comply with current building codes, and without expert advice from a Quantity Surveyor, they could find themselves under-insured.

The regular re-valuing of a building's replacement cost is often forgotten or ignored. With the cost of building regularly fluctuating, it is critical to keep the replacement value and insurance valuation of your property up to date.

MCG Quantity Surveyors can assist the property owner by advising an appropriate value to insure for, not only for the cost to rebuild the property new for old (which is likely always to be greater than its market value), but also current costs for demolition, redesign, tendering costs, and escalation from policy renewal through to the time of reconstruction.

Legislation has been implemented in various states across Australia which requires all Strata Plans to have Insurance Replacement Cost Estimates performed periodically (the Strata Schemes Management Act stipulates that a building replacement cost estimate is required every 5 years.). Once MCG Quantity Surveyors have provided the investor with the original Insurance replacement Cost Estimate, if the development has undergone no renovations or additions, we will complete all subsequent reports on the same development at a reduced fee, as no reinspection or time gathering documentation again is required.

For more information about Insurance Replacement Cost Estimates, please do not hesitate to contact MCG Quantity Surveyors and speak to one of our experienced expert Quantity Surveyors today.



Contact our friendly team
on **1 300 795 170**
or visit the website at
www.mcgqs.com.au

