

Overcoming Owner Builder Cost Challenges

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Overview

1. To Owner Build or not?... The UGLY, BAD & THE GOOD!
2. My approach to 40 Gugandi Road
3. Questions?

To Owner Build or not? - The UGLY and BAD(?)... or just pragmatism

First, as part of a cost/benefit analysis, ask yourself these questions:

- Do you need finance? **YES?** Unless you have a significant proportion of \$ of your build cost, and maybe not even then, unless you have a building trade qualification, the Banks won't lend to owner builders **PAY A BUILDER... NO NEED TO PROCEED TO THE NEXT Qs...**
- Do you have enough \$ (...or a rich relative 😊) to build your dream house including at least a 20% cost inflation contingency? **NO? PAY A BUILDER**
- Do you have a day job that pays you reasonably well? **YES? PAY A BUILDER**
- Do you have building trade or project management qualification or experience? **NO? PAY A BUILDER, or**
- Have you owner built a house before? **NO? PAY A BUILDER**

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To Owner Build or not?

- Do you think you know enough about building that you can discuss, at least in general terms, the pros and cons of different build solutions/problems with each trade? **NO? PAY A BUILDER**
- **FYI:** For every trade that requires a license you will need to engage a **licensed** tradesmen... that means almost everything really. Owner Builder = Project Manager (+ builder's labourer...if you are physically capable and the trade is okay with it... some won't be.)
- Do you want to make sure that your house is built in, let's say under one year? **YES? PAY A BUILDER**
- Beyond faulty workmanship of individual trades, are you okay to be responsible for all defects? **NO? PAY A BUILDER**
- Is it possible that you might need to sell your house in under 7 years and 6 months? **YES?** You will need to take out Home Warranty on your owner build. Doable at a cost, but maybe **PAY A BUILDER**

To Owner Build or not?

DO YOU STILL WANT TO OWNER BUILD?...

Maybe it's on your bucket list!...

it was on mine!

[Tip... if even you are good to go, spend the \$200 to do an owner builders course and then see if you still feel ready to take on the build]

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To Owner Build or not? - The Good

What \$ can you save and what dollar swapping (because your time and effort has a value) is in it for you?

- You could save the builder's margin. It varies, but typically 15-20% of the contract value, PLUS
- Strip out some of the profit margin supply costs on materials
- More control... I've heard fixed price building contracts are a thing of the past, so even if you engage a builder the costs might still blow out... **but everything is negotiable!**

SO... HOW DID I GO ABOUT?



My approach to 40 Gugandi Road

Looking at the list of questions in Part 1 relative to our situation;

- We didn't need finance
- We had the money including contingency
- We are 'post corporate' (LOL... retired). We were onsite **every** day of the build.
- We don't have a trade qualification, but I have owner built before on a much more difficult site, and I come from a risk management, including project management, occupation.
- Yes, as well as owner building before, Mark and I have renovated a lot of properties.
- I wanted control of the timeline to the extent possible.
- We have no intention to sell in under 7.6 years... forget age-in-place, Mark calls this our die-in-place house... But if circumstances dictate, I'll source Home Warranty.

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My approach to 40 Gugandi Road

My challenge to myself:

- To build a **Medium-High quality finish house**, not over captilised, with low/minimal long term maintenance needs for \$2,500 per m2 - **OUTCOME:** \$3,000 per m2 due to additional piring and overall increase in all building materials in the first half of 2021. We spent our 20% contingency due to material cost increases not scope changes.
- To build to completion/occupancy in no more than 6 months - **OUTCOME:** 7 months due to COVID lock down

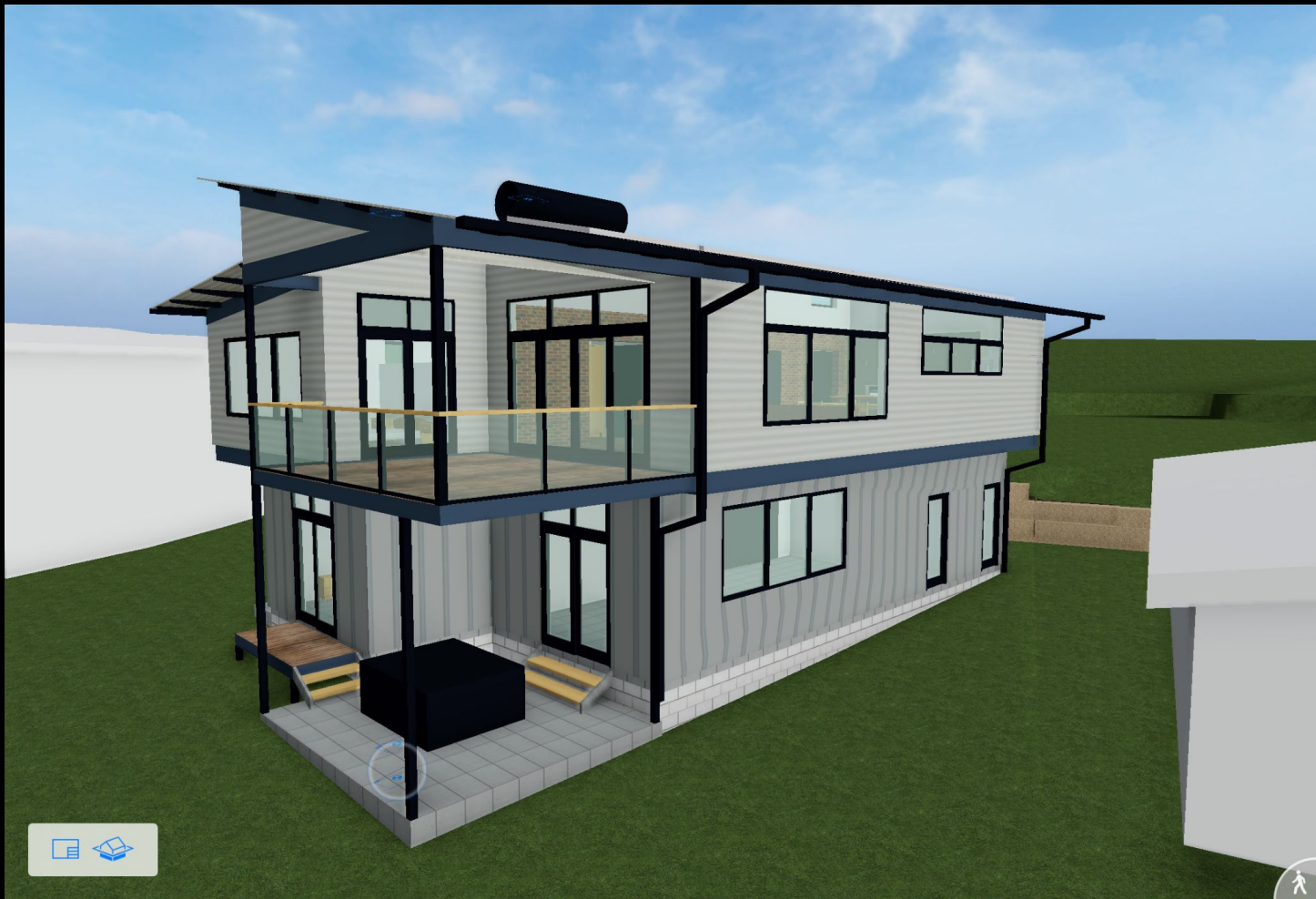
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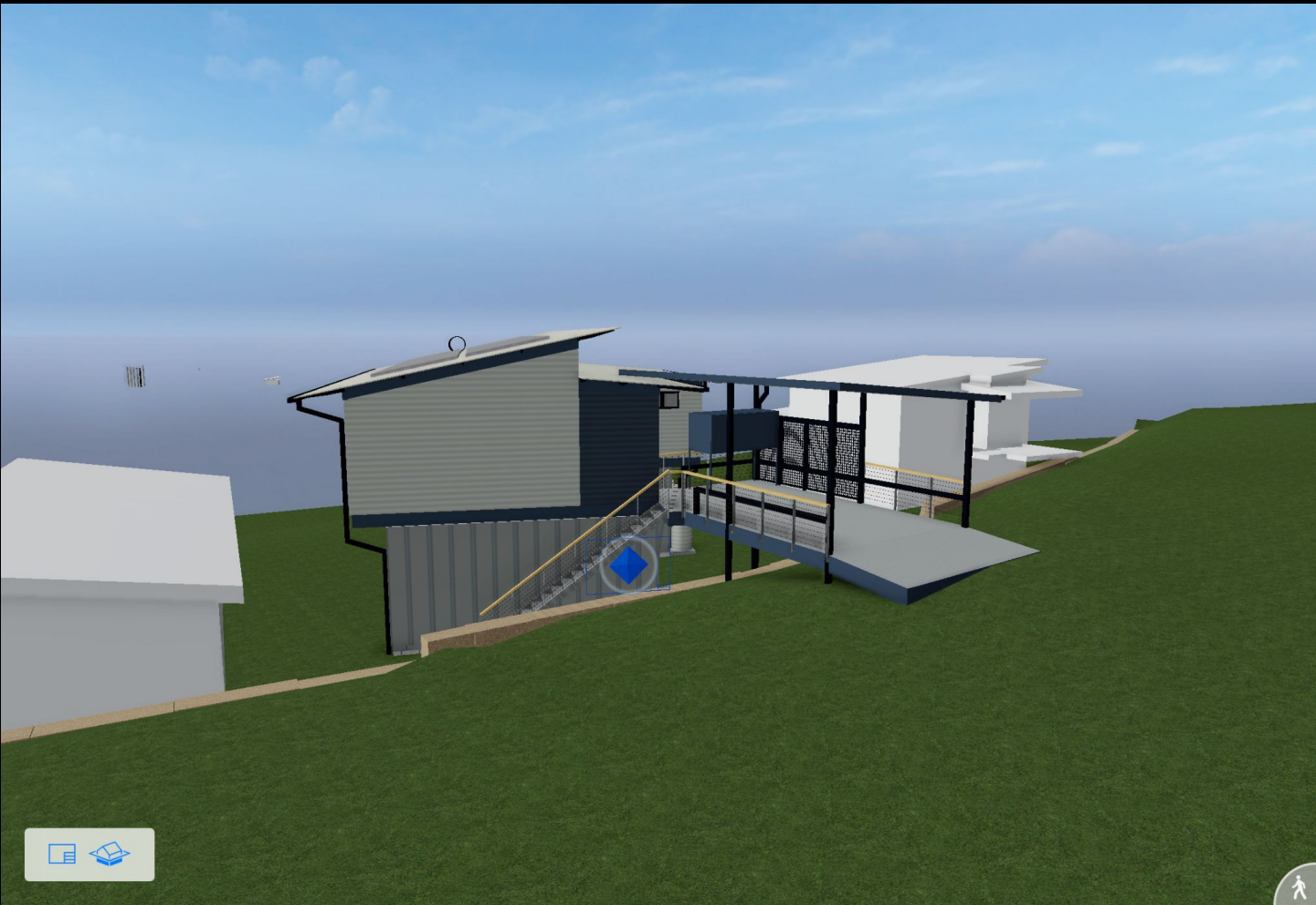
My approach to 40 Gugandi Road

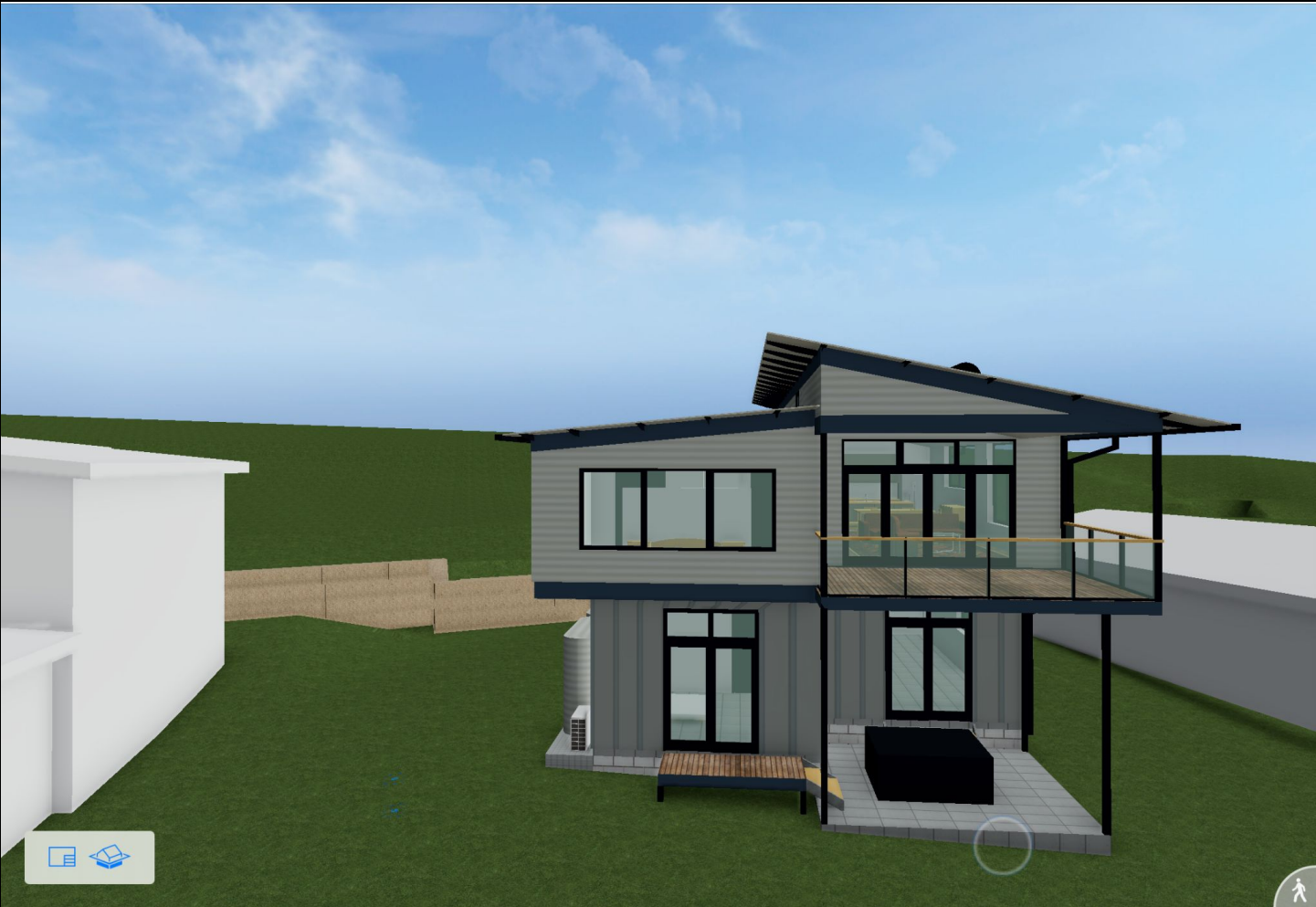
My challenge to myself:

- Meet/Exceed NEV building standards using **standard building materials, design and construction. Why?** So that any tradesman could understand the design and we were therefore not limited by specialties (I.e. Hempcrete, Straw Bale, Rammed Earth etc.)
OUTCOME: NatHERS 8.1 using a a reverse brick veneer wall design utilising a ground floor slab, 75mm hebel in the L1 floor and in 50mm in all external walls. UPVC double glazed windows.
- If you want to use a “less conventional” building method go for it, it’s your house, but be prepared and factor in the peculiarities and potential stress/cost points in the chosen building method.









My approach to 40 Gugandi Road

TIPS?

- Research, research, RESEARCH!... you are going to be a builder (project manager), you need to know as much as you can... your ignorance could (will) cost you \$
- Before you engage the architect or building designer **know exactly what you want in almost every detail**... floor plan, orientation, materials... then **don't change it unless forced to by unexpected site issues**
- Ideally your architect is also a NatHERS consult... two-in-one. You will be able to see the impact of changes as you iterate the design.
- Develop a quantity surveying spreadsheet or pay for one to be done.

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My approach to 40 Gugandi Road

TIPS?

- Know the average retail price on **every** major expense item (>\$100) and search for 20+ % saving... if you find it, then buy it and store it. I.e. our tiles \$20 m2 normally \$35. Toilets... \$225 normally \$350 etc. Know the price before you ask “how much?”
- I got at least 3 quotes on EVERY service and product. On our spotted gum floors I got 9 quotes!
- IF YOU FIND A BARGAIN EITHER PAY FOR IT OR PAY A DEPOSIT TO **FIX THE PRICE.**
- I engaged almost every trade on **time +** basis. Scary, depending on the work ethic of the tradie, but can strip some “fear of the unknown” margin out as well. Supervision is key.

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My approach to 40 Gugandi Road

TIPS?

- We have used Ikea a lot on other projects and the build quality is good! We got 3 kitchen only quotes from major companies other than Ikea. For the price of the cheapest of those quotes approximately \$23,000, we sourced from Ikea: the kitchen, laundry, office fit out (modded kitchen cabinets) and built in wardrobes. We did the assembly ourselves and paid the carpenter to install the cabinetry.
- Some things are “nice” to have but do not provide significant upside for an increased cost. I.e. an \$800 toilet versus a \$250 toilet etc. You can spend a fortune on taps and “door furniture”! Hunt for bargains or if it fits your design look & feel, recycled.

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QUESTIONS?