



February 25, 2022

To: Fire Families, Insurers, Local, State and Federal Government Partners, Residential Construction Professionals, Realtors

Re: Boulder County Residential Construction Costs

As a result of the tragic Marshall Fire that took place in December of 2021, the Home Builders Association of Metro Denver launched its Marshall Fire Rebuilding Task Force to provide reputable information to the public about rebuilding, identify ways that the HBA and its members can help expedite rebuilding, and offer strategies to address logistics, costs and other factors that will impact rebuilding.

In response to various inquiries about current new home construction costs in Boulder County, we can offer the following information:

- Several factors influence costs:
 - Design details (size, complexity/simplicity, construction style, etc.)
 - Systems options (mechanical & electrical systems, heating system types, site utilities, etc.)
 - Exterior finishes (siding types, roofing types, window packages, decks, patios, landscaping, etc.)
 - Interior finishes (flooring, wall coverings, countertops, appliances, plumbing fixtures, light fixtures, etc.)
 - Local building codes
- Material supply chains were disrupted by COVID, and are volatile, impacting pricing and availability.
- Colorado is experiencing a severe labor shortage in the residential construction industry causing longer build times and increased costs.
- Various commodity costs, particularly lumber, are at all-time highs.
- All aspects of the industry were already facing unprecedented demands and experiencing delays.

There is no standard cost per square foot to use for establishing the cost of a project. It requires detailed quantity takeoffs, accurate estimates, and a well-defined scope of work to determine the actual cost. One of the most pressing topics being discussed by the task force members is estimating the cost to rebuild after the fire.

With all of this in mind, we share an estimated price range for turnkey, ground-up construction based on total building area under roof for:

- 2018 IECC Code = \$260/sf – \$300/sf
- 2021 IECC Code = \$295/sf – \$335/sf
 - These estimates are for homes between 2,200 and 2,400 square feet
 - These estimates assume:
 - 2-story home
 - 4 bedrooms
 - 3.5 baths
 - 2 car attached garage
 - Unfinished basement

(OVER)

The estimated turnkey costs do not include demolition and debris removal associated with homes destroyed in the fire. We emphasize that the turnkey cost estimates are simply that, an estimate — it may be possible to construct new homes for less than the ranges noted, but actual costs also may exceed the upper ends of these ranges depending on home size, design details, and finishes. It is also important to note that the costs referenced above reflect actual construction costs as confirmed by multiple local builders at this point in time — if that work was to begin today.

However, rebuilding cannot start until debris is fully removed, foundations and surrounding infrastructure are inspected by engineers and potentially removed, and all utility infrastructure is inspected and either repaired or replaced. In addition, local governments must make their final decisions on codes, permitting, plan review and guidelines, and other oversight issues, which may impact costs to rebuild. After that work is complete, builders will incorporate those requirements into various floorplans and elevations desired by fire families and go to the market for current costs for materials, labor, fees and other factors that go into building a home. This may affect the final cost per square-foot when rebuilding ultimately begins.

Other factors to consider:

- Where builders have the ability to build on multiple, clustered lots, there is better potential to achieve savings due to their ability to create efficiencies through the construction process.
- Not all builders have the same capacity because of existing market constraints, so any coordinated rebuilding efforts may need to look at multiple builders to rebuild their neighborhoods.
- Some of the estimates include finishes desired by fire families as expressed to builders during interviews.

As an organization that represents professional builders, trade partners and industry associates in Boulder County, we understand the challenges our community will face in the months and years ahead as we work through the rebuilding process from the devastation caused by the Marshall Fire. In a market that is already struggling to keep up with excess demand, it is unfortunately likely that construction costs will continue to rise in the foreseeable future.

On behalf of the HBA of Metro Denver, we will continue to be an informational resource for the fire families, today, and through the completion of the rebuild.

Respectfully,

The Home Builders Association of Metro Denver