

# INDUSTRY INSIGHTS

1st Quarter 2008

800.FYI.PARK [www.carlwalker.com](http://www.carlwalker.com)

Celebrating 25 Years – 1983-2008

- Construction Costs Outlook for 2008
- Message from the President



Highland Ave. Garage, University of Arizona

Ideas for parking.  
SOLUTIONS FOR PEOPLE.



# CONSTRUCTION COST OUTLOOK FOR 2008

## Construction Costs Stabilizing?

By Joey D. Rowland, P.E.

Reality vs. Perception – The reality is that the cost of parking structures appears to have stabilized compared to previous years. However, the perception among some is that the cost of parking continues to increase at an alarming rate. So which is true? This edition of our annual analysis of parking structure costs will examine the realities and perceptions in the marketplace and attempt to explain the difference.

A little background information first: **Carl Walker, Inc.** began reporting parking structure construction costs in 2004 and has continued to do so annually. Our definition of construction cost is “the cost of work plus contractor fees.” We do not include ancillary costs typically borne by the owner such as surveying, geotechnical services, material testing, or design fees. We also do not include soft costs such as land acquisition or debt service. These costs can be significant but are highly variable. Total project costs, including all soft costs, are typically 20 to 30 percent higher than construction costs.

Over the last 25 years, **Carl Walker** has collected data on construction costs of parking structures for which we were the designer. Our methodology is to index the data based on the month and year the cost was established and for the region where the project was constructed. To express in today's costs, we use the **Building Cost Index** published by Engineering News Record (ENR). To account for regional cost differences, we utilize Location Factors published by RS Means. Using these indexes allows us to adjust the cost of past projects in different locations to derive a uniform national median construction cost for a new parking structure.



**Median USA Parking Structure  
Construction Costs 2008**  
**\$14,631 per space**  
**\$44.39 per square foot**

### MEDIAN PARKING STRUCTURE CONSTRUCTION COSTS 2008

City	Index	Cost/Space	Cost/SF
Atlanta	89.4	\$13,080	\$39.68
Baltimore	92.8	\$13,577	\$41.19
Boston	115.4	\$16,884	\$51.22
Charlotte	80.4	\$11,763	\$35.69
Chicago	113.3	\$16,577	\$50.29
Cleveland	100.6	\$14,719	\$44.65
Denver	95.1	\$13,914	\$42.21
Dallas	84.0	\$12,290	\$37.28
Detroit	105.0	\$15,362	\$46.60
Kansas City	103.1	\$15,084	\$45.76
Los Angeles	107.0	\$15,655	\$47.49
Miami	86.8	\$12,700	\$38.53
Minneapolis	112.3	\$16,430	\$49.84
New Orleans	86.6	\$12,670	\$38.44
New York	130.9	\$19,152	\$58.10
Philadelphia	114.3	\$16,723	\$50.73
Pittsburgh	98.9	\$14,470	\$43.90
St. Louis	103.9	\$15,201	\$46.12
San Francisco	121.8	\$17,820	\$54.06
Seattle	104.1	\$15,231	\$46.21
<b>National Median</b>	<b>100</b>	<b>\$14,631</b>	<b>\$44.39</b>

Last year we predicted the construction costs for parking structures would deviate from recent trends and only increase 2 to 3 percent in 2007, and the marketplace confirmed this prediction. The major construction cost indexes such as ENR and Means showed an increase of between 2.5 and 3 percent. Applying these rates to our previous data gives us an expected cost of a new parking structure of \$14,291 per space or \$43.19 per square foot. However, when compared to a particular region or city, some would argue that these numbers are too low. Thus, we have disagreement between perception and reality.

To try and reconcile the discrepancy, we went back and examined our methodology and found a way to better predict costs. The ENR Building Cost Index tracks labor rates and material costs in 20 major US cities; however, the index does not accurately reflect changes in the contractors' total cost of doing business. Specifically, while the costs of actual construction labor and materials are accurately tracked by ENR, inflation in contractor fees is not considered. For example, no one would disagree that costs for health care and risk insurance have increased dramatically over the past 10 years, so it is reasonable to also assume that contractor fees as a percentage of the construction costs have increased over the years as well. Accordingly, we have added an additional factor to our database that more accurately reflects actual business costs.

With the additional factor for business inflation, **Carl Walker** is reporting a national median construction cost of **\$14,631 per space** and **\$44.39 per square foot** for parking structures in 2008. The table on the first page shows the costs in various US cities.

There are other factors that influence our analysis of perception vs. reality. The types of parking structures being built today are in many cases different from the past. The trends we have seen include a variety of "wrap around" projects where the parking structure is in the center of a residential or mixed use development. We have also seen an increasing number of structures with retail, office, or other "non-parking" functions on

the ground level. Finally, in most areas, we are seeing the end of the truly utilitarian parking structure. Today's parking decks are more architecturally pleasing, environmentally conscious, and have more user-friendly features than in the past. These factors can add significant costs that may be contributing to the perception.

Still not convinced? We performed a statistical analysis of our database to see how our construction costs rank in terms of percentiles. Taken as a whole, our database reflects the aforementioned median cost of \$14,631 per space (\$44.39 per SF). But, the cost of the 75th percentile is \$17,492 (\$51.78 per SF). Simply stated, one quarter of the parking structures designed by **Carl Walker** are completed for more than \$17,000 per space when indexed on a national level. Similarly, the 90th percentile is \$20,243 per space (\$66.20 per SF) meaning 10% of our decks are built for more than \$20,000 per space.

Despite perceptions to the contrary, the reality is that you can still build a quality parking structure with acceptable architecture, good functionality, and reasonable amenities for under \$15,000 per space. As the project gets more complex and the architectural features more ornate, expect the cost to increase accordingly.

As we have in the past, the parking professionals at **Carl Walker** will continue to monitor the construction market and report annually or sooner if events warrant. If you have any questions or would like specific cost information for your area, feel free to contact Joey Rowland at [jrowland@carlwalker.com](mailto:jrowland@carlwalker.com) or 704-716-8000. Let us put our expertise to work for you!





## 1st Quarter 2008 MESSAGE FROM THE PRESIDENT It's our 25th Year!

When we were founded by H. Carl Walker in 1983, our vision was to be the best structural engineering firm in

southwest Michigan. We quickly expanded that vision as the company grew to become a specialty parking consulting firm with clients and offices located around the nation. Our early mission was simple: "Get good work...do good work...have fun doing it...and make a fair return." Fortunately, over the past 25 years we have been successful in achieving both this mission and the opportunity to expand our vision as well.

Another focus of **Carl Walker, Inc.** through the years has been to help our clients achieve the goal that "Parking Should Be a Non-Event." Because parking exists to support other public and private uses such as airports, downtowns, entertainment venues, shopping centers, medical centers, mixed use developments, universities, etc., it should be a non-event rather than an inconvenient or uncomfortable experience.

The past 25 years have been an exciting time to be a parking consultant considering all of the changes our industry has seen. Parking is now truly a "profession" and a desirable career for many people. The architectural advancements, more and more mixed use projects, improved concrete technology, enhanced revenue control systems, LED variable message signs, designs for security (bright lighting, white stained interior concrete, openness, CCTV, audio intercom, etc.) and the new emphasis on "green parking" considerations all have helped make the parking facilities we design something to be proud of.

While the projects – new parking structures, renovations, and studies – are enjoyable to work on, I have found that true satisfaction comes from the relationships that develop while working on those projects. I have had the great pleasure of associating with so many talented professionals at **Carl Walker**, as well as working with clients, contractors, other consultants, industry vendors,

and even competitors. The many positive relationships and friendships that have developed through these associations have made my work very satisfying and help personalize our company goal of providing "Ideas for Parking and Solutions for People."

**Carl Walker** began with four people 25 years ago; we now have 10 offices around the country. Our current vision is to continue to grow to better serve our clients and projects nationwide and to provide our staff with opportunities for advancement. We will continue to emphasize quality service while providing the creative parking and engineering solutions that our clients value. The leaders of our three service sectors (New Parking Structure Design, Restoration Engineering for Parking, Plazas, and Facades, and Parking Studies and Operations Consulting) remain dedicated to providing vision and direction internally and also to the industry as a whole. We are actively involved in many national and regional parking and affiliated associations and we frequently give presentations, provide articles for publication in association magazines, serve in association leadership positions, and participate in trade shows. Throughout our history, we have also been fortunate to receive many awards of excellence for our projects from the various associations.

I am very thankful as we celebrate **Carl Walker's** 25th anniversary and for my 25 years with the firm. It has provided a very fulfilling and rewarding career well beyond my expectations. As we move forward into the next 25 years, our pledge is to continue to be a positive force and a leading innovator in addressing the challenges in this dynamic industry.

Gary Cudney, P.E.