



**MCG QUANTITY  
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# INSURANCE REPLACEMENT COST PLAN

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# MCG QUANTITY SURVEYORS

## Your property, Our expertise

ABN: 40 150 345 654

**February 24, 2023**

John Smith  
Smith Con Pty Ltd  
123 Smith Street  
Smithville NSW 7777

p 1300 795 170  
w [www.mcgqs.com.au](http://www.mcgqs.com.au)  
e [steve.weeks@mcgqs.com.au](mailto:steve.weeks@mcgqs.com.au)

### RE: Insurance Replacement Cost Plan - 123 Smith Street, Smithville

Dear John,

MCG Quantity Surveyors have prepared the following Insurance Replacement Cost Plan for Smith Con Pty Ltd, and not in any other capacity.

#### 1.0 Development Location

Development Type: Commercial  
Client Details: John Smith  
Address: 123 Smith Street  
Suburb: Smithville NSW 7777

Previous Cover		MCG Quantity Surveyors Current Evaluation		Current Under Insurance Value	
\$	3,530,000.00	\$	4,975,312.37	\$	1,445,312.37

MCG Quantity Surveyors note that the estimated Building Replacement cost as at Friday, 24 Feb 2023 totals \$4,975,312 GST exclusive or \$5,472,844 GST inclusive.

MCG Quantity Surveyors note that the Previous Sum insured is 29% underinsured according to MCG Quantity Surveyors current evaluation.

## **1.1 Development Summary**

The development consists of a high bay warehouse with attached office space and amenities. The basis of this report is for the replacement cost of the building and the associated site works. The aforementioned site works include road access, pavement areas, site services and fitments.

## **2.0 Report Methodology**

### **2.1 General Information**

The following information was used within the calculation of the Replacement Cost estimate:

- Written and verbal information provided by John Smith;
- Site Inspection conducted by MCG Quantity Surveyors on 20 Feb 2023.

### **2.2 Calculation of Costs**

The replacement cost estimate was calculated using MCG Quantity Surveyors cost advice as at 24 Feb 2023.

The replacement cost herein is an estimation of the total replacement of the development assuming complete re-construction of the areas is required.

The following allowances are included within our estimate:

- Demolition of the existing buildings, common areas and services;
- Preliminaries & Contractors' Margin;
- Site works and landscaping; and
- Consultants' fees.

A construction cost estimate was undertaken for the property, estimating the construction cost to replace the existing areas only, via the "Replacement Value" method.

### 3.0 Replacement Cost Assessment

MCG Quantity Surveyors note that the estimated Building Replacement cost as at Friday, 24/Feb/2023 totals \$4,746,077 exclusive of GST or \$5,220,685 inclusive of GST.

Trade	Total GST Exclusive	Total GST Inclusive
Building	3,873,180	4,260,498
Demolition	386,911	425,602
Siteworks	217,340	239,074
Consultants	268,646	295,510
<b>Total</b>	<b>4,746,077</b>	<b>5,220,685</b>

### 3.1 Cost Escalation Period

MCG Quantity Surveyors note that the following allowances for cost escalation during the assessment of damage, initial planning and design development, tender periods, construction program and the new insurance period from the date of occupation to site.

Cost Escalation Period	Period	Total GST Exclusive	Total GST Inclusive
Assessment of Damage Period	5	54,580	60,038
Design Documentation Period	3	32,748	36,023
Tender Evaluation Period	3	32,748	36,023
Construction Period	10	109,160	120,076
<b>Total</b>	<b>21</b>	<b>229,236</b>	<b>252,159</b>

21 months escalation at 0.23% per month = 4.83%.

MCG Quantity Surveyors note that the estimated Building Replacement cost as at Friday, 24 Feb 2023 totals \$4,975,312 GST exclusive or \$5,472,844 GST inclusive.

**Total Replacement Cost Estimate (GST Exclusive): \$4,975,312**

**Total Replacement Cost Estimate (GST Inclusive): \$5,472,844**

#### 4.0 Exclusions

- Land costs;
- Rates & taxes;
- Holding costs;
- Asbestos or contaminated material unless specifically stated;
- Heritage components unless specifically stated;
- Loss of revenue in the period between the building loss and reinstatement;
- Insurance excess; and
- Tenancy fit-out, loose furniture and contents.

#### 5.0 Report Conclusion

It is the recommendation of MCG Quantity Surveyors that the contents of the aforementioned report be treated as advice on the likely replacement cost value of the of the development, and is not a reflection of the current market valuation of the development. MCG Quantity Surveyors recommend that the client consults with their advisers before relying on the information provided.

MCG Quantity Surveyors recommends this estimate be reviewed before Tuesday, 20 Feb 2024.

Please do not hesitate to contact our office should you have any further queries.

Yours Sincerely,



Steve Weeks  
Quantity Surveyor  
MCG Quantity Surveyors