

Appendix H: Survey of NAIOP Members

NAIOP conducted a survey of its membership between January 22 and February 9, 2013, to determine the values of soft costs, site development improvements and expenditures for tenant improvements relative to the hard costs associated with building office, industrial, warehouse and retail buildings. The results of this survey are used in calculating the total building costs based on the value of hard construction data provided by Dodge Data & Analytics in order to capture the full economic value of building development on the U.S. and state economies. This is the fourth NAIOP survey (others were conducted in 2006, 2008 and 2012, and the results of past surveys were included in Appendix I of the preceding years' reports). The distribution of these costs across the four building types differ and have changed over the past seven years in response to general economic conditions, changes in the marketplace and the locations where new building construction is occurring.

Questionnaires were emailed to 5,004 NAIOP members throughout the U.S.; 129 of these emails could not be delivered. Survey participants were mainly commercial real estate developers and owners involved in the construction of office, warehouse, manufacturing and retail buildings. There were a total of 177 responses to the survey, for a response rate of 3.54 percent. Sixty-nine survey respondents indicated that their primary area of work was office building development; 19 indicated manufacturing facility development; 60 indicated warehouse or flex building development; and 27 indicated retail development.

The results of this survey are presented in the table on the next page as percentages of total building costs. These percent distributions by building type are used in this report to calculate soft construction costs, site improvement costs and costs of tenant improvements based on the value of hard construction costs provided by Dodge Data & Analytics.

Building Cost Allocation Percentages (%), by Building Type, 2006, 2008, 2013

Building Type	Soft Construction Costs ¹	Site Development Costs	Building Construction Costs	Tenant Improvement Costs
Office				
2013	14.40%	14.50%	49.50%	21.60%
2008	17.43	14.24	49.74	18.58
2006	17.13	15.76	49.49	17.62
Manufacturing				
2013	16.90	13.80	54.00	15.30
2008	14.34	19.32	52.59	13.75
2006	12.05	18.58	55.69	13.68
Warehouse/Flex				
2013	14.60	19.00	53.30	13.10
2008	17.09	18.54	53.64	13.73
2006	14.23	16.81	55.00	14.07
Retail				
2013	17.00	21.80	44.30	16.90
2008	15.76	20.82	47.00	16.41
2006	17.72	16.06	52.39	13.83
Combined²				
2013	15.20	17.32	49.12	17.30
2008	15.62	17.19	51.24	15.94
2006	16.29	16.40	52.48	14.85

¹ Professional services and administrative and management processes required to support the construction project.

² Weighted average reflecting the numbers of responses by type.