

## Replacement Cost Estimate

### *PROTECT YOUR INVESTMENT*

The increase in the Building Price Index (BPI) over recent years has escalated the base cost of construction beyond that of the Consumer Price Index (CPI) over the same period.

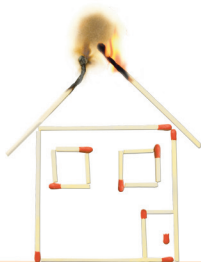
### **So what does this mean to Australian property owners?**

By simply adjusting the construction cost of a recently built dwelling by the CPI rate will invariably result in the building being underinsured. Likewise, existing structures where the construction cost is unknown, owners are left to their own devices when required to estimate the replacement cost of their property.

**Real Property Matters** employ fully qualified Quantity Surveyors with the experience and expertise in construction economics. Assessing the replacement cost of buildings and development is our forte.

Escalation in construction costs is only one element in the preparation of a Replacement Cost Estimate, there are numerous considerations that need to be factored into the replacement estimate, such as;

- :: Rise and fall during demolition, planning, documentation and tendering
- :: Professional and authority fees such as architects, engineers, approvals etc
- :: Construction delays, ie inclement weather
- :: Time lapse between policy renewal dates
- :: Assessment of damage and claim finalisation
- :: Demolition and removal of debris



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It is imperative that all dwellings be adequately insured for full or partial replacement in the event of damage or destruction. As experienced in 2006 with cyclone Larry in North QLD, a vast majority of the destroyed properties were underinsured and those affected suffered by not having adequate financial cover for the replacement of their buildings and improvements. The 2007 floods in Newcastle and Gippsland also raised similar concerns, likewise the summer bushfires that ravage Australia annually.

RPM have undertaken replacement valuations on a wide variety of buildings and developments nationwide and specialise in Strata titled properties for bodies corporate.

Significant cost savings when commissioned with other RPM reports

