



# AN INTRODUCTION TO: BUILDING REINSTATEMENT COST ASSESSMENTS

## **Knight Frank**

### **Introduction**

Almost all commercial, industrial and retail buildings throughout Australia are insured against damage and destruction. In order to ensure that a suitable level of insurance cover is in place to reinstate the building in the event of substantial damage or destruction, whilst also avoiding over-insuring the asset (which leads to inflated insurance premiums), it is necessary for a professional assessment of the reinstatement cost to be prepared – a Reinstatement Cost Assessment.

### **What is a Building Reinstatement Cost Assessment?**

A Reinstatement Cost Assessment (RCA) is a professional assessment of the likely cost to reinstate a property in the event the building suffers complete or substantial destruction. The RCA will include for demolition costs, an elemental analysis of the cost to rebuild, allowance for construction cost inflation over the insurance policy period and rebuilding programme, professional and statutory fees, and a loss of rent assessment, amongst other heads of cost. The assessment will be presented in a detailed report which clearly articulates the assumptions which have been made in forming the professional option of the reinstatement cost.

### **What is involved?**

The RCA should be prepared by a suitably qualified professional building consultant. It will be undertaken by a combination of site inspections, along with an elemental building cost assessment using available construction documentation and plans. The RCA will require the following as a minimum:

- Detailed briefing session with the client to ascertain the basis of the RCA and elements included within the relevant insurance policy;
- Review of all available construction documentation and plans;
- Site inspection and check measurement to verify the accuracy of the construction documentation provided;
- Detailed cost assessment of all items to be included within the RCA;
- The preparation of a detailed RCA schedule and report which describes the basis of assessment, assumptions made, and the professional building consultants opinion of the value to which the asset should be insured;

### **Setting Standards**

Knight Franks team of qualified building consultants are experts in the assessment and preparation of RCA's and we adhere to industry standards including those prepared by the RICS. We are therefore ideally positioned to assist you, whatever your circumstances may be.

### **CHOOSE KNIGHT FRANK**

Knight Frank Project Management & Building Consultancy is a multidisciplinary team of professionals offering Project Management, Building Consultancy, Cost Consultancy and Sustainability advice for all commercial property clients.

We have one of the largest teams of qualified building consultants in Australia, giving us the critical mass to advise on significant portfolios as well as individual instructions.

Operating within a commercial real estate environment allows our team to deliver excellent technical advice, delivered within the commercial context that you – our client - require that advice. This approach sets us aside from traditional project managers and building consultants and, we are told, makes our advice 'more relevant' to our clients.



For further information go to:  
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