

► Working out a budget: a guide for self-builders

There are some rules of thumb that are often quoted to help people work out their budget at the beginning, such as the land should cost about one third of your budget (or a half or more if you live in a highly desirable area). Another useful figure at the very early stage is to estimate the cost per square foot, or square metre. This is a very common type calculation made:

Total Budget = £300,000

Cost of land = £100,000

Remainder for build = £200,000

£200,000 divided by, for example, £120/sqft = a house of 1,667 sqft.

Build Cost Ready Reckoner

All sizes stated are approximate, for typical self-build houses. Prices are average for UK in 2011

Metric - Build Cost per Square metre - multiplied by typical floor area

Typical house type	Floor area	Budget	Average	Good	High quality	Very high quality
<i>cost per sq metre</i>		<i>£1,000</i>	<i>£1,200</i>	<i>£1,350</i>	<i>£1,500</i>	<i>£1,900</i>
Very small bungalow	70	£77,000	£84,000	£94,500	£105,000	£133,000
Small three bed semi	85	£93,500	£102,000	£114,750	£127,500	£161,500
Medium three bed	115	£126,500	£138,000	£155,250	£172,500	£218,500
Average four bed	140	£154,000	£168,000	£189,000	£210,000	£266,000
Good sized four bed/small five bed	160	£176,000	£192,000	£216,000	£240,000	£304,000
Average five bed	180	£198,000	£216,000	£243,000	£270,000	£342,000
Large five bed	200	£220,000	£240,000	£270,000	£300,000	£380,000

Imperial - Build Cost per Square metre - multiplied by typical floor area

Sqft equivalent of sqm. Figures are slightly different because they have been rounded up for simplicity

Typical house type	Floor area	Budget	Average	Good	High quality	Very high quality
<i>cost per sq foot</i>		<i>£102</i>	<i>£112</i>	<i>£125</i>	<i>£139</i>	<i>£177</i>
Very small bungalow	753	£77,000	£84,000	£94,500	£105,000	£133,000
Small three bed semi	915	£93,500	£102,000	£114,750	£127,500	£161,500
Medium three bed	1237	£126,500	£138,000	£155,250	£172,500	£218,500
Average four bed	1506	£154,000	£168,000	£189,000	£210,000	£266,000
Good sized four bed/small five bed	1722	£176,000	£192,000	£216,000	£240,000	£304,000
Average five bed	1937	£198,000	£216,000	£243,000	£270,000	£342,000
Large five bed	2152	£220,000	£240,000	£270,000	£300,000	£380,000

Fig 1 For a given standard of construction, the bigger the house, the more it will cost. For a given size of house, the better the quality of construction, the more it is likely to cost

However, this is misleading to use without being aware of its limitations. It does not allow for all the incidental costs which should also be considered at an early stage, to estimate a more realistic budget. If you allow for items such as external landscaping, service connections, finance cost, application fees, etc, the actual amount available just for the construction may be less than you first believed.

Price per-square metre can only give an approximate estimate, but can help you to work out a 'ball park' indication of the cost of the building work.

To a certain extent, the size and quality of the build are within your control. You should carefully compare your requirements with what you can actually afford. If you assume a minimum quality to get the biggest house, you may be disappointed, because many people would not be happy with the standard of the build.

You may decide to upgrade the quality as the project progresses, pushing you over budget. Picking a realistic cost per square metre at the start of the project, before anything has been designed is an art, not a science. The only way to get a reliable cost is to have detailed drawings and specifications prepared, and then get fixed price tenders from builders. Apart from size and quality the following factors can affect cost:

Where You Build

The difference between expensive and cheaper areas of the UK is 10-15% or more. Your Input. Doing some of the work yourself can save money, but if you are self-employed or lose the chance to earn overtime you should take account of lost earnings. Constraints. You must find out as much about the site and check the likely effect on your budget, before you are committed to buy.

Finance Costs

How effectively you arrange your finance, how good a deal you get, how well you plan cashflow and interest rates will all affect your budget.

Management

Good project management and programming will be crucial to keeping on budget.

Design Skills

A good architect does more than create an attractive building. A successful design is also practical and makes the best possible use of your money.

Quotations from Builders

If the tender process is expertly managed, it will save you tens of thousands of pounds. It is not unusual for there to be £30,000 difference between the highest and lowest tenders for a typical self build.

Site Management

If a project is managed by an architect, it will reduce the temptation for the builder to claim unnecessary extras. Projects lacking professional oversight often suffer from excessive extra charges by the builder.

