

# Whole of Life Costs



## OUR APPROACH

Davis Langdon has established a strong reputation in its core cost management services, serving a wide array of project types and sizes. Over the past few years however, this expertise has been harnessed and developed into an essential tool for building owners and operators.

Our approach to Whole of Life Costs (WLC) is to establish close relationships with our clients so that we understand their culture, goals and ultimately their desires for the built asset. In doing so, we can deliver an insightful answer to their questions.

## OUR SERVICES

For most owners a building is one of the largest investments we can make.

It is a well know fact that the construction cost of a building is often less than the cost of operating the facility over five years. Therefore it is imperative that the building's ongoing or Whole of Life Cost is known from the outset.

We understand that everyone is different – so are the buildings we live and work in. Therefore we structure our services to meet these demands and different interests.

### Whole of Life Cost (WLC)

Whole of Life, as it states, is a holistic review of the capital and operating expenditure of the built asset over its economic life.

Our WLC reports contain a detailed breakdown of the following components:

- capital expenditure/(capex)
  - asset replacement (life cycle cost)
- operating expenditure (opex) (facilities management)
  - operating income
  - statutory charges
  - operating expenses

### Life Cycle Cost (LCC)

Life Cycle Costs are the planned, recurrent cost of replacing asset components at the end of their effective life. This is also known as asset replacement.

LCC is limited to the built form and thus excludes any operating expenditure or facility management items.

A LCC report not only informs the key stakeholders of the ongoing cost, it can be a useful tool during the design stages to model likely costs of differing materials and designs.

- Operating Income
  - We can incorporate either your rental projections or provide benchmarked income on similar facilities to provide you with a complete financial model for the economic life of your asset.

- Statutory Charges
  - We can incorporate actual, projected or benchmarked costs for all statutory charges incurred over the life of the asset.
- Operating Expenses
  - Operating expenses are those costs incurred in the day to day operation of the facility. This category includes the following items:
    - administration/management costs
    - building supervision
    - cleaning
    - energy charges
    - maintenance

## WHAT WE OFFER

Our vast experience in managing property and construction projects throughout Australia and New Zealand enables us to provide you with insightful services tailored to suit your needs. Here are some of the services that may assist you in achieving better outcomes for your business:

- construction cost management (quantity surveying)
- building replacement revaluations
- tax depreciation & capital allowances
- effective life reviews
- financiers audits/project funder risk management services



- sinking funds
- asset registers
- property performance assessments

## RECENT EXPERIENCE

With nearly 55 years experience and operating in every state and territory in Australia and New Zealand, Davis Langdon's clients have the confidence of knowing the depth and breadth of our project experience is brought to every assignment with clarity and relevance.

The following list of recent projects highlights some of the services that we have delivered to provide specific value outcomes for our clients:

### **Knowledge Based Research and Business (KBRB) Health & Food Sciences Precinct, Coopers Plains QLD**

We provided full WLC reports on this research facility upon practical completion for the Queensland Department of Employment, Economic Development and Innovation (DEEDI) to enable rental incomes to be determined.

### **BioPharmaceuticals Australia (BPA) Scale-up Facility, Princess Alexandra Hospital, Brisbane QLD**

We provided WLC reports for this pharmaceutical manufacturing facility with assistance in providing benchmarked operating expenses to enable BPA to negotiate property rentals.

### **Cairns Base Hospital QLD**

On behalf of Queensland Health we have prepared full WLC for the newly redeveloped hospital over an effective life of 30 years. This was done to assist the business case modelling during the early design stages of the project.

### **HMAS Albatross Stage 3, Nowra NSW**

Working as part of the Managing Contractors team for the Defence Support Group, we have provided Net Personnel and Operating Costs (NPOC) which cover all costs associated with the redevelopment of the base. This includes direct support staff, IT costs, facilities management and LLC. The exercise included the gathering and analysis of the previous three years costs and the forecasting for the next 10 years.

### **Technology + Innovation Building, University of Queensland**

We provided an indicative WLC report to the University of Queensland to support the formulation of the business case.

## MORE INFORMATION?

For further information on any of the above services, please contact:

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