
WHAT WILL MY PROJECT COST?

There are many variables that affect the cost of a family entertainment center, edutainment, eatertainment or other type leisure project. They include:

- ◆ Where the project is located
- ◆ The type and size of the center
- ◆ Whether the property will be purchased or leased
- ◆ Will an existing building/store be renovated or will a new building be constructed
- ◆ If the site contains an existing building that will be used, the condition of the building.
- ◆ Local zoning and building codes and requirements.

Construction costs vary significantly by region and country. In the US, construction costs can vary as much as 30% depending on the area of the country and the city, and even the location within the city. Part of this is attributable to local building codes and requirements and part is attributable to local construction market conditions and labor costs.

If land, or land and an existing building, is being purchased, there will be cost versus if the property is leased. Land cost varies greatly depending on the location. In the US, land for an entertainment project could vary from \$50,000 per acre to over \$500,000 per acre (US\$12 to US\$120+ per m²). In different parts of the world, land is even more expensive.

If an existing building is being purchased or leased, the physical condition of the building affects its renovation cost. If the building was previously used for an industrial use, it will usually cost more to renovate for a leisure use than a previous retail space. There is even the possibility that the occupancy designation and building's 'building type' designation may need to be changed for an entertainment use, which is usually considered an 'assembly use', one of the most strict uses under most building codes. The building may be required to be brought up to current codes for earthquakes, tornadoes or other unique requirements in the area. Changing the 'type' of a building or bringing it up to code increases cost.

The type of project, including the amount of land, the size of the building and the mix of the project affects the cost. Small projects can cost more per square foot than large ones. The ratio of the restaurant area to the balance of the project space affects the overall costs, as typically, the restaurant portion is the most expensive in both construction and equipment costs.

Using ballpark per square foot amounts to calculate a cost estimate for a business plan or financing is not wise, as that type rough estimate will almost always end up lower than the real cost. Obtaining a reasonably accurate preliminary cost estimate for an entertainment-type project requires preparation of preliminary plans and a detailed cost estimate by a general contractor, plus detailed estimates for all equipment, furniture, fixtures, soft costs and start-up inventory.

However, to give prospective project developers some idea of the range of costs, we offer the following based upon our experience with producing quality entertainment and leisure projects for clients worldwide. The costs are all mid-range costs in the US and unless otherwise indicated, include construction, equipment, furniture, fixtures, inventory, soft costs and all cash outlays required until opening. Construction costs in many parts of the world may be lower. Remember, every project is unique, and its cost will never be identical to another project.

- ◆ Renovation of existing buildings with >10,000 SF (>930 m²):
\$200-\$300 per SF (US\$2,150 – US\$3,200 per m²)
- ◆ Renovation of existing building with 10,000+ SF (930+ m²):
\$180 - \$270 per SF (US\$1,300 - US\$1,900 per m²)
- ◆ Construction of new building with parking:
Land cost plus \$200 - \$250/SF building (US\$2,150 – US\$2,700 per m²).
- ◆ Leisure project with outside entertainment events:
Above costs plus additional cost of outdoor events, additional site improvements and additional soft costs.

In today's competitive out-of-home leisure market, it is very difficult to develop a long-term successful project, even a very small one such as a play café, for much less than US\$1.0 million. Exceptions include unique projects, smaller outdoor fun centers and additions to existing facilities. Most projects with 20,000+ SF (1,850+ m²) in leased buildings, such as family entertainment centers, hybrid bowling centers and children's edutainment centers, cost US\$4.0 million or more.



4036 Baltimore Avenue
Kansas City, MO 64111
voice +816.931-1040
fax +816.756-5058
www.whitehutchinson.com