



Winter 2005

Hanscomb

NEWS UPDATE

Escalation Watch

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Escalation Watch

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Statistics Canada
Non-Residential
Construction Cost
Indices for 7 Cities

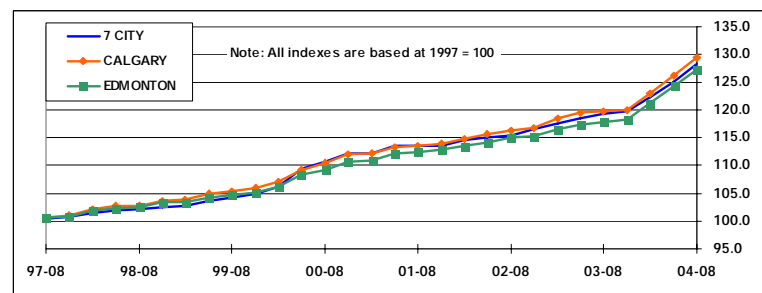
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The mid-August 2004 Non-residential Construction Price Indices are now available from Statistics Canada. Indices for the fourth quarter of 2004 should be available in mid-February.

Nationally, the composite price index has risen from 119.2 to 128.4 or 7.7% over the same period in 2003. After a year of relatively stable and evenly distributed growth averaging about 3% in 2003, the acceleration that took hold in the first two quarters (2.2% in Q1 and 2.3% in Q2) of 2004 continued into the third quarter (2.6% in Q3).

For the most part, the growth pattern exhibited in the national composite price index is reflected in the most recent results for each of the seven cities surveyed. At 6.3%, Montreal and Ottawa are reporting the lowest annual growth rate while, at the other end of the spectrum, Vancouver leads all cities with a reported annual increase of 10.4%. In Calgary and Edmonton, the rate of increase has closely matched the National Trend for the last number of years:



The source data used to prepare the charts in this newsletter is drawn from Statistics Canada's Construction Price Statistics publication – catalogue 62-007-XPB. Specifically, we used table 5.1 – Non-residential Building Construction Price Indices. These indices were derived using work in place prices collected for each city and applied to 5 building models (an office building, warehouse, shopping centre, factory and school) which are in turn weighted and combined to yield the city index.

Using Calgary and Edmonton as examples, the effect of major building component cost increases over the past 12 months for each of the 5 building models is demonstrated in the following table:

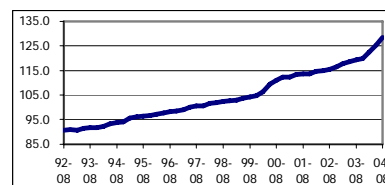
City	Calgary					Edmonton				
	Total	Struct.	Arch.	Mech.	Elec.	Total	Struct.	Arch.	Mech.	Elec.
Office	6.2%	6.9%	6.7%	4.3%	3.2%	6.3%	7.1%	7.1%	4.5%	3.6%
Warehouse	8.1%	10.9%	7.1%	5.6%	2.7%	7.7%	11.4%	6.4%	6.0%	3.1%
Shopping centre	7.6%	10.5%	6.4%	4.4%	5.0%	7.1%	10.1%	6.0%	4.7%	5.2%
Light factory	10.2%	16.4%	6.7%	2.3%	3.6%	10.2%	16.6%	6.5%	2.7%	3.3%
School	8.6%	13.7%	8.8%	4.4%	3.4%	8.2%	14.1%	7.8%	4.5%	3.4%
Apartment	6.0%	6.7%	5.7%	4.4%	3.3%	6.0%	7.9%	5.4%	4.4%	3.9%

As might be expected given recent increases in steel and steel products, the structural component of the building models is exerting the most upward pressure on the indices. There are, however, indications that market may be cooling. Accordingly, continued steel and steel product price volatility can be expected to be a bellwether indicator in the coming months.

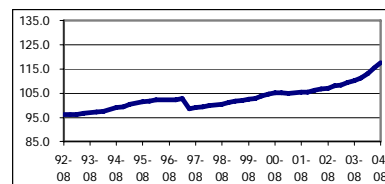
More information about this and other construction related indices published by Statistics Canada are also available on line at www.statcan.ca

STATISTICS CANADA NON-RESIDENTIAL CONSTRUCTION COST INDICES, IN EACH CITY 1997 = 100 (Cat. No. 62-007-XPB)

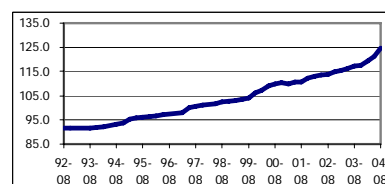
COMPOSITE 7 CITY	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	115.0	115.4	116.4	117.6	118.5	119.2	119.8	122.4	125.2	128.4
Year / Year					3.0%	3.3%	2.9%	4.1%	5.7%	7.7%
Quarterly		0.3%	0.9%	1.0%	0.8%	0.6%	0.5%	2.2%	2.3%	2.6%
Q. Cumulative	0.0%	0.3%	1.2%	2.3%	3.0%	3.7%	4.2%	6.4%	8.9%	11.7%



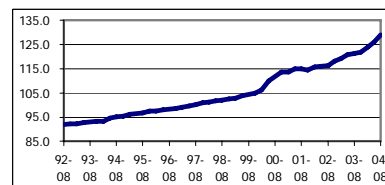
HALIFAX	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	106.8	107.2	108.1	108.3	109.5	110.2	111.2	113.2	115.6	117.6
Year / Year					2.5%	2.8%	2.9%	4.5%	5.6%	6.7%
Quarterly		0.4%	0.8%	0.2%	1.1%	0.6%	0.9%	1.8%	2.1%	1.7%
Q. Cumulative	0.0%	0.4%	1.2%	1.4%	2.5%	3.2%	4.1%	6.0%	8.2%	10.1%



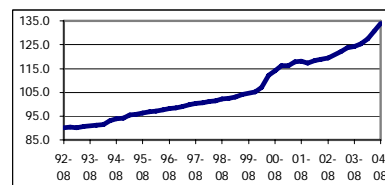
MONTREAL	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	113.4	113.7	114.9	115.4	116.1	117.3	117.4	119.4	121.3	124.7
Year / Year					2.4%	3.2%	2.2%	3.5%	4.5%	6.3%
Quarterly		0.3%	1.1%	0.4%	0.6%	1.0%	0.1%	1.7%	1.6%	2.8%
Q. Cumulative	0.0%	0.3%	1.3%	1.8%	2.4%	3.4%	3.5%	5.3%	7.0%	10.0%



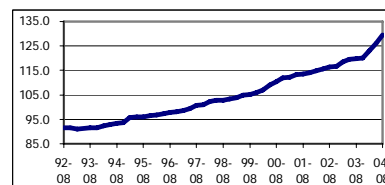
OTTAWA	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	116.1	116.4	118.1	119.4	120.7	121.3	121.8	124.0	126.3	129.0
Year / Year					4.0%	4.2%	3.1%	3.9%	4.6%	6.3%
Quarterly		0.3%	1.5%	1.1%	1.1%	0.5%	0.4%	1.8%	1.9%	2.1%
Q. Cumulative	0.0%	0.3%	1.7%	2.8%	4.0%	4.5%	4.9%	6.8%	8.8%	11.1%



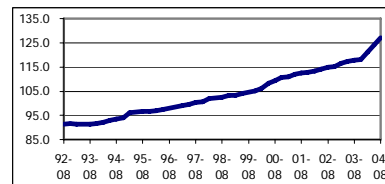
TORONTO	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	118.9	119.4	120.8	122.2	123.7	124.2	125.2	127.6	130.7	133.9
Year / Year					4.0%	4.0%	3.6%	4.4%	5.7%	7.8%
Quarterly		0.4%	1.2%	1.2%	1.2%	0.4%	0.8%	1.9%	2.4%	2.4%
Q. Cumulative	0.0%	0.4%	1.6%	2.8%	4.0%	4.5%	5.3%	7.3%	9.9%	12.6%



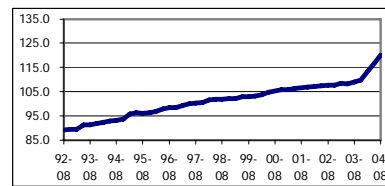
CALGARY	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	115.6	116.3	116.7	118.5	119.5	119.7	119.9	123.0	126.1	129.4
Year / Year					3.4%	2.9%	2.7%	3.8%	5.5%	8.1%
Quarterly		0.6%	0.3%	1.5%	0.8%	0.2%	0.2%	2.6%	2.5%	2.6%
Q. Cumulative	0.0%	0.6%	1.0%	2.5%	3.4%	3.5%	3.7%	6.4%	9.1%	11.9%



EDMONTON	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	114.1	115.0	115.2	116.6	117.4	117.7	118.3	121.3	124.2	127.2
Year / Year					2.9%	2.3%	2.7%	4.0%	5.8%	8.1%
Quarterly		0.8%	0.2%	1.2%	0.7%	0.3%	0.5%	2.5%	2.4%	2.4%
Q. Cumulative	0.0%	0.8%	1.0%	2.2%	2.9%	3.2%	3.7%	6.3%	8.9%	11.5%



VANCOUVER	2002			2003			2004			
	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug
Index	107.4	107.7	107.6	108.4	108.3	108.9	109.7	113.5	116.8	120.2
Year / Year					0.8%	1.1%	2.0%	4.7%	7.8%	10.4%
Quarterly		0.3%	(0.1%)	0.7%	(0.1%)	0.6%	0.7%	3.5%	2.9%	2.9%
Q. Cumulative	0.0%	0.3%	0.2%	0.9%	0.8%	1.4%	2.1%	5.7%	8.8%	11.9%



FOCUS ON WESTERN CANADA



Design concept of the new Manitoba Hydro office complex courtesy of Kuwabara Payne McKenna Blumberg (KPMB) Architects and Smith Carter Architects and Engineers Inc.

Manitoba Hydro Office Development

Manitoba Hydro is planning the development of a new administrative facility to be located in downtown Winnipeg. The project will include approximately 850,000 SF of administrative, retail and underground parking facilities and is being designed by KPMB from Toronto in association with Smith Carter Architects of Winnipeg. The building will be among the few Canadian office developments that meet LEEDS Gold certification requirements. Energy consumption in this building is anticipated to be about 60% less than comparable class A developments. A combination of innovative passive solar, geothermal, earth-tube, double exterior wall system, in-slab heating and cooling and natural ventilation techniques will be applied. Early work packages should be out to tender in the spring of 2005.

Working directly for Manitoba Hydro, Hanscomb is providing full design stage cost planning and control services, value management and construction progress monitoring services.

Saskatchewan Penitentiary Maximum Security Living Unit

Hanscomb has been engaged by Coupland Kraemer Architects of Calgary to provide full design stage cost planning and control, risk analysis and value management services for the planned new 96 bed maximum security living unit at the Saskatchewan Penitentiary in Prince Albert, Saskatchewan. The unit is designed to house 24 inmates in each of four independent two level pods complete with separate dining, indoor and outdoor recreation and administrative support facilities for a total of about 3,600 m².

The project is currently in the design development stage with construction expected to begin in the late summer of 2005. Project management services are being delivered to the owner, Correctional Services Canada, by Public Works and Government Services Canada.



Rendering of Saskatchewan Penitentiary Maximum Security living unit
Courtesy of Coupland Kraemer Architects

Winnipeg International Airport

The proposed redevelopment of the Winnipeg International Airport will be accomplished in four phases and includes a new 60,000 m² terminal building with 11 new bridged gates, a 1,600 car parkade and extensive reworking of groundside roads, utilities and associated airside apron works. Construction activities are slated to begin in the fall of 2005 with the construction of the new parking facility. The new terminal building is scheduled to open in late 2008.

Total cost of the program is targeted in the \$350 million range, including approximately \$200 million for the new terminal building. It is anticipated that the Airport Site Redevelopment Program will contribute nearly 6,500 person years of employment.



Hanscomb has been retained by the Winnipeg Airports Authority to provide Project Control Services including resident design and construction stage cost planning and control, scheduling and risk management.

The project architect is Cesar Pelli in association with Stantec Architecture Limited. Groundside engineering will be provided by EarthTech, and the airside work will be undertaken by Marshall Macklin Monahan. Program Management will be provided by Parsons Aviation.

FOCUS ON WESTERN CANADA

Grant MacEwan College Health Care Learning Centre

Grant MacEwan College in Edmonton, Alberta, has retained Hanscomb to provide cost planning and cost control services for its proposed new Health Care Learning Centre (HCLC). The site for the HCLC will be adjacent to the college's soon to be completed 900-bed student residence, another project for which Hanscomb provided cost consulting services. Currently in the functional program stage, the HCLC is expected to be approximately 20,000 m² in size with a planned project budget of about \$50,000,000, including both hard and soft costs. The project will be procured under a design/build contract to be awarded in the spring of 2005.

HANSCOMB ANNOUNCEMENTS

Hanscomb Director Appointed to RICS



Susan Neil, Director
Hanscomb Toronto

Hanscomb is pleased to announce that Ms. Susan Neil, Director, Toronto has been appointed as a member of the Royal Institute of Chartered Surveyors (RICS).

Currently, Ms. Neil is managing over a half a billion dollars worth of health restructuring projects across Canada and abroad and is regarded as one of the best and most knowledgeable functional area hospital cost planners in Canada. Ms. Neil is also taking a leading role in expanding our services to both

existing and new clients in Ontario's Golden Horseshoe region.

World Wide Office and Service Contacts

Vancouver	Peter Moore	(604) 685-1241
Edmonton/Calgary	David Crane	(780) 426-7980
Winnipeg	David Crane	(204) 775-3389
Toronto	Paul Westbrook	(416) 487-3811
	Susan Neil	
	Dale Panday	
Ottawa	Art Maw	(613) 234-8089
	Grant Mercer	
Halifax	Ray Murray	(902) 422-3620
St. John's	Wayne Fitzpatrick	(709) 722-0505
Abu Dhabi	David Hancox	971-26262461
Dubai	Stephen Keigwin	9714-3244557
Muscat	Steve Bale	968-24481664
Doha	Ron Butler	974-4673808
Applied Research	Jason Gallant	(416) 487-3811
Value Management	Paul Westbrook	(416) 487-3811
Loan Monitoring	Ray Murray	(902) 422-3620
	David MacKay	(416) 487-3811
Mech./Elec. Services	Al Wright	(416) 487-3811

SERVICES

Cost Planning & Control

- Quantity surveying
- Construction cost planning
- Construction cost estimating
- Master plan cost estimating
- Construction claims analysis
- Bills of quantities
- Bills of materials
- Replacement cost estimates
- Final accounts preparation

Value Management

Construction Economics

- Life cycle costing
- Cost/benefit analysis
- Construction price indexing
- Cost research

Feasibility Studies

Time Management

- Design scheduling
- Construction scheduling
- Schedule analysis

Applied Research

- Custom model generation

Project Loan Monitoring

Litigation Support

Design/Build Compliance

- Budget preparation
- Monitoring
- RFP preparation assistance