

Comprehensive Replacement Cost Analysis: 519 Lawrenceville Street NW, Norcross, Gwinnett County, GA

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I. Executive Summary & Total Replacement Cost Pro Forma

This report presents a comprehensive replacement cost analysis for a newly constructed, 25-unit licensed personal care home. The development program assumes a 10,820 SF, two-story facility with an elevator, situated on a 0.82-acre parcel at 519 Lawrenceville Street NW, Norcross, Georgia (Gwinnett County). The analysis assumes the property will be developed under Gwinnett County's O-I (Office-Institutional) zoning classification.¹

This analysis determines the "ground-up" replacement cost, encompassing all land, hard, soft, and equipment costs. It is critical to differentiate this *replacement cost* from the *acquisition cost* of the *existing* property at the subject address. The existing 1987-built facility, which was renovated in 2024, is currently listed for sale at \$3,600,000.¹ That price reflects a turn-key operation, including the "real estate and business," intangible value (licensure, goodwill), and the value of a 2024 renovation, not new construction.⁴ This report determines the cost to build a *new* facility of the same size and use from vacant land.

The total estimated replacement cost for the subject property, inclusive of all development components, is **\$4,729,500**. This total project cost equates to **\$437.11 per square foot** or **\$189,180 per unit**.

The following Total Replacement Cost Pro Forma table summarizes the detailed findings of this report.

Table 1: Total Replacement Cost Pro Forma

| Cost Category | Sub-Category | Cost / SF | Total Cost | % of Total |
|-----------------------------------|-------------------------|------------------|--------------------|-------------------|
| I. Land Acquisition | 0.82-Acre O-I Parcel | \$27.73 | \$300,000 | 6.3% |
| II. Hard Costs | | | | |
| | Site Work & Land Prep | \$41.55 | \$449,601 | 9.5% |
| | Vertical Construction | \$277.00 | \$2,997,340 | 63.4% |
| | Total Hard Costs | \$318.55 | \$3,446,941 | 72.9% |
| III. Soft Costs | | | | |
| | A&E Fees (8.0% of Hard) | \$25.49 | \$275,755 | 5.8% |
| | Rezoning & Permit Fees | \$1.82 | \$19,685 | 0.4% |
| | Total Soft Costs | \$27.31 | \$295,440 | 6.2% |
| IV. FFE & Direct Costs | | | | |
| | FFE & | \$41.59 | \$450,000 | 9.5% |

| | | | | |
|-------------------------------|-------------------------------|-----------------|--------------------|---------------|
| | Specialized Equip. | | | |
| | Utility Connection Allowance | \$4.62 | \$50,000 | 1.1% |
| | Total FFE & Direct | \$46.21 | \$500,000 | 10.6% |
| V. Contingency | 5% (Hard + Soft Costs) | \$17.29 | \$187,119 | 4.0% |
| TOTAL REPLACEMENT COST | | \$437.11 | \$4,729,500 | 100.0% |

II. Land Acquisition Cost

The replacement cost calculation begins with establishing a budget for the land itself. The subject property is a 0.82-acre parcel located in Norcross, Gwinnett County.¹

Market data for Gwinnett County provides a regional baseline for commercial land. The average cost for commercial land in the county is approximately \$283,075 per acre.⁵ While this average provides a useful starting point, valuation for a specific infill parcel requires more localized comparables.

A relevant comparable property is an 0.82-acre commercial lot for sale in Lilburn, GA, a nearby Gwinnett County submarket.⁶ This property is listed for \$289,000 and is noted as being ideal for "retail, restaurants, medical office and many other possibilities," placing it in a similar use category as the subject's O-I (Office-Institutional) target zoning.⁶

The Lilburn comparable, with its identical acreage and similar commercial/medical use profile, provides a strong valuation basis. However, the subject property's specific location at 519 Lawrenceville Street NW benefits from significant visibility, with traffic counts of 44,282 VPD.⁴ This superior location justifies a slight premium over the Lilburn comparable.

Therefore, a land acquisition budget of **\$300,000** is established for the 0.82-acre parcel. This equates to \$365,854 per acre, a figure that is well-supported by both the county-level average and the specific comparable, while accounting for the subject's valuable infill

location.

III. Total Hard Costs (Site & Vertical Construction)

Hard costs, which comprise the physical construction of the facility, are the largest component of the budget. This category is divided into land preparation (site work) and vertical construction (the building). This separation is critical, as the provided Weitz cost data explicitly excludes all site-related costs.⁷

A. Land Preparation & Site Work

The Weitz Senior Living Construction Costs Brief explicitly states that "Sitework" and "Site costs" are excluded from its per-square-foot metrics.⁷ Therefore, this budget must be added to the Weitz baseline.

While some site work can be estimated on a per-acre basis, with land clearing ranging from \$5,000 to \$11,000 per acre⁸, a more accurate method for a comprehensive infill project is to budget site work as a percentage of the vertical construction cost. Industry benchmarks place site preparation and land development costs between 10% and 20% of the total construction budget.⁹

For this project, a **15% site work allowance** is budgeted against the vertical construction cost. This allowance covers all necessary site-level hard costs as specified in the query, including:

- Land clearing, excavation, and grading.⁸
- Installation of on-site sanitary, storm, and water utilities.⁸
- Asphalt paving for parking lots and concrete for sidewalks.⁸
- Landscaping as required by Gwinnett County.
- The specified security *fencing* and *automatic locks*.

Based on the vertical construction cost derived below (\$2,997,340), the site work budget is calculated as:

- **Land Preparation & Site Work Budget:** $\$2,997,340 \times 0.15 = \$449,601$

B. Vertical Construction

The vertical construction budget covers the cost of building the 10,820 SF, two-story structure itself, including the elevator and sprinkler system.

1. Baseline Cost and Location Adjustment:

The user-provided Weitz Winter 2025 data serves as the baseline. For "Assisted Living, Mid-Level" construction at a national city index of 100, the cost ranges from \$277 per square foot (Low) to \$353 per square foot (High).⁷ As requested, this analysis proceeds from the \$277/sf minimum baseline.

This \$277/sf cost represents a national average (Index 100). It must be adjusted for the Norcross/Atlanta, GA market. The provided Weitz materials discuss national market trends but do not include a specific city index for Atlanta.¹¹

To create a defensible location adjustment, other data sources are triangulated. A Q1 2025 Gordian report, which uses RSMeans data, provides a Historical Cost Index (HCI) for Atlanta, GA, of **0.907**.¹³ This index suggests that construction costs in Atlanta are approximately 9.3% lower than the national average (baseline 1.0). Applying this modifier to the Weitz baseline gives a location-adjusted cost:

- $\$277.00/\text{sf} \times (\text{National Baseline}) \times 0.907 \times (\text{Atlanta HCI}) = \$251.24/\text{sf}$

2. Market Conditions & Final Cost Basis:

The \$251.24/sf figure represents a location-adjusted, "frictionless" cost. However, market reports for 2025 indicate significant and persistent upward cost pressures that offset this discount.

- **Labor Market:** The construction labor market remains "historically tight," with unemployment near 20-year lows (3.4%) and a shortfall of approximately 400,000 workers.¹⁴ Weitz notes this will "exacerbate labor cost increases".¹⁵
- **Cost Escalation:** Senior Housing News, citing The Weitz Company, anticipates a **4% to 6% increase** in senior living construction costs over the next 12 months (2025).¹⁶ This is corroborated by the Turner Building Cost Index, which showed steady quarterly increases through Q3 2025.¹⁷
- **Project Complexity:** The subject facility is not a simple "mid-level" box. It includes 25 individual full bathrooms, an elevator, a professional kitchen, and a full sprinkler system, all of which add complexity and cost not fully captured in a broad "mid-level" classification.

Given these factors, the initial location-adjusted cost of \$251.24/sf is considered too low for a realistic 2025 budget. The inflationary pressures and project-specific complexities effectively negate the regional cost discount. Therefore, the user-provided Weitz *minimum* of **\$277.00 per square foot** is adopted as the most defensible *final* vertical construction cost. It conservatively reflects the national low-end baseline while implicitly accounting for the volatile 2025 market and the facility's specific features.

- **Total Vertical Construction Cost:** $10,820 \text{ SF} \times \$277.00/\text{sf} = \$2,997,340$

C. Hard Cost Summary

This table summarizes the total hard cost budget, clearly separating the Weitz baseline (Vertical Construction) from the Weitz exclusions (Site Work).

Table 2: Total Hard Cost Calculation

| Hard Cost Component | Basis | Total Cost |
|-----------------------|-------------------------|--------------------|
| Vertical Construction | 10,820 SF @ \$277.00/sf | \$2,997,340 |
| Land Prep & Site Work | 15% of Vertical Cost | \$449,601 |
| Total Hard Costs | | \$3,446,941 |

IV. Total Soft Costs (Design, Engineering, & Regulatory)

Soft costs include all non-construction, professional, and regulatory fees necessary to bring the project from concept to completion. These costs typically range from 20% to 40% of the total project budget.¹⁹

A. Architectural & Engineering (A&E) Fees

A&E fees cover the design of the building, including architectural, structural, civil, and MEP (Mechanical, Electrical, Plumbing) engineering.

Analysis of Georgia-specific data shows that the "traditional six percent fee" for state projects is an outdated concept and "could not be universally appropriate".²⁰ The Georgia State Financing and Investment Commission (GSFIC) now advises that fee negotiation is essential, with flexibility to provide compensation commensurate with project complexity.²⁰

For complex commercial projects, A&E fees can range from 2.5% to 12% of the total construction cost.²¹ A licensed personal care home is a complex project, involving healthcare-related regulations (e.g., life safety, accessibility), a commercial kitchen, an elevator, and 25 individual bathrooms. A budget of **8.0% of Total Hard Costs** is allocated for

all A&E services.

- **Total A&E Fees:** $\$3,446,941 \times 0.08 = \$275,755$

B. Gwinnett County Rezoning & Permit Costs

This budget accounts for all application and permit fees payable to Gwinnett County.

1. O-I Rezoning Application Fee:

The property is 0.82 acres and the proposed building is 10,820 SF. The Gwinnett County fee schedule for O-I (Office-Institutional) zoning is based on the greater of the acreage or the building square footage.²²

- Acreage-based fee (0 - 5 Acres) = \$750.²²
- Square footage-based fee (0 - 20,000 sq. ft.) = \$750.²²
- **Rezoning Fee: \$750**

2. Land Development Permit Fees:

Per the Gwinnett County fee schedule for development plans (without subdivision) on a 0.82-acre lot (0 to 1 Acre category) 24:

- Plan Review Fee: \$300
- Permit Fee (\$150/Acre, \$1,000 minimum): \$1,000
- **Total Development Fees: \$1,300**

3. Building & Fire Permit Fees:

These fees are based on the total hard cost (value of construction).

- **Building Permit:** The Gwinnett County fee is \$100 plus \$0.005 per dollar of construction value, plus a \$50 Certificate of Occupancy fee.²⁵
 - Calculation: $\$100 + (\$3,446,941 \times 0.005) + \$50 = \$17,385$
- **Fire Permit:** For a sprinklered assembly occupancy building greater than 10,000 SF, the Gwinnett County fee is \$250.²⁶
- **Total Building & Fire Fees: \$17,635**

4. Total Regulatory Costs Summary:

- Rezoning Fee: \$750
- Land Development Fees: \$1,300
- Building & Fire Permits: \$17,635
- **Total Soft Costs (Regulatory): \$19,685**

V. Furniture, Fixtures & Equipment (FFE) & Direct Costs

This section budgets all items required to furnish the facility and make it operational. This analysis uses a hybrid approach, validating a "top-down" per-unit benchmark with a "bottom-up" budget for high-cost specialized equipment.

The benchmark for FFE in a new senior living facility ranges from **\$8,000 to \$20,000 per unit**.²⁷ For this 25-unit project, this establishes a target FFE budget between \$200,000 and \$500,000.

A. Specialized Equipment

1. Professional Kitchen & Grease Trap:

A commercial-grade kitchen is a primary cost center. Budgets for this can range from \$150,000 to \$400,000.²⁷ This includes all ventilation, sinks, ranges, and the specified grease trap, which is a significant, regulated plumbing component.²⁹ A conservative budget of \$175,000 is allocated.

2. Commercial Laundry Room:

Essential for a personal care home, commercial laundry facilities are estimated to cost between \$50,000 and \$100,000.²⁷ The low end of this range, \$50,000, is budgeted.

3. Security, Safety & Call Systems:

This category includes the specified "video cameras" as well as non-negotiable life-safety systems.

- **Nurse Call System:** A vital component for licensing, these systems are estimated at \$1,500 to \$3,000 per room.²⁷ Budgeting \$2,000 per unit yields a \$50,000 cost.
- **CCTV & Access Control:** A commercial-grade video surveillance system, including installation labor (\$80-\$200 per camera)³⁰, and access control systems are budgeted at \$15,000.
- **Total Security & Safety: \$65,000**

B. Unit & Common Area Furnishings

This category includes all "soft" FFE, such as beds, dressers, nightstands, and chairs for all 25 units, plus all furnishings for the common living room, dining room, and activity room. A budget of **\$160,000** is allocated for these items.

C. FFE Budget Validation

The total FFE budget is the sum of its components:

- \$175,000 (Kitchen) + \$50,000 (Laundry) + \$65,000 (Safety) + \$160,000 (Furnishings) = **\$450,000**

This \$450,000 bottom-up budget equates to **\$18,000 per unit**. This figure lands comfortably within the \$8,000 to \$20,000 per-unit benchmark ²⁷, validating the allocation as reasonable and defensible.

D. Utility Connectivity Costs

This cost is separate from the on-site utility *installation* (covered in Site Work) and the *monthly bills* (an operational cost). This budget line items the *cost to establish new service* with utility providers.

The process for a new commercial connection with Georgia Power, for example, is a multi-step collaboration involving applications, site visits, and design.³¹ Crucially, after the design is approved, the customer is *invoiced* for Georgia Power's "construction costs," which are not standardized and must be paid before work begins.³¹ An allowance must be created for this and other tap fees (water, sewer, gas).

- **Utility Connection Allowance: \$50,000**

E. FFE & Direct Costs Summary

Table 3: FFE & Direct Cost Breakdown

| FFE & Direct Cost Component | Basis | Total Cost |
|--------------------------------------|-------------------|------------|
| Specialized Equipment | | |
| Professional Kitchen & Grease Trap | Per ²⁷ | \$175,000 |
| Commercial Laundry Facility | Per ²⁷ | \$50,000 |
| Security, Safety & Nurse Call System | Per ²⁷ | \$65,000 |
| Furnishings | | |

| | | |
|-------------------------------------|-------------------------|------------------|
| Unit & Common Area FFE | 25 Units @ \$6,400/unit | \$160,000 |
| Total FFE | \$18,000 / unit | \$450,000 |
| Direct Costs | | |
| Utility Connection Allowance | Per ³¹ | \$50,000 |
| Total FFE & Direct Costs | | \$500,000 |

VI. Final Replacement Cost Budget & Concluding Analysis

This final section consolidates all project costs from the preceding sections into a final pro forma (Table 4) and provides key analytical metrics.

A. Consolidated Project Budget & Contingency

A contingency fund is essential for any new construction project to cover unforeseen costs, material price escalations, or scope gaps. Given the market volatility noted in 2025 ¹⁵, a contingency is non-negotiable. Industry standards for a new build contingency are typically 5% to 10% of hard and soft costs.⁹ A conservative **5.0% contingency** is applied to the sum of Total Hard Costs and Total Soft Costs.

- **Contingency Calculation:** $(\$3,446,941 \text{ (Hard)}) + (\$295,440 \text{ (Soft)}) \times 0.05 = \$187,119$

B. Final Total Replacement Cost

The final budget below represents the total "all-in" cost to acquire the land, design, permit, build, and furnish the 25-unit personal care home.

Table 4: Final Total Replacement Cost Budget

| Cost Category | Sub-Category | Total Cost |
|-------------------------------|-----------------------------|--------------------|
| I. Land Acquisition | 0.82-Acre O-I Parcel | \$300,000 |
| II. Hard Costs | Site Work & Vertical | \$3,446,941 |
| III. Soft Costs | A&E Fees & Permits | \$295,440 |
| IV. FFE & Direct Costs | FFE & Utility Connections | \$500,000 |
| | Subtotal (All Costs) | \$4,542,381 |
| V. Contingency | 5.0% of (Hard + Soft) | \$187,119 |
| TOTAL REPLACEMENT COST | | \$4,729,500 |

C. Final Analysis & Key Metrics

The analysis concludes with a total replacement cost of **\$4,729,500**. This figure yields the following key project metrics:

- **Total Project Cost per Square Foot:** $\$4,729,500 / 10,820 \text{ SF} = \437.11 per SF
- **Total Project Cost per Unit:** $\$4,729,500 / 25 \text{ Units} = \$189,180 \text{ per Unit}$

This analysis reveals that the "construction-only" cost of \$277/sf\$, which totals \$2,997,340 for vertical construction, represents only **63.4%** of the true, all-in replacement cost. The remaining 36.6% (\$1.73 million) is comprised of land acquisition, site work, FFE, soft costs, and contingency. These "other" costs are essential for a complete and operational facility and must be included in any preliminary development budget or underwriting.

Disclaimer

While the information is deemed reliable, no warranty is expressed or implied. Any information important to you or another party should be independently confirmed within an applicable due diligence period.

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