

# Construction Estimating: Everything You Need to Know

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Construction projects are intricate, with a lot of moving parts. Funds are needed to secure materials, design blueprints, rent equipment, obtain permits, pay the workers, and much more. All those things require an immense amount of time, effort, and money. That's why construction estimating is an essential part of any construction project.

The estimation process allows you to accurately track how much funds are needed and where the costs are going. So, how can you ensure that the money you're seeking at the start of the project is enough to make it to the end? Proper project estimating helps you create a detailed outline of those funds.

Keep reading as we explore everything regarding construction estimating. We'll clearly define what it means to estimate a project, why it's essential, the key components involved, construction estimate software, and much more.

## WHAT IS CONSTRUCTION ESTIMATING AND WHY IS IT IMPORTANT?

Construction estimating is the process of evaluating all costs associated with a specific construction

A construction estimate is typically one of the first and most important steps taken during the infancy phase of any construction project management process. That's because the



estimate is used to anticipate all costs to build the structure in the project plan.

Once the estimation process is completed, the bid estimation phase is generally initiated. At that point, any construction-related documents, historical data and other noted costs are used to establish a precise forecast.

Determining an accurate estimate is important because it will affect the bottom line for the leading contractor. Also, contractors are more aggressive when attempting to secure new business for their company.

## COST ESTIMATING KEY COMPONENTS

Construction estimates are generally the responsibility of the project estimator but depending on the size of the project and organization, a project manager or someone else may be tasked with estimating.

The person in charge of the estimate will analyze the construction plan and various other documents to assess an accurate cost of the build. While every project estimator may have different processes when arriving at the final number, the following key components should be included:

- » Funds allocated toward construction duties such as materials, labor, and equipment.
- » Any costs that are not directly associated with construction activities. That may include things such as utilities, quality control, administration, permits, security, legal fees, etc.
- » All costs associated with the actual construction of the project. The wages or rate paid to the team estimated cost for each task and potential overtime.
- » Estimated expenses for duties that go out to subcontractors. That includes labor, materials, and equipment.

## **THE LEVELS OF ACCURACY IN CONSTRUCTION ESTIMATING**

The American Society of Professional Estimators created a five-tier system for identifying construction estimates. Each level becomes more intricate as you move through them, which makes the estimation process more accurate.

## CONSTRUCTION ESTIMATING SOFTWARE CAN HELP MAKE THE PROCESS EASIER

As the industry continues its evolution to digitalized processes, estimating has also been evolving. Construction companies wanting to bypass the past challenges associated with traditional manual estimating methods are instead adopting construction estimating software.

Many of the significant pain points experienced by estimators, including inaccuracies, frustrations, uncertainties, and a lack of



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