

## Episode 275

# How to reduce the cost per square metre on a self build – with David Snell

The show notes: [www.houseplanninghelp.com/275](http://www.houseplanninghelp.com/275)

- David: We've never been anywhere in one house longer than three years. It's slightly alarming actually because it'll be three years in February – we're talking in December – and this will be the first time in our whole lives when we've had to redecorate.
- Ben: Well, you don't need to do it yet, surely.
- David: Well, any new house needs redecoration between one and three years because of settlement, cracks and things like that. But we've never had to do it because we've already gone by then. It's quite alarming to think, how do I paint that without paint going on the carpet?
- Ben: I've got all this to look forward to. So, that moving on every three years, has it been the love of self-build? Has it been a change of needs? What's the trigger?
- David: The trigger throughout our lives has been opportunity basically. If the opportunity has come along, we have seized it. And yes, because three years is the longest, there has been an element of right, what's next? There's been an element of boredom after a while – I'm getting there now, by the way, but don't tell the wife – but really it's the opportunity. And there are still opportunities out there.
- Ben: Well, you could be helping other people nearby. I'm sure you see them because you've done it so many times. Are you missing that or are you realising that you don't need to do that or you can fill your time with other things?
- David: At seventy-five years old, I'm beginning to think I don't need anything anymore, or not an awful lot anyway! But nevertheless, I can't deny I miss it but at the same time, I don't think I've got the energy to do it again now.

Ben: I'm looking to find out some of the secrets of cost today. That's why I thought this would be a good chat because you've got your fourteen different projects to reflect on. You've always had a keen eye on costs. So, where does it begin, controlling cost?

David: I love self-building. I love achieving a house that I've thought of. I thought of this house that we're now sitting in when I was lying in bed five houses ago. I thought maybe the last one would be virtually what we've got here. And here we are. We've got it. So, it's taken a while to gestate, if you like.

Most people just go out and buy a house from Mister Wimpey or Mister Barratt and they put up with the fact that they've bought a house for two-hundred-thousand pounds – using easy money – and they know that the day they move in, it's still worth two-hundred-thousand pounds and possibly in a year or so's time if they're very lucky, it'll be worth two-hundred-and-twenty-thousand. But so will every other house of a similar nature. So, in real terms, they've not made that much.

For me, the joy of self-building was not only to just get what you want in the place you wanted, and in the style you wanted and the finish you wanted, but to get it at a price that actually gave you a return at the same time.

Take this house here. Its total cost including the land was two-hundred-and-thirty-seven-thousand pounds. But the minute I moved in, I'd got a house worth four hundred and more. I'd built in that equity.

It might sound avaricious almost, but the cost and the profit incentive is nevertheless there.

Ben: Are you more of a developer then at that point? Because to be quite honest, and you can shoot me down for this, I didn't think about the profit. I know it's part of the equation once in what I did.

David: I think of profit right from the word go. I would never enter a project unless it was going to show me positive equity. I would never enter a project which showed me negative equity.

That doesn't mean to say that if I found the plot of my dreams and knew that I was never going to move again, that it would matter as much as it has before. But all the time we've built, it's been to house ourselves, to suit our own situation, to suit the family situation that we had, to suit how we were living at that time. And at the same time, it's also in the back of our minds, been to build up gradually equity to this point where we now sit in this house with no

mortgage, we have other houses with no mortgage and at my time of life that's quite necessary.

Ben: Nobody wants to go into negative equity and we do want to have cost certainty. I think it's quite difficult. You've got experience now so, that must be a big factor in cost.

David: But I don't have anything that everyone else doesn't have. I never start a project without thinking about costs and without thinking about values and equating the two. I never start a project without getting it costed and that's almost the first thing I do when I've got some plans.

Ben: How do you do that, get a costing?

David: I send them out to several costing organisations or quantifying organisations associated with the magazine, Homebuilding and Renovating, and the ones I use are estimators; Online Estimating Limited. I've sent it out to them and I've sent every project I can think of out to them before I've started.

When it's come back, sometimes it's been spot on what I thought, sometimes it's been disappointing, sometimes it's been gratifying and it might cost me less than I originally thought. But equally, on all of them, I had a benchline and a benchmark.

Ben: Of what you could afford?

David: If I thought of a house for a plot and it wasn't what I could afford or what was worthwhile putting into that plot – say for example I had a house designed and the costs came back at three-hundred-thousand and I really thought that was either more than I could afford on that plot or else it was more than was worthwhile putting in, in order to make positive equity, then I've got the design wrong. I need to go back to the drawing board design wise.

I've never got to that situation.

Ben: But also, experience has told you what is everything. Because that's something I found quite hard coming in the first time is, when does it stop? I can do as well as I think I can but you're presumably getting everything costed to the curtains, to anything extra that's going to be needed in a house.

David: Well, to the curtains and the carpets, yes. That cost I've just said about this one, the cost of this latest building, does include carpets and curtains and stuff like that. It worked out at eight-hundred-and-sixty-one pounds per square metre.

Ben: That's very low. From what I know and the projects that I look at, that's exceptional. And you're not even building this yourself, are you?

David: Good lord, no. I've just told you how old I am!

Ben: Well, I know. What else do you do, a Lottery win? No, that would then have been counted.

David: Okay. What I do is that I think a lot of self-builders are not laypeople; a lot of self-builders are people who work in some way within the industry. Carpenters, plasterers, bricklayers who come across a plot and build their own home.

I put myself in their position. I use their knowledge. They wouldn't pay the kind of figures you see in the magazine. They get away with less. How do they get away with less? Because they first of all cost the thing properly, they cut their coat according to their cloth, and they know what sort of price they should be paying for labour and they know what sort of price they should be paying for materials and they know how to shop around for both of those things.

Ben: Give us some training on that then. How do we do that? How do we know what's a fair price? Or is that part of the costing?

David: You get it costed as I've said in the first place and that gives you a benchmark. So that if you go out to the costing company and they say the plasterer...

Ben: You've got all of your different documents here. Let's go through some of this.

David: If they come back and say that the plastering and insulation labour should be seven-thousand-and-twenty-six pounds and three pence there, I haven't got to spend that number. I've got to try to beat that. I haven't got to try to exceed that, I've got to try and beat it. That's what I set out to do.

That's by getting good prices from labour and getting good prices for materials.

Ben: I also get the sense that so much of the budget can get carried away with finishes. Quite often you can tie down some of the nuts and bolts of this much masonry...

David: There are extras in any building project. Extras like the building inspector coming along and saying, 'sorry, this ground's a bit soggy. You've got to go a metre deeper.' That's a metre more concrete or

doubles up your concrete or brings you into a specialist foundation and things like that. You can do nothing about that. That's something you've got to suck up.

That kind of extra is something that comes within your contingency. Anyone should have a contingency fund and that kind of extra is there.

Then there is the other kind of extra which is what I call elective extras. That's the finishes and the things that you're talking about. There, you can go potty, quite frankly, and spend an awful lot of money without any particular gain.

If I put this house on the market tomorrow afternoon, first of all people would buy it for the view just like that anyway, but nobody who comes to see it will look at the trademark on my toilet as to who made my toilet. They will just say that's a toilet. But you can get obsessed by the fact that, 'this is a Villeroy and Boch; I must have that kind of toilet' or 'I must have that make of bath' or 'that make of wash handbasin.' You can get completely obsessed with that sort of thing. But if you sell this house, nobody will look for the trademark on the taps.

Ben: There's a few things to throw in there. Quite often you're working in a couple so, you're going to have to play that off as well.

David: What do you mean, working as a couple?

Ben: Well, with your good wife. Or does she not get any say in what the bathroom looks like, even in her last self-build?

David: I don't think she was obsessive about it at all, no. Again...

Ben: Functional. But some people don't have that willpower.

David: Have you seen my bathroom? What kind of bath is in there?

Ben: I don't know.

David: You've just been in there. That's my point.

Ben: The bath is a bath.

David: It's a pressed steel bath; I'll tell you that. Because I don't like cheap plastic baths. But you have been into the bathroom and you didn't...

Ben: I didn't have a bath! I was washing my hands.

David: But it's not something that people obsess about at this point and in the living point. But it's something that people can get obsessive about at the build point and they can be sucked into buying and paying twelve-hundred pounds or two-thousand pounds for a bath where they could get something that would look absolutely identical and work absolutely the same way for a tenth of that.

Ben: I understand what you're saying. I don't know whether I'm hammering a point here but, it comes down to you being able to make that. Because stylistically, I will choose some things over other things. There's a funny correlation between that and price.

David: There is. Take floor tiles, for example. You've seen the kitchen downstairs. I think we paid twenty pounds a square metre for those floor tiles. But you could pay sixty pounds per metre for exactly the same tile if you went to the wrong tile shop.

So, what do we do? We go to a company that deals with end of the run, or seconds and things like that. We buy many more tiles than we want because if you buy end of the runs or seconds at twenty pounds a square metre instead of forty to sixty pounds a square metre, you can't go back on them if you want some more or if you break some or something happens. You've got to have some spare ones in effect because from one year to another, a tile is not the same colour or even the same size.

Just thinking of things like that, you don't have to splash money around.

Ben: How are you logging costs then? I know one of the things that I was quite looking forward to was sitting down here with your ledger and finding out – you obviously I take it are a pen and paper man?

David: Yes, pen and paper. Here we have my scribbles everywhere.

The thing is, costing starts at the beginning. So, at the beginning you cost the thing. How much is it going to cost me? What is the projected cost? How am I going to get through this? Then you log costs as they go.

So, every expenditure that was made is in this book that we're now looking at. Every time I made a payment out, there it was. First of all, this is useful from the point of view of getting the VAT back at the end because it logs the net cost and the VAT cost so that I can see what's coming back as well. It keeps a running total of everything that's gone out and how much money we'd got left.

Ben: Read out a couple of lines and tell me what information you've got there.

David: Here's the sewage treatment plant which is out the back. The net cost was £1805, there was £361 pounds VAT, so that's a total of £2166.

If we go back to the original estimate for that, it was £2365.40. So, in net terms we spent £1805 for the sewage treatment plant and the original estimate said it was £2365.

Ben: So, your original estimate, you're getting that back in a spreadsheet or something and now you're looking at, 'I must make sure that this figure for this specific piece, and now I can tick that off.'

David: Yes. And costing isn't just something that stops at that point, where the estimator says it will cost this much. It carries on.

So, we'd saved money there. But if it had cost more, my budget hasn't changed. What I've got to spend hasn't changed. So, if that item had cost more, something else must cost less.

Ben: But again, this is back to will, if you had just that money and nothing else. But I imagine you're a man of means who could spend a little bit more if you wanted to.

David: Good lord, no [laughter]. I'm a poverty stricken pensioner!

Ben: I don't believe it for a second. How do you have this resolve?

David: I'm frugal. I'm not stingy but I'm frugal. I don't spend more than I've got or I've originally budgeted for.

Ben: I think that's an attitude, isn't it?

David: And that's not the attitude of some rich man saying, 'I'm not putting any more in that than I have to' and things like that. That's the attitude of the young self-builder who happens to be a carpenter who works on site and has come across a piece of land, knows how to build and therefore has built himself a house because he sees that as a natural way of housing himself.

He will have a finite amount of money, a finite amount of borrowing capacity, and he will have to work within a means.

Ben: This is what I was getting at earlier about this developer mindset, that probably this will come out of your profits. As you say, it makes sense. Where are you going to take this from then? You've taken it

out of the sewage plant which is functional and is something you need, but where do you choose to take it from?

David: You choose to take it from towards the end of the project, the big high-value items, the luxury items. So, if my drains, instead of costing me the amount they had, if they'd cost me three-thousand pounds more, then I would've had three-thousand pounds less to spend on kitchens, sanitaryware and things like that.

They didn't; they cost less. So, I could actually spend more on the kitchen.

Ben: Which is exactly what you want to do. I'm going to ask this question then about landscaping. Does that mean, when you've got to your landscaping, because a lot of people by that stage, they're out of cash, they're in trouble, you sail to the end of the project?

David: Landscaping is another case in point. The landscaping doesn't just suddenly occur at the end of the project.

Ben: But it's what gets eaten into.

David: No. It gets eaten into if it's left until the end of the project. You have diggers charging around here carving out holes and foundations, reducing levels and things like that.

Here, there's a differential in level out there between the roadway and the back fence of something like three metres. So, as this property was built, the landscaping was happening. It wasn't something that was happening at the "oh we've finished the house, now let's start with the landscaping". It was a continuation through the whole project. So, landscaping was costed in as we went.

David: So, here we dug out probably about four-hundred tonnes of material. What did we do with that? We put it in a heap at the back. And then we brought it back where we needed it as we needed it as we built.

So, this house, we had to build a stone wall at the front of one-point-six metres tall between us and the road. We didn't just work with this house with a dirty great hole there and scaffolding another storey higher if you like, with that hole. We filled that in. So, we were creating our levels as we went.

Landscaping to a large degree was a generic thing that happened as we built through the property.

Ben: What else do we need to think about? I'm sure there's lots more on cost.

David: Look around. They're nothing special; these are oak doors everywhere. But they didn't cost me an awful lot of money because I happened to be passing Howdens and they had those doors on special offer because they were coming to the end of a run. I bought them for roughly half what the original cost was. Long before I needed them and I stored them in my son's garage until I needed them. I looked out for an opportunity, I bought them and I saved the money on them. And there they are.

Now, they're not the current range but how often do you have to replace an internal door?

Ben: I have some doors from Howdens as well. So, you've halved the price or whatever.

David: Yes.

Ben: Where do people go wrong then? If you had to look at some of the projects that you've done at the magazine and so forth, what is it? Is it the ground, is it those preferences, is it a mixture of things?

David: I think it's believing you're on a train that you can't stop. You are on a train that you can stop. At any time if it's running ahead and away from you money wise you have to have the ability and the power to say stop. And you do have that ability and power because it's your chequebook that's paying for this.

If it's not going right and you want to stop and think, do so. If you have got a price for a plasterer and the only plasterers you can get are twice that cost and you think, 'oh my god, we can't stop, we need the plasterer' and you run on to that, you've just doubled your plastering cost. And if you keep on doing that a few times then you're way out of budget. It's, 'no, we are going to wait until we find the right plasterer at the right price.'

Ben: Have you ever got it wrong?

David: Do I make mistakes? Good lord. How can you possibly think that?

Ben: Well, I wasn't going to phrase it like that!

David: Yes, I do make mistakes. I've made mistakes here even, some of which are going to be a pain to rectify, to be honest.

One big tip I'd give people is never mix up MDF with timber in things like door linings. Here we've got MDF architrave and timber door linings. And the two behave differently and shrink differently and separate and things like that. The redecoration that I'm so frightened of here is going to be more difficult because of that mistake, in effect.

In my defence, there weren't very many MDF door linings around at that point. There are now.

Ben: Now I know something that was quite close to your heart was how the cost per square metre has gone up over time. What do you equate that to and has that worked out the same for you on your projects?

David: It's not worked out. I've actually costed the last five projects of mine and we can say that in 2001, it cost me seven-hundred-and-six pounds a square metre; 2004 it was one-thousand-and-sixty-three, which was quite an avant-garde design; 2007 was nine-hundred; 2009 was eight-eighty; and this 2016 was eight-sixty-one.

So much for inflation in that period because in 2001 and 2016, fifteen years, there hasn't really been any radical inflation in costs as far as I'm concerned.

I think people are getting locked into the fact that self-build can go over the top costs wise. I think people are getting locked into the fact that all of the innovations that are available have to be thrown into a self-build and I think that's throwing costs up way beyond what you need to do and you need to spend.

Ben: And there is a big difference isn't there between a house that's just a functional house and one that's got all-singing, all-dancing, absolutely everything, swimming pool, games room, whatever it might be. Those are two extremes, aren't they? And what's interesting is, if you build a basic house like you were saying earlier, people still look for, 'does it have a bathroom?'

David: Yes. I think this house here, and any house I've ever built, has suited my situation in life. I'm seventy-five years old. This house has been built with the future in mind. This house is for the next thirty years. And therefore, everything that we've done within it allows us to be able to live here for our declining years.

All the doors are wheelchair width; all the taps can be opened and shut with impaired hand movement; the bedroom, the dressing room and en-suite are downstairs; one of the lounges is downstairs

and the top one can be given to someone who's here to look after me in my later years.

Ben: Well, there we go. That is a story that the final self-build is actually the thirty year one. David, lovely to catch up with you again. Thank you so much for all this information.

David: Lovely to see you again Ben. Cheers.