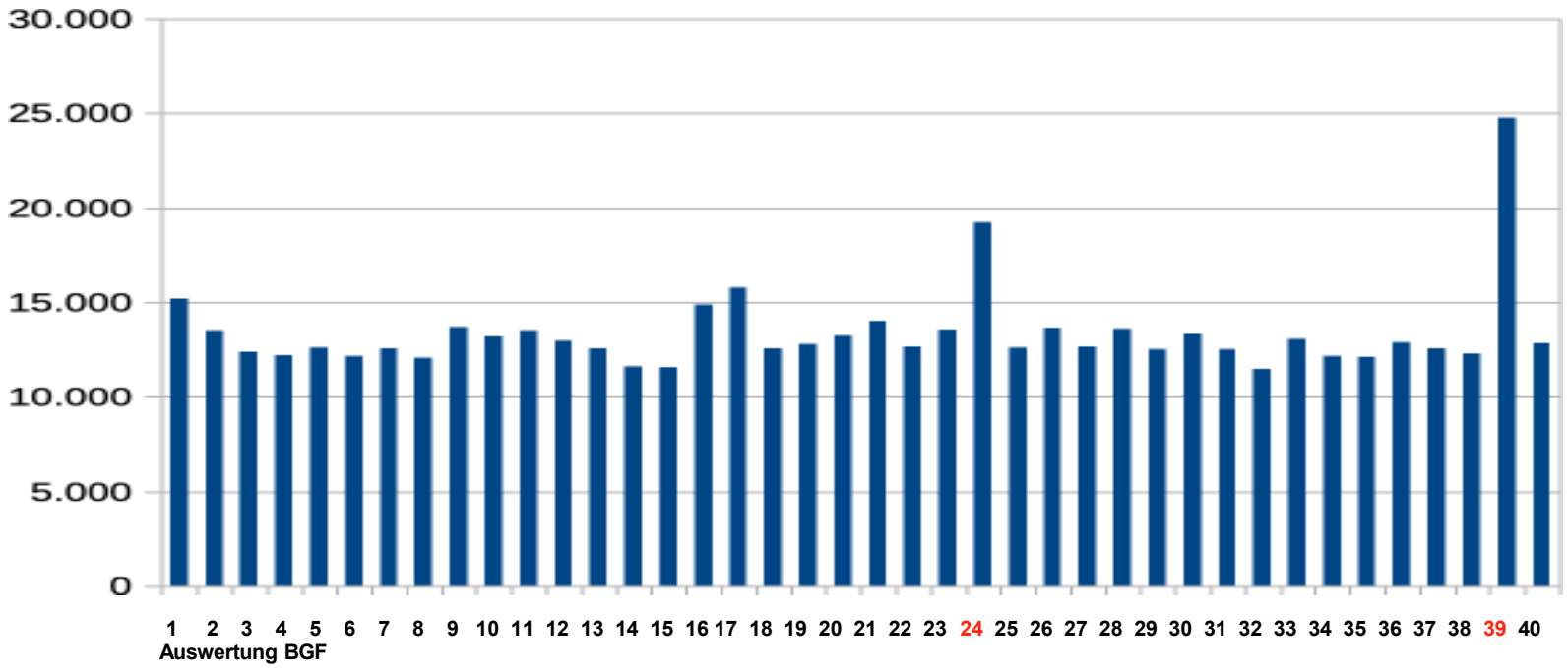
ECONOMIC EFFICIENCY OF ARCHITECTURAL COMPETITIONS

If the project that wins the first prize is the best solution concerning architectural quality, then it should also be one of the best economic solutions.

Every project could be realized – not just the one of the first-prize winner.



By avoiding competition, the client receives a project whose quality – and cost-effectiveness – he cannot compare with alternative proposals.

If the 1st prize winner's project represents the best solution,
is it also the best project economically?

40 competitions were analyzed based on their GFA totals.
Based on the client's key figures, the estimated construction costs were determined

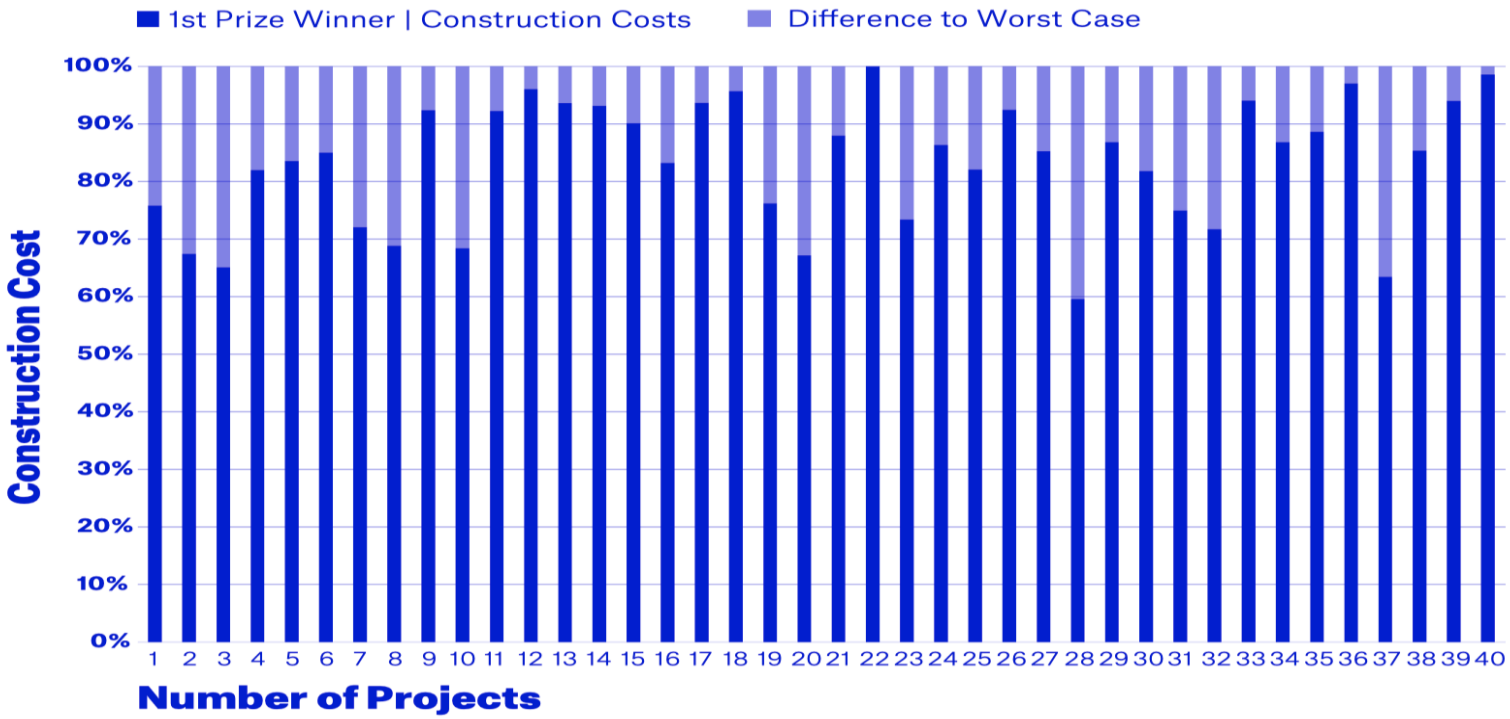
for the winning project
for the project with the maximum GFA
and based on the average of all GFA values.

The difference between the winning project and the maximum project indicates the cost risk of the client.

40 competions	
Size of projects	**between approx. 780 und 156.000 m² GFA**
Total construction costs	**2,5 Billion €**
Max. total cost risk	**571 Mio. € or 18,3%**
Average cost risk	**92 Mio € or 3,5%**

39 of the 40 competitions show cost reductions of up to 40%.
26 of the 40 competitions even show cost reductions compared to the ø GFA.

Competition costs	**between 96.000 and 2,9 Mio € or 0,24 to 4,4% of the estimated construction costs**
On average	**0,7% the estimated construction costs of the winning project**
Amortization factor ø	**18,8**
in average values:	
with maximum cost risk:	**14,27 Mio. € savings per competition**
with average cost risk:	**2,3 Mio. € savings per competition**
Competition costs:	**approx. 440.000 € per competition**



The study is aimed at clients with little or no experience.
They are often strongly opposed to architectural competitions.

Maximum risk or average result?
The maximum cost risk is based on a specific calculation.
The average is a mathematical solution with partially invalid values.

Arguments against achieving the average:
- Quality and interests of the contracting parties involved (especially the contractor)
- Incorrect contract award criteria
- lack of comparability of low GFA amounts
- Statistical errors

Inexperienced clients must consider the maximum risk or rely on luck.

Compactness is not a value in itself.

Why do first-prize winning projects still have a high degree of compactness?

Because rationally organized floor plans create spaces with high quality: better orientation, shorter routes, better lighting conditions, etc.

When considering the "economic viability" of buildings, other factors must be considered that are difficult to calculate in the procurement process.

- **Life cycle costs**
- **Intangible qualities with cost relevance (health, well-beeing etc.)**
- **Synergies and interactions**
- **Sociopolitical aspects: Ethics - transparent procurement – participation – ecological arguments**
- **Last but not least, the architectural scene is based on small businesses. Open competitions support small firms and young professionals, which also brings economic benefits for society as a whole.**

The conclusion is:
Economic efficiency must be thought of as a result of quality.

In light of multiple crises, we have to ask:
Can we still afford to award contracts to the lowest bidder?
The answer is: No.

Procurement processes must be rethought.

https://www.arch-e.eu/white-paper

Thanks for your attention!

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