



Early Estimation of Project Determinants

Predictions through Establishing
the Basis of New Building Projects
in Germany

von

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Oldenbourg Verlag München

Editor: Dr. Stefan Giesen
Production editor: Tina Bonertz
Cover design: hauser lacour

Dissertation, Universität Stuttgart (D 93), 2013

Library of Congress Cataloging-in-Publication Data
A CIP catalog record for this book has been applied for at the Library of Congress.

Bibliographic information published by the German National Library
The German National Library lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available on the Internet at <http://dnb.dnb.de>.

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© 2014 Oldenbourg Wissenschaftsverlag GmbH
Rosenheimer Straße 143, 81671 München, Germany
www.degruyter.com/oldenbourg
Part of De Gruyter

Printed in Germany

This paper is resistant to aging (DIN/ISO 9706).

ISBN 978-3-11-034638-1
eISBN 978-3-11-034787-6

EARLY ESTIMATION OF PROJECT DETERMINANTS

PREDICTIONS THROUGH ESTABLISHING THE BASIS OF NEW BUILDING
PROJECTS IN GERMANY

Faculty of Architecture and Urban Planning, University of Stuttgart
A thesis submitted in fulfillment of the requirement for the award of the
Degree of Doctor of Engineering (Dr. Eng.)

by

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Date of Defense: 22.August.2013

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2013

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List of Abbreviations

AFS	Average floor size
ANNs	Artificial neural networks
ANOVA	Analysis of Variance
APE	Absolute percentage error
ASH	Average storey height
BKI	Cost Information Centre of German Chamber of Architects GmbH
BTC	Bromilow's time-cost model
CBR	Case-based reasoning
CG	Cost group according to hierarchical structure of DIN 276-1
CT	Client type
DPA	Developed plot area
FAC	Facility type
GBV	Gross building volume
GC	Ground conditions
GEFA	Gross external floor area
GRN	General regression neural net
HOAI	Regulation on fees for architects and engineers
iid	independently and identically distributed
k300	cost of structure - construction works
k300+k400	cost of structure
k310	cost of excavation
k320	cost of foundations
k330	cost of external walls
k340	cost of internal walls
k350	cost of floors and ceilings
k360	cost of roofs
k370	cost of structural fitments
k390	cost of other construction related activities
k400	cost of structure - services
k410	cost of sewerage, water and gas systems
k420	cost of heat supply systems
k430	cost of air treatment systems

k440	cost of power installation systems
k450	cost of telecommunications and other communication systems
k460	cost of transport systems
k470	cost of function related equipment and fitments
k480	cost of building automation
k490	cost of other services related work
LI	BKI location index
LRM	Linear regression models
LSE	Least square estimate
m310	Excavation volume (cubic meters)
m320	Foundation area (square meters)
m330	External walls area (square meters)
m340	Internal walls area (square meters)
m350	Floors and ceilings area (square meters)
m360	Roof area (square meters)
MAD	Mean absolute deviation
MAER	Mean absolute error rate
MAPE	Mean absolute percentage error
MC	Market conditions
MLF	Multi layer feedforward neural network
MLP	Multi layer perceptrons
MSE	Mean square error
NoS	Number of storeys
NoSag	Number of storeys above ground
NoSbg	Number of storey below ground
PA	Plot area
RMSE	Root mean squared error
RUQ	Reference unit quantities
SA	Site access
SMEs	Small and Medium Size Enterprises
TOP	Topographical conditions
€	Currency unit of European Union

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Abstract

Construction cost and duration are two strategic determinants of building projects along with quality. Objective estimations of these determinants are crucial through establishing the basis of a project, hence they serve as foundation for budgeting, planning, executing, monitoring and even for any litigation aims. The research is designed, having two primary aims for the population of interest, in this case new building construction in Germany.

First, to form an objective basis for conceptual estimates, empirical investigation of historical project information is conducted, using two alternative method of analysis, multiple linear regression and artificial neural networks. This incorporates with development of predictive models that can further be employed as an objective ground for practitioners.

Second, to increase prediction accuracy of conceptual estimates to an extent, a novel solution, *multi-way* approach, is adopted along with traditional *one-step ahead* approach. It is hypothesized that estimating building element quantities and later employing them as additional inputs along with meagre information through establishing the basis of a project, multi-way approach may influence a *substantial* decrease in prediction error when compared to conventional, one-step ahead approach. Four alternative frameworks of cost estimation and two alternative frameworks of duration estimation are considered, adopting alternative methods of analysis.

Results reveal that adopting multi-way approach, approximately 19% improvement in prediction accuracy can be accomplished over one-step ahead approach, when the aim is predicting cost of structure. The increase in prediction accuracy is 10%, when duration estimation is considered. However, it is underlined that formal statistical test denies the differences as *substantial* at 5% significance level due to insufficient size of the test sample. Results of analysis also demonstrates, linear regression models provide slightly smaller prediction errors than neural network models. What is more to the point, linear regression models offer significantly lower disperse in error of predictions; and therefore preferred over neural network models. Lastly, confidence intervals of linear regression estimations are computed on a case project to demonstrate application of range estimates. For predictions, like the ones relevant to this research, the possible prediction error inherent in the process itself and therefore the security of the prediction has to be kept in mind.

The models developed within the content of this research relies on objective assessment and scientific methodology and therefore can be regarded as highly reliable for practical implementation by German architects aiming to predict cost of structure and construction duration through establishing the basis of a project. New insights to the German architects are offered by proposing alternative relevant factors in developed models. These factors can be taken

into account to predict, monitor and maintain budget and schedule. More to the point, along with observed increase in prediction accuracy compared to conventional practice, employing multi-way approach German architects are able to provide expected average values of building element quantities and hierarchical cost groups according to relevant German standards.

Keywords: Germany; Modeling; Predictions; Cost of structure; Construction duration; Linear regression; Artificial neural networks; Multi-way forecasting