2026

OKANAGAN & SOUTHERN BC CONSTRUCTION COST GUIDE

Your guide to planning & budgeting construction projects across the BC Interior, Okanagan, Vancouver Island & Southern BC

Published by Team Construction Management Ltd.

45 Years of Real Project Data | Kelowna, BC | August 2026

45

YEARS
OKANAGAN
EXPERIENCE

$350

VALIDATED
$/SQFT ANCHOR
TOWNHOUSE

15–22%

BELOW
VANCOUVER
HARD COSTS

25%

DCC REDUCTION
ACTIVE NOW
(TO SEP 2028)

INTRODUCTION

The Okanagan Cost Landscape — 2026

The Okanagan and southern British Columbia construction market enters 2026 from a position of cautious stability. After two years of post-pandemic inflation that drove hard costs up 40–60% across most categories, cost escalation has moderated — but has not reversed. Labour markets remain tight in the BC Interior, particularly for skilled trades. Material prices have stabilized after the lumber and steel volatility of 2021–2023, though tariff risk from ongoing Canada–US trade tensions continues to introduce uncertainty into timber and steel procurement.

This guide is built on a foundation that no national publication can replicate: 45 years of continuous construction management experience in the Okanagan. Our cost data is trade-by-trade, calibrated from actual projects, and inflation-adjusted to current market conditions. When we publish a range of $325–$375 per square foot for a three-storey wood-frame townhouse, that number is validated against real Kelowna projects — not derived from a national average.

★ KEY INSIGHT

National cost guides are optimized for Vancouver, Calgary, and Toronto. The BC Interior consistently prices 15–22% below Metro Vancouver hard costs. Applying Vancouver numbers to a Kelowna project without adjustment can overstate your budget by $50–$100 per square foot.

This guide covers private sector residential, commercial, and winery/hospitality construction — along with a comprehensive soft costs section and Kelowna DCC schedule. All hard cost figures are for the Okanagan / BC Interior market.

IMPORTANT NOTICE

This guide is provided for preliminary budgeting purposes only. It does not replace project-specific quantity surveying. Team Construction Management strongly recommends consulting with a qualified construction manager before finalizing any project budget or pro forma.

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HOW TO USE THIS GUIDE

Understanding hard costs vs. soft costs vs. total development cost

The cost-per-square-foot figures represent **hard construction costs only** — materials, labour, equipment, contractor overhead and profit. They exclude land, DCCs, A&E; fees, financing, permits, and GST. Soft costs typically add 25–35% on top of hard costs for a typical Okanagan multi-family project.

STEP	WHAT IT COVERS	WHERE TO FIND IT
① Hard Costs	Materials, labour, equipment, construction management fee (5%)	Tables 1–3 in this guide
② Soft Costs	Architecture & engineering, permits, DCCs, financing, GST, contingency	Table 4 in this guide
③ Total Development Cost	Hard + Soft = full project budget for pro forma and lender review	Combine steps 1 & 2

MARKET CONTEXT

Okanagan & Southern BC — Key factors shaping 2026 construction costs

6.9%	25%	$52–75	15–22%
Kelowna vacancy (Colliers 2025)	DCC reduction to Sep 2028	Fully loaded trade rate/hr	Below Vancouver hard costs

■ RENTAL DEMAND

The Okanagan rental market remains structurally undersupplied. Colliers reported a Kelowna multi-family vacancy rate of 6.9% at year-end 2025. With the Kelowna OCP targeting increased density along transit corridors, the multi-family pipeline remains active.

■ LABOUR MARKET

Scheduling lead times remain 4–8 weeks for project mobilization. Fully loaded trade rates range from $52–$75/hour. The ITA apprenticeship pipeline is actively supported by local firms including Team Construction Management.

■ DCC RELIEF

Effective August 4, 2026, Kelowna implemented a 25% temporary DCC reduction in effect through September 30, 2028. For a 12-unit townhouse this represents $60,000–$120,000 in savings depending on density bracket.

■ TARIFF RISK

Framing lumber (SPF) trading at $450–$575 USD/MBF mid-2026. A full tariff escalation could push wood-frame residential costs $15–$30/sqft higher. Stress-test your pro forma against a 10% material cost escalation scenario.

TABLE 1 — RESIDENTIAL HARD COSTS

Cost per sqft (gross construction area) | Okanagan / BC Interior | 2026 | Hard costs only

BUILDING TYPE	LOW $/sqft	HIGH $/sqft	KEY NOTES
Row Townhouse (wood frame, 3-storey)	$325	$375	VALIDATED ANCHOR — Team Construction calibrated actual: $350/sqft ($367.50 effective with 5% mgmt fee)
Stacked Townhouse (3-storey wood frame)	$315	$365	Slightly lower per sqft; shared structure, fewer party walls per unit
Low-Rise Condo (up to 6-storey wood frame)	$340	$415	Includes elevator. Parkade excluded. From Altus 2026 Vancouver benchmark less 18%
Mid-Rise Condo (concrete, 7–12 storey)	$430	$530	Post-tensioned concrete slab. Vancouver benchmark $520–$640/sqft; Okanagan at 17% discount
Custom Single Family (luxury)	$400	$600+	High variability with specification. Based on Okanagan luxury builder market data 2025–2026
Single Family (standard production)	$275	$360	Standard production. Outlying areas at lower end, Kelowna urban at upper end

• Hard costs only — land, DCCs, soft costs, and GST excluded | • Underground parking adds $55–$80/sqft; budget separately

• BC Energy Step Code (Step 3–4) compliance adds $15–$30/sqft | • Sources: Altus Group 2026; Precedent Developments 2026; Team Construction Management calibrated actual data

TABLE 2 — COMMERCIAL HARD COSTS

Cost per sqft (gross floor area) | Okanagan / BC Interior | 2026 | Hard costs only

BUILDING TYPE	LOW $/sqft	HIGH $/sqft	KEY NOTES
Office Building (under 5 storeys, Class B shell)	**$230**	**$350**	Base building only. Full fit-out adds $80–$175/sqft. Standalone building assumed
Retail Strip Plaza	**$200**	**$285**	Cold shell, no tenant fit-out. Structural, envelope, surface parking, utilities to unit doors
Restaurant / Food Service	**$290**	**$450**	High MEP — commercial kitchen, grease traps, HVAC. Wide range driven by finish quality
Winery / Tasting Room ★ Okanagan specialty	**$350**	**$550**	Unique to the Okanagan. Barrel vaults, grade changes, high-end finishes, wine production mechanical
Hotel (3-star / select service)	**$260**	**$360**	Wood or concrete frame up to 6 storeys. FF&E; ($15K–$35K/room) excluded
Industrial Warehouse	**$130**	**$195**	Light industrial / warehouse / flex. Tilt-up or steel frame
Mixed-Use (ground commercial + residential)	**$315**	**$430**	Blended per-sqft. Ground-floor commercial podium increases structural cost

• *Restaurant and winery costs particularly sensitive to specification — ranges intentionally wide*

• *Sources: HKC Construction 2026; Altus Group 2026; Team Construction Management project data*

TABLE 3 — INSTITUTIONAL HARD COSTS

Cost per sqft | Okanagan / BC Interior | 2026 | Hard costs only

BUILDING TYPE	LOW $/sqft	HIGH $/sqft	KEY NOTES
Elementary School	**$380**	**$490**	BC seismic requirements, high mechanical spec, BC Building Code envelope. FF&E; excluded
Secondary School	**$430**	**$560**	Larger floor plate, specialized labs/shops/gyms, more complex HVAC systems
Medical Clinic (ambulatory / primary care)	**$320**	**$480**	High MEP: HVAC, plumbing, medical gas, accessibility. Excludes hospital acute care
Community Centre	**$330**	**$460**	Multipurpose. Pool facilities at upper end; dry community centres at lower end
Underground Parking Garage	**$160**	**$240**	Per sqft of parking area. Add separately for any building with below-grade parking

- *BC seismic requirements (Kelowna: zone 2–3) typically add 5–10% to structural costs*
- *LEED certification adds an estimated 2–6% incremental to hard costs*

TABLE 4 — SOFT COSTS & DEVELOPMENT CHARGES

As a % of hard costs (or per unit for DCCs) | Kelowna, BC | 2026

COST CATEGORY	TYPICAL RANGE	NOTES
Architecture & Engineering	7% – 12%	Residential multi-family at lower end; institutional/complex commercial at upper end. LEED projects: 10–12%
Development Cost Charges (City of Kelowna)	See DCC table ↓	25% temporary reduction in effect Aug 4, 2026 – Sep 30, 2028. Confirm at building permit application
Geotechnical & Environmental	0.5% – 1.5%	Geotech study, Phase 1/2 ESA, foundation design. Higher for contaminated or hillside/clay soil sites
Project Management	5%	Team Construction Management standard embedded rate, applied to hard costs
Contingency	5% – 10%	Design phase: 10% | Pre-construction: 7.5% | Construction phase: 5%
Financing (construction loan)	4% – 7%	Bank of Canada prime 2.25% as of April 2026; typical construction rate 5.0–5.75%
GST	5%	Applied to hard and soft costs. NRRP rebate recovers up to $24,000/unit for qualifying rental projects

★ DCC ALERT — 25% REDUCTION NOW IN EFFECT

The City of Kelowna implemented a 25% temporary DCC reduction effective August 4, 2026, valid through September 30, 2028. For a 12-unit townhouse this can represent $60,000–$120,000 in savings. Ensure your building permit application is timed to capture this reduction.

City of Kelowna — DCC Schedule (Residential)

Bylaw No. 12420 | 2025 rates CPI-adjusted | 25% temporary reduction Aug 4, 2026 – Sep 30, 2028

DENSITY BRACKET	TYPICAL USE	FULL RATE (per unit)	WITH 25% REDUCTION
Res 1 (<15 u/ha)	Single family, duplex	~$42,800	~$32,100
Res 2 (15–35 u/ha)	Ground-oriented townhouse	~$39,970	~$29,975
Res 3 (35–85 u/ha)	Low-rise apt, stacked TH	~$32,993	~$24,745
Res 4 (>85 u/ha)	Mid / high-rise	~$39,973	~$29,980
RDCO component (add)	All residential	~$1,883	~$1,412

• Rates are estimates. Confirm with City of Kelowna Development Services before finalizing any pro forma

• The 25% DCC reduction applies at building permit application for qualifying new residential projects

FREQUENTLY ASKED QUESTIONS

Q. How do Okanagan construction costs compare to Vancouver?

The Okanagan and BC Interior consistently price 15–22% below Metro Vancouver for equivalent construction. For wood-frame residential, the gap is typically 15–18%; for concrete mid-rise, it widens. Never apply Vancouver benchmark numbers to a Kelowna project without a minimum 15% downward adjustment.

Q. What is NOT included in the square foot rates?

The rates are hard construction costs only. They exclude: land, DCCs, architecture and engineering fees, geotechnical studies, permits, construction loan interest, GST, developer profit, and marketing costs. A complete project budget is typically 30–40% higher than hard costs alone.

Q. How do the City of Kelowna's DCCs affect my project budget?

DCCs are charged at building permit issuance and can represent $30,000–$45,000 per unit. Effective August 4, 2026, a 25% temporary reduction is in effect through September 30, 2028. For a 12-unit townhouse, this can be worth $60,000–$120,000.

Q. When should I hire a construction manager rather than a general contractor?

Construction management is the right delivery method when your project has significant complexity, phased construction, tight budget control requirements, or when you want full cost transparency. A CM works in your interest — for projects above $3M, the CM model consistently produces better budget outcomes.

Q. How do I account for tariff uncertainty in my 2026 budget?

A full tariff escalation scenario could push wood-frame residential costs $15–$30/sqft higher. Stress-test your pro forma against a 10% material cost escalation scenario — particularly important for projects with permit timelines extending into late 2026.

Q. What is the difference between a construction manager and a general contractor?

A GC takes a fixed price to deliver a project, managing subcontractors for their own profit. A CM acts as your agent with full cost transparency. Team Construction Management operates exclusively as construction managers: on time, on budget, no hidden markups.

QUICK REFERENCE — FULL COST SUMMARY

Okanagan / BC Interior | 2026 | Hard costs per sqft only

ASSET CLASS	LOW $/sqft	HIGH $/sqft
Row Townhouse (3-storey wood frame)	$325	$375
Stacked Townhouse (3-storey wood frame)	$315	$365
Low-Rise Condo (6-storey wood frame)	$340	$415
Mid-Rise Condo (concrete, 7–12 storey)	$430	$530
Custom Single Family (luxury)	$400	$600+
Single Family (standard production)	$275	$360
Office Building (Class B shell)	$230	$350
Retail Strip Plaza	$200	$285
Restaurant / Food Service	$290	$450
Winery / Tasting Room ★ Okanagan specialty	$350	$550
Hotel (3-star / select service)	$260	$360
Industrial Warehouse	$130	$195
Mixed-Use (commercial + residential)	$315	$430
Underground Parking Garage	$160	$240
Elementary School	$380	$490
Medical Clinic (ambulatory)	$320	$480

All figures are hard costs only in 2026 Canadian dollars, Okanagan / BC Interior market. Excludes land, DCCs, soft costs, financing, and GST.

About Team Construction Management Ltd.

Founded 1981. Kelowna, BC. 45 years of uninterrupted Okanagan construction management.

Team Construction Management delivers commercial and multi-family construction projects on time, on budget, and to the highest quality standards. Gold Seal Certified project managers, WorkSafe BC COR-certified safety, LEED capability, and a documented TEAM Process — now serving clients across the Okanagan, Lower Mainland, Fraser Valley, and Vancouver Island.

Ready to start your project? Contact us for a complimentary feasibility consultation.

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