

The Real Cost of Denver ADUs in 2026

A Financial Explainer on What
Homeowners Actually Pay

DOCUMENT: Unvarnished Cost Breakdown

MARKET: Denver Metro Area

FISCAL YEAR: 2026

The 2026 Financial Baseline

Total Cost Range:

\$145,000 to \$500,000+

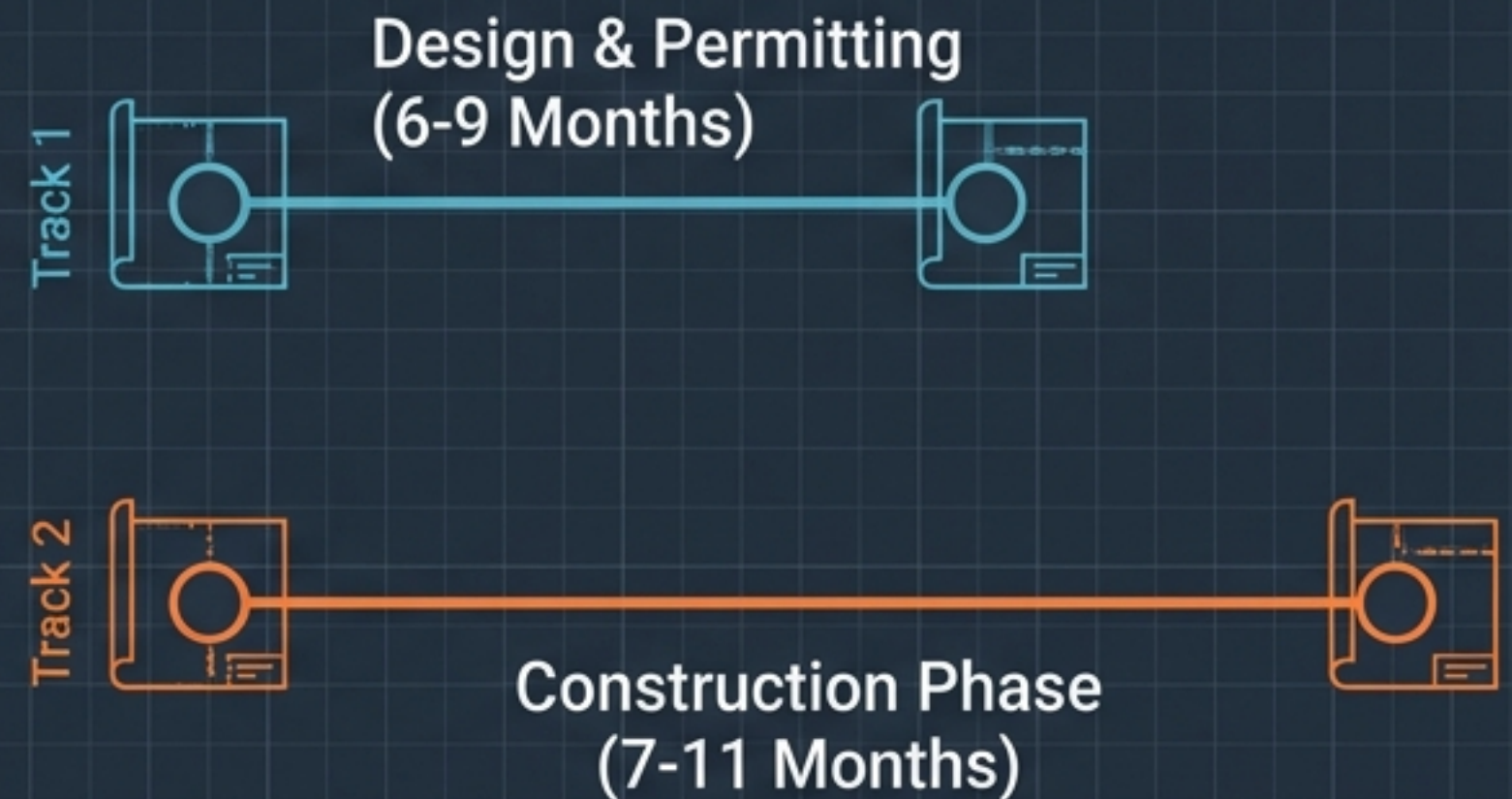
Median Detached New Build:

\$280,000 to \$360,000

Cost Per Square Foot:

\$350 to \$650+

Expected Duration



These figures reflect **all-in costs**, including the soft costs and utility connections frequently omitted from initial estimates.

The Denver Premium: Three Forces Driving Costs



Skilled Labor Rates

Wages are 15-25% higher than markets like Fort Collins.

CDLE 2025-2026 Data

Electricians: **\$38-\$52/hr**
Plumbers: **\$35-\$48/hr**
Carpenters: **\$28-\$40/hr**



Logistics & Materials

Inland hub status increases transport costs.

High demand combined with the complexities of staging materials on tight, restricted urban lots.



Expansive Clay Soils

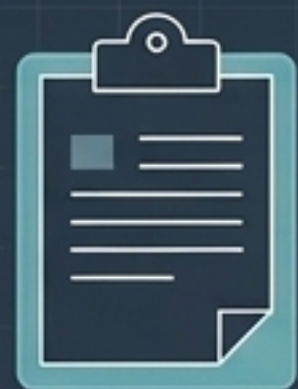
Geologic realities force engineered solutions.

Over-excavation and structural floors add a **\$15,000 to \$30,000** baseline penalty compared to standard foundations. Neighborhood premiums compound these costs.

Project Tiers & Cost Matrix

	Basic	Mid-Range	Premium
Project Type	Garage Conversion	Detached 1-Story	Detached 2-Story / Custom
Size (SF)	400 - 550	550 - 750	750 - 1,000
Key Characteristics	Preserves existing foundation/framing.	Standard finishes, typical utility trenches.	Complex access, custom finishes, steam showers, metal roofs.
Cost Per SF	\$350 - \$425	\$475 - \$550	\$550 - \$650+
Cost Per SF	\$350 - \$425	\$475 - \$550	\$550 - \$650+
Total Cost Range	\$145,000 - \$235,000	\$260,000 - \$415,000	\$415,000 - \$650,000+

Anatomy of a Mid-Range Build (\$290k-\$375k)



Labor, Project Management & Fees (15%)



Framing & Exterior Finishes (25%)

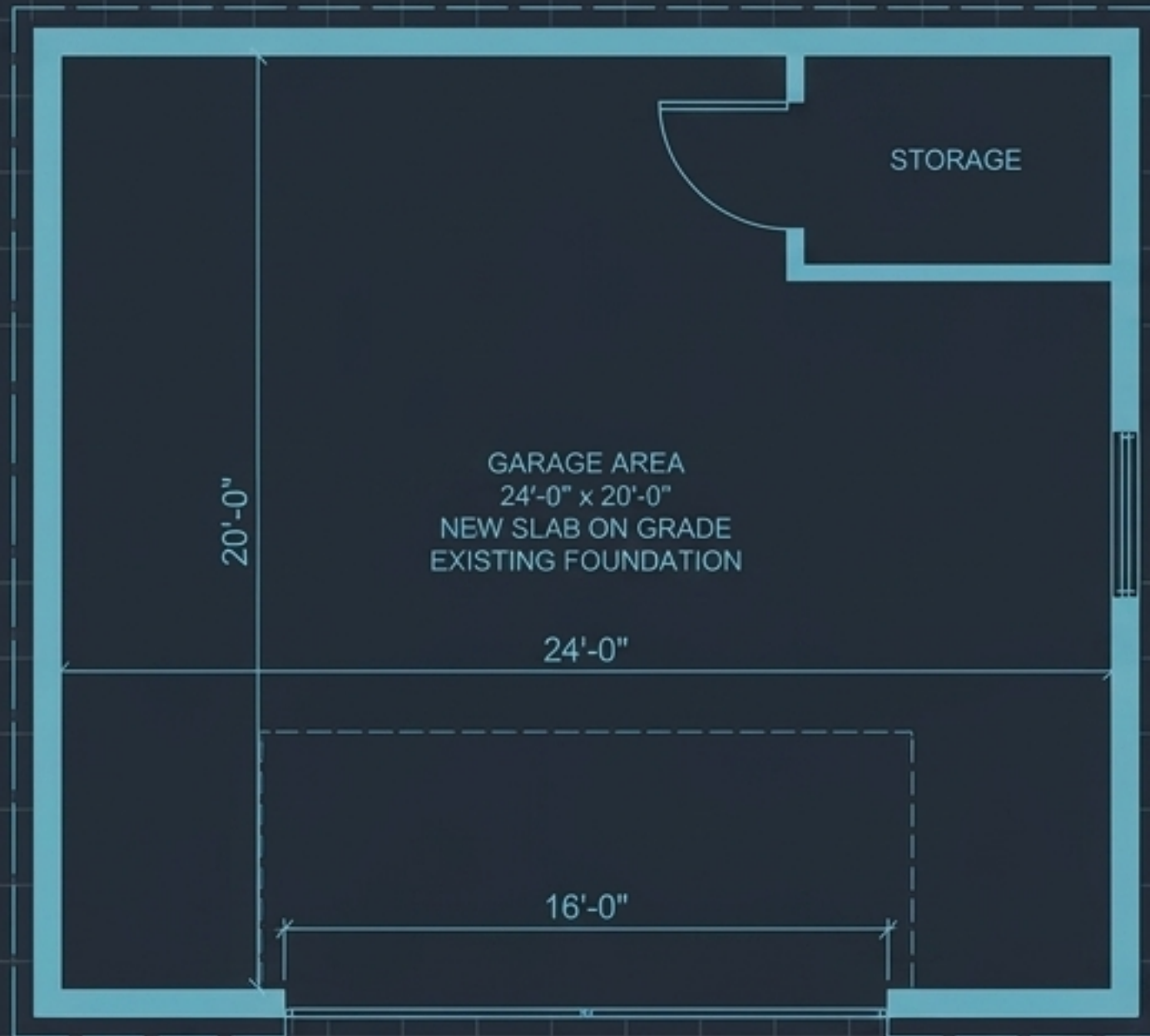
Plumbing & Electrical (15%)

Interior Finishes - Drywall, Paint, Flooring (12%)

Kitchen & Bath - Cabinets, Counters (15%)

Site Work & Foundation (18%)

Case Study 1: The Basic Conversion



Project Ledger

Location: Berkeley

Size: 480 SF (Detached 2-Car Garage)

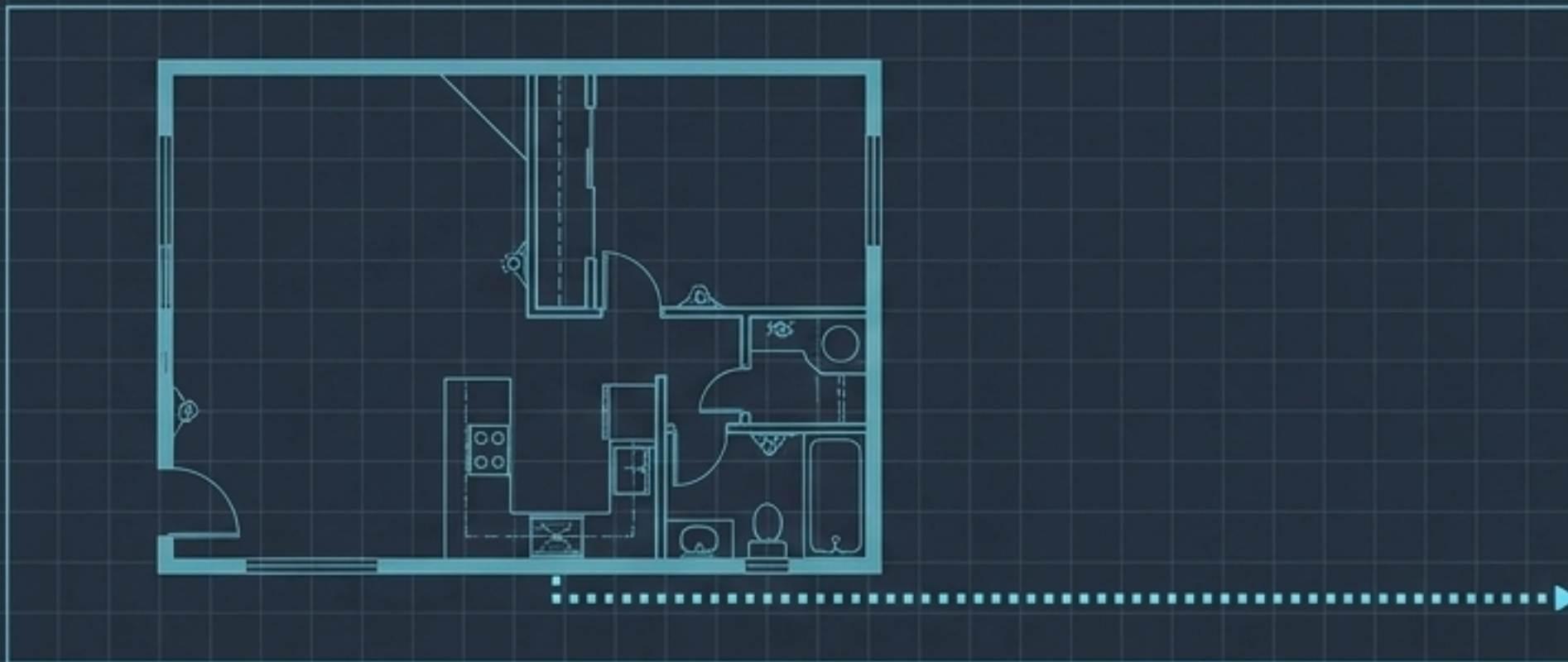
Total Cost: \$195,000

Cost/SF: \$406

Project Drivers:

- ✓ - Preserved existing foundation and three walls.
- ✓ - Avoided long utility trenches.
- ✓ - Costs focused on roof structural upgrades and new slab.
- ✓ - Added radiant heat and mid-range finishes.

Case Study 2: The Mid-Range Detached



Project Ledger

Location: Platt Park

Size: 650 SF (1-Bedroom)

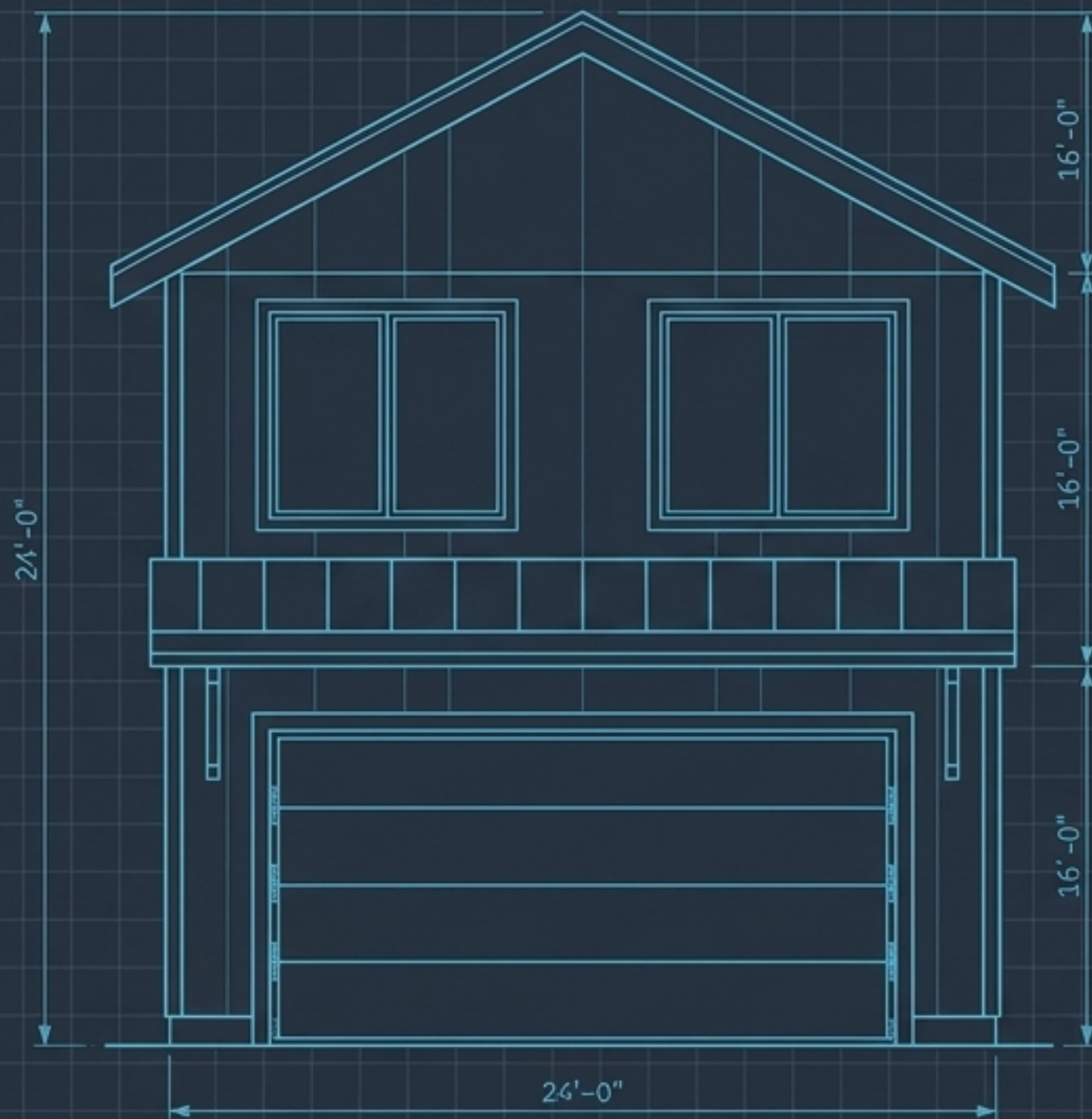
Total Cost: **\$340,000**

Cost/SF: **\$523**

Project Drivers:

- ✓ New build on a standard city lot.
- ✓ Significant excavation required for expansive soil mitigation.
- ✓ 70-foot utility trench drove up site costs.
- ✓ Durable LVP flooring, quartz countertops, all-electric systems.

Case Study 3: The Premium Build



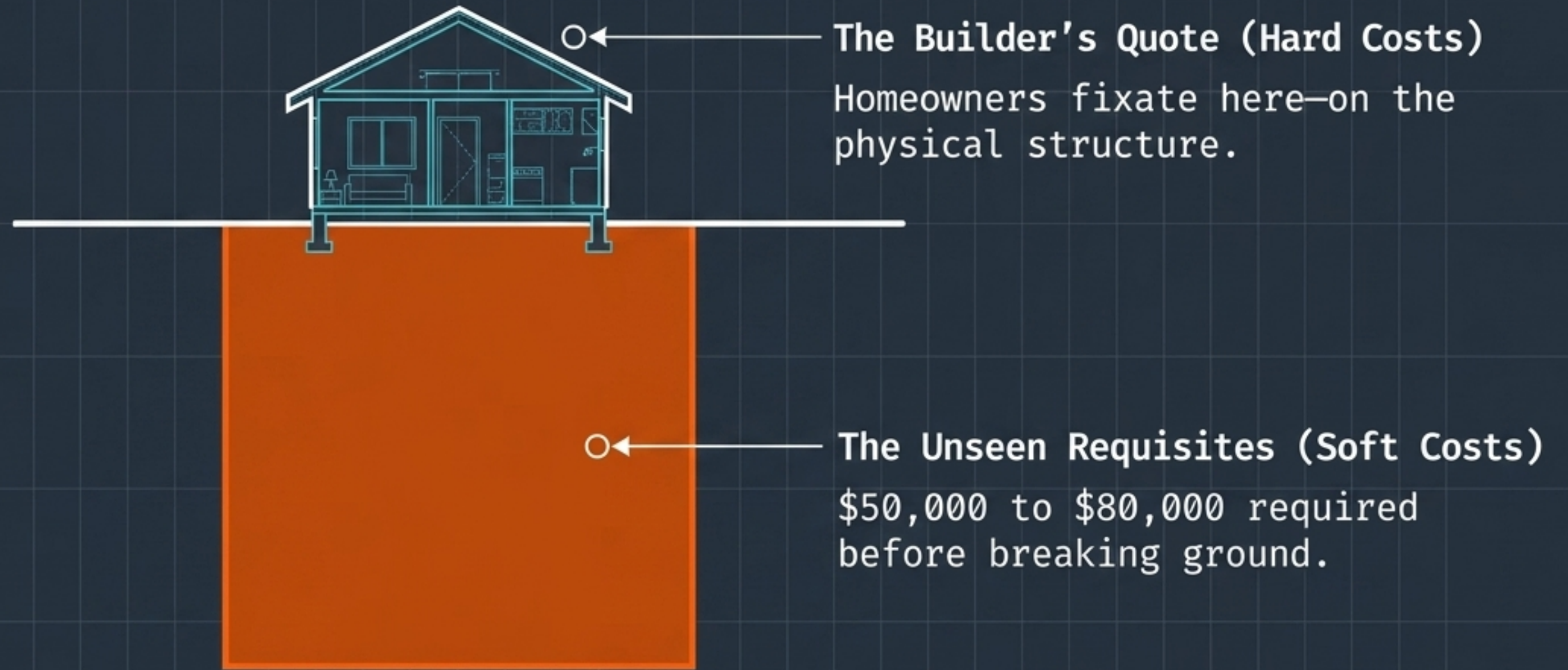
Project Ledger

Location: Cherry Creek
Size: 850 SF (2-Story)
Total Cost: **\$485,000**
Cost/SF: **\$570**

Project Drivers:

- ✓ - Living space built over a one-car garage.
- ✓ - Complex site access in a dense, high-overhead neighborhood.
- ✓ - Premium finishes: Custom cabinetry, steam shower.
- ✓ - Architectural upgrades: Standing-seam metal roof.

The Critical Misunderstanding: Hard vs. Soft Costs



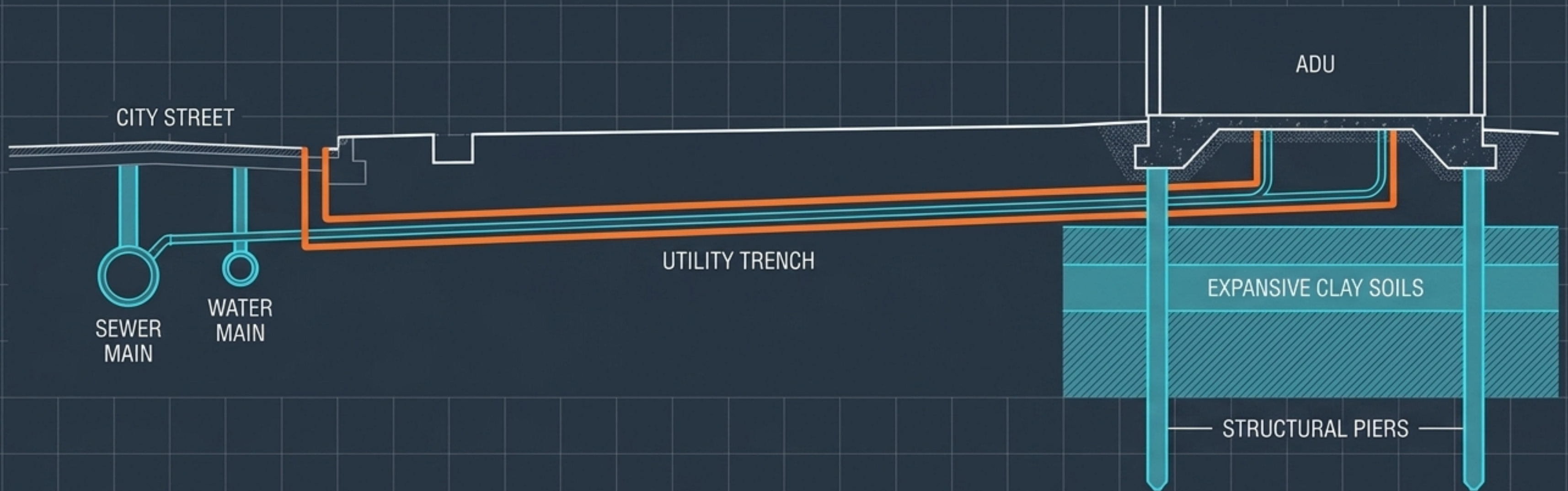
Key Insight: Soft costs account for 20% to 25% of the total budget. Successful projects treat these professional services as a distinct, primary phase, not an afterthought.

Unpacking the Hidden Line Items

Critical costs frequently excluded from initial contractor estimates

Utility Connection Fees (Denver Water, Xcel)	\$25,000 – \$45,000
Foundation Over-Excavation (Expansive Soils)	\$10,000 – \$25,000
Architectural & Engineering Plans	\$15,000 – \$25,000
City Permits & System Dev. Charges	\$8,000 – \$18,000
Landscaping & Fencing	\$7,000 – \$20,000
Appliances	\$5,000 – \$12,000
Soil Testing & Geotech Report	\$2,500 – \$5,000
Window Coverings	\$2,000 – \$6,000

The Budget Busters: Utilities & Soils



Utility Tap Shock.

Connecting to sewer, water, and electrical mains isn't a simple hookup. Trenching through existing property and paying city tap fees ranges from **\$25,000,000 to \$45,000**.

The Clay Penalty.

Denver's expansive soils expand and contract violently. Standard slabs crack; required over-excavation or structural engineered floors add **\$15,000 to \$30,000**.

The 3 Pitfalls of ADU Budgets



Inadequate Site Evaluation

Failure: Skipping deep assessments of soil, utility locations, and property setbacks before design.

Consequence: Relocating a sewer line mid-build costs **tens of thousands and delays the project by weeks.**



Incomplete Specifications

Failure: Starting construction with ambiguous plans.

Consequence: Unmade decisions regarding fixtures and finishes turn into **highly marked-up change orders** during construction.

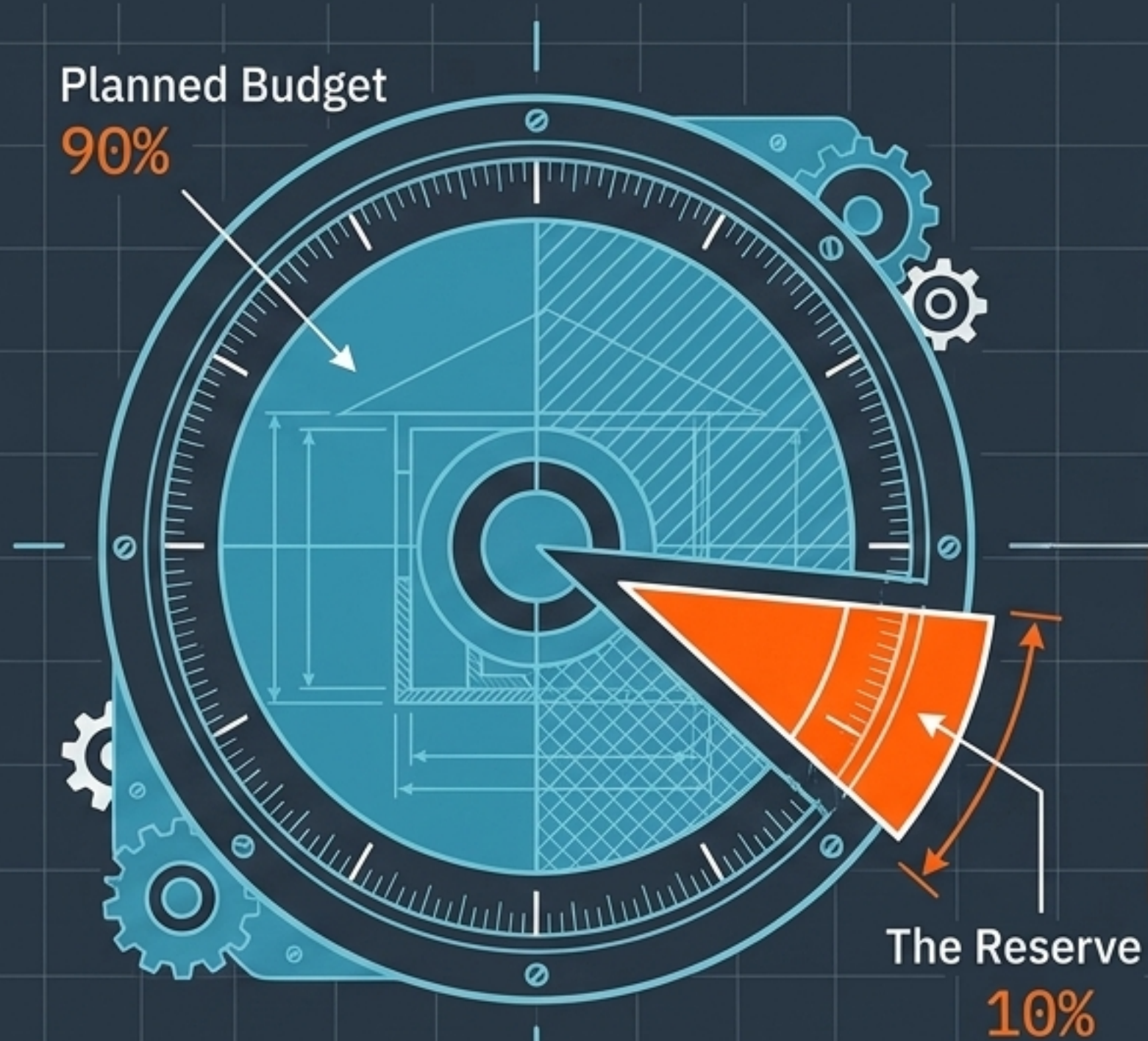


Underfunded Contingency

Failure: Assuming the quoted price is the final price.

Consequence: Unforeseen site conditions derail the project entirely due to lack of liquid reserves.

The Golden Rule: The 10% Contingency



The Standard: The National Association of Home Builders (NAHB) mandates a minimum 10% contingency for new construction. (Renovations on 30+ year-old homes require 10-15%).

The Purpose: It is a dedicated, liquid reserve solely for unforeseen site conditions, not an allowance for upgrading finishes.

The Directive: Do not sign a contract if your total available capital precisely matches the builder's quote. If you have \$350,000, your maximum build quote is \$315,000.

The Quote Diagnostic Checklist

A fixed-price contract must explicitly itemize these phases. If it says "TBD" or is missing entirely, your budget is at risk.

STRUCTURAL & ROUGH-IN PHASES	FINISH & SITE CLOSEOUT
✓ Site prep, excavation, & grading	✓ Insulation & air sealing
🚩 Specific details on soil mitigation (if required)	✓ Drywall & finishing
🚩 Utility trenching & backfill	✓ Interior doors & millwork
✓ Framing, sheathing, & hardware	✓ Painting (int/ext) & Flooring
✓ Roofing, siding, & exterior trim	✓ Cabinetry & countertops
✓ Windows & exterior doors	🚩 Final fixture/appliance install
✓ Rough-in (plumbing, electrical, HVAC)	🚩 Debris removal & site cleanup

Final Assessment

Budget for professional services—architecture, engineering, and city fees—as a distinct, fully-funded primary phase. Do not treat them as minor additions to the construction contract.

Data synthesized for 2026 Denver Metro Area.

Sources:

- City and County of Denver CPD
- Colorado Department of Labor & Employment (CDLE 25-26 MSA Stats)
- Remodeling Magazine 2026 Cost vs. Value
- NAHB 2026 Construction Cost Survey
- HomeWyse
- Zillow Q1 2026
- Renology Project of the Day Network (2024-2026)