



OCCUPIER FIT OUT COST GUIDE

PROJECT MANAGEMENT
& COST CONSULTANCY

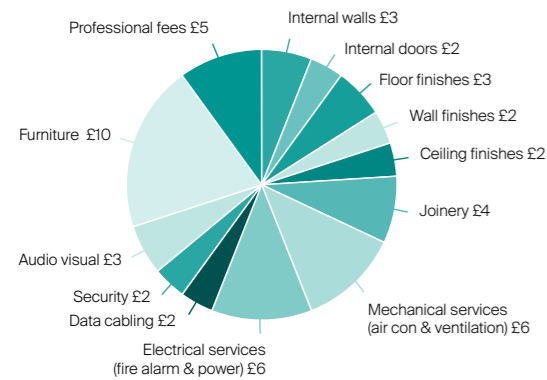
FEBRUARY 2021

COST BENCHMARKING

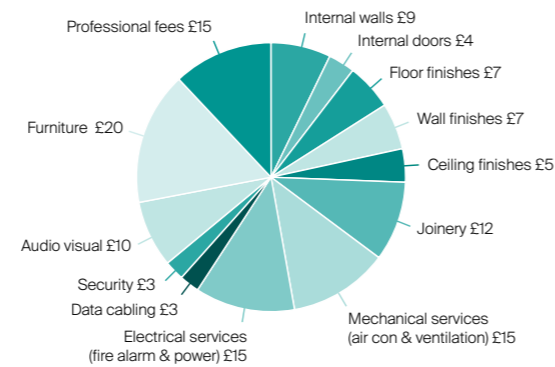
REGIONAL VARIANCE

Using Central London as the 'base', the map below details indicative cost differences between regions.

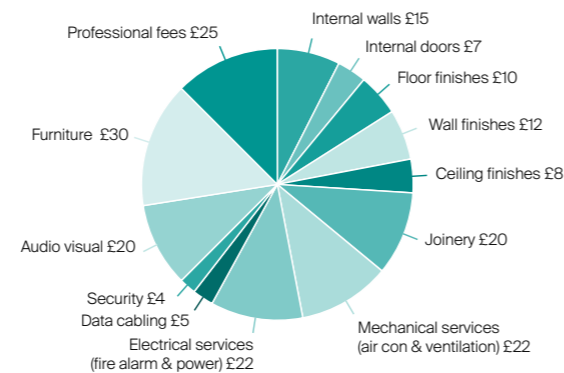
£50ft2 (LOW)



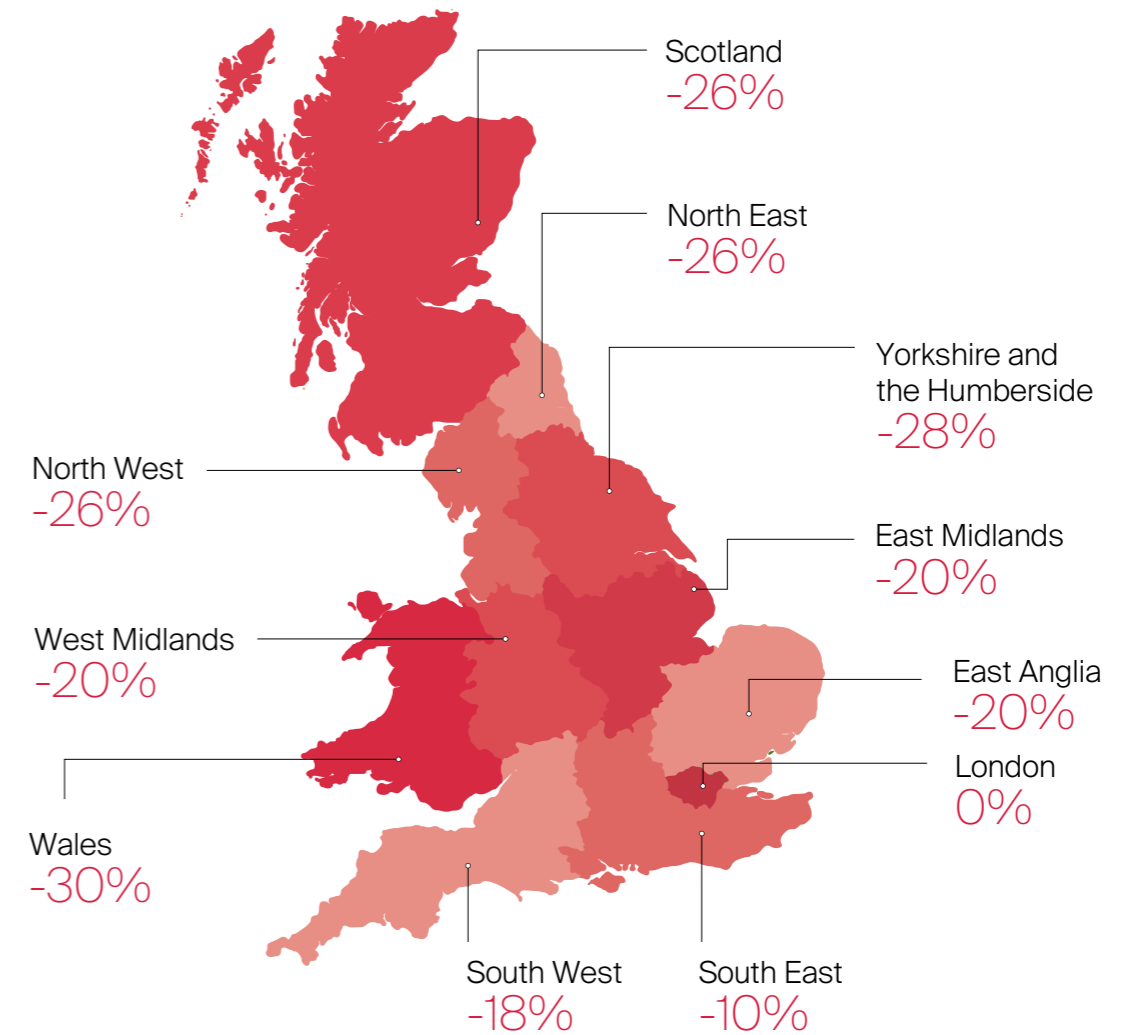
£125 FT2 (MEDIUM)

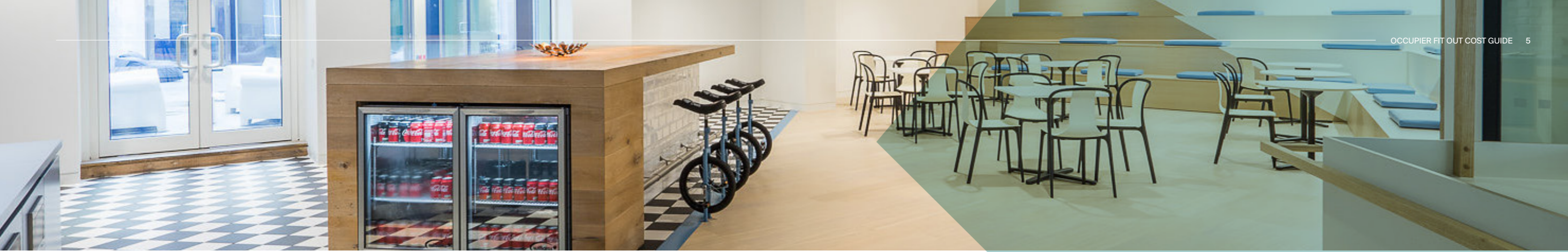


£200 FT2 (HIGH)



Fit Out Costs	£50ft2 (LOW)	£125 ft2 (MEDIUM)	£200 ft2 (HIGH)
Internal walls	£3	£9	£15
Internal doors	£2	£4	£7
Floor finishes	£3	£7	£10
Wall finishes	£2	£7	£12
Ceiling finishes	£2	£5	£8
Joinery	£4	£12	£20
Mechanical services (air con & ventilation)	£6	£15	£22
Electrical services (fire alarm & power)	£6	£15	£22
Data cabling	£2	£3	£5
Security	£2	£3	£4
Audio visual	£3	£10	£20
Furniture	£10	£20	£30
Professional fees	£5	£15	£25





SPECIFICATION OF WORKS

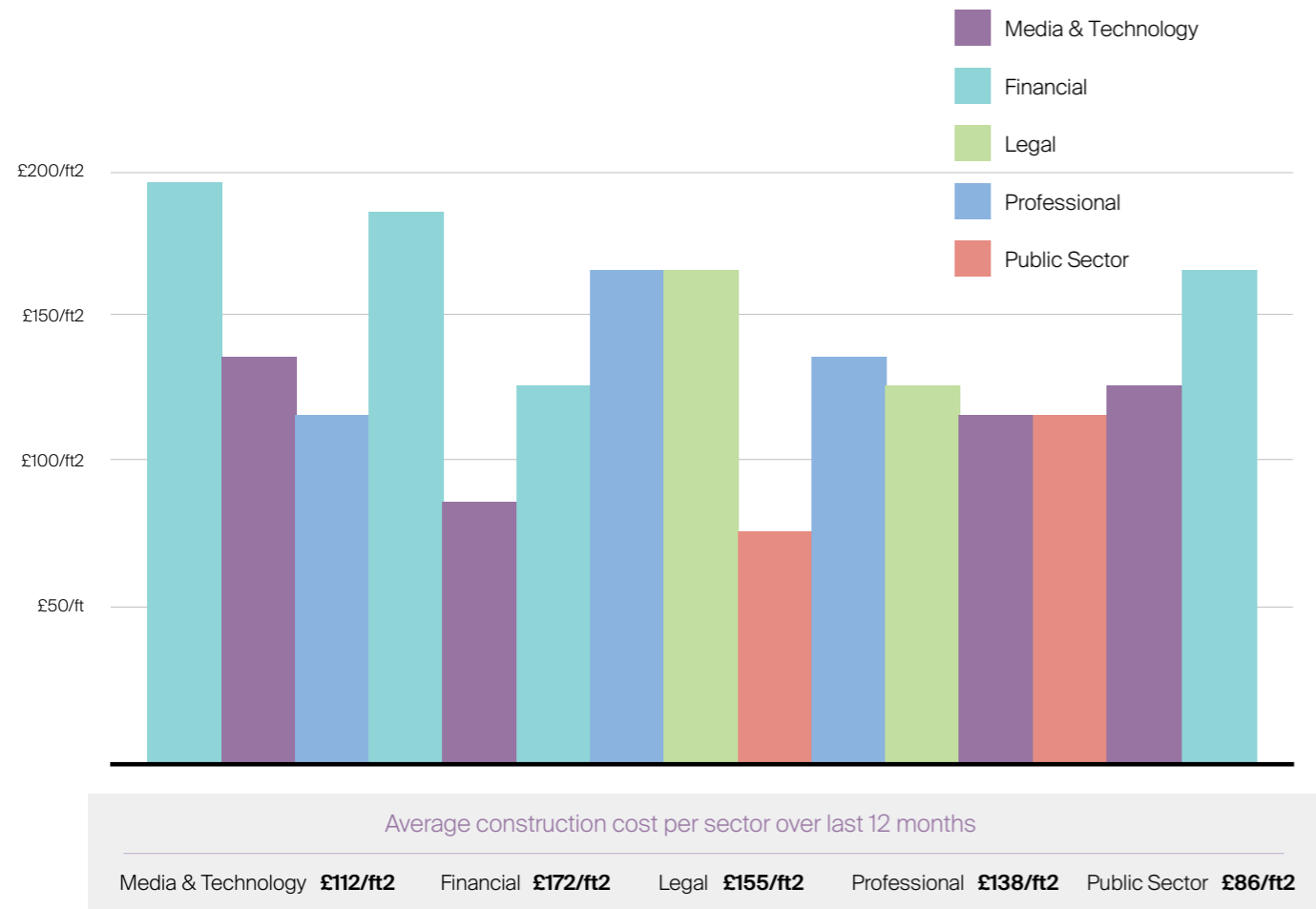
Basis of assessment; specification of works.

CONSTRUCTION	FURNITURE	AUDIO VISUAL	PROFESSIONAL FEES
LOW			
Predominantly 'open plan'	Desk is fixed	Principally included in client facing meeting rooms	Project management
Base build lighting retained	Standard materials/entry level quality	Presentation only	Cost consultancy
Minimal amendments to base build mechanical services	Chair has limited functionality	No integrated systems (eg Crestron controls, lighting and blinds integration)	Mechanical and electrical consultancy
'Basic' finishes (carpets & paint)	No integrated cable management		Architect
Low level acoustics	No 'pods'		Building Control
Entry level furniture			
Minimal resilience			
Basic AV			
MEDIUM			
Meeting rooms but no / few offices	Increased desk function, entry level sit/stand possible	AV provisions to internal and client meeting rooms	Project management
Some amendments to base build mechanical services	Increased chair function	Video conferencing to client facing meeting rooms	Cost consultancy
Upgrade of lighting and ceiling to 'front of house'	Integrated cable management	AV provisions throughout demise to support collaboration	Mechanical and electrical consultancy
High quality finishes to 'front of house'	Nominal inclusion of ancillary loose furniture - mainly to facilitate collaborative working		Architect
High level acoustics to 'front of house'	Lockers/ pedestals		Structural engineer
Some resilience	Mid-level specification finish for meeting room tables		Acoustician
Mid-range furniture			Sustainability consultant
Mid-level AV			Building Control

HIGH			
May be cellular	Sit / stand desking	AV provisions to internal and client meeting rooms	Project management
Upgrade of base build services to 'front of house'	Premium materials	Room booking systems	Cost consultancy
Upgrade of lighting and ceiling to 'front of house'	Chair has high functionality for ergonomics	Video conferencing to all meeting rooms	Mechanical and electrical consultancy
High quality finishes to 'front of house' and collaboration area	Integrated cable management	AV to cellular offices	Architect
High level of resilience	Lockers integrated with security system	AV provisions throughout demise to support collaboration	Structural engineer
Bespoke items - feature staircase, catering kitchen etc	Integration of ancillary loose furniture i.e. acoustic framery pods / furniture facilitating collaborative working e.g booths and the like	Integrated AV solutions (Crestron controls, integrated lighting and blind controls to rooms)	Acoustician
High quality AV	High specification finish for meeting room tables/ ancillary furniture	'Feature' AV walls/ interactive solutions	Sustainability consultant
High quality furniture			Lighting design
			AV consultant
			Catering consultant
			Planning Consultant
			Lift consultant
			Cladding consultant

SPEND BY SECTOR

Fit out costs from proceeding 12 months (excluding professional fees).



Average fit out costs per sector over last 12 months.

MARKET UPDATE

Covid-19.

Tender price inflation has been volatile over the last nine months and as a result, very little official data (BCIS etc) commits to any confident projections in the short term.

In our experience, Covid based working restrictions and prevention measures have caused programmes to increase by between 5 and 15%, which has increased costs. This has been somewhat balanced by supply chain costs and main contractor overhead and profit levels which are very low, in order to fill order books. This has caused a 'two tier' TPI where smaller, low risk projects are up to 10% lower than 6-9 months ago, but larger, more complex projects are up to 5% more expensive.

There have been a surprisingly low number of insolvencies in the medium to large sized main contractor market as companies have used the furlough scheme and made redundancies in order to reduce overheads.

'Cashflow is king' more than ever now so the supply chain is looking for 'up front' payments and main contractors are demanding shorter payment periods.

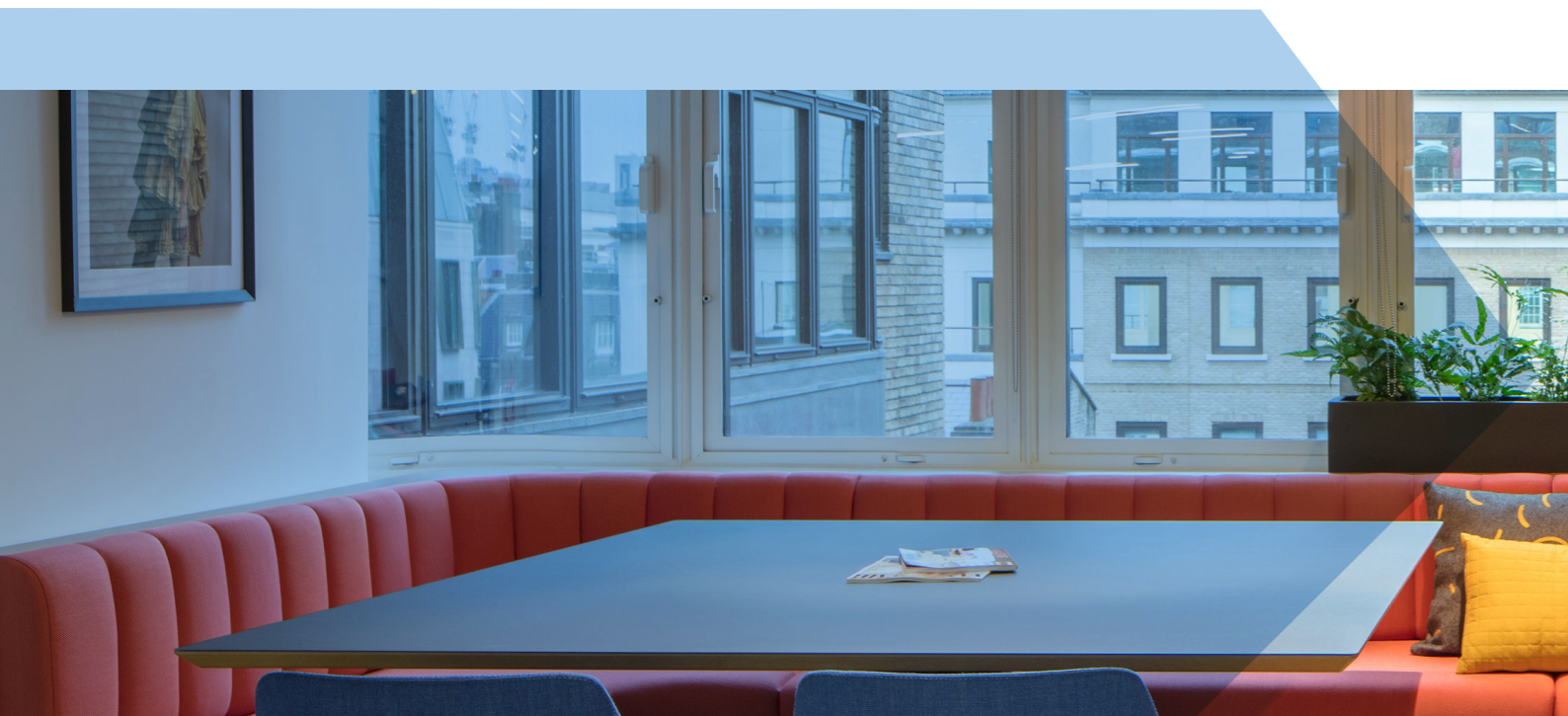
It is important for clients to agree suitable 'Covid clause' wording within their building contracts. At present, it is a 'buyers' market' so we have found that contractors are still willing to sign up to 'time but not money' in terms of Covid delays.

At the time of writing, Brexit has just taken place. Despite an agreement that levies will not apply, this may result in delays on some imported materials. As we are still unaware precisely what the effect will be, this is a risk on projects that are 'bought' in Q1 and possibly Q2. The design team will have to work closely with the contractors and their supply chains and be flexible in order to change materials and/ or products if issues arise. The industry has had the perfect rehearsal with Covid and this has definitely prepared them for this issue.

Most contractors are asking for Brexit related clauses within building contracts and it is still very difficult to pass all programme and cost risk on to the contractors. This risk may have to be shared until the full ramifications of Brexit on the supply chain are fully understood.

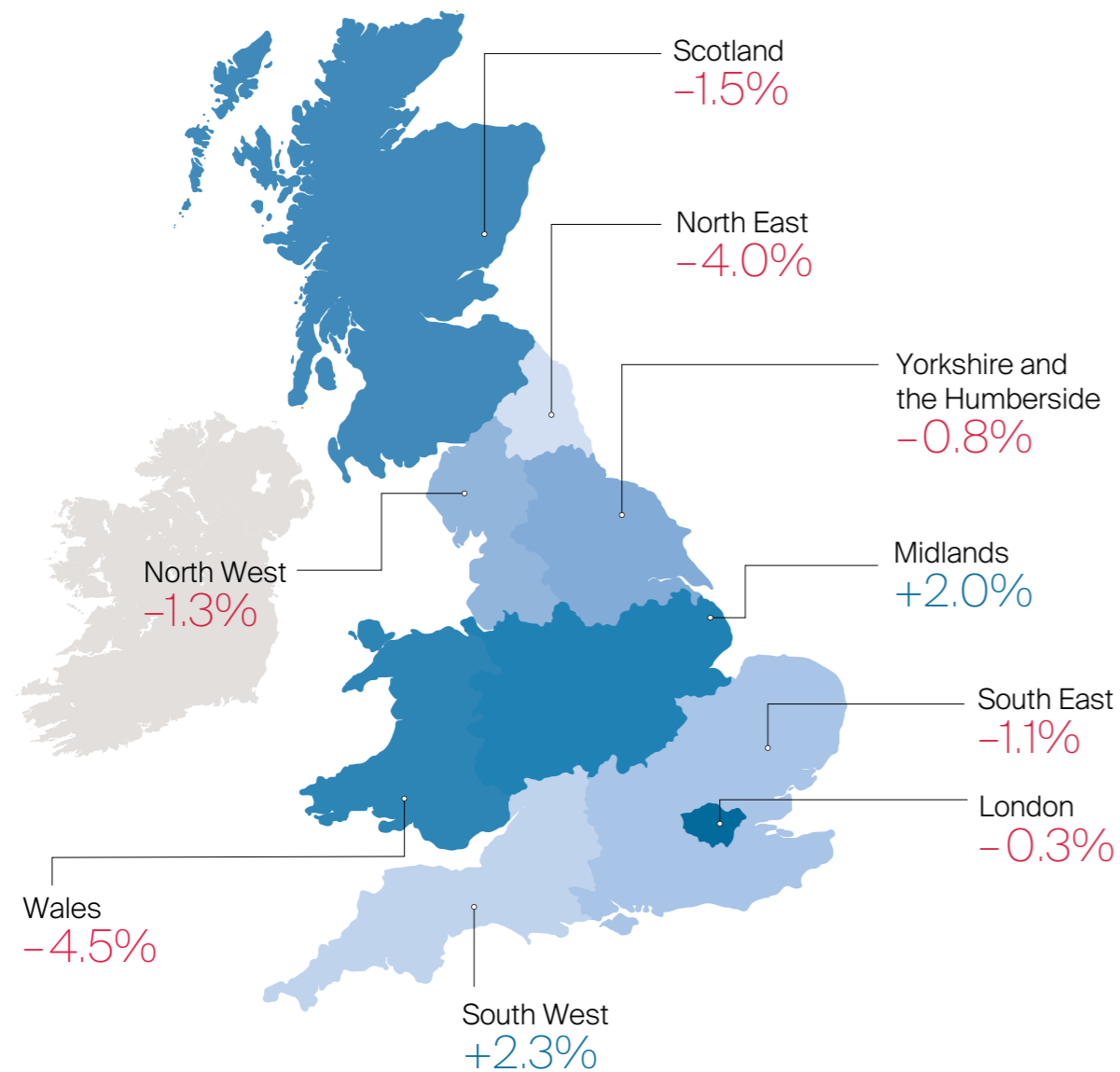
It is vital that clients obtain suitably robust Performance Bonds and / or Parent Company Guarantees prior to commencement of all major projects, and stringent financial checks are undertaken.

Covid specific design is evolving quickly but landlords appear nervous about committing to significant changes and additional spend due to the unknown timescales of Covid and how it will change tenant requirements when it finally ends.



REGIONAL TENDER PRICE INFLATION

The map below details average tender Price Inflation 2020-2023.



Tender Price Inflation per region

	2020	2021	2022	2023
London	-1.0%	-0.8%	0.5%	1.0%
Midlands	-0.5%	-0.5%	1.0%	2.0%
North East	-3.0%	-3.0%	1.0%	1.0%
North West	-2.0%	-0.3%	0.0%	1.0%
Scotland	-1.0%	-1.5%	0.0%	1.0%
South East	-1.3%	-0.8%	0.5%	0.5%
South West	0.1%	0.4%	0.5%	1.3%
Wales	-3.0%	-3.0%	1.0%	0.5%
Yorkshire & the Humber	-0.5%	-1.8%	0.5%	1.0%

SUSTAINABILITY AND 'NET ZERO CARBON'

Through the 2015 'Paris Agreement', world governments committed to curbing global temperature rise. The UK and particularly London, have embraced this philosophy and through policy, have vowed to ensure that all new buildings are 'net zero carbon' by 2030. Most commercial landlords in the UK have already implemented plans to reduce their carbon 'footprint' with Land Securities recently announcing that they plan for their entire 24 million square feet portfolio to reach net zero emissions by 2030 and plans for their first 'net zero' carbon buildings to be constructed in the near future.

Major tenants are also recognising their corporate responsibility to contribute, so want to be letting and affiliated with the commercial buildings and landlords that are making the biggest strides in cutting emissions. This has meant, that for the first time, landlords are seeing demand and rents affected by the sustainability credentials of commercial buildings.

With so many sustainability accreditations in existence, it is even more difficult than ever to select the most appropriate ones. On a recent project we reviewed NINE possible accreditations that we thought it would be beneficial to target (Ska, Well, Fitwel, BREEAM, LEED, Wired, Design for Performance, Air Rated, and the Cycling Score Certification). With these accreditations inevitably comes cost. At feasibility stage there are additional specialist consultants and investigations that need to be brought on board that all charge fees. It isn't just at design stage, as once the accreditation has been achieved,, there is often additional costs required to upgrade and renew on an annual basis. Installations such as PV panels, rainwater harvesting, ground source heat pumps, 'green' walls and roofs and biomass boilers can all save energy and increase the buildings sustainability awards, but can involve substantial capital expenditure 'over and above' the levels traditionally expended on existing 'refurbished' stock.

EPC RATING

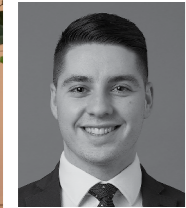
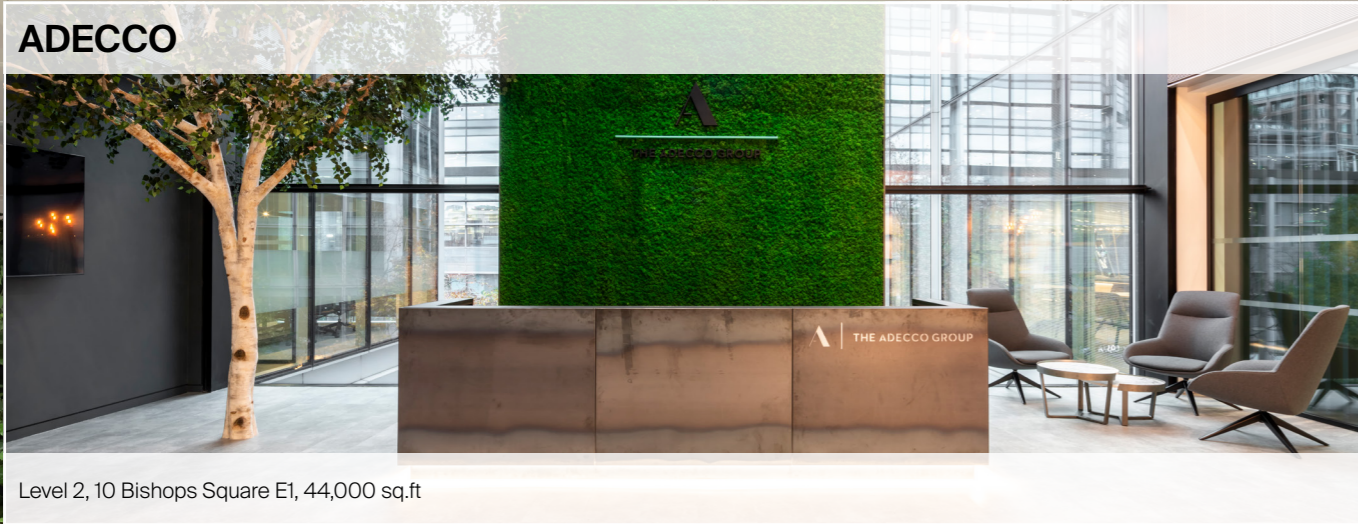
From April 2018 the 'Minimum Energy Efficiency Standards' were introduced, which meant that all commercial properties had to possess an EPC rating of 'E' or better to permit them to be 'let'. Ratings of 'F' and 'G' were no longer permitted. Existing leases cannot continue beyond April 2023 without an EPC rating of 'E' or better.

EPC ratings are improved by enhancing energy performance, examples of possible ways to do this to an existing building are upgrade of windows to double glazing (or better), upgrade of roof (performance of covering and insulation), improvements to wall, insulation, upgrade of main mechanical plant (boilers, air handling units, chillers etc) and improve to more efficient lighting and controls. All of these enhancements may save the landlord money in the long term, but they can mean a considerable short term capital outlay. Therefore, when looking at new purchases and short term expenditure on existing assets, it should be carefully considered if these improvements are required.



TRACK RECORD

ADECCO

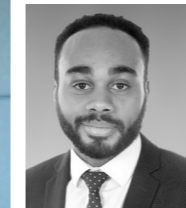


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A FAST TRACK FIT OUT DELIVERED IN CONJUNCTION WITH CITY TENANT REP TEAM

"This brilliant project which we delivered for Adecco had several challenges to overcome. Not only were we able to balance budget vs quality, but construction started on site during the first COVID lockdown and completed during the second. A true achievement for the team."

W20



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HIGH QUALITY FIT OUT DELIVERED IN CONJUNCTION WITH CITY TENANT REP TEAM

"It was a pleasure to deliver W20's new UK HQ in the recently converted London Fruit and Wool Exchange. Given the historic nature of the building, agreeing the contract terms with regards to the insurance of the works and structure of building were a challenge. However after multiple meetings negotiating the various legal interests, we were able to reach an agreement that laid the foundation for the project to be delivered on time and in budget."





YOUR CONTACTS

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