



OCCUPIER  
FIT OUT  
COST GUIDE

PROJECT MANAGEMENT & COST CONSULTANCY

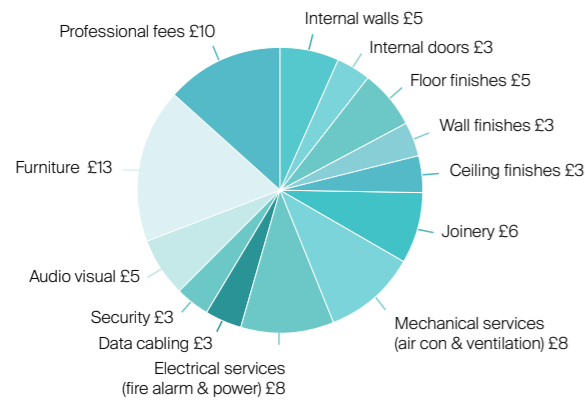
JULY 2022

# COST BENCHMARKING

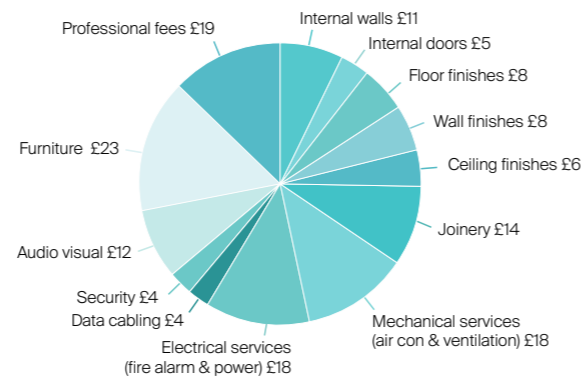
# REGIONAL VARIANCE

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

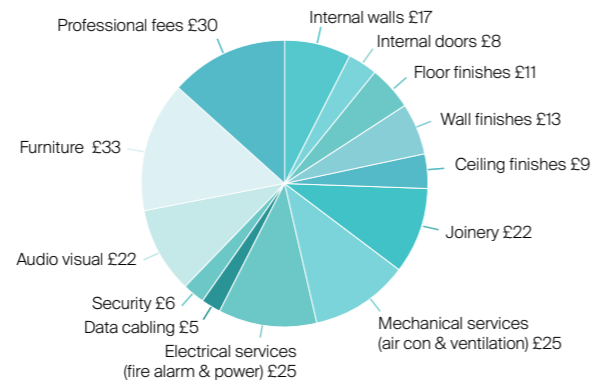
£75ft<sup>2</sup> (LOW)



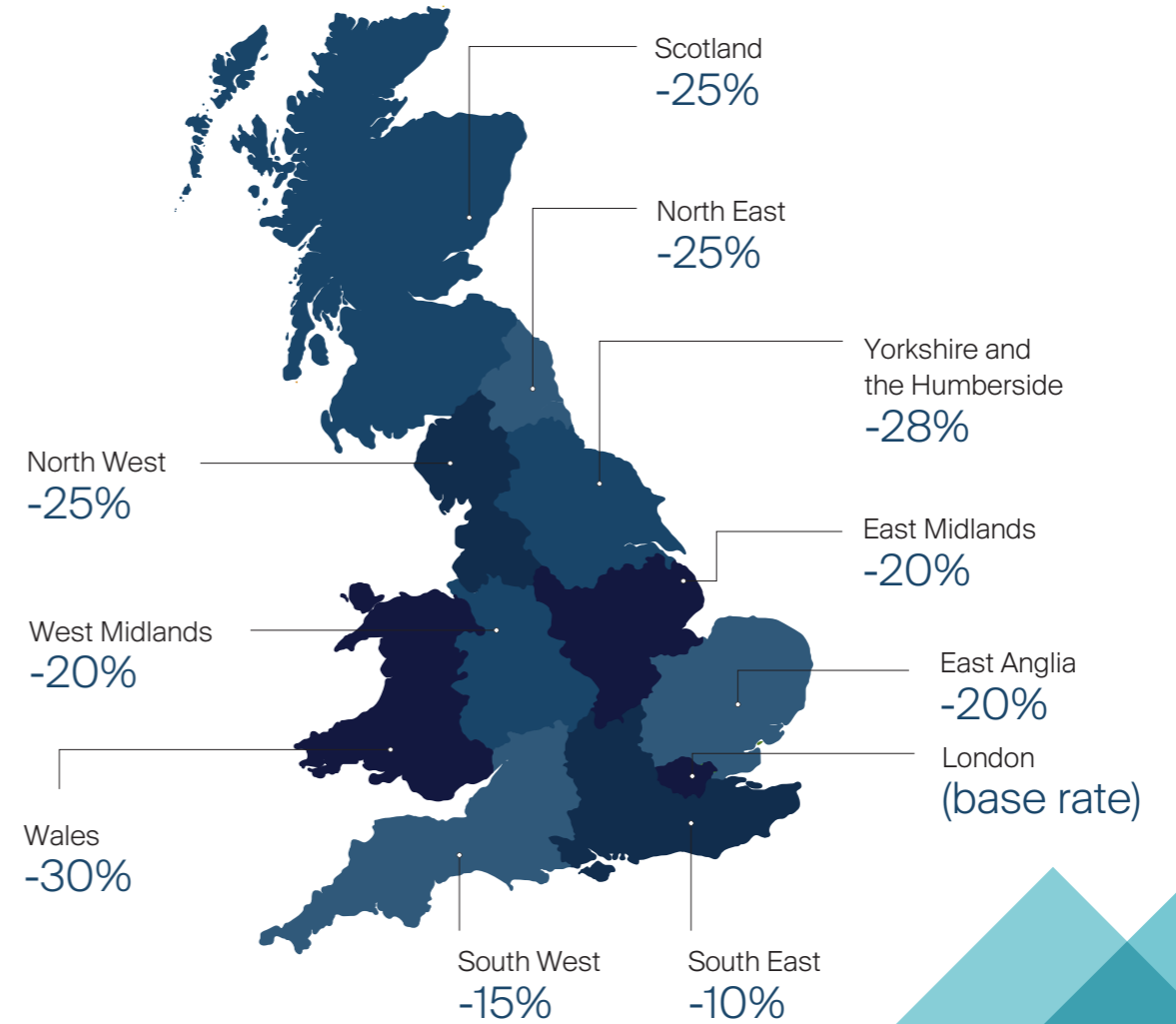
£150ft<sup>2</sup> (MEDIUM)



£225ft<sup>2</sup> (HIGH)



Fit Out Costs	£75ft <sup>2</sup> (LOW)	£150ft <sup>2</sup> (MEDIUM)	£225ft <sup>2</sup> (HIGH)
Internal walls	£5	£11	£17
Internal doors	£3	£5	£8
Floor finishes	£5	£8	£11
Wall finishes	£3	£8	£13
Ceiling finishes	£3	£6	£9
Joinery	£6	£14	£22
Mechanical services (air con & ventilation)	£8	£18	£25
Electrical services (fire alarm & power)	£8	£18	£25
Data cabling	£3	£4	£5
Security	£3	£4	£6
Audio visual	£5	£12	£22
Furniture	£13	£23	£33
Professional fees	£10	£19	£30



# SPECIFICATION OF WORKS

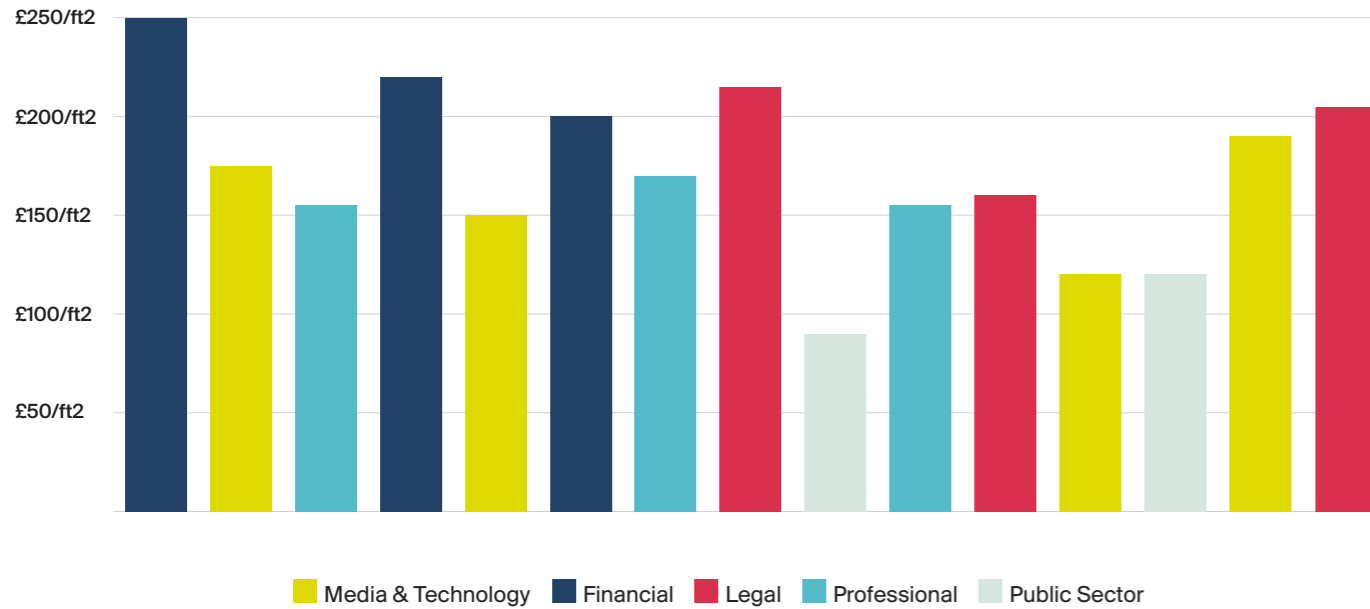
Construction	Furniture	Audio Visual	Professional Fees
<b>LOW</b>			
Predominantly 'open plan'	Desk is fixed	Principally included in client facing meeting rooms	Project management / Contract Admin
Base build lighting retained	Standard materials/entry level quality	Presentation only	Cost consultancy
Minimal 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			
<b>MEDIUM</b>			
Meeting rooms but no / few offices	Increased desk function, entry level sit/stand possible	AV provisions to internal and client meeting rooms	Project management / Contract Admin
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

Construction	Furniture	Audio Visual	Professional Fees
<b>HIGH</b>			
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



# SPEND BY SECTOR

Costs below exclude IT hardware



# MARKET UPDATE

In the last 12-15 months the UK construction industry has seen unprecedented levels of tender price inflation. Covid-19 has caused extensive manufacturing delays in many areas, which has placed pressure the supply of many materials and products. This has caused extended lead in periods and some substantial price increases. The BCIS 'all work' Material Price Index rose by 21.5% in 2021, which is their highest sustained increase on record. 'BREXIT' has also contributed by reducing the labour pool and adding delays and additional charges on many imported products. This, combined with 'pent up' demand due to many projects being 'held' until an end to Covid-19 was in sight, has produced the 'perfect storm' over 2021 and into

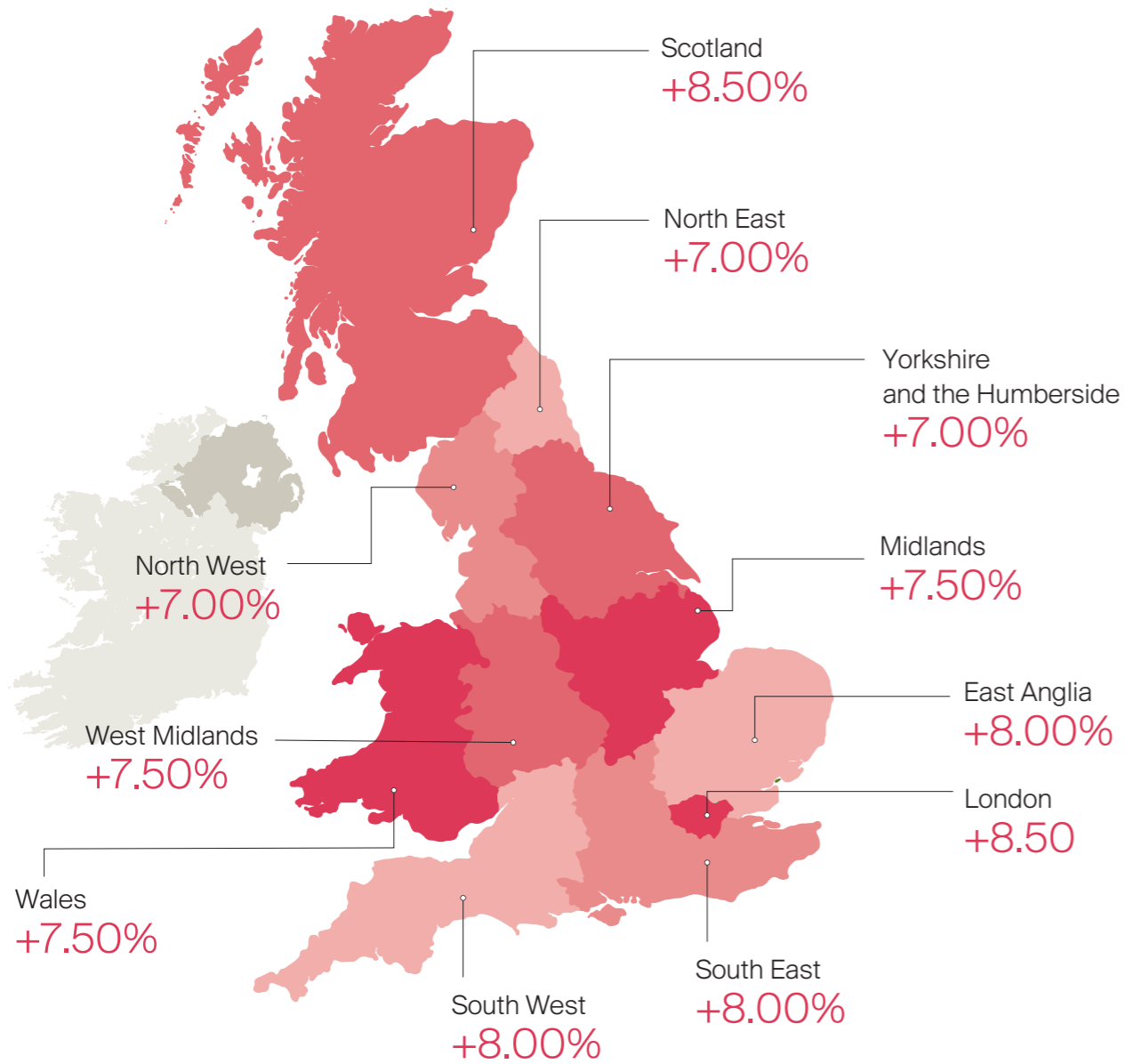
2022, which has made budgeting for and completed construction project, extremely challenging. Currently, the conflict in the Ukraine and increasing energy prices mean that we cannot foresee a short term change, although there are starting to be some indications that we may be starting to reach an inflection point.

Contractual negotiations have also become more challenging as Main Contractors look to insert price fluctuation clauses into larger projects, mainly driven by the supply chain who are often only holding prices for a few weeks (often days). This provides Clients with reduced cost certainty on projects that may be reaching their viability tipping point anyway.



# REGIONAL TENDER PRICE INFLATION

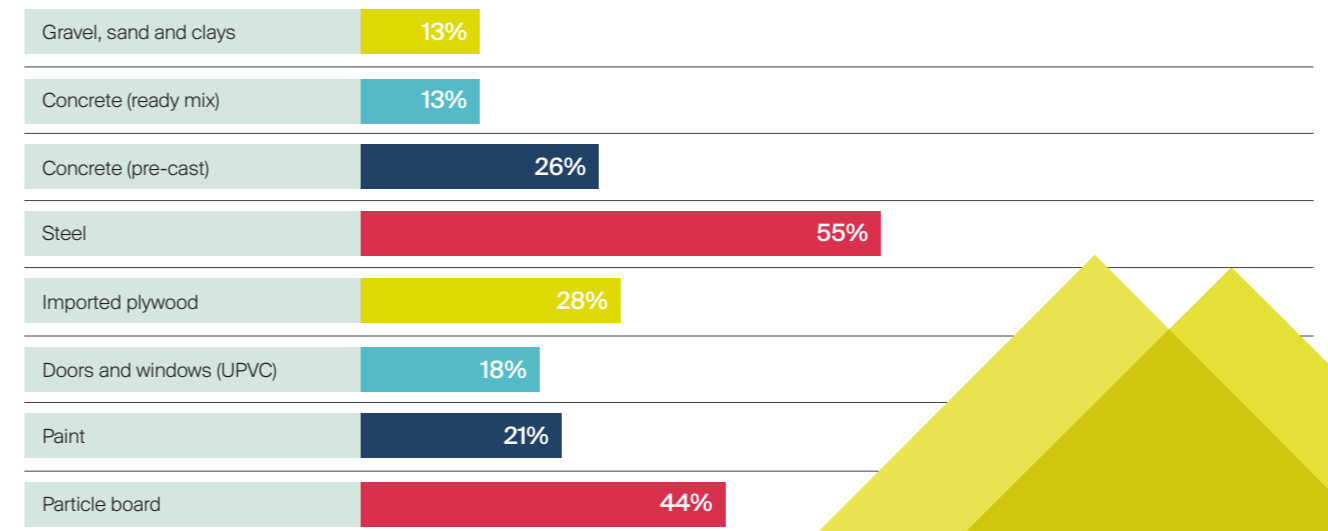
The map featured here details projected tender price inflation for 2022



## Occupier Cost Update

	2021	2022	2023	2024	2025
London	9.10%	8.50%	3.50%	3.50%	3.50%
Midlands	7.50%	7.00%	3.50%	3.25%	3.00%
West Midlands	7.75%	7.50%	3.50%	3.25%	3.00%
North East	7.50%	7.00%	3.00%	2.50%	2.00%
North West	7.50%	7.00%	3.50%	3.25%	3.00%
Scotland	9.00%	8.50%	3.00%	2.50%	2.00%
South East	8.00%	8.00%	3.50%	3.00%	2.50%
South West	8.00%	8.00%	3.50%	3.00%	3.00%
Wales	8.00%	7.50%	2.00%	2.00%	2.00%
Yorkshire and the Humber	7.50%	7.00%	3.25%	3.00%	3.00%
East Anglia	8.00%	8.00%	3.50%	3.00%	2.50%

## Material Price Inflation - March 2021-2022



# SUSTAINABILITY AND ESG



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' and now, 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 larger projects, there are sometimes a dozen possible awards that it may 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. From the concept stage onwards there are additional specialist consultants that need to be brought on board that all charge a fee for their advice and the consequential accreditation. Once a specific scheme is implemented, there is often additional costs that are required in order to bring the scheme up to the next 'level' of accreditation. Things 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 credentials, but can involve substantial capital expenditure 'over and above' the levels traditionally expended on existing 'refurbished' stock.

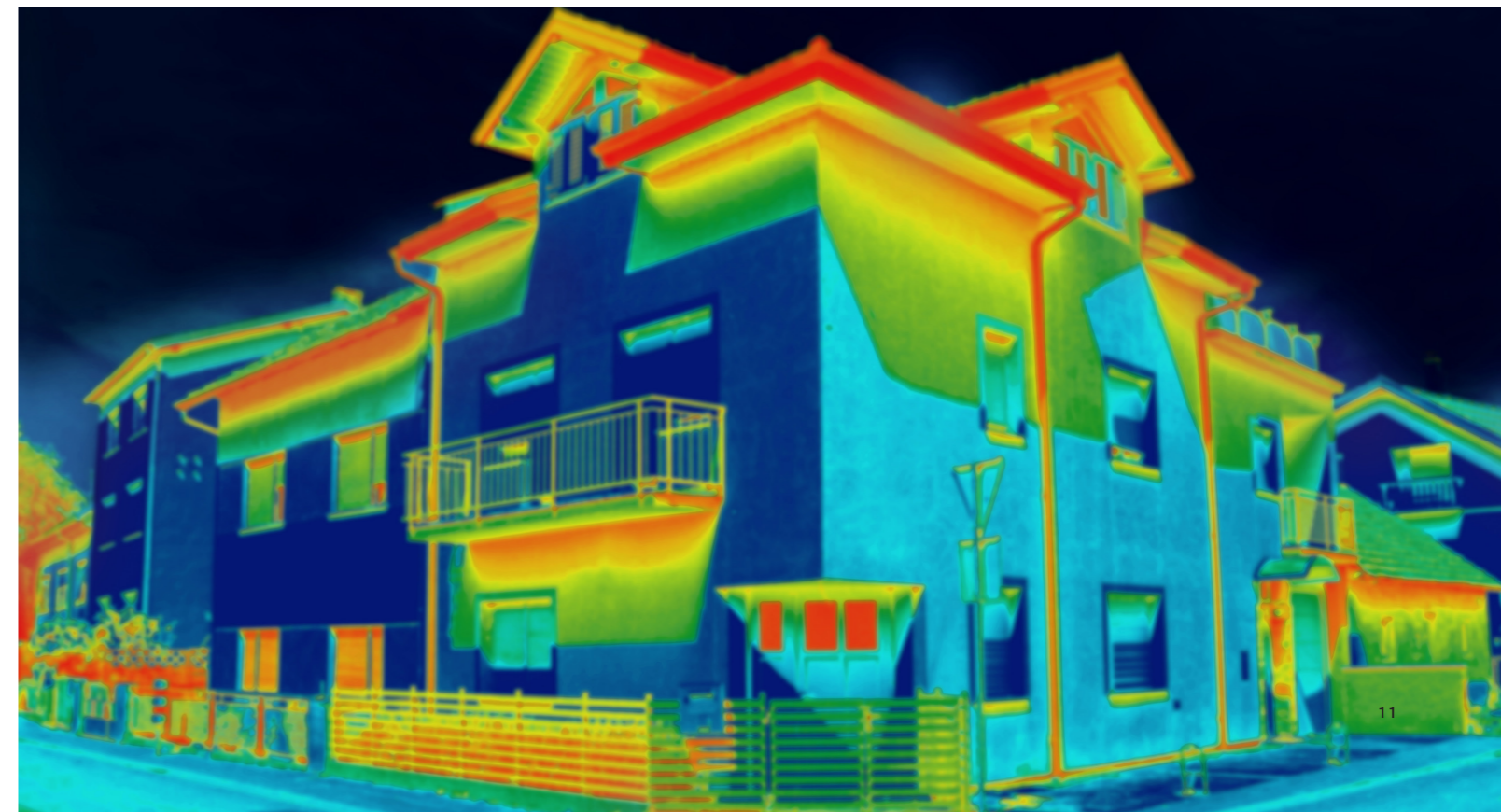
# EPC RATING

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. In addition, the Energy White Paper, published by HM Government on 14th December 2020, reaffirms their intention to 'tighten energy standards' for the commercial and industrial properties by making the minimum EPC Band requirement a 'C' by 2027 and 'B' by 2030, where 'cost-effective'.

This has meant that prospective tenants who are looking to sign a 10 year plus lease on a building or any lease on a building with an EPC rating of 'F' or higher, must consider the consequence of landlord EPC upgrades on any potential building. Tenants are understandably nervous about the noise and disruption impact of significant works such as glazing/ cladding

replacement and main plant replacement when they are insitu. Another concern is that landlords may look to 'pass on' some of these upgrade cost through the service charge. This has caused many building owners to look at undertaking the works necessary to improve their EPC rating now, or as soon as the building is next significantly vacant.

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) to more efficient alternatives and more energy efficient lighting and controls. All of these enhancements may save the landlord money on energy consumption in the longer term, but can substantially increase capital expenditure in the short term.





# YOUR CONTACTS

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## Your cost consultancy contacts



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