

# LANDLORD REFURBISHMENT COST GUIDE

COST CONSULTANCY  
SPRING 2026



# MARKET UPDATE

## LONDON'S OFFICE MARKET IN 2026

London's office market is being defined by a tightening supply of high-quality space while colliding with an increasingly selective, cost-disciplined occupier base. For landlords, this collision is increasingly constructive, as occupier selectivity is concentrating demand into a narrowing pool of best-in-class assets, materially reducing letting risk and supporting stronger pricing power.

Total availability has fallen to 23.0m sq ft, with vacancy for new space at just 1.8% across London and below 1% in the City Core and West End Core. This scarcity masks a growing overhang of older, second-hand stock, much of it misaligned with occupier expectations and increasingly exposed to regulatory and ESG obsolescence. This bifurcation is accelerating value divergence, with compliant prime assets benefiting from vacancy compression, while non-compliant stock faces rising obsolescence risk.

Developers remain cautious. Elevated construction costs, planning risk and financing constraints continue to suppress speculative delivery, with just 15.1m sq ft under construction, a third of which is already committed. As a result, the structural undersupply of prime space shows little sign of easing. This muted pipeline materially strengthens landlords' medium-term outlook, as constrained future supply coincides with sustained occupier demand, lowering lease-up risk and supporting continued upward pressure on prime rents.

Occupier demand is strengthening as 2025 becomes the most active post-Covid year for take-up. Take-up reached 12.1 million sq ft, above the long-term average, driven by financial and professional services, with technology close behind. But demand is increasingly concentrated with two-thirds of all leasing targeting new or refurbished space, reinforcing a sustained flight to quality.

The volume of space under offer remained elevated throughout 2025 and stands at 3.4m sq ft. Named requirements for office space stand at 11.4m sq ft, 20% above the long-term average, indicating sustained leasing momentum is likely in 2026. A growing share of this demand is being expressed earlier in the cycle, increasing the visibility of future income streams and supporting pre-letting as a de-risking mechanism.

Prime rents in the West End Core rose to £185, while in the City Core rose to £102.50 during 2025, and looking ahead, current market dynamics should continue to support further prime rental growth of 4–5% in the Core markets by the end of 2030. Notably, recent rental growth has occurred without a corresponding surge in supply, signalling a structurally supportive environment rather than a cyclical spike. Economic rents are now rising faster than construction cost inflation, improving development viability and widening margins.



# THE IMPORTANCE OF A FIRE STRATEGY

In recent years, the importance of a clear and robust fire strategy has grown significantly. For major refurbishment projects, it is essential to identify at an early stage whether an existing fire strategy is available, as this can guide and inform the design process.

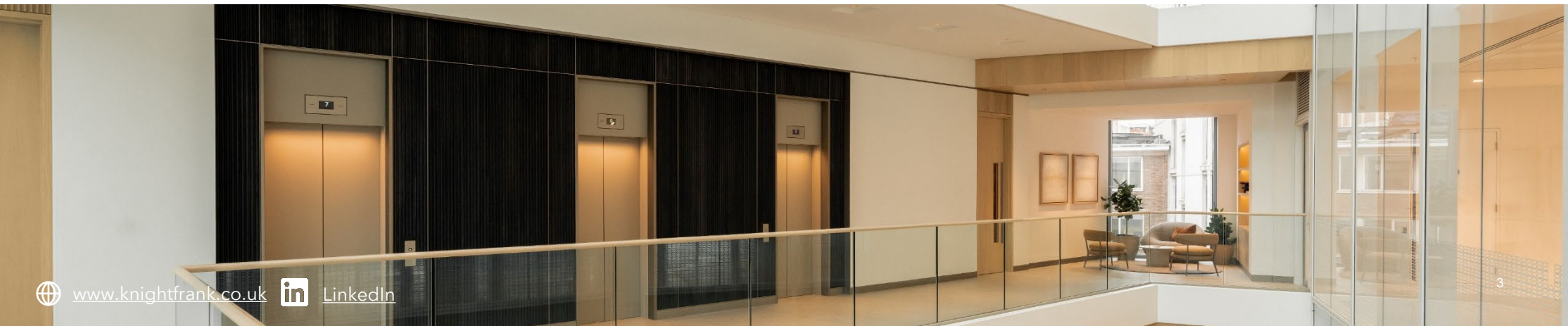
A key consideration is whether the original structure was built in accordance with its intended fire performance. For example, whether stair cores and partition walls achieve the required 90 or 120 minute fire resistance. In many older buildings, records are incomplete, making it difficult to verify the fire rating of existing internal walls. As a result, intrusive surveys are often required to confirm compliance. Where deficiencies are identified, substantial remedial works may be necessary before Building Control, the fire engineer, or the contractor can certify the building and accept professional responsibility.

A similar challenge arises when a client purchases a building with no available fire strategy. In these cases, a retrospective fire strategy must be produced. This may require verification that existing elements meet specific fire resistance standards, typically 90 or 120 minutes, in line with Approved Document B and relevant British Standards. Without sufficient records, confirmation usually depends on intrusive investigations or advanced modelling. While there are practical ways to resolve these issues, the worst case scenario can lead to significant programme delays and increased expenditure. The most favourable outcome is having access to a

comprehensive fire strategy that details all fire-protected elements, including any intumescent paint systems or other fire-protection measures applied to the building.

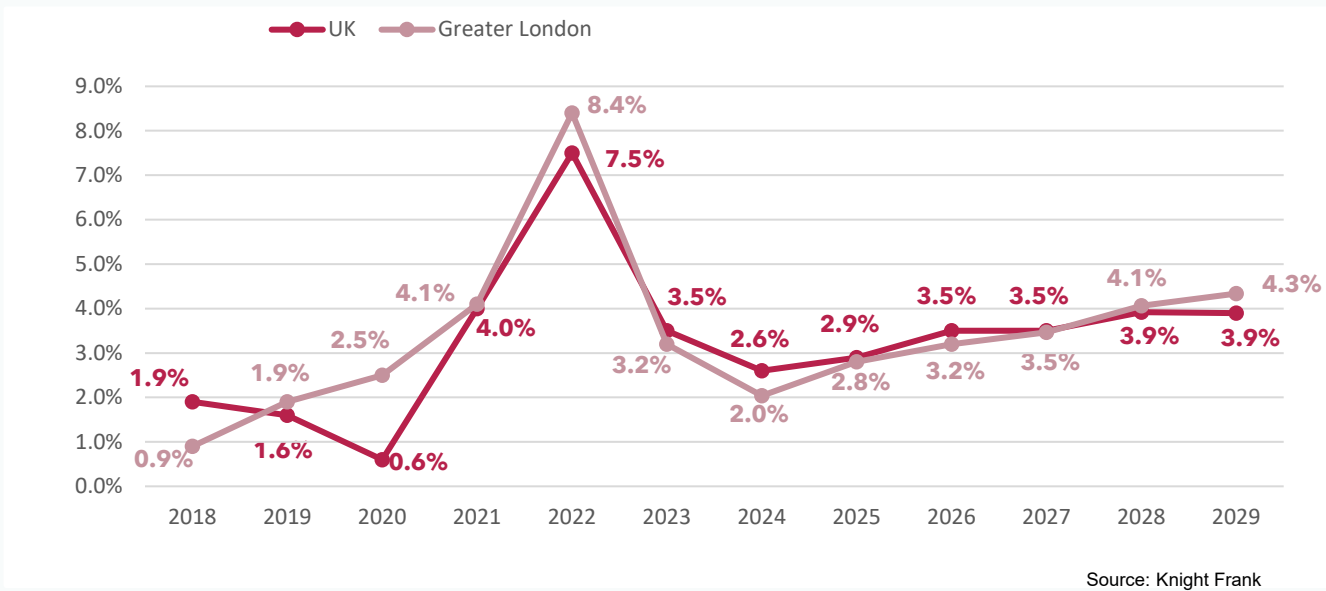
When considering extension projects, the focus has traditionally been on whether the existing structure can support the additional load. Today, however, it is equally important to determine whether a compliant fire engineered solution can be achieved. This includes assessing means of escape, understanding whether the extension will increase the building height beyond 18 metres, and evaluating the fire-resistance performance of the existing structure.

These factors highlight why a clear, well documented fire strategy is essential when purchasing, refurbishing, or redeveloping a building. Current guidance such as Approved Document B, the Regulatory Reform (Fire Safety) Order 2005, and the Fire Safety Act 2021 all require building owners and designers to demonstrate that fire precautions are appropriate, evidence-based, and properly recorded. A robust fire strategy provides this foundation, ensuring the design team can make informed decisions and that the building continues to meet modern fire-safety expectations.



# TENDER PRICE INFLATION AND MACRO ECONOMICS

## TENDER PRICE FORECAST (LONDON) MARCH 2026 UPDATE



## LATEST MACROECONOMICS

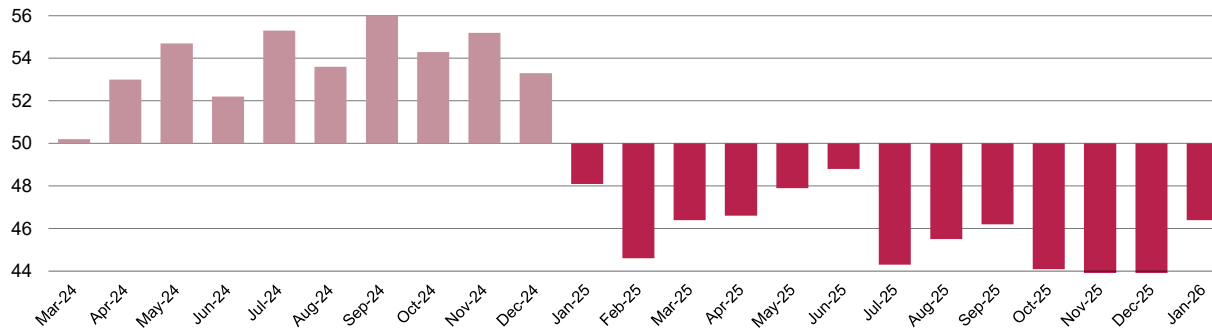
|         |   |                                       |
|---------|---|---------------------------------------|
| 5.2%    | ▲ | Unemployment Rate (%)                 |
| 3.75%   | ▼ | Interest Rates Policy Rates (%)       |
| 3.0%    | ▲ | CPI Inflation (annual % change)       |
| 0.8%    | ▲ | GDP (annual % change)                 |
| 53.9    | ▲ | UK Purchasing Managers' Index         |
| -16.0   | ▲ | Consumer Confidence Index             |
| \$70.76 | ▼ | Brent Crude Oil Prices                |
| 5.2%    | ▲ | Average Earnings (3m annual % change) |
| -0.2%   | ▼ | Producer Prices (Input Prices)        |

Source: The Office for National Statistics (arrows reflect annual change)

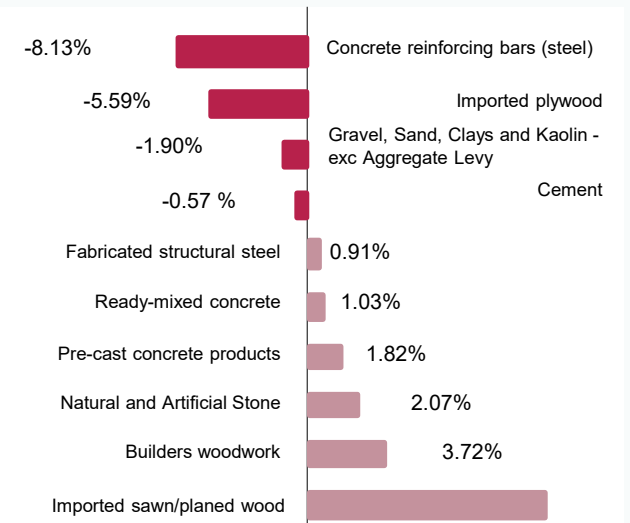
## UNITED KINGDOM CONSTRUCTION PMI INDEX

### Total Construction Activity Index

50 = No change, >50 = Expansionary growth, <50 = Contractionary growth



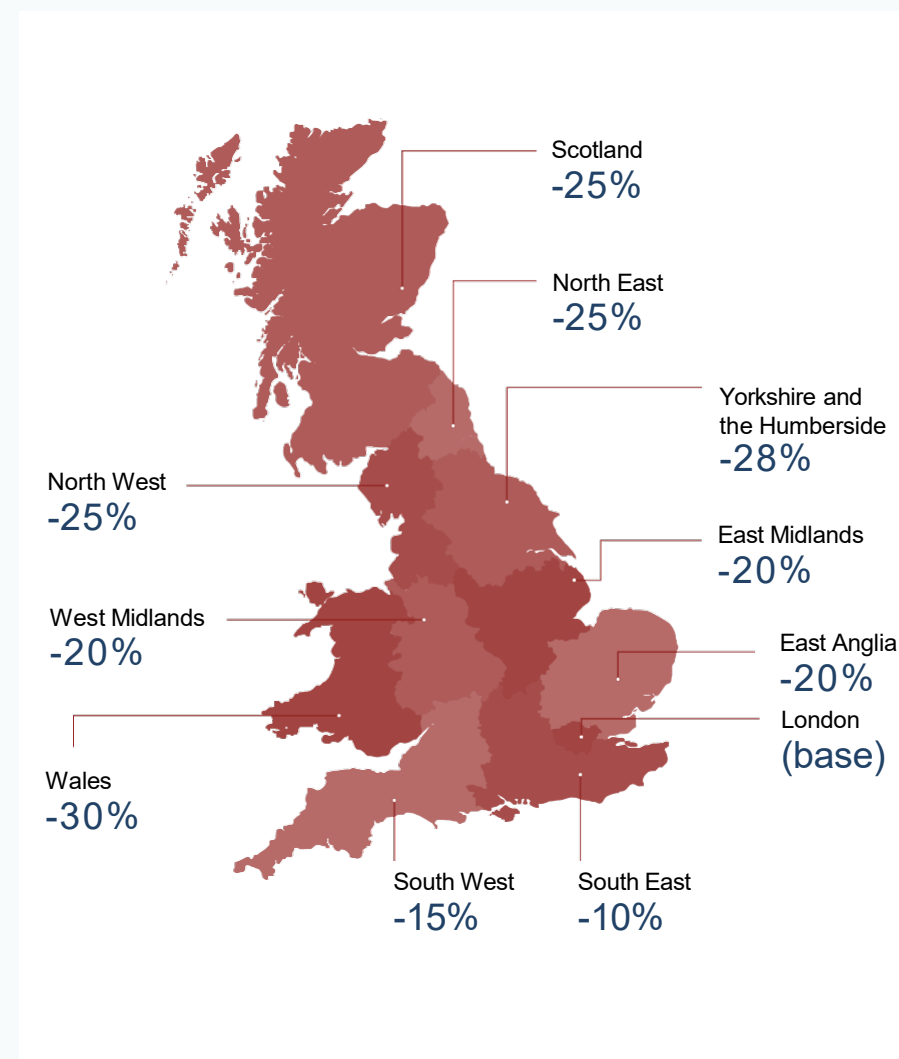
## MATERIAL COST "BIG MOVERS"



# COST BENCHMARKING

|  | £175ft <sup>2</sup> | £275ft <sup>2</sup> | £300ft <sup>2</sup> Plus |
|--|---------------------|---------------------|--------------------------|
| <b>OFFICE FLOORS</b>   | <b>£110</b>         | <b>£110</b>         | <b>£110</b>              |
| Strip out existing fit-out                                   | £10                 | £10                 | £10                      |
| Raised access floor (refurbish)                              | £5                  | £5                  | £5                       |
| Suspended ceiling / soffit treatment                         | £12                 | £12                 | £12                      |
| Decorations  | £3                  | £3                  | £3                       |
| Joinery & window treatment                                   | £5                  | £5                  | £5                       |
| LED lighting, power & fire alarms                            | £25                 | £25                 | £25                      |
| Air-conditioning & mechanical ventilation                    | £50                 | £50                 | £50                      |
| <b>COMMON PARTS</b>  | <b>£65</b>          | <b>£65</b>          | <b>£65</b>               |
| Refurbishment of WCs   | £25                 | £25                 | £25                      |
| Refurbishment of reception                                   | £10                 | £10                 | £10                      |
| Staircases and lift lobby refurbishment                      | £5                  | £5                  | £5                       |
| Remedial works to building fabric (incl. scaffold)           | £15                 | £15                 | £15                      |
| Amenity space (showers, bike racks & changing)               | £10                 | £10                 | £10                      |
| <b>MAIN PLANT</b>  | <b>x</b>            | <b>£100</b>         | <b>£100</b>              |
| Major overhaul / replacement of lifts                        | x                   | £20                 | £20                      |
| Air con and ventilation plant                                | x                   | £20                 | £20                      |
| Main electrical plant (distribution boards, main switchgear) | x                   | £20                 | £20                      |
| Security (access control and CCTV)                           | x                   | £2                  | £2                       |
| Main fire alarm panel and infrastructure                     | x                   | £3                  | £3                       |
| Building Management System (incl. 'smart' enablement)        | x                   | £7                  | £7                       |
| Electric boilers   | x                   | £3                  | £3                       |
| Air source heat pumps  | x                   | £10                 | £10                      |
| Sprinkler tanks & pumps                                      | x                   | £10                 | £10                      |
| 'Smart' systems, IT & 'Wire Score' upgrades                  | x                   | £5                  | £5                       |
| <b>MAIN CONTRACTOR COSTS</b>                                 | <b>Incl.</b>        | <b>Incl.</b>        | <b>Incl.</b>             |
| Preliminaries, OH&P & risk                                   | Incl.               | Incl.               | Incl.                    |
| <b>ADDITIONAL OPTIONS</b>                                    |                     |                     |                          |
| Relocations / alterations to core                            |                     |                     | £25-50                   |
| Replacement of facades / windows                             |                     |                     | £20-100                  |
| Additional massing (on new area only)                        |                     |                     | £450-600                 |
| Rooftop terrace (communal)                                   |                     |                     | £10-25                   |
| £Turnkey Cat B fit out incl. furniture                       |                     |                     | £100-200                 |

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



Note:

- 1) Sustainability and EPC upgrades included in £300/ft<sup>2</sup>+ schemes. Precise rating/accreditations to be evaluated on a 'project by project' basis.
- 2) Buildings below 50,000ft<sup>2</sup> may incur a cost premium
- 3) Professional fees, Development costs (section 106, RoL & CIL) and VAT are excluded from the listed costs

# 'NEW BUILD' OFFICE DEVELOPMENT – CENTRAL LONDON

| LOW - £400/ft <sup>2</sup>                                  | MEDIUM - £500/ft <sup>2</sup>                                  | HIGH - £600/ft <sup>2</sup>   |
|---|--|---|
| <b>SUBSTRUCTURE</b>   | <b>SUBSTRUCTURE</b>  | <b>SUBSTRUCTURE</b>   |
| No abnormal risks in ground                                 | No abnormal risks in ground                                    | No abnormal risks in ground   |
| No basement   | Single basement level  | Single or multiple basement levels  |
| <b>FRAME</b>  | <b>FRAME</b>   | <b>FRAME</b>  |
| Concrete, steel or a combination                            | CLT, steel or a combination                                    | CLT, steel or a combination   |
| <b>ROOFS</b>  | <b>ROOFS</b>   | <b>ROOFS</b>  |
| Conventional flat roof system                               | Conventional flat roof system, incl. small occupiable terraces | Conventional flat roof system, incl. enhanced occupiable terraces and planting schemes to improve biodiversity net gain |
| <b>FAÇADE</b>   | <b>FAÇADE</b>  | <b>FAÇADE</b>   |
| Brickwork/render and windows or mid level cladding system   | Structural glazing system. Potentially with stone cladding     | Structural glazing system. Potentially with stone cladding  |
| <b>MECHANICAL &amp; ELECTRICAL</b>                          | <b>MECHANICAL &amp; ELECTRICAL</b>                             | <b>MECHANICAL &amp; ELECTRICAL</b>  |
| All electric building                                       | All electric building  | All electric building   |
| Air source heat pumps and electric boilers                  | Air source heat pumps & electric boilers                       | Air source heat pumps & electric boilers  |
| Mechanical or natural ventilation                           | Mechanical or natural ventilation                              | Mechanical or natural ventilation   |
| Heating & cooling via VRF/ VRV system                       | Heating & cooling via VRF/ VRV system                          | Heating & cooling via VRF/ VRV system   |
| Basic BMS controls  | BMS controls   | BMS controls incl. 'smart' system integration   |
| LED lighting  | LED lighting & some 'feature' lighting to key areas            | High spec LED lighting throughout, incl. 'feature' lighting   |
| Sprinklers if required                                      | Generator  | Generator   |
| Sufficient quantity of lifts to meet building regulations   | Sprinklers if required   | Sprinklers if required  |
|   | Sufficient quantity of lifts to meet BCO                       | Lift provision and speed to go beyond BCO   |
| <b>FACILITIES &amp; FINISHES</b>                            | <b>FACILITIES &amp; FINISHES</b>                               | <b>FACILITIES &amp; FINISHES</b>  |
| Basic end of journey facilities                             | BCO compliant end of journey facilities                        | London Plan compliant end of journey facilities   |
| Reception area  | Reception area with high spec finishes                         | Reception area with high spec/bespoke finishes & coffee shop/ touchdown area  |
| Exposed services with no rafts to offices                   | Exposed services with acoustic rafts to offices                | Exposed services with acoustic rafts to offices   |
| Paint finish to walls & tile/vinyl flooring to lift lobbies | Feature wall finish and tiled floor to lift lobbies            | Feature wall finish and tiled floor to lift lobbies   |
| Ceramic tiling & low-mid level sanitary fittings to WCs     | Fully tiled WCs with high quality joinery & sanitary fittings  | Fully tiled WCs with high quality joinery & sanitary fittings   |
|   | Communal terrace   | Extensive & high specification communal terrace & possibly private terraces as well                                     |
|   |  | Bar/restaurant and/or function facility   |
| <b>SUSTAINABILITY</b>                                       | <b>SUSTAINABILITY</b>  | <b>SUSTAINABILITY</b>   |
| Sufficient accreditations to meet planning requirements     | Highest accreditation across key areas (BREEAM, Well)          | Highest accreditation across multiple areas (BREEAM, Wired Score, Nabers, Well etc). Carbon neutral building            |
|   |  | Community stakeholder input & collaboration   |

**NOTES:**

1. 'Towers' such as 8 and 22 Bishopsgate etc will be in excess of the "HIGH" category
2. A cost premium may need to be applied to 'new builds' below 50,000ft<sup>2</sup>
3. Costs exclude professional fees, section 106 costs, Rights of Light, CIL payments, utility upgrades & insurances

4. VAT is excluded
5. Costs based on Central London

# INDICATIVE PROGRAMMES

Assumed scope; End of Journey, Reception, WCs, 'Cat A' to office floors, all new MEP systems and plant, communal rooftop terrace  
 BUT NO additional massing or window/cladding replacement.

| Up to 50,000 sq ft     |       |      |    |    |      |    |    |    | 50,000 - 100,000 sq ft |       |      |    |    |      |    |    |    |    |    |  |
|------------------------|-------|------|----|----|------|----|----|----|------------------------|-------|------|----|----|------|----|----|----|----|----|--|
| Activity               | Weeks | 2026 |    |    | 2027 |    |    |    | Activity               | Weeks | 2026 |    |    | 2027 |    |    |    |    |    |  |
|                        |       | Q2   | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |                        |       | Q2   | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1 | Q2 |  |
| Design and procurement | 39    | █    |    |    |      |    |    |    | Design and procurement | 52    | █    |    |    |      |    |    |    |    |    |  |
| Planning Approval      | 17    |      |    |    | █    |    |    |    | Planning Approval      | 17    |      |    |    | █    |    |    |    |    |    |  |
| Mobilisation & CMP     | 8     |      |    |    | █    |    |    |    | Mobilisation & CMP     | 13    |      |    |    | █    |    |    |    |    |    |  |
| Construction           | 39    |      |    |    | █    |    |    |    | Construction           | 52    |      |    |    | █    |    |    |    |    |    |  |

| 100,000 - 200,000 sq ft |       |      |    |    |      |    |    |    |      |    |    |    |  |
|-------------------------|-------|------|----|----|------|----|----|----|------|----|----|----|--|
| Activity                | Weeks | 2026 |    |    | 2027 |    |    |    | 2028 |    |    |    |  |
|                         |       | Q2   | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |  |
| Design and procurement  | 65    | █    |    |    |      |    |    |    |      |    |    |    |  |
| Planning Approval       | 17    |      |    |    | █    |    |    |    |      |    |    |    |  |
| Mobilisation & CMP      | 13    |      |    |    | █    |    |    |    |      |    |    |    |  |
| Construction            | 65    |      |    |    | █    |    |    |    | █    |    |    |    |  |

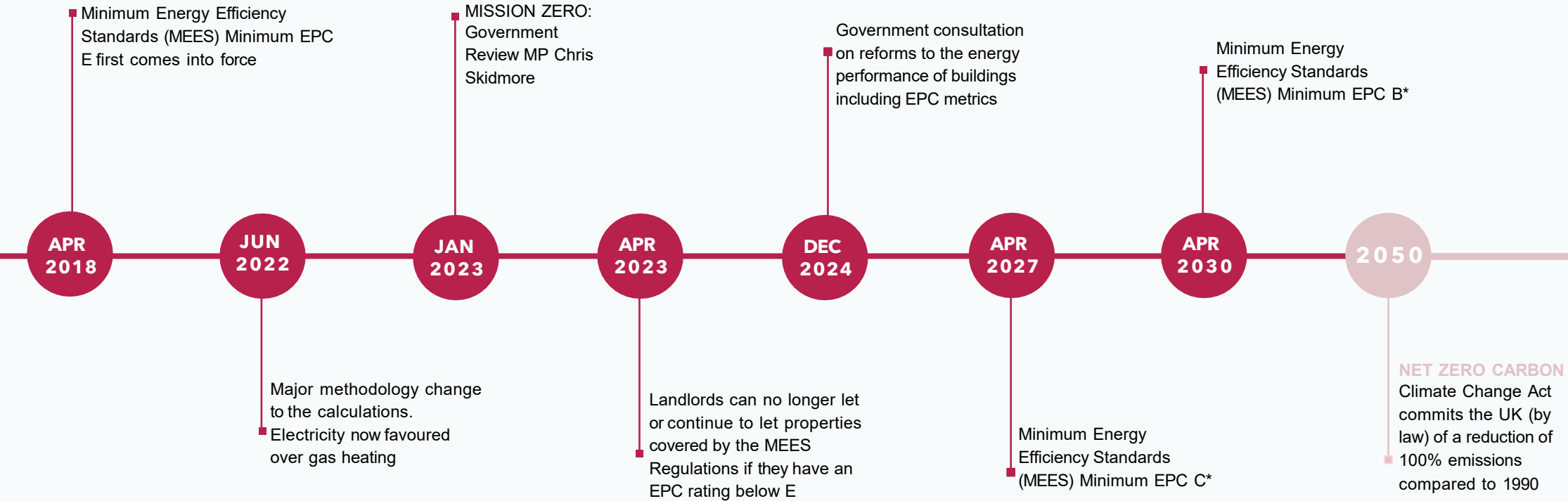
| 200,000 - 300,000 sq ft |       |      |    |    |      |    |    |    |      |    |    |    |      |    |
|-------------------------|-------|------|----|----|------|----|----|----|------|----|----|----|------|----|
| Activity                | Weeks | 2026 |    |    | 2027 |    |    |    | 2028 |    |    |    | 2029 |    |
|                         |       | Q2   | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 |
| Design and procurement  | 78    | █    |    |    |      |    |    |    |      |    |    |    |      |    |
| Planning Approval       | 18    |      |    |    | █    |    |    |    |      |    |    |    |      |    |
| Mobilisation & CMP      | 13    |      |    |    | █    |    |    |    |      |    |    |    |      |    |
| Construction            | 78    |      |    |    | █    |    |    |    | █    |    |    |    | █    |    |

| 300,000 - 400,000 sq ft |       |      |    |    |      |    |    |    |      |    |    |    |      |    |    |    |
|-------------------------|-------|------|----|----|------|----|----|----|------|----|----|----|------|----|----|----|
| Activity                | Weeks | 2026 |    |    | 2027 |    |    |    | 2028 |    |    |    | 2029 |    |    |    |
|                         |       | Q2   | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |
| Design and procurement  | 91    | █    |    |    |      |    |    |    |      |    |    |    |      |    |    |    |
| Planning Approval       | 17    |      |    |    | █    |    |    |    |      |    |    |    |      |    |    |    |
| Mobilisation & CMP      | 13    |      |    |    | █    |    |    |    |      |    |    |    |      |    |    |    |
| Construction            | 92    |      |    |    | █    |    |    |    | █    |    |    |    | █    |    |    |    |

Notes;  
 1) Choice of procurement route may affect programme (design and build, trad, negotiated, single stage, two stage).  
 2) Amount (if any) of additional massing and/ or window/ cladding replacement may affect programme.  
 3) "CMP" is a Construction Management Plan; which is a planning requirement.

# UK REGULATIONS & MILESTONES

\* MEES Requirements yet to be made into law but are expected to happen.



# EPC UPGRADES – INDICATIVE BUDGET COSTS

Almost every building will have different characteristics which contribute to its EPC rating and therefore, there is no 'one solution fits all' approach to EPC upgrades. We strongly advise that an EPC assessment is undertaken on the individual building and then a considered set of recommendations can be produced, that provide the most sensible, cost effective and least disruptive solution for that building.





| REF      | DESCRIPTION  | COST                                    | EPC IMPACT |
|----------|--|---|------------|
| <b>1</b> | <b>MEP Replacement</b>   |   |            |
| -        | Change from chiller and fan coil units to condensers and VRF       | £30-£40/ft <sup>2</sup> on GIFA         | Medium     |
| -        | Replace AHU with more energy efficient version                     | £15-£15/ft <sup>2</sup> on GIFA         | High       |
| -        | Replace gas fired boilers with air source heat pumps               | £10-£20/ft <sup>2</sup> on GIFA         | Medium     |
| -        | LED lighting throughout with smart controls                        | £10-£15/ft <sup>2</sup> on GIFA         | Medium     |
| -        | Point of use water heaters in lieu of boilers to WCs etc           | £2.5-£5/ft <sup>2</sup> on GIFA         | Medium     |
| <b>2</b> | <b>External &amp; Fabric Works</b>                                 |   |            |
| -        | Repairs to windows seals and gaskets (incl. access)                | £1-£5/ft <sup>2</sup> on façade area    | Low        |
| -        | Re-new flat roof finish with increased insulation                  | £3-£7/ft <sup>2</sup> on roof area      | Medium     |
| -        | Replace existing glazed windows with triple glazing, incl. access  | £10-£25/ft <sup>2</sup> on glazing area | Medium     |
| -        | Carry out an air permeability test, incl. necessary remedial works | £1-£10/ft <sup>2</sup> - on GIFA        | Medium     |



# SUSTAINABILITY ACCREDITATIONS

## YOUR OPTIONS FOR ACCREDITATIONS

As noted previously, Sustainability and ESG continue to become increasingly prevalent in occupier decision making. Achieving specific accreditations would not only give the building a story but would also focus on the environment and wellness of staff. There are a number of accreditations in this regard, but the following are common in the market:

|    |    |   |   |    |   |   |
|---|---|--|--|---|--|--|
| <p><b>SKA RATING – SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>• Granular</li> <li>• Fit out specific</li> <li>• Quicker assessment process</li> <li>• Criteria proportion to the speed and scope of works</li> <li>• Certification fees = ~£2,250</li> </ul> | <p><b>BREEAM RATING – SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>• Basebuild linked (can be a requirement to use to comply with lease)</li> <li>• RIBA aligned</li> <li>• Specialist input and reports required</li> <li>• Less flexible</li> <li>• Extensive evidence required</li> <li>• Certification fees = ~£2,500</li> </ul> | <p><b>NABERS – SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>• Granular – 12 months of data required</li> <li>• Different assessments for Tenancy, Basebuild and Whole Building</li> <li>• Measures actual impact</li> <li>• Allows like-for-like comparisons</li> <li>• Requires regular renewal of rating</li> <li>• Certification fees = ~£750</li> </ul> | <p><b>AIRRATED – WELLNESS</b></p> <ul style="list-style-type: none"> <li>• Measures Indoor Air Quality (IAQ)</li> <li>• International Benchmark</li> <li>• Based on medical and scientific research</li> <li>• Certification fees = ~£2,800 per annum</li> </ul> | <p><b>FITWELL – WELLNESS</b></p> <ul style="list-style-type: none"> <li>• More of a portfolio tool</li> <li>• Site and building related items (out-of-control of tenant)</li> <li>• No measurement of green or energy / water efficiency measures</li> <li>• A lot of company policy / procedure credits</li> <li>• Quicker assessment process</li> <li>• Certification fees = ~£4,000</li> </ul> | <p><b>WELL BUILDING STANDARD – WELLNESS</b></p> <ul style="list-style-type: none"> <li>• Extensive / prescriptive criteria</li> <li>• No measurement of green or energy / water efficiency measures</li> <li>• A lot of company policy / procedure credits</li> <li>• Certification fees = ~£24,000</li> </ul> | <p><b>WIRED SCORE – TECHNOLOGY &amp; INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>• Rating system for digital connectivity and smart buildings</li> <li>• Recognised by GRESB as “Green Building Certification Schemes”.</li> <li>• Landlord / building focus</li> <li>• Certification fees = ~£12,500</li> </ul> |

## THE LANDLORD PERSPECTIVE

Accreditations can enhance a building’s desirability from an occupier’s view; more occupiers are demanding buildings with certain levels of accreditation.

A focus on certain accreditations can assist on the delivery and management of best-in-class buildings that will attract and retain top quality occupiers.

By targeting (and achieving) certain ratings this can prove commitment to ESG targets, aligning with those of occupiers, as well as ensuring that landlords are providing a future-ready attractive environment and a sought-after asset.

With each accreditation, specialist consultants will need to be appointed, and in most cases a pre-assessment would be recommended to inform suitability and any necessary works required.

It is also vital to ensure that sustainable design is considered throughout any project undertaken, and that sustainability is paramount throughout the lifecycle of a building. Standards and targets are continuously being developed and shared by organisations such as the UK Green Building Council (UKGBC) and Better Buildings Partnership (BBP). To ensure best-in-class, landlords must align with such organisation’s visions in terms of improving the sustainability of the built environment through transforming the way every stage of a project is considered.

# YOUR KNIGHT FRANK CONTACTS



**Paul Prior**  
Partner, Cost Consultancy

+44 7468 728011  
[Paul.Prior@knightfrank.com](mailto:Paul.Prior@knightfrank.com)



**Sam Ley**  
Associate, Cost  
Consultancy

+44 7581 014001  
[Samuel.Ley@knightfrank.com](mailto:Samuel.Ley@knightfrank.com)



**Robert King**  
Head of Project Management

+44 7825 780782  
[Robert.King@knightfrank.com](mailto:Robert.King@knightfrank.com)



**Charles Ingram Evans**  
Head of Project &  
Building Consultancy

+44 7811 183538  
[Charles.IngramEvans@knightfrank.com](mailto:Charles.IngramEvans@knightfrank.com)

