

LONDON &  
SOUTH EAST OCCUPIER

# FIT OUT COST GUIDE

**Q1 2019**

PROJECT & DEVELOPMENT SERVICES  
FIFTH EDITION



**CUSHMAN &  
WAKEFIELD**

# LONDON & SOUTH EAST OCCUPIER FIT OUT COST GUIDE

*The Cushman & Wakefield Occupier Fit Out Cost Guide sets out current average fit out costs across a range of sectors, to help guide occupiers through the early stages of defining their relocation budgets. This guide provides an indication of the fit out construction costs associated with delivering low, medium and high quality specification fit outs within London and the South East.*

For the fifth edition of our cost guide we have also provided an “all-in” section to include furniture, audio visual, professional fees and contingency to provide a guide to total costs associated with a fit out project.

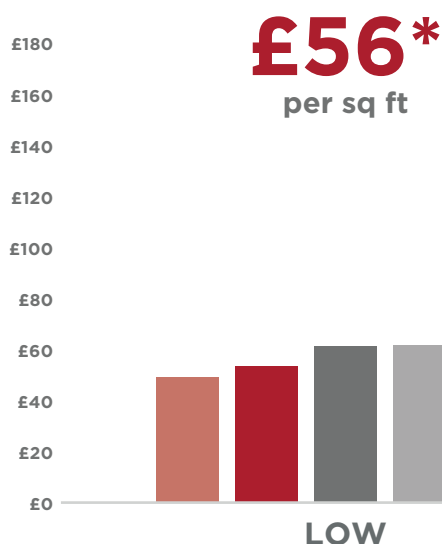
“ We have seen a 1% increase in the cost of fit out projects between January 2018 to January 2019. There continued to be a strong pipeline of work through the second half of 2018 however this did not equate to the anticipated continued rise in price levels. After a 2% rise in the first half of the year the second six months saw pricing stabilise. Contractors continued to price at competitive levels to secure a strong order book for the start of 2019.

*Early indications on tender returns received in the first part of 2019 is that pricing remains tight with some very competitive levels being seen.”*

**PAUL MONTGOMERY BSC MRICS**  
PARTNER, HEAD OF LONDON COST CONSULTANCY

## CAT B FIT OUT CONSTRUCTION COSTS

Average low cost fit out construction spend



Source: Cushman & Wakefield London  
Project & Development Services – Cost Consultancy Team

## BASIS OF ASSESSMENT SPECIFICATION OF WORKS\*



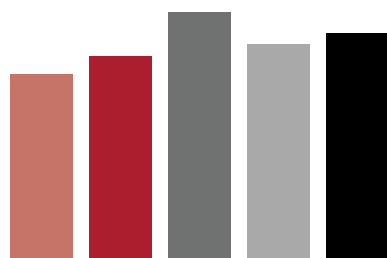
### LOW

- Limited cellularisation, less than 10% of space
- Retain Category A ceiling throughout
- Paint to all walls
- Low specification finishes and carpet throughout
- Vinyl flooring to tea points
- Minimal alterations to air conditioning and ventilation
- Data points to equal desk positions.



Average medium cost fit out construction spend

**£88\***  
per sq ft

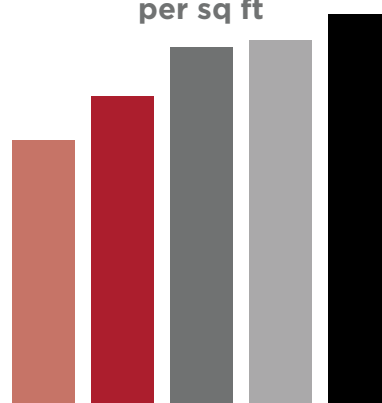


### MEDIUM

Media and Technology Financial and Insurance Professional Legal Other

Average high cost fit out construction spend

**£139\***  
per sq ft



### HIGH



### MEDIUM

- Cellularisation rate circa 10%-25% of space, with part single glazed partitions
- Alterations to less than 25% of ceiling
- Plasterboard ceiling to meeting rooms
- Feature wall finishes to reception and tea points
- Medium specification carpet and finishes
- Hard flooring to reception
- Alterations to air conditioning & ventilation to suit cellularisation
- Multiple data points to each desk position.



### HIGH







- Cellularisation to over 25% of space, with double glazed partitions
- Alterations to over 25% of ceiling
- Features & plasterboard ceiling to reception and offices
- Feature finishes to meeting rooms/offices
- High specification carpet
- Bespoke joinery to meeting rooms and offices
- Hard flooring to tea points and finishes
- Modification to air conditioning/ventilation along with new air conditioning units
- Additional feature lighting
- Wired data provision (future flexibility).



# “ALL-IN” FIT OUT COSTS

*To provide an indication of “total costs” associated with fit out projects the following also need to be considered*

## \*TYPICAL GUIDE PRICES (PER SQ FT)

	LANDLORD CATEGORY A WORKS	<b>£35-50</b>
	FURNITURE	<b>£12-35</b>
	AUDIO VISUAL	<b>£10-30</b>
	PROFESSIONAL FEES	<b>10-15%</b> of construction cost
	SUNDRY	<b>£5-10</b>
	CONTINGENCY	<b>7.5-12.5%</b> of total project cost

## CATEGORY A FIT-OUT

Describes the level of internal fit out that is completed by the landlord and is leased to a tenant, typically:

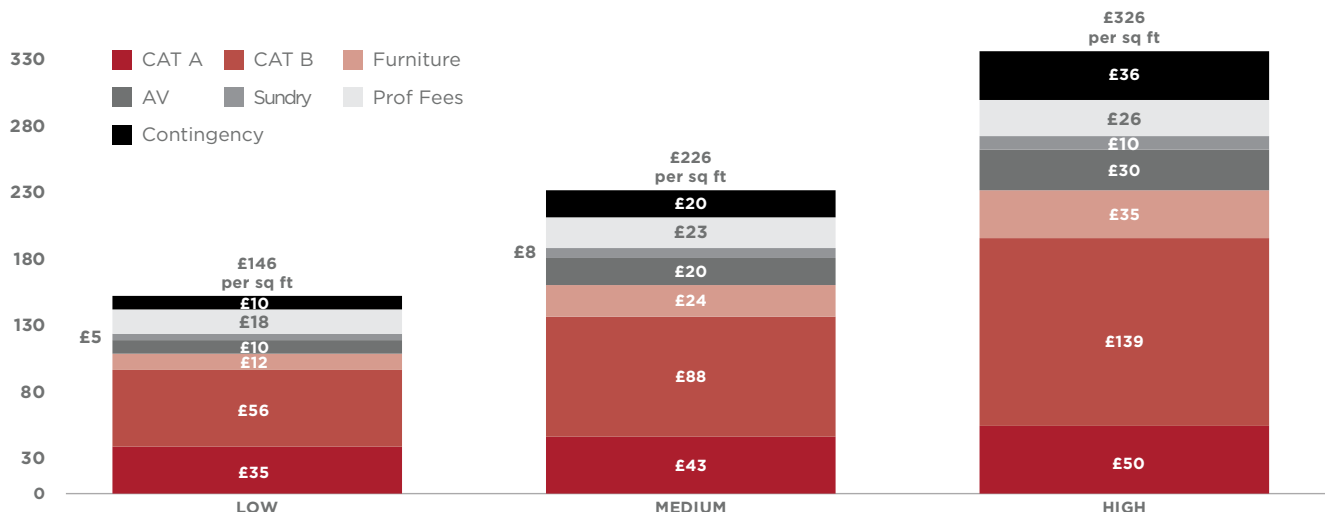
- Raised floors (basic finish)
- Suspended ceilings (basic finish)
- Basic mechanical and electrical services including distribution
- Basic internal surface finishes
- Solar shading

## CATEGORY B FIT-OUT

Provides internal space in accordance with the tenant's functional requirements, typically:

- Installation of partitions to allow cellular spaces (offices/meeting rooms)
- Installation of fixed equipment e.g. storage/tea points/kitchens
- Decorative finishes
- Amendment of the Cat A mechanical and electrical systems in accordance with the tenant's functional requirements
- Branding

## “ALL-IN” FIT OUT COSTS





## BASIS OF ASSESSMENT SPECIFICATION OF WORKS\*



### FURNITURE

#### LOW

Desk is fixed  
Standard materials  
Chair has limited functionality  
Unlockable pedestals  
Fabric screen  
No integrated cable management  
Low specification finish for meeting room chairs

#### MEDIUM

Increased desk function, some adjustability  
Increased chair function  
Integrated cable management  
Lockable pedestal  
Single monitor arm  
Mid level specification finish for meeting room tables  
Nominal inclusion of ancillary loose furniture – mainly to facilitate collaborative working

#### HIGH

Sit/Stand Desk  
Premium materials  
Chair has high functionality for ergonomics  
Integrated cable management  
Pedestal is lockable with flexible internal layout  
Double monitor arm  
High specification finish for meeting room tables  
Integration of ancillary loose furniture i.e. acoustic framery pods/ furniture facilitating collaborative working e.g booths and the like



### AUDIO VISUAL

#### LOW

Principally included in client facing meeting rooms  
Conference calling facilities  
Integrated systems

#### MEDIUM

AV provisions to internal and client meeting rooms  
Video conferencing to client facing meeting rooms  
AV provisions throughout demise to support collaboration

#### HIGH

AV provisions to internal and client meeting rooms  
Room Booking Systems  
Video conferencing to all meeting rooms  
AV to cellular offices  
AV provisions throughout demise to support collaboration  
Interactive AV – e.g. Surface hubs to meeting/collaboration spaces



### PROFESSIONAL FEES

#### LOW

Project Management  
Cost Consultancy  
Building Engineering  
Interior Design

#### MEDIUM

Project Management  
Cost Consultancy  
Building Engineering  
Interior Design  
Structural Engineer  
Acoustician  
Sustainability Consultant

#### HIGH

Project Management  
Cost Consultancy  
Building Engineering  
Signature Interior Design  
Structural Engineer  
Acoustician  
Sustainability Consultant – BREEAM  
Lighting Design  
AV Consultant  
Catering Consultant  
Wellness Consultant  
Lift Consultant  
Cladding Consultant

# CONSTRUCTION COST ANALYSIS

## QUALIFICATIONS

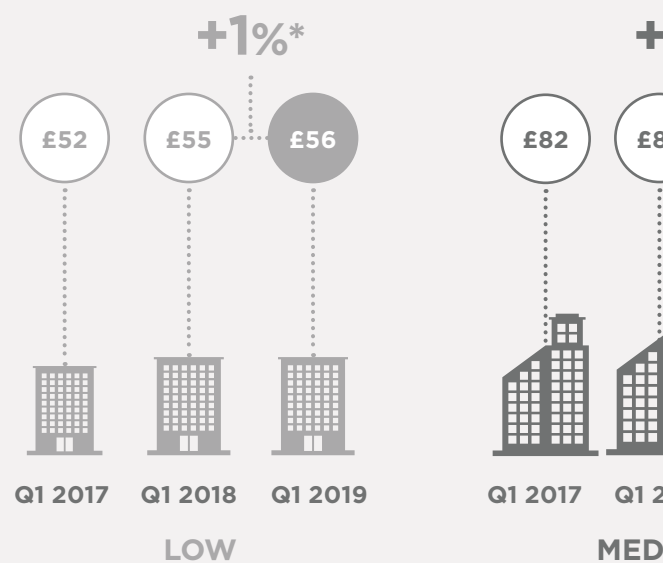
*Data in this report is based on completed projects within London and the South East from 2017 to end of 2018. Prices are considered to reflect a single stage competitively tendered procurement process.*

### COST DATA EXCLUDES:

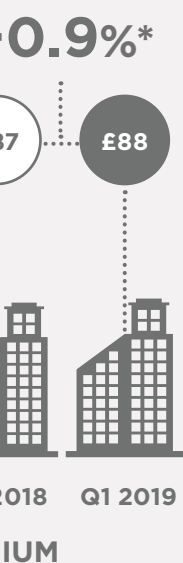
- Base building 'Shell & Core' works
- Landlord Category A works
- Structural and/or basebuild alteration works
- Furniture
- Audio Visual installations
- Information and communicative technology (ICT)
- Professional fees
- Broker/legal fees
- Building control and landlord approval fees
- Building insurance
- Migration costs
- Site acquisition, financing, legal, advertising and marketing costs
- Other non-fit out project costs
- Maintenance and whole life building costs
- Contingency
- VAT

## CAT B FIT OUT COST TREND

Q1 2017 – Q1 2019



\*Price increase Q1 2018 to Q1 2019



## “SUPER PRIME” FIT OUTS

*The three ranges included within this guide provide the costs for the typical fit out projects that Cushman & Wakefield deliver on a regular basis. There are however projects that are above the upper end of this scale – “super prime” fit outs.*

**THESE PROJECTS ARE HIGHLY SPECIFIED AND PROVIDE HIGH QUALITY OFFICE ACCOMMODATION. THEIR SCOPE AND SPECIFICATION CAN INCLUDE:**

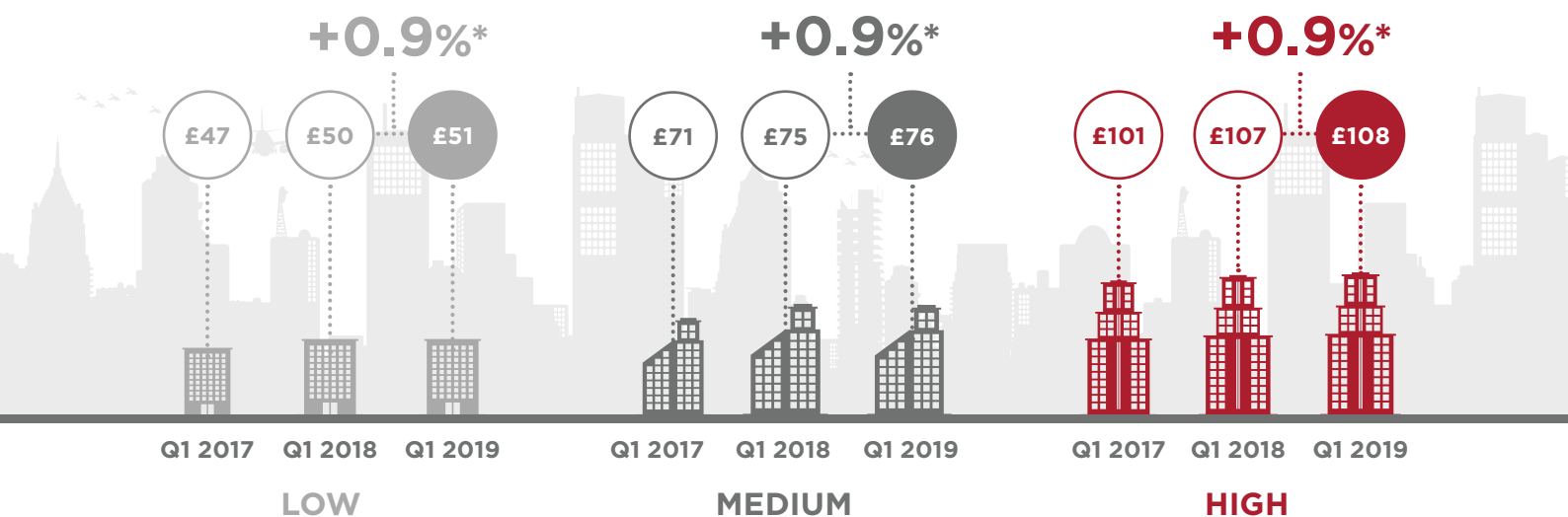
- High quality, bespoke, finishes, joinery and furniture
- Accommodation staircases
- Technology enabled “smart” building systems (intelligent buildings)
- Pre engineered service zones for future flexibility
- Highly agile working environments
- Super high quality reception and client spaces
- Restaurants, fitness and wellness centres auditorium and other specialist functions
- External terraces

Projects of this nature can be in the range of **£200 to £300 per sq ft** for the Cat B Construction fit out element alone.

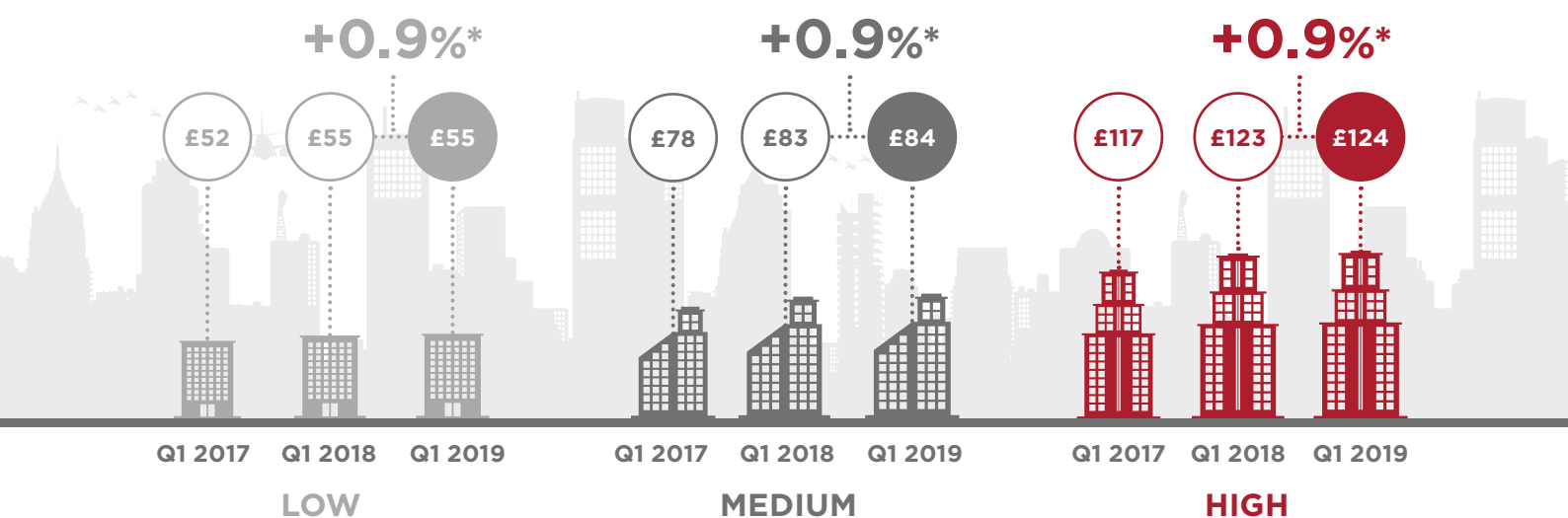


## SECTOR ANALYTICS

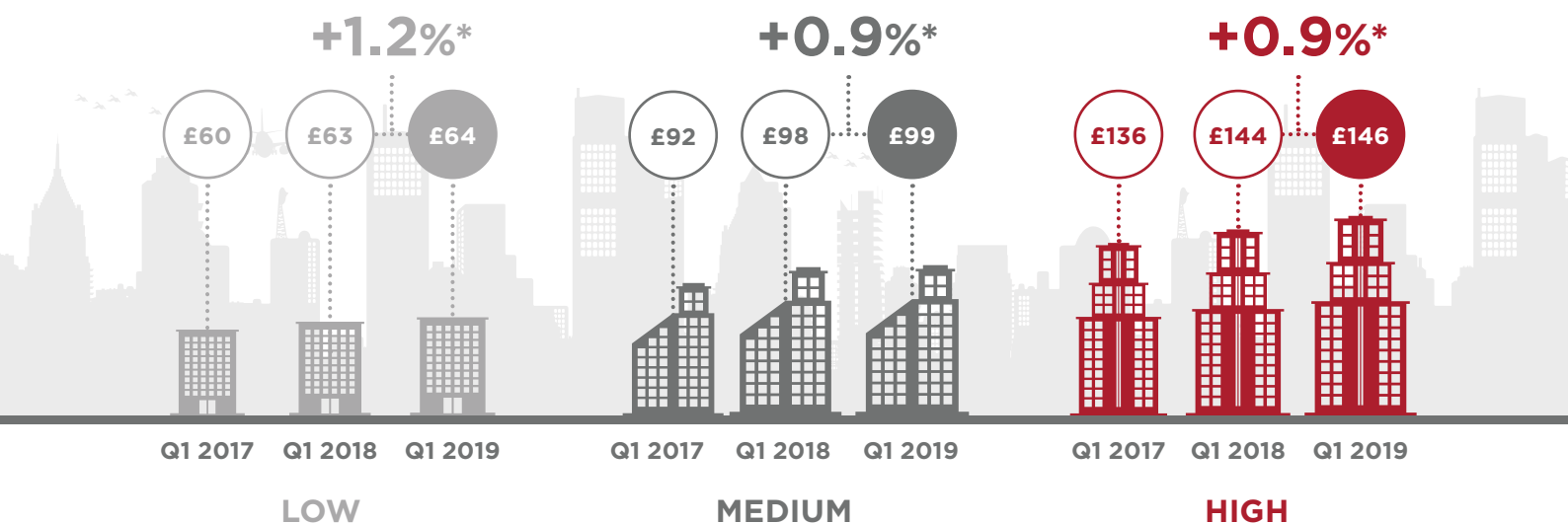
### MEDIA AND TECHNOLOGY



### FINANCIAL AND INSURANCE

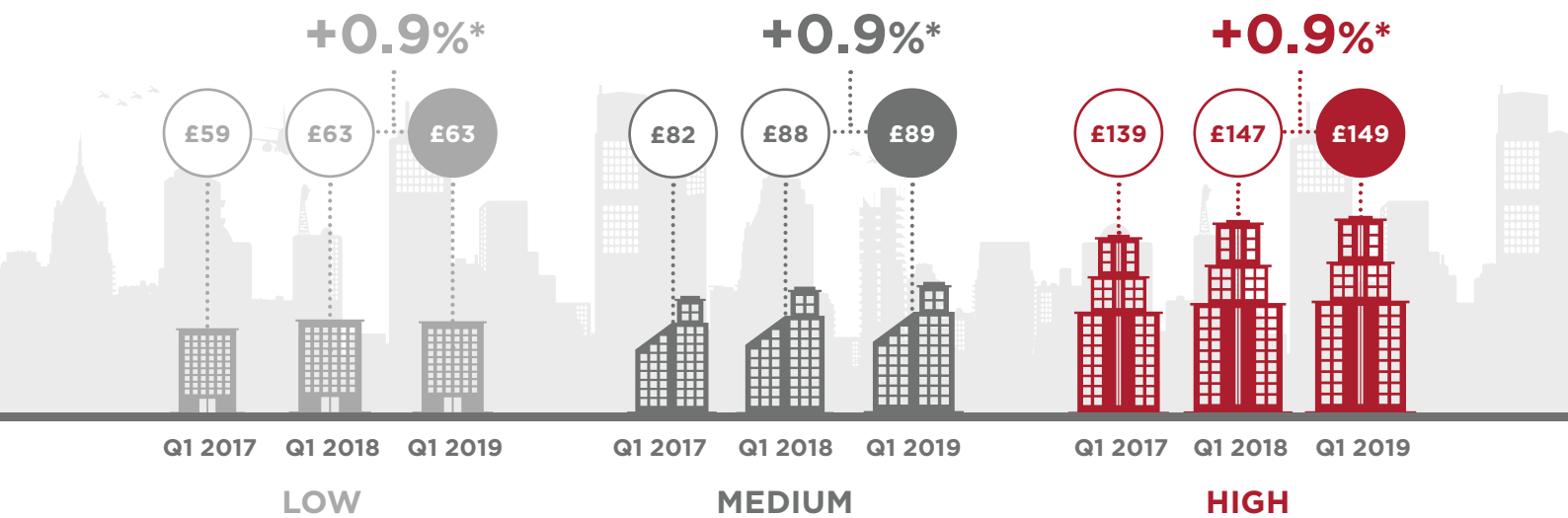


### PROFESSIONAL

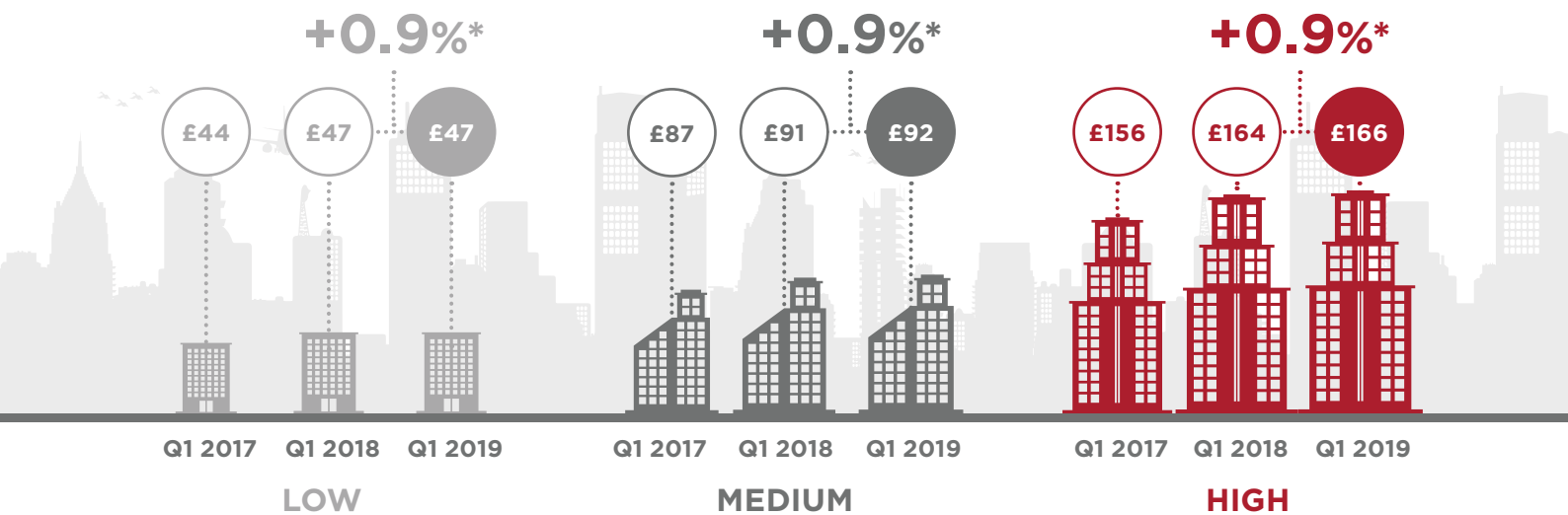




## LEGAL



## OTHER



\*Price increase Q1 2018 to Q1 2019

**“**Occupiers in 2019 face an immediate uncertain economic future and their real estate strategy will have to be dynamic to react to the changing conditions. Offices are “working harder” to meet new agile working requirements, as a result they are more efficient in space usage; the result of which is arguably higher costs per square foot but lower total capital outlay as space taken is reduced.”

**PAUL MONTGOMERY**

PARTNER, HEAD OF LONDON COST CONSULTANCY

# 2019 FORECAST

*There continues to be good levels of activity within the London & South East office market.*

Vacancy levels remain low, basebuild construction completions will hit a high in 2019 with a significant proportion of these already pre-let. These factors should lead to a healthy fit out market in 2019.

## THE POLITICAL UNCERTAINTY DOES HOWEVER CAST ITS SHADOW OVER THE CONSTRUCTION INDUSTRY IN 2019, NAMELY:

- 1 Will materials be delayed/getting into the country?
- 2 Will prices change significantly due to the trading conditions?
- 3 What will happen to the labour market?
- 4 How will contracts cater if there is an adverse impact on the above three?

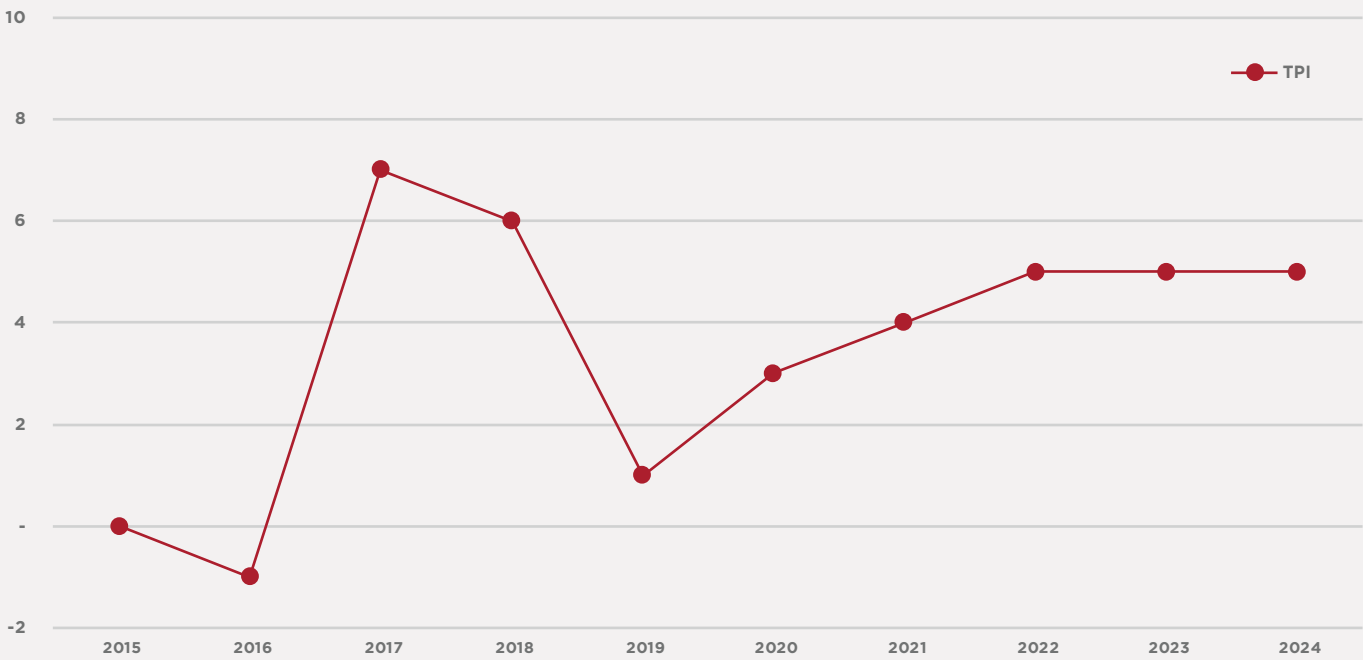


There is therefore an unprecedented level of uncertainty going into 2019. At the end of 2018 and early in 2019 we have seen a number of main contractors and subcontractors not accepting fixed price contracts.

We forecast that price levels will rise in 2019 by circa. 3% (forecast based upon a structured Brexit occurring between the UK and the EU). We consider thereafter that inflation will continue at approximately 4-5% per annum over the next few years.



C&W ANNUAL TENDER PRICE INCREASE



DATE	2015	2016	2017	2018	2019	2020	2021	2022
TPI INCREASE %	-1	7	6	1	3	4	5	5





## LONDON COST CONSULTANCY

Cushman & Wakefield's Cost Consultancy team comprises a group of dedicated and experienced Cost Managers delivering high quality schemes across all sectors throughout the UK. The team provides professional cost management services to our clients, advising them on all aspects of their projects from initial budget advice for feasibility testing through to strategic, procurement and contract advice, robust cost control and project close out. We are never complacent about our work and will always look for innovative ways to improve our services and add value to your project.

### SERVICES

- Cost Management
- Feasibility Guidance
- Development Consultancy Advice
- Contract Administration
- Project Monitoring
- Reinstatement Cost Assessment



Part of a strong  
**EMEA** and **UK TEAM**



**CORE**  
London based team



Total value of works undertaken in 2018  
**£185M**



Total area of works undertaken in 2018  
**1,712,000 SQ FT**

## LONDON PROJECT & DEVELOPMENT SERVICES

**110** STRONG LONDON  
& SOUTH EAST TEAM

COVERING WORKPLACE STRATEGY, PROJECT MANAGEMENT, BUILDING CONSULTANCY, BUILDING ENGINEERING SERVICES, COST CONSULTANCY, INTERIOR DESIGN AND CAPITAL ALLOWANCES

OPERATING FROM

**3** OFFICES

IN THE CITY, WEST END  
AND THAMES VALLEY

**3.03M** SQ FT

OF PROJECTS MANAGED  
IN 2018





**£408<sub>M</sub>**

TOTAL VALUE OF  
PROJECTS MANAGED  
IN 2018

**220<sub>M</sub> SQ FT**

REVIEWED AS TECHNICAL  
DUE DILIGENCE IN 2018

THE C&W CAPITAL ALLOWANCES  
TEAM HAVE ANALYSED

**c. £156<sub>M</sub>**

OF OUR CLIENTS  
EXPENDITURE IN 2018 SAVING  
CLIENTS £14M OF TAX.



# OCCUPIER SERVICES



*For your occupational fit out, we provide full consulting services from lease advisory through to project delivery, dilapidations assessments and lease termination.*



**ACQUISITION/  
EXPANSION/FIT OUT**



**OCCUPATION/  
LEASE EVENTS**



**ONGOING IMPROVEMENTS/  
REFURBISHMENT**



**DISPOSAL**



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This guide has been prepared solely for information purposes. It does not purport to be a complete analysis of occupier fit out costs. The particulars of any new project (location, site specifics, client requirements, timescales and procurement, etc. need to be assessed in isolation to formulate an accurate budget cost estimate for Category B fit out works completed from a landlord Category A finish. Costs per square foot can vary dramatically from project to project. Items affecting costs per square foot rates for consideration include:

- Sector
- Development area/size
- Specification level
- Category A & B MEP services scope/overlap
- Timescales and procurement strategy
- Site location, site condition, site access and service provision
- Floor to wall ratios, floor to ceiling heights
- Market conditions