

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

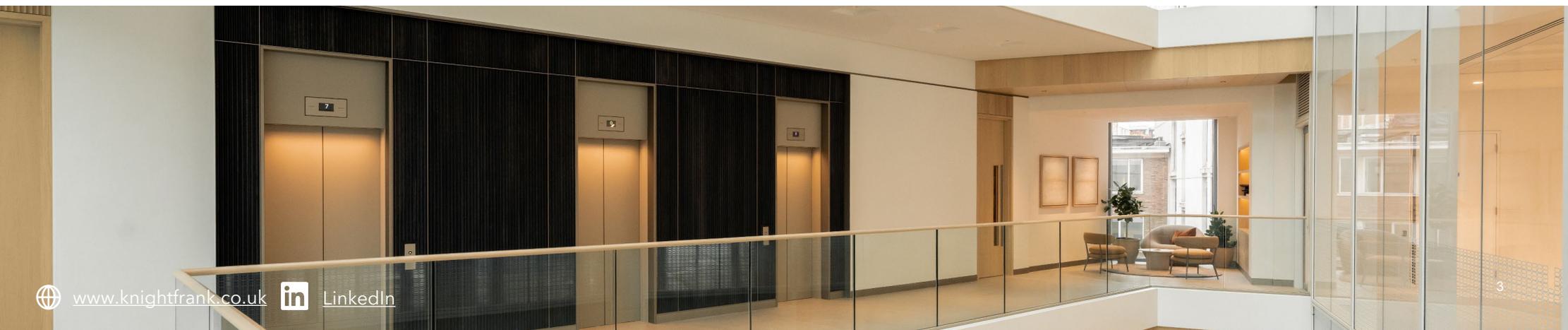
In recent years, the importance of a clear and robust fire strategy has grown significantly. For major refurbishment projects, it is essential to identify at an early stage whether an existing fire strategy is available, as this can guide and inform the design process.

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 Operations and Maintenance (O&M) manual, including construction details and information on any intumescent paint systems or other fire-protection measures applied to the building.

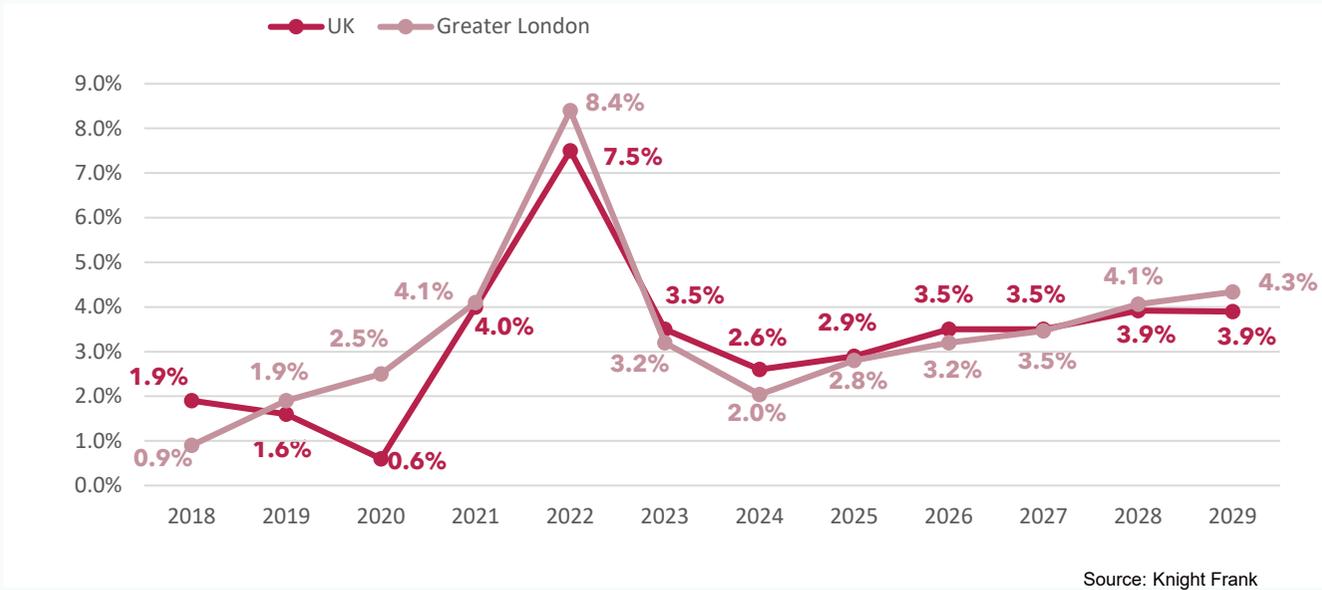
When considering extension projects, the focus has traditionally been on whether the existing structure can support the additional load. Today, however, it is equally important to determine whether a compliant fire engineered solution can be achieved. This includes assessing means of escape, understanding 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

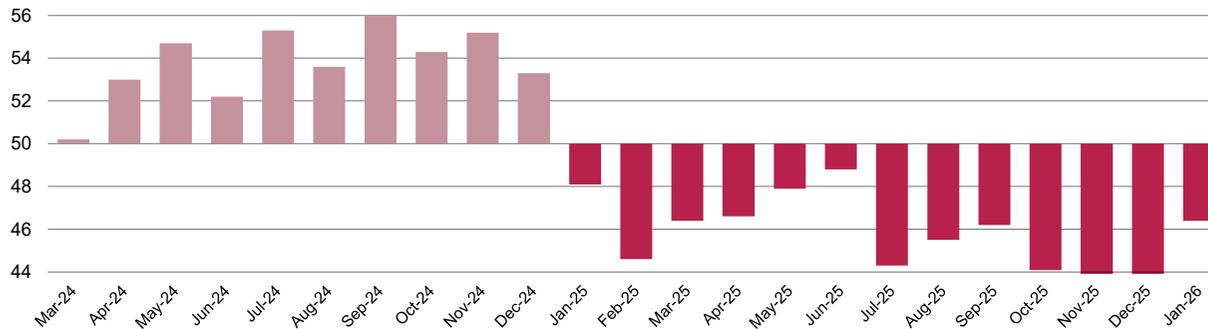
5.2%	▲	Unemployment Rate (%)
3.75%	▼	Interest Rates Policy Rates (%)
3.0%	▲	CPI Inflation (annual % change)
0.8%	▲	GDP (annual % change)
53.9	▲	UK Purchasing Managers' Index
-16.0	▲	Consumer Confidence Index
\$70.76	▼	Brent Crude Oil Prices
5.2%	▲	Average Earnings (3m annual % change)
-0.2%	▼	Producer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

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

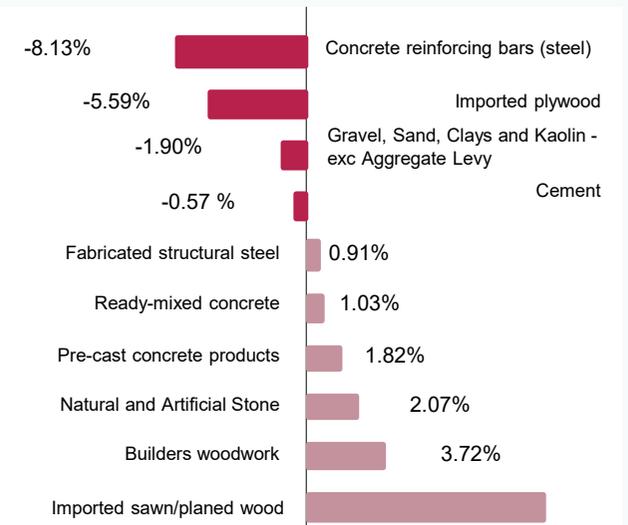
UNITED KINGDOM CONSTRUCTION PMI INDEX

Total Construction Activity Index

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



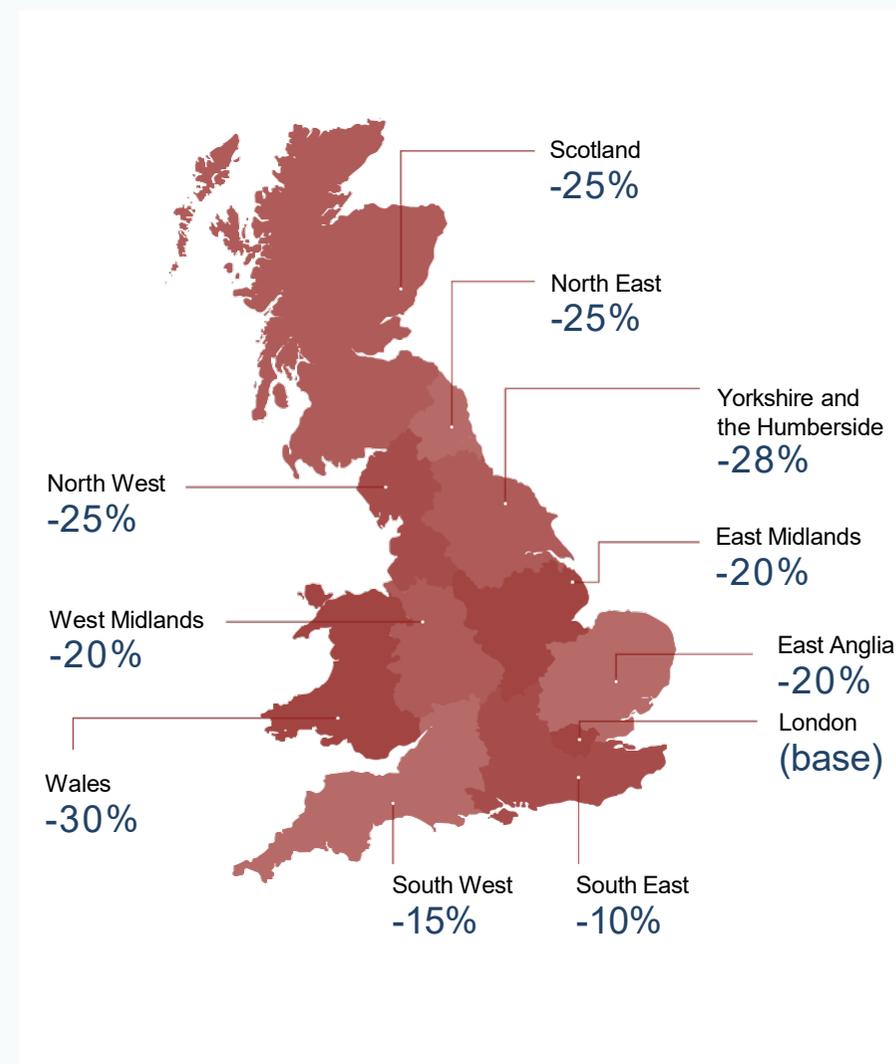
MATERIAL COST "BIG MOVERS"



COST BENCHMARKING

	£175ft ²	£275ft ²	£300ft ² Plus
OFFICE FLOORS	£110	£110	£110
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
COMMON PARTS	£65	£65	£65
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
MAIN PLANT	x	£100	£100
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
MAIN CONTRACTOR COSTS	Incl.	Incl.	Incl.
Preliminaries, OH&P & risk	Incl.	Incl.	Incl.
ADDITIONAL OPTIONS			
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/ft²+ schemes. Precise rating/accreditations to be evaluated on a 'project by project' basis.
- 2) Buildings below 50,000ft² 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 ²	MEDIUM - £500/ft ²	HIGH - £600/ft ²
SUBSTRUCTURE	SUBSTRUCTURE	SUBSTRUCTURE
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
FRAME	FRAME	FRAME
Concrete, steel or a combination	CLT, steel or a combination	CLT, steel or a combination
ROOFS	ROOFS	ROOFS
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
FAÇADE	FAÇADE	FAÇADE
Brickwork/render and windows or mid level cladding system	Structural glazing system. Potentially with stone cladding	Structural glazing system. Potentially with stone cladding
MECHANICAL & ELECTRICAL	MECHANICAL & ELECTRICAL	MECHANICAL & ELECTRICAL
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
FACILITIES & FINISHES	FACILITIES & FINISHES	FACILITIES & FINISHES
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
SUSTAINABILITY	SUSTAINABILITY	SUSTAINABILITY
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 50,000ft²
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	█			█				█				

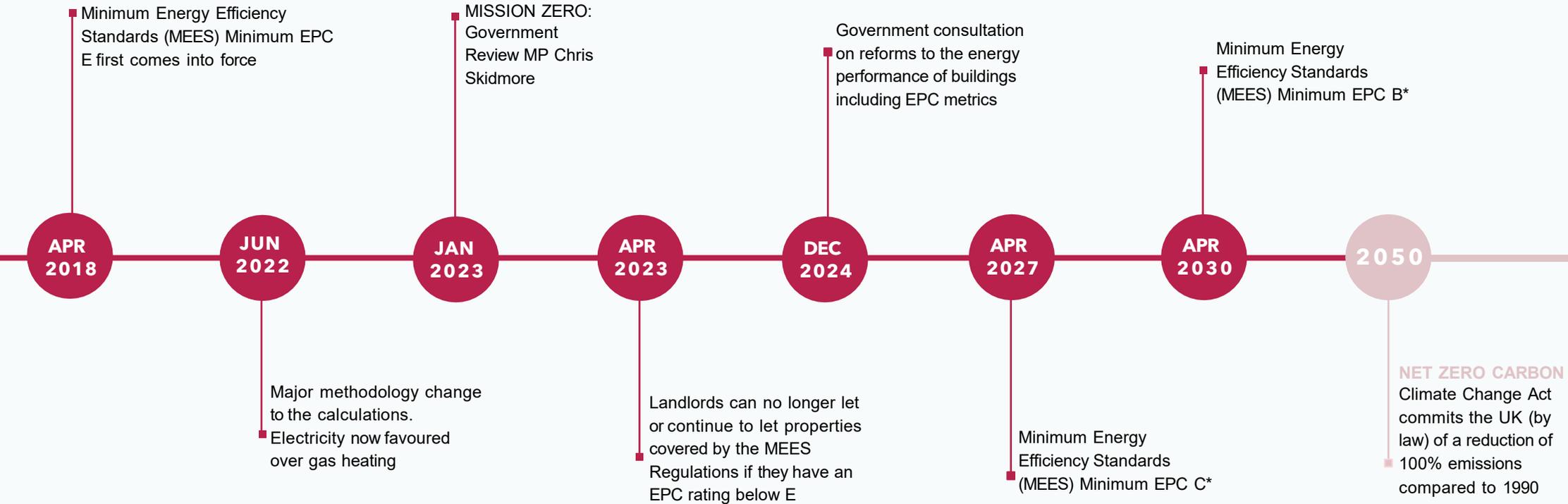
200,000 - 300,000 sq ft														
Activity	Weeks	2026			2027				2028				2029	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Design and procurement	78	█			█				█				█	
Planning Approval	18	█			█				█				█	
Mobilisation & CMP	13	█			█				█				█	
Construction	78	█			█				█				█	

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
1	MEP Replacement		
-	Change from chiller and fan coil units to condensers and VRF	£30-£40/ft ² on GIFA	Medium
-	Replace AHU with more energy efficient version	£15-£15/ft ² on GIFA	High
-	Replace gas fired boilers with air source heat pumps	£10-£20/ft ² on GIFA	Medium
-	LED lighting throughout with smart controls	£10-£15/ft ² on GIFA	Medium
-	Point of use water heaters in lieu of boilers to WCs etc	£2.5-£5/ft ² on GIFA	Medium
2	External & Fabric Works		
-	Repairs to windows seals and gaskets (incl. access)	£1-£5/ft ² on façade area	Low
-	Re-new flat roof finish with increased insulation	£3-£7/ft ² on roof area	Medium
-	Replace existing glazed windows with triple glazing, incl. access	£10-£25/ft ² on glazing area	Medium
-	Carry out an air permeability test, incl. necessary remedial works	£1-£10/ft ² - 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>SKA RATING – SUSTAINABILITY</p> <ul style="list-style-type: none"> • Granular • Fit out specific • Quicker assessment process • Criteria proportion to the speed and scope of works • Certification fees = ~£2,250 	<p>BREEAM RATING – SUSTAINABILITY</p> <ul style="list-style-type: none"> • Basebuild linked (can be a requirement to use to comply with lease) • RIBA aligned • Specialist input and reports required • Less flexible • Extensive evidence required • Certification fees = ~£2,500 	<p>NABERS – SUSTAINABILITY</p> <ul style="list-style-type: none"> • Granular – 12 months of data required • Different assessments for Tenancy, Basebuild and Whole Building • Measures actual impact • Allows like-for-like comparisons • Requires regular renewal of rating • Certification fees = ~£750 	<p>AIRRATED – WELLNESS</p> <ul style="list-style-type: none"> • Measures Indoor Air Quality (IAQ) • International Benchmark • Based on medical and scientific research • Certification fees = ~£2,800 per annum 	<p>FITWELL – WELLNESS</p> <ul style="list-style-type: none"> • More of a portfolio tool • Site and building related items (out-of-control of tenant) • No measurement of green or energy / water efficiency measures • A lot of company policy / procedure credits • Quicker assessment process • Certification fees = ~£4,000 	<p>WELL BUILDING STANDARD – WELLNESS</p> <ul style="list-style-type: none"> • Extensive / prescriptive criteria • No measurement of green or energy / water efficiency measures • A lot of company policy / procedure credits • Certification fees = ~£24,000 	<p>WIRED SCORE – TECHNOLOGY & INFRASTRUCTURE</p> <ul style="list-style-type: none"> • Rating system for digital connectivity and smart buildings • Recognised by GRESB as “Green Building Certification Schemes”. • Landlord / building focus • Certification fees = ~£12,500

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.

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