

OCCUPIER FIT OUT 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 occupiers, this collision is increasingly financial, as fit-out costs have escalated sharply. For some occupiers this materially raises total occupation costs. However, incentives in the form of rent-free periods remain high and provide a degree of offset in net effective rental terms.

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 has narrowed the pool of genuinely usable options, as many older buildings cannot meet baseline ESG, wellness, and digital performance standards without significant capital expenditure.

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 constrained pipeline is reinforcing a shift toward earlier engagement and pre-letting activity.

Occupier demand is strengthening as 2025 becomes the most active post-Covid year for take-up. Take-up reached 12.1m 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. This concentration reflects a structural reset in occupier demand, with best-in-class buildings now required to deliver operational efficiency, low energy use, strong amenity, and flexibility, attributes that directly support productivity and talent retention. 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.



TENDER PRICE INFLATION AND MACRO ECONOMICS

TENDER PRICE FORECAST (LONDON) MARCH 2026 UPDATE



LATEST MACROECONOMICS

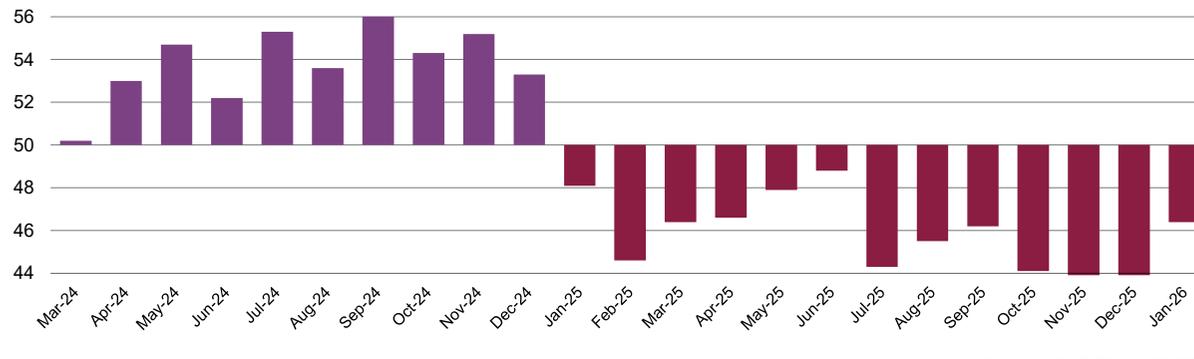
5.2%	▲	Unemployment Rate (%)
3.75%	▼	Interest Rates Policy Rates (%)
3.0%	▲	CPI Inflation (annual % change)
0.8%	▲	GDP (annual % change)
53.9	▲	UK Purchasing Managers' Index
-16.0	▲	Consumer Confidence Index
\$70.76	▼	Brent Crude Oil Prices
5.2%	▲	Average Earnings (3m annual % change)
-0.2%	▼	Producer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

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

UNITED KINGDOM CONSTRUCTION PMI INDEX

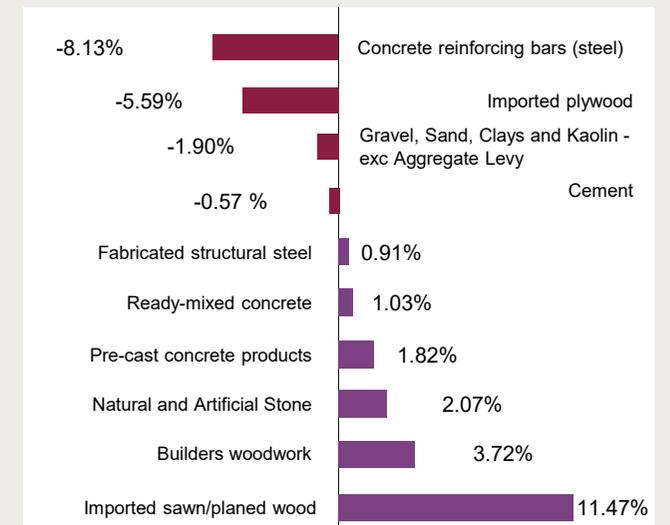
Total Construction Activity Index

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



Source: S&P Global/CIPS

MATERIAL COST "BIG MOVERS"



Source: Knight Frank Insight

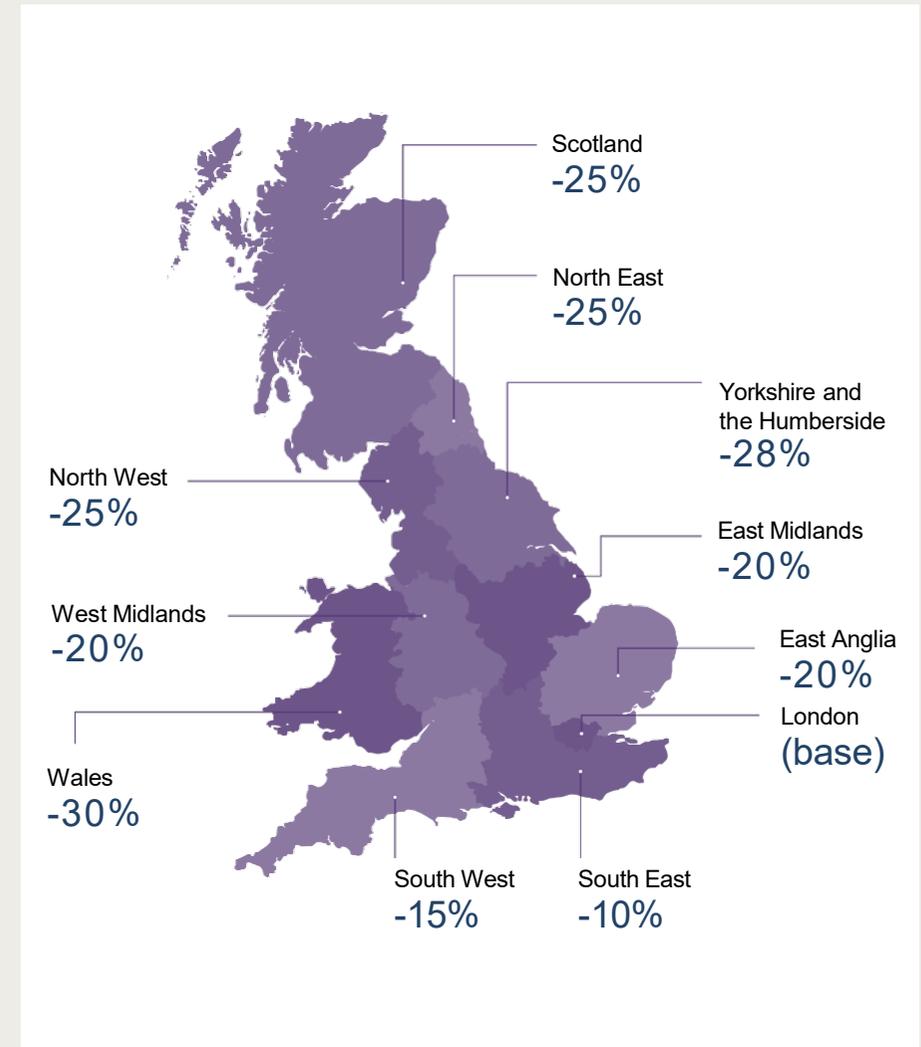
COST BENCHMARKING

Note: Assumed delivered from Landlord's 'CAT A' specification

FIT OUT COSTS	£100ft ² (LOW)	£175ft ² (MEDIUM)	£250ft ² + (HIGH)
Internal walls	£7	£13	£20
Internal doors	£3	£6	£10
Floor finishes	£5	£8	£12
Wall finishes	£4	£12	£20
Ceiling finishes	£4	£7	£10
Joinery	£7	£18	£30
Mechanical services (air con & ventilation)	£15	£20	£25
Electrical services (fire alarm & power)	£10	£20	£25
Data cabling	£3	£4	£5
Security	£2	£4	£6
Audio visual	£5	£12	£20
Furniture	£25	£30	£35
Professional fees	£10	£21	£32
IT hardware (racks, servers etc)	Excl.	Excl.	Excl.

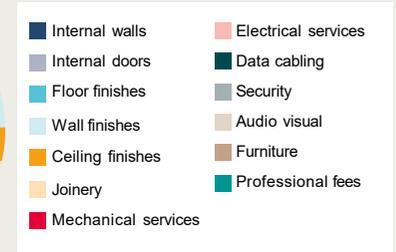
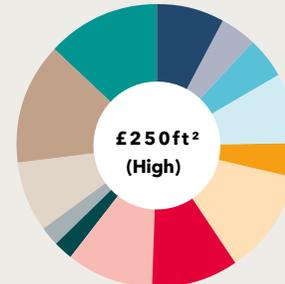
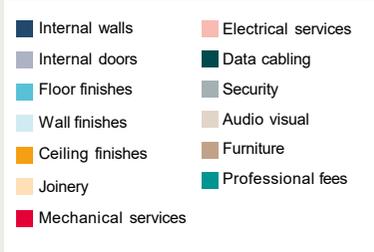
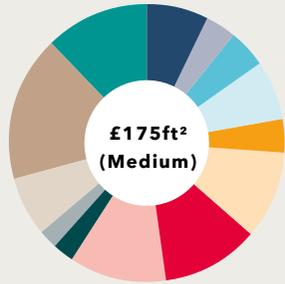
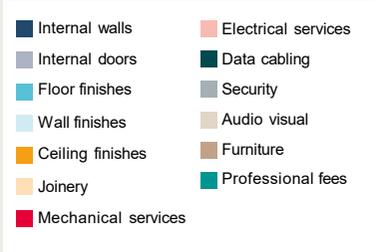
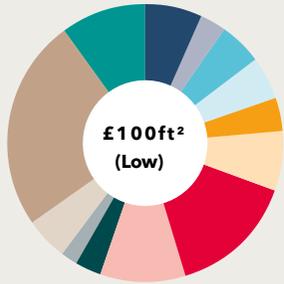
LOW	MEDIUM	HIGH
Predominantly 'open plan'	Meeting rooms but no / few offices	High level of acoustics to all areas
Base build lighting retained	Some amendments to base build mechanical services	Upgrade base build services to all areas
Minimal amendments to base build mechanical services	Upgrade of lighting and ceiling to 'front of house' only	Upgrade of lighting and ceiling to 'front of house' and collaboration areas
'Basic' finishes (carpet & paint)	High quality finishes to 'front of house' only	High quality finishes to 'front of house' and collaboration areas
Low level acoustics	High level acoustics to 'front of house' – reduced to staff areas	Bespoke items – e.g. feature staircase, catering kitchen etc
Entry level furniture	Mid-range furniture	High quality AV
Basic AV to front of house	Mid-level AV; screens to all rooms	High quality furniture; eg sit / stand desking throughout
Project Management & Cost Consultancy only. Design with Contractor	Project Management & Cost Consultancy. Limited Design team input client side (produce ERs)	Full design team 'client side'

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



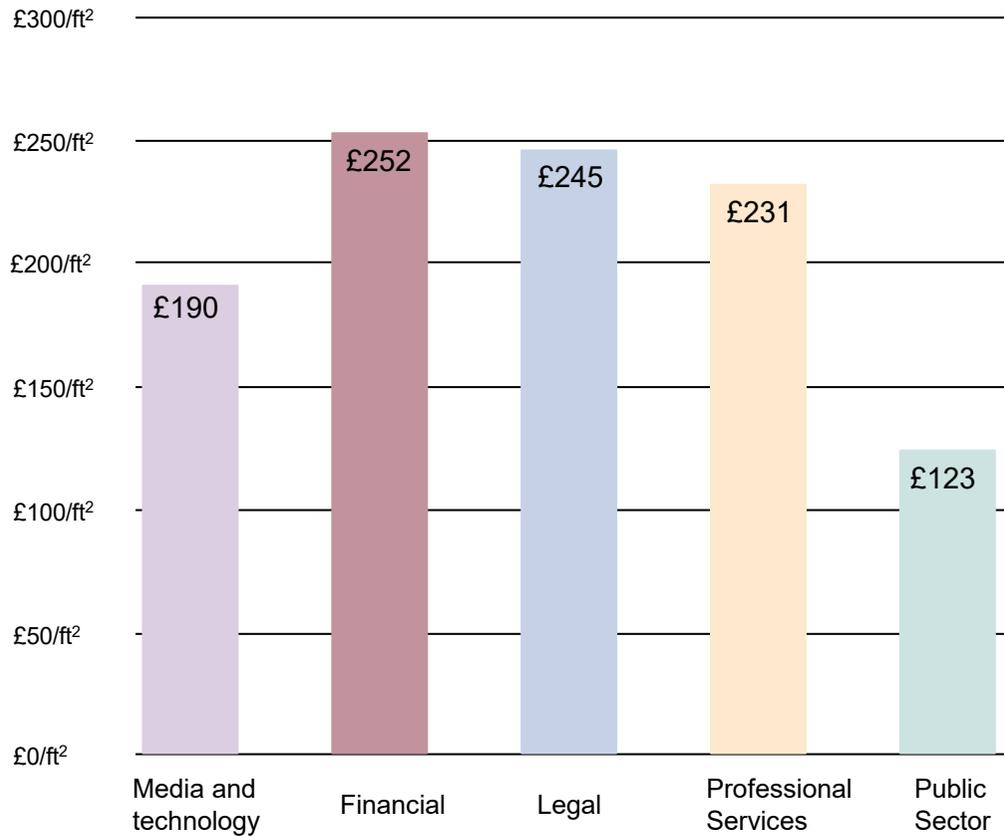
VISUAL REPRESENTATION OF PROJECT EXPENDITURE

Note: Costs include construction, furniture, AV and professional fees but exclude IT hardware.



SPEND BY SECTOR

When benchmarking projects from the last 12 months, we can see that the financial and legal sectors still lead the way on capital spend per project. Our data shows that tech companies are spending more and more as many have moved from startups, to established and successful businesses. The public sector remains the lowest spender.



Costs above exclude IT hardware

Source: Knight Frank



INDICATIVE PROGRAMMES

Programmes assume fit out of Cat A space, including furniture and AV.

Up to 10,000 sq ft

Activity	Weeks	2026		
		Q2	Q3	Q4
Design and procurement	17	[Gantt bar spanning Q2 and Q3]		
LTA approvals	4		[Gantt bar in Q3]	
Construction	17	[Gantt bar spanning Q3 and Q4]		
Furniture Installation / Go Live	4			[Gantt bar in Q4]

10,000 - 20,000 sq ft

Activity	Weeks	2026			2027	
		Q2	Q3	Q4	Q1	Q2
Design and procurement	26	[Gantt bar spanning Q2, Q3, and Q4]				
LTA approvals	4			[Gantt bar in Q4]		
Construction	22		[Gantt bar spanning Q3 and Q4]			
Furniture Installation / Go Live	4					[Gantt bar in Q2 2027]

20,000 - 50,000 sq ft

Activity	Weeks	2026			2027		
		Q2	Q3	Q4	Q1	Q2	Q3
Design and procurement	35	[Gantt bar spanning Q2, Q3, and Q4]					
LTA approvals	9			[Gantt bar in Q4]			
Construction	26		[Gantt bar spanning Q3 and Q4]				
Furniture Installation / Go Live	4						[Gantt bar in Q3 2027]

Approximately 50,000 - 100,000 sq ft

Activity	Weeks	2026			2027			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Design and procurement	39	[Gantt bar spanning Q2, Q3, and Q4]						
LTA approvals	9			[Gantt bar in Q4]				
Construction	35		[Gantt bar spanning Q3 and Q4]					
Furniture Installation / Go Live	4							[Gantt bar in Q4 2027]

NOTES:

1. Choice of procurement route may affect programme (design and build, traditional, negotiated, single stage, two stage).
2. Scope of fit out may affect programme; quality levels, structural works, planning requirement, interlinking staircase etc.

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 a lease) • RIBA aligned • Specialist input and reports required • Less flexible • Extensive evidence required • Certification fees = ~£3,000 	<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 (then £500pa) 	<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 = ~£8,000 	<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 = ~£8,000 + £0.13/ft2 	<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 = ~£13,500

THE OCCUPIER PERSPECTIVE

Accreditations can be a key aspect to ensure that occupiers are aligning with their ESG goals, corporate responsibility and can enhance their reputation.

Measuring not only the construction of the office environment, but also the impact of occupation can provide an excellent overview of the environment being provided.

Ongoing monitoring of staff wellbeing throughout the occupation is critical; accessibility and inclusivity of workforce is vitally important in creating a diverse workforce.

With each accreditation, specialist consultants will need to be appointed (cost not included above) and in most cases a pre-assessment would be recommended to inform suitability and any necessary works required.

Please note that the above does not include the costs of any upgrade works to the construction projects required to gain certain accreditations.

It is also vital to ensure that sustainable design is considered throughout any project undertaken, and that sustainability is paramount throughout the lifecycle of occupation. 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, occupiers need to consider aligning 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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