

*flexible vs. leasing*

YOUR  
OFFICE SPACE  
COSTS & SOLUTIONS

OFFICE



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WEBSITE

# ARE YOU PAYING TOO MUCH FOR YOUR SPACE ?

Our comparison indicates a potential **saving** ~ £ 406,000 pa

The annual **desk comparison** ~



Leasing	£ 14,857 pa
Flexible	£ 6,389 pa

An explanation for these estimates is provided in this report.

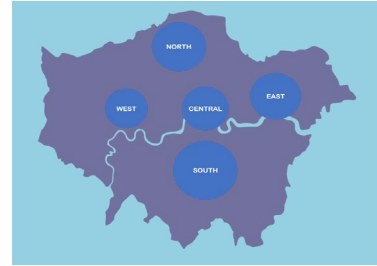
Comparing traditional leasing with flexible products is like comparing apples with oranges. A flexible rent is inclusive, which is why we estimate and apply an inclusive desk rate for leasing. This makes comparison easier and more informative.



# Lease Options

Example Company

Your Lease Details



ADDRESS	Marlow House, 1a Lloyd's Avenue London		
DISTRICT	City Core	FLEXIBLE range	£ 450 → £ 900 pcm
PREMISES	1st Floor (south)	CURRENT RENT	£ 244,188 pa
LEASE EXPIRY	01/04/2020	ESTIMATED RENT	£ 333,490 pa
ORIGINAL TERM	10 Years	DESK ESTIMATE	48
FLOOR SPACE	7,182 sq ft	LEASE desk est.	£ 1,238 pcm

## INFORMATION Method & Approach

When taking a new contract or renewing terms, a business must consider all costs for that space and how that space is being used. The rent is usually ~ 50 % of the overall cost of your space.

Flexible operators that provide space-as-a-service charge monthly in advance on an inclusive basis. We use a modified desk metric for leasing that includes costs attributed to an average lease term. We then calculate a monthly rate for comparison purposes.

## COST COMPARISON Cost Difference

Our analysis of typical contractual arrangements enable us to estimate and compare all costs with alternative products, in every location, instantly.

We can update our estimates with specific cost details as part of our consultation and discussion with the occupier.

The desk rate for a lease is a key indication of value to space and can be compared with the desk range (above) for this location.

## KEY PERFORMANCE INDICATORS (KPI's)

This is the measurable value that demonstrates how effectively a company is achieving key business objectives. KPIs enable occupiers to evaluate their success at reaching targets. We have identified 5 actionable KPIs for office space that inform business strategy.

### 1. RENT

We use rental evidence from over 70 postal districts and apply an average for estimation.

### 2. OPERATIONAL & CAPITAL COSTS (OPEX/ CAPEX)

We estimate all costs for the space from 15 categories of typical lease expenditure.

### 3. AREA LOAD

The area load indicates the relationship between people and spaces. This is the ratio of floor space to full time personnel based at the office. The area load depends on use and efficiency.

### 4. DESK RATE

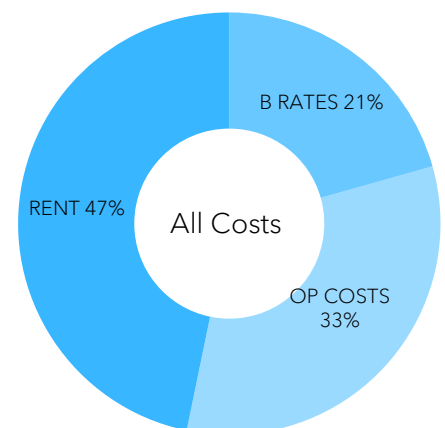
We calculate an inclusive desk rate for leasing and compare with alternative solutions.

### 5. SAVINGS

We can demonstrate savings achievable for alternative products and spaces and provide a benchmark for your cost strategy. This is particularly useful when budgeting and forecasting and beneficial when negotiating a new lease.

## Your Lease Costs

Estimated Rent	£ 333,490 pa
Operational & Cap Costs	£ 232,572 pa
Business Rates	£ 147,074 pa



# COMPARISONS & SOLUTIONS

## Annual Flexible vs. Lease Costs

We work with companies to help them identify their relationship and criteria for office space and look for solutions to optimise their use of workspaces.

Our mission is to guide businesses and stakeholders to think differently about occupier costs and traditional arrangements, to identify better value and workplace solutions.

There are many hidden costs for the occupier. We peel back the layers of expenses to reveal all of these costs. A summary of the key cost categories illustrate the difference in value between leasing and flexible arrangements, which are inclusive of costs.

### Lease

Rent est.	£ 333,490
Costs - Operational	£ 232,572
Business Rates	£ 147,074
<b>Total Cost</b>	<b>£ 713,135</b>

### Flexible alternative

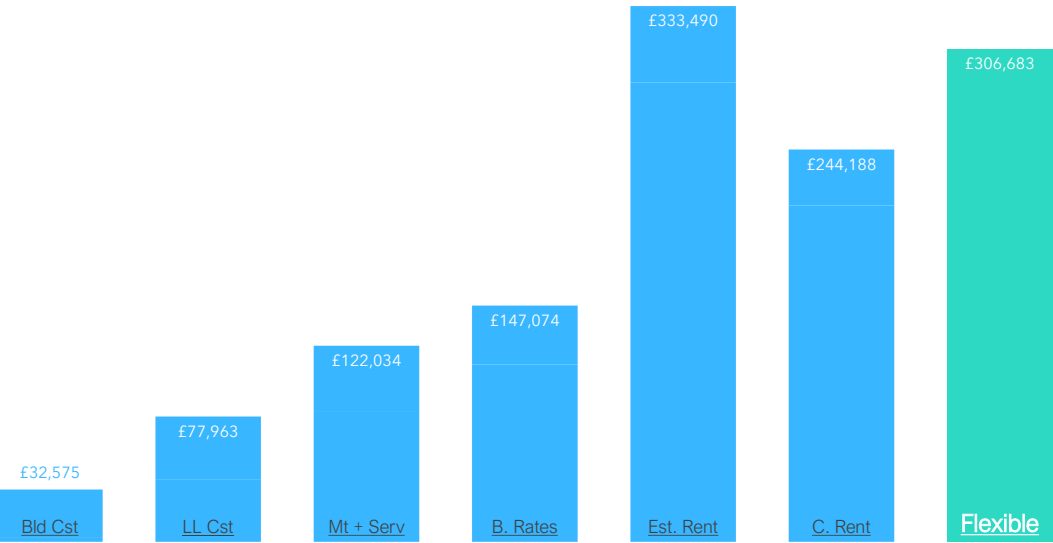
Rent inc.	£ 306,683
Costs - Operational	£ inc
Business Rates	£ inc
Services	£ inc
<b>Total Cost</b>	<b>£ 306,683</b>

# alternative option

## Rent - Comparison



## Cost - Comparison



# Desk Rate - Comparison

## Lease

Annual	£ 14,857
Monthly	£ 1,238

## Flexible alternative

Annual	£ 6,389
Monthly	£ 532

**Total Cost Saving**      **£ 406,453**

**Saving**

57%

The desk rate is one of the most important metrics that we use for comparing options. It recognises the relationship between people and spaces and includes all occupier costs, not just Landlord's rent. More savings can be identified when using the occupier's data in our calculations.



Analysis

## SAVINGS

80% of the lease data that we have analysed reveal a saving of at least 50% based on comparisons with Flexible spaces in central London. This makes a compelling argument for reviewing your space strategy and consideration of alternative forms of occupation and space planning.

breakdown

## est. MONTHLY COSTS

Flexible rents are charged monthly. Traditional leases charge quarterly in advance. A comparison of the monthly costs between a lease and a flexible alternative reveals substantial differences as indicated by the adjacent graph.

annual estimates

## RUNNING COSTS

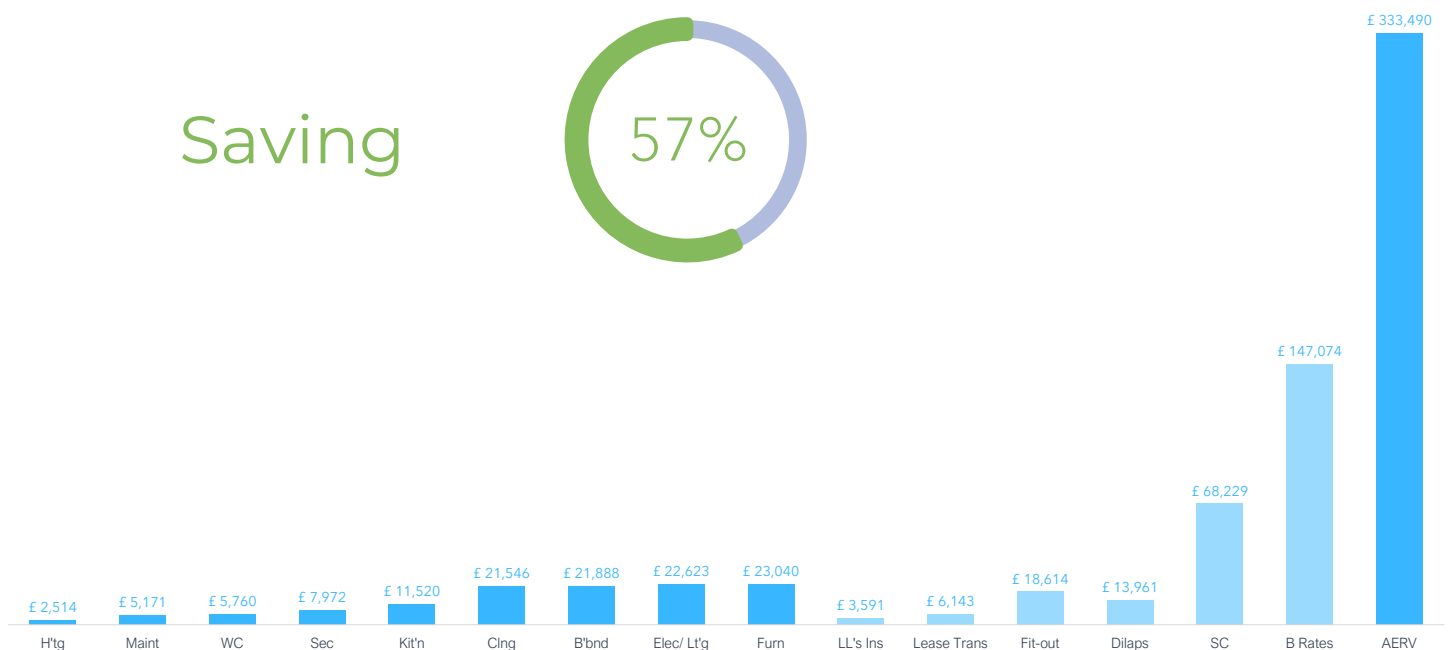
The challenge for the occupier is the unknown costs of office spaces and the difficulty of comparing rents with different types of office spaces and products.

This is why we apply a desk metric for leasing so we can make meaningful comparisons with alternative options.

Our approach is to look at your office costs and work with you to identify the best solution. This approach helps you make an informed choice at renewal. Here is an example of typical running costs by detailed categorisation.

Saving

57%





breakdown

## COST SUMMARY

There are many costs associated with your space that go beyond the usual rent, business rates and service charges. These costs include the Operational and Capital cost for the office space. Some of these 'occupier' costs are obvious, others less so. We drill into these costs for the occupier and reveal the true value for businesses.

Our initial estimates can be updated with specific cost details provided by the occupier. This may include a rent quoted by the landlord or a capital cost for a fit-out. Our analysis tools are designed to estimate and then perform specific calculations following a consultation and discussion with the occupier about their costs.

Your answers to further questions can help this process (select FEEDBACK for questionnaire).

detail

## COST CATEGORIES

### Build Costs – Capital Expenditure (CapEx)

- Fit-out / Refurbishment
- Dilapidations

### Landlord Charges

- Lease Transaction Costs
- Services Charges
- Landlord's Insurance

### Maintenance & Services – Operational Costs (OpEx)

- Kitchen costs / supplies & equipment
- WC costs & supplies
- Cleaning costs & supplies
- Routine Maintenance costs
- Furniture costs
- Security costs
- Electricity / Lighting costs
- Heating (Gas)
- Internet Services

**Business Rates** – Local authority business rates for occupied space.



**YOUR information** that we use

