

*the cost of leasing  
detailed assessment*


YOUR  
**OFFICE SPACE**  
COSTS & SOLUTIONS

OFFICE



Solve

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WEBSITE

# ARE YOU PAYING TOO MUCH FOR YOUR SPACE ?

Our comparison indicates the following cost options :

Option 1 (Current Lease)	£ 723,335 pa
Option 2 (Alternative Lease)	£ 462,160 pa
Option 3 (Flexible)	£ 285,000 pa

An explanation for these estimates is provided in this report.

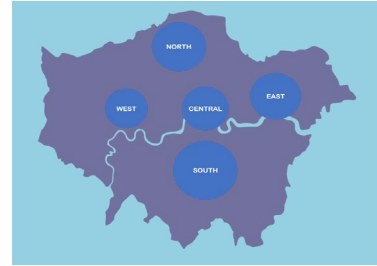
Comparing traditional leasing with flexible products is like comparing apples with oranges. A flexible rent is inclusive, which is why we estimate and apply an inclusive rate for leasing. This makes comparison easier and more informative.



# Lease Option 1

Example Company

Your Lease Details

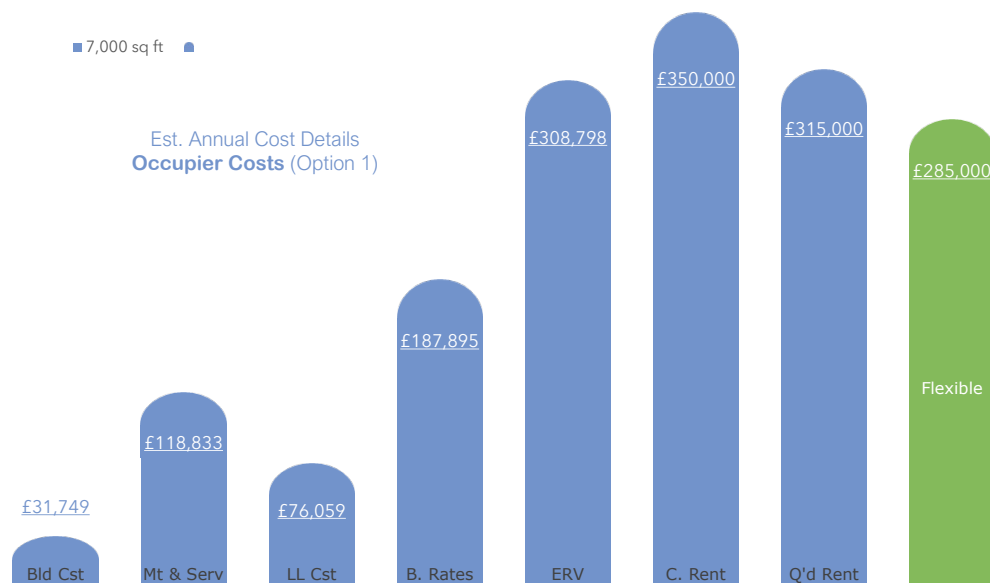


ADDRESS	Charing Cross Road		
DISTRICT	West End	FLEXIBLE range	£ 630 → £ 1,031 pcm
PREMISES	1st Floor	ORIGINAL RENT	£ 350,000 pa
LEASE EXPIRY	01/09/2020	ESTIMATED RENT	£ 308,798 pa
ORIGINAL TERM	11 Years	DESK ESTIMATE	32 desks
FLOOR SPACE	7,000 sq ft	LEASE desk est.	( £ 1,291 pcm )

## RENT SUMMARY

### Option 1

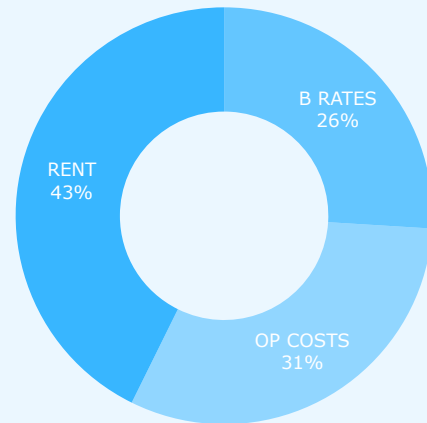
The above summary is taken from your current leasehold arrangement. We have compared this with our estimate of the rental value for your space in this location. We have compared this with a flexible option for reference, although we will examine an alternative lease option as well.



# Breakdown

## Proportions

Estimated Rent	£ 308,798 pa
Operational & Cap Costs	£ 226,642 pa
Business Rates	£ 187,895 pa



Desk Rate ( £ 1,291 pcm ) £ 15,489 pa

## Data

### Operating Costs

We use unit values to estimate the costs for space under a standard lease. This includes estimates for entering into a standard lease, build-out costs, and operational costs (running and maintaining office space). The estimates are given as a rough guide and are mainly based on published data from market research:

The unit costs are determined from the following sources:

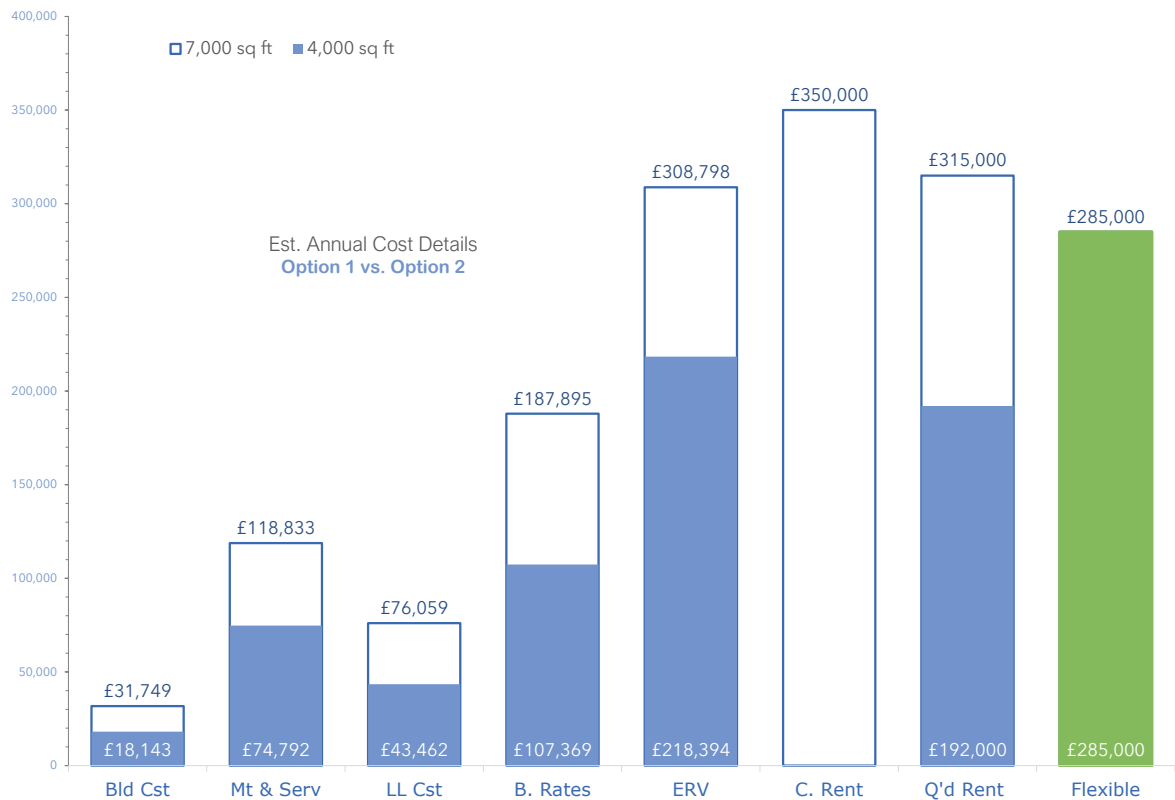
- Market assumptions on lease obligations and fee requirements. Source: General Practice and Building Surveying.
- Market analysis of Service Charge costs for office buildings in central London. Source: Published data and practice.
- Guide estimates on running costs for a modern office business environment. Source: WeWork.
- Desk rates for central London. Source: ~ 50 WeWork buildings.
- Average Estimated Rental Values for central London (over 1,000 data points of rental evidence on leasing): Source: EGi lease data (leases agreed 18 months to Sep 2020).
- Estimated Rateable values are based on estimates of 43% of Average Estimated Rental Value (AERV), [a data sample of 140 leases was used to determine 43% of AERV]. Otherwise, data published from the VOA.
- The Central London office market; average rent-weighted lease length. SOURCE: report, UK
- Lease Events Review Nov 2018, msci.
- Office Occupancy: Density and Utilisation; BCO, Feb 2018.
- RICS Code of Measuring Practice, 6th Edition May 2015.
- The Mehigan Company, Inc; 'average square footage rates'.

## COST COMPARISON SUMMARY

### Cost Difference

We can overlap these costs and make comparisons with alternative lease options.

Any cost differences might be attributed to the size of the space and changes in floor area where alternative premises or alterations are proposed. Costs can also vary due to the efficiency of the layout of the spaces. Different buildings may attract different costs or be more expensive due to age and obsolescence. Inclusive packages in the rent may also be a factor for consideration.



More savings can be identified when using the occupier's data in our calculations. 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) :

- 1) How much did your last fit-out cost ?
- 2) What is your estimated new fit-out cost ?
- 3) Have you received a quote for decorating, repairs and general dilapidations from your landlord in respect of your current space ?
- 4) What are your service charge costs, including balancing charges and are there any planned landlord works to your building ?

FEEDBACK

**Note:** Before incentives (excluding rent free periods, deposit waivers and freeze clauses)

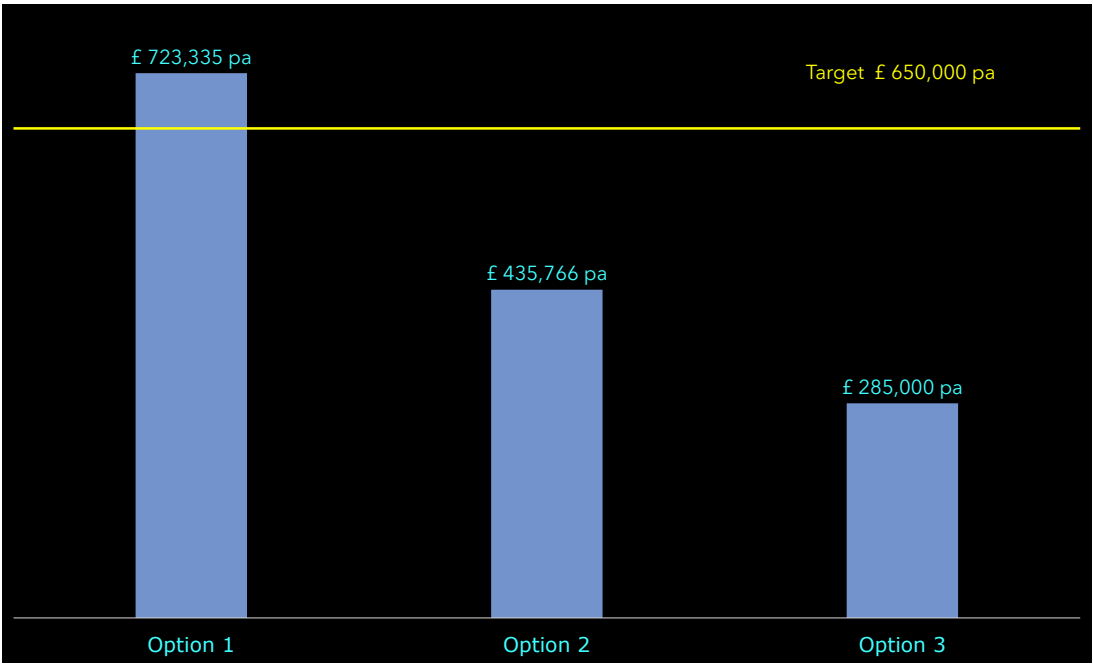
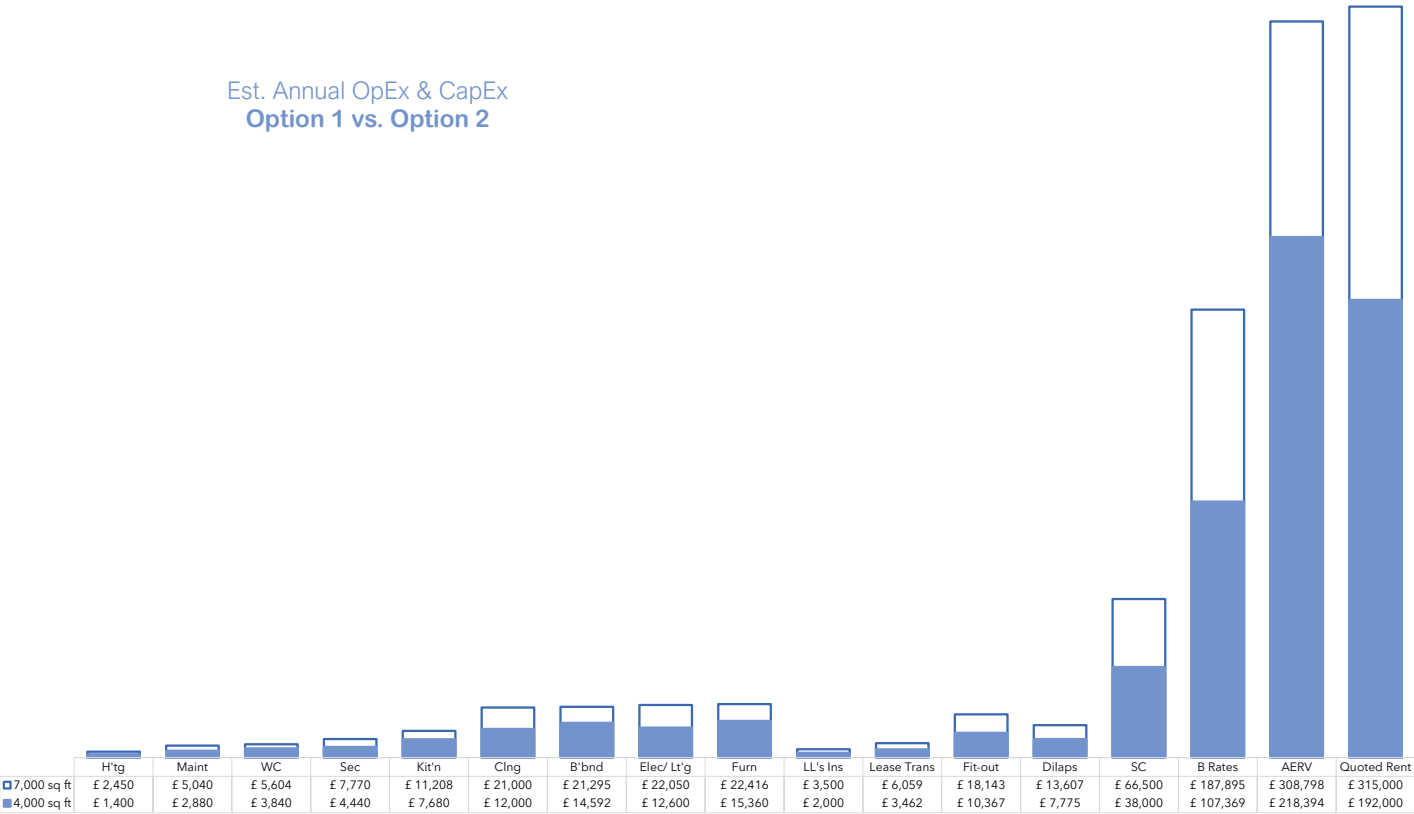
Analysis

DETAILED COSTS

We can examine the costs in further detail and overlap these to reveal the differences in expenditure between the lease options that are under consideration.

Finally, an inclusive comparison is provided and shows the overall differences between the options under

Est. Annual OpEx & CapEx  
Option 1 vs. Option 2



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).

FEEDBACK 

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



**Note:** For a further review and consultation we can provide a specific assessment of your lease with comparisons