

Breakfast briefing: Commercial space - optimising use, maximising value

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EVOLVING OCCUPIER REQUIREMENTS AND THE COMMERCIAL RESPONSE

Rory Paton – Partner, Central London Agency

STRUCTURAL CHANGE

DESIGN AND THE WORKPLACE



BEFORE: 10 QUEEN STREET PLACE



AFTER: RIVERSCAPE

PROVISION OF AMENITY

Cycle Storage
& Facilities

16%

Gym
Facilities

15%

Independent
F&B

13%

Concierge

12%

Healthcare
Facilities

11%



Education



Healthcare &
Life-style support



Sanctuary
Spaces



Pop-up Spaces /
Meanwhile Uses

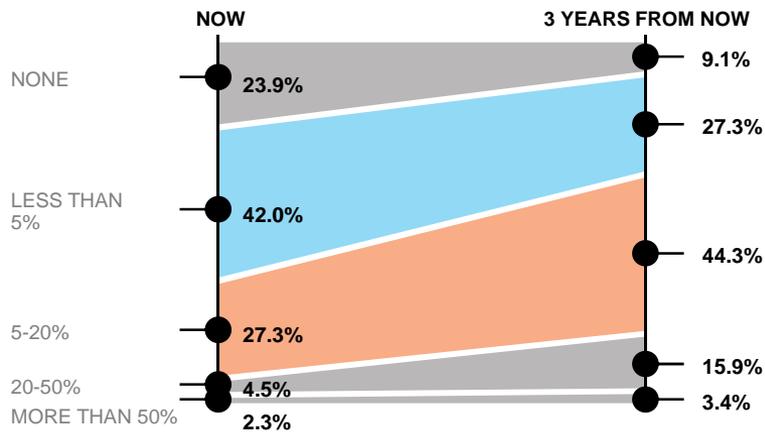


Public touchdown
space

TOP FIVE EXISTING NEEDS

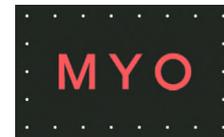
FIVE NEW AMENITY TYPES THAT WILL BE KEY TO OCCUPIERS

FLEXIBILITY



**PROPORTION OF PORTFOLIO IN SERVICED / FLEXIBLE
NOW v THREE YEARS FROM NOW**

HUBHUB



Capsule



S T O R E Y

THE START OF A RESPONSE

TO CONCLUDE



- **REAL ESTATE NEEDS TO ADAPT TO OCCUPIERS CHANGING NEEDS**
- **BUILDINGS WITH A POINT OF DIFFERENCE WILL OUT PERFORM**
- **THE FLIGHT FOR FLEXIBILITY IS HERE TO STAY**



Commercial Space – Optimising Use, Maximising Value

Simon Wilkes
Head of Business Space Development

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Value and Cost

London
Capital Value £1,100psf
Construction Cost £300psf

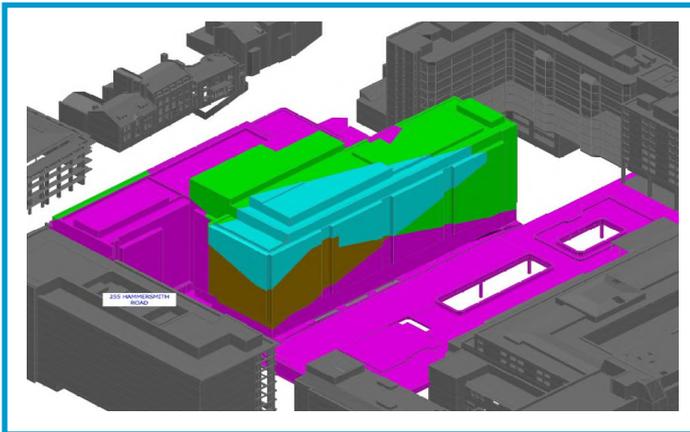
Cardiff
Capital Value £270psf
Construction Cost 165psf

Manchester
Capital Value £600psf
Construction Cost £200psf

Maximising Value: Title and Adjoining Owners



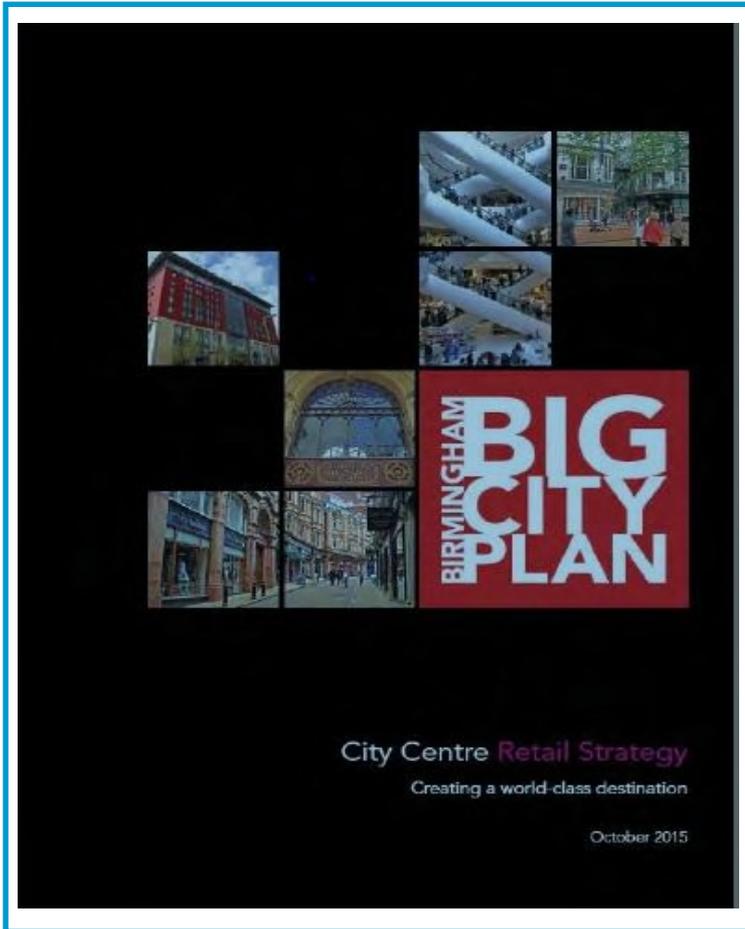
- Every sqft counts!
- Development Constraints Report – Beware refurbishments!
- The red line is 1m!
- Easements
- Covenants
- Mineral rights



- Rights of Light – know your neighbour
- Good research
- Transferred rights
- Title/Transfers
- Negotiate or insure ?
- Allow time



Planning: Adds value (without building!)



- Research local policy
- Planning Consultant / Planning lawyer
- Consultation
- Understand members issues
- Social Value
- Planning is Politics!



Feasibility:

- Clear brief from client
- Avoid too much detail too early
- High level quick analysis to decide direction
 - Expensive/difficult to switch use later
- Analyse risks and return
- Combinations of use increasingly add value



Design: Architecture adds value (and cost!) Benchmark, Benchmark and Benchmark

1. BUILDING DATA	Office	Residential	Total		
Gross Internal Area (sq ft)	: 560,608	121,150	680,848		
Net Internal Area (sq ft)	: 422,357	99,204	515,751		
Office Cat A Excl Winter Gardens	: 380,688		380,688		
Overall Net : Gross Efficiency	: 74%	77%	75%		
Net : Gross Efficiency - above ground	: 85%	87%	86%		
Net : Gross Efficiency - typical (best) floor	: 87%	88%	87%		
Number of Storeys	: 12 (plus 2 basement) Incl 1 GF mezzanine	15 (plus 1 basement)	15 (plus 2 basement) Incl 1 GF mezzanine		
Number of Primary Facades	: 8	4	12		
Atrium	: None	None	None		
Storey height (typical)	: 3.00m	2.90m	Varies		
Finished Floor to Ceiling (typical)	: 2.905m	2.47m	Varies		
Structural grid	: 6m x 6m	Irregular grid	Varies		
Wall: Floor Ratio	: 0.67	0.69	0.67		
No. of car parking spaces	: 32	10	42		
Form of Contract	: Stanhope Bespoke Trade Contracts - Construction Management				
Start on site date (incl demolition)	: March 2007	March 2007			
Construction Period/ Completion Date	: April 2010	March 2010			
Basis of cost data, base date and indices	: Construction Mid-Point Sep-08 422 Current 356				
2. KEY ELEMENTAL COSTS	Office		Residential		Total
	£/sqft (GIA)	Area (sqft)	£/sqft (GIA)	Area (sqft)	
Elements					
Substructure	: 33.19		33.19		33.19
Framing, Upper Floors and Stairs	: 34.28		29.61		33.45
Roof	: 2.72		1.48		2.50
External Walls, Windows and Doors	: 40.59		80.24		56.55
Internal Walls and Doors	: 5.05		1.15		4.37
Finishes and Fixings	: 13.02		1.90		11.07
Mechanical Installations	: 20.29		5.37		17.67
Electrical Installations	: 11.89		1.21		10.02
Lift Installations	: 6.50		3.65		6.00
Organisation Costs	: 24.74		26.08		24.97
Fee	: 3.94		4.72		4.07
Design Reserve and Contingency					
TOTAL TO SHELL & CORE (GIA)	: 205.20	560,608	197.59	121,150	203.87 600,848
Cat A/ Fit Out	: 26.67				21.00
Affordable Residential Fit Out			40.07	*(1)	8.60
TOTAL TO CAT 'A'	: 231.87	560,608	246.66	121,150	234.47 600,848
Demolitions	: 4.75		4.75		4.75
External Works	: 4.11		4.25		4.13
OVERALL TOTAL COST (GIA)	: 240.73	560,608	255.66	121,150	243.35 600,848
Basement Cost (Basement GIA)	: 363.29	65,557	353.08	13,045	361.45 79,502



- 500,000 sqft, 8 floors, central core wall to floor ratio 0.45 and £850 / m2 £205 psf GIA
- Central Saint Giles £225 psf GIA £15psf “Renzo Piano” Factor External Architecture / Finishes
- Two additional floors 52,500 sqft

Adaptable Space Demands Higher Specification

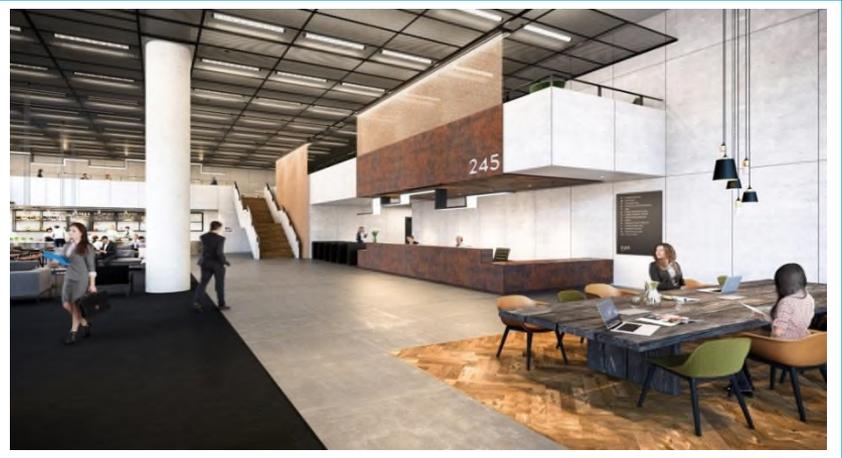
• Specification:	C2000	C2015
Occupancy	1:10	1:8
Escape	1:8	1:6
Design Conditions	29 Summer	31 Summer
Small Power	15 w/m ²	25 w/m ²
Fresh Air	12 L/S/Person	14 L/S/Person
Fibre Enabled	No	Yes
Cycle Provision	1: 2,000 sqft	1: 600 sqft
Showers	1: 30,000 sqft	1: 15,000 sqft

- Flexibility costs, net/gross and £££
- Use is expensive to change but make use flexible
- Higher densities, more agile working, use of space more varied

Maximise the Value of Space



- Brand / Style of building vital
- Staff recruitment / retention
- Greater facilities – Health & Wellbeing
- More agile working
- Leisure
- Good design increases productivity
- Quality is increasingly valued by occupiers



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