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# Metropolis Fit Out Report

## November 2021

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## **METHODOLOGY**

This report has been prepared to assess the size, structure and trends in the office fit out market across the UK and in each of the Glenigan regions.

The Executive Summary provides an overall analysis of the office fit out market, including both CAT-A and CAT-B projects. Any new build schemes have been categorized as CAT-A developments. The remainder of the report provides a breakdown of CAT-B office fit out project-starts and project completions. The report includes league tables highlighting the best performing regions, cities (excluding London), London boroughs, and contractors, and clients within the CAT-B office fit out market. The report includes project-starts between 1st January 2019 to 30th June 2021 and project completions within the same timeframe.

The analysis is based upon construction projects and services tracked and researched by Glenigan.

## **ABOUT THE AUTHOR**



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Integral to the Glenigan Economics team, Rhys' analysis and reporting of UK construction industry trends and performance regularly supports businesses in their key strategic decision-making.



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Construction activity within the office sector has remained relatively low over the past four-and-a-half years, with the sector barely recovering from the 16% fall in office-starts in 2017 following the uncertainty arising from the European Referendum in 2016. The UK General Election in 2019, as well as the confirmed departure from the European Union following the result, provided much-needed clarity for the sector.

However, any returning confidence was very quickly dashed by the onset of the COVID-19 pandemic, which had an even greater impact than the political and economic uncertainty experienced previously.

The value of underlying work (under £100 million in value) starting on-site in 2020 fell 28% against 2019 and office-starts in London were hit particularly hard, with the value falling by a third compared with 2019 figures.

**Table 1: Value of all Office Project-Starts by Region 2019-20 (£m)**

Region	2019	2020	Change
Northern Ireland	57	103	81%
South West	152	225	48%
East of England	300	332	10%
West Midlands	232	235	1%
Yorkshire & the Humber	149	150	1%
Scotland	119	96	-20%
North West	446	312	-30%
London	2,101	1,429	-32%
North East	135	91	-33%
Wales	122	56	-54%
South East	644	282	-56%
East Midlands	211	35	-84%
<b>UK</b>	<b>4,669</b>	<b>3,345</b>	<b>-28%</b>

Source: Glenigan

The value of office fit outs was also hit hard in 2020, with the value of both CAT-A and CAT-B work starting on-site dropping by 30%, and the value of project completions falling 29% against 2019 figures. London and the South East were hit particularly hard with drops of 33% and 85% against 2019 figures, respectively.

However, the vaccine rollout and the progressive unlocking of the economy increased confidence, leading to an increase in office fit out project-starts during the second quarter of 2021, with the value rising 50% on the first quarter of 2021. Despite a poor first quarter, project-starts during the first half of 2021 were 10% higher than the preceding six months.

Project-starts in London rebounded in the first six months of 2021, increasing 40% against the preceding six months, and 31% compared to the same period in 2019.

The latest Deloitte London Office Crane Survey reported a shift towards refurbishments in the Capital, with several owners opting to retrofit and reuse existing space rather than for demolition.

The pandemic has had a seismic impact on the future of the sector, with the widespread introduction of remote working, which has prompted many organisations and individuals to review their need for the daily commute to the office. Further to this, government ministers are currently considering enshrining a default, right to work from home, in law, which has the potential to cause widespread and ongoing structural changes in working practices.

Potential structural changes create opportunities for the office fit out sector however, with many organisations predicted to forego their larger-footprint offices and replace them with new, smaller office accommodation, or regional hubs, which could act as a catalyst for fit out and refurbishment work.

Furthermore, the pandemic has led organisations to assess what the primary purpose of what the office should be. The office as a concept is likely to shift from a place of management or control to a place of collaboration and interaction.

Tenants are also likely to increasingly focus on hygiene, with contactless features such as doors, access controls, and lifts all becoming essential to the office rather than luxuries. Plus, an increased attention to air quality, digital concierge, and layouts that naturally support social distancing are all likely to be high on the agenda.

The pandemic has had a huge impact on the office sector overall but has also created opportunities for the office fit out sector. Landlords will increasingly need to improve existing offices to offer the highest standards in order to attract tenants back to the office now restrictions have been removed.

The following analysis focuses on the CAT-B interior fit out market, which accounts for approximately two-thirds of the fit out sector, and reports on project-starts and project completions from a national, regional and city perspective. The report also contains league tables of the top contractors and clients within the CAT-B interior fit out market.

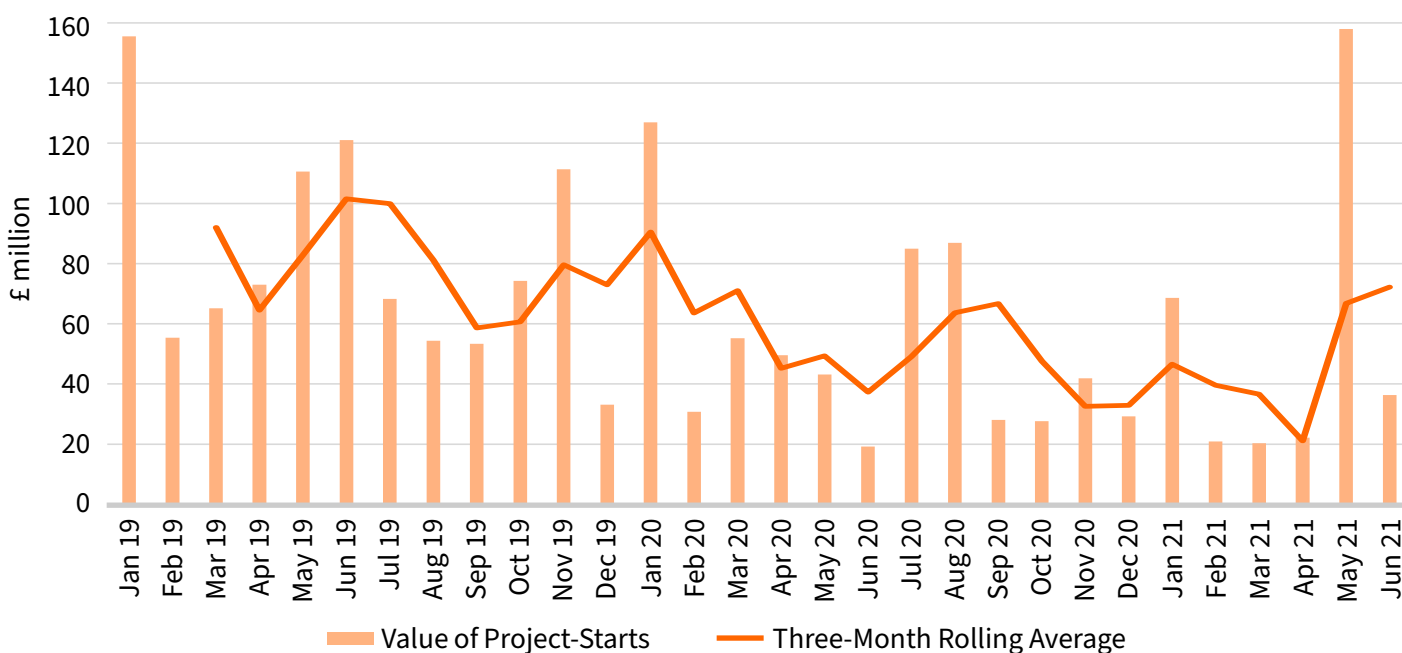




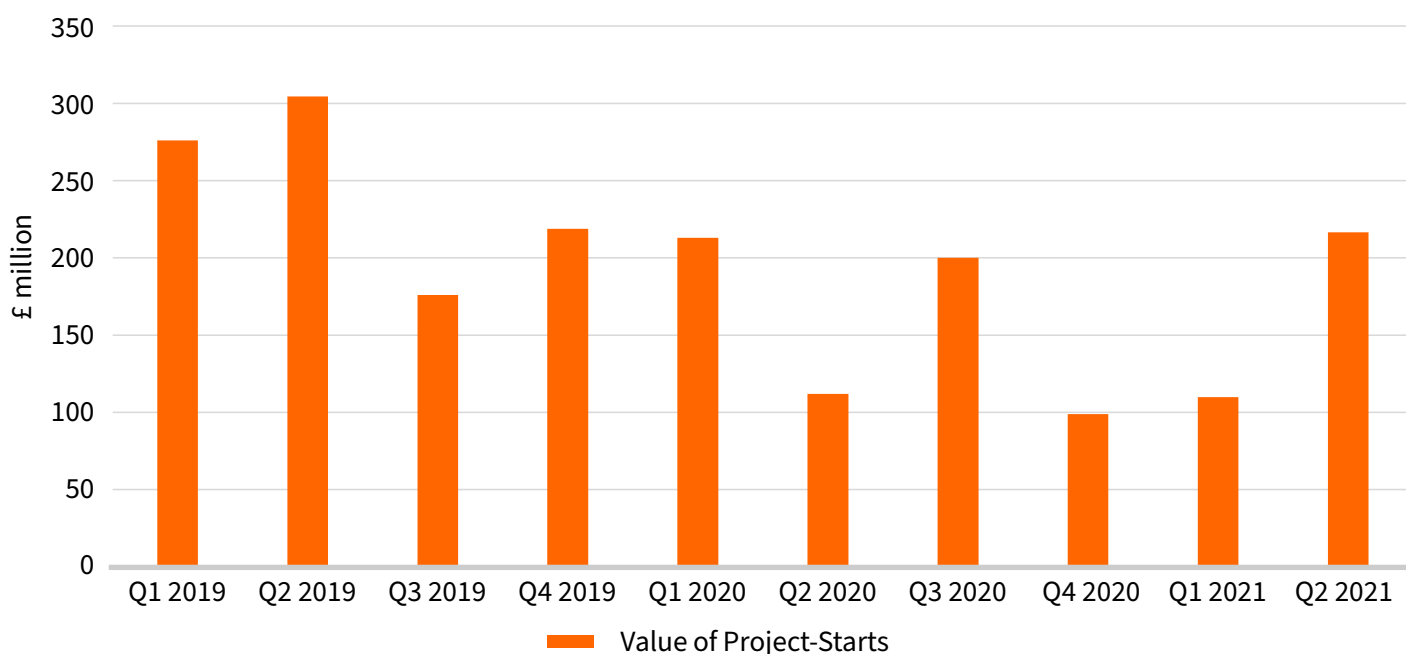
### Recent Performance

The total value of office interior fit out work commencing on-site between 2019 and 2020 added up to £1.599 billion. The COVID-19 pandemic had a clear impact on the sector, with the value of project-starts in 2020 declining 36% against the previous year to total £624 million. Office fit out project-starts totalled £326 million during the first half of 2021, a figure which is unchanged on the previous year. Despite this, the second quarter of 2021 was relatively strong with the value of project-starts climbing 97% against the preceding quarter.

**Chart 1: Value of CAT-B Office Fit Out Project-Starts 2019-June 2021**

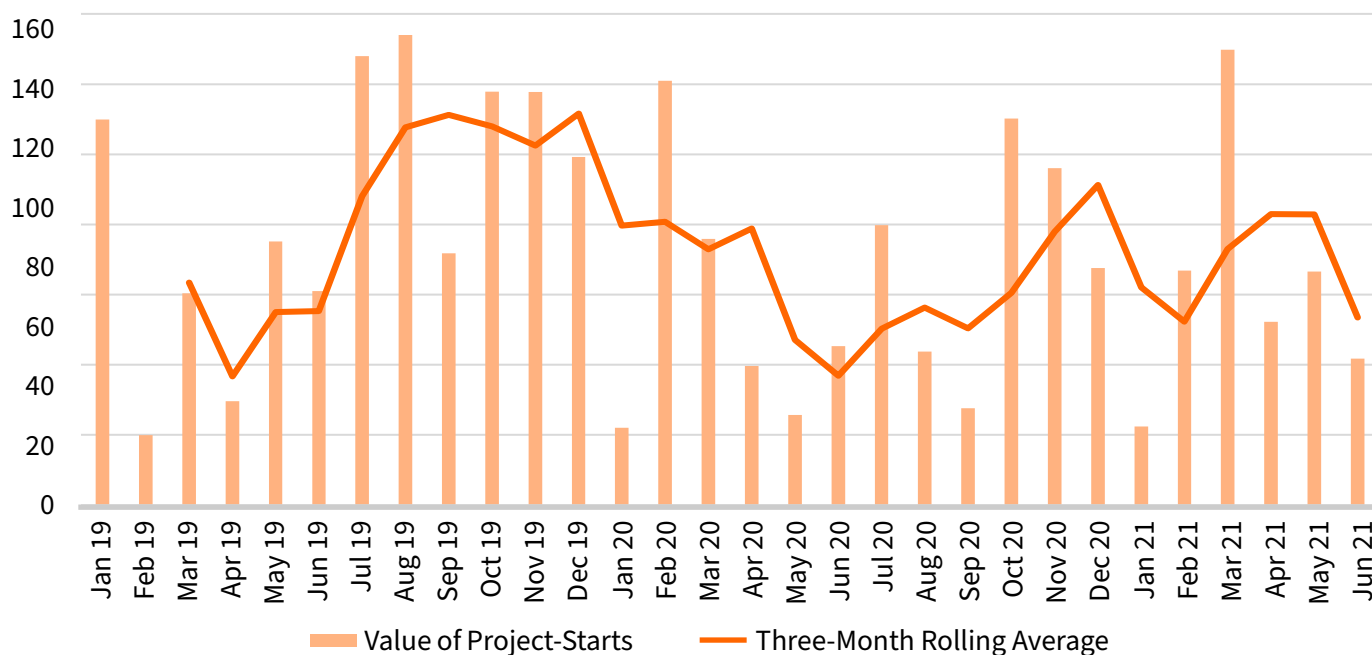


**Chart 2: Value of CAT-B Office Fit Out Project-Starts by Quarter 2019-Q2 2021**

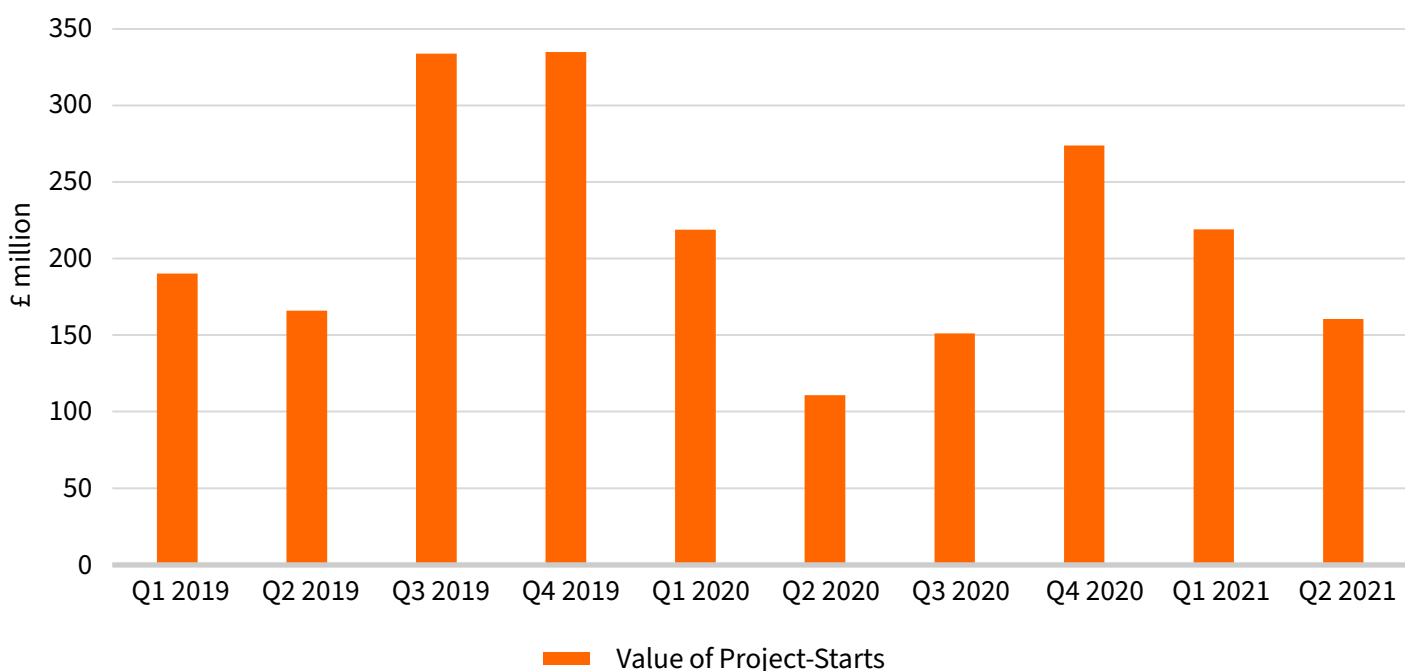


The value of office fit out completions totalled £1.779 billion during 2019-20, with the second half of 2019 being a particularly strong period. Project completions added up to £755 million in 2020, a 26% decline compared with the previous year. Project completions during the first half of 2021 climbed 11% against the previous year to total £380 million. However, the value remained relatively low during the second quarter of 2021.

**Chart 3: Value of CAT-B Office Fit Out Project Completions 2019-June 2021**



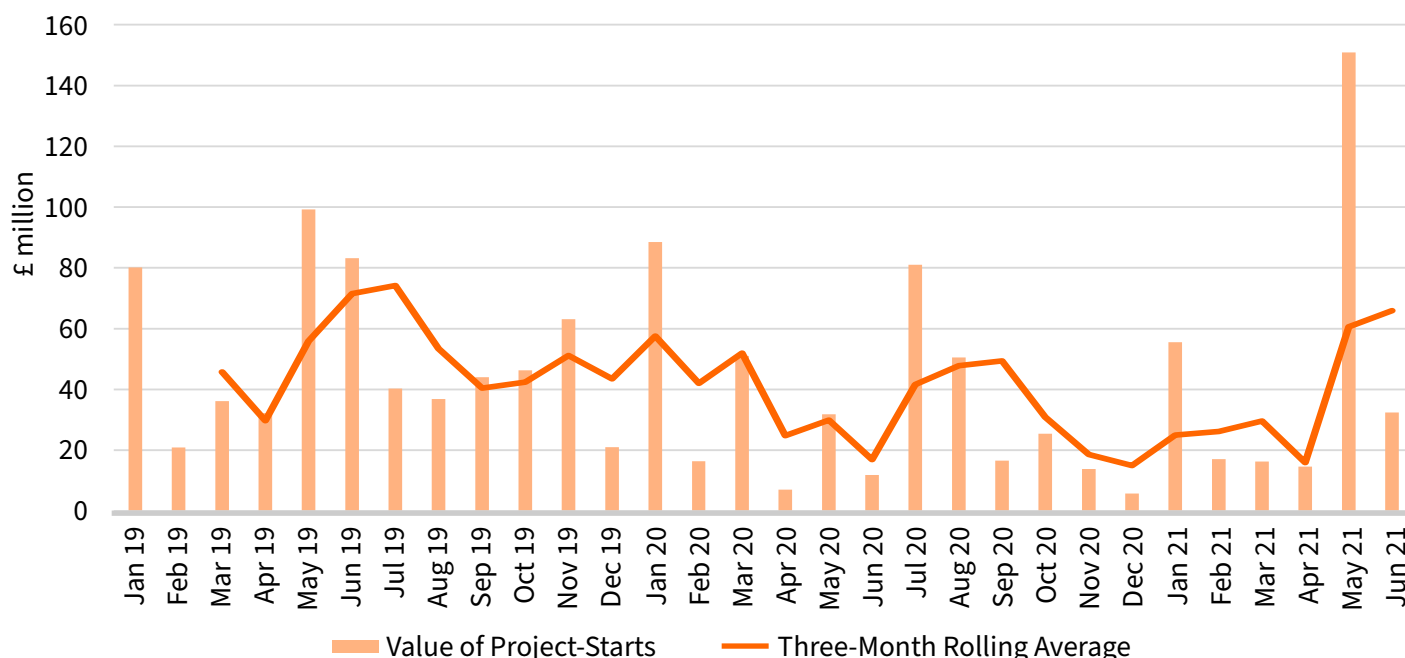
**Chart 4: Value of CAT-B Office Fit Out Project Completions by Quarter 2019-Q2 2021**



## Regional View

London accounted for the majority of office interior fit out work during 2019 to 2020 (63%), with the value of project-starts totalling £1.003 billion. Project-starts in the Capital in 2020 largely mirrored the national decline with the value falling 34% against the previous year to total £400 million. However, the first half of 2021 was a strong period for project-starts in the Capital with growth of 39% against the previous year and 48% compared with the preceding six-month period.

**Chart 5: Value of CAT-B Office Fit Out Project-Starts in London 2019-June 2021 (£m)**

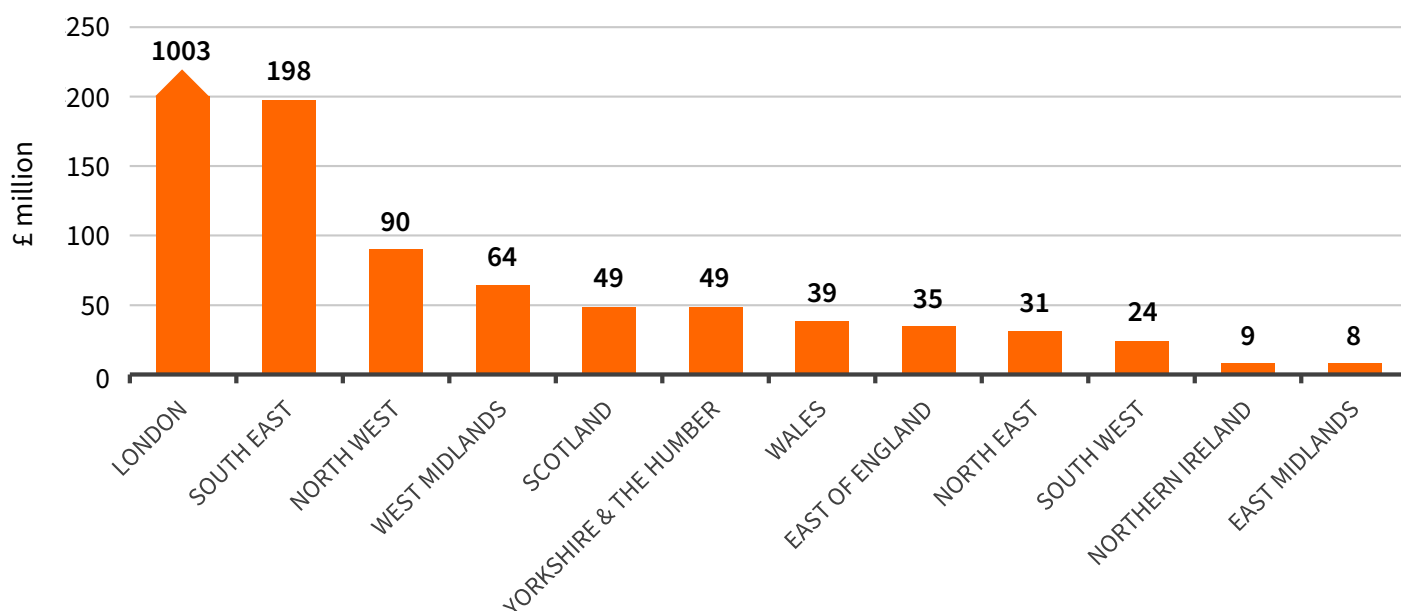


Elsewhere, the South East accounted for the second-greatest proportion of project-starts during 2019-20 (12%) with the value adding up to £198 million. The region was one of the hardest-hit regions as a result of the COVID-19 pandemic, having suffered a 84% decline compared with the previous year to total £27 million. The region accounted for only 4% of project-starts in 2020. Project-starts remained relatively low during the first half of 2021 with the value falling 7% against the previous year and growing only 2% against the preceding six months.

The North West was another active-region for office interior fit out project-starts with the value adding up to £90 million during the 2019-20 period, accounting for 6%. The region was one of four regions to experience growth in 2020 with the value having climbed by a quarter against the previous year to total £50 million. However, project-starts in the region performed very poorly during the first half of 2021 with the value declining 92% against the preceding six months and 53% compared with the previous year.



Chart 6: Value of Office CAT-B Fit Out Project-Starts by Region 2019-2020



The West Midlands accounted for 4% of project-starts during 2019-20, with the value adding up to £64 million. Project-starts in the region achieved the greatest growth of any region in 2020 (1110%) to total £60 million, albeit against a particularly poor 2019. The region was boosted at the start of 2020 by the commencement of High Speed Two, following the release of the Oakervee Review in February 2020, which recommended that the project should be built in full.

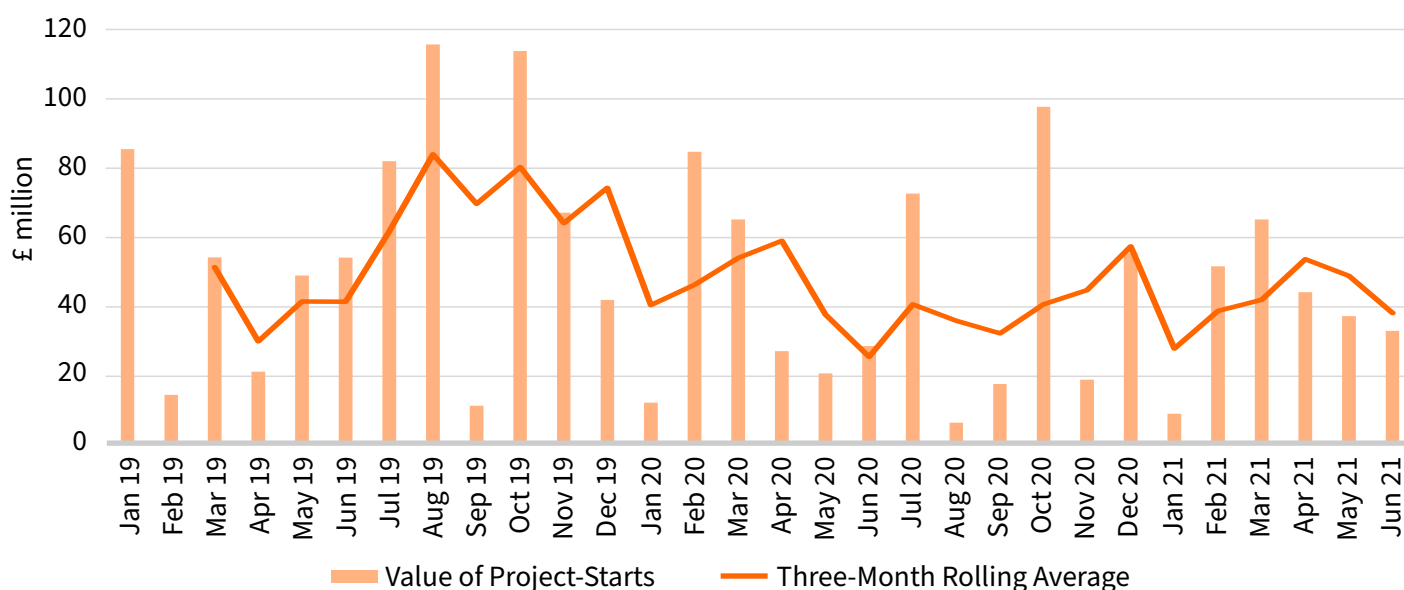
Table 2: Value of Office CAT-B Fit Out Project-Starts by Region 2019-2021 (Pro-Rata)

Region	2019 (£m)	2020 (£m)	2021 Pro-Rata (£m)
London	603	400	574
South East	171	27	26
Scotland	47	2	11
Yorkshire & the Humber	43	6	13
North West	40	50	7
East of England	24	10	12
South West	13	11	0
Wales	12	27	0
Northern Ireland	8	1	0
East Midlands	5	3	6
North East	5	26	0
West Midlands	5	60	5
<b>Total</b>	<b>975</b>	<b>624</b>	<b>653</b>

Source: Glenigan

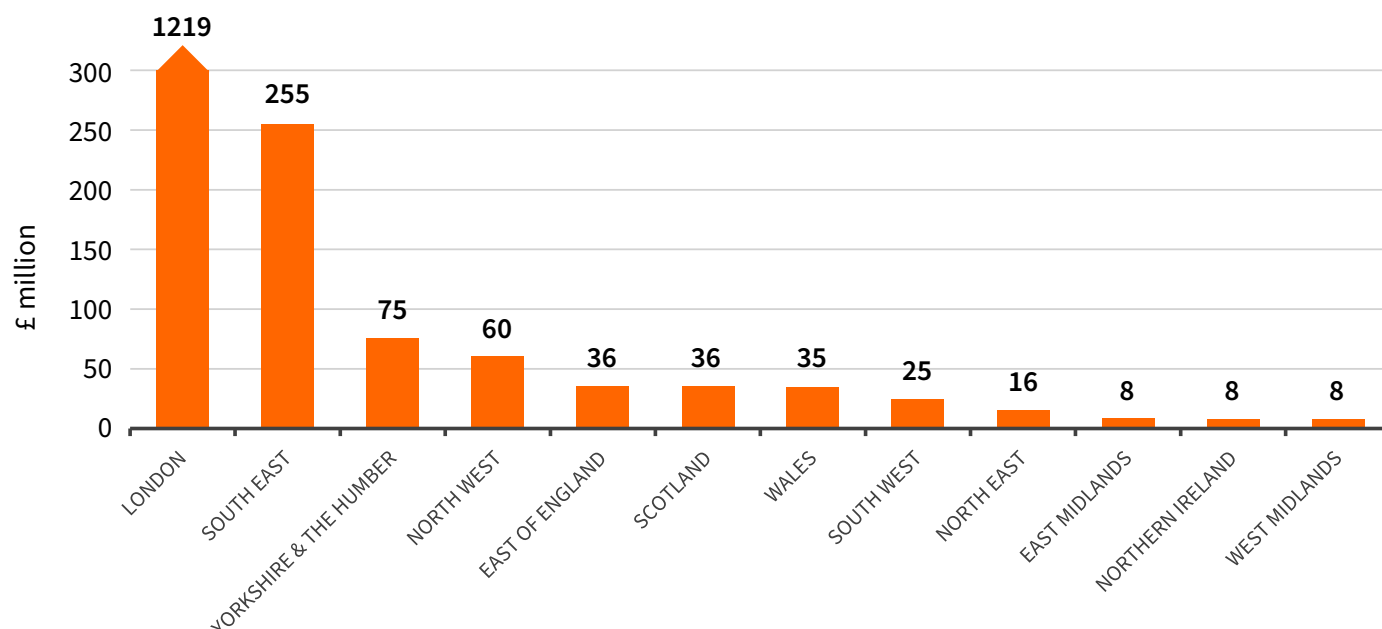
As with project-starts, London accounted for the vast majority of project completions during 2019-20 (69%) with the value adding up to £1.219 billion during the period. Project completions in 2020 largely reflected the national decline and fell 28% against the previous year to total £508 million. The first half of 2021 was a relatively weak period for project completions in the Capital, with the value falling 11% against the preceding six months and remaining unchanged against the same period a year ago.

**Chart 7: Value of CAT-B Office Fit-Out Project Completions in London 2019-June 2021**



The South East was the second most-active region for project completions, accounting for 14% of office fit-outs during 2019-20. As with project-starts, project completions fell sharply in 2020, falling 60% against the previous year to total £72 million. Project completions totalled £255 million during the two-year period. The first half of 2021 was a very poor period for office fit out completions in the South East, with the value having fallen 76% against the final six months of 2020 and 91% compared with the previous year.

**Chart 8: Value of Office CAT-B Fit Out Project Completions by Region 2019-20**





All other regions in the UK accounted for much-smaller shares in project completions. Four regions in total achieved growth in 2020, with the North East, West Midlands, Wales and Yorkshire & the Humber achieving three-digit growth. As well as the South East, the East of England, Northern Ireland and Scotland all experienced sharp declines in project completions. The West Midlands experienced a very strong start to 2021, with the value of project completions in the first six months of the year having climbed 1443% against the preceding six months as well as the previous year.

**Table 3: Value of Office CAT-B Fit Out Project Completions by Region 2019-2021 (Pro-Rata)**

Region	2019 (£m)	2020 (£m)	2021 Pro-Rata (£m)
London	711	508	481
South East	182	72	9
North West	36	24	74
East of England	24	12	16
Scotland	23	12	42
Yorkshire & the Humber	15	60	1
South West	14	11	4
Northern Ireland	8	0	0
East Midlands	5	3	4
Wales	3	31	8
West Midlands	2	6	85
North East	1	14	34
<b>Total</b>	<b>1025</b>	<b>755</b>	<b>759</b>

Source: Glenigan



**Project-Starts**

Excluding London, Manchester was the most-active city for office interior fit out project-starts, with the value adding up to £61 million during 2019-20. The city accounted for 4% of total project-starts during the period and a tenth of project-starts outside of London. Birmingham took second place, with work commencing on-site adding up to £57 million. Birmingham also accounted for 4% of total project-starts and a tenth of project-starts outside of London during 2019-20. Almost the entirety of this value was made of up of projects starting on-site in 2020.

Slough was the third-most active area of the UK, with two high-value projects commencing on-site in 2019 totalling £48 million. The town accounted for 3% of office fit outs in total and 8% outside of London. Leeds also accounted for 3% of total office fit out project-starts as well as 7% of project-starts (excluding London) with the value adding up to £42 million during the two-year period. Outside of London, Leeds had the highest value of project-starts during the first six months of 2021 (£6 million). Reading, Cardiff and Glasgow were other active areas for office fit outs during 2019-20.

**Table 4: Value of Office CAT-B Fit Out Project-Starts by City/Town 2019-20**

City/Town	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
Manchester	61	26
Birmingham	57	10
Slough	48	2
Leeds	42	9
Reading	37	9
Cardiff	33	8
Glasgow	32	6
Thames Ditton	31	1
Cambridge	20	9
Newcastle-Upon-Tyne	19	5
Dundee	15	3
Bristol	14	4
Marlow	12	3
Bracknell	12	5
Sunderland	10	1

Source: Glenigan



**Project Completions**

Leeds was the top city for office fit out project completions during 2019-20, with the value adding up to £69 million. The majority of the total was due to a strong performance in 2020. The city accounted for a 4% share of project completions overall and a 12% proportion (excluding London). Slough took second place, with two project completions adding up to £48 million. The two projects also started during the same two-year period. Slough accounted for 3% of total project completions and 9% of project completions outside of London.

Manchester accounted for the greatest proportion of project-starts and the third greatest share of project completions, with 26 projects adding up to £41 million.

The city accounted for 2% of total project completions and 7% of project completions (excluding London). Reading and Cardiff were two other cities which accounted for relatively high shares. Project completions in Birmingham were relatively low during 2019-20 but performed well during the first half of 2021 with 3 projects worth £43 million completing on-site.

**Table 5: Value of Office CAT-B Fit Out Project Completions by City/Town 2019-20**

City/Town	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
Leeds	69	13
Slough	48	2
Manchester	41	26
Reading	37	9
Cardiff	33	8
Thames Ditton	31	1
Milton Keynes	27	3
Horsham	23	2
Cambridge	20	9
Dundee	15	3
Bristol	14	5
Glasgow	12	6
Marlow	12	3
Bracknell	12	6
Sunderland	10	1

Source: Glenigan

**Project-Starts**

The City of London accounted for 35% of project-starts in London as well as 22% of office fit out project-starts overall during 2019-20, with 94 projects worth £352 million. Most projects commenced in 2019, with 2020 being, unsurprisingly, a relatively poor year. Starts have largely bounced-back to pre-pandemic levels during the first half of 2021 however, with 13 projects valued at £100 million commencing on-site.

Westminster was the second most-active borough during 2019-20, with the value of office fit out project-starts adding up to £208 million and the greatest number of projects starting on-site (100). The borough accounted for 21% of project-starts in London as well as 13% of work starting on-site overall. Tower Hamlets and Camden accounted for a tenth of project-starts in London and 6% overall, with the value adding up to £101 million and £100 million respectively. Other boroughs accounted for much-smaller shares, including Islington and Kensington & Chelsea where project-starts totalled £54 million and £49 million respectively.

**Table 6: Value of Office CAT-B Fit Out Project-Starts by London Borough 2019-20**

Borough	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
City of London	352	94
Westminster	208	100
Tower Hamlets	101	18
Camden	100	29
Islington	54	15
Kensington & Chelsea	49	4
Newham	42	2
Barking & Dagenham	24	1
Wandsworth	16	5
Hackney	16	6
Southwark	14	8
Hounslow	7	3
Hammersmith & Fulham	5	2
Brent	3	1
Hillingdon	2	2

Source: Glenigan



### Project Completions

The top five boroughs for project completions in 2019-20 is unchanged from project-starts. Project completions in the City of London totalled £431 million and accounted for 35% of work completing on-site as well as 24% of project completions overall. A total of 94 projects completed on-site during the period. As with project-starts, Westminster took second place, with 96 projects worth £259 million finishing on-site during the period. Westminster accounted for 21% of project completions in London as well as 15% overall. Westminster was the most-active borough in London during the first six months of 2021 with a total of £74 million worth of projects having completed on-site.

Tower Hamlets was the third most-active borough, with 19 projects worth £140 million completing on-site to account for 11% of completions in London and 8% in the UK. Project completions were particularly strong in Tower Hamlets in 2019 but very low in 2020. Camden was also active for project completions, with £108 million worth of projects completing on-site during the period. Islington, Hillingdon and Newham were other active boroughs during 2019 to 2020.

**Table 7: Value of Office CAT-B Fit Out Project Completions 2019-20**

Borough	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
City of London	431	94
Westminster	259	96
Tower Hamlets	140	19
Camden	108	27
Islington	65	18
Hillingdon	53	4
Newham	42	3
Southwark	32	10
Barking & Dagenham	24	1
Wandsworth	16	5
Hammersmith & Fulham	13	5
Hackney	13	5
Hounslow	7	2
Brent	3	1
Richmond-Upon-Thames	2	1

Source: Glenigan

**Project-Starts**

Morgan Sindall Group was the most-active main contractor during the period, with 199 project-starts adding up to £504 million in value, accounting for a third of all project-starts during the period. The largest schemes to commence on-site were the £45 million fit out at 100 Bishopsgate in the City of London for the Royal Bank of Canada and a £40 million fit out for HM Revenue & Customs in Newham. Overbury Group accounted for the majority of project-starts within the Morgan Sindall Group, with 140 projects totalling £395 million during the two-year period. ISG claimed second place, with 18 projects worth a total of £232 million, accounting for 15% of work commencing on-site during the period. Project-starts included a £48 million fit out of the former Boots building on Kensington High Street as well as the £63 million fit out for BT Group at 1 Braham Street, London, which commenced on-site in mid-2020.

Both BW Interiors, and Parkeray, accounted for similar shares of 7% and 6%, with the value of project-starts adding up to £120 million and £91 million respectively during the two-year period. Mace was ranked fifth, with 10 projects worth a combined £69 million commencing on-site, all starting in 2019. Kier, Structuretone and 21Construction were three other active contractors during 2019-20.

**Table 8: Top 15 Contractors by Value of Office CAT-B Fit Out Project-Starts 2019-20**

Rank	Contractor	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
1	Morgan Sindall Group	504	199
2	ISG	232	18
3	BW Interiors	120	24
4	Parkeray	91	28
5	Mace	68	10
6	Kier Group	47	4
7	FH Harvey & Sons	40	1
8	Structuretone	37	4
9	Graham Construction	36	4
10	Wates Group	35	1
11	21Construction	34	13
12	ThirdWay Interiors	23	5
13	Royal BAM Group	20	1
14	OD Group	19	5
15	8Build	19	10

Source: Glenigan

### Project Completions

Morgan Sindall Group accounted for the greatest proportion of office interior fit out project completions during 2019-20 (33%) with 196 projects adding up to a value of £594 million. The largest schemes to complete on-site during the two-year period were the £72.5 million 'Project Roman' scheme in London for M&G Investments and the £45 million '100 Bishopsgate' fit out for the Royal Bank of Canada. Overbury Group accounted for the vast majority of the value of project completions within Morgan Sindall (85%) with 142 projects adding up to £504 million.

BW Interiors were the second most-active contractor for project completions, with 27 projects adding up to £143 million in value. The contractor accounted for 8% of projects completing on-site during the period. Project completions included the £30 million fit out at the Post Building on New Oxford Street, London. Willmott Dixon placed third, with 3 projects totalling £94 million during the two-year period. However, the majority of the total was due to works completing on-site on the £82 million 'Old Admiralty Building' development in Westminster, which included the renovation of three wings, five floors, 650 rooms and 250,000 sq. ft of commercial office space.

ISG and Parkeray were two other active-contractors during 2019-20, with the value of project completions adding up to £94 million and £90 million respectively. Willmott Dixon, ISG, and Parkeray accounted for 5% of project completions each during the period.

**Table 9: Top 15 Contractors by Value of Office CAT-B Fit Out Project completions 2019-20**

Rank	Contractor	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
1	Morgan Sindall Group	594	196
2	BW Interiors	143	27
3	Willmott Dixon	94	3
4	ISG	94	15
5	Parkeray	90	27
6	Canary Wharf Contractors	65	1
7	Mace	62	11
8	Bouygues UK	50	1
9	Kier Group	47	4
10	8Build	39	7
11	21Construction	37	13
12	Structuretone	37	4
13	Wates Group	35	1
14	VolkerWessels	31	2
15	OD Group	30	7

Source: Glenigan



## Project-Starts

HM Revenue & Customs topped the client/end user interior fit out table for 2019-20, with 8 project-starts with a combined value of £137 million, accounting for 9% of the sector. The highest value projects to start during the period were for a £40 million project at Westfield Avenue, London, by Overbury Group and a £34.5 million fit out undertaken in Leeds by Wates.

BT Group were the second most-active client/end user during the two-year period, with 3 project-starts worth £108 million, accounting for 7%. Project-starts included the £63 million fit out of 1 Balham Street by ISG and the £40 million fit out of the Tree Snowhill Office Building in Birmingham by FH Harvey & Sons. Columbia Threadneedle and the Royal Bank of Canada were other active end-users with projects worth £49 million and £45 million respectively, accounting for 3% shares each.

**Table 10: Top 15 Clients/End Users by Value of Office CAT-B Fit Out Project-Starts 2019-20**

Rank	Client/End User	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
1	HM Revenue & Customs	137	8
2	BT Group	108	3
3	Columbia Threadneedle	49	2
4	Royal Bank of Canada	45	1
5	China Mobile International	43	1
6	SHL Group	31	1
7	Facebook	30	2
8	GreenOak Real Estate Advisors	27	1
9	E-Shelter UK	24	1
10	Anglo American Plc	23	1
11	Turner Broadcasting System	22	1
12	Department for Transport	21	1
13	Bryan Cave Leighton Paisner	19	1
14	Investec	17	2
15	Microsoft	17	1

Source: Glenigan

**Project Completions**


HM Revenue & Customs accounted for the greatest proportion of office interior fit out project completions during 2019-20 (6%) with 6 projects worth £116 million completing on-site. The £40 million fit out of the Westfield Avenue office in Newham was the largest scheme to complete during the period, but the completion of the £34.5 million fit out at the HM Revenue & Customs hub in Leeds also provided a boost.

A single fit out project worth £82 million for the Department for Education accounted for 5% of project completions during the two-year period. This was the refurbishment of the Old Admiralty Building in Westminster undertaken by Willmott Dixon. Prudential International and Société Générale were also active clients, with single projects completing on-site worth £73 million and £65 million respectively. Albeit at lower values, ASOS and Fidelity International had 3 projects complete on-site during the period.

**Table 10: Top 15 Clients/End Users by Value of Office CAT-B Fit Out Project-Starts 2019-20**

Rank	Client/End User	Value of Project-Starts between 2019-20 (£m)	Number of Projects Started
1	HM Revenue & Customs	116	6
2	Department for Education	82	1
3	Prudential International	73	1
4	Société Générale	65	1
5	Virus Data Centre	50	1
6	Royal Bank of Canada	45	1
7	China Mobile International	43	1
8	SHL Group	31	1
9	ASOS	28	3
10	Channel 4 Television	26	2
11	H&M Hennes & Mauritz	25	1
12	The Competition Commission	25	2
13	E-Shelter UK	24	1
14	Fidelity International	23	3
15	Turner Broadcasting System	22	1

Source: Glenigan

An aerial photograph of a city, likely London, showing a dense urban landscape with various buildings, a river, and a bridge. The image is partially obscured by a white diagonal band on the left side, which contains text.

Do you need reliable insight and statistics to help you budget, forecast, realise size of market or market penetration?

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