

New research provides clearer insight into corporate property costs

Submitted by: TTA Communications (Bath)

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Birmingham, 31st October 2012 Portal (<http://www.portalgroup.uk.com>) leaders in delivering innovative space and infrastructure solutions has announced the results of independent research by Actium Consult, that highlights what FDs and senior executives should know about the real costs of traditional property acquisition and leasing compared with alternative strategies such as 'Managed Office Solutions'.

Actium Consult publishers of the 'Annual Total Office Cost Survey (TOCs)' report, were commissioned by Portal to provide a workstation cost comparison based on Portal's Occupier Solutions property model, against the TOCs industry benchmark cost standard.

Actium's finding concluded that in the examples tested, the Portal workstation costs were lower than the equivalent TOCS standard. They also noted that there were other additional benefits of Portal's Managed Office Solutions, over and above traditional property procurement.

Andrew Proctor, Managing Director, Actium Consult commented "In our view there are noticeable benefits available to Portal customers along with genuine cost savings. These include guaranteed costs for the length of the contract, the saving of management time/business risk by having a fast turn-key delivered accommodation solution and increased speed and contract flexibility compared to conventional laborious property search, leases, negotiation and fit-out."

Portal's Managing Director John Gotley says, "Historically it has been very difficult for FDs and other board members to make like-for-like comparisons between traditional property procurement such as lease or buy, and Managed Solutions that are offered on an operational annualised contract. This is because conventional costing analysis focuses almost entirely on the hard issues of property management such as the lease of the building, the fit-out, and maintenance. What's missing is that it overlooks more unpredictable and hidden costs such as Facilities Management (from security to cleaning and preventative maintenance), sustainability and exit costs."

Actium's research was conducted at two of Portal's facilities, Sherwood Park, Nottingham and Pembroke Court in Chatham. Tailored to the client's specific needs Sherwood is an office and data centre facility and Chatham provides both specialised call centre and office use.

A summary of what Actium said about Portal's facility at Nottingham:

The building is a unit on Sherwood Park near Nottingham. It is a self-contained unit of 52,624 sq ft in a two storey office building, plus 3,552 sq ft in adjacent outbuildings. The premises were built for the client to their own specification for use as a call centre in 2001. The building was built, fitted out and ready to occupy within 14 months from a standing start. The agreement has been flexible enough to allow for significant reconfiguration during the course of the contract.

The building includes a sizeable restaurant and two large data centres, resulting in a relatively low density per workstation.

Investment has included £300,000 for fitting out the restaurant, and £1 million for UPS, generator and

the first data centre, which was included in the workstation price.

The second data centre was created by configuring the workstations more densely, releasing the space for the new centre. The cost of the additional fit out for the second data centre was paid by the client and is not reflected in the workstation price.

The Portal workstation cost at £333 is below the TOCS cost of an equivalent sized workstation at £351.

Additionally, the original request by the client was for only one Data Centre. Portal's input into the design meant that when a second data centre was required, the workstation density could be increased, allowing the call centre activity to continue as before.

A summary of what Actium said about Portal's facility at Chatham:

The property is a relatively new office building at Pembroke Court, part of the Chatham Maritime development. The building was designed and developed by a third party, and was taken by Portal on a normal commercial lease. The space comprises the first and second floors of a three-storey building, the ground floor being under separate occupation.

The fit out was carried out by Portal.

The space occupied is 34,810 sq ft. This is slightly smaller than the TOCS comparison, but the prices are still comparable.

The property is partly used as a call centre, but also has the majority of one floor for normal office use.

The Portal workstation cost at £417 is below the TOCS standard workstation cost of £418 . However it should be borne in mind that Portal's ability to provide workstations at a higher than average density (75 sq ft compared to 100 sq ft) means that the same number of people are accommodated efficiently and comfortably without a drastic reduction in desk size (1400 mm compared to 1600 mm).

It should also be noted that the TOCS benchmark portrays the cost of the conventional route and ignores the additional benefits available to the Portal customer, which include:

- Guaranteed costs for the length of the contract
- Saving of management time
- Reducing business risk by having a fast turn-key delivered accommodation solution
- Increased contract flexibility compared to a conventional property search – lease negotiation – fit out time.

Editor's Notes:

About TOCS

Now in its 15th year The TOCs survey is one of the most respected independent surveys of commercial property costs. Produced by Actium consult, it is the most informative survey currently available to property professionals and senior executives. Based on 20 costing factors in over 50 locations in the UK, the report has become the industry benchmark, providing forward looking, detailed costing information for office accommodation.

<http://www.actiumconsult.co.uk/tocs/>

About Portal

Portal's unique Occupier Solutions, is a cost-efficient, low risk, business driven approach to property acquisition, delivery and management.

We source and where necessary restructure existing property and property commitments to deliver the accommodation corporate organisations need to match their dynamic business commitments. Our solutions are fully managed, flexible, and comprise all the capital expenditure components within a fixed price operational contract (including FM and IT infrastructure).

At Portal, we think business not buildings.

Portal's clients include: BSKyB, Provident Financial, E.ON and other prestigious organisations. Portal's head office is in Birmingham and they have operational centres in Glasgow, Rotherham, Nottingham, Chatham, Coventry and Leeds.

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