

Intelligent Investment

Global Fit-Out Cost Guide 2022-2023

REPORT

A data-driven
analysis of office fit-
out pricing and global
construction trends.

CBRE INSIGHTS
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CBRE



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01

Introduction

This global report provides in-depth analysis of fit-out cost data from CBRE.

CBRE's 2022-23 Global Fit-Out Cost Guide is the industry's most comprehensive analysis of fit-out pricing globally. This year's edition focuses on the global changes in work models and the challenges faced as a result of the pandemic, climate change and heightened economic uncertainty.

The global shift in workplace behaviors has resulted in new ways of thinking about the construction of offices. Companies have adopted hybrid work models, and people need a blend of flexible, team and event spaces. Likewise, many companies have set net-zero carbon targets, expanding real estate sustainability strategy beyond energy savings to include decarbonization and Environmental, Social and Governance (ESG) criteria.

But with the changes there have been challenges. The lingering effects of COVID-19 and the war in Ukraine have led to economic and supply chain uncertainty, which affects the fit-out market by diminishing budgets amid inflation and causing long lead times in procurement.

CBRE introduced our Fit-Out Cost Guide in 2013 as a benchmarking tool to support planning and investing in capital fit-out projects. This year our cost guide leverages more quality data than ever before, with input from strategic partners.

The 2022-23 guide provides insight into global market trends, with regional data from APAC, EMEA, North America and Latin America. CBRE's talented and diverse global project team provides the knowledge, research and connections that make this Fit-Out Cost Guide possible.

We sincerely thank everyone who has contributed to the Fit-Out Cost Guide, and we thank our clients for your continued engagement with our work. We hope you find this edition useful as you plan fit-out projects for 2023 and beyond.

02

Strategy

Five Workplace Trends

As the pandemic wanes, companies are assessing which styles best suit their needs.

— Predominant Pre-pandemic

1

Office as an Organization Chart

Everyone has their own desk, desks are homogeneous, seats allocated and often hierarchical, limited other support spaces.

2

Self-Organizing Office

Shared desks that allow for greater variation of individual work and support spaces. Employees empowered to organize where and how they work as teams. Variations include Activity-Based Working (ABW) and Hot Desking.

— Office & Work from Home (WFH) Mix

3

Office as an Attractor

Similar to the Self-Organizing Office except the choice to work from home may be unstructured or ad hoc. Critical to understand what will attract people to the office and what might cause them to leave once there. Strong team neighborhoods.

4

Office as a Destination

A divergent model that assumes that teams do not have their own neighborhoods, rather teams will come into the office as a group, creating pop-up neighborhoods for the day. Higher proportion of event space for collaboration and connection, supplemented by flexible workspace for people in the office on a non-team day.

5

Pop-Up Office

Companies with most employees working entirely from home may still need a flexible work space for a day, particularly for events that connect and teach people, which likely will be in non-office locations such as parks, cinemas and other cultural event venues.

WFH 1-2 days/week

WFH 3-4 days/week

WFH 5 days/week

Why will people come into the office?

Teamwork

Sit with their team colleagues, possibly doing same work they do at home.

Network

Connect and intersect, mostly in small groups, with colleagues outside immediate team.

Events

Come into work for a single specific event, that may not even be in office. Events might include meeting a particular person, a group social event, a collaboration activity, or shopping/ events near the office.



Large-scale collaboration events will continue to occur intermittently. Spaces created for this function should have multi-purpose uses as work areas and small-group collaboration spaces.

Factors causing people to leave the office include inability to sit with colleagues, lack of acoustic privacy and clumsy technology configuration.

Environmental, Social & Governance

With growing demand for climate action among consumers, occupiers and investors, measuring ESG performance is more important than ever for all businesses to thrive.

Companies can achieve operational efficiencies and sustainability by streamlining, saving energy, reducing waste and recycling materials. Well-managed fit-out projects can contribute to environmental and economic benefits through reductions in energy consumption, implementation of cost-neutral building maintenance methodologies and lower workspace costs.

— Practices - Regulatory Pressure

European Union (EU) rules such as the Corporate Sustainability Reporting Directive (CSRD) now require large companies to publish regular reports on their social and environmental impacts.

Sustainability reporting ensures that companies consider their impacts on the environment and enables them to be transparent about their risks and opportunities.

FIGURE 1: ESG Initiatives

							
Scheme	BREEAM	LEED	HQE	DGNB	WELL	Fitwel	Wired certification
Operated by	BRE	USGBC	CERWAY	DGNB	IWBI	US HSS	WIRED SCORE
Countries available (origin)	International (UK)	International (US)	International (France)	International (Germany)	International (US)	International (US)	USA, UK, France, Germany, Canada, Ireland (US)
Levels of achievement	Pass, Good, Very Good, Excellent, Outstanding	Silver, Gold, Platinum	Pass, Good, Very Good, Excellent, Exceptional	Bronze, Silver, Gold, Platinum	Silver, Gold, Platinum	1 Star, 2 Star, 3 Star	Certified, Silver, Gold, Platinum

Energy-efficiency certifications for buildings are becoming more common. Owners and occupiers are demanding sustainable fit-outs and increasingly opting for third-party certifications that verify a building meets certain environmental standards. These standards also may include wellbeing (WELL/Fitwel) and building connectivity (WiredScore/SmartScore).

Source: CBRE Insights, 2022.

— Planet - Carbon Reduction

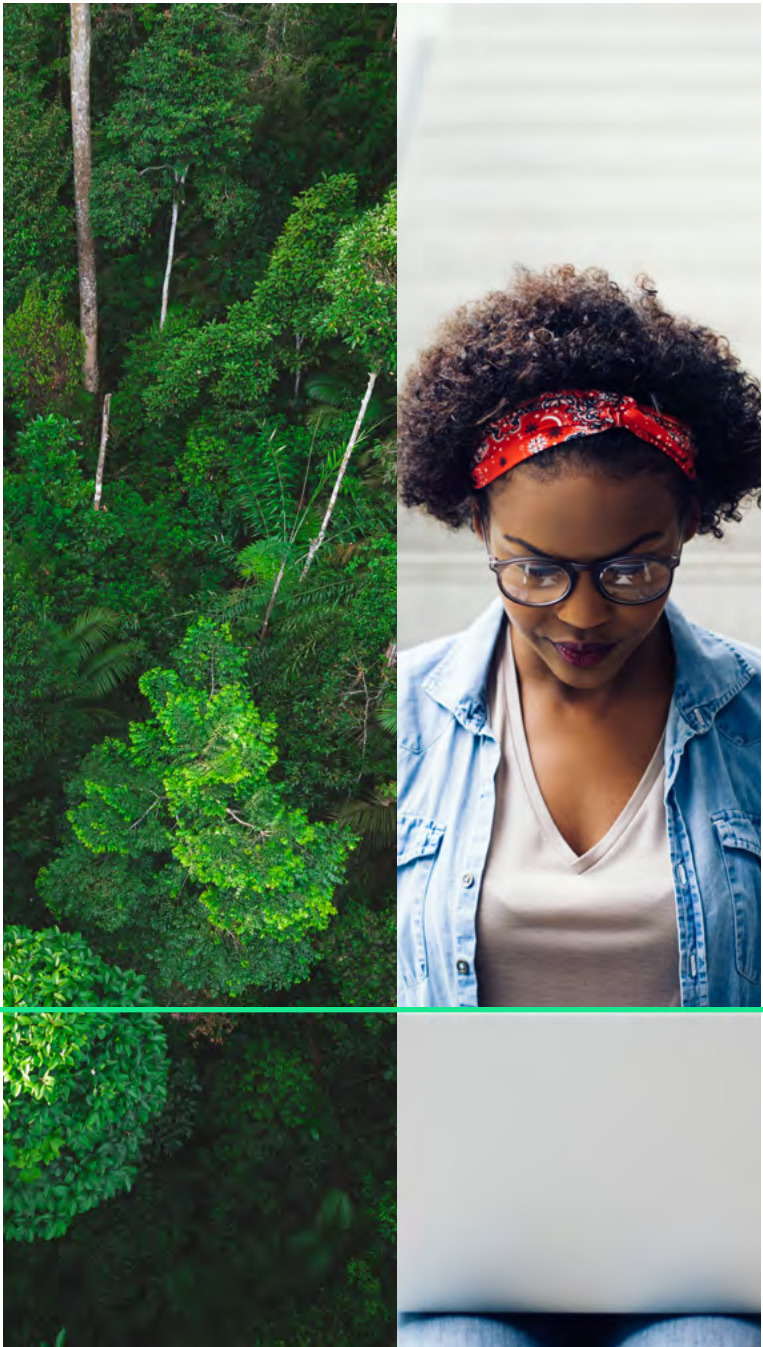
More than 30% of global Fortune 500 companies have publicly committed to achieving a climate goal by 2030. Governments globally have enacted new regulations to curb carbon emissions. For example, EU regulation aims to cut carbon emissions by at least 55% by 2030, and the U.K. government commits to reduce carbon emissions by 78% by 2035.

Decarbonization Pathway - CRREM

The Carbon Risk Real Estate Monitor (CRREM) is a tool for measuring current consumption of a property, portfolio or business and evaluating the carbon-emission performance against targets in line with the Paris Agreement.

Energy Performance Contracting (EPC)

More than 28% of carbon emissions is related to building operations, therefore existing building inventory must meet energy-efficiency standards. Buildings must achieve minimum applicable EPCs per the local legislation and challenge continuous improvement.



— People - Seek Companies with Purpose

CBRE’s [Global Live-Work-Shop Report](#) found that millennials are highly attuned to the culture and practices of a company—including its environmental credentials—when deciding whether to become or remain employees. Occupants of “greener” buildings are also healthier and more productive at work.

Strategic Sourcing

Sourcing a capital project can take longer than anticipated, with availability and quick manufacture often taken for granted. In the current global economy, the supply chain faces pressure from reduced resources and increased demand.

Without proper consideration at the strategy stage, a project program could be extended by weeks as lead times become unreliable. For example, the global shortage of lumber has led to delays and cost increases in furniture manufacturing and delivery, where order fulfillment can now take up to six months (compared with three months pre-pandemic).

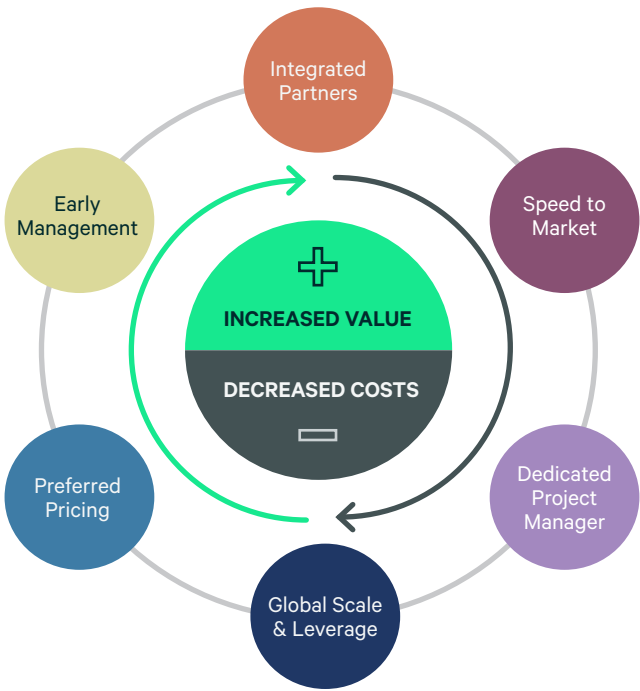
Early engagement can mitigate sourcing challenges, allowing for better planning from the project’s outset and ample time to identify requirements and place orders ahead of a full contract’s execution. Using trusted suppliers, which can align with client expectations and adhere to a service agreement, provides a degree of certainty on supply chain lead times and preferential rates. Failure to prepare at the strategic stages of a project may result in failure to meet key project objectives due to unstable supply chains.

[Click](#) to learn more about CBRE Supply Chain Sourcing services.

Benefits of Strategic Sourcing

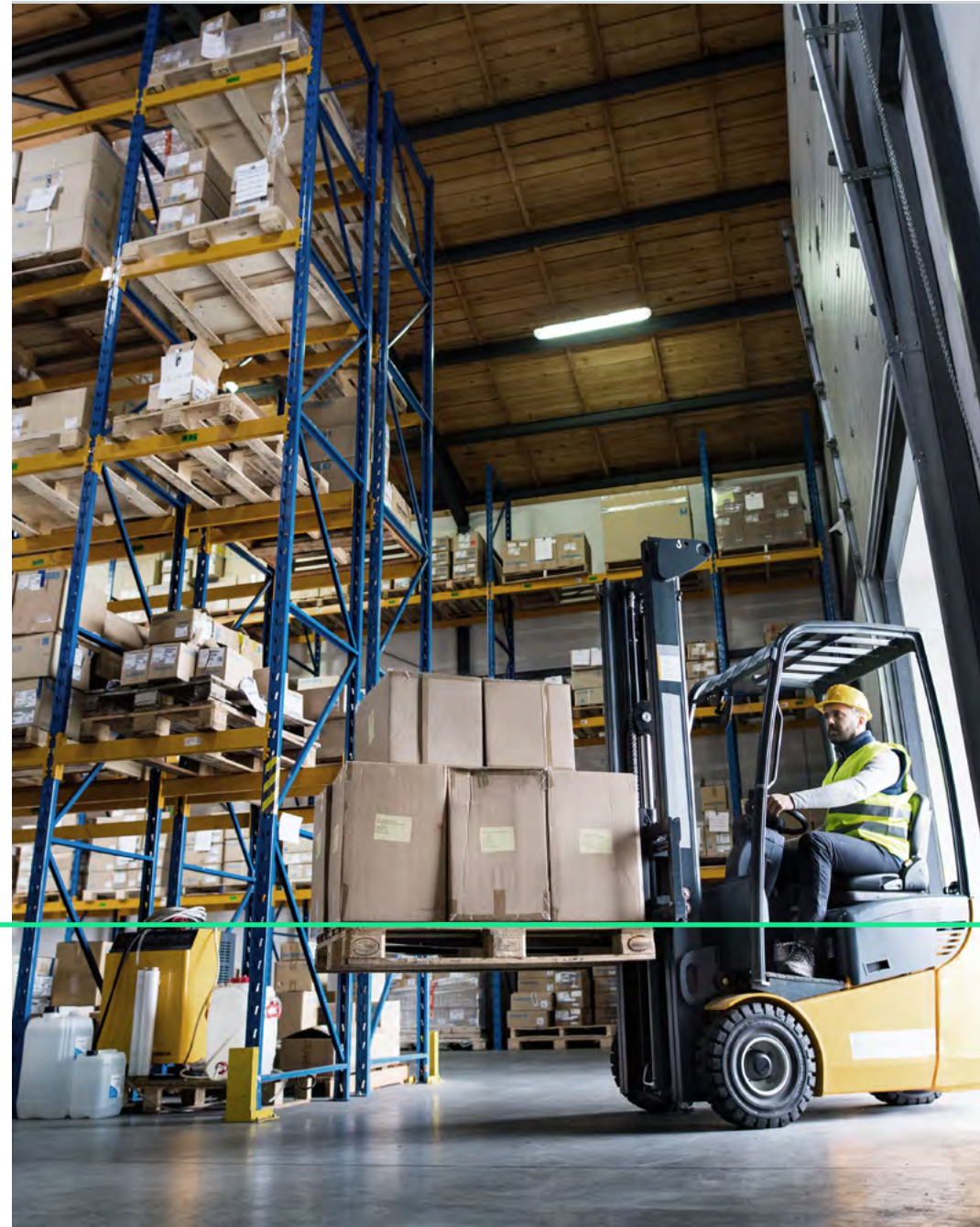
- Reputable market and industry-leading suppliers
- Financially well positioned to ensure continuity of service
- CSR focused
- Globally diversified manufacturing services
- Recognized industry credentials and accreditations
- Focus on product innovation and use of technology:
 - Competitive pricing and tiered discounts
 - Wide product offering to support client requirements
 - Warranties and aftercare support
 - Lead time (days/week)/quick-ship programs
 - Customization available
 - Recycling services available
 - Asset Recovery programs

FIGURE 2: Sourcing Diagram



Source: CBRE Insights, 2022.

The building industry produces 21% of global GHG emissions, of which 18% are embodied emissions from typical building materials.



Source: UNECE, October 2022.

— Decarbonize the Supply Chain

- Scope 3 GHG emissions in supply chain
- Baseline hotspots identified using supplier spend and emission metrics
- Engage high emission suppliers to improve and measure reduction
- Global performance team and emissions tracking

— Supplier Diversity

- Increase use of certified diverse suppliers to meet spending goals
- Leverage partnerships
- Sourcing and supplier training playbooks, toolkits, case studies, etc.
- Global platform team

— Responsible Sourcing

- Integrated into supplier onboarding process and leverage supplier risk ecosystem
- Sourcing and supplier training
- Managed within risk and operations

Many companies have set a net-zero carbon target. CBRE recommends working with partners who have net-zero practices in action. Ensure your decarbonization journey includes the indirect emissions from your suppliers to reduce the carbon footprint of your supply chain.



[Click](#) to learn more about Sustainability Solutions from CBRE.

03

Project Planning

Design, Program & Cost Advice

Floor Layouts

The floor layouts in this guide represent a 23,366-sq.-ft. (1,985-sq.-m.) usable floorplate.

These layouts focus on real trends CBRE sees with our clients, whose focus is on future-proofing a post-COVID work environment. The Activity-based layout provides a design focusing on the individual worker, while the Team-based layout focuses on more collaboration areas that allow teams to work in the office effectively and flexibly. The Event-based layout gives more consideration to flexible town hall, meeting room and client spaces.

Many businesses will choose a hybrid of these working styles depending on their needs and operations. The three specification levels of low, medium and high are compatible with all layouts.

[Click](#) to learn more about floor layouts created by CBRE Design Collective.

— Build Specification Levels

1

- Relies on fittings from existing landlord builds (e.g., ceiling arrangement)
- Basic fittings and furnishings
- Suitable for clients with low CAPEX or wanting a refresh rather than complete refit

Low

2

- Budget minded approach to upgrading
- Includes bespoke design flourishes but retains much of existing layout
- Great for a standard office space

Medium

3

- Highest specification of furnishing and fittings
- Floor designed to a more bespoke detail
- Suitable for headquarters or client-facing offices

High

Activity space

FIGURE 3: Activity Space Floor Layout

This layout is similar to Agile floor plans and the "office as an attractor" concept.

- Allows for solo working, including workstations and breakout rooms
- More collaboration areas and fewer workstations compared with typical agile layouts

[Click to view a 3D fly-through.](#)



Source: CBRE Design Collective, 2022.

Team space

This layout is a form of collaborative agile space, offering a middle ground between the "Office as an Attractor" and "Office as a Destination" concepts.

- Focus is on Team-based/ collaborative working in breakout areas, temporary and fixed meeting room spaces
- Highly adaptable to meet requirements of fixed teams

[Click to view a 3D fly-through.](#)

FIGURE 4: Team Space Floor Layout



Source: CBRE Design Collective, 2022.

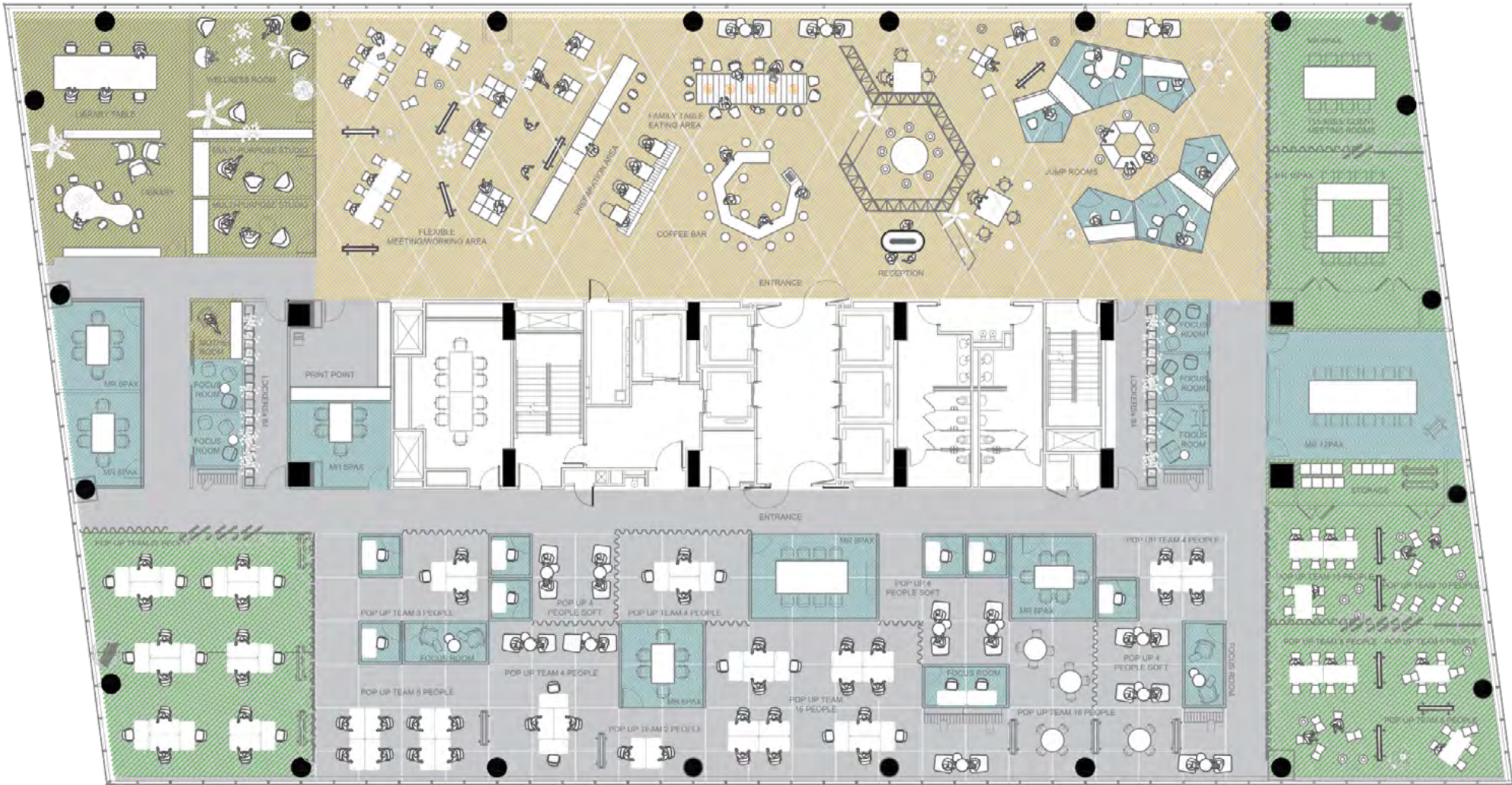
Event space

Event floor plans align with the "Office as a Destination" concepts above, where staff come to the office for a one-off occasion, such as a town hall or client meeting.

- Focus is on town hall style, all-hands areas and client reception areas.
- Highly adaptable meeting room spaces and limited workstations

[Click to view a 3D fly-through.](#)

FIGURE 5: Event Space Floor Layout



Source: CBRE Design Collective, 2022.

— Space Visualization

Breakthrough advancements in space-visualization technology have resulted in user-friendly, agile solutions that let companies explore immersive 3D environments with ease. The renderings and flythrough in this edition of the cost guide were created using CBRE's proprietary workplace space visualization technology, which allows users to freely navigate through any space or asset with agility, visualize designs and engage stakeholders, all from within a web browser.

Activity Space



Team Space



Event Space



Cost Analysis

The cost data in this report has been developed with quantifiable measures using Activity-, Team- and Event-based layouts for the three levels of specifications (low, medium and high).

These layouts have been priced locally within each market to capture the costing information along with typical procurement and program data. Prices for each global location include the following assumptions:

- The building is located in a central business district.
- The space leased is in good CAT A condition and costs are based on a full new CAT B fit-out.
- Costs take into account a reconfiguration of existing CAT A installations to suit the CAT B design and upgrades where stated in the specification.
- The base building and CAT B design are without abnormalities.
- The costs assume that the base-build and landlord provided CAT A has the necessary infrastructure (e.g. sufficient HVAC and power) to support the intended fit-out.
- This is a generic design which does not take into account cultural differences and country-specific space planning considerations or local regulations.
- The base date for the pricing information in this document is August 2022.
- All pricing is in USD and exchange rates are accurate to August 2022.
- Technology costs assume there is network already in place and a 15% professional fee globally (separate from that in the construction breakdown).
- Technology costs are regional.
- Moves costs are regional.



APAC Cost Data

FIGURE 6: Build Your Own Budget - APAC Cost Data

Country	City	Activity Fit-Out Total \$/Sq. Ft.		Team Fit-Out Total \$/Sq. Ft.		Event Fit-Out Total \$/Sq. Ft.	
		Low	High	Low	High	Low	High
Australia	Sydney	142	246	138	256	209	353
Australia	Melbourne	148	257	143	266	219	365
Australia	Brisbane	146	253	141	262	213	360
Australia	Perth	146	253	142	263	215	361
China	Hong Kong	143	248	147	264	243	379
China	Beijing	110	199	112	212	179	302
China	Shanghai	113	202	120	220	203	324
China	Guangzhou	106	190	109	205	177	296
India	Mumbai	79	121	83	135	161	244
India	Bangalore	76	116	81	130	159	238
India	Chennai	76	116	80	129	156	236
India	New Delhi	75	115	79	128	153	233
India	Hyderabad	75	115	79	128	155	234
India	Pune	74	114	77	126	149	229
India	Kolkata	74	113	77	126	150	229
Japan	Tokyo	276	385	269	443	342	541
Malaysia	Kuala Lumpur	111	163	94	157	174	264
New Zealand	Auckland	121	207	121	219	198	320
Philippines	Manila	112	174	114	187	182	272
Singapore	Singapore	142	241	140	252	212	351
South Korea	Seoul	113	173	111	162	198	272
Taiwan	Taipei	112	194	112	204	181	296
Vietnam	Ho Chi Minh City	97	145	94	142	154	232

Source: CBRE Insights, 2022.



EMEA Cost Data

FIGURE 7: Build Your Own Budget - EMEA Cost Data

Country	City	Activity Fit-Out Total \$/Sq. Ft.		Team Fit-Out Total \$/Sq. Ft.		Event Fit-Out Total \$/Sq. Ft.	
		Low	High	Low	High	Low	High
Austria	Vienna	159	236	158	236	239	331
Belgium	Brussels	142	222	136	211	231	318
Botswana	Gaborone	149	227	152	229	251	333
Bulgaria	Sofia	144	256	135	271	205	342
Croatia	Zagreb	154	274	142	287	210	359
Czech Republic	Prague	101	180	107	201	181	278
Denmark	Copenhagen	145	246	136	244	222	336
Finland	Helsinki	129	213	131	237	196	300
France	Paris	154	221	150	233	216	299
Germany	Stuttgart	188	256	186	258	268	341
Germany	Frankfurt	180	246	178	248	257	328
Germany	Hamburg	177	242	175	244	252	322
Germany	Berlin	169	232	168	234	244	312
Germany	Munich	163	242	164	241	246	334
Ghana	Accra	151	232	151	230	234	323
Greece	Athens	101	165	100	169	178	256
Hungary	Budapest	142	199	140	199	218	296
Ireland	Dublin	148	252	144	250	215	335
Israel	Tel Aviv	180	263	165	259	240	332
Italy	Rome	135	196	144	210	229	297
Kazakhstan	Almaty	124	184	128	192	222	288
Kenya	Nairobi	153	234	154	233	242	331
Kuwait	Kuwait City	149	252	159	265	233	356
Lebanon	Beirut	166	280	179	297	266	400

Country	City	Activity Fit-Out Total \$/Sq. Ft.		Team Fit-Out Total \$/Sq. Ft.		Event Fit-Out Total \$/Sq. Ft.	
		Low	High	Low	High	Low	High
Morocco	Casablanca	112	206	119	226	204	315
Netherlands	Amsterdam	135	203	126	199	195	269
Nigeria	Abuja	139	217	142	219	222	303
Norway	Oslo	130	211	131	236	197	300
Oman	Muscat	136	228	147	243	225	334
Poland	Warsaw	114	186	117	197	177	260
Portugal	Lisbon	111	205	118	223	202	313
Qatar	Doha	160	272	171	285	247	380
Romania	Bucharest	134	227	137	261	208	340
Rwanda	Kigali	147	230	152	233	233	318
Saudi Arabia	Riyadh	167	281	179	297	265	400
Serbia	Belgrade	142	251	132	266	201	336
Slovenia	Ljubljana	162	289	147	301	211	369
South Africa	Johannesburg	142	216	144	219	224	302
Spain	Madrid	113	210	118	227	195	311
Sweden	Stockholm	145	240	144	265	206	324
Switzerland	Geneva	253	354	249	335	335	415
Turkey	Istanbul	114	183	116	194	180	273
UAE	Dubai	153	260	164	273	239	366
UAE	Abu Dhabi	153	260	164	273	239	366
United Kingdom	Manchester	154	245	150	250	201	304
United Kingdom	Glasgow	155	245	151	252	219	332
United Kingdom	London	174	276	169	281	238	367
Zimbabwe	Harare	153	240	151	235	229	321

Source: CBRE Insights, 2022.



LATAM Cost Data

FIGURE 8: Build Your Own Budget - LATAM Cost Data

Country	City	Activity Fit-Out Total \$/Sq. Ft.		Team Fit-Out Total \$/Sq. Ft.		Event Fit-Out Total \$/Sq. Ft.	
		Low	High	Low	High	Low	High
Argentina	Buenos Aires	126	361	128	410	188	482
Bahamas	Nassau	266	439	263	461	372	606
Barbados	Bridgetown	221	365	217	380	321	514
Brazil	Sao Paulo	110	195	98	178	182	284
British Virgin Islands	Road Town	246	406	242	424	336	540
Cayman Islands	George Town	266	438	262	460	372	605
Chile	Santiago	131	210	118	186	241	328
Colombia	Bogota	146	248	137	276	236	390
Costa Rica	San Jose (CR)	160	242	145	233	286	416
Mexico	Mexico City	118	190	109	192	180	275
Panama	Panama City	183	302	179	313	283	441
Puerto Rico	San Juan	226	373	222	390	319	517
St. Kitts & Nevis	Basseterre	209	346	205	360	300	484
St. Lucia	Castries	197	325	193	338	297	468
St. Maarten	Philipsburg	229	377	225	394	333	532
St. Vincent & the Grend's	Kingstown	158	260	153	267	249	385
Trinidad & Tobago	Port of Spain	236	391	233	409	331	539
Turks & Caicos Islands	Cockburn Town	264	436	261	457	362	594

Source: CBRE Insights, 2022.



North America Cost Data

FIGURE 9: Build Your Own Budget - NAM Cost Data

Country	City	Activity Fit-Out Total \$/Sq. Ft.		Team Fit-Out Total \$/Sq. Ft.		Event Fit-Out Total \$/Sq. Ft.	
		Low	High	Low	High	Low	High
Canada	Toronto	187	310	183	321	280	439
Canada	Ottawa	185	306	181	317	277	434
Canada	Vancouver	183	303	179	314	270	426
Canada	Montreal	182	301	178	312	269	423
United States	San Francisco	303	500	300	527	409	676
United States	New York	301	497	298	523	406	672
United States	San Jose	293	484	290	510	395	654
United States	Oakland	289	477	286	502	390	645
United States	Chicago	281	465	278	489	382	630
United States	Philadelphia	276	456	273	479	375	619
United States	Newark	275	454	272	477	375	617
United States	Los Angeles	275	454	272	477	374	616
United States	Boston	274	452	271	475	373	614
United States	San Diego	271	447	268	470	370	608
United States	Sacramento	270	446	267	468	368	606
United States	Saddle Brook	270	446	267	468	368	606
United States	Seattle	263	434	259	455	360	592
United States	Minneapolis	261	432	258	453	359	589
United States	Portland	254	420	251	441	351	575
United States	Detroit	247	407	243	427	342	559

Source: CBRE Insights, 2022.

FIGURE 9: Build Your Own Budget - NAM Cost Data Cont.

Country	City	Activity Fit-Out Total \$/Sq. Ft.		Team Fit-Out Total \$/Sq. Ft.		Event Fit-Out Total \$/Sq. Ft.	
		Low	High	Low	High	Low	High
United States	Cleveland	237	391	233	409	331	540
United States	Baltimore	235	388	232	406	329	536
United States	Indianapolis	250	412	246	431	350	570
United States	Denver	231	382	227	399	325	527
United States	Columbus	230	380	227	398	324	526
United States	Atlanta	228	378	225	395	322	523
United States	Salt Lake City	228	377	225	394	322	522
United States	Phoenix	227	376	224	393	321	521
United States	Nashville	227	375	223	391	320	519
United States	Cincinnati, OH	226	374	223	391	320	518
United States	Miami	224	370	220	386	317	513
United States	Orlando	224	370	220	386	317	513
United States	Tampa	223	369	220	385	316	512
United States	Dallas	221	365	217	381	313	507
United States	Oklahoma City	219	362	215	378	311	504
United States	Houston	218	361	215	376	310	502
United States	Austin	215	355	211	370	307	495
United States	Tulsa	214	354	211	369	306	494
United States	Charlotte	224	370	144	270	241	402
United States	Charleston	224	370	144	270	241	402



Program

There can be significant variances in lead times and task durations from one country to the next. This can have a material impact on the viability of a business case and ultimately the decision on whether to proceed with a project.

Based on the layouts provided, a project would typically require 16 weeks of conception and design and 28 weeks of procurement and construction. Pre-construction stage delays can include personnel shortages, extended permit processes (especially in the U.S.) or supply chain shortages. In some cases these shortages can lead to a minimum two-month delay in manufacturing and delivery of items. Figure 10 compares overall project timelines in 2022 and 2019 (where information is available).



16 weeks

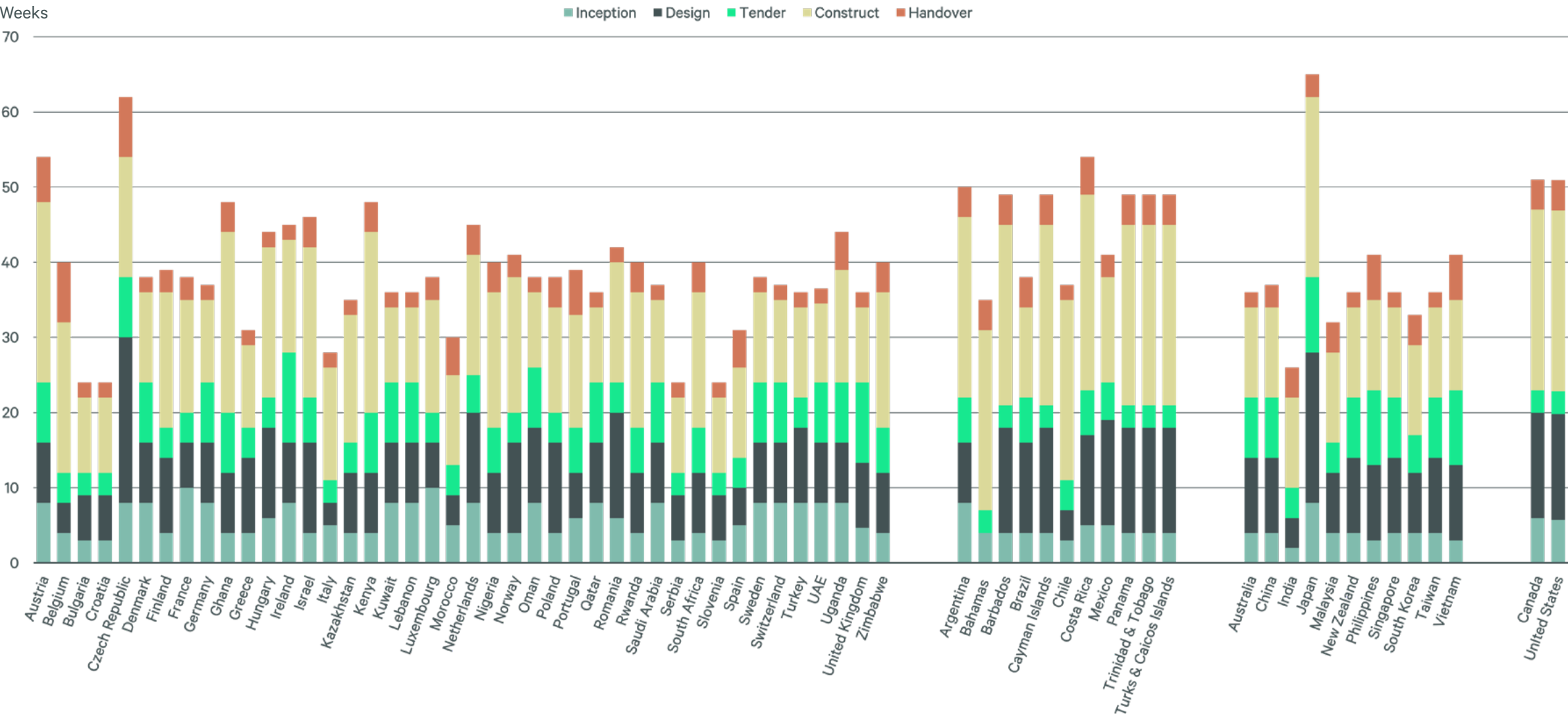
Conception
& Design

28 weeks

Procurement
& Construction

Typical Procurement Route and Program

FIGURE 10: Program Comparison



Source: CBRE Insights, 2022.

Furniture

Work fluidly. Work from Anywhere is the ecosystem that gives companies and employees flexibility in where and when work occurs.

What we previously knew as the “office” is evolving into a more collaborative place of social context. After all, interaction with colleagues makes us happier and more engaged at work. These restorative activities are as critical to the creative process as high-focus work—and important for innovation to occur.

To support the new hybrid work model, changes must make workspaces more efficient. CBRE service partner and furniture manufacturer Haworth, has identified five themes that companies should consider as they plan their future office design. While all five themes are important, each company is unique in its approach—from culture and goals to geographic location and workforce demographics.



Furniture Data

Immersive Technology

We can’t do our work without some form of technology—and we all learned how to use tools to access virtual resources and connect with people.

Space Shift

In the new world of hybrid work, people have more choice of where to work and this new workforce autonomy will cause layouts to shift to less density. The office becomes better tuned to serve physical, emotional and cognitive needs.

Restore Focus

People need spaces that protect from burnout and support wellbeing—places to recharge from intense collaboration and focus work, and where they can explore or happen upon great ideas.

Note: These costs include professional fees, installation fees and freight. These are indicative of regional and may vary in country; however, base unit costs are largely consistent in each region

FIGURE 11: Furniture Table

Region	Spec.	Total Cost			Cost Per Sq. Ft.		
		Activity	Teams	Event	Activity	Teams	Event
EMEA	Low	\$424,364	\$353,897	\$334,090	\$20	\$17	\$16
EMEA	Med	\$595,094	\$591,506	\$448,795	\$28	\$28	\$21
EMEA	High	\$841,219	\$768,499	\$655,587	\$39	\$36	\$31
NAM	Low	\$422,323	\$337,306	\$333,436	\$20	\$16	\$16
NAM	Med	\$592,922	\$562,921	\$461,253	\$28	\$26	\$22
NAM	High	\$783,578	\$693,916	\$623,480	\$37	\$32	\$29
APAC	Low	\$249,797	\$195,705	\$184,609	\$12	\$9	\$9
APAC	Med	\$341,460	\$346,598	\$254,660	\$16	\$16	\$12
APAC	High	\$381,308	\$377,812	\$561,846	\$18	\$18	\$26
LATAM	Low	\$422,323	\$337,306	\$333,436	\$20	\$16	\$16
LATAM	Med	\$592,922	\$562,921	\$461,253	\$28	\$26	\$22
LATAM	High	\$783,578	\$693,916	\$623,480	\$37	\$32	\$29

Source: CBRE Insights, 2022.

More Collaboration

Hybrid work brings more choice in where to work, but the office is the hub for collaboration and culture—connection and togetherness for group work will be more critical than ever.

More Human

The office should be a place where people want to be—with a safe, comfortable and welcoming vibe that attracts people, supports wellbeing and merges hospitality.

FIGURE 12: Furniture Breakdown

Design	Region	Spec.	Base Cost (inc Freight)	Install Fee USD	AVG Install Fee (%)
Activity	EMEA	Low	\$424,363.72	\$46,680.01	11%
		Medium	\$595,093.55	\$65,460.29	11%
		High	\$841,218.78	\$92,534.07	11%
	NAM	Low	\$422,322.82	\$50,678.74	12%
		Medium	\$592,922.17	\$71,150.66	12%
		High	\$783,578.11	\$94,029.37	12%
	APAC	Low	\$249,796.63	\$27,477.63	11%
		Medium	\$341,459.86	\$37,560.58	11%
		High	\$381,308.16	\$41,943.90	11%
Teams	EMEA	Low	\$353,896.93	\$38,928.66	11%
		Medium	\$591,506.10	\$65,065.67	11%
		High	\$768,498.89	\$84,534.88	11%
	NAM	Low	\$337,305.81	\$40,476.70	12%
		Medium	\$562,921.11	\$67,550.53	12%
		High	\$693,916.19	\$83,269.94	12%
	APAC	Low	\$195,704.63	\$21,527.51	11%
		Medium	\$346,597.78	\$38,125.76	11%
		High	\$377,812.01	\$41,559.32	11%
Event	EMEA	Low	3,982	1,552	2,910
		Medium	\$422,322.82	\$50,678.74	12%
		High	\$422,322.82	\$50,678.74	12%
	NAM	Low	\$333,435.95	\$40,012.31	12%
		Medium	\$461,252.73	\$55,350.33	12%
		High	\$623,480.12	\$74,817.61	12%
	APAC	Low	\$184,609.03	\$20,306.99	11%
		Medium	\$254,660.26	\$28,012.63	11%
		High	\$561,846.48	\$61,803.11	11%

Source: CBRE Insights, 2022.

Technology & Security

Technology is an essential component in the fit-out of any workplace. Appropriate technology provides users with the tools and working environment to flourish.

— Audiovisual Systems

Commercial environments continue to benefit from rapidly advancing technology for in-office collaboration. The workplace now comes equipped with innovative AV communication technology to expand how people can use the space.

More traditional environments use AV systems only in meeting rooms and auditorium spaces. Agile environments use AV throughout the office to create flexible workspaces that enable users to communicate and collaborate across a range of increasingly available platforms. New project developments should consider the way users will interface with this type of communication technology.

AV equipment is moving away from credenzas within the room to centralized comms rooms for easier servicing and maintenance.

— IT

Tenants' IT installations typically include structured cabling (included in the Cat B construction costs) and wired and wireless network equipment. Monitors and desk phones are considered user's equipment and typically aren't included in the fit-out budget; however, the placement of these components is essential to any workplace strategy. Clients' existing equipment may not support changes in work styles and practices, often the driving force behind office relocations, so guidance on how to engage with the latest technology should occur early in the planning stages. Wi-Fi technology is sufficiently reliable as a primary method of connectivity for user devices within an agile working environment, but a structured cabling system will always be required.

The growth in integrated and smart buildings is motivating an increase in Internet Protocol enabled devices that are network connected, which will need to be factored into technology budgets. Although additional IT infrastructure is required to support these systems, this cost is offset by savings in other packages. As more systems become IP-enabled, the reliance on connectivity to the Local Area Network (LAN) means that new switches and firewalls are

typically procured rather than relocated during an office move. Wireless access points installed within or beneath the ceiling void will provide users with connectivity to the internet and the ability to work anywhere within the office.

Full Wi-Fi coverage within the office is a key requirement for agile and traditional office working environments. It is critical that IT budgeting is considered early in the project and with a holistic view to achieve the savings that smart building technology, the Internet of Things and systems convergence can offer.



— Security

Tenants’ IT installations typically include structured cabling (included in the Cat B construction costs) and wired and wireless network equipment. Monitors and desk phones are considered user’s equipment and typically aren’t included in the fit-out budget; however, the placement of these components is essential to any workplace strategy. Clients’ existing equipment may not support changes in work styles and practices, often the driving force behind office relocations, so guidance on how to engage with the latest technology should occur early in the planning stages. Wi-Fi technology is sufficiently reliable as a primary method of connectivity for user devices within an agile working environment, but a structured cabling system will always be required.

— Workplace Technology

The Workplace Technology Services (WTS) team is responsible for the successful management and coordination of all technology vendor/solutions. These teams work regionally to establish appropriate technology solutions with clients. The WTS scope of responsibility covers design elements, planning, procurement, construction and commissioning phases of the project. For this Fit-Out Cost Guide, the WTS team has taken the low, medium and high spec of the design as a client’s requirements and costed in-country to determine a per-sq.-ft. figure.

WTS focuses on the integrated delivery of technologies in the workplace to drive digital transformation and create a seamless employee experience. WTS teams bridge the gap between real estate & IT departments, delivering product-agnostic solutions as the single point of contact for all workplace technology scopes.



What is workplace technology?

- Workplace technology is anything that touches the network: traditionally audiovisual, structured cabling, network hardware/wireless, access control, video surveillance, etc.

What projects make sense to engage CBRE WTS?

- Corporate interiors projects of size (40+ ksf) or technical complexity (two or more workplace technology scopes)

How and when do you engage CBRE WTS?

- Typically, the best time to engage the team is during the schematic design phase

Where does CBRE | SiteREADY fit into a project lifecycle?

- CBRE | SiteREADY’s services fit several applicable touchpoints throughout the project lifecycle depending on client need

How can you calculate Value-to-Fee?

- “Value-to-Fee” can be estimated at 5/1 using the following logic:
 - Cost savings from budgeted technology spend + Added utility of internal IT Resources + Change Order Avoidance

Move Management

Move management and physical relocation of employees and their belongings is an integral part of a CAT B project and takes place either during or upon completion of the fit-out work. Moves have the potential to disrupt business continuity, which can impact productivity.

Careful organization and sequence planning is essential to minimize disruption. This usually involves a move consultant working with a range of client department representatives to identify the current set-up, accommodate activities critical for business continuity and plan for movement of employees, furniture and equipment.

The move consultant is responsible for all aspects of change management and implements a comprehensive communications plan at all levels to ensure everyone affected is informed and has input into the project.

They also work with a client-specified physical move provider, or leverage a preferred supplier list, acting as principal to command preferential rates.

Beyond business transition, clients often require clearing or disposal of redundant furniture and fittings. An accredited environmental management system allows the move management team to manage the entire clearance process on the client’s behalf. The team seeks to re-use, re-purpose, donate or environmentally dispose of surplus furniture and effects, promoting client corporate social responsibility goals.

Figures 13-15 cover a per-person cost and a per square meter cost in dollars of moves in EMEA and Americas. These also include an average, indicative management fee, which can range from 10 to 40% depending on location and other factors. Individual moves vary, and the below is indicative of moves relating to the Teams design, within a five-mile radius of original offices.

CBRE Move Management Services share best practices across regions and sectors including banking/finance, technology, retail, pharmaceutical, industrial and legal. Using the latest technology, CBRE maintains up-to-date client space allocation data at all times, and our workplace specialists work with clients to optimize space utilization, ensuring best value throughout the project and a successful outcome.



Move Management: Cost Breakdown

Personnel Move

A move of persons only. Assumes two persons sharing a crate and moving personal items only, typically within the same building or nearby premises. Assumes basic items such as laptops can be carried by staff separately.

Technology Move

A personnel move with items such as screens, docking stations and other IT or audio visual equipment.

Full Move

This includes the above two moves, as well as furniture and other FF&E items that will require transport to a new site.

FIGURE 13: Personnel Move Cost Per Region

Personal Move						
Region	Item	Gross	Small	Large	Total Small	Total Large
EMEA	Cost Per Person	\$25.38	24%	32%	\$31.47	\$33.50
	Cost Per Sq. M.	\$2.31	24%	32%	\$2.86	\$3.05
AMERICAS	Cost Per Person	\$254.72	48%	91%	\$376.08	\$487.23
	Cost Per Sq. M.	\$23.18	48%	91%	\$34.22	\$44.34
Metro US	Cost Per Person	\$280.60	39%	63%	\$388.88	\$457.56
	Cost Per Sq. M.	\$25.53	39%	63%	\$35.39	\$41.64

FIGURE 14: Technology Move Cost Per Region

Technology Move						
Region	Item	Gross	Small	Large	Total Small	Total Large
EMEA	Cost Per Person	\$68.62	22%	24%	\$83.71	\$85.08
	Cost Per Sq. M.	\$6.24	22%	24%	\$7.62	\$7.74
AMERICAS	Cost Per Person	\$254.72	42%	73%	\$489.78	\$596.21
	Cost Per Sq. M.	\$23.18	42%	73%	\$44.57	\$54.26
Metro US	Cost Per Person	\$280.60	33%	50%	\$511.70	\$576.83
	Cost Per Sq. M.	\$25.53	33%	50%	\$44.57	\$54.26

FIGURE 15: Full Move Cost Per Region

Full Move						
Region	Item	Gross	Small	Large	Total Small	Total Large
EMEA	Cost Per Person	\$158.43	19%	19%	\$188.53	\$188.53
	Cost Per Sq. M.	\$14.42	19%	19%	\$17.16	\$17.16
AMERICAS	Cost Per Person	\$471.20	36%	36%	\$641.57	\$641.57
	Cost Per Sq. M.	\$42.88	36%	36%	\$58.38	\$58.38
Metro US	Cost Per Person	\$514.33	30%	30%	\$667.74	\$667.74
	Cost Per Sq. M.	\$46.80	30%	30%	\$60.76	\$60.76

Source: CBRE Insights, 2022

04

Further Cost Considerations

Reinstatement

Overview of Occupier Requirements

Methodology

Our model for this study is a hypothetical 1,000-sq.-m. office in a mid-size building located in the central business district of a major city in each country or region. The premises are assumed to have a typical hybrid office fit-out installed by the tenant that has sustained moderate wear during lease term.

The cost assessments for each country are based on typical high and low rates for dilapidations or liabilities and are based on USD per square meter.

The cost advice is indicative, and variations will always exist between individual properties, influenced by the lease terms and the building in question. That means the use of these rates for IFRS 16 provisioning is unlikely to meet an auditor’s requirements as it may not provide the correct liability for a given property. An individual assessment of each property is therefore strongly recommended.

Typical Lease Obligations

Reinstatement

- The reinstatement of tenant’s alterations and additions is required, returning the premises to the condition it was prior to occupation.
- The landlord will accept the tenant’s additions and alterations remain in place at expiry, no reinstatement is required.

Process

- Both parties negotiate a financial settlement with the landlord instead of the tenant carrying out the work.
- The tenant carries out the work needed to fulfill its obligations, so the premises are handed back to the landlord in compliance with the lease at expiration.

Repair and Condition

- The tenant is expected to keep the premises in good condition, remedying any defects and leaving it in good condition.
- Wear and tear is accepted by the landlord, but anything beyond this is considered tenant disrepair and must be remedied.

Penalties

- Apart from responsibility for the works themselves, wider penalties are uncommon at lease expiration even where the tenant hasn’t completed work.
- If the tenant hasn’t completed the work or reached a financial settlement, then the landlord can usually apply further penalties. Commonly, this will be a claim for lost rent for the period of time it would take to complete the work.



Key Assumptions

- This guide excludes the cost of removing tenant furniture, AV, IT and security installations.
- Rates adopt the typical approach to reinstatement for that country.
- No allowance has been made for loss of profits (rent, service charge, rates etc.), non-recoverable VAT or professional fees not directly related to the works themselves.
- The base date for prices and exchange rates is August 2022.
- Building work is assumed to be carried out under a single contract and during normal working hours.
- General wear and tear from routine building use, rather than significant disrepair, will be evident.
- Tenants have internal repairing leases limiting their responsibility to inside the demise. This excludes any elements of the common parts, including the structure sanitary accommodations, stairwells/ elevators/lift lobbies, windows, central mechanical and electrical services.
- The scope of work required by the landlord will vary between regions, so we have assumed the works specification is appropriate to each local market.
- We have excluded the costs of removing structural works (such as interconnecting staircases), professional catering installations and gym facilities or equipment from the model.

FIGURE 16: Reinstatement APAC

Country	City	Rate - Low \$ Per Sq. Ft.	Rate - High \$ Per Sq. Ft.	Reinstatement Required	Good Repair / Decorative Condition Required	Typical Process	Rent Penalties for Works After Lease Expiry?
Australia	Brisbane	\$23	\$33	Yes	Yes	Financial settlement	Yes
Australia	Melbourne	\$23	\$37	Yes	Yes	Financial settlement	Yes
Australia	Perth	\$23	\$35	Yes	Yes	Financial settlement	Yes
Australia	Sydney	\$23	\$39	Yes	Yes	Financial settlement	Yes
China	Beijing	\$15	\$22	Yes	Yes	Tenant undertakes works	No
China	Guangzhou	\$15	\$22	Yes	Yes	Tenant undertakes works	No
China	Hong Kong	\$36	\$51	Yes	Yes	Tenant undertakes works	No
China	Shanghai	\$15	\$22	Yes	Yes	Tenant undertakes works	No
India	Bangalore	\$5	\$7	Hybrid	Wear and tear accepted	Tenant undertakes works	No
India	Chennai	\$5	\$7	Hybrid	Wear and tear accepted	Tenant undertakes works	No
India	Hyderabad	\$5	\$7	Hybrid	Wear and tear accepted	Tenant undertakes works	No
India	Kolkata	\$5	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	No
India	Mumbai	\$5	\$7	Hybrid	Wear and tear accepted	Tenant undertakes works	No
India	New Delhi	\$5	\$7	Hybrid	Wear and tear accepted	Tenant undertakes works	No
India	Pune	\$5	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	No
Indonesia	Jakarta	\$7	\$9	Yes	Yes	Tenant undertakes works	No
Japan	Tokyo	\$37	\$58	Yes	Yes	Tenant undertakes works	No
Malaysia	Kuala Lumpur	\$6	\$10	Yes	Yes	Tenant undertakes works	No
New Zealand	Auckland	\$22	\$33	Yes	Yes	Financial settlement	No
Philippines	Manila	\$7	\$14	Yes	Yes	Tenant undertakes works	No
Singapore	Singapore	\$13	\$19	Yes	Yes	Tenant undertakes works	No
South Korea	Seoul	\$20	\$28	Yes	Yes	Tenant undertakes works	No
Taiwan	Taipei	\$11	\$15	Yes	Yes	Tenant undertakes works	No
Thailand	Bangkok	\$10	\$14	Yes	Yes	Tenant undertakes works	No
Vietnam	Ho Chi Minh City	\$7	\$9	Yes	Yes	Tenant undertakes works	No

Source: CBRE Insights, 2022

FIGURE 17: Reinstatement EMEA

Country	City	Rate - Low \$ Per Sq. Ft.	Rate - High \$ Per Sq. Ft.	Reinstatement Required	Good Repair / Decorative Condition Required	Typical Process	Rent Penalties for Works After Lease Expiry?
Angola	Luanda	\$7	\$16	Hybrid	Yes	Tenant undertakes works	Yes
Austria	Vienna	\$13	\$23	Yes	Yes	Financial settlement	No
Belgium	Brussels	\$13	\$23	Yes	Yes	Financial settlement	Yes
Botswana	Gaborone	\$7	\$16	Yes	Wear and tear accepted	Tenant undertakes works	Yes
Bulgaria	Sofia	\$3	\$5	Hybrid	Yes	Financial settlement	No
Croatia	Zagreb	\$4	\$6	Hybrid	Yes	Financial settlement	No
Czech Republic	Prague	\$2	\$8	Hybrid	Yes	Financial settlement	No
Denmark	Copenhagen	\$18	\$25	Yes	Yes	Financial settlement	No
Estonia	Tallinn	\$1	\$4	No	Wear and tear accepted	Financial settlement	No
Ethiopia	Addis Ababa	\$7	\$16	Hybrid	Yes	Tenant undertakes works	Yes
Finland	Helsinki	\$3	\$7	No	Wear and tear accepted	Financial settlement	No
France	Paris	\$16	\$24	Yes	Yes	Financial settlement	Yes
Germany	Berlin	\$12	\$20	Yes	Wear and tear accepted	Tenant undertakes works	No
Germany	Frankfurt	\$13	\$21	Yes	Wear and tear accepted	Tenant undertakes works	No
Germany	Hamburg	\$12	\$20	Yes	Wear and tear accepted	Tenant undertakes works	No
Germany	Munich	\$13	\$21	Yes	Wear and tear accepted	Tenant undertakes works	No
Germany	Stuttgart	\$13	\$21	Yes	Wear and tear accepted	Tenant undertakes works	No
Ghana	Accra	\$7	\$16	Yes	Wear and tear accepted	Tenant undertakes works	Yes
Greece	Athens	\$4	\$7	No	Wear and tear accepted	Tenant undertakes works	No
Hungary	Budapest	\$1	\$3	No	Wear and tear accepted	Financial settlement	No
Ireland	Dublin	\$13	\$23	Yes	Yes	Financial settlement	No
Israel	Tel Aviv	\$6	\$20	Hybrid	Wear and tear accepted	Financial settlement	No
Italy	Milan	\$15	\$24	Yes	Yes	Tenant undertakes works	Yes
Italy	Rome	\$15	\$24	Yes	Yes	Tenant undertakes works	Yes
Ivory Coast	Abidjan	\$8	\$18	Yes	Wear and tear accepted	Tenant undertakes works	No
Kazakhstan	Almaty	\$1	\$3	No	Wear and tear accepted	Tenant undertakes works	No
Kenya	Nairobi	\$8	\$18	Yes	Yes	Tenant undertakes works	Yes
Kuwait	Kuwait City	\$19	\$34	Yes	Yes	Tenant undertakes works	Yes
Latvia	Riga	\$1	\$7	Hybrid	Wear and tear accepted	Financial settlement	No
Lebanon	Beirut	\$30	\$39	Yes	Yes	Tenant undertakes works	Yes

FIGURE 17: Reinstatement EMEA Cont.

Country	City	Rate - Low \$ Per Sq. Ft.	Rate - High \$ Per Sq. Ft.	Reinstatement Required	Good Repair / Decorative Condition Required	Typical Process	Rent Penalties for Works After Lease Expiry?
Lithuania	Vilnius	\$1	\$7	No	Wear and tear accepted	Financial settlement	No
Luxembourg	Luxembourg	\$17	\$24	Yes	Yes	Financial settlement	Yes
Morocco	Casablanca	\$7	\$16	Hybrid	Yes	Financial settlement	Yes
Netherlands	Amsterdam	\$12	\$17	Yes	Yes	Tenant undertakes works	Yes
Nigeria	Abuja	\$7	\$16	Yes	Yes	Tenant undertakes works	Yes
Norway	Oslo	\$3	\$7	No	Wear and tear accepted	Financial settlement	No
Oman	Muscat	\$17	\$30	Yes	Yes	Tenant undertakes works	Yes
Poland	Warsaw	\$2	\$7	No	Wear and tear accepted	Financial settlement	No
Portugal	Lisbon	\$7	\$13	Yes	Yes	Tenant undertakes works	Yes
Romania	Bucharest	\$8	\$14	Yes	Yes	Financial settlement	No
Qatar	Doha	\$21	\$37	Yes	Yes	Tenant undertakes works	Yes
Saudi Arabia	Riyadh	\$22	\$39	Yes	Yes	Tenant undertakes works	Yes
Serbia	Belgrade	\$4	\$6	Hybrid	Yes	Tenant undertakes works	No
Slovakia	Bratislava	\$4	\$11	Hybrid	Yes	Tenant undertakes works	No
South Africa	Cape Town	\$6	\$15	Yes	Wear and tear accepted	Tenant undertakes works	Yes
South Africa	Johannesburg	\$6	\$15	Yes	Wear and tear accepted	Tenant undertakes works	Yes
Spain	Barcelona	\$7	\$18	Yes	Yes	Tenant undertakes works	Yes
Spain	Madrid	\$7	\$18	Yes	Yes	Tenant undertakes works	Yes
Sweden	Stockholm	\$3	\$7	No	Wear and tear accepted	Tenant undertakes works	Yes
Switzerland	Geneva	\$20	\$26	Yes	Yes	Financial settlement	No
Switzerland	Zurich	\$20	\$27	Yes	Yes	Financial settlement	No
Turkey	Istanbul	\$1	\$2	No	Wear and tear accepted	Financial settlement	No
UAE	Abu Dhabi	\$20	\$35	Yes	Yes	Tenant undertakes works	Yes
UAE	Dubai	\$20	\$35	Yes	Yes	Tenant undertakes works	Yes
Uganda	Kampala	\$7	\$16	Yes	Wear and tear accepted	Tenant undertakes works	Yes
United Kingdom	Belfast	\$15	\$28	Yes	Yes	Financial settlement	No
United Kingdom	Glasgow	\$15	\$28	Yes	Yes	Financial settlement	No
United Kingdom	London	\$19	\$35	Yes	Yes	Financial settlement	No
United Kingdom	Manchester	\$16	\$30	Yes	Yes	Financial settlement	No
Zambia	Lusaka	\$7	\$16	Yes	Wear and tear accepted	Tenant undertakes works	Yes

Source: CBRE Insights, 2022

FIGURE 18: Reinstatement LATAM

Country	City	Rate - Low \$ Per Sq. Ft.	Rate - High \$ Per Sq. Ft.	Reinstatement Required	Good Repair / Decorative Condition Required	Typical Process	Rent Penalties for Works After Lease Expiry?
Argentina	Buenos Aires	\$7	\$26	Yes	Yes	Tenant undertakes works	Yes
Argentina	Cordoba	\$7	\$26	Yes	Yes	Tenant undertakes works	Yes
Brazil	Brasilia	\$15	\$22	Yes	Yes	Tenant undertakes works	Yes
Brazil	Rio de Janiero	\$15	\$22	Yes	Yes	Tenant undertakes works	Yes
Chile	Santiago	\$6	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Colombia	Bogota	\$6	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Costa Rica	San Juan	\$7	\$19	Hybrid	Yes	Tenant undertakes works	Yes
Ecuador	Quito	\$6	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Mexico	Guadalajara	\$7	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Mexico	Mexico City	\$7	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Mexico	Monterrey	\$7	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Mexico	Queretaro	\$7	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Paraguay	Asuncion	\$7	\$26	Yes	Yes	Tenant undertakes works	Yes
Peru	Lima	\$6	\$15	Hybrid	Yes	Tenant undertakes works	Yes
Uruguay	Montevideo	\$7	\$26	Yes	Yes	Tenant undertakes works	Yes

FIGURE 19: Reinstatement NAM

Country	City	Rate - Low \$ Per Sq. Ft.	Rate - High \$ Per Sq. Ft.	Reinstatement Required	Good Repair / Decorative Condition Required	Typical Process	Rent Penalties for Works After Lease Expiry?
Canada	Montreal	\$6	\$16	Hybrid	Wear and tear accepted	Tenant undertakes works	No
Canada	Ottawa	\$6	\$16	Hybrid	Wear and tear accepted	Tenant undertakes works	No
Canada	Toronto	\$6	\$16	Hybrid	Wear and tear accepted	Tenant undertakes works	No
Canada	Vancouver	\$6	\$16	Hybrid	Wear and tear accepted	Tenant undertakes works	No
United States	Atlanta	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Austin	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Baltimore	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Boston	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Charleston	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Charlotte	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes

FIGURE 19: Reinstatement NAM Cont.

Country	City	Rate - Low \$ Per Sq. Ft.	Rate - High \$ Per Sq. Ft.	Reinstatement Required	Good Repair / Decorative Condition Required	Typical Process	Rent Penalties for Works After Lease Expiry?
United States	Chicago	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Cleveland	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Columbus	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Dallas	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Denver	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Detroit	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Houston	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Indianapolis	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Kansas City	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Los Angeles	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Miami	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Minneapolis	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Nashville	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	New York	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Newark	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Oakland	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Orlando	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Philadelphia	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Phoenix	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Portland	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Raleigh	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Sacramento	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Salt Lake City	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	San Diego	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	San Francisco	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	San Jose	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	St Louis	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Tampa	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes
United States	Tulsa	\$1	\$6	Hybrid	Wear and tear accepted	Tenant undertakes works	Yes

Source: CBRE Insights, 2022

Capital Allowances

Tax Depreciation

A significant portion of property costs incurred by occupiers could be tax deductible. This is commonly referred to as tax depreciation (EMEA).

It is not uncommon to find that as much as 95% of the total cost of fit-outs or refurbishments qualifies for some form of relief, depending on the country.

Tax depreciation differs from "book value" depreciation used for accounting purposes in that it is used to directly reduce profits subject to taxation. Its methodology and calculation varies from country to country.

In most countries, depreciation allowances are calculated on a linear basis where the taxpayer deducts equal annual amounts. This is calculated by multiplying the rate of depreciation (useful economic life) by the asset's initial value until the asset is written off in full. In other countries, a reducing-

balance basis of depreciation is used, utilizing different rates of relief for different categories of expenditure.

As a consequence, if assets are not allocated to the correct category, it could affect the level of relief available and the rate at which it is realized. Therefore, project leaders should undertake a review of all capital expenditure incurred on projects to allocate all assets accurately and claim optimal tax relief. For example, in the U.K., there is a 100% first-year writing-down allowance for any expenditure incurred on green and energy-/water-efficient technologies. Similar items that don't meet the criteria must be written-down at a rate of 8% per annum on a reducing-balance basis.

FIGURE 20: Tax Depreciation

Country	Estimated Qualifying %	Total Tax Savings						Total Tax Saved (\$)
		Year 1 (\$)	Years 2 - 5 (\$)	Years 6 - 10 (\$)	Years 11 + (\$)	Years 11-15	Years 16 onwards	
Austria	95%	\$18,363.60	\$72,434.20	\$90,797.80	\$424,403.20	\$90,797.80	\$333,605.40	\$605,998.80
Belgium	65%	\$49,989.80	\$201,999.60	\$28,565.60	\$133,646.20	\$28,565.60	\$105,080.60	\$414,201.20
Bulgaria	90%	\$59,171.60	\$129,565.40	\$15,303.00	\$25,505.00	N/A	N/A	\$229,545.00
Croatia	85%	\$85,696.80	\$177,514.80	\$57,131.20	\$69,373.60	N/A	N/A	\$389,716.40
Czech Republic	80%	\$59,171.60	\$173,434.00	\$38,767.60	\$116,302.80	\$14,282.80	\$102,020.00	\$387,676.00
Denmark	70%	\$63,252.40	\$194,858.20	\$33,666.60	\$100,999.80	N/A	N/A	\$392,777.00
Finland	90%	\$93,858.40	\$284,635.80	\$20,404.00	\$61,212.00	\$20,404.00	\$40,808.00	\$460,110.20
France	100%	\$108,141.20	\$410,120.40	\$39,787.80	\$79,575.60	N/A	N/A	\$637,625.00
Germany	100%	\$37,747.40	\$112,222.00	\$69,373.60	\$183,636.00	\$30,606.00	\$153,030.00	\$402,979.00
Hungary	90%	\$62,232.20	\$81,616.00	\$7,141.40	\$55,090.80	N/A	N/A	\$206,080.40
Ireland	71%	\$28,565.60	\$113,242.20	\$84,676.60	N/A	N/A	N/A	\$226,484.40
Italy	85%	\$95,898.80	\$229,545.00	\$109,161.40	\$88,757.40	\$51,010.00	\$37,747.40	\$523,362.60
Luxembourg	65%	\$44,888.80	\$178,535.00	\$67,333.20	\$122,424.00	\$28,565.60	\$93,858.40	\$413,181.00
Norway	85%	\$79,575.60	\$274,433.80	\$17,343.40	\$107,121.00	N/A	N/A	\$478,473.80
Poland	80%	\$43,868.60	\$163,232.00	\$52,030.20	\$128,545.20	\$46,929.20	\$81,616.00	\$387,676.00
Portugal	95%	\$58,151.40	\$216,282.40	\$150,989.60	\$82,636.20	\$39,787.80	\$42,848.40	\$508,059.60
Romania	60%	\$11,222.20	\$46,929.20	\$58,151.40	\$128,545.20	\$42,848.40	\$85,696.80	\$244,848.00
Saudi Arabia	85%	\$77,535.20	\$240,767.20	\$38,767.60	\$77,535.20	\$38,767.60	\$38,767.60	\$434,605.20
South Africa	90%	\$127,525.00	\$347,888.20	\$88,757.40	\$79,575.60	\$54,070.60	\$25,505.00	\$643,746.20
Spain	80%	\$69,373.60	\$225,464.20	\$84,676.60	\$130,585.60	\$36,727.20	\$93,858.40	\$510,100.00
Sweden	90%	\$119,363.40	\$267,292.40	\$18,363.60	\$63,252.40	\$18,363.60	\$44,888.80	\$468,271.80
Switzerland	95%	\$23,464.60	\$94,878.60	\$34,686.80	\$52,030.20	\$6,121.20	\$45,909.00	\$205,060.20
UAE	80%	\$173,434.00	\$507,039.40	\$189,757.20	\$253,009.60	N/A	N/A	\$1,123,240.20
United Kingdom	100%	\$60,191.80	\$121,403.80	\$75,494.80	\$102,020.00	\$29,585.80	\$72,434.20	\$359,110.40

Source: CBRE Insights, 2022

05

Cost Indices & Market Trends

Economic and Market Outlook

Heightened economic and geopolitical uncertainty provide the backdrop for this guide.

Equity and bond markets have sold off; inflation is running well above target levels in much of the world with volatile energy prices a contributory factor. Interest rates and financing costs are rising in response to central banks tightening monetary policy. Public finances in some countries are stretched, in part due to the effects of emergency spending during the COVID-19 pandemic and likely to deteriorate further as governments spend on energy cost mitigation measures. However, CBRE's view is that continental Europe is poised to use expansionary fiscal policy to combat high energy costs and an economic downturn. Labor markets combine lower participation levels with skills shortages and unfilled job vacancies in a number of sectors and consumer sentiment has weakened sharply amid declining real incomes. With the war in Ukraine and other geopolitical tensions, the downside risks are considerable.

At the same time, there are some bright spots in the real economy: Air travel and restaurant visits have rebounded, retail spending patterns are broadly positive.

The net effect of these countervailing forces will likely be a recession next year before economic growth resumes. Of the main developed markets, Europe is most impacted in this outlook, with the Asia-Pacific region relatively less affected. World GDP growth is expected to slow to around 1.5% in

2023 (down from 2.9% in 2022) with Europe and the U.S. both seeing moderate declines in 2023. APAC remains the main driver of global growth in 2023 with growth of around 3.5%, matching that of 2022 despite slightly slower growth in some key economies such as India and South Korea.

Persistent inflation presents a policy dilemma for central banks, which are keen to regain control of prices but anxious not to tip economies into prolonged recessions. The inflation position reflects a wide range of factors, including excess demand for high-value manufactured goods. This demand has been aggravated by supply chain bottlenecks and shortages or extended delivery times for some interim components such as semiconductors. These are mostly easing as consumers spend more on services. Other inflation components are also starting to abate as supply chains loosen up, fuel and food costs stabilize and goods inventories rise—so we expect lower rates of global price growth in 2023 than in 2022, but inflation will still remain elevated for a while yet. Optimistically, short term inflation cost rises will create less demand on supply chain. This will alleviate the pressures on supply and help stem inflation.

Consumer Price Index (CPI) inflation for Europe, UK and US will average 3.5%, 3.1% and 2.7% respectively—down from 2022 rates but still well above target of about 2%.



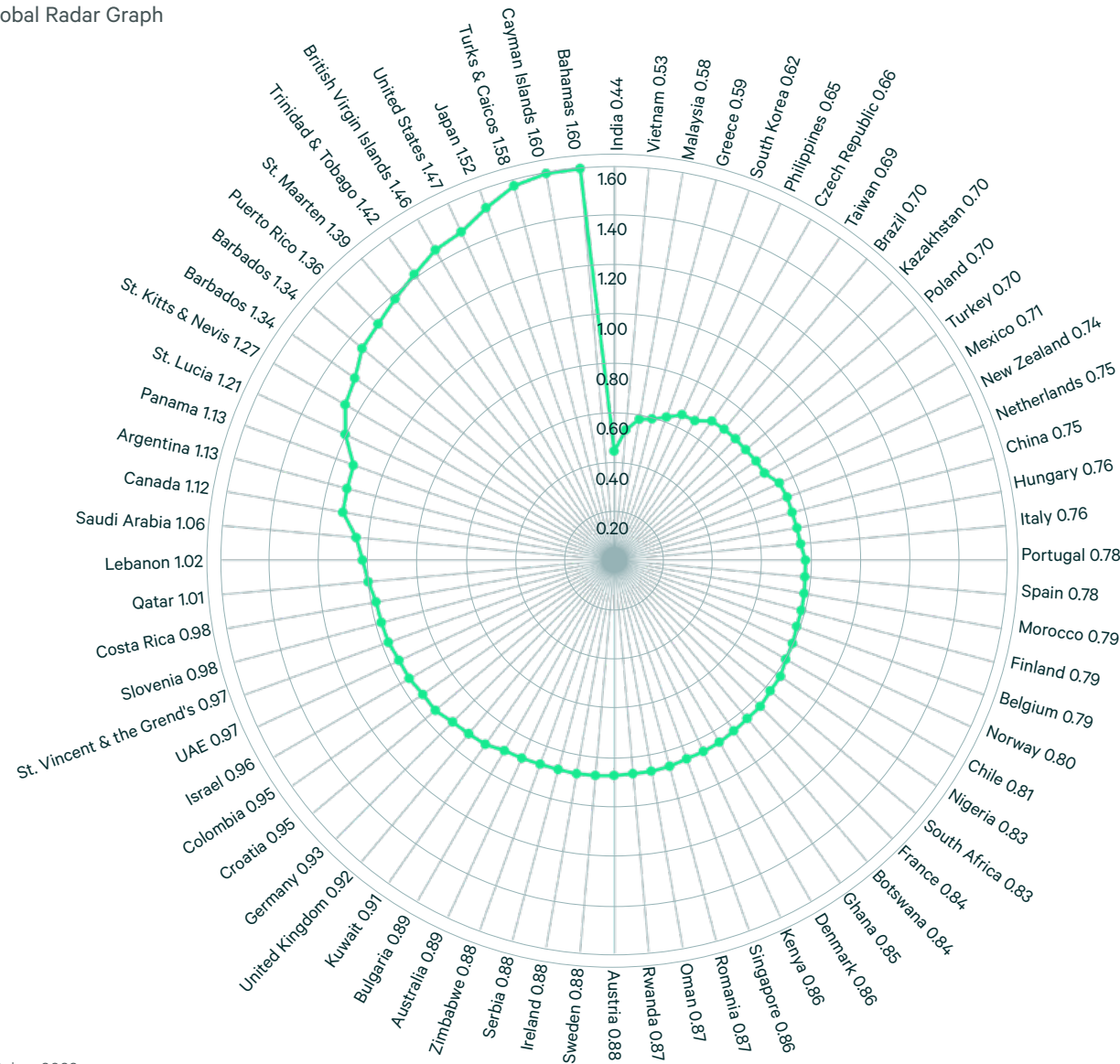
The construction sector has experienced particularly acute cost pressures reflecting its high dependence on energy and raw materials such as lumber, which have been particularly volatile. In Africa and parts of Latin America and APAC, rapid cost inflation in materials and services has had the effect of reducing the shelf life of tender offers to as little as two weeks; and more generally project schedules and contingencies have expanded. After a period of rapid growth, we expect the rate of construction cost inflation generally to ease in 2023, particularly in Europe and North America, and project viability to improve as a result. The recent challenging cost environment has caused many occupiers to refocus their capital spend from office fit-out to asset preservation/replacement, or to reallocate it altogether to operational expenditure. Evidence suggests that this gap is closing and slight reductions are available in FF&E in APAC markets, but manufacturers and suppliers likely will remain cautious to avoid inventory depletion. At the same time, tightening ESG regulation in some countries likely will strain corporate budgets. Prudent cost management will remain imperative.

Figures 23-27 illustrate the changes in various markets and show common issues faced in each location.



Market Outlook

FIGURE 21: Global Radar Graph



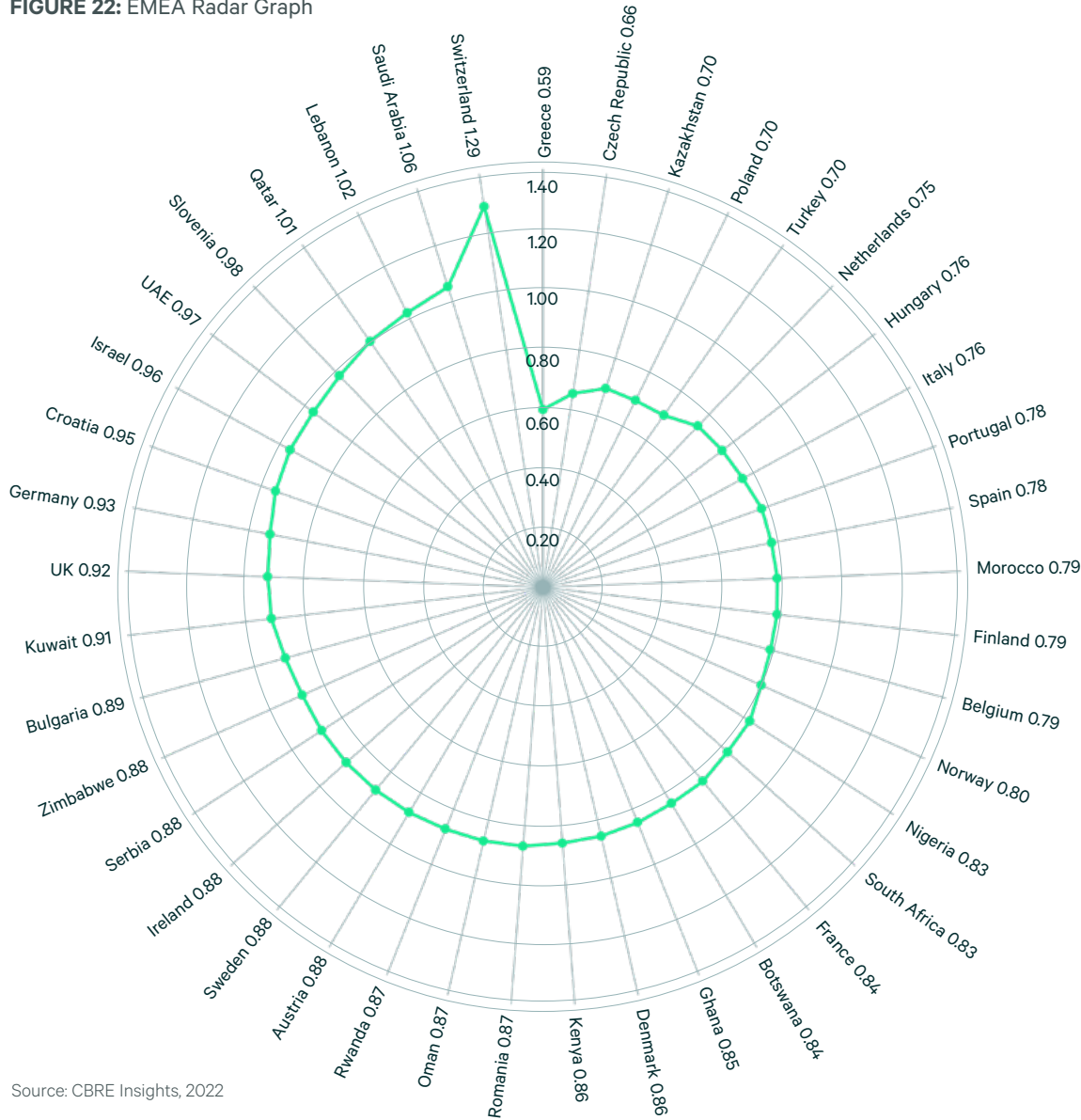
Source: CBRE Insights, 2022

Using London as point of deviation, this radar shows each cities' average project cost in relation to other countries.



Market Outlook

FIGURE 22: EMEA Radar Graph



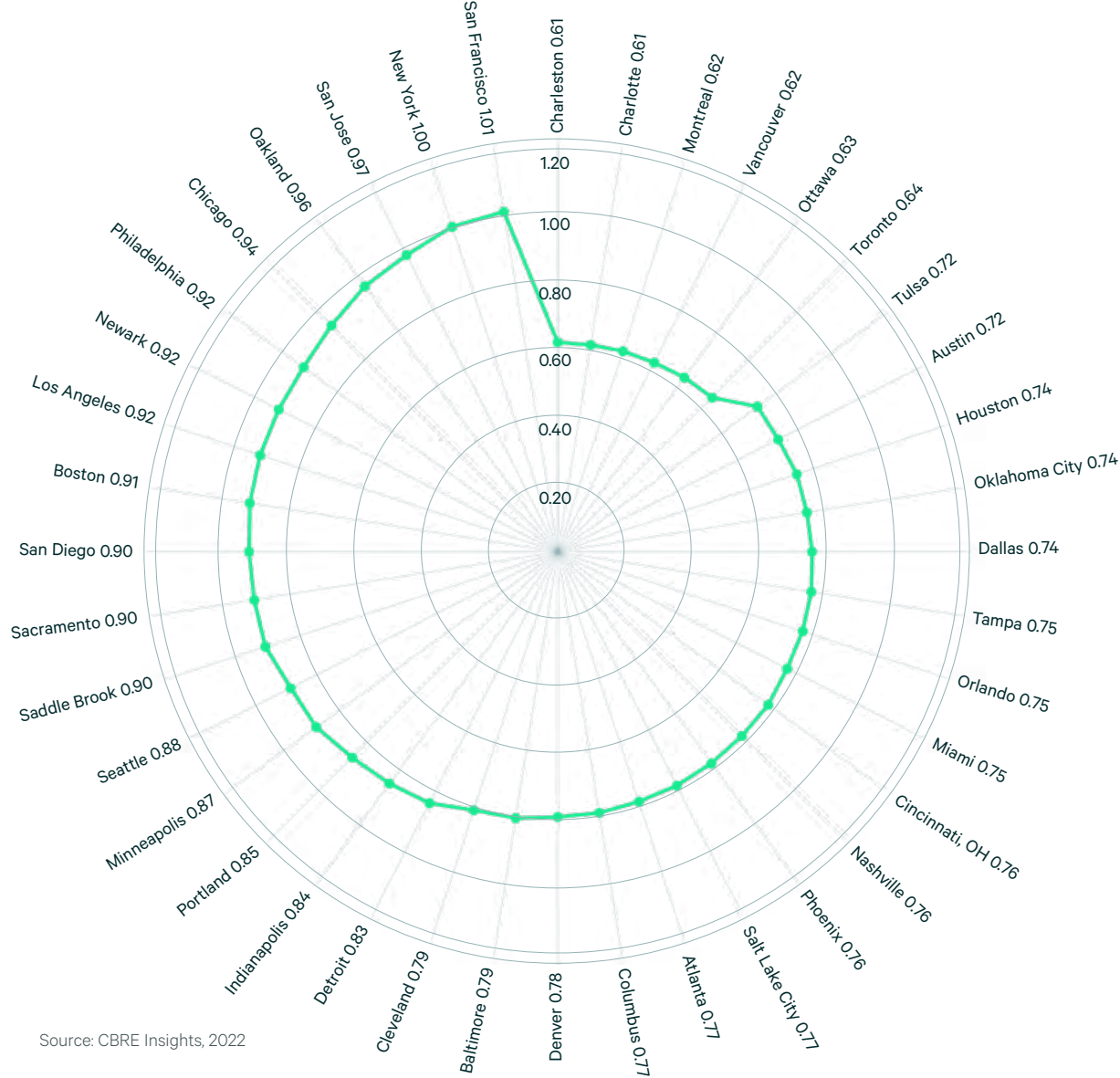
Source: CBRE Insights, 2022

FIGURE 23: APAC Radar Graph



Market Outlook

FIGURE 24: North America Radar Graph



Source: CBRE Insights, 2022

FIGURE 25: Latin America Radar Graph



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Visit the [Global Fit-Out Cost Guide](#) website for an interactive report overview.
For related research, please view [CBRE Global Workplace & Occupancy Insights](#).

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