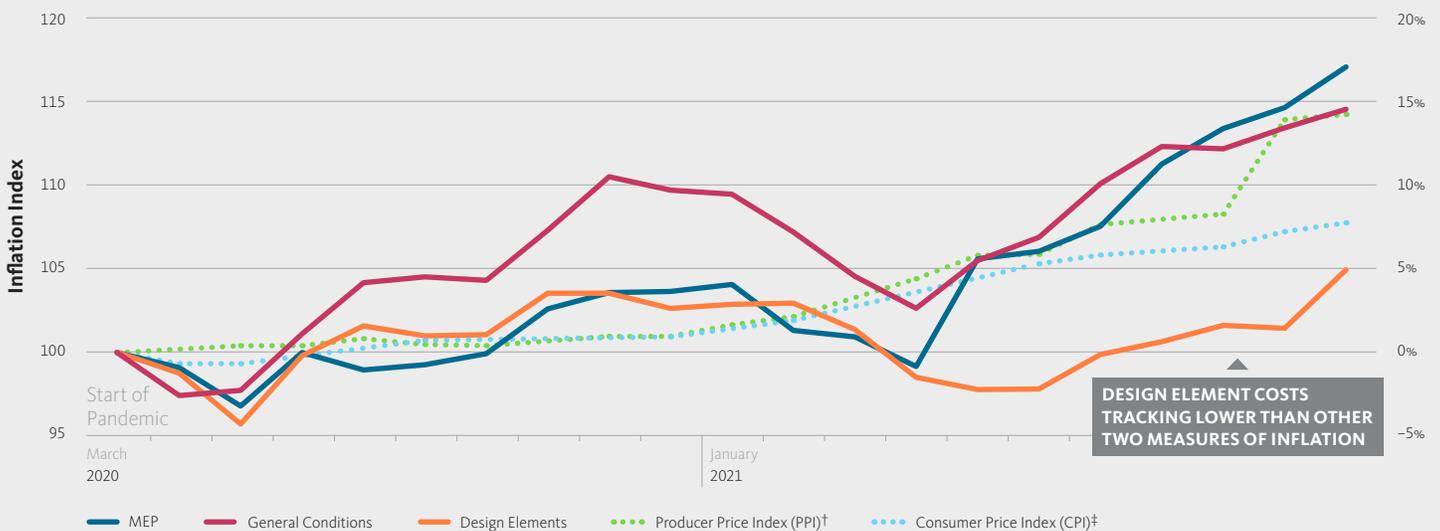


GENSLER COST INTELLIGENCE

United States Workplace Interiors Cost Insights 2022

Understanding how project costs are changing is crucial to delivering great workplaces.

Hard costs for interiors projects have risen by as much as 15% since March 2020, ahead of “headline” inflation (CPI). This escalation is driven largely by MEP and GC cost escalations.*



*Price escalation during first two years of pandemic, beginning at 100 in March 2020.

†PPI Data Source: U.S. Bureau of Labor Statistics, Producer Price Index by Industry: New Office Building Construction, Federal Reserve Bank of St. Louis, January 2022.

‡CPI Data Source: U.S. Bureau of Labor Statistics, CPI for All Urban Consumers (CPI-U), U.S. city average, not seasonally adjusted, January 2022.

Supply chain disruptions and inflationary cost pressures are forcing developers and end-users (or tenants) to prioritize their spending in new ways. Key findings from our research to inform better decision making:

- **MEP (mechanical, electrical, and plumbing) and GC (general conditions) costs have escalated significantly faster than costs for design elements.**
- **Clients and contractors should anticipate and plan for schedule delays, driven by supply chain and labor constraints — particularly on larger projects where delays are most pronounced.**
- **Focusing on design elements that amplify experience is crucial, and an opportunity to optimize value.**

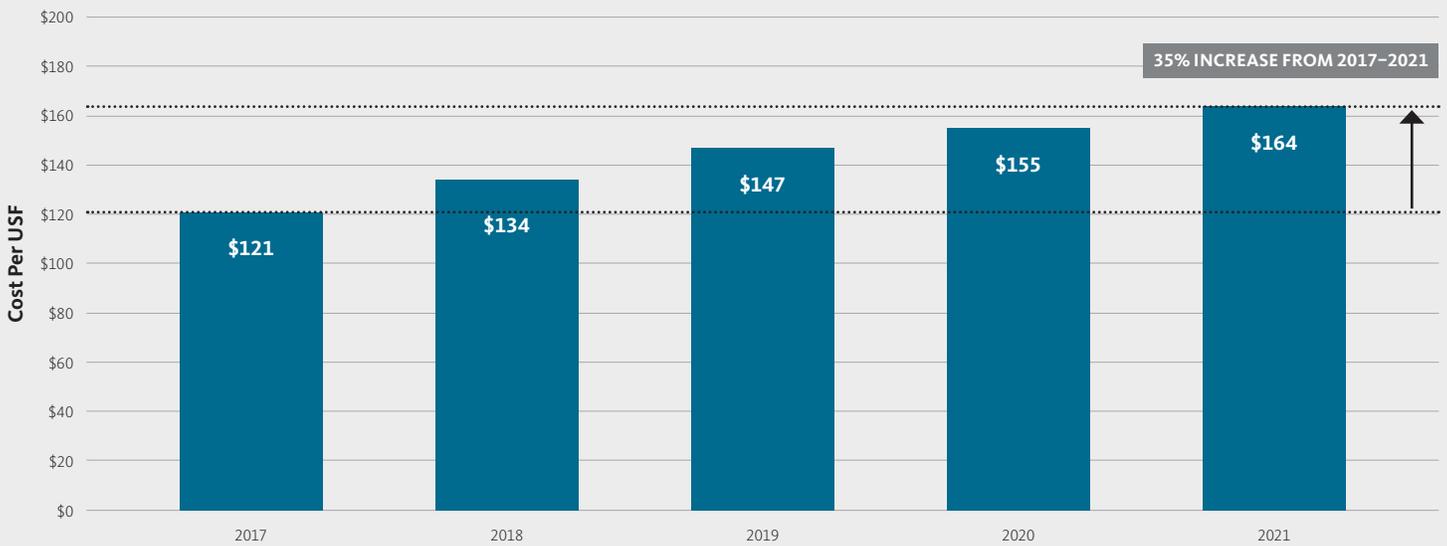
At Gensler, our job as designers and architects is to help our clients understand, anticipate, and manage cost trends and the impact those trends could have on the buildings and spaces we create. The 2022 U.S. Workplace Interiors Cost Insights report is intended to help clients make educated decisions about how to prioritize their spending to create effective and inspired workplaces. The data compiled here is sourced from more than \$7 billion in actual hard costs from more than 1,000 U.S. interior design projects completed between 2017 and 2021 across more than 70 major markets.

GENSLER COST INTELLIGENCE

United States Workplace Interiors Cost Insights 2022

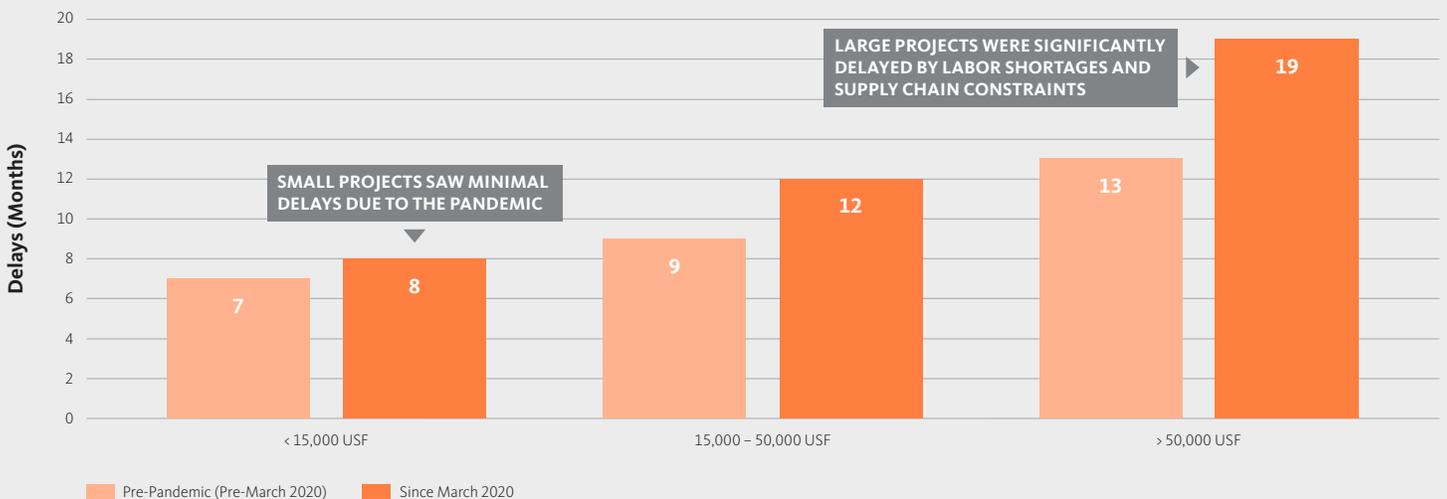
Median hard construction costs per USF (usable square feet) have increased 8% annually since 2017.

Median cost per USF (National) for projects completed from January 2017 through November 2021.



Workplace interior projects that were in flight at the start of the pandemic have taken longer to complete, slowed by lockdowns, labor shortages, and supply chain issues.

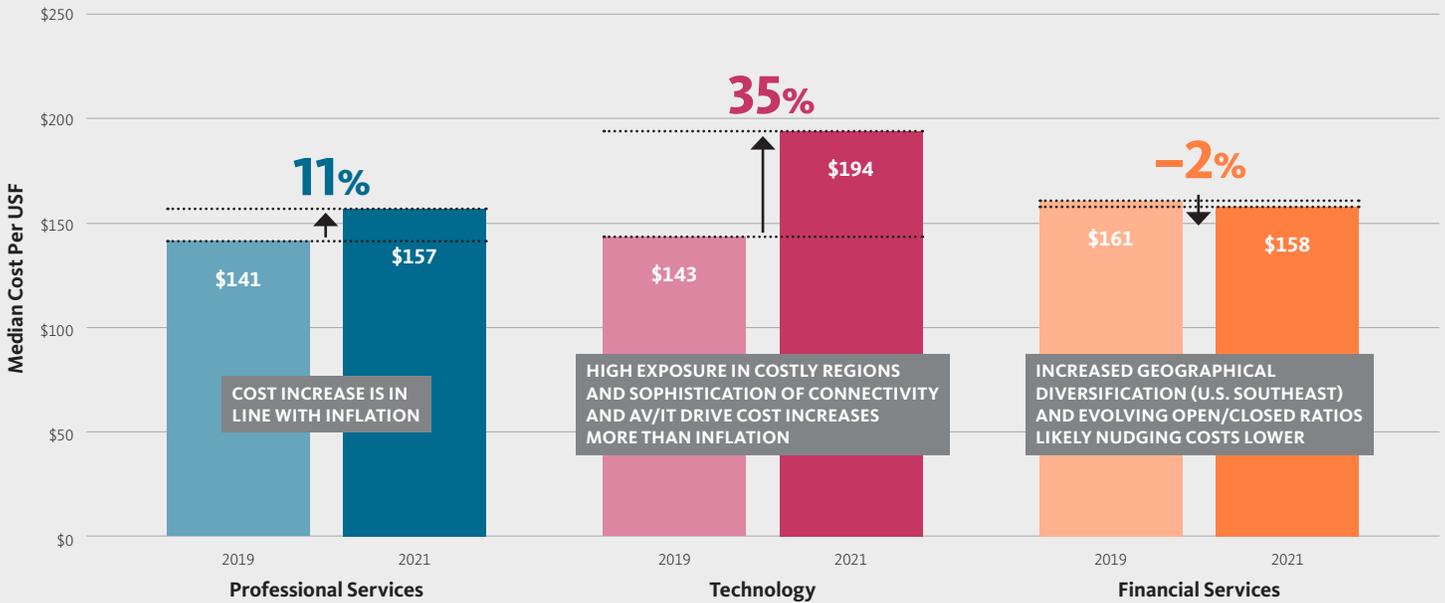
Significant delays to projects during onset of pandemic (March 2020) in number of months.



GENSLER COST INTELLIGENCE

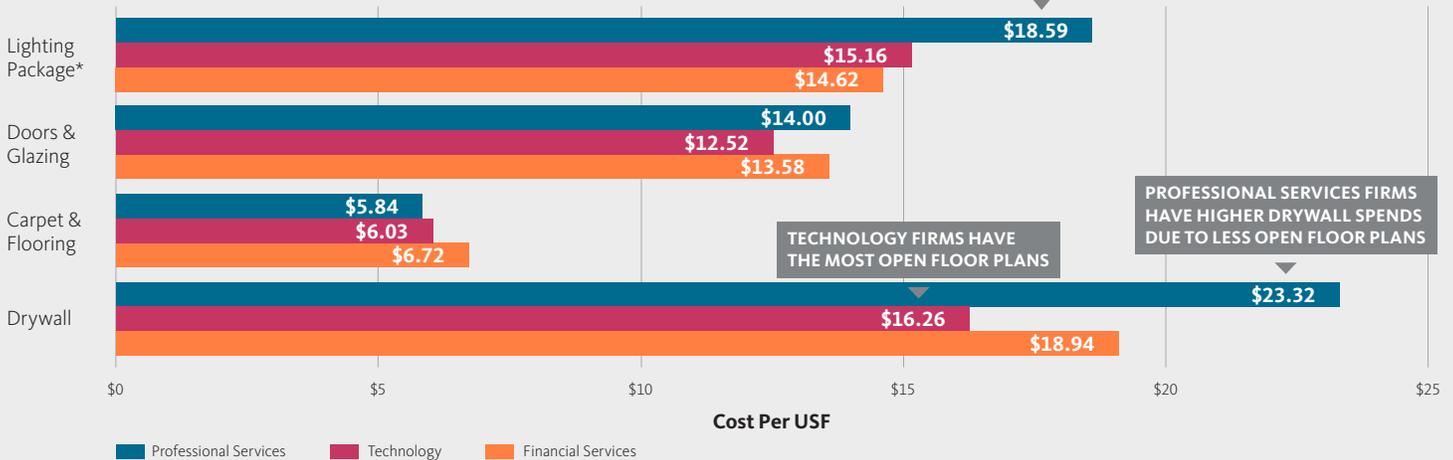
United States Workplace Interiors Cost Insights 2022

Technology companies have seen the highest increase in buildout costs.



Spending trends on finishes show differences by tenant industry. Professional Services firms spend more on lighting and drywall.

Select finish costs per USF by tenant industry



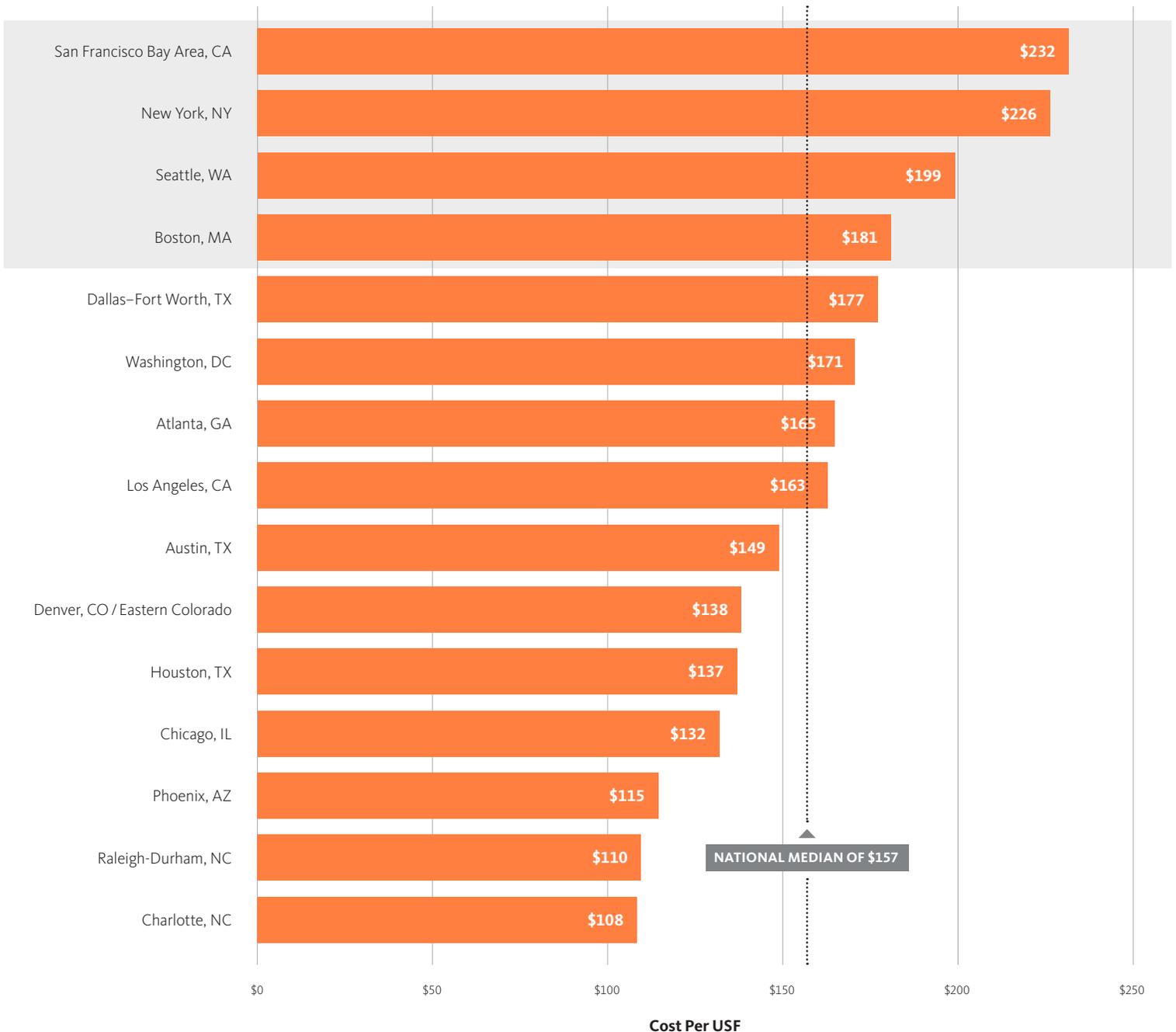
*Lighting Package includes fixtures and controls only.

GENSLER COST INTELLIGENCE

United States Workplace Interiors Cost Insights 2022

Northeast and Northwest markets remain the most expensive places to build Workplace Interiors in the United States.

2021 median cost per USF in top Gensler markets.*



*Data reflects Gensler's project experience.

GENSLER COST INTELLIGENCE

United States Workplace Interiors Cost Insights 2022

Our Workplace Interiors Dataset

The dataset used for this report comes from Gensler projects in the United States and Canada only. All projects were completed between 2017 and 2021. The projects vary in scope, level of finish, and location. They include features such as small group collaboration rooms, focus rooms, hybrid collaboration spaces, war rooms, innovation incubators, and touchdown spaces. The projects total more than 40 million square feet and add up to approximately \$7 billion in hard construction costs.

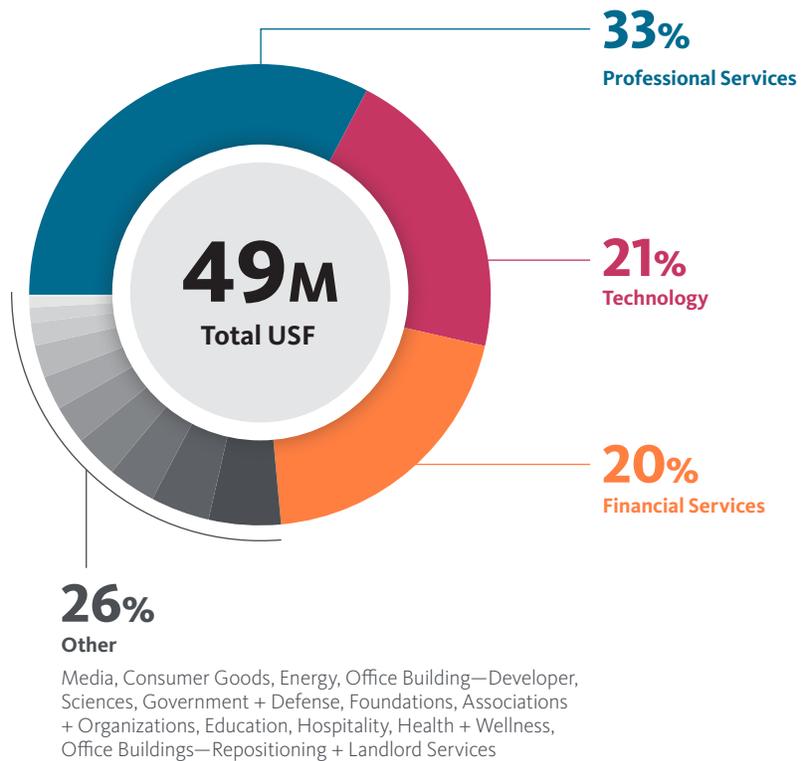
Only hard construction costs are included herein:

Costs for furniture, fixtures, and equipment (FF&E) and owner-provided AV, IT, and security have been excluded. All cost information has been sourced from pay applications submitted to Gensler for review during construction. Hard costs vary across client sector industries and project region. As Gensler's project portfolio varies from year to year, costs can fluctuate based on our regional exposure, but cost trends by tenant industry are clear. All costs are in nominal dollars, and project areas have been normalized to USF. Where possible, time series data is provided to show trends over time. Gensler is disclosing the data only on an aggregated and de-identified basis.

Use of This Data

Gensler has provided this data to inform our clients about recent construction cost trends for Workplace Interiors. The data is best used to inform preliminary budget conversations with tenant finance teams in conjunction with their design partners. General Contractors and Cost Estimators are vital in providing cost information for a specific project where scope and function have been defined.

Cost data is perishable and inflation remains a key driver of pricing. We plan to regularly revisit this data and look forward to sharing an update later this year.



Definition of Cost Categories

All costs are hard costs only, extracted from contractor pay applications.

Hard costs are categorized by CSI division.

MEP Costs: Defined as the sum of Divisions 21–Fire Suppression, 22–Plumbing, 23–Mechanical, and 26–Electrical.

General Conditions: Defined as Divisions 0–Procurement & Contracting Requirements, and 1–General Conditions.

Design Elements: Defined as all other cost divisions relevant to Workplace Interior projects including: Divisions 3–Concrete, 4–Masonry, 5–Steel/Misc. Metals, 6–Carpentry, 8–Doors & Glazing, 9–Finishes, 10–Specialties, and 11–Equipment.

Questions?

Please contact costintelligence@gensler.com.

Gensler Offices

Please visit [gensler.com/offices](https://www.gensler.com/offices) to connect with Gensler's Office Leaders to learn more about our approach.