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DISSECTING TENANT IMPROVEMENT COSTS

Determining tenant improvement cost benchmarks can significantly vary market to market. New buildouts can range from **\$90/SF to \$200/SF**. New York City and San Francisco/San Jose lead the nation in highest costs while Texas and southern cities are at the lowest end of urban locations. Pandemic conditions continue to contribute to the overall rise of construction costs... **labor costs are up 4 – 5%** and kinks in the global supply chain have driven material costs higher (8 – 12%) and volatility in availability remains elevated.



COST PER SQUARE FOOT COMPARISON ACROSS MAJOR US MARKETS

MARKET	COLLABORATIVE	TRANSITIONAL	TRADITIONAL
Philadelphia	\$130	\$150	\$185
New York City	\$150	\$175	\$200
Washington DC	\$110	\$140	\$165
Miami	\$95	\$115	\$130
Pittsburgh	\$110	\$130	\$160
Cleveland	\$105	\$125	\$145

COLLABORATIVE = 70% OPEN PLAN | TRANSITIONAL = 50% OPEN PLAN | TRADITIONAL = 30% OPEN PLAN



NOW TRENDING...

62%
INCREASE
IN LUMBER
PRICES

23%
INCREASE IN
OVERALL
PROJECT COST

44%
OF TOTAL
PROJECT
COST IN MEP

6 WK
LEAD TIME
FOR PERMIT
TURNAROUND

MEP = Mechanical, Electrical + Plumbing



MSRA PERSPECTIVE: "Pandemic-influenced environment" will likely shape office space decisions for the next 9-12 months. The offset to increased TI costs are HUGE concessions as landlords scramble for tenants and much needed cash flow. But companies will have to manage WFH costs (such as greater technology needs) and office changes to support a workplace designed for mobility, collaboration, video calls and a virtual-first environment.

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