

Global Office Fit-Out Costs Rise as Labour Shortages and Geopolitical Tensions Intensify

5 hours ago



The global average cost of fitting out office space has increased by between 2% and 6% over the past year, driven by geopolitical instability, rising energy prices, labour shortages and growing technology demands, according to a new report from JLL.

JLL's [2026 Global Office Fit-Out Costs Guide](#) found that the benchmark cost for a medium quality corporate office fit-out has now reached approximately \$2,150 per square metre, or \$205 per square foot.

The report analysed office fit-out costs across 68 cities worldwide and found that while material prices have stabilised in some areas, a combination of economic and geopolitical pressures is continuing to drive overall project costs higher.

According to the research, ongoing supply chain disruption, volatile energy markets and US trade tariffs are all contributing to increased uncertainty. Trade tariffs alone were identified as a cost driver in 62% of surveyed markets.

Mechanical and electrical services remain the largest component of fit-out budgets, accounting for up to 37% of total costs, while builders' works represent up to 29%. Both areas are being heavily affected by rising copper prices, shortages of skilled labour and the increasing complexity of workplace technology systems.

Labour shortages and technology demands driving complexity

The report found that skilled labour shortages are affecting 55% of global markets, adding further pressure to project delivery and pricing.

Ruth Hynes, Global Project and Development Services Research Lead at JLL, said the market is facing multiple overlapping pressures rather than a single dominant challenge.

“Global office fit-outs market continues to navigate an uncertain and shifting landscape, influencing costs and project requirements,” she said.

“It’s no longer a single issue, but a confluence of persistent labour shortages, volatile energy prices and new geopolitical uncertainty that is affecting project pricing.”

The report also highlights the growing importance of advanced workplace technology. Infrastructure supporting hybrid working, AI systems, audiovisual platforms and smart building technology is now increasingly viewed as a baseline requirement rather than an optional upgrade.

Strategic procurement becoming critical

JLL said organisations can no longer treat fit-out cost management as a static exercise, with early stage planning and procurement becoming increasingly important.

The report found that 88% of corporate real estate leaders now identify energy savings as a major boardroom priority, with energy efficient mechanical and electrical systems increasingly viewed as long term operational investments.

Ben Jackson, Global Head of Development Services at JLL, said early intervention is essential to reducing financial risk.

“In the current market environment, adopting a passive stance carries significant financial risk,” he said.

He added that securing fixed price contracts early in project lifecycles can help protect organisations from supply chain volatility and geopolitical disruption.

North America remains most expensive market

Regionally, North America continues to be the world’s most expensive fit-out market, with average costs reaching \$3,200 per square metre.

New York, San Francisco and Boston were identified among the five most expensive cities globally, driven by labour shortages and broader economic pressures.

Average fit-out costs in EMEA reached \$2,300 per square metre, compared with \$1,550 in Asia Pacific and \$1,800 in Latin America.

The report noted that sustainability requirements are particularly influential in EMEA, where ESG

regulations and energy efficiency standards are now deeply embedded within project specifications.

Gary Tracey, Head of Cost Management for EMEA at JLL, said organisations are increasingly balancing sustainability requirements against ongoing budget pressures.

“Energy-efficient M&E systems are increasingly viewed as a means to offset volatile operational costs, with investment decisions now driven as much by financial necessity as by corporate ESG objectives,” he said.

JLL added that office layout choices can also significantly affect project costs, with different workspace typologies capable of altering overall budgets by between 10% and 13% before finish quality is considered.