FOREWORD

What solution will provide me with the best value?

VALUE-DRIVEN CAPITAL ALLOCATION
The 2014 Cost Guide was presented to more than 100 corporations in APAC and distributed to hundreds more. The extremely positive response encouraged us to further enhance the guide for 2015 publication.

In the 2015 edition we have addressed the increasing trend for Activity-Based Working (ABW), through modelling of alternative design concepts to better address the question “What solution will provide me with the best value?”

We have also incorporated changes in currency levels that may impact how occupiers’ decide to allocate capital across the region.

We are always looking at ways to further improve this guide, so please let us have your feedback!

Martin Woods
Senior Managing Director, Asia Pacific
CBRE Project Management
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</table>
## MACRO-ECONOMIC FACTORS

### Driving Dramatic Shifts

**Currency Volatility %**

<table>
<thead>
<tr>
<th>Region</th>
<th>2015-2017</th>
<th>2012-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>-1.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>-6.0%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>-4.3%</td>
<td>-4.3%</td>
</tr>
<tr>
<td>South Korea</td>
<td>-4.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>India</td>
<td>-19.4%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>-36.8%</td>
<td>-14.5%</td>
</tr>
<tr>
<td>Japan</td>
<td>-55.9%</td>
<td>-10.3%</td>
</tr>
<tr>
<td>Philippines</td>
<td>-2.2%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>-2.2%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>-2.2%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Australia</td>
<td>-0.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>China</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>-7.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Philippines</td>
<td>4.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.9%</td>
<td>3.9%</td>
</tr>
<tr>
<td>South Korea</td>
<td>0.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2.2%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### Inflation Impact

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>2.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>-2.2%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>-4.0%</td>
<td>-4.3%</td>
</tr>
<tr>
<td>South Korea</td>
<td>0.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>-0.5%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2.2%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Source: CBRE Asia Pacific Research Jun 2015

Currency devaluation has had a negative impact on existing investors but can provide opportunities for potential international investors as it enables them to invest in countries with lower exchange rates and at a cheaper price.
INTRODUCTION

New workplace solutions not only offer the ability to create vibrant and high performance workplaces, but when carefully conceived they can cost the same or less than traditional solutions.

CBRE was delighted with the positive client feedback following the release of the 2014 cost guide. The evolution into the 2015 addition was driven by the demand and maturing needs of clients beyond simple cost to alternatives to traditional workplace emphasizing productivity and value.

In this edition, CBRE has introduced “New Ways of Working” and developed options that have been priced compared to present a complete Project Solution to clients that can provide a tangible and solid foundation for project decisions.

The 2014 Cost Guide was the first of a three part series. The 2nd Edition not only introduces “New Ways of Working”, but also lease cost for Grade A office space that has been cost compared and indexed in a similar manner to the project CAPEX. This provides clients with a total cost estimate for new office relocations including project CAPEX and initial 12 month leasing costs.

This document assists our clients in making major commercial decisions as well as guiding the development of cost effective solutions.

Looking forward; the next edition due to be released in 2016 will also consider Life Cycle Costing (LCC) from day 1 to the lease run-out date.

Guide Assumptions

- The commercial tower is a Grade A office building defined as occupying a prime location in the Central Business District with a modern flexible layout and column free floor plates in excess of 15,000 square feet, the total floor area is at least 300,000 square feet with sheltered parking GFA ratio of 1/2000, with excellent accessibility to public transport and attracts premiere office users.

- The fit out size assumed to between 25,000 to 30,000 square feet.

- The fit out cost does not consider building abnormalities or variances based on fit factor such as onerous landlord requirements or densities outside the range 1 person to every 90 to 110 sq ft.

- Construction cost includes all soft and hard costs and standard office FF&E requirements.
Foreign currency fluctuations have little effect on local business growth for both domestic and long established foreign companies generating revenue in the local market.

Zac Zdravev
Senior Director, Asia Pacific
CBRE Project Management
Global Leadership & Platform
The normalization of the regional costs to the US dollar caused a far more dramatic impact than the inflationary changes in the respective locations, making some cities more attractive to first-time foreign investments.

Royston Toh
Operations Manager, Asia Pacific
CBRE Project Management
COST BENCHMARKING TABLE

<table>
<thead>
<tr>
<th>REGION</th>
<th>COUNTRY</th>
<th>CITY</th>
<th>BASIC US$/SQ.FT</th>
<th>MEDIUM US$/SQ.FT</th>
<th>HIGH US$/SQ.FT</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Asia</td>
<td>South Korea</td>
<td>Seoul</td>
<td>96</td>
<td>135</td>
<td>175</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>Tokyo</td>
<td>73</td>
<td>107</td>
<td>159</td>
</tr>
<tr>
<td>Greater China</td>
<td>China</td>
<td>Beijing</td>
<td>72</td>
<td>106</td>
<td>163</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shanghai</td>
<td>74</td>
<td>104</td>
<td>158</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guangzhou</td>
<td>74</td>
<td>103</td>
<td>152</td>
</tr>
<tr>
<td></td>
<td>Taiwan</td>
<td>Taipei</td>
<td>67</td>
<td>89</td>
<td>117</td>
</tr>
<tr>
<td>South Asia</td>
<td>Hong Kong</td>
<td>Hong Kong</td>
<td>82</td>
<td>122</td>
<td>176</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>Mumbai</td>
<td>47</td>
<td>66</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hyderabad/Kolkata/Pune</td>
<td>40</td>
<td>55</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bangalore/Chennai/Delhi</td>
<td>43</td>
<td>60</td>
<td>77</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>Philippines</td>
<td>Manila</td>
<td>49</td>
<td>89</td>
<td>141</td>
</tr>
<tr>
<td></td>
<td>Vietnam</td>
<td>HCMC</td>
<td>62</td>
<td>85</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>Indonesia</td>
<td>Jakarta</td>
<td>58</td>
<td>82</td>
<td>111</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>Singapore</td>
<td>57</td>
<td>111</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>Thailand</td>
<td>Bangkok</td>
<td>49</td>
<td>89</td>
<td>141</td>
</tr>
<tr>
<td>Pacific</td>
<td>Australia</td>
<td>Sydney</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The figures in the cost data table are generated from actual project financial close out figures for accuracy and for traditional workplace design.

These figures reflect actual market conditions and may be adopted as a point of reference for future projects, considering inflation, local conditions and specific project requirements.

**Warning!**
All prices have been developed to depict total project capital cost. In some countries however, particularly in the emerging markets, tenants will be required to fit out their office spaces from shell and core, this is considered separately.
COST BREAKDOWN

The capital cost is classified into 4 major categories namely, Furniture, M&E Works, Builder Works and Consultant Fees. Depending on the local market, these categories vary differently. However, with these percentages, it provides a better understanding on how the cost are spent by proportion in location.

The figures in the cost data provided above are generated from actual project financial close out figures and for traditional workplace option 1.
CLIENT COST BENCHMARKING

The cost benchmarking exercise had a very tangible benefits of realizing the comparative patterns on geographic locations where the client executed high/medium/low standard fit outs. This drove a deeper understanding of where our clients spent more/less in comparison to the market and identified several areas for further analysis and understanding.

Stuart Ball
Account Excellence Director, Asia Pacific
CBRE Project Management
APPLYING THE COST GUIDE

Sample of client benchmarking exercise

China

Note: Client build cost includes full IT costs of servers and monitors. In addition, the Client invested heavily in IT equipment and the cost made up almost 10% of the total project cost.

<table>
<thead>
<tr>
<th>Level</th>
<th>FURNITURE</th>
<th>M&amp;E WORKS</th>
<th>BUILDER WORKS</th>
<th>CONSULTANT FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASIC</td>
<td>18%</td>
<td>28%</td>
<td>36%</td>
<td>18%</td>
</tr>
<tr>
<td>CLIENT</td>
<td>18%</td>
<td>23%</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>14%</td>
<td>19%</td>
<td>37%</td>
<td>19%</td>
</tr>
<tr>
<td>HIGH</td>
<td>14%</td>
<td>20%</td>
<td>32%</td>
<td>10%</td>
</tr>
</tbody>
</table>

India

Note: The analysis showed that the soft cost only constituted to a small percentage of the construction fit-out cost. This was possible as the consultants were procured across multiple projects and CBRE was able to achieve cost savings or cheaper rates for the consultants. The high % builder works cost was due to the fact that the client had to factor in an additional cost for base building upgrades, including raised floors, false ceilings, ducting and lighting distribution which were not part of the handed over condition of the leased space.

<table>
<thead>
<tr>
<th>Level</th>
<th>FURNITURE</th>
<th>M&amp;E WORKS</th>
<th>BUILDER WORKS</th>
<th>CONSULTANT FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASIC</td>
<td>14%</td>
<td>18%</td>
<td>30%</td>
<td>38%</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>14%</td>
<td>16%</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>CLIENT</td>
<td>13%</td>
<td>6%</td>
<td>44%</td>
<td>12%</td>
</tr>
<tr>
<td>HIGH</td>
<td>15%</td>
<td>12%</td>
<td>40%</td>
<td>33%</td>
</tr>
</tbody>
</table>
REGIONAL PERSPECTIVE

Sample of client benchmarking exercise
## DEFINING THE STANDARDS

### Sample of client benchmarking exercise

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEMS</th>
<th>BASIC</th>
<th>MEDIUM</th>
<th>HIGH</th>
<th>CLIENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASIC OFFICE FUNCTIONALITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elaborate Pantry and Breakout Areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Pantry fit-out</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very open office layout</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;E Redundancy</td>
<td>N</td>
<td>N+1</td>
<td>2N</td>
<td>N+1</td>
</tr>
<tr>
<td><strong>MEETING ROOMS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated A/V and lighting control</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic A/V</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projector &amp; Audio/Telephone</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Tables and Chairs only</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td><strong>SECURITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Min. 3 levels of security</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>1 level of security</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No electronic security</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WALL &amp; PARTITIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plasterboard with fabric finish / to slab with high acoustic rating</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double glazed partition</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Single glazed partition</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Plasterboard walls</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td><strong>FLOOR FINISHES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marble/Stone Slab Finishes</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carpet Tile</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Vinyl Sheets or basic concrete screed finishes</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# DEFINING THE STANDARDS

Sample of client benchmarking exercise

<table>
<thead>
<tr>
<th>PROJECT STANDARD</th>
<th>DESCRIPTION OF ITEMS</th>
<th>BASIC</th>
<th>MEDIUM</th>
<th>HIGH</th>
<th>CLIENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SYSTEM FURNITURE</strong></td>
<td>Flexibility in Workspace Churn &amp; Expansion</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Powerhoop as an Uninterrupted Footprint Division</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resolved Design &amp; Seamless Connectivity</td>
<td></td>
<td></td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Simplicity with reduced kit-of-parts</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unified look and combined usage</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cable trough and various cable outlet application</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td><strong>TASK CHAIRS</strong></td>
<td>Asymmetrical lumbar support system</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pelvic support</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4-D arms and seat pan adjustments</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Upright back lock</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supportive Mesh with tension zones</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Synchronized tilt mechanism</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supportive Mesh with optional upholstery back</td>
<td>♦️</td>
<td>♦️</td>
<td>♦️</td>
<td></td>
</tr>
</tbody>
</table>
We continue to see clients in APAC across industry types take a conscientious approach to office occupancy needs with a greater degree of scrutiny applied in analyzing the costs, risks, and quality of the various components.

Manish Kashyap
Regional Managing Director, Asia Pacific
Brokrage
LEASING & FIT-OUT COST

- Slower leasing activity and the large volume of new office supply scheduled for completion in 2015 pushed up overall vacancy in Asia for the first time in two years.
- Improving business sentiment and the positive job market is expected to grow moderately by 3.5%.

Source: CBRE Asia Pacific Research Jun 2015

The illustration above is a representation of the upfront cash outflow needed per sqft in the first year of a corporation’s real estate for a decision to relocate or setup a new office. The leasing cost included is an annual rent rate per city for a Grade A Building in the Central Business District (CBD).

Depending on the location, the leasing cost rate can actually be more expensive than the capital cost rate.
NEW WAYS OF WORKING

There is a revolution happening in workplaces. No longer does ‘one size fit all’. As the key workplace efficiency metric shifts from sqft/desk to sqft/person some of the new workplace options are more affordable than people might think.

Peter Andrew
Regional Director,
CBRE Workplace Strategies, Asia Pacific
We would not go back to the old way of working.
With the new breeds of workplaces there is an opportunity to get the end users of the environments more involved in the design process. What should be in the ‘kit-of-parts’ for our company? How do we place the critical types of activity spaces on the floor to align best with how we want to work?

CBRE promotes a process that integrates the end users into the design process where key principles, ideas and options are debated, allowing proto-typing of design solutions.

This approach promotes business buy in to new workplace solutions and workplaces that relate to how teams want to work.
THREE NEW WORKPLACE OPTIONS

New workplace solutions are widely discussed and debated in the media, but the prevalence of many terms and definitions over complicates what in reality is actually quite a simple choice of alternative solutions.

CBRE has developed the ‘CBRE Workplace Compass’ as a framework that defines this diversity of solutions as one of four basic options. From the base option (Traditional Solution) there are solutions that increase efficiency (where the workplaces have less desks than headcount) and solutions that enhance work performance (by providing a diversity of settings that support a variety of different tasks.)

When the fundamental measure of workplace efficiency changes from cost/sq ft to cost/person the nature of cost relativity between these options changes – new workplace solutions not only offer the ability to create vibrant and high performance workplaces, but when carefully conceived they can cost the same or less than traditional solutions.

1. TRADITIONAL SOLUTION

2. HOT DESKING

In a Hot Desking workplace some or all people share desks in a workplace that otherwise resembles the traditional solution.

3. COLLABORATIVE WORKPLACE

The collaborative workplace allocates a higher proportion of space to shared activity spaces (generally supporting collaboration) but everyone has allocated workstations.

4. ACTIVITY BASED WORKPLACE

In an Activity Based Workplace some or all people share a diversity of different work settings that support a variety of noisy/quiet/private, solo/collaborative activities.

All three new solutions rely on increased mobility of work within the work environment. These solutions need appropriate technology, work processes and mindsets in order to be most effective.
THE EXPANDED TOOLKIT

New workplace solutions have a broader ‘kit-of-parts’ than a traditional workplace.

Workstations
Instead of one single type of ergonomic work setting, new workplaces can have a diversity of work settings. In addition to a typical team desk (the neighbourhood where your team typically works together) there may also be choices of enclosed settings, undistracted settings, private settings and settings for ‘working together’. Some of the team settings may offer new functionality such as “sit/stand”.

Offices
Offices still play an important role in new workplaces, in fact sometimes new workplaces might have more offices. When offices become a shared resource they need to be more multi-functional in their design – and for this reason they are defined here as ‘work/meet’ rooms.

Quiet/Private work settings

Small enclosed rooms are an important component in the new workplace kit-of-parts.

Rooms about 1.6-1.8m wide are ideal as they can support a diversity of quiet/focused activities: solo concentrated work, two people working side by side, a variety of noisy activities: hands free conference calls; as well as confidential activities – including short face to face private discussions.

Enclosed rooms can be supplemented by undistracted settings – workstations surrounded by high screens located in quieter areas where people can work undistracted by colleagues.

Work/Meet rooms

Work/meet rooms are designed to serve a wide variety of functions.

Office Function
Rooms used ‘on demand’ as an office for an hour, half a day or a day. When used this way they support private work as well as meetings with colleagues.

Meeting or Work Room Function
Can be used for small groups ‘working together’ – using the screen, or the hands free phone or simply having a team meeting.

Protocols for how these rooms are used and if they can be booked vary to suit specific needs.
Collaborative work settings

Collaborative work settings are ergonomic settings where people can sit all day, that are designed to encourage and support a variety of ways of working together — in small groups or as project teams.

Typically there are no workstation screens and ideally the area is partly separated/ enclosed by one or two walls that provide privacy for the team and surfaces for white boards and pin boards.

If located amongst team neighbourhoods these collaborative settings also serve as overflow settings and touchdown settings for visitors.

Lockers and Belongings

In environments where individuals are no longer allocated a desk or an office the storage of personal belongings becomes very important — and at present not well supported as a comprehensive furniture solutions. As such, lockers and storage systems are often designed as joinery.

It is critical to understand the work belongings and personal belongings that need to be stored (which can vary considerably country to country). When in doubt err on the larger rather than smaller size.

It is also important to understand how people move belongings between a locker and work setting, and how belongings can be secured at a work setting.

Furniture versus Joinery

With the emergence of a new diversity of work settings many organisations are increasing the amount of custom joinery. Meanwhile the furniture industry is developing new products to support these new functions. Given the experimental nature of some new work settings and the need to create workplaces that can adapt and change quickly over time, the balance of bespoke joinery and off the shelf furniture needs to be considered. Furthermore options to lease furniture for these alternative settings can help manage flexibility.
OPTION 1 – TRADITIONAL

Cost per square foot
$104* (-)

Cost per person
$12,235 (-)

* This is for a medium standard fit-out in Shanghai

1. TRADITIONAL SOLUTION

Total Ergonomic Seats  255
Total Headcount capacity  255
Formal meeting seats/person  0.24
Informal meeting seats/person  0.14

The traditional workplace is characterised by identical, efficiently laid out open plan work settings with a small number of enclosed offices around the building core.

Open, informal meeting settings are located at each corner of the building and in the central pantry break out area. These settings also support short term touchdown work.
OPTION 2 – HOT DESKING

Cost per square foot
$107* (-)

Cost per person
$10,794 (-)

Area per setting
120 sq ft/seat

Area per person
101 sq ft/FTE

* This is for a medium standard fit-out in Shanghai

Total Ergonomic Seats 251
Total Headcount capacity 297
Formal meeting seats/person 0.21
Collaborative meeting seats/person 0.12

In a Hot Desking workplace some or all people share desks in a workplace that otherwise resembles the traditional solution.

In this representation a number of offices have been replaced by locker storage areas. The overall number of work settings reduce but with an assumed sharing ratio (1 desk : 1.2 people) overall capacity is increased.
OPTION 3 – COLLABORATIVE

Cost per square foot
$101* (-)
Cost per person
$13,231 (-)

* This is for a medium standard fit-out in Shanghai

Area per setting
131 sq ft/seat
Area per person
131 sq ft/FTE

3. COLLABORATIVE WORKPLACE

Total Ergonomic Seats 229
Total Headcount capacity 229
Formal meeting seats/person 0.27
Collaborative meeting seats/person 0.33

The collaborative workplace allocates a higher proportion of space to shared activity spaces (generally supporting collaboration).

In this representation all staff have an allocated work setting (open plan or office) but are expected to spend time at a wide variety of other settings interacting with colleagues (or seeking solitude).
OPTION 4 – ACTIVITY BASED WORK (ABW)

Cost per square foot
$101* (-)

Cost per person
$9,825 (-)

* This is for a medium standard fit-out in Shanghai

Area per setting
117 sq ft/seat

Area per person
97 sq ft/FTE

In an Activity Based Workplace some or all people share a diversity of different ergonomic work settings that support a variety of noisy/quiet/private, solo/collaborative work activities. Offices have been repurposed as multi-functional, shared work/meet rooms.

Similar to the hot desking option, provision has been made around the core for lockers.

Total Ergonomic Seats  257
Total Headcount capacity  308
Formal meeting seats/person  0.20
Collaborative meeting seats/person  0.25
## SPACE BUDGET MATRIX

<table>
<thead>
<tr>
<th>KEY METRICS</th>
<th>TRADITIONAL</th>
<th>HOT DESKING</th>
<th>COLLABORATIVE</th>
<th>ABW</th>
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<td>Static (Seat) Density (sqft/seat)</td>
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### WORK SETTINGS

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### ON FLOOR COMMON SPACE

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<td>Informal Meeting Chairs/FTE</td>
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## Snapshot Comparison

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<th>2. HOT DESKING</th>
<th>Headcount</th>
<th>CAPEX Per FTE</th>
<th>Meeting Chairs</th>
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<th>3. COLLABORATIVE WORKPLACE</th>
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<th>4. ACTIVITY BASED WORKPLACE</th>
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<td>+21%</td>
<td>-19%</td>
<td>+41%</td>
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OPTION 1 - TRADITIONAL
INTEGRATED CBRE SERVICE OFFERING

Building selection through Operations overlaying Workplace Strategy

Timeline
Workplace Strategy and Change Management

A feasibility study can take between two weeks and eight weeks depending on the depth of investigation and supporting research.

A Workplace Strategy can take between four weeks and sixteen weeks depending on the size of the project and the depth of investigation. Most take between six and ten weeks.

Workplace Change Management can commence as early as making a decision to proceed with a project and can continue until up to three to six months after relocation/implementation of a new workplace strategy.
There is no single ‘ideal’ workplace solution.

Every organisation needs to understand its unique appetite and capability to implement an alternative workplace solution.

Understand though, that the new choices will not necessarily cost more ... and in fact in some cases will reduce costs whilst creating better places to work.
REGIONAL COST ANALYSIS
The period saw strong demand from small space users as they took advantage of generous incentives to upgrade. Incentives fell marginally but a further decline is not expected. Vacancy will remain stable.

Ian Rea
Managing Director
Pacific Project Management
+61 2 9333 9102
ian.rea@cbre.com.au
JAPAN COST ANALYSIS – TOKYO

TOKYO

Net absorption improved in Q1 2015 and Grade A rents increased by 2.3% q-o-q.

Lower oil prices and the weaker Yen will support corporate earnings and result in solid office demand. Rents will remain on an upward trend over the remainder of the year. In addition to demands for office buildings and logistic sites, the 2020 Tokyo Olympics and the need for more hotels for foreign visitors has pushed the construction cost further upwards.

Hisanao Kajiura
Senior Director
Tokyo Project Management
+81 3 52889749
hisanao.kajiura@cbre.co.jp

<table>
<thead>
<tr>
<th>Basic</th>
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</tr>
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<td>37%</td>
<td>39%</td>
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</table>

- Furniture
- M&E Works
- Builder Works
- Soft Cost
Restructuring by domestic conglomerates continued to negatively impact office demand this quarter.

Effective rents remained on a downward trend and are unlikely to recover without a strong catalyst for demand.

Bruce Lee
Senior Director
South Korea Project Management
+822 21705870
bruce.lee@cbrekorea.com
CHINA COST ANALYSIS – BEIJING

BEIJING

Rents were stable for the Q2 of 2015. Technology and financial firms were most active in terms of occupier activities. New supply of 2.25 Million sq.ft of GFA in H2 2015 is expected to further drive the leasing activities in the coming months.

Catherine Xiong
Senior Director
China Project Management
+86 10 85880788
catherine.xiong@cbre.com.cn
CHINA COST ANALYSIS – SHANGHAI

Leasing demand was led by domestic firms whilst multinationals focused on cost containment and opted to renew. Grade A rents increased by 1.4% q-o-q.

CBD Grade A buildings are expected to record mild rental growth but decentralized submarkets will see some weakness as 60% of new supply set to be completed in the next six months is located outside CBD areas.

**Bahtiyar Tay**
Senior Director
China Project Management
+86 21 24011403
bahtiyartay@cbre.com.cn

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**US$74**

Basic

**US$104**

Medium

**US$158**

High

- Furniture
- M&E Works
- Builder Works
- Soft Cost
CHINA COST ANALYSIS – GUANGZHOU

GUANGZHOU
Rent held firm. Steady leasing activity in newly completed projects pushed down vacancy by 1.3ppt.

The outlook for rents is stable. The rental gap between new and existing buildings is narrowing.

Catherine Xiong
Senior Director
China Project Management
+86 10 85880788
catherine.xiong@cbre.com.cn
TAIWAN COST ANALYSIS – TAIPEI

Steady leasing activity coupled with the lack of new stock ensured Grade A rents increased marginally this quarter.

Landlords will remain firm on rental negotiations as the availability of medium to large spaces is limited.

James Ho
Director
Taiwan Project Management
+886 2 77069538
james.ho@cbre.com
HONG KONG COST ANALYSIS

HONG KONG

Grade A office demand picked up noticeably since Q2 2015 with vacancy rates across all submarkets trending down further. Space availability is reduced causing landlords to push rents higher.

Large occupiers find it increasingly difficult to source and secure contiguous space, particularly in the Central CBD where financial sector firms and PRC companies have been active in locking into leasing opportunities.

Steve Palfrey
Director
Hong Kong Project Management
+852 28202996
steve.palfrey@cbre.com.hk


**MUMBAI**

Demand was the strongest among all tier I cities as occupier activity improved, particularly from the e-commerce sector.

The risk of oversupply remains high and rents are expected to continue on a downward trend in the short term.

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**Gurjot Bhatia**
Senior Executive Director
India Project Management
+91 1142490200
gurjot.bhatia@cbre.com
**NEW DELHI**

Subdued demand in what is traditionally a quiet period, coupled with a surge in new supply, pushed up vacancy.

New supply in Gurgaon and Noida will ensure occupiers have plenty of options for cost effective space.

---

**INDIA COST ANALYSIS – NEW DELHI / BANGALORE / CHENNAI**

Gurjot Bhatia  
Senior Executive Director  
India Project Management  
+91 1142490200  
gurjot.bhatia@cbre.com

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**NEW DELHI**

Subdued demand in what is traditionally a quiet period, coupled with a surge in new supply, pushed up vacancy.

New supply in Gurgaon and Noida will ensure occupiers have plenty of options for cost effective space.

---

**Basic**  
US$43  
13%  
42%  
28%  
17%

**Medium**  
US$60  
14%  
43%  
29%  
14%

**High**  
US$77  
14%  
44%  
30%  
11%
HYDERABAD
Grade A rents rose by more than 5.0% across most submarkets amid sustained demand.

Robust demand from the IT / ITeS sector will continue to support rental growth despite the increase in new supply.
COST ANALYSIS – SINGAPORE

Rental growth remained solid at 1.8% q-o-q but rents have now peaked. Demand weakened noticeably this quarter.

The increase in secondary space and the forthcoming wave of new supply scheduled to be completed in H2 2016 implies rents will remain flat for the rest of the year.

Garth Chapman
Regional Director
SEA Project Management
+65 62291114
garth.chapman@cbre.com.sg
COST ANALYSIS – MANILA

Strong demand for BPO space ensured further rental increases this quarter.

Undersupplied pressure in Makati is expected to ease upon the completion of a few Grade A projects that are now available for lease.

Nicholas Price
Director
SEA Project Management
+65 62291109
nicholas.price@cbre.com.sg
COST ANALYSIS – INDONESIA

JAKARTA
Rental growth slowed further and vacancy trended up due to the lack of new demand and the addition of new supply.

Weaker demand and abundant new supply will ensure tenants gradually gain the upper hand in negotiations.

Nicholas Price
Director
SEA Project Management
+65 62291109
nicholas.price@cbre.com.sg

<table>
<thead>
<tr>
<th>Basic</th>
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<tbody>
<tr>
<td>Furniture</td>
<td>M&amp;E Works</td>
<td>Builder Works</td>
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<td>US$58</td>
<td>US$82</td>
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<td>18%</td>
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<tr>
<td>12%</td>
<td>10%</td>
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</table>
COST ANALYSIS – BANGKOK

BANGKOK
Vacancy temporarily increased this quarter following the completion of one new CBD Grade A office building.

Grade A rents are expected to grow moderately on the back of steady leasing demand from domestic and overseas firms.

Pattra Jotikabhukkana
Associate Director
Thailand Project Management
+66 2 654 1111 ext 812
pattra.jotikabhukkana@cbre.co.th
COST ANALYSIS – VIETNAM

HCMC
Leasing demand improved but Grade A rents declined by 3.4% q-o-q as landlords reduced rents to attract tenants. Rents in existing stock will remain stable but new buildings will need to lower rents to secure tenants.

HANOI
Strong demand from domestic occupiers pushed down vacancy to 20.2%. No Grade A stock will be completed this year but overall new supply is significant in the West and Midtown. Rents in those areas will continue to decline.
CONTACTS

CBRE CONTACTS

Martin Woods
Senior Managing Director,
CBRE Project Management, Asia Pacific
+852 2820 2869
martin.woods@cbre.com.hk

Zac Zdravev
Senior Director
CBRE Project Management, Asia Pacific
+65 6326 1661
zac.zdravev@cbre.com.sg

Nick Lee
Director
CBRE Project Management, Asia Pacific
+852 2820 8178
nick.lee@cbre.com.hk

Peter Andrew
Regional Director
CBRE Workplace Strategies, Asia Pacific
+65 6326 1677
peter.andrew@cbre.com.sg

ACKNOWLEDGEMENTS

Royston Toh
Operations Manager
CBRE Project Management, Asia Pacific
+65 6229 1165
royston.toh@cbre.com.sg

Brendan Bruce
Managing Director
Haworth, South East Asia

Cyrus Lee
Associate Director
Aedas, Hong Kong