



Occupier Cost Index

November 2021



Introduction

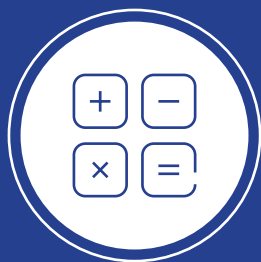
The Occupier Cost Index (OCI) is a valuable guide used by corporate organisations, procurement leaders and consulting practices to assess the effectiveness and efficiency of occupancy costs. It is a guide that can provide relevant comparators across peer group organisations that can form the basis of improvement plans or optimisation strategies. With reference across 29 countries, in excess of 4,000 buildings and over 26 million sqm the OCI quality output is based on a data rich foundation.

In the height of COVID-19 it was always going to be interesting to see if data inputs continued to maintain the valued output of OCI. As it turns out, research has highlighted that most corporates maintained expenditures in property and operating costs despite buildings being empty.

Whilst we all recognise an opportunity to rationalise property portfolios to reflect new hybrid working and lower occupancy levels, the reality is that existing lease structures prevent short-term portfolio adjustments. This is a major factor that is highlighted by only a 1% decrease in occupancy costs per full time employee in the UK. Although in the medium-term property strategies will leverage the value of reduced space, flex space and co-working environments – all of which will be reflected in forthcoming OCI data.

Further contributing to only a 1% decrease in occupancy spend is a recognition that whilst most corporates deployed staff working at home, they continued to maintain the buildings. Contracts/services we kept in play to protect staff and where variable services, such as cleaning were impacted, there was an offset due to the enhanced COVID hygiene cleaning processes being deployed. Even when staff were working at home, there were essential and facilities teams operating in the buildings and as such most buildings did remain operational and thus open, albeit with very low occupancy levels.

So, yet again some great research and quality benchmarking data from Denise Hoogendoorn and Rudy Litjens that continues to provide corporates with an effective guide to identify and drive improvement plans.



The OCI outlines the office costs per full time equivalent (FTE) for 29 countries based on the European facility management standard EN15221-4. Last year, almost all office employees in Europe worked from home for long periods of time. Despite all the empty workplaces, there was little change in company expenditure on having a full-time employee work at the office for a year. The role of facility management and utilisation of office accommodation was drawn into question due to the COVID-19 pandemic. While minimal modifications were made to the working environment in response to the new situation, larger investments in office space and the working environment were postponed but we are now seeing an increased appetite to change working environments. Office services were adjusted to the low occupancy rate, but existing contracts such as those for company restaurants were subject to minor corrections at most. Only variable costs such as meeting services were no longer incurred, although these were then partly replaced by higher costs for home offices or additional office cleaning.

In 2021, the total costs for one FTE in Europe fell by 2% to €9,468

Management decreased by 4% from €435 to €416



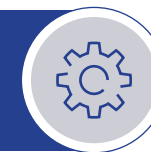
- Lower management costs, amongst others due to reduced use of external employees.
- Lower costs for tactical management of the building, but higher costs for tactical management of services and account management. More effort in coordinating services, both with suppliers and internal customers.
- Higher costs for planning, control and administration.

People & Organization increased by 1% from €999 to €1,005



- Another slight increase in labour costs.
- Higher costs for security (and enforcing COVID-19 rules).
- Lower costs for fixed catering contracts, absence of variable costs for hospitality.
- Significant increase in document management. Shift from internal to external services.

ICT increased from €1,965 to €1,969 (+0%)



- Shift to the cloud office. Lower costs for centralised and distributed services. Higher costs for workplace management.
- Increase in costs for telematics and service desk. The home office required more support. Lower training costs, because of a shift from physical to online.

Space & Infrastructure decreased by 3% from €6,297 to €6,078



- Average rental costs stable, though some countries showed outliers.
- Less fit-outs due to the uncertainty in the new way of working, resulting in lower costs.
- Decrease in regular cleaning costs exceeds additional costs in response to COVID-19.
- Lower energy and maintenance costs.

European Occupier Cost Index 2021



	Space & Infrastructure	People & Organisation	ICT	Management	Total	Trend
Bulgaria	€ 1,608	€ 298	€ 702	€ 81	€ 2,689	-3%
Croatia	€ 2,477	€ 468	€ 952	€ 140	€ 4,037	-3%
Hungary	€ 2,707	€ 438	€ 895	€ 122	€ 4,162	-4%
Romania	€ 2,965	€ 368	€ 756	€ 106	€ 4,195	-1%
Slovakia	€ 2,550	€ 580	€ 1,181	€ 178	€ 4,489	3%
Turkey	€ 3,294	€ 383	€ 742	€ 148	€ 4,566	-5%
Lithuania	€ 3,070	€ 466	€ 959	€ 138	€ 4,632	-2%
Poland	€ 3,510	€ 454	€ 918	€ 138	€ 5,019	-5%
Latvia	€ 3,280	€ 589	€ 1,011	€ 158	€ 5,038	-2%
Estonia	€ 3,381	€ 587	€ 1,195	€ 192	€ 5,355	-3%
Czech Republic	€ 4,137	€ 573	€ 1,153	€ 223	€ 6,086	3%
Portugal	€ 3,895	€ 655	€ 1,325	€ 214	€ 6,089	1%
Greece	€ 4,954	€ 668	€ 1,340	€ 246	€ 7,208	5%
Spain	€ 5,469	€ 841	€ 1,664	€ 301	€ 8,275	-3%
Russia	€ 6,806	€ 474	€ 1,020	€ 100	€ 8,400	-2%
Netherlands	€ 4,997	€ 1,246	€ 2,406	€ 669	€ 9,318	-2%
Europe	€ 6,078	€ 1,005	€ 1,969	€ 416	€ 9,468	-2%
Austria	€ 5,459	€ 1,233	€ 2,391	€ 559	€ 9,643	1%
Ireland	€ 6,610	€ 1,143	€ 2,243	€ 445	€ 10,441	-5%
Italy	€ 7,299	€ 1,023	€ 1,994	€ 399	€ 10,714	-4%
Finland	€ 6,868	€ 1,219	€ 2,392	€ 595	€ 11,073	-3%
Germany	€ 7,271	€ 1,221	€ 2,364	€ 590	€ 11,446	2%
Belgium	€ 6,923	€ 1,326	€ 2,548	€ 724	€ 11,520	-4%
Denmark	€ 7,527	€ 1,504	€ 2,901	€ 811	€ 12,742	-3%
United Kingdom	€ 10,769	€ 1,061	€ 2,098	€ 379	€ 14,307	-1%
Luxembourg	€ 9,982	€ 1,404	€ 2,718	€ 724	€ 14,828	-3%
France	€ 10,875	€ 1,234	€ 2,382	€ 499	€ 14,990	-3%
Sweden	€ 11,698	€ 1,304	€ 2,550	€ 679	€ 16,231	-5%
Norway	€ 11,208	€ 1,575	€ 3,047	€ 815	€ 16,645	-7%
Switzerland	€ 14,274	€ 1,293	€ 2,592	€ 555	€ 18,713	2%

Main drivers influencing OCI



Consumer Price Index (CPI)

- CPI in Europe decreased by 2% on average.
- Switzerland and Norway have by far the highest CPI.
- The lowest index is in Turkey, Romania and Bulgaria.
- The largest increase is in Sweden. For the second year running, Slovakia has the second highest increase.
- The CPI dropped in Turkey and Russia, incomparable to other countries. The next biggest decrease was in Hungary.

Labour costs

- Labour costs increased by an average of 3% in Europe, after increasing 2% last year.
- Norway and Denmark continue to top the table for labor costs. Next are Luxembourg and Belgium.
- The lowest labour costs can be found in Eastern Europe, particularly Bulgaria, Russia, Romania, Hungary and Lithuania.
- Eastern Europe also has the highest increase in labour costs this year: Turkey, Bulgaria, Portugal, Lithuania and Slovakia.

- Norway still ranks first in labour costs, but also has the largest decrease this year. Ireland, Croatia and Switzerland have also seen a decrease in their labour cost index.

Rents

- Rent, as a weighted average of central business district and periphery, decreased by an average of 1% in Europe.
- The highest rents are traditionally found in France, Switzerland, Russia and the United Kingdom.
- The lowest rents are in Bulgaria, Slovakia and Croatia.
- The countries with a rent increase above average are Croatia, Portugal, Switzerland, Greece and Germany.
- In Spain, Norway, Russia, Turkey and Sweden rent levels have lowered.

Currency

- The Turkish lira is again losing considerable value against the euro. After a brief upsurge last year, the Russian rouble has also declined sharply.

- The Hungarian and Norwegian currencies have lost up to 10% of their value. For other currencies, the decrease was limited to 0-3%

- The euro has only lost ground to the Swedish krona (1%) and the Swiss franc (4%) this year.

Energy tariffs

- On average, tariffs for electricity in Europe rose by 1%.
- Norway experienced a very large drop in electricity tariffs. Turkey, Italy, Estonia and Bulgaria also saw substantially decreased electricity tariffs.
- Electricity tariffs in Austria, the Netherlands and Poland rose by over 10%.
- This OCI also shows a sharp drop of 14% in Europe's gas tariffs.
- The decrease in Greece, Sweden, Lithuania and Bulgaria even surpassed 25%.
- The Netherlands is the only country with increased tariffs (+3%) and, along with the United Kingdom (+/- 0%), it is the only country not to experience a drop in tariffs.



People & Organisation

Services to create and maintain a safe and comfortable environment. These include catering, document management, office supplies, reception and security.



Management

Management consists of the strategic and tactical management of the facility service organisation. It also includes supporting facility functions such as service desks and procurement.



ICT

Services and products to make sure employees have all the necessary resources (digital and otherwise) to carry out their work. This includes connectivity services, training, hardware and software.



Space & infrastructure

Services and means for the provision of accommodation. This includes rents (depreciation), costs for renovations and adjustments to the working environment, furniture, taxes, maintenance, cleaning and energy.



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