

CB RICHARD ELLIS  
GLOBAL RESEARCH AND CONSULTING

# Global Office Rents

November 2009

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## Global Economies

Many economic indicators are showing positive signs. GDP turned the corner in 3Q 2009 for many countries including both Japan and the U.S., which grew by 4.8% and 3.5% (initial estimate) respectively; quarter-over-quarter, annualized. Financial markets have stabilized and credit conditions have begun to ease, resulting in the narrowing of corporate bond spreads. Household spending has stabilized in the advanced economies, led by durable goods and automobiles, and Asia's manufacturing sector has bounced back strongly. With the recent global economic and financial crisis stabilizing, most economies are moving toward recovery.

**Figure 1 – Real GDP, Annualized Quarterly Growth, SA**

Country	2Q 2009	3Q 2009	4Q 2009 Forecast	1Q 2010 Forecast
U.S.	-0.7	3.5*	2.7	2.0
U.K.	-2.3	-1.5	2.1	1.3
China	15.3	9.8	9.2	9.4
Australia	2.5	1.5*	2.9	2.7
Japan	2.7	4.8	1.3	0.4
France	1.1	0.8	1.6	1.0
Germany	1.3	3.5*	2.4	0.7
India	4.2	3.6*	4.5	10.4
Brazil	7.7	8.5*	3.9	4.8

\*Initial estimate

Source: IHS Global Insight, November 2009

However, the recovery is proving to be uneven in scope, with China and other emerging markets leading the way, while the Eurozone is expected to have a slower recovery than other advanced economies. Europe has been hit hard by the recession; the Eurozone's economy continued to contract in 2Q 2009 at an annualized rate of 0.7% and only began to move back into positive territory in 3Q.

Emerging markets are leading the way for a global recovery. The manufacturing sectors have recovered much of the lost industrial production in China, Korea, Taiwan and India. Among the advanced economies, the manufacturing sectors of two prominent export countries, Germany and Japan, are showing improvement—further evidence that global trade is starting to come around.

While short-term prospects for recovery are promising for many markets, there are challenges associated with a sustained recovery. The global financial system remains fragile as investors lean toward risk-aversion, and debt levels remain high. Unemployment levels are still rising, and consumer confidence levels remain weak in many economies worldwide, perhaps with the exception of Asia. Overall, the damage from the recent financial crisis will persist for some time and while the recovery has begun, it will not be uniform or equally robust in all countries worldwide.

## The Most Expensive Become Less Expensive

The financial crisis has taken a toll on the world's office markets as well as the U.S. dollar, which has been especially weak in 2009. As such, the rankings of this publication's most expensive markets have shifted.

EMEA continues to have the largest number of markets on the top 50 list, led by London's West End, which is still the world's most expensive market with a prime occupancy cost of US\$184.85 per SF. Other markets in the region that rank high on the list are Moscow, Paris, Dubai and London City.

Asia Pacific was home to 12 of the 50 most expensive cities tracked in this report, including three of the top five. These are Tokyo's Inner Central and Outer Central, as well as the Hong Kong CBD.

In North America, New York's Midtown Manhattan topped the list of most expensive markets, with an office occupancy cost of US\$68.93 per SF. While office occupancy costs in Midtown are high for North America, that market

## Global 50 Index—Most Expensive

(ranked by occupancy cost in US\$/SF/annum)

1	London (West End), England	184.85	14	Abu Dhabi, United Arab Emirates	84.40	27	Madrid, Spain	67.66	40	Oslo, Norway	58.51
2	Tokyo (Inner Central), Japan	171.64	15	Zurich, Switzerland	83.41	28	Birmingham, England	67.22	41	Amsterdam, Netherlands	54.44
3	Tokyo, (Outer Central), Japan	139.09	16	São Paulo, Brazil	81.81	29	Glasgow, Scotland	66.42	42	Brussels, Belgium	54.06
4	Hong Kong (Central CBD)	137.61	17	Dublin, Ireland	81.31	30	Aberdeen, Scotland	65.62	43	Jersey, England	54.01
5	Moscow, Russia	131.55	18	Geneva, Switzerland	78.93	31	Athens, Greece	64.38	44	Shanghai (Puxi), China	53.32
6	Paris, France	122.51	19	Istanbul, Turkey	77.44	32	Singapore, Singapore	63.89	45	Warsaw, Poland	52.57
7	Mumbai (CBD), India	121.11	20	Frankfurt am Main, Germany	75.44	33	Seoul (CBD), South Korea	63.26	46	Prague, Czech Republic	52.55
8	Dubai, United Arab Emirates	108.91	21	Hong Kong (Citywide)	75.20	34	Perth, Australia	63.16	47	Vancouver (CBD), Canada	52.44
9	London (City), England	108.03	22	Edinburgh, Scotland	72.02	35	Leeds, England	62.42	48	Sydney (Core), Australia	52.05
10	New Delhi (CBD), India	88.92	23	Manchester, England	71.22	36	Munich, Germany	61.86	49	Calgary (CBD), Canada	51.91
11	Luxembourg City, Luxembourg	88.66	24	New York Midtown, U.S.	68.93	37	Bristol, England	60.82	50	Washington, DC (CBD), U.S.	51.74
12	Rio de Janeiro, Brazil	87.47	25	Rome, Italy	68.73	38	Toronto (CBD), Canada	60.78			
13	Milan, Italy	84.42	26	Stockholm, Sweden	67.94	39	Shanghai (Pudong), China	59.41			

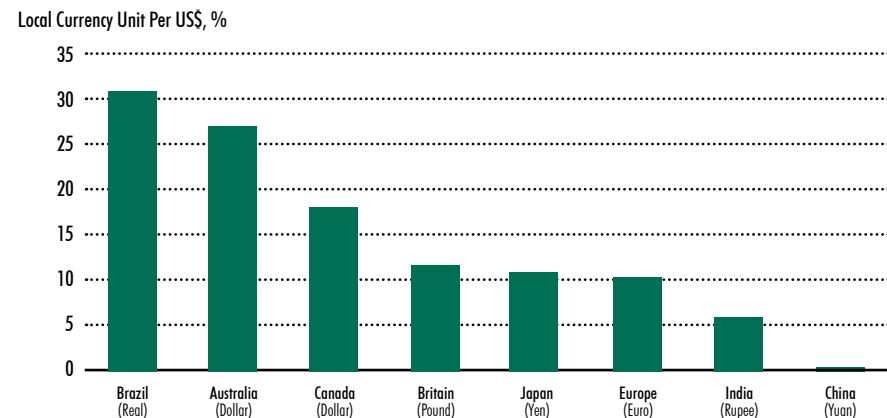
ranked just 24th globally. Rio De Janeiro, Brazil, posted Latin America's highest office occupancy costs, at US\$87.47 per SF, and is now ranked 12th globally.

Office occupancy costs measured in U.S. dollars are affected by changes in the dollar's value versus the respective local currency. Hence, office occupancy costs when converted into U.S. dollars are driven by both the local market dynamics of supply and demand, as well as currency changes.

On a trade-weighted basis, the dollar has weakened 15% since March 2009—the result of the massive infusion of liquidity of the FED supporting the world's financial and equity markets. Figure 2 shows how currencies have fluctuated over the past 12 months. With continued volatility in the currency markets, real estate values in U.S. dollar terms will continue to be dramatically affected by currency fluctuations.

**Figure 2 – Exchange Rate Fluctuations Over The Past Six Months**

March 2009 – September 2009



Source: IHS Global Insight, November 2009

## Global 50 Index—Fastest Changing

Prime Office Space Occupancy Cost Local Currency & Measure (ranked by 12-month % change decreases and increases)

### Top 35 Decreases

1	Kiev, Ukraine	-64.6	10	New York Midtown, U.S.	-29.7	19	San Francisco, U.S.	-26.8	28	Perth, Australia	-20.5
2	Singapore, Singapore	-53.4	11	Oslo, Norway	-29.5	20	Tokyo, (Outer Central), Japan	-26.2	29	Shanghai (Puxi), China	-19.0
3	Ho Chi Minh City, Vietnam	-45.4	12	Warsaw, Poland	-29.3	21	Tokyo (Inner Central), Japan	-25.0	30	Sydney (Core), Australia	-18.9
4	Hong Kong (Central CBD)	-40.7	13	Tel Aviv, Israel	-28.7	22	Los Angeles (sub), U.S.	-24.5	31	Helsinki, Finland	-18.7
5	Abu Dhabi, United Arab Emirates	-38.6	14	Dublin, Ireland	-28.0	23	Seattle (CBD), U.S.	-23.8	32	Barcelona, Spain	-18.2
6	Moscow, Russia	-34.5	15	Manila, Philippines	-27.7	24	New Delhi (CBD), India	-23.8	33	Calgary (sub), Canada	-18.1
7	Boston (CBD), U.S.	-33.9	16	Mumbai (CBD), India	-27.4	25	Calgary (CBD), Canada	-21.6	34	London (West End), England	-17.8
8	Hong Kong (Citywide)	-33.6	17	Madrid, Spain	-27.3	26	Shanghai (Pudong), China	-21.3	35	Orange County, U.S.	-17.4
9	New York Downtown, U.S.	-30.2	18	Dubai, United Arab Emirates	-27.3	27	Brisbane, Australia	-20.9			

### Top 15 Increases

1	Aberdeen, Scotland	12.3	5	Edmonton, Canada	5.8	9	London, Canada	4.6	13	Salt Lake City, U.S.	4.1
2	Rio de Janeiro, Brazil	12.1	6	Albuquerque, U.S.	5.6	10	Rome, Italy	4.5	14	Guadalajara, Mexico	4.0
3	Istanbul, Turkey	9.0	7	Waterloo Region, Canada	4.9	11	Ottawa, Canada	4.3	15	Halifax, Canada	3.6
4	Panama City, Panama	7.7	8	Adelaide, Australia	4.8	12	Christchurch, New Zealand	4.1			

## The Fastest-Changing Office Markets

Office markets worldwide are experiencing unprecedented declines in prime office rents. The year-over-year change in the prime office occupancy costs of the 179 markets CBRE Global Research and Consulting monitors for this publication revealed a collective drop of 7.7% worldwide. The majority of markets—a total of 131—experienced an annual decline, while nearly 50 markets registered double-digit percentage-point drops in office occupancy costs, year-over-year. The weak economy is taking a toll on the world's office markets.

Many of the world's important financial centers are seeing unprecedented declines and are at the top of the list of fastest-changing markets. These include Hong Kong Central CBD (-40.7%) and New York's Midtown Manhattan (-29.7%), along with some emerging markets such as Ho Chi Minh City (-45.4%) and Abu Dhabi (-38.6%), both of which until recently had been amongst the fastest growing markets.

Kiev, Ukraine, led the world with the largest year-over-year decrease in office occupancy costs, falling 64.6%. Other European markets experiencing the largest decreases include Moscow, Oslo, Warsaw and Dublin. The EMEA region had 17 cities with double-digit declines in office occupancy costs.

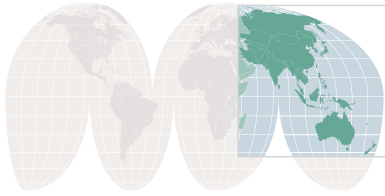
The story is similar in North America. Boston's CBD led the pack, with a decline of 33.9% year-over-year, followed by New York's Downtown Manhattan and Midtown Manhattan markets. Fifteen markets in North America posted double-digit declines. Meanwhile, Latin America held up stronger than the rest of the world, with only six cities registering a decline, including a 6.3% decrease in Buenos Aires, Argentina.

For the Asia Pacific region, the office markets that experienced the largest decreases include Singapore (-53.4%) and Ho Chi Minh City (-45.4%), as well as Hong Kong which declined more than 30% in the past year.

The Asia-Pacific region had 17 cities with double-digit declines in office occupancy costs.

The news is not all negative, as 41 markets experienced positive growth. Aberdeen, Scotland, and Rio de Janeiro, Brazil, both grew by more than 10%, showing that not all markets have been as affected by the decline in global demand, and that demand for office space has proven resilient in some areas due to the local market dynamics.

Overall, 2009 has proven to be a difficult year worldwide.



## Asia Pacific Regional Snapshot

### Asia

Asia's economic performance generally exceeded expectations in 3Q 2009, with key data indicating the region is experiencing a mild recovery on the heels of sustained growth in China and India. Consumer and business sentiment continued to improve, a trend reflected by the revival of the capital markets and the rebound of asset prices in a number of key markets. Economists became more optimistic on the regional economy and lifted Asia's growth outlook, with the IMF revising its 2009 and 2010 GDP growth forecast for Asia upwards, to 2.8% and 5.8%, respectively. However, a number of export-oriented countries remained vulnerable to the still-fragile export sector and weakened industrial production.

The Asian office leasing market gradually picked up during 3Q with a rise in enquiries from corporate office occupiers after a quiet first half. It is expected that a significant portion of this interest will translate into signed leases in late 2009 and into 2010. Existing occupiers continued to seek out lower costs and better-value relocation options. Prime office rents in major markets generally remained stuck in the down cycle, although rents began to fall at a much slower rate compared to that of 1H 2009. Overall prime office rents in Asia fell 3.1% in 3Q, decelerating from the 6.7% decline witnessed in 2Q. Consequently, a number of markets showed signs of bottoming out, with the quarter witnessing quarter-over-quarter rebounds ranging from 1.1% (Hong Kong) to 9.0% (Mumbai CBD). Occupancy levels for prime office space also appeared to have stabilized, with overall net absorption around the region increased 14% quarter-over-quarter with only three out of the 17 cities tracked still recording negative absorption, namely Singapore, Delhi and Manila. However, the threat of supply-side risk remained significant in China, Singapore and

India, all of which expect a large quantum of new office supply to come online over the course of the next few quarters.

### Pacific Region

There were further signs of an improving economy in the Pacific Region during 3Q 2009. Positive employment growth in September actually helped push the Australian unemployment rate down to 5.7%, while the latest numbers for New Zealand see the rate there at a similar 6.0%. Forecast unemployment peaks for this cycle were originally as high as 8.5%, but have now been revised to approximately 6.5%.

Household and business confidence indices have also improved recently; with both now back in positive territory for the first time in two years. Evidence of this renewed confidence can be found in improved tenant enquiry across the region during the quarter.

The Australia CBD vacancy rate has continued to edge up, with the 3Q rate estimated to be 8.5%. This is now close to the forecast peak of 9.1%, expected next year.

New Zealand office markets overall experienced the fifth consecutive quarterly decline in effective rents, although the decline in 3Q was the smallest during this cycle. The supply pipeline in the region will continue to exert upward pressure on vacancy to 2011, notwithstanding rebounding demand. While much of the space coming online during this period is pre-committed, the new supply will result in increased vacancies in second-hand space.

Weighted-average Pacific Region office rents fell 0.6% in 3Q. This is a much lower rate than the 2.5% recorded in each of the two previous quarters, and suggests overall rent declines in this cycle are now almost complete. Incentives offered by landlords stabilized in most markets in the quarter, but continued to rise in Brisbane, where higher vacancy is expected in the short term as more new office buildings are completed.

## Key Market Snapshots

**Tokyo:** The Tokyo Class A office market appeared to stabilize in 3Q on the heels of improved business confidence and flight-to-quality activity. After edging downward for seven consecutive quarters, current rental levels appear to be close to bottoming out. This has spurred companies to relocate to higher-quality properties with rental levels similar to their current premises, while other occupiers used the opportunity to consolidate their existing offices. The city recorded its first drop in Class A vacancy since the fourth quarter of 2008, with the rate falling by 10 bps quarter-over-quarter to 5.0%. However, the current level is still much higher than the average figure of 3.1% recorded over the past decade. Net absorption rose to 593,000 SF, with Class A space completed within the past year being actively absorbed. However, less-competitive buildings still struggled to attract tenants.

**Singapore:** Office rents in Singapore fell for the fourth consecutive quarter, but the pace of rental decline eased amid an improvement in business confidence. Prime office rents averaged S\$7.50 (US\$5.32) per SF per month in 3Q, reflecting a hefty 12.8% quarter-over-quarter decrease. However, this was still less than the 18.1% decline recorded in 2Q and the 18.6% contraction seen in 1Q. Prime office rents in Singapore have now fallen 53.4% since the peak recorded in 3Q 2008. Overall Grade A vacancy rose to 4.2%, up from 3.6% in 2Q and well above the 1.2% recorded just a year ago. Net absorption of Class A space in the first three quarters of 2009 was negative 223,397 SF.

**Hong Kong:** Sentiment in the Hong Kong office market improved in 3Q, thanks to better leasing conditions and the improved economic environment. Citywide, Class A office rents ended their year-long slide to hover at an average of HK\$39.70 (US\$5.12) per SF per month. Average Class A office rents have dropped 39% from the peak recorded in 2Q 2008. Rental increases were also recorded in Admiralty and Wan Chai, while those in Kowloon East remained largely unchanged. Rents in other key areas including Causeway Bay, Hong Kong East and Tsim Sha Tsui remained under downward pressure, with declines of between 2% and 4% recorded during the review period.

**Sydney CBD:** The Sydney CBD occupancy market showed signs of stabilising through 2Q 2009 and 3Q 2009. Encouragingly, transactions are starting to take place in the vacant sublease space created late last year and earlier this year when companies, especially from the Finance industry, heavily downsized. It appears the Sydney CBD office market was the first in the region to feel the impact of the global financial crisis and is the first to show signs of recovery. Total vacancy is now estimated at 7.6%, with a peak of 8.9% forecasted for 2010.

## Asia Pacific: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US\$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Typical lease term (yrs.)	Typical rent free (months)
Adelaide, Australia	A\$ 327 sq.m. p.a.	6.1	A\$ 366 sq.m. p.a.	4.8	US\$ 30.05	US\$ 323	16.6	€ 20.55	€ 221	12.4	5	9
Auckland, New Zealand	NZ\$ 340 sq.m. p.a.	-4.2	NZ\$ 444 sq.m. p.a.	-2.6	29.83	321	5.1	20.40	220	1.3	9	12.8
Bangalore, India	Rs 78 sq. ft. p.m.	-17.9	Rs 136.48 sq. ft. p.m.	-15.7	34.06	367	-18.8	23.46	252	-44.1	3+3	1
Bangkok, Thailand	Baht 694 sq. m. p.m.	-6.7	Baht 694 sq. m. p.m.	-6.7	23.16	249	-5.6	15.83	170	-8.9	3	1-2
Beijing, China ^	RMB 192.64 sq. m. p.m.	-9.7	RMB 306.32 sq. m. p.m.	-8.7	50.03	538	-8.4	34.18	368	-11.7	2-3	1-3
Brisbane, Australia	A\$ 558 sq.m. p.a.	-14.8	A\$ 552 sq.m. p.a.	-20.9	45.28	487	-12.0	30.96	333	-15.1	5	10.5
Canberra, Australia	A\$ 350 sq.m. p.a.	-3.3	A\$ 373 sq.m. p.a.	-5.3	30.61	330	5.4	20.93	225	1.6	5	6.5
Christchurch, New Zealand	NZ\$ 259 sq.m. p.a.	2.4	NZ\$ 327 sq.m. p.a.	4.1	21.97	236	12.3	15.02	162	8.2	5	0
Guangzhou, China	RMB 92.76 sq. m. p.m.	-13.5	RMB 167.05 sq. m. p.m.	-11.2	27.28	294	-10.9	18.64	201	-14.1	2-4	1-3
Ho Chi Minh City, Vietnam	US\$ 41.3 sq. m. p.m.	-45.4	US\$ 45.43 sq. m. p.m.	-45.4	50.65	545	-45.4	34.61	373	-47.4	2	1
Hong Kong (Citywide)#	HK\$ 39.69 sq. ft. p.m.	-37.0	HK\$ 48.56 sq. ft. p.m.	-33.6	75.20	809	-33.5	51.40	553	-36.0	3 or 6	3-4
Hong Kong (Central CBD)	HK\$ 76.18 sq. ft. p.m.	-43.4	HK\$ 88.87 sq. ft. p.m.	-40.7	137.61	1,481	-40.6	94.05	1,012	-42.8	3 or 6	3-4
Jakarta, Indonesia	IDR 83,150 sq. m. p.m.	1.7	IDR 139,074 sq. m. p.m.	2.2	16.08	173	-0.1	10.99	118	-3.7	3	1
Manila, Philippines	Php 815 sq. m. p.m.	-32.1	Php 1,005 sq. m. p.m.	-27.7	23.56	254	-28.2	16.10	173	-30.7	3	1
Melbourne, Australia	A\$ 418 sq.m. p.a.	0.0	A\$ 421 sq.m. p.a.	-11.0	34.57	372	-0.9	23.63	254	-4.5	10	23.8
Mumbai (CBD), India	Rs 300 sq. ft. p.m.	-29.4	Rs 485.33 sq. ft. p.m.	-27.4	121.11	1,304	-30.1	83.41	898	-31.3	3+3+3	1
New Delhi (CBD), India	Rs 230 sq. ft. p.m.	-27.0	Rs 356.33 sq. ft. p.m.	-23.8	88.92	957	-26.6	61.24	659	-27.9	3+3+3	1
Perth, Australia	A\$ 699 sq.m. p.a.	-14.5	A\$ 770 sq.m. p.a.	-20.5	63.16	680	-11.5	43.18	465	-14.7	5	6
Seoul (CBD), South Korea	KRW 27,635 sq. m. p.m.	3.8	KRW 66,679.09 sq. m. p.m.	2.2	63.26	681	4.9	43.23	465	1.1	2-3	2-3
Shanghai (Pudong), China	RMB 219.18 sq. m. p.m.	-23.3	RMB 363.75 sq. m. p.m.	-21.3	59.41	639	-21.0	40.59	437	-23.9	2-3	1-3
Shanghai (Puxi), China	RMB 200.61 sq. m. p.m.	-21.0	RMB 326.48 sq. m. p.m.	-19.0	53.32	574	-18.7	36.43	392	-21.6	2-3	1-3
Singapore, Singapore	S\$ 7.5 sq. ft. p.m.	-53.4	S\$ 7.5 sq. ft. p.m.	-53.4	63.89	688	-52.6	43.66	470	-54.4	3	2
Sydney (Core), Australia	A\$ 709 sq.m. p.a.	-6.1	A\$634 sq.m. p.a.	-18.9	52.05	560	-9.8	35.58	383	-13.0	8	27.3
Taipei, Taiwan	NT 2,498.14 ping p.m.	-0.3	NT 4,227.91 ping p.m.	-0.3	44.69	481	0.6	30.39	327	-3.8	3-5	1-3
Tokyo (Inner Central), Japan	¥ 37,500 tsubo p.m.	-27.9	¥ 45,675 tsubo p.m.	-25.0	171.64	1,848	-11.4	117.28	1,262	-14.5	5	3-4
Tokyo, (Outer Central), Japan	¥ 29,250 tsubo p.m.	-29.9	¥ 37,013 tsubo p.m.	-26.2	139.09	1,497	-12.8	95.04	1,023	-15.9	5	3-4
Wellington, New Zealand	NZ\$ 341 sq.m. p.a.	-2.2	NZ\$ 445 sq.m. p.a.	-4.0	29.87	322	3.6	20.43	220	-0.1	9	3.5

Prime Net Face Rents used for Australian rents, Prime Gross Effective rents used for Occupancy costs

\* All Asia markets are reported on a net floor basis, including all occupation expenses

^ CBRE Research Beijing revised the office property basket in the second quarter of 2009 accordingly.

# Prime Office Districts reflect Central CBD, Peripheral Central, Wan Chai, Causeway Bay, Tsim Sha Tsui, Kowloon East and Island East



## Latin America Regional Snapshot

One year since the onset of the financial crisis, the economies of Latin America continue to be impacted—or shielded—based on the strength of

their macroeconomic fundamentals and their ties to the United States. Many markets held steady or posted modest gains in 1Q 2009, only to see those undone later in the year, while other markets were hard-hit initially but have since proven to be on the road to recovery.

Most markets held steady throughout the year. Capital was tight, but investors understood that this was not a “home-grown” crisis, and generally adopted a “wait-and-see” attitude. This is true of Bogota, São Paulo, Lima, Santiago and San Salvador. Rental prices did not move much during 2009 in these markets, nor did vacancy rates or other leading indicators.

On the other hand, Mexico City, Buenos Aires, Quito, San Juan and, to a lesser extent, Montevideo, all posted significant rental price declines in their high-end office markets over the past 12 months. Argentina and Ecuador suffered from questionable fiscal and stimulus policies in the face of the global recession, while Puerto Rico and Uruguay were stung by their proximity to the U.S. and Argentina, respectively. Unfortunately, Mexico City suffered from both its ties to the U.S. and its mismanagement of the oil industry—Mexico’s single largest revenue producer—along with negative effects from the H1N1 virus and the escalating violence related to the government’s war with the drug cartels.

However, some markets posted significant gains this year. Rio de Janeiro, Monterrey and Guadalajara, Mexico’s second and third cities, all posted significant price increases in their small high-end office markets. Pent-up demand in Rio for truly high-end office space is only now being realized,

at prices 30% above the best previously existing product. That demand also drove up prices by 4.0% at the best developments in Monterrey and Guadalajara over the past year. Rio office product will only get more expensive in the long term, as investment related to hosting the Olympic Games gets underway.

### Key Market Snapshots

**Mexico City:** Mexico has been hit hard by the global economic crisis, and Mexico City’s office market reflects the retrenchment happening at the government level and within business in general. Mexico’s GDP is expected to decline by 6.8% for 2009, and the government recently announced an austerity project and a set of fiscal reforms that include tax increases. The economic decline is evident in the rising amount of sublease space available at highly competitive prices, as well as the subsequent drop in leasing prices and the continued rise in vacancy rates. In addition, more than 900,000 square meters of office space is currently under construction, and 16,300 square meters of that construction will be completed during 4Q 2009, which will put even more downward pressure on prices.

**Santiago:** The Santiago office market for Class A and B space has proved remarkably stable through 2009, with only slight variations in vacancies and prices over the year. Available office space continues to be relatively scarce. Despite new buildings coming online, pent-up demand for quality space is not yet satisfied, so new product is quickly absorbed. Though Chile’s GDP has contracted 1.5% in 2009, economic and real estate market fundamentals remain solid, and are expected to hold steady through year’s end.

**Lima:** Lima’s office development is only now catching up with the demand fueled by Peru’s strong economic growth that began in 2005 and has continued largely uninterrupted since then. Office rental prices and vacancy

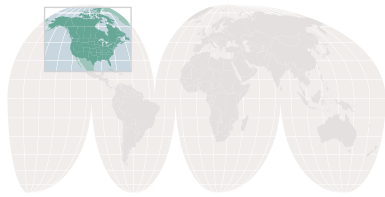
rates have held steady throughout 2009, despite the global economic crisis and the entrance of significant new product. Higher-quality product is now coming online, resulting in increasing prices, especially in the San Isidro Financiero submarket.

**São Paulo:** The São Paulo office market has weathered the worst of the economic crisis, and has shown significant improvement in 3Q 2009. Net absorption increased dramatically, vacancy rates declined and rental prices held steady over the quarter. The moderate but slow growth should continue through 2009, though economic and political indicators predict that 2010 will be a strong year for Brazil and its markets.

**Buenos Aires:** Argentina is now showing signs of recovery. The rise in unemployment in September was more modest than expected, and consumer confidence seems to be slowly improving. In addition, the government announced a debt-restructuring plan, which boosted bond prices and market indices in October. Many private-sector economists agree that the economy hit its low point in July or August. Despite the positive signs, inflation and tight credit will continue to limit growth and slow the rebound. Private investment is expected to remain flat, and mortgage lending will still be scarce and with high rates. Several new high-end office buildings are nearly completed, which will push vacancy rates higher and lease rates lower, absent a strong economic recovery.

## Latin America and The Caribbean: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US\$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Typical lease term (yrs.)	Typical rent free (months)
Bogota, Colombia	COP 65,000 sq.m. p.m	3.2	COP 71,500 sq.m. p.m	2.9	US\$ 41.34	US\$ 445	16.5	€ 28.25	€ 304	11.8	3-5	1-2
Buenos Aires, Argentina	US\$ 35.00 sq.m. p.m.	-10.3	US\$ 44.72 sq.m. p.m.	-6.3	49.86	537	-6.3	34.07	367	-10.1	3	1-3
Caracas, Venezuela	VEF 306 sq.m. p.m.*	36.0	VEF 319 sq.m. p.m.	37.2	n/a	n/a	n/a	n/a	n/a	n/a	1-3	1-3
Guadalajara, Mexico	US\$ 26.00 sq.m. p.m.	4.0	US\$ 29.74 sq.m. p.m.	4.0	33.15	357	3.6	22.65	244	-0.5	1-3	Varies
Lima, Peru	US\$ 17.50 sq.m. p.m.	0.0	US\$ 20.20 sq.m. p.m.	2.5	22.52	242	2.5	15.39	166	-1.6	3-5	1
Mexico City, Mexico	US\$ 29.54 sq.m. p.m.	-7.7	US\$ 35.31 sq.m. p.m.	-5.5	39.36	424	-5.5	26.89	289	-9.3	3-5	1-2
Monterrey, Mexico	US\$ 30.00 sq.m. p.m.	3.5	US\$ 34.21 sq.m. p.m.	3.5	38.14	411	3.2	26.06	281	-0.5	5	2-3
Montevideo, Uruguay	US\$ 28.00 sq.m. p.m.	-9.1	US\$ 35.00 sq.m. p.m.	-6.8	39.02	420	-6.8	26.66	287	-10.5	2-5	None
Panama City, Panama	US\$ 25.00 sq.m. p.m.	4.2	US\$ 28.75 sq.m. p.m.	7.7	32.05	345	7.7	21.90	236	3.4	3-5	1-2
Quito, Ecuador	US\$ 14.00 sq.m. p.m.	-6.7	US\$ 16.00 sq.m. p.m.	-5.9	17.84	192	-5.9	12.19	131	-9.7	2-5	1
Rio de Janeiro, Brazil	BRL 120.00 sq.m. p.m.	14.3	BRL 139.00 sq.m. p.m.	12.1	87.47	942	22.1	59.78	643	17.2	5	1-2
San Jose, Costa Rica	US\$ 25.00 sq.m. p.m.	0.0	US\$ 28.00 sq.m. p.m.	1.8	31.21	336	1.8	21.33	230	-2.3	3-5	1-3
San Juan, Puerto Rico	US\$ 20.00 sq.ft. p.a.	-4.8	US\$ 31.13 sq.ft. p.a.	-2.0	34.71	374	9.3	23.71	255	4.9	5	2-3
San Salvador, El Salvador	US\$ 27.00 sq.ft. p.a.	0.0	US\$ 31.31 sq.ft. p.a.	0.0	34.90	376	0.0	23.85	257	0.0	3-5	None
Santiago, Chile	UF 0.67 sq.m. p.m.	-1.5	UF 0.78 sq.m. p.m.	-1.3	33.00	355	-5.4	22.55	243	-10.6	3-5	1-2
São Paulo, Brazil	BRL 110.00 sq.m. p.m.	0.0	BRL 130.00 sq.m. p.m.	0.0	81.81	881	8.9	55.91	602	4.5	5	2-3



## North America Regional Snapshot

### United States

The U.S. economy grew in 3Q 2009 by 3.5%, quarter-over-quarter, annualized. This was the first expansionary quarter since 2Q 2008. Growth came from consumer spending (largely due to auto-sector subsidies), government spending and a smaller drop in business investment. Improvements in the latter two components are most encouraging to the office sector, as they can lead to increased hiring and tenant demand. The stock market, typically a forward-looking indicator, continues to rally, and recently the Dow Jones Industrial Average hit the 10,000 point mark. This demonstrates that the stock market is well on its way to gaining back the losses it incurred following the Lehman Brothers bankruptcy. However, it still remains 12% below the pre-Lehman-collapse level of 11,421.

Despite the recent stabilization in the economy and on Wall Street, job losses on Main Street have continued, albeit at a much slower pace than in the early months of 2009. The unemployment rate is currently at 9.8%, and office employment is 5.6% lower than it was a year ago. As a result, national absorption has been negative for the third quarter in a row, with a total of 38.5 million SF of space being put back on the market. The balance in the market has shifted quickly toward the tenants, with year-to-date vacancy rates rising by 210 bps to 16.1%. With job losses continuing despite positive economic growth, market conditions are expected to favor tenants in the near term.

### Canada

The eastern provinces of Ontario and Quebec—the manufacturing heartland of Canada—experienced the majority of Canada's job losses during

this recession; however, the western markets have not been unscathed. The overall and downtown average vacancy rates increased a cumulative 310 basis points (bps) year-over-year, rising to 9.4% and 7.8%, respectively. The western markets, in particular the Calgary and Vancouver downtown markets, led the increase in vacancy rates. The downtown Calgary vacancy rate has more than tripled since 3Q 2008, climbing from 4.1% to 12.6%. This rise can be attributed to the collapse of oil and natural gas prices at the end of 2008 and the resulting influx of sublet space to the market as companies attempted to cut costs.

Downtown national net absorption in 3Q 2009 was positive 679,243 SF, representing the first quarter of positive absorption since 3Q 2008. The western markets continued to experience negative absorption. Eastern markets, particularly Toronto, experienced the majority of the positive absorption. Toronto's downtown market had positive 1.5 million SF of net absorption in the 3Q 2009. The jump in Toronto's absorption was the result of 2.3 million SF of new supply coming online in 3Q, which was more than 70% pre-leased. The Toronto market should see a return to negative net absorption in the coming quarters as tenants in the new buildings complete their moves and vacate space in the older buildings. With vacancy rates increasing, across the country, landlords are competing for tenants with other landlords as well as against sublet offerings, causing average rental rates to decrease.

### Key Market Snapshots

**Atlanta:** Atlanta's unemployment rate has reached record levels and is expected to remain high into early 2010. Housing also remains an issue, as the market continued to experience record-setting foreclosures each month through the end of the summer. The downtown office market will be impacted by higher vacancy rates, as more than 1.0 million SF of new product was delivered in 3Q 2009. Three towers are still under

construction in the CBD—two in Buckhead and one in Midtown—that will together bring approximately 1.6 million SF of new supply to the market in 1Q 2010.

**Boston:** Leasing velocity in the downtown area increased during 3Q 2009, but mostly comprised renewals and lateral moves within the city. Fish and Richardson's 124,000 SF lease at One Marina Park in the Seaport District is the first major transaction at that new development and will likely spur increased leasing in that submarket. Construction continues at One Marina Park Drive and Russia Wharf, which will both be delivered in 2010, while the completion of 2 Financial Center delivered 217,000 SF to the market during 3Q. As renewals offer the best option for immediate savings for many tenants, landlords are relying on reduced construction costs to offer "turnkey" build-outs and rent abatements to encourage relocations.

**Chicago:** Leasing activity in the downtown area has decreased steadily over the past few quarters. Landlords capable of funding concessions are enjoying more leasing success than landlords with limited capital. Tenants remain focused on short-term solutions and reducing occupancy costs.

Construction activity has slowed, as construction financing has become scarce. Projects currently under development should be delivered in the next couple of years, and it is unlikely that any new developments will break ground in the near future. Sublease availability peaked in June but remains high, although not as high as the previous recession in the early 2000's. Vacancy is expected to increase with weakening demand and new construction completions.

**Dallas:** The recession in Dallas is gradually beginning to ease, as the decline in the Dallas Fed's metro business cycle index was minimal in

May and the pace of total employment losses has slowed each month since February. However, there continue to be significant layoffs in the key manufacturing and professional services industries. In the downtown area, leasing activity is down as several large tenants continue to migrate from the Dallas CBD to Uptown, occupying new construction completed in that submarket. There was a reduction in vacant sublease space as the FDIC moved into a large sublease in 3Q 2009.

**San Diego:** Overall, the downtown market has seen a continued decrease in leasing velocity compared to the last couple of years. Most of the activity has been from law firms and financial companies either renewing or relocating to take advantage of discounted rates and generous concession packages. Over the past couple of quarters, tenant demand has been relatively flat, with one large law-firm deal in excess of 100,000 SF and a handful of mid-size renewals. The San Diego economy has seen drops in the financial sector as well as tourism, both influential entities in the downtown market. However, some of the city's larger tenants, such as Sempra Energy, The City of San Diego and a few large law firms, have been able to weather the storm.

**Seattle:** Economic conditions are causing tenants to be selective with their rental dollars, and many are finding it economical to renew rather than move to new space or expand. Law firm Perkins Coie signed a renewal for 269,000 SF in 3Q 2009, likely one of the largest office leases this year. Several developers started projects when times were better, but the current economic climate will render these buildings empty upon completion. Martin Selig finished the 265,000 SF Fifth & Yesler Building with only one floor occupied. PATH will move into 110,000 SF at the recently completed 2201 9th in 2010, but 60% of the project remains available.

**Vancouver:** Recent gains in commodity prices combined with fewer job losses have boosted business confidence throughout Metro Vancouver. Despite these positive indicators, the overall office vacancy rate increased for the fourth consecutive quarter to 8.9%, up 110 bps from last quarter and 350 bps year-over-year. Although the vacancy rate continued to increase, market fundamentals remain positive. Sublet space as a percentage of total vacant space in the downtown market has decreased from a high of 46.5% in 1Q 2009 to 26.8% in 3Q; however, this remains well above the 15.2% that was recorded in 3Q 2008. Compared to 1H 2009, leasing activity in 3Q has begun to pick up. Looking forward, economic growth is expected to remain relatively flat as the recession eases, but the vacancy rate in the suburban markets, currently at 12.1%, will begin to improve as demand for space increases in 2010.

**Montreal:** Montreal's economic diversity and its conservative approach to developing commercial real estate have carried the region through the recession relatively unscathed. Montreal's CBD has been hit the hardest, as many among the area's large concentration of national and international corporations have downsized or closed regional operations. As such, the CBD vacancy rate has increased by 250 bps year-over-year to 8.4%. Sublet space currently represents 14.3% of total vacant space in the CBD, which is up 520 bps year-over-year, however, the volume of sublet space has not affected landlord pricing decisions and rents are still increasing, primarily for Class A space. In the suburban markets, which house primarily local and regional corporations, the 13.7% vacancy rate is up only 90 bps year-over-year and sublet space only represents 7.0% of total vacant space, which is down from 15.9% a year ago.

## United States and Canada: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US\$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM		
	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months
Albuquerque, U.S.	US\$ 22.50 sq.ft. p.a.	5.6	US\$ 22.50	US\$ 242	5.6	€ 15.37	€ 165	1.8
Atlanta (CBD), U.S.	US\$ 21.03 sq.ft. p.a.	-1.0	21.03	226	-1.0	14.37	155	-4.6
Atlanta (sub), U.S.	US\$ 23.83 sq.ft. p.a.	-3.2	23.83	256	-3.2	16.28	175	-6.7
Austin, U.S.	US\$ 19.19 sq.ft. p.a.	-6.7	27.40	295	-5.2	18.72	201	-8.7
Baltimore, U.S.	US\$ 24.37 sq.ft. p.a.	-5.7	24.37	262	-5.7	16.65	179	-9.1
Boston (CBD), U.S.	US\$ 36.45 sq.ft. p.a.	-33.9	36.45	392	-33.9	24.91	268	-36.3
Boston (sub), U.S.	US\$ 26.67 sq.ft. p.a.	-16.7	26.67	287	-16.7	18.22	196	-19.7
Calgary (CBD), Canada	C\$ 55.49 sq.ft. p.a.	-21.6	51.91	559	-22.0	35.48	382	-24.8
Calgary (sub), Canada	C\$ 32.16 sq.ft. p.a.	-18.1	30.08	324	-18.5	20.56	221	-21.4
Charlotte, U.S.	US\$ 22.68 sq.ft. p.a.	2.8	22.68	244	2.8	15.50	167	-0.9
Chicago (CBD), U.S.	US\$ 24.82 sq.ft. p.a.	0.2	35.51	382	-0.4	24.26	261	-4.0
Chicago (sub), U.S.	US\$ 16.52 sq.ft. p.a.	-2.9	23.51	253	-2.6	16.06	173	-6.1
Cincinnati, U.S.	US\$ 14.03 sq.ft. p.a.	-2.7	21.13	227	-2.4	14.44	155	-5.9
Cleveland, U.S.	US\$ 23.00 sq.ft. p.a.	2.1	23.00	247	2.1	15.72	169	-1.6
Columbus, U.S.	US\$ 11.29 sq.ft. p.a.	-5.5	13.89	149	-4.8	9.49	102	-8.3
Dallas, U.S.	US\$ 23.12 sq.ft. p.a.	-2.4	32.33	348	-2.2	22.09	238	-5.8
Denver, U.S.	US\$ 25.96 sq.ft. p.a.	-6.0	25.96	279	-6.0	17.74	191	-9.4
Detroit, U.S.	US\$ 21.25 sq.ft. p.a.	-5.8	21.25	229	-5.8	14.52	156	-9.2
Edison, U.S.	US\$ 23.73 sq.ft. p.a.	-0.3	23.73	255	-0.3	16.21	174	-3.9
Edmonton, Canada	C\$ 51.83 sq.ft. p.a.	5.8	48.48	522	5.3	33.14	357	1.5
Fort Lauderdale, U.S.	US\$ 19.63 sq.ft. p.a.	-3.5	28.69	309	-2.9	19.60	211	-6.5
Fort Worth, U.S.	US\$ 20.18 sq.ft. p.a.	-1.6	20.18	217	-1.6	13.79	148	-5.1
Halifax, Canada	C\$ 32.90 sq.ft. p.a.	3.6	30.78	331	3.2	21.04	226	-0.5
Hartford, U.S.	US\$ 21.01 sq.ft. p.a.	-0.6	21.01	226	-0.6	14.36	154	-4.2
Honolulu, U.S.	US\$ 23.09 sq.ft. p.a.	2.1	31.68	341	1.1	21.65	233	-2.6
Houston, U.S.	US\$ 26.35 sq.ft. p.a.	-1.8	26.35	284	-1.8	18.00	194	-5.4
Indianapolis, U.S.	US\$ 19.63 sq.ft. p.a.	0.1	19.63	211	0.1	13.41	144	-3.5
Jacksonville, U.S.	US\$ 20.45 sq.ft. p.a.	-2.2	20.45	220	-2.2	13.97	150	-5.7
Kansas City, U.S.	US\$ 20.44 sq.ft. p.a.	-2.5	20.44	220	-2.5	13.97	150	-6.0
Las Vegas, U.S.	US\$ 35.51 sq.ft. p.a.	1.8	35.51	382	1.8	24.26	261	-1.9
London, Canada	C\$ 26.84 sq.ft. p.a.	4.6	25.11	270	4.1	17.16	185	0.4
Long Island, U.S.	US\$ 30.43 sq.ft. p.a.	-9.4	30.43	327	-9.4	20.79	224	-12.7
Los Angeles (CBD), U.S.	US\$ 28.72 sq.ft. p.a.	-5.9	28.72	309	-5.9	19.62	211	-9.3
Los Angeles (sub), U.S.	US\$ 48.18 sq.ft. p.a.	-24.5	48.18	518	-24.5	32.92	354	-27.3
Memphis, U.S.	US\$ 20.42 sq.ft. p.a.	2.0	20.42	220	2.0	13.95	150	-1.7
Miami (CBD), U.S.	US\$ 46.89 sq.ft. p.a.	2.3	46.89	505	2.3	32.04	345	-1.4
Miami (sub), U.S.	US\$ 39.71 sq.ft. p.a.	-4.1	39.71	427	-4.1	27.13	292	-7.6
Minneapolis, U.S.	US\$ 16.69 sq.ft. p.a.	-2.8	24.33	262	-2.4	16.62	179	-6.0
Montreal (CBD), Canada	C\$ 39.94 sq.ft. p.a.	0.3	37.36	402	-0.2	25.54	275	-3.7

Unless otherwise indicated, all data reflect office space in the central commercial district. The term "sub" means suburban and is used primarily in North American markets. The local rent data is expressed in either gross or net terms depending on the prevailing local practice. Total occupancy costs (i.e., gross rents) are expressed in Euros and in U.S. dollars for all markets. A complete explanation of the reported data appears at the end of this publication.

One Euro [€] equals C\$1.56 and US\$1.46. One US\$ equals C\$1.07.

U.S. Rents compiled by CBRE Econometric Advisors (formerly Torto Wheaton Research), an independent subsidiary of CB Richard Ellis.

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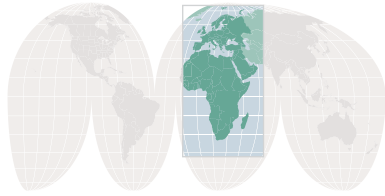
## United States and Canada: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST U.S./ANNUM			TOTAL OCCUPANCY COST EUROS [€] /ANNUM		
	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months
Montreal (sub), Canada	C\$ 25.66 sq.ft. p.a.	-1.0	US\$ 24.00	US\$ 258	-1.4	€ 16.41	€ 177	-5.0
Nashville, U.S.	US\$ 21.86 sq.ft. p.a.	2.6	21.86	235	2.6	14.94	161	-1.2
New York Downtown, U.S.	US\$ 43.10 sq.ft. p.a.	-30.2	43.10	464	-30.2	29.45	317	-32.7
New York Midtown, U.S.	US\$ 68.93 sq.ft. p.a.	-29.7	68.93	742	-29.7	47.10	507	-32.3
Newark, U.S.	US\$ 26.30 sq.ft. p.a.	-2.0	26.30	283	-2.0	17.97	193	-5.6
Oakland, U.S.	US\$ 32.62 sq.ft. p.a.	-0.5	32.62	351	-0.5	22.29	240	-4.1
Orange County, U.S.	US\$ 30.54 sq.ft. p.a.	-17.4	30.54	329	-17.4	20.87	225	-20.4
Orlando, U.S.	US\$ 27.96 sq.ft. p.a.	-0.1	27.96	301	-0.1	19.11	206	-3.8
Ottawa, Canada	C\$ 45.96 sq.ft. p.a.	4.3	42.99	463	3.8	29.39	316	0.1
Philadelphia, U.S.	US\$ 24.09 sq.ft. p.a.	-4.6	33.82	364	-3.5	23.11	249	-7.0
Phoenix, U.S.	US\$ 26.72 sq.ft. p.a.	-8.7	26.72	288	-8.7	18.26	196	-12.1
Pittsburgh, U.S.	US\$ 22.61 sq.ft. p.a.	-1.1	22.61	243	-1.1	15.45	166	-4.7
Portland, U.S.	US\$ 26.65 sq.ft. p.a.	-3.5	26.65	287	-3.5	18.21	196	-7.0
Raleigh, U.S.	US\$ 23.06 sq.ft. p.a.	2.0	23.06	248	2.0	15.76	170	-1.7
Riverside, U.S.	US\$ 27.04 sq.ft. p.a.	-0.8	27.04	291	-0.8	18.48	199	-4.5
Sacramento, U.S.	US\$ 29.58 sq.ft. p.a.	-3.2	29.58	318	-3.2	20.21	217	-6.7
Salt Lake City, U.S.	US\$ 26.61 sq.ft. p.a.	4.1	26.61	286	4.1	18.18	196	0.3
San Diego, U.S.	US\$ 34.97 sq.ft. p.a.	-12.6	34.97	376	-12.6	23.90	257	-15.8
San Francisco, U.S.	US\$ 33.94 sq.ft. p.a.	-26.8	33.94	365	-26.8	23.19	250	-29.5
San Jose, U.S.	US\$ 37.17 sq.ft. p.a.	-12.0	37.17	400	-12.0	25.40	273	-15.2
Seattle (CBD), U.S.	US\$ 31.77 sq.ft. p.a.	-23.8	31.77	342	-23.8	21.71	234	-26.6
Seattle (sub), U.S.	US\$ 33.69 sq.ft. p.a.	-16.4	33.69	363	-16.4	23.02	248	-19.5
St. Louis, U.S.	US\$ 22.51 sq.ft. p.a.	0.6	22.51	242	0.6	15.38	166	-3.0
Stamford, U.S.	US\$ 36.81 sq.ft. p.a.	-12.7	36.81	396	-12.7	25.15	271	-15.9
Tampa, U.S.	US\$ 26.39 sq.ft. p.a.	1.0	26.39	284	1.0	18.03	194	-2.7
Toledo, U.S.	US\$ 18.51 sq.ft. p.a.	-1.6	18.51	199	-1.6	12.65	136	-5.2
Toronto (CBD), Canada	C\$ 64.97 sq.ft. p.a.	-0.7	60.78	654	-1.1	41.54	447	-4.7
Toronto (sub), Canada	C\$ 29.81 sq.ft. p.a.	-1.5	27.89	300	-1.9	19.06	205	-5.4
Tucson, U.S.	US\$ 23.00 sq.ft. p.a.	-4.6	23.00	247	-4.6	15.72	169	-8.1
Vancouver (CBD), Canada	C\$ 56.06 sq.ft. p.a.	-4.1	52.44	564	-4.6	35.85	386	-8.0
Vancouver (sub), Canada	C\$ 37.41 sq.ft. p.a.	1.9	35.00	377	1.4	23.92	257	-2.2
Ventura, U.S.	US\$ 28.45 sq.ft. p.a.	-14.3	28.45	306	-14.3	19.44	209	-17.4
Washington, DC (CBD), U.S.	US\$ 51.74 sq.ft. p.a.	1.0	51.74	557	1.0	35.35	380	-2.7
Washington, DC (sub), U.S.	US\$ 38.30 sq.ft. p.a.	-2.1	38.30	412	-2.1	26.17	282	-5.7
Waterloo Region, Canada	C\$ 24.24 sq.ft. p.a.	4.9	22.68	244	4.4	15.50	167	0.7
West Palm Beach, U.S.	US\$ 23.25 sq.ft. p.a.	-2.4	37.60	405	-2.1	25.69	276	-5.7
Wilmington, U.S.	US\$ 21.50 sq.ft. p.a.	-9.5	29.55	318	-7.5	20.19	217	-10.8
Winnipeg, Canada	C\$ 29.52 sq.ft. p.a.	3.5	27.61	297	3.0	18.88	203	-0.6

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## EMEA Regional Snapshot

Economic conditions remain fragile across Europe; although recent data suggests that the worst of the contractions in output are now giving way to

the start of a gradual recovery. The somewhat surprising news that both France and Germany posted increases in GDP in 2Q 2009 is consistent with the broader view that we are past the low point in the economic cycle. A number of forecasters are expecting a resumption of year-over-year growth early in 2010. This outlook has been boosted by strengthening measures of business sentiment in both services and manufacturing, although the strong Euro and cautious monetary policy are both potential drags on the recovery.

Corporations remain concerned with maximizing the efficiency of their existing premises, and expansion appetite remains limited. As a result, leasing activity across Europe remained weak in 3Q, and it is predicted that 2009 will significantly undershoot last year's leasing levels by as much as 30%. However, take-up in a few markets, such as London, is starting to improve as occupiers increasingly adopt the view that market conditions are unlikely to become any more favorable. In general, vacancy rates continue to rise, but in some markets the slight pick-up in demand or slowdown in development completions has significantly slowed or reversed this trend.

Rents generally continue to see downward pressure, albeit still modest in a number of markets. The CBRE EU-15 index of prime office rents fell by 1.4% in 3Q 2009, the smallest quarterly decline for a year. This takes the year-over-year rate of change to -10.1%. Among the major Western European markets, downward adjustments were recorded in London, Milan, Madrid and Barcelona, as well as in some German markets and U.K. regional centers. Steeper rental declines continue to be reported in Central and Eastern European markets, particularly Moscow and Kiev.

## Key Market Snapshots

**Frankfurt:** Germany's GDP unexpectedly rose in 2Q 2009, and this has helped to boost economic confidence and business sentiment. However, government efforts to subsidize employment may soon come to an end, resulting in a possible rise in unemployment in 2010 and dampened demand. Frankfurt's year-to-date take-up is down 20% compared with a year ago, which is less than many other markets. Furthermore, with approximately three-quarters of developments already pre-let, rental decline is expected to remain moderate.

**London:** In Central London, and most specifically in the City market, the last three months have seen a marked improvement in both leasing activity and sentiment. Central London take-up rose by 60% compared with 2Q and, while quarterly variations can be misleading in a lean market, the volume of space under offer also rose sharply suggesting that the recovery has some momentum. In addition, both the key City and West End markets saw declines in vacancy this quarter.

**Paris:** France's GDP rose in 2Q by 0.3% quarter-over-quarter, and forecasts for next year have improved in the past few months. Demand is still weak, but the drop in rents is helping to boost interest and a number of companies facing lease rollovers are being forced to make real estate decisions. Although prime rents remained stable in 3Q, rents across the market continue to fall while incentives increase.

**Moscow:** Russia's economy has suffered more than was anticipated earlier in the year, and is currently expected to contract by 7% in 2009. However, take-up improved in 3Q, and as the delivery of new space slows, the vacancy rate has continued to fall. The levels of supply and demand are now expected to remain fairly stable in the short term, but rents are expected to remain under downward pressure. Prime rents have fallen by almost half in the past year and currently stand at \$900 per sq. m. per year.

## Europe, Middle East and Africa: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US\$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Typical lease term (yrs.)	Typical rent free (months)
Aberdeen, Scotland	£30.00 sq.ft.p.a.	25.0	£41.00 sq.ft.p.a.	12.3	US\$ 65.62	US\$ 706	0.9	€ 44.83	€ 483	-16.7	10	12
Abu Dhabi, United Arab Emirates	AED 270.00 sq.ft.p.a.	-41.9	AED 310.00 sq.ft.p.a.	-38.6	84.40	909	-38.6	57.67	621	-46.9	2 + 1	0
Amsterdam, Netherlands	€ 330.00 sq.m.p.a.	-2.9	€ 372.40 sq.m.p.a.	-2.6	54.44	586	1.4	37.20	400	-2.6	5+5	10-12
Athens, Greece	€ 32.00 sq.m.p.m.	0.0	€ 36.70 sq.m.p.m.	0.2	64.38	693	4.4	43.99	474	0.2	12+4	1
Barcelona, Spain	€ 258.00 sq.m.p.m.	-18.9	€ 296.70 sq.m.p.m.	-18.2	45.33	488	-14.8	30.97	333	-18.2	5	3
Belfast, Northern Ireland	£14.00 sq.ft.p.a.	-6.7	£22.50 sq.ft.p.a.	-6.3	36.01	388	-15.8	24.60	265	-30.5	10	9
Belgrade, Serbia	€ 16.00 sq.m.p.m.	-11.1	€ 19.50 sq.m.p.m.	-9.3	31.82	342	-5.5	21.74	234	-9.3	5	3
Berlin, Germany	€ 20.00 sq.m.p.m.	-11.1	€ 23.00 sq.m.p.m.	-9.8	37.53	404	-6.0	25.64	276	-9.8	5+5	6-12
Birmingham, England	£27.00 sq.ft.p.a.	-16.9	£42.00 sq.ft.p.a.	-11.6	67.22	724	-20.6	45.92	494	-34.4	10	36
Bratislava, Slovakia	€ 17.00 sq.m.p.m.	-5.6	€ 23.92 sq.m.p.m.	-4.0	43.36	467	0.0	29.63	319	-4.0	5	3-8
Bristol, England	£25.50 sq.ft.p.a.	-7.3	£38.00 sq.ft.p.a.	-3.8	60.82	655	-13.6	41.55	447	-28.7	10	12
Brussels, Belgium	€ 265.00 sq.m.p.a.	-11.7	€ 328.00 sq.m.p.a.	-9.6	54.06	582	-5.9	36.94	398	-9.6	3/6/9	1 year secured
Budapest, Hungary	€ 20.00 sq.m.p.m.	-11.1	€ 24.20 sq.m.p.m.	-9.4	43.87	472	-5.6	29.98	323	-9.4	3-5	6-8
Cape Town (Claremont), South Africa	R 120.00 sq.m.p.m.	-7.7	R 120.00 sq.m.p.m.	-7.7	17.92	193	2.4	12.17	131	-17.3	3-5	0
Copenhagen, Denmark	DKr 1725.00 sq.m.p.a.	-6.8	DKr 2150.00 sq.m.p.a.	-4.4	46.22	498	-0.2	31.57	340	-4.3	3-5 (tenant) / 5-10 (landlord)	0
Dubai, United Arab Emirates	AED 400.00 sq.ft.p.a.	-27.3	AED 400.00 sq.ft.p.a.	-27.3	108.91	1,172	-27.3	74.42	801	-37.0	3	2
Dublin, Ireland	€ 430.00 sq.m.p.a.	-33.3	€ 598.00 sq.m.p.a.	-28.0	81.31	875	-25.0	55.56	598	-28.0	10	21
Durban, South Africa	R 120.00 sq.m.p.m.	-7.7	R 120.00 sq.m.p.m.	-7.7	17.92	193	2.4	12.17	131	-17.3	3-5	0
Edinburgh, Scotland	£28.00 sq.ft.p.a.	-3.4	£45.00 sq.ft.p.a.	-2.2	72.02	775	-12.2	49.20	530	-27.5	10	36
Frankfurt am Main, Germany	€ 38.00 sq.m.p.m.	-2.6	€ 43.00 sq.m.p.m.	-2.3	75.44	812	1.8	51.55	555	-2.3	5	6-9
Geneva, Switzerland	SF 820.00 sq.m.p.a.	0.0	SF 880.00 sq.m.p.a.	0.0	78.93	850	8.3	53.92	580	4.8	5	3
Glasgow, Scotland	£28.50 sq.ft.p.a.	0.0	£41.50 sq.ft.p.a.	0.0	66.42	715	-10.2	45.38	488	-25.8	10	36
Gothenburg, Sweden	SKr 2250.00 sq.m.p.a.	-2.2	SKr 2635.00 sq.m.p.a.	-1.9	39.09	421	-1.7	26.68	287	-10.6	3-5	0-3
Hamburg, Germany	€ 23.50 sq.m.p.m.	-2.1	€ 26.60 sq.m.p.m.	-1.8	46.67	502	2.3	31.89	343	-1.8	5+5	5-6
Helsinki, Finland	€ 330.00 sq.m.p.a.	-8.3	€ 330.00 sq.m.p.a.	-18.7	49.85	537	-15.3	34.06	367	-18.7	3-5	None
Istanbul, Turkey	US\$ 40.00 sq.m.p.m.	0.0	US\$ 58.00 sq.m.p.m.	9.0	77.44	834	9.0	52.91	570	-5.6	3-1	1
Jersey, England	£28.00 sq.ft.p.a.	0.0	£33.75 sq.ft.p.a.	1.5	54.01	581	-8.9	36.90	397	-24.8	15	6
Johannesburg (Sandton), South Africa	R 130.00 sq.m.p.m.	-7.1	R 130.00 sq.m.p.m.	-7.1	19.41	209	3.0	13.19	142	-16.9	3-5	0
Kiev, Ukraine	US\$ 28.00 sq.m.p.m.	-67.1	US\$ 38.70 sq.m.p.m.	-64.6	50.76	546	-64.6	34.68	373	-69.4	2	1-2
Leeds, England	£27.00 sq.ft.p.a.	3.8	£39.00 sq.ft.p.a.	-2.5	62.42	672	-12.5	42.64	459	-27.7	10	24
Lisbon, Portugal	€ 20.00 sq.m.p.m.	-2.4	€ 24.00 sq.m.p.m.	1.1	43.03	463	5.3	29.40	316	1.1	5	3-6
Lille, France	€ 185.00 sq.m.p.a.	-5.1	€ 250.00 sq.m.p.a.	-3.8	36.55	393	0.2	24.97	269	-3.8	3/6/9	6-9

## Europe, Middle East and Africa: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US\$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Typical lease term (yrs.)	Typical rent free (months)
Liverpool, England	£19.00 sq.ft.p.a.	-13.6	£31.00 sq.ft.p.a.	-4.6	US\$ 49.61	US\$ 534	-14.4	€ 33.89	€ 365	-29.3	10	36
London (City), England	£42.00 sq.ft.p.a.	-0.3	£67.50 sq.ft.p.a.	-0.2	108.03	1,163	-0.3	73.80	794	-0.4	10	33-36
London (West End), England	£80.00 sq.ft.p.a.	-30.4	£115.50 sq.ft.p.a.	-17.8	184.85	1,990	-26.2	126.28	1,359	-39.0	10	21
Luxembourg City, Luxembourg	€ 40.00 sq.m.p.m.	0.0	€ 44.83 sq.m.p.m.	3.5	88.66	954	7.8	60.58	652	3.5	3/6/9	1 year secured
Lyon, France	€ 250.00 sq.m.p.a.	0.0	€ 315.00 sq.m.p.a.	0.0	46.05	496	4.2	31.47	339	0.0	3/6/9	3-6
Madrid, Spain	€ 360.00 sq.m.p.m.	-25.9	€ 423.00 sq.m.p.m.	-27.3	67.66	728	-24.3	46.23	498	-27.3	3-5	3
Malaga, Spain	€ 180.00 sq.m.p.m.	-6.3	€ 219.00 sq.m.p.m.	-10.1	35.03	377	-6.3	23.94	258	-10.1	3+3	1-2
Manchester, England	£28.50 sq.ft.p.a.	0.0	£44.50 sq.ft.p.a.	0.0	71.22	767	-10.2	48.66	524	-25.8	10	36
Marseille, France	€ 250.00 sq.m.p.a.	4.2	€ 315.00 sq.m.p.a.	3.3	46.05	496	7.6	31.47	339	3.3	3/6/9	6-9
Milan, Italy	€ 520.00 sq.m.p.a.	-5.5	€ 565.00 sq.m.p.a.	-5.0	84.42	909	-1.1	57.68	621	-5.0	6+6	6
Moscow, Russia	US\$ 900.00 sq.m.p.a.	-47.1	US\$ 1203.60 sq.m.p.a.	-34.5	131.55	1,416	-34.5	89.89	968	-43.3	3-5	0-6
Munich, Germany	€ 31.00 sq.m.p.m.	-1.6	€ 34.50 sq.m.p.m.	-1.4	61.86	666	2.7	42.27	455	-1.4	5+5	6-9
Oporto, Portugal	€ 15.00 sq.m.p.m.	-11.8	€ 17.20 sq.m.p.m.	-10.9	30.84	332	-7.2	21.07	227	-10.9	3	0-1
Oslo, Norway	NKr 3000.00 sq.m.p.a.	-30.2	NKr 3270.00 sq.m.p.a.	-29.5	58.51	630	-27.8	40.00	431	-31.0	3-5	0-6
Palma De Mallorca, Spain	€ 156.00 sq.m.p.m.	-7.1	€ 171.60 sq.m.p.m.	-7.1	27.45	295	-3.3	18.76	202	-7.1	2+3	1-2
Paris, France	€ 750.00 sq.m.p.a.	-9.6	€ 838.00 sq.m.p.a.	-10.7	122.51	1,319	-6.9	83.71	901	-10.7	3/6/9	6-12
Prague, Czech Republic	€ 21.00 sq.m.p.m.	-8.7	€ 28.99 sq.m.p.m.	-4.5	52.55	566	-0.5	35.91	387	-4.5	5	1 to 5
Rome, Italy	€ 420.00 sq.m.p.a.	-4.5	€ 460.00 sq.m.p.a.	4.5	68.73	740	8.9	46.96	505	4.5	6+6	6
Sofia, Bulgaria	€ 16.00 sq.m.p.m.	-11.1	€ 19.00 sq.m.p.m.	-9.5	35.23	379	-5.7	24.07	259	-9.5	3to5	1to3
Southampton, United Kingdom	£19.00 sq.ft.p.a.	-9.5	£29.00 sq.ft.p.a.	-6.5	46.41	500	-16.0	31.71	341	-30.6	5/10	12
Stockholm, Sweden	SKr 4000.00 sq.m.p.a.	-9.1	SKr 4580.00 sq.m.p.a.	-8.0	67.94	731	-7.8	46.37	499	-16.3	3-5	3-6
Tel Aviv, Israel	US\$ 22.50 sq.m.p.m.	-35.7	US\$ 33.50 sq.m.p.m.	-28.7	46.68	503	-28.7	31.90	343	-38.3	3-5	None
Thessaloniki, Greece	€ 14.50 sq.m.p.m.	-17.1	€ 17.50 sq.m.p.m.	-16.1	30.70	330	-12.6	20.98	226	-16.1	12+4	1
Valencia, Spain	€ 207.00 sq.m.p.m.	-4.2	€ 244.88 sq.m.p.m.	-9.3	39.17	422	-5.5	26.76	288	-9.3	2+3	1-2
Vienna, Austria	€ 22.25 sq.m.p.m.	-5.3	€ 26.25 sq.m.p.m.	-4.5	45.08	485	-0.6	30.80	332	-4.5	3-5	3-6
Warsaw, Poland	€ 23.00 sq.m.p.m.	-34.3	€ 29.00 sq.m.p.m.	-29.3	52.57	566	-26.3	35.92	387	-29.3	5	3 - 12
Zurich, Switzerland	SF 890.00 sq.m.p.a.	-6.3	SF 930.00 sq.m.p.a.	-6.1	83.41	898	1.7	56.99	613	-1.6	5	1-3

## Terms and Definitions

Global Office Rents provides a semi-annual snapshot of occupancy costs for prime office space throughout the world. Because office occupancy lease rates and expenses can vary substantively not only across world markets, but also within the same market area, these data are meant to provide comparative benchmarks only.

### Comparative Office Occupancy Costs

In comparing international office cost quotations and leasing practices, the most common differences in reporting are the units of measure and currency, and how occupancy-related costs are reflected in quoted lease rates. For example, in the U.S., office units are measured in SF, while Japan uses the tsubo. Great Britain measures currency in pounds, while Thailand uses the baht. Also in the U.S., rents are most often reported in “gross” terms that reflect virtually all costs of occupancy, while lease rates in many countries may be reported on a “net” basis and exclude such costs as management, property taxes and basic ongoing building maintenance.

### Benchmarks For Measure, Currency and Terms

To facilitate comparisons across markets, Global Office Rents also reports local office occupancy costs in two common currencies, U.S. dollars and Euros, as well as two units of measure, square feet (SF) and square meters (sq. m.).

Changes over the past 12 months are also reported in local currency, U.S. dollars and Euros.

### Explanation of Columns

**Rent-Local Currency/Measure:** The rent quoted is the typical “achievable” rent for a 1,000-sq.-m. (10,000 SF) unit in a top-quality (Class A) building in a prime location. Rents are expressed as headline rent, without accounting for any tenant incentives that may be necessary to achieve it.

Rents are stated in the local currency and prevailing unit of measure, as well as in those terms—gross or net—that are customarily employed in the respective market.

Office rents in Taiwan are quoted as “ping p.m.,” in Japan as “tsubo p. m.,” and in Korea as “pyung p.m.” The ping, tsubo and pyung all are approximately 36 SF. Each is the traditional measure of area in its respective country, based on the equivalent measurement of two tatami mats.

**Percentage Change:** Documents the rate of change in local rents over the preceding 12 months. Because these data are expressed in the local currency, they can vary dramatically from the Euro and U.S. dollar-adjusted changes reported under Total Occupancy Cost.

**Total Occupancy Cost:** Local office costs are reported in local currency, Euros and U.S. dollars on a per annum basis; both per SF and per sq. m. measurements are quoted. This number reflects all occupancy costs, and therefore corresponds to “gross” rents.

**Typical Rent Free Period & Typical Lease Term:** The rent free column documents the time period, if any, for which no rent is collected for prime office space in the respective local market. Typically, the less “free rent” available, the stronger the market. Typical lease term refers to the usual duration of contracted leases in each respective market.

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