CB RICHARD ELLIS
GLOBAL RESEARCH AND CONSULTING

Global Office MarketView: Rents

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Global Economies

As measured by headline GDP, the global recovery continues to take hold—albeit at a more moderate pace—as we move through 2H 2010. In 3Q, the world's economic output grew at a pace of 2.3% on an annualized basis. By comparison, economic growth has averaged 3.8% since the recovery began in 2Q 2009.

That said, the economic landscape has changed over the past six months and—the slowdown in growth notwithstanding—the global recovery's resilience in the face of the European sovereign debt crisis has been nothing short of impressive. Oscillations from the epicenter of the crisis were felt in currency and equity market adjustments around the globe. And while the threat of another full-blown credit crisis derailing the nascent recovery was enough to unsettle businesses and consumers, global markets have since been soothed, and confidence has been restored in the idea that the recovery will eventually turn into a self-sustaining expansion.

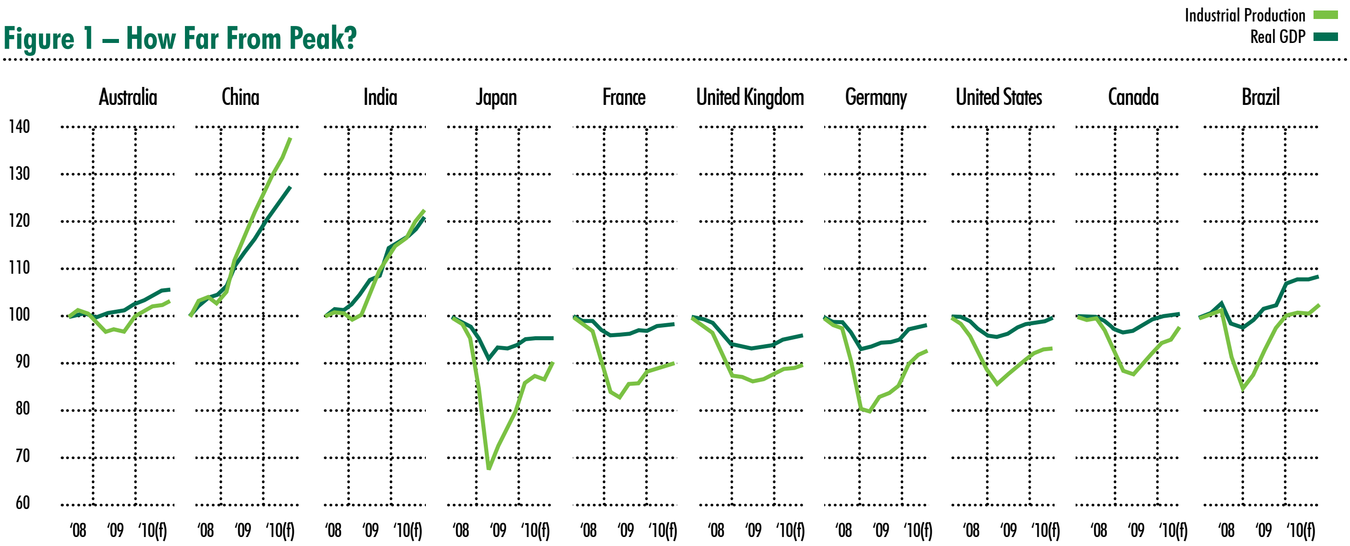
Still, the global recovery remains fitful. In North America, the lack of measurable labor market movement means that the U.S. economy remains behind the curve; production and output both remain far below pre-recession peaks and well below capacity. Asian economies, specifically China and India, are already expanding at breakneck speeds and run more risk of overheating than of falling back toward recessionary territory.

The unevenness of the global recovery can be best illustrated by comparing national output and industrial production, displayed in Figure 1. Here, we examine the relative performance of regional output and production between the pre-recessionary peak (1Q 2008) and the end of 2010.

Asia continues to lead the global recovery and, with the notable exception of Japan, is now firmly in expansionary territory. The Latin American economy is also expanding, and Brazil has been posting steady gains since the beginning of this year. Its economy is now above its pre-recession peak in terms of both GPD and industrial production.

The recovery has been slow to take hold in industrialized countries like the U.S. in North America, and France and the U.K. in Europe. Although GDP in the U.S. will approach its previous peak by the end of 2010, production remains well below peak levels, as is the case in France, Germany and the U.K. That said, these economies appear to be on the right path, as they display signs of a stability that will allow them to transition to expansion by the end of 2011. Still, there is a great deal of work to be done, as job markets and financial markets must also make full recoveries before these economies can once again operate at capacity.

Figure 1 – How Far From Peak?



Source: IHS Global Insight, October 2010

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Global 50 Index—Most Expensive

1	London West End, United Kingdom	193.69	25	Singapore, Singapore	67.56
2	Hong Kong (Central CBD)	184.21	26	New York Midtown, U.S.	66.59
3	Tokyo, (Inner Central), Japan	158.08	27	Dublin, Ireland	66.35
4	Mumbai, India	130.41	28	Birmingham, United Kingdom	64.88
5	Moscow, Russian Federation	128.33	29	Rome, Italy	64.01
6	Tokyo (Outer Central), Japan	127.31	30	Glasgow, United Kingdom	63.63
7	London City, United Kingdom	124.59	31	Aberdeen, United Kingdom	63.57
8	Paris Ile-de-France, France	115.72	32	Shanghai (Pudong), China	61.82
9	São Paulo, Brazil	109.03	33	Oslo, Norway	61.55
10	Rio de Janeiro, Brazil	104.40	34	Athens, Greece	61.47
11	New Delhi, India	101.21	35	Perth, Australia	59.63
12	Dubai, United Arab Emirates	95.32	36	Toronto (CBD), Canada	59.07
13	Hong Kong (Citywide)	92.53	37	Leeds, United Kingdom	58.13
14	Geneva, Switzerland	86.08	38	Madrid, Spain	57.65
15	Zurich, Switzerland	84.19	39	Sydney (Core), Australia	57.12
16	Luxembourg City, Luxembourg	82.57	40	Beijing, China	56.90
17	Istanbul, Turkey	78.77	41	Shanghai (Puxi), China	55.58
18	Milan, Italy	78.62	42	Brussels, Belgium	55.25
19	Stockholm, Sweden	73.27	43	Munich, Germany	55.10
20	Abu Dhabi, United Arab Emirates	72.11	44	Helsinki, Finland	53.89
21	Seoul CBD, South Korea	70.97	45	Buenos Aires, Argentina	53.26
22	Frankfurt am Main, Germany	70.26	46	Washington, DC (CBD), U.S.	53.03
23	Edinburgh, United Kingdom	69.91	47	Jersey, United Kingdom	53.02
24	Manchester, United Kingdom	68.34	48	Tel Aviv, Israel	52.95

Pricing Stabilizes: Most Expensive Markets

The global economic recovery—which continues to move forward though 2010, and is now past its halfway point—has not been without its setbacks. That said, the global economy appears to be back on track, as the sovereign debt crisis that roiled markets and major currencies through the summer has shown signs of easing. Currency oscillations that signaled uncertainty in global capital markets just six months ago have now been soothed, as major currencies have reverted to their pre-summer trend against the dollar. A more sanguine currency outlook is the key to soothing volatility in occupancy costs that are converted into U.S. dollars—something that will allow for a clearer analysis of local supply-and-demand market dynamics on occupancy costs.

The most expensive office markets continue to be globally dispersed. The top 10 markets are London West End, Hong Kong (Central CBD), Tokyo (Inner Central), Mumbai, Moscow, Tokyo (Outer Central), London City, Paris, São Paulo and Rio de Janeiro. While the ranking can fluctuate—during the past six months London City moved from 8 to 7 in the ranking, passing Paris; Rio de Janeiro rose to 10 as São Paulo moved from 10 to 9; and

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Dubai slid to 12—the markets included in the top 10 are generally consistent.

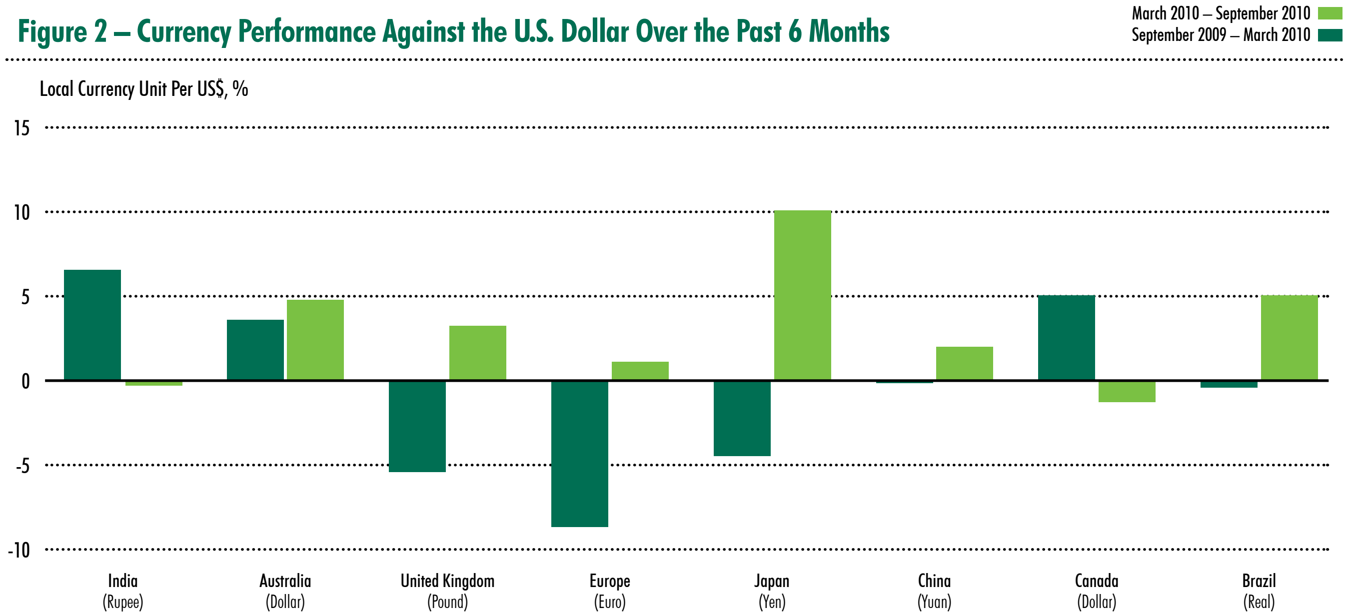
EMEA continues to dominate the ranking, with 30 markets on the top 50 list. London's West End is still the world's most expensive market, with an occupancy cost of US$193.69 per sq. ft.—thanks in part to the stabilization of the pound relative to the U.S. dollar. Other markets in the region that rank high on the list are Moscow, Paris, London City and Dubai.

Asia Pacific has 13 markets that rank in the 50 most expensive, with three—Hong Kong (Central CBD), Tokyo Inner Central and Mumbai—ranking among the top five. Mumbai moved into the top five as a result of the appreciation of the rupee against the U.S. dollar over the past 12 months. The most expensive Pacific market in the global ranking was Perth (US$59.63 per sq. ft.), which came in at 35, despite the 15.8% decline in occupancy cost it experienced over the last year.

North America's most expensive markets are led by Midtown New York, which posted an office occupancy cost of US$66.59 per sq. ft. While Midtown's office occupancy costs are high for North America, the market ranks just 26th globally.

In Latin America, São Paulo, ranked just ahead of Rio de Janeiro, remains the most expensive market, posting an office occupancy cost of US$109.03 per sq. ft. São Paulo now ranks as the 9th most expensive market globally. Meanwhile, with an occupancy cost of US$104.40 per sq. ft., Rio de Janeiro has moved into the global top 10 on the strength of its local office market combined with the appreciation of the Brazilian real against the U.S. dollar over the past year.

Figure 2 – Currency Performance Against the U.S. Dollar Over the Past 6 Months



Source: IHS Global Insight, October 2010

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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	Edmonton, Canada	-19.4	18	Ho Chi Minh City, Vietnam	-11.1
2	Orlando, U.S.	-17.8	19	Los Angeles (sub), U.S.	-10.1
3	Monterrey, Mexico	-16.9	20	San Diego, U.S.	-9.3
4	Valencia, Spain	-15.9	21	Sofia, Bulgaria	-9.2
5	Perth, Australia	-15.8	22	Las Vegas, U.S.	-9.1
6	Tokyo (Outer Central), Japan	-14.9	23	Cape Town, South Africa	-8.3
7	Abu Dhabi, United Arab Emirates	-14.4	24	Durban, South Africa	-8.3
8	Tokyo, (Inner Central), Japan	-14.4	25	Riverside, U.S.	-8.2
9	Calgary (CBD), Canada	-13.5	26	New York Downtown, U.S.	-7.6
10	Guadalajara, Mexico	-13.3	27	Miami (sub), U.S.	-7.5
11	San Jose, U.S.	-13.2	28	Wellington, New Zealand	-7.4
12	Oakland, U.S.	-13.1	29	Boston (CBD), U.S.	-7.3
13	Orange County, U.S.	-12.8	30	Madrid, Spain	-7.2
14	Dubai, United Arab Emirates	-12.5	31	Palma de Mallorca, Spain	-7.0
15	Auckland, New Zealand	-12.4	32	Belfast, United Kingdom	-6.7
16	Dublin, Ireland	-12.4	33	Toronto (CBD), Canada	-6.5
17	Brisbane, Australia	-11.6	34	Barcelona, Spain	-6.0

Top 15 Increases

1	Hong Kong (Central CBD)	34.2	8	San Salvador, El Salvador	10.2
2	São Paulo, Brazil	26.9	9	Brussels, Belgium	9.8
3	Hong Kong (Citywide)	23.9	10	London West End, United Kingdom	9.0
4	London City, United Kingdom	17.5	11	Seoul CBD, South Korea	8.7
5	Rio de Janeiro, Brazil	13.7	12	New Delhi, India	8.0
6	Tel Aviv, Israel	13.4	13	Johannesburg, South Africa	7.7
7	Beijing, China	11.5	14	Oslo, Norway	7.0
			15	Atlanta (CBD), U.S.	7.0

Closing in on the Bottom: The Fastest-Changing Office Markets

On a year-over-year basis, occupancy costs are beginning to find their cyclical troughs worldwide. The year-over-year change in office occupancy costs for the 175 markets that CB Richard Ellis monitors for this publication revealed a drop of 1.3% worldwide. Ninety-nine of these markets—a majority—experienced decline, with 19 registering percentage-point drops in the double digits over 12 months. Sixty-one markets saw occupancy costs for the year rise.

Though most markets continued to experience declines, the worst appears to be over; where just six months ago nearly two-thirds of office markets were experiencing declines, that figure is now closer to half. Among the markets exhibiting the most significant gains were global gateway markets such as Hong Kong (Central CBD), London City and São Paulo. Gateway markets that posted more moderate gains included Paris, Shanghai and Washington, D.C.

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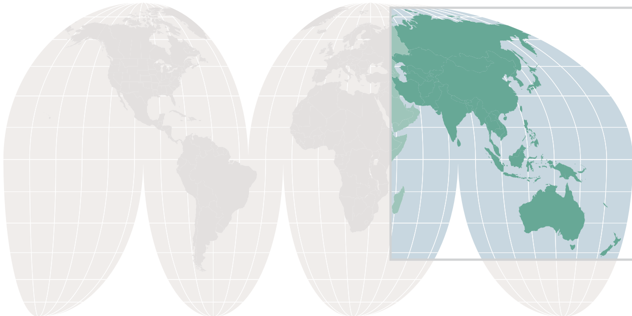
Regional disparity is exhibited in both economic and office market performance. Asia Pacific has shown measurable improvement over the past six months, led by substantial year-over-year occupancy-cost increases in Hong Kong (Central CBD), Hong Kong (Citywide) and Beijing, with gains of 34.2%, 23.9% and 11.5%, respectively. More than half of the markets in the region are now posting gains in occupier costs compared to a year ago. Increased economic activity in the Pacific Rim has bolstered demand, and increases in the strength of the Chinese yuan allowed costs to rise relative to other markets. Australian markets are mixed, with both Perth and Brisbane posting double-digit declines in occupancy costs (-15.8% and -11.6% respectively), while the larger markets are either stable or rising (Sydney 0.1% and Melbourne 4.5%).

EMEA showed some signs of stabilization as the Eurozone recovery continues. Nearly half of all EMEA markets posted occupancy cost gains. London City posted the largest gain for the region as its occupier costs grew by 17.5%, followed by Tel Aviv (13.4%). The largest declines were again among markets impacted by real estate overbuilding and speculation, such as Dubai (-12.5%), and Dublin (-12.4%).

North American markets, for the most part, have not begun their occupancy-cost recovery. Less than one-third of North American office markets experienced increases in occupancy costs over the past year. Atlanta (CBD) experienced the largest year-over-year increase, at 7.0%. New York, the largest office market in the U.S., saw occupancy costs decline by 7.6% (Downtown) and 4.5% (Midtown). Though the tide is gradually shifting, the region's largest year-over-year changes remained decidedly negative—Edmonton (-19.4%), Orlando (-17.8%), Calgary (-13.5%) and San Jose (-13.2%) top the list with substantial declines. Not coincidentally, all of these markets had some measure of exposure to residential real estate or moderate overbuilding in their office sectors.

Latin America is holding up better than the rest of the world and continues to post gains. Of the region's 15 markets, only four experienced declines. Brazil saw the largest increases, in São Paulo (26.9%) and Rio de Janeiro (13.7%). Brazil's recovery began in 2Q 2009, so the annual change is reflective of the trough for that country's office market. In Rio de Janeiro and São Paulo, new additions to prime stock and improvements in the nation's exchange rate with the dollar are contributing to occupancy-cost increases.

With the exception of Latin America, office occupancy costs in most regions of the world continue to decline, albeit at a more moderate pace than just six months ago. In key areas of Asia and in the EU, costs remain flat or are moderately improving. Gains remain sporadic as the global real estate recovery struggles to gain traction.



Asia Pacific Regional Snapshot

Asia

Most Asian economies continued to expand in 3Q 2010, underpinned by the convergence of positive growth factors including improved business confidence, strengthening investor sentiment and rising domestic demand. Japan continued to underperform, however, and the period saw its government forced to deploy quantitative easing measures and cut the benchmark overnight call rate to virtually zero in order to contain downside risks on yen appreciation. Economists remained generally optimistic about the immediate prospects for the regional economy, with the IMF estimating in October that Asia would grow by about 7.9% in 2010 and 6.7% in 2011, the fastest rate of any region in the world.

Demand for prime office space in Asia's leading commercial centers recorded strong growth in 3Q. All markets across the region reported positive net absorption, led by Beijing, Guangzhou and Shanghai, which collectively accounted for some 50% of the regional leasing for the period. Variations in rental growth were observed, with significant quarter-over-quarter rental growth recorded in Hong Kong, Beijing and Singapore, by increments ranging from 6% (Beijing) to 11% (Central District, Hong Kong). Marginal declines in prime office rents were recorded in Tokyo, the Seoul CBD, Manila and Ho Chi Minh City, which reported quarter-over-quarter rental declines ranging from 0.1% to 2.3%. Overall, Asian office rents increased by 3.2% quarter over quarter, marking the second consecutive quarter of positive rental growth. The occupancy rate also improved across the region, with overall vacancy declining by 60 basis points (bps) to 10.3%. Bangalore and Taipei were the only cities of the 16 markets tracked to record a rise in the vacancy rate.

Pacific Region

The Australian economic recovery has continued into 3Q 2010, while prospects for the New Zealand economy have softened compared to earlier forecasts. The Pacific region's increasing reliance on the Asian markets, while having the potential to become a risk, has for now protected the region from the uncertain financial recovery of the U.S. and Europe. An overall increase in business sentiment and profit growth has led to significant job growth and a further contraction of the unemployment rate to 5.1% in recent months. While volatile, unemployment in New Zealand appears to have peaked, as the rebound in the labor markets there saw the unemployment rate drop to 6.8% in June 2010 from its high point of 7.1% at the end of 2009.

On the back of a growing labor market, demand for office accommodation across Australia's major CBD markets has returned. Meanwhile, across New Zealand the level of leasing enquiries has stabilized on the back of deteriorating short-term economic conditions. The quantum of new supply across the region, however, has caused the major CBD vacancy levels to increase from 8.0% at the beginning of 2010 to a current overall level of 8.9%.

The Pacific region CBD prime office rental index remained stable throughout 3Q 2010, having increased slightly by 0.2% in 2Q. Overall, the rate of rental decline across the region appears to be slowing, as rents in 3Q 2010 declined by 1.2%, the lowest annual rate since the beginning of 2009.

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Key Market Snapshots

Sydney CBD, Australia: A recovery of business sentiment and employment levels had a particular effect on the Sydney CBD office market in 3Q 2010. For the first quarter since the beginning of 2009, prime core net face rents increased slightly, by 0.5%, in 3Q to A$709 per sq. m., suggesting the bottom of the prime rental cycle has perhaps been reached. An upturn in leasing deals has also been noted throughout the CBD market, as deals that have been in lengthy negotiations are beginning to be concluded. Although the overall vacancy level in the CBD continues to increase on the back of net additional stock brought to the market, net absorption continues to remain positive, while the quantum of sublease space has fallen for the fourth consecutive quarter.

Tokyo, Japan: Demand for Tokyo Grade A office space improved slightly in 3Q, as relocation activity remained moderate. Grade A rents in inner Tokyo nevertheless decreased by 2.3% quarter over quarter, to JPY31,250 per tsubo (US$10.50 psf) per month (excluding CAM and tax), a trend largely attributable to minor adjustments made by landlords of select Grade A buildings struggling with long-term vacancy.

Two new Grade A buildings were completed during the quarter, and both were almost fully pre-committed. Several well-located Grade A buildings also managed to reduce their vacant space, resulting in a decrease in the overall vacancy rate, which stood at 5.4% as of the end of 3Q, down 70 bps quarter over quarter.

The pipeline of new supply is not expected to exert a negative impact on the vacancy level going forward, given that the three projects to be launched in 4Q 2010 are already fully pre-committed. Others that will come on stream in 2011 have reported a steady flow of interest and enquiries from potential tenants.

Singapore The Singapore office market continued to rebound strongly from the downturn, with office rents strengthening further after turning around in 2Q. Prime office rents averaged S$7.40 per sq. ft. per month in 3Q, up from S$6.90 per sq. ft. per month in the previous quarter, a rise of 7.2% quarter over quarter. Major leasing deals were mainly focused on new Grade A developments. Financial and banking institutions, legal firms, and insurance and professional services companies continued to comprise the bulk of occupier demand. Concern over the large volume of secondary stock due to come on stream when a number of major occupiers relocate to Marina Bay has largely dissipated following the signing of deals and ongoing negotiations over the past few months.

Hong Kong: Demand for prime office space on Hong Kong island continued to rise steadily throughout 3Q as companies became more active on the back of healthier financial results and expectations of regional economic growth. Net absorption of office space on Hong Kong Island during 3Q amounted to some 500,000 sq. ft., representing an increase of almost 80%, quarter over quarter.

The office leasing market in Central Hong Kong was busy with smaller-sized tenants in the legal and financial services sectors typically taking spaces of less than 5,000 sq. ft. each. Net absorption in Central totalled approximately 110,000 sq. ft., with vacancy falling to 3.0%. This helped push rents 11% higher over the quarter to average HK$105 per sq. ft., marking the highest quarterly growth in Central office rents since the market bottomed out in 3Q 2009.

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Asia Pacific: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	*% change 12 months*	*Current per local measure*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Typical lease term (yrs.)*	*Typical rent free (months)*
Adelaide, Australia	A$ 363 sq.m. p.a.	11.0	A$ 370 sq.m. p.a.	1.1	US$ 33.23	US$ 358	10.7	€ 24.39	€ 263	18.8	5	9
Auckland, New Zealand	NZ$ 359 sq.m. p.a.	5.6	NZ$ 389 sq.m. p.a.	-12.4	26.54	286	-11.0	19.47	210	-4.7	9	15.8
Bangalore, India	Rs 74 sq. ft. p.m.	1.4	Rs 130.51 sq. ft. p.m.	1.2	35.07	377	8.9	25.78	278	-19.9	3+3	1
Bangkok, Thailand	Baht 680 sq. m. p.m.	-2.0	Baht 680 sq. m. p.m.	-2.0	25.00	269	8.0	18.34	197	15.9	3	1-2
Beijing, China	RMB 217.90 sq. m. p.m.	13.1	RMB 341.53 sq. m. p.m.	11.5	56.90	612	13.7	41.75	449	22.1	2-3	1-3
Brisbane, Australia	A$ 540 sq.m. p.a.	-3.1	A$ 488 sq.m. p.a.	-11.6	43.82	472	-3.1	32.17	346	4.0	5	16.5
Canberra, Australia	A$ 341 sq.m. p.a.	-2.6	A$ 353 sq.m. p.a.	-5.3	31.70	341	3.4	23.27	251	11.3	5	8.4
Christchurch, New Zealand	NZ$ 292 sq.m. p.a.	12.7	NZ$ 320 sq.m. p.a.	-2.1	21.83	235	-0.6	16.02	172	6.4	9	0
Guangzhou, China	RMB 100.22 sq. m. p.m.	8.0	RMB 178.12 sq. m. p.m.	6.6	29.68	319	8.8	21.78	234	16.8	2-4	1-3
Ho Chi Minh City, Vietnam	US$ 36.70 sq. m. p.m.	-11.1	US$ 40.37 sq. m. p.m.	-11.1	45.01	484	-11.1	33.02	355	-4.6	2	1
Hong Kong (Citywide)#	HK$ 50.42 sq. ft. p.m.	28.5	HK$ 59.83 sq. ft. p.m.	23.9	92.53	996	23.7	67.87	731	32.8	3 or 6	2-4
Hong Kong (Central CBD)	HK$ 104.98 sq. ft. p.m.	38.0	HK$ 119.11 sq. ft. p.m.	34.2	184.21	1,983	34.0	135.13	1,455	43.8	3 or 6	2-4
Manila, Philippines	Php 779 sq. m. p.m.	-4.4	Php 969 sq. m. p.m.	-3.6	24.62	265	4.5	18.06	194	12.1	3	1
Melbourne, Australia	A$ 422 sq.m. p.a.	1.0	A$ 440 sq.m. p.a.	4.5	39.52	425	14.3	29.00	312	22.9	10	22.9
Mumbai, India	Rs 300 sq. ft. p.m.	0.0	Rs 485.33 sq. ft. p.m.	0.0	130.41	1,404	7.7	95.88	1,032	14.9	3+3+3	1
New Delhi, India	Rs 250 sq. ft. p.m.	8.7	Rs 376.67 sq. ft. p.m.	8.0	101.21	1,089	16.3	74.42	801	24.2	3+3+3	1
Perth, Australia	A$ 640 sq.m. p.a.	-8.3	A$ 664 sq.m. p.a.	-15.8	59.63	642	-5.6	43.77	471	1.3	5	9.9
Seoul (CBD), South Korea	KRW 29,763 sq. m. p.m.	1.5	KRW 72,582.46 sq. m. p.m.	8.7	70.97	764	12.0	52.07	560	20.3	2-3	2-3
Shanghai (Pudong), China	RMB 224.88 sq. m. p.m.	2.6	RMB 371.07 sq. m. p.m.	2.0	61.82	665	4.1	45.36	488	11.8	2-3	0-3
Shanghai (Puxi), China	RMB 205.58 sq. m. p.m.	2.5	RMB 333.61 sq. m. p.m.	2.2	55.58	598	4.2	40.78	439	11.9	2-3	0-3
Singapore, Singapore	S$ 7.4 sq. ft. p.m.	-1.3	S$ 7.4 sq. ft. p.m.	-1.3	67.56	727	5.7	49.54	533	13.5	3	1.5
Sydney (Core), Australia	A$ 709 sq.m. p.a.	0.0	A$636 sq.m. p.a.	0.1	57.12	615	9.8	41.93	451	17.8	8	28.2
Taipei, Taiwan	NT 2,506.32 ping p.m.	0.3	NT 4,375.11 ping p.m.	3.5	47.42	510	6.1	34.64	373	14.0	3-5	1-3
Tokyo, (Inner Central), Japan	¥ 31,250 tsubo p.m.	-16.7	¥ 39,112.5 tsubo p.m.	-14.4	158.08	1,702	-7.9	115.94	1,248	-1.1	5 Fixed	3-4
Tokyo (Outer Central), Japan	¥ 23,500 tsubo p.m.	-19.7	¥ 31,500 tsubo p.m.	-14.9	127.31	1,370	-8.5	93.37	1,005	-1.8	5 Fixed	3-4
Wellington, New Zealand	NZ$ 331 sq.m. p.a.	-2.9	NZ$ 412 sq.m. p.a.	-7.4	28.11	303	-5.8	20.62	222	0.9	9	7.0

* All Asia markets are reported on a net floor basis, including all occupation expenses
# Prime Office Districts reflect Central, Sheung Wan, Admiralty, Wan Chai, Causeway Bay, North Point, Hong Kong East, Tsim Sha Tsui, Kowloon East, Jordan, Mongkok, Hunghom, San Po Kong, Cheung Sha Wan, Kwai Fong and Tsuen Wan

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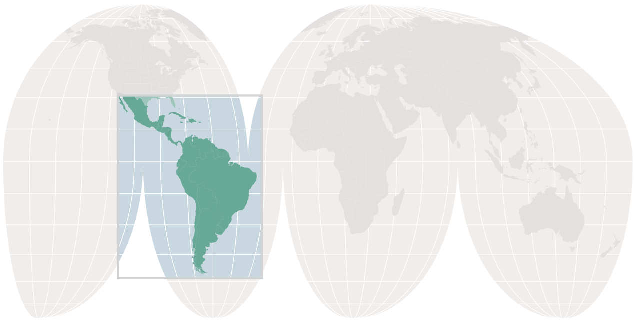

Latin America Regional Snapshot

Latin America's economic recovery continued at a rapid pace in 1H 2010, as every country in the region bounced back from last year's recession fairly quickly. That pace has slowed a bit during 2H 2010, but overall, the 2010 GDP growth estimates for the major countries are quite strong: above 4% in Mexico, Argentina, Colombia and Costa Rica; at 5% in Chile and Panama; nearly 6% in Peru; and above 7% in Brazil.

Though the region as a whole is experiencing strong economic growth, the office markets in the major cities look quite different. In early 2010, developers initiated new projects and/or resumed construction on projects that had been halted. In markets like Mexico City, Monterrey, Buenos Aires and Panama City, several new Class A projects came to market very quickly, and the ensuing competition brought prices down (with largely stable vacancy), or spiked vacancy rates (as prices remained stable), despite rapidly growing absorption year to date. In markets like São Paulo, Rio de Janeiro, San Salvador and San José, the supply of premium space that came online was much more limited, vacancy declined to near-record levels, and prices increased accordingly. Santiago, Lima, Bogota, Quito, Montevideo and San Juan absorbed varying degrees of new supply into their markets, but the price and vacancy rate stability posted in these markets indicates a supply-demand balance, for now.

A note on Mexico and the numbers posted in its three markets: Each of these markets is experiencing something unique, within both the country and the region at large. Mexico City's influx of new supply is extraordinary—it received 170,000 sq. m. of Class A/A+ space in the first nine months of 2010, with another 46,500 sq. m. expected in 4Q, resulting in price reductions at even the best buildings. Monterrey is a victim of both a supply glut (80,000 sq. m. received in 3Q alone) and the drug cartel-related violence that recently spread to the city—both of which contributed to the 16.9% price decrease. Guadalajara is such a small market that the 13.3% price decrease is essentially a fluke. The average Class A rental price has been slowly rising throughout 2010, but the best buildings came to market in late 2009/early 2010 (and nothing since), so the current availability is of lower quality, with corresponding lower prices, than it was 12 months ago.

Key Market Snapshots

Buenos Aires, Argentina: Class A rental prices are expected to remain constant for the rest of 2010, at an average of US$25 to US$30 per sq. m., plus taxes and expenses. Vacancy is now at 15%, up from 9% at year-end 2009. In 1H 2010, approximately 46,000 sq. m. of Class A space was absorbed, double the amount during the same period last year. More than 136,000 sq. m. is currently under construction, of which 35,000 sq. m. is expected to be delivered by year's end.

Mexico City, Mexico: In 3Q, the Class A vacancy rate increased from 9.3% to 9.6%, as 92,000 sq. m. of space came to market. The average lease rate for Class A buildings fell 3.3% this quarter to US$22.73 sq. m. per month, though gross absorption increased 4.2% over the same period, to 63,600 sq. m. Approximately 950,000 sq. m. of office space is currently under construction, and nearly half of that construction will be completed during the next two

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years, located mainly in the Polanco, Santa Fe and Reforma Centro submarkets.

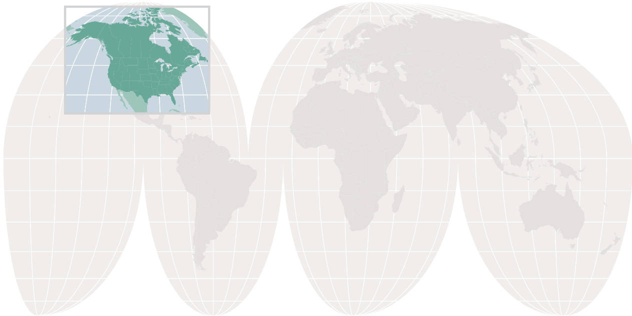
Santiago, Chile: Office demand remains strong through 2010, as Class A absorption reached 110,000 sq. m. in first nine months of the year—more than that of 2008 and 2009 combined. New product deliveries through the end of September totaled 127,000 sq. m., an amount larger than any of the full-year figures of the previous seven years. Vacancy stands at 4.0%, down from 5.6% last quarter. Class A asking rent has remained unchanged for the last three quarters, at UF 0.62. Office sale and rental prices remain unchanged, compared with the last quarter of this year. The only spaces that show higher prices are those that offer a better standard compared with the previous supply.

São Paulo, Brazil: Office demand remains strong, as net absorption improved 12% from 2Q's result. Class A net absorption was 90,200 sq. m. during first nine months of 2010. São Paulo is experiencing continued upward pressure on rents, especially for premium product. Rent increases in centralized areas are encouraging both the redevelopment of industrial properties into office/mixed use, and the emergence of Alphaville (located outside of São Paulo) as a viable location for premium office product.

Latin America and The Caribbean: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	*% change 12 months*	*Current per local measure*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Typical lease term (yrs.)*	*Typical rent free (months)*
Bogota, Colombia	COP 66,500 sq.m. p.m	2.3	COP 73,000 sq.m. p.m	2.1	US$ 45.34	US$ 488	9.7	€ 33.26	€ 358	17.8	3-5	1-2
Buenos Aires, Argentina	US$ 36.00 sq.m. p.m.	2.9	US$ 47.78 sq.m. p.m.	6.8	53.26	573	6.8	39.08	421	14.7	3	1-3
Caracas, Venezuela*	VEF 295.55 sq.m. p.m.*	7.1	VEF 312.55 sq.m. p.m.	8.1	n/a	n/a	n/a	n/a	n/a	n/a	1-3	1-3
Guadalajara, Mexico	US$ 22.25 sq.m. p.m.	-14.4	US$ 25.79 sq.m. p.m.	-13.3	28.75	309	-13.3	21.09	227	-6.9	1-3	Varies
Lima, Peru	US$ 18.00 sq.m. p.m.	2.9	US$ 20.70 sq.m. p.m.	2.5	23.08	248	2.5	16.93	182	10.0	3-5	1
Mexico City, Mexico	US$ 28.17 sq.m. p.m.	-4.6	US$ 33.86 sq.m. p.m.	-4.1	37.75	406	-4.1	27.70	298	3.0	3-5	1-2
Monterrey, Mexico	US$ 24.45 sq.m. p.m.	-18.5	US$ 28.42 sq.m. p.m.	-16.9	31.68	341	-16.9	23.25	250	-10.8	5	2-3
Montevideo, Uruguay	US$ 28.00 sq.m. p.m.	0.0	US$ 36.11 sq.m. p.m.	3.2	40.26	433	3.2	29.54	318	10.8	2-5	None
Panama City, Panama	US$ 25.15 sq.m. p.m.	0.6	US$ 28.91 sq.m. p.m.	0.5	32.23	347	0.5	23.64	255	8.0	3-5	1-2
Quito, Ecuador	US$ 14.00 sq.m. p.m.	0.0	US$ 16.50 sq.m. p.m.	3.1	18.39	198	3.1	18.39	198	3.1	2-5	1
Rio de Janeiro, Brazil	BRL 138 sq.m. p.m.	15.0	BRL 158 sq.m. p.m.	13.7	104.40	1,124	19.4	79.00	850	32.2	5	1-2
San José, Costa Rica	US$ 26.50 sq.m. p.m.	6.0	US$ 29.50 sq.m. p.m.	5.4	32.89	354	5.4	24.13	260	13.1	3-5	1-3
San Juan, Puerto Rico	US$ 20.00 sq.ft. p.a.	0.0	US$ 36.00sq.ft. p.a.	3.7	36.00	388	3.7	26.41	284	11.4	5	2-3
San Salvador, El Salvador	US$ 30.00 sq.m. p.m.	11.1	US$ 34.50 sq.m. p.m.	10.2	38.46	414	10.2	28.22	304	18.3	3-5	None
Santiago, Chile	UF 0.65 sq.m. p.m.	-3.0	UF 0.74 sq.m. p.m.	-5.1	36.41	392	10.3	26.71	288	18.5	3-5	1-2
São Paulo, Brazil	BRL 145 sq.m. p.m.	31.8	BRL 165 sq.m. p.m.	26.9	109.03	1,174	33.3	82.50	888	47.6	5	2-3

* In Venezuela, foreign exchange is government controlled at a fixed exchange rate. Market rents reflect perceived exchange rate value that may differ from the fixed exchange rate. Therefore, US$ and Euro values for the Caracas market are not applicable in the above table.



North America Regional Snapshot

United States

The U.S. economy slowed somewhat in the second half of the year as a number of government stimulus programs ended. Consumers have, for the most part, been focusing on reducing their debt and increasing their levels of savings. The U.S. housing market continues to be a drag on the economy with continued record foreclosures. Businesses similarly have continued to focus on controlling costs and increasing their profits, and remain, for the most part, cautiously optimistic.

In 2010, most office leasing demand has been predominately from professional and financial services firms, and the majority of transactions have been due to lease expirations and tenants taking advantage of conditions to negotiate more favorable terms. Overall demand for office space remained weak. National office vacancy in 3Q decreased by 10 basis points (bps) to 16.6%, well above the equilibrium rate of 13.0% to14.0%. The key to the office recovery is tenant demand, as new supply is basically non-existent with a few exceptions. According to CBRE Econometric Advisors, due to job cuts, employers are carrying an average of 226 sq. ft. of occupied space per worker, indicating that tenants are occupying more space than they are using. Historically, this number has tended to hover around 200 sq. ft. Tenants have for the most part downsized their workforce without reducing their space requirements, hoping the slack will be absorbed with an increase in new hires. Office demand is expected to remain weak.

Across the U.S., rents remain flat or have decreased slightly, with a few exceptions in markets such as Boston, which has a strong financial services presence, and Washington, D.C., where the federal government contributes to demand. Generally speaking, rents will not likely move dramatically upward anytime soon.

Canada

After breaking through the 10.0% barrier in 1Q and 2Q 2010 at 10.1%, the national overall vacancy rate has returned to single digits in 3Q at 9.9%. However, it remains 50 bps above the 9.4% experienced in 3Q 2009. Downtown vacancy dropped 20 bps from the previous quarter to 8.4%, with suburban vacancy down 30 bps to 11.7%. The downward momentum of the national vacancy rate is not expected to continue as new construction completions anticipated over the next five quarters will likely drive up vacancy in the older stock for several key markets such as Toronto, Calgary and Edmonton.

Although the western markets have led the rise in vacancy, they performed relatively well this quarter. Calgary led the charge with an overall vacancy decrease of 130 bps from 2Q to 14.4%; however, the vacancy rate remains 130 bps above that of 3Q 2009, when it was 13.1%. With the 2.0 million sq. ft. of new supply anticipated to come online in 2011, the vacancy rate is expected to begin increasing again. Vacancy in Vancouver was unchanged at 10.1%. In the east, Toronto's overall vacancy decreased by 20 bps to 9.4%. Downtown Toronto is facing some hardships with its older Premier Class A buildings as tenants move to new buildings.

National net absorption, at 1.3 million sq. ft., has been positive for five consecutive quarters. But with vacancy expected to increase in 4Q 2010 and through 2011 in some markets, absorption is expected to remain weak.

The velocity of rental rate decreases continues to slow, and although in some markets there are signs of increases, on a national basis rates will remain suppressed until the issues presented by new supply and the resulting vacancies are resolved.

Key Market Snapshots

Toronto, Canada: Pent-up demand accumulated across the Greater Toronto Area (GTA) during the 2009 recession, particularly in the Finance, Insurance and Real Estate (FIRE) sector. However, this demand has been released throughout the first three quarters of 2010. Year to date, the GTA has had 620,815 sq. ft. of positive absorption, counterbalancing 1.1 million sq. ft. of new supply, which has kept the vacancy rate below the 10.0% threshold, at 9.4%. While overall vacancy is 280 bps higher than the vacancy rate at the start of the recession, it is still well below the mid-teens vacancy rate that was feared at the outset of 2009. While the average net asking rent is currently near the 10-year high, rent hikes are imminent in submarkets with vacancy rates below 5.0%. Several other submarkets continue to struggle with vacancy in excess of 15.0%. As a result, although the average net asking rent is expected to climb slowly, it will not be in an even fashion across all submarkets.

Midtown Manhattan, U.S.: Midtown produced 3.82 million sq. ft. of leasing activity in 3Q, ahead of the five-year quarterly average of 3.67 million sq. ft. Four of the top five transactions during the third quarter were completed in the month of July, including CBS Broadcasting, Inc.'s 282,000-sq.-ft. renewal at 555 West 57th Street and Allianz Global Investors' 214,000-sq.-ft. lease at 1633 Broadway. Year-to-date leasing activity totaled 11.71 million sq. ft., surpassing the 11.63 million sq. ft. of leasing recorded during all of 2009 and just behind the 11.87 million sq. ft. of activity reported for full-year 2008. The quarter's strong leasing yielded positive net absorption of 1.70 million sq. ft. This followed positive absorption of 1.89 million sq. ft. in 2Q. The quarter's positive absorption brought year-to-date absorption to positive 4.02 million sq. ft., a sharp reversal from the previous year-to-date's 6.88 million sq. ft. of negative net absorption. Meanwhile, Midtown's availability rate dropped 0.7 points during 3Q to 13.0%—its lowest level since January 2009. As of 3Q 2009, availability stood at 14.9%.

San Francisco, U.S.: The San Francisco office market showed some signs of improvement in 3Q 2010. However, due to an overall slowdown in leasing activity and a significant return of space to the market by the California State Auto Association in the Class A and B markets, absorption remained negative at 42,376 sq. ft. in 3Q. Transaction activity slowed in 3Q, with 2 million sq. ft. of leasing activity, versus 3 million sq. ft. signed in 2Q; however, the average deal size increased marginally. At the same time, year-to-date transaction activity picked up 65% when compared to the same time last year. The top office lease transactions were completed by tenants from a variety of industry sectors. The three largest transactions of the quarter were Zynga's 275,000-sq.-ft. lease at 650 Townsend St., Deloitte & Touche's 166,000-sq.-ft. lease at 555 Mission St., and Salesforce.com's 71,000-sq.-ft. lease at 123 Mission St.

Washington, D.C., U.S.: The Washington, D.C., office market appears to be in a recovery period as net absorption, the primary measure of demand, totaled the highest quarterly measure in the past decade. Requirements from the federal government's General Services Administration have led to continued gains in net absorption throughout 2010 and are expected to continue on this path for the duration of the year. This continual growth from the government sector has driven the year-to-date net absorption total to 3.8 million sq. ft. Growth from the private sector, however, has remained stable with tenants' occupancy a "mixed bag," as some downsized and others expanded. As a consequence, the overall vacancy rate in the District fell by nearly two percentage points from 1Q's 12.0%, to 10.3%, the largest decline of any market in the country during the same period.

United States and Canada: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM		
	Current per local measure	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*
Albuquerque, U.S.	US$ 22.21 sq.ft. p.a.	-1.3	US$ 22.21	US$ 239	-1.3	€ 16.30	€ 175	6.0
Atlanta (CBD), U.S.	US$ 22.50 sq.ft. p.a.	7.0	22.50	242	7.0	16.51	178	14.9
Atlanta (sub), U.S.	US$ 22.80 sq.ft. p.a.	-4.0	22.80	245	-4.0	16.73	180	3.0
Austin, U.S.	US$ 18.50 sq.ft. p.a.	-3.6	26.57	286	-2.2	19.49	210	5.0
Baltimore, U.S.	US$ 25.69 sq.ft. p.a.	0.9	25.69	276	0.9	18.85	203	8.3
Boston (CBD), U.S.	US$ 43.42 sq.ft. p.a.	-7.3	43.42	467	-7.3	31.86	343	-0.5
Boston (sub), U.S.	US$ 32.21 sq.ft. p.a.	4.4	32.21	347	4.4	23.63	254	12.1
Calgary (CBD), Canada	C$ 47.98 sq.ft. p.a.	-13.5	46.64	502	-10.1%	34.21	368	-3.6
Calgary (sub), Canada	C$ 31.93 sq.ft. p.a.	-0.7	31.04	334	3.2%	22.77	245	10.7
Charlotte, U.S.	US$ 23.36 sq.ft. p.a.	1.0	23.36	251	1.0	17.14	184	8.4
Chicago (CBD), U.S.	US$ 23.70 sq.ft. p.a.	-4.5	33.89	365	-2.9	24.87	268	4.3
Chicago (sub), U.S.	US$ 16.05 sq.ft. p.a.	-2.8	22.83	246	-1.7	16.75	180	5.6
Cincinnati, U.S.	US$ 12.97 sq.ft. p.a.	-7.4	19.87	214	-4.6	14.58	157	2.5
Cleveland, U.S.	US$ 22.40 sq.ft. p.a.	-2.7	22.40	241	-2.7	16.43	177	4.4
Columbus, U.S.	US$ 11.77 sq.ft. p.a.	4.1	14.70	158	3.4	10.79	116	11.1
Dallas, U.S.	US$ 22.16 sq.ft. p.a.	-4.1	31.05	334	-2.6	22.78	245	4.5
Denver, U.S.	US$ 24.65 sq.ft. p.a.	-5.3	24.65	265	-5.3	18.09	195	1.7
Detroit, U.S.	US$ 20.64 sq.ft. p.a.	-2.9	20.64	222	-2.9	15.14	163	4.3
Edison, U.S.	US$ 23.34 sq.ft. p.a.	-1.6	23.34	251	-1.6	17.12	184	5.6
Edmonton, Canada	C$ 41.78 sq.ft. p.a.	-19.4	40.61	437	-16.2%	29.79	321	-10.1
Fort Lauderdale, U.S.	US$ 19.83 sq.ft. p.a.	0.9	28.95	312	0.9	21.24	229	8.4
Fort Worth, U.S.	US$ 23.80 sq.ft. p.a.	3.5	32.20	346	2.9	23.63	254	10.5
Halifax, Canada	C$ 32.86 sq.ft. p.a.	-0.1	31.94	344	3.8%	23.43	252	11.4
Hartford, U.S.	US$ 20.59 sq.ft. p.a.	-2.0	20.59	222	-2.0	15.11	163	5.2
Honolulu, U.S.	US$ 20.99 sq.ft. p.a.	-1.4	28.87	311	-0.7	21.18	228	6.6
Houston, U.S.	US$ 27.35 sq.ft. p.a.	3.8	27.35	294	3.8	20.07	216	11.5
Indianapolis, U.S.	US$ 19.85 sq.ft. p.a.	1.1	19.85	214	1.1	14.56	157	8.6
Jacksonville, U.S.	US$ 20.11 sq.ft. p.a.	-1.9	20.11	216	-1.9	14.75	159	5.3
Kansas City, U.S.	US$ 20.54 sq.ft. p.a.	1.3	20.54	221	1.3	15.07	162	8.8
Las Vegas, U.S.	US$ 32.35 sq.ft. p.a.	-9.1	32.35	348	-9.1	23.74	255	-2.4
London, Canada	C$ 26.48 sq.ft. p.a.	-1.3	25.74	277	2.5%	18.88	203	10.0
Long Island, U.S.	US$ 30.27 sq.ft. p.a.	-0.5	30.27	326	-0.5	22.21	239	6.8
Los Angeles (CBD), U.S.	US$ 28.80 sq.ft. p.a.	1.3	28.80	310	1.3	21.13	227	8.8
Los Angeles (sub), U.S.	US$ 43.33 sq.ft. p.a.	-10.1	43.33	466	-10.1	31.79	342	-3.4
Memphis, U.S.	US$ 20.25 sq.ft. p.a.	-0.8	20.25	218	-0.8	14.86	160	6.5
Miami (CBD), U.S.	US$ 45.19 sq.ft. p.a.	-3.6	45.19	486	-3.6	33.16	357	3.5
Miami (sub), U.S.	US$ 36.73 sq.ft. p.a.	-7.5	36.73	395	-7.5	26.95	290	-0.7
Minneapolis, U.S.	US$ 16.31 sq.ft. p.a.	-2.3	23.85	257	-1.2	17.50	188	6.0
Montreal (CBD), Canada	C$ 39.45 sq.ft. p.a.	-1.2	38.35	413	2.6%	28.13	303	10.1

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 occupation 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$1.40 and US$1.36. One US$ equals C$1.03.

U.S. Rents Compiled by Econometric Advisors (CBRE-EA) an independent subsidiary of CB Richard Ellis

United States and Canada: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM		
	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months
Montreal (sub), Canada	C$ 25.91 sq.ft. p.a.	1.0	US$ 25.19	US$ 271	4.9%	€ 18.47	€ 199	12.6
Nashville, U.S.	US$ 21.84 sq.ft. p.a.	-0.1	21.84	235	-0.1	16.02	172	7.3
New York Downtown, U.S.	US$ 39.96 sq.ft. p.a.	-7.6	39.96	430	-7.6	29.32	315	-0.8
New York Midtown, U.S.	US$ 66.59 sq.ft. p.a.	-4.5	66.59	717	-4.5	48.86	526	2.6
Newark, U.S.	US$ 25.01 sq.ft. p.a.	-5.2	25.01	269	-5.2	18.35	197	1.8
Oakland, U.S.	US$ 29.41 sq.ft. p.a.	-13.1	29.41	316	-13.1	21.58	232	-6.7
Orange County, U.S.	US$ 27.30 sq.ft. p.a.	-12.8	27.30	294	-12.8	20.03	216	-6.4
Orlando, U.S.	US$ 22.97 sq.ft. p.a.	-17.8	22.97	247	-17.8	16.85	181	-11.8
Ottawa, Canada	C$ 44.84 sq.ft. p.a.	-2.4	43.59	469	1.4%	31.97	344	8.8
Philadelphia, U.S.	US$ 25.91 sq.ft. p.a.	2.7	36.11	389	2.2	26.49	285	9.8
Phoenix, U.S.	US$ 25.70 sq.ft. p.a.	-4.0	25.70	277	-4.0	18.86	203	3.1
Pittsburgh, U.S.	US$ 22.45 sq.ft. p.a.	-0.9	22.45	242	-0.9	16.47	177	6.4
Portland, U.S.	US$ 25.86 sq.ft. p.a.	-3.0	25.86	278	-3.0	18.97	204	4.2
Raleigh, U.S.	US$ 22.00 sq.ft. p.a.	-5.1	22.00	237	-5.1	16.14	174	1.9
Riverside, U.S.	US$ 24.83 sq.ft. p.a.	-8.2	24.83	267	-8.2	18.22	196	-1.4
Sacramento, U.S.	US$ 29.45 sq.ft. p.a.	-0.5	29.45	317	-0.5	21.61	232	6.9
Salt Lake City, U.S.	US$ 26.76 sq.ft. p.a.	0.6	26.76	288	0.6	19.63	211	8.0
San Diego, U.S.	US$ 32.35 sq.ft. p.a.	-9.3	32.35	348	-9.3	23.74	255	-2.6
San Francisco, U.S.	US$ 33.97 sq.ft. p.a.	1.0	33.97	366	1.0	24.92	268	8.5
San Jose, U.S.	US$ 34.02 sq.ft. p.a.	-13.2	34.02	366	-13.2	24.96	269	-6.8
Seattle (CBD), U.S.	US$ 30.63 sq.ft. p.a.	-3.0	30.63	330	-3.0	22.47	242	4.2
Seattle (sub), U.S.	US$ 33.11 sq.ft. p.a.	-3.8	33.11	356	-3.8	24.29	261	3.3
St. Louis, U.S.	US$ 22.55 sq.ft. p.a.	-0.2	22.55	243	-0.2	16.54	178	7.2
Stamford, U.S.	US$ 36.69 sq.ft. p.a.	0.7	36.69	395	0.7	26.92	290	8.1
Tampa, U.S.	US$ 25.25 sq.ft. p.a.	-4.5	25.25	272	-4.5	18.53	199	2.6
Toledo, U.S.	US$ 18.66 sq.ft. p.a.	0.8	18.66	201	0.8	13.69	147	8.2
Toronto (CBD), Canada	C$ 60.77 sq.ft. p.a.	-6.5	59.07	636	-2.8%	43.33	466	4.3
Toronto (sub), Canada	C$ 30.96 sq.ft. p.a.	3.9	30.10	324	7.9%	22.07	238	15.8
Tucson, U.S.	US$ 22.59 sq.ft. p.a.	-1.8	22.59	243	-1.8	16.57	178	5.5
Vancouver (CBD), Canada	C$ 54.33 sq.ft. p.a.	-3.1	52.81	568	0.7%	38.74	417	8.1
Vancouver (sub), Canada	C$ 30.19 sq.ft. p.a.	-2.5	29.35	316	1.3%	21.53	232	8.7
Ventura, U.S.	US$ 27.18 sq.ft. p.a.	-4.5	27.18	292	-4.5	19.94	215	2.6
Washington, DC (CBD), U.S.	US$ 53.03 sq.ft. p.a.	2.5	53.03	571	2.5	38.91	419	10.0
Washington, DC (sub), U.S.	US$ 39.70 sq.ft. p.a.	3.4	39.70	427	3.4	29.13	313	11.1
Waterloo Region, Canada	C$ 23.96 sq.ft. p.a.	-1.2	23.29	251	2.7%	17.08	184	10.2
West Palm Beach, U.S.	US$ 22.14 sq.ft. p.a.	-5.5	36.11	389	-3.0	26.49	285	4.1
Wilmington, U.S.	US$ 23.40 sq.ft. p.a.	8.8	32.10	345	6.6	23.55	253	14.5
Winnipeg, Canada	C$ 29.52 sq.ft. p.a.	0.0	28.70	309	3.9%	21.05	226	11.5

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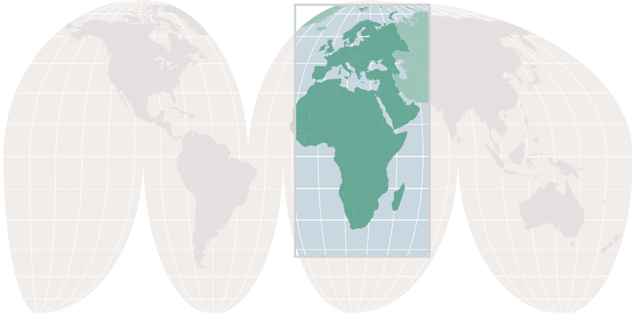

EMEA Regional Snapshot

Evidence of continued weakness in some of Europe's major economies, along with the likelihood that tighter austerity measures will rein back some of the region's stronger performers, continues to cause widespread nervousness among occupiers and investors. Monetary policy remains highly supportive, with near-zero interest rates remaining in place in both the U.K. and the Eurozone.

At this stage in the cycle and with the immediate economic outlook still unclear, it is not surprising that key indicators for the main office markets remain variable. Among the major markets, London was the only one to see a quarter-over-quarter increase in gross leasing activity in 3Q. Elsewhere, leasing activity slowed down over the summer months, as is traditionally the case during that period. However, taking the first three quarters of the year as a whole, take-up is running well ahead of the corresponding period last year. In some markets, measures of leasing activity remain highly susceptible to the timing of individual major deals: Major acquisitions by UBS in London and Allianz Global Investors in Frankfurt have made a significant difference to the figures for those markets during 3Q, for example. More generally, the ongoing prominence of replacement and rationalization demand in the market means that net absorption will continue to be subdued.

Supply-side indicators also vary across markets, with vacancy rates rising in Frankfurt and Madrid, falling in London and remaining stable in Paris. In general, there is a widespread expectation that vacancy levels are close to their peak, even in markets where this is not yet evident in the data. While speculative development activity is expected to be very low just about everywhere in the next two years, any contraction in vacancy may be stalled by weak demand conditions, at least in the short term.

Reflecting the tentative nature of the economic recovery, European rents have seen very little movement in the past few quarters. The CB Richard Ellis office rent index for the EU-15 area increased by 0.3% in 3Q, showing a year-over-year increase of 1.0%. Few cities are seeing any downward rental pressure (though the list does include Madrid, Barcelona and Dubai), and several have seen some increase, including Berlin, Stockholm and the City of London. In the vast majority of cases, however, prime rents remained static over the quarter. Looking forward, the lack of new development projects in the next few years will create a supply shortage of large, good-quality space in many markets across Europe. At this point, rents at the top end of the market are therefore likely to increase relatively quickly once demand improves.

Key Market Snapshots

Frankfurt, Germany: Sentiment in the Frankfurt office market has improved over the course of the year, but remains moderate. Demand for office space is improving slowly, particularly for high-quality units in central locations, and year-to-date take-up is about 25% higher than over the same period last year. In part, this increase is due to a number of significant owner-occupier deals in the past six months. Vacancy rates continue to rise but, going forward, the lack of speculative development should limit further increases. In 2011, only one-fifth of the development pipeline will be speculative, and this supply picture will help to keep prime rents stable for the short to medium term. It could also help trigger growth toward the end of 2011 and into 2012.

London, England: Central London take-up strengthened in 3Q to rise well above trend, and reflects strong activity in both the City and West End markets. The return of large pre-lets was the main reason for this boost in activity, which looks set to continue with current under-offers, including a large pre-let deal. Meanwhile, availability continues to decline as the amount of second-hand space on the market falls. Prime rents have increased sharply in the City and Midtown, but have been unchanged in the core West End market in the past six months, following earlier increases. Only 400,000 sq. ft. of space is expected to be completed during the remainder of the year and, with the development pipeline remaining low for 2011 and 2012, further rental growth is expected.

Paris, France: The Paris office market is showing signs of a solid, if slow, recovery. The level of interest in the market remains fairly low by historic standards, and this is not expected to pick up quickly. However, it is a positive sign that much of this interest comes from companies who are looking to expand rather than relocate. Paris Centre West continues to lead the market, with a number of small- to medium-size transactions being signed over the past few months. It is notable that very few large deals have taken place recently. The vacancy rate is stable at 6.8% for the third consecutive quarter, but may fall, as new and redeveloped future supply is dwindling with few speculative launches in the pipeline. Prime rents are stable, and this trend is expected to continue.

Madrid, Spain: The Madrid market has not changed much in the past few months. Take-up remains at a low level, compounded by the summer holiday period, which is traditionally a slow time of year. Most of the activity continues to be relocation activity, and this reflects the fact that market rents are more favorable than current lease terms for many occupiers at present. Vacancy rates are high but are expected to peak soon as staff redundancies have already taken place in many companies. Rents continue to fall slightly, and a degree of downward pressure may well continue through 2011. It is difficult to envisage the bottom of the market before 2012, given the weak economic outlook and high unemployment forecasts.

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

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Typical lease term (yrs.)	Typical rent free (months)
Aberdeen, United Kingdom	GBP 30.00 sq.ft. p.a.	0.0	GBP 41.00 sq.ft. p.a.	0.0	US$ 63.57	US$ 684.31	-3.1	€ 48.03	€ 516.96	7.1	10	12
Abu Dhabi, United Arab Emirates	AED 2,600.00 sq.m. p.a.	-10.3	AED 2,850.00 sq.m. p.a.	-14.4	72.11	776.14	-14.4	52.90	569.44	-8.1	1-3	1
Amsterdam, Netherlands	EUR 330.00 sq.m. p.a.	0.0	EUR 372.85 sq.m. p.a.	0.1	50.76	546.43	-6.8	37.25	400.91	0.1	5+5	12-24
Athens, Greece	EUR 33.00 sq.m. p.m.	3.1	EUR 38.15 sq.m. p.m.	4.0	61.47	661.65	-4.5	45.73	492.26	4.0	12+4	1
Barcelona, Spain	EUR 237.00 sq.m. p.a.	-8.1	EUR 279.00 sq.m. p.a.	-6.0	39.69	427.26	-12.4	29.12	313.48	-6.0	3+2	4
Belfast, United Kingdom	GBP 12.50 sq.ft. p.a.	-10.7	GBP 21.00 sq.ft. p.a.	-6.7	32.99	355.13	-8.4	24.21	260.60	-1.6	10	9
Belgrade, Serbia	EUR 15.00 sq.m. p.m.	-6.3	EUR 20.70 sq.m. p.m.	-5.4	30.57	329.01	-14.4	23.08	248.40	-5.4	5	3
Berlin, Germany	EUR 21.00 sq.m. p.m.	5.0	EUR 24.50 sq.m. p.m.	6.5	37.23	400.71	-0.8	27.31	294.00	6.5	5+5	6-12
Birmingham, United Kingdom	GBP 27.50 sq.ft. p.a.	1.9	GBP 42.00 sq.ft. p.a.	0.0	64.88	698.34	-3.5	49.42	531.97	7.6	10	36-48
Bratislava, Slovak Republic	EUR 17.00 sq.m. p.m.	0.0	EUR 23.92 sq.m. p.m.	0.0	40.38	434.69	-6.9	29.63	318.93	0.0	5	3-8
Brussels, Belgium	EUR 285.00 sq.m. p.a.	7.5	EUR 360.00 sq.m. p.a.	9.8	55.25	594.74	2.2	40.54	436.36	9.8	3/6/9	1 year secured
Budapest, Hungary	EUR 20.00 sq.m. p.m.	0.0	EUR 24.20 sq.m. p.m.	0.0	40.86	439.78	-6.9	29.98	322.67	0.0	3-5	6-8
Cape Town, South Africa	ZAR 110.00 sq.m. p.m.	-8.3	ZAR 110.00 sq.m. p.m.	-8.3	17.63	189.79	-1.6	12.93	139.23	6.3	3-5	0
Copenhagen, Denmark	DKK 1,675.00 sq.m. p.a.	-2.9	DKK 2,105.00 sq.m. p.a.	-2.1	42.09	453.06	-8.9	30.87	332.31	-2.2	3-5 (tenant) / 5-10 (landlord)	0
Dubai, United Arab Emirates	AED 350.00 sq.ft. p.a.	-12.5	AED 350.00 sq.ft. p.a.	-12.5	95.32	1,025.97	-12.5	69.93	752.74	-6.0	3	2
Dublin, Ireland	EUR 376.00 sq.m. p.a.	-12.6	EUR 524.00 sq.m. p.a.	-12.4	66.35	714.19	-18.4	48.68	524.00	-12.4	10	21
Durban, South Africa	ZAR 110.00 sq.m. p.m.	-8.3	ZAR 110.00 sq.m. p.m.	-8.3	17.63	189.79	-1.6	12.93	139.23	6.3	3-5	0
Edinburgh, United Kingdom	GBP 27.50 sq.ft. p.a.	-1.8	GBP 44.50 sq.ft. p.a.	-1.1	69.91	752.55	-2.9	51.30	552.22	4.3	10	36
Frankfurt am Main, Germany	EUR 38.00 sq.m. p.m.	0.0	EUR 43.00 sq.m. p.m.	0.0	70.26	756.22	-6.9	51.55	554.84	0.0	5	6-9
Geneva, Switzerland	CHF 850.00 sq.m. p.a.	0.0	CHF 910.00 sq.m. p.a.	0.0	86.08	926.59	5.5	63.14	679.61	13.2	5	3
Glasgow, United Kingdom	GBP 27.00 sq.ft. p.a.	-5.3	GBP 40.50 sq.ft. p.a.	-2.4	63.63	684.90	-4.2	46.69	502.58	2.9	10	30
Gothenburg, Sweden	SEK 2,250.00 sq.m. p.a.	0.0	SEK 2,635.00 sq.m. p.a.	0.0	40.39	434.76	3.3	29.61	318.72	11.0	3-5	3-6
Hamburg, Germany	EUR 22.50 sq.m. p.m.	-4.3	EUR 25.60 sq.m. p.m.	-3.8	41.83	450.21	-10.4	30.69	330.32	-3.8	5+5	5-6
Helsinki, Finland	EUR 326.00 sq.m. p.a.	-1.2	EUR 383.00 sq.m. p.a.	-0.3	53.89	580.01	-7.1	39.54	425.56	-0.3	3-5	None
Istanbul, Turkey	US$ 40.00 sq.m. p.m.	0.0	US$ 59.00 sq.m. p.m.	1.7	78.77	847.90	1.7	57.79	622.09	9.2	3-5	1
Jersey, United Kingdom	GBP 28.00 sq.ft. p.a.	0.0	GBP 33.75 sq.ft. p.a.	0.0	53.02	570.75	-1.8	38.91	418.82	5.4	15	12
Johannesburg, South Africa	ZAR 140.00 sq.m. p.m.	7.7	ZAR 140.00 sq.m. p.m.	7.7	22.44	241.55	15.6	16.46	177.20	24.8	3-5	0
Leeds, United Kingdom	GBP 25.00 sq.ft. p.a.	-7.4	GBP 37.00 sq.ft. p.a.	-5.1	58.13	625.71	-6.9	42.66	459.15	0.0	10	24
Lille, France	EUR 185.00 sq.m. p.a.	0.0	EUR 245.00 sq.m. p.a.	-2.0	33.36	359.06	-8.7	24.47	263.44	-2.0	3/6/9	3-6
Lisbon, Portugal	EUR 19.00 sq.m. p.m.	-5.0	EUR 23.00 sq.m. p.m.	-4.2	37.72	406.02	-12.3	28.18	303.30	-4.2	5	3-6
Liverpool, United Kingdom	GBP 20.00 sq.ft. p.a.	5.3	GBP 32.00 sq.ft. p.a.	3.2	49.36	531.29	-0.5	37.72	406.02	11.3	10	24-36
London City, United Kingdom	GBP 52.50 sq.ft. p.a.	25.0	GBP 79.30 sq.ft. p.a.	17.5	124.59	1,341.06	15.3	91.42	984.06	23.9	10	24
London West End, United Kingdom	GBP 85.00 sq.ft. p.a.	6.3	GBP 123.28 sq.ft. p.a.	9.0	193.69	2,084.81	7.0	142.13	1,529.83	14.9	10	18-20
Luxembourg City, Luxembourg	EUR 40.00 sq.m. p.m.	0.0	EUR 44.83 sq.m. p.m.	0.0	82.57	888.75	-6.9	60.58	652.07	0.0	3/6/9	1.5
Lyon, France	EUR 230.00 sq.m. p.a.	-8.0	EUR 302.00 sq.m. p.a.	-4.1	41.12	442.59	-10.7	30.17	324.73	-4.1	3-6-9	4.5-9

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 local currency, Euros and U.S. dollars for all markets. A complete explanation of the reported data appears at the end of this publication.

Local figures are based on local measurements. The standardized Euro occupancy costs account for differing values in net and gross measurements.

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

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	*% change 12 months*	*Current per local measure*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Typical lease term (yrs.)*	*Typical rent free (months)*
Madrid, Spain	EUR 324.00 sq.m. p.a.	-8.5	EUR 387.00 sq.m. p.a.	-7.2	US$ 57.65	US$ 620.55	-13.6	€ 42.30	€ 455.29	-7.2	3+2	3
Malaga, Spain	EUR 168.00 sq.m. p.a.	-6.7	EUR 207.00 sq.m. p.a.	-5.5	30.84	331.92	-12.0	22.62	243.53	-5.5	3+3	1-2
Manchester, United Kingdom	GBP 28.50 sq.ft. p.a.	0.0	GBP 43.50 sq.ft. p.a.	-2.2	68.34	735.64	-4.0	50.15	539.81	3.1	10	36
Marseille, France	EUR 250.00 sq.m. p.a.	0.0	EUR 315.00 sq.m. p.a.	0.0	42.89	461.65	-6.9	31.47	338.71	0.0	3/6/9	3-6
Milan, Italy	EUR 520.00 sq.m. p.a.	0.0	EUR 565.00 sq.m. p.a.	0.0	78.62	846.23	-6.9	57.68	620.88	0.0	6+6	6
Moscow, Russian Federation	US$ 875.00 sq.m. p.a.	-2.8	US$ 1,174.10 sq.m. p.a.	-2.5	128.33	1,381.29	-2.5	96.89	1,042.88	7.8	3-5	0-6
Munich, Germany	EUR 29.50 sq.m. p.m.	-4.8	EUR 33.00 sq.m. p.m.	-4.3	55.10	593.11	-10.9	40.43	435.16	-4.3	5+5	6-9
Oporto, Portugal	EUR 14.00 sq.m. p.m.	-6.7	EUR 16.20 sq.m. p.m.	-5.8	26.67	287.11	-13.5	19.85	213.63	-5.8	3	0-1
Oslo, Norway	NOK 3,200.00 sq.m. p.a.	6.7	NOK 3,500.00 sq.m. p.a.	7.0	61.55	662.57	5.2	45.13	485.75	12.8	3-5	0-3
Palma de Mallorca, Spain	EUR 144.00 sq.m. p.a.	-7.7	EUR 159.60 sq.m. p.a.	-7.0	23.78	255.91	-13.4	17.44	187.76	-7.0	2+3	1-2
Paris Ile-de-France, France	EUR 770.00 sq.m. p.a.	2.7	EUR 859.00 sq.m. p.a.	2.5	115.72	1,245.55	-5.5	85.81	923.66	2.5	3/6/9	4.5-12
Prague, Czech Republic	EUR 21.00 sq.m. p.m.	0.0	EUR 29.70 sq.m. p.m.	2.4	48.64	523.54	-7.5	36.79	396.00	2.4	5	1 to 5
Rome, Italy	EUR 420.00 sq.m. p.a.	0.0	EUR 460.00 sq.m. p.a.	0.0	64.01	688.97	-6.9	46.96	505.49	0.0	6+6	6
Sofia, Bulgaria	EUR 14.25 sq.m. p.m.	-10.9	EUR 17.25 sq.m. p.m.	-9.2	29.79	320.60	-15.4	21.85	235.23	-9.2	3 to 5	1 to 3
Southampton, United Kingdom	GBP 19.00 sq.ft. p.a.	0.0	GBP 30.00 sq.ft. p.a.	3.4	46.29	498.29	-0.3	35.35	380.45	11.5	10	18-24
Stockholm, Sweden	SEK 4,200.00 sq.m. p.a.	5.0	SEK 4,780.00 sq.m. p.a.	4.4	73.27	788.67	7.8	53.71	578.17	15.8	3-5	3-6
Tel Aviv, Israel	US$ 27.00 sq.m. p.m.	20.0	US$ 38.00 sq.m. p.m.	13.4	52.95	570.00	13.4	38.85	418.20	21.8	3-5	None
Thessaloniki, Greece	EUR 14.00 sq.m. p.m.	-3.4	EUR 17.35 sq.m. p.m.	-0.9	28.35	305.13	-7.7	20.80	223.87	-0.9	12+4	1
Valencia, Spain	EUR 168.00 sq.m. p.a.	-18.8	EUR 205.88 sq.m. p.a.	-15.9	30.67	330.12	-21.7	22.50	242.21	-15.9	2+3	2-3
Vienna, Austria	EUR 22.25 sq.m. p.m.	0.0	EUR 26.25 sq.m. p.m.	0.0	41.99	451.93	-6.9	30.80	331.58	0.0	5	3-6
Warsaw, Poland	EUR 25.00 sq.m. p.m.	8.7	EUR 31.00 sq.m. p.m.	6.9	52.34	563.35	-0.4	38.40	413.33	6.9	5 - 7	3-12
Zurich, Switzerland	CHF 850.00 sq.m. p.a.	-4.5	CHF 890.00 sq.m. p.a.	-4.3	84.19	906.22	0.9	61.75	664.68	8.4	5	1-3

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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 sq.ft. 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 (sq.ft.) 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 sq.ft.) 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 sq.ft. 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 sq.ft. 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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