



GLOBAL RESEARCH AND CONSULTING

Prime Office Occupancy Costs Office Costs Rising Slowly

CBRE

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EXECUTIVE SUMMARY

- An uneven global economic recovery has led to diverging paths in the direction of prime office occupancy costs in key markets.
- On a year-over-year basis, the rate of growth in prime office occupancy costs slowed, up a modest 1.4% globally in Q1 2013, compared with 2.1% in Q3 2012. The slowdown was a result of slower global economic growth as well as significant expense management and cost control, footprint consolidation, and more efficient workplace design by occupiers.
- Regionally, the Americas saw the strongest year-over-year growth in prime office occupancy costs, at 2.8%, followed by Asia Pacific, at 2.1%. A significant lack of Class A office space across Asia Pacific continued to drive up prime office occupancy costs in key markets.
- Office occupancy costs continued to fall across EMEA.
- Of the top 10 most expensive office markets, six were located in Asia Pacific, three were in EMEA and one was in the Americas.
- Economic data continued to paint a mixed picture for the global economy. While the Americas and Asia Pacific saw growth, economic conditions remained lackluster across most of EMEA, especially in Southern Europe. The U.K. and Japan, however, outperformed expectations.

SIX OF THE 10 MOST EXPENSIVE PRIME OFFICE MARKETS IN ASIA

Despite a lackluster global economic environment, prime office occupancy costs increased 1.4% globally year-over-year. The rate of growth was slower than in CBRE's previous study in Q3 2012, which saw occupancy costs rise 2.1% year-over-year. Of the 127 markets tracked in this report, occupancy costs increased in 71 markets, declined in 34 and were unchanged in 22.

Of the top 50 most expensive office markets worldwide, 21 were located in Asia Pacific, 18 were in EMEA and 11 were in the Americas. This distribution is in line with recent historical trends. Furthermore, six of the top 10 most expensive office markets were located in Asia Pacific, compared with three in EMEA and one in the Americas. The lack of prime office space was a key factor in driving up office occupancy costs across Asia Pacific.

Top 10 – Most Expensive

(ranked by prime office space occupancy costs in USD/sq. ft./annum - as of Q1 2013)

Rank	Market	Occ. Cost
1	Hong Kong (Central), Hong Kong	235.23
2	London - Central (West End), United Kingdom	222.58
3	Beijing (Finance Street), China	194.07
4	Beijing (Jianguomen - CBD), China	187.06
5	New Delhi (Connaught Place - CBD), India	178.96
6	Hong Kong (West Kowloon), Hong Kong	173.90
7	Moscow, Russian Federation	165.05
8	Tokyo (Marunouchi/Otemachi), Japan	161.16
9	London - Central (City), United Kingdom	132.94
10	New York (Midtown Manhattan), U.S.	120.65

Top 10 – Largest Increases

(ranked by 12-month % change increases - as of Q1 2013)

Rank	Market	% Change
1	Jakarta, Indonesia	38.9
2	Houston (Suburban), U.S.	21.2
3	Boston (Downtown), U.S.	15.4
4	Houston (Downtown), U.S.	14.9
5	Manila, Philippines	14.9
6	Beijing (Finance Street), China	14.7
7	San Francisco (Downtown), U.S.	14.3
8	Calgary (Downtown), Canada	12.0
9	Seattle (Suburban), U.S.	10.5
10	Hong Kong (West Kowloon), Hong Kong	9.5

Source: CBRE Research, Q1 2013.

The most expensive office markets share certain common characteristics:

- They are often the regional headquarters of large multinational firms that require a central location with access to major global transit routes.
- They are highly exposed to the financial services industry, as the most expensive office markets are typically world-renowned money centers.
- They are also “prestige” markets—cities where leading global companies want to have a presence due to the prestige of the location/address.
- Not surprisingly, the most expensive office locations are characterized by significant barriers to new supply. New supply in key global core markets has been limited, driving up occupancy costs despite the tepid global economic environment.

Hong Kong was home to two of the top 10 most expensive office markets in Q1 2013, with **Hong Kong (Central)** once again topping the list. This submarket, Hong Kong’s central business district (CBD), is home to the regional headquarters of numerous multinational companies and is a leading global financial center. Large banks and financial institutions remain the dominant occupiers in the area, and many financial services-related companies, such as legal and accounting firms, are also located there. Although financial institutions have become more cost-sensitive, with some firms considering relocating to less expensive space outside of the CBD, high-quality and premium space is still highly sought after, especially by mainland Chinese firms, which are increasingly setting up their offices in the area’s most prestigious buildings.

Meanwhile, **Hong Kong (West Kowloon)** was ranked sixth on the Q1 2013 list. The submarket’s relatively lower—albeit

Figure 1: Global 50 Index – Most Expensive

(ranked by prime office space occupancy costs in USD/sq. ft./annum - as of Q1 2013)

1	Hong Kong (Central), Hong Kong	235.23	26	Mumbai (Nariman Point - CBD), India	90.67
2	London - Central (West End), United Kingdom	222.58	27	Zurich, Switzerland	87.11
3	Beijing (Finance Street), China	194.07	28	Istanbul, Turkey	85.45
4	Beijing (Jianguomen - CBD), China	187.06	29	Brisbane, Australia	79.10
5	New Delhi (Connaught Place - CBD), India	178.96	30	Los Angeles (Suburban), U.S.	79.10
6	Hong Kong (West Kowloon), Hong Kong	173.90	31	Seoul (Yeouido), South Korea	77.74
7	Moscow, Russian Federation	165.05	32	Stockholm, Sweden	76.65
8	Tokyo (Marunouchi/Otemachi), Japan	161.16	33	New York (Downtown Manhattan), U.S.	74.93
9	London - Central (City), United Kingdom	132.94	34	Caracas, Venezuela	74.66
10	New York (Midtown Manhattan), U.S.	120.65	35	Guangzhou, China	73.71
11	Mumbai (Bandra Kurla Complex), India	119.93	36	Milan, Italy	71.31
12	Paris, France	119.32	37	Manchester, United Kingdom	69.13
13	Sydney, Australia	119.23	38	Aberdeen, United Kingdom	67.99
14	São Paulo, Brazil	118.86	39	Edinburgh, United Kingdom	67.61
15	Shanghai (Pudong), China	117.68	40	Taipei, Taiwan	67.60
16	Rio de Janeiro, Brazil	113.06	41	Oslo, Norway	67.07
17	Shanghai (Puxi), China	109.21	42	Birmingham, United Kingdom	66.39
18	Geneva, Switzerland	104.24	43	Frankfurt, Germany	66.06
19	Singapore, Singapore	99.65	44	Ho Chi Minh City, Vietnam	64.90
20	Washington, D.C. (Downtown), U.S.	97.80	45	Bristol, United Kingdom	63.05
21	Perth, Australia	97.09	46	Jakarta, Indonesia	62.50
22	San Francisco (Downtown), U.S.	96.00	47	Glasgow, United Kingdom	62.29
23	Boston (Downtown), U.S.	93.75	48	San Francisco (Peninsula), U.S.	62.10
24	Seoul (CBD), South Korea	93.69	49	Melbourne, Australia	61.89
25	Dubai, United Arab Emirates	92.57	50	Toronto (Downtown), Canada	61.40

Source: CBRE Research, Q1 2013.

still high—occupancy costs, coupled with its close proximity and strong public transportation links to Central, makes it an attractive location for cost-sensitive occupiers looking for high-quality space near the CBD. Indeed, cost-conscious occupiers that do not need a CBD presence, such as back office operations of major investment banks, are vying for secondary locations in West Kowloon, driving up office occupancy costs in non-core submarkets. In addition, high rents in Central have driven some corporate occupiers to West Kowloon, further increasing demand for space. As a result, rents are rising in West Kowloon, and the spread in average rents between the two submarkets is diminishing.

Two London submarkets made the top 10 list in Q1 2013. **London-Central (West End)** was the second most expensive submarket worldwide and was the top-ranked submarket in EMEA. Development restrictions in this core area, where occupier demand is focused, has resulted in very low vacancy rates. As in Hong Kong, financial firms, such as private equity and hedge fund managers, remain willing to pay premium rents for office space in the area's most prestigious locations.

London-Central (City), ranked ninth on the Q1 2013 list, is London's financial district. The area has less restrictive land use planning and larger, more modern buildings than the West End. However, low levels of development during the downturn has resulted in a shortage of available space in prime, centrally located buildings. While the submarket's vacancy rate is still relatively low, some new speculative development will come online in the next two years.

Beijing also had two submarkets in the top 10. The rise in Beijing's office rents reflects the rapid growth of the Chinese economy as well as constrained supply levels in the Chinese capital. Growth in **Beijing (Finance Street)**, ranked third on the Q1 2013 list, has been driven by demand from domestic financial companies, which have not been as vulnerable to external economic shocks as multinational corporations and can afford the submarket's relatively high rents. With no new supply of prime office space expected in this submarket for 3-4 years, according to CBRE, rents will remain at elevated levels.

Beijing (Jianguomen-CBD), ranked fourth on the Q1 2013 list, is home to a cluster of multinational corporations that require prime office space and a Beijing presence. Healthy

demand, coupled with limited development—no new prime office space has come online since 2011—has sustained the area's high rents. With limited construction pipelines for 2013 and 2014, this trend will likely continue.

Demand for space in **New Delhi (Connaught Place-CBD)**, ranked fifth on the Q1 2013 list, remained strong. This, combined with Connaught Place's central location, excellent access to key regional markets and limited availability of prime office space, has fueled the area's rising occupancy costs. New prime supply in Connaught Place, which has come in the form of the redevelopment and renovation of existing buildings, has commanded top rents. Given India's dynamic economy and positive demographic trends, office occupancy rates should remain high in the near term.

Moscow, ranked seventh on the Q1 2013 list, is the third-largest office market in Europe after London and Paris. As the political and business capital of Russia, the city attracts strong demand from major corporate occupiers, especially from the energy sector. These companies are generally located within the Garden Ring, where land is in high demand from a range of uses—and is priced accordingly.

Tokyo (Marunouchi/Otemachi), the eighth most expensive submarket worldwide in Q1 2013, is at the heart of Tokyo's financial center and is the most concentrated area of large-scale office buildings in the city. Top-quality new buildings with strong earthquake-resistant features continued to be sought after by both domestic and global financial and manufacturing firms. The submarket is close to Tokyo station, a major intercity transportation hub, adding to its attraction among occupiers. Other than the redevelopment of existing building sites, there is limited space for new development.

The only Americas market to make the top 10 list in Q1 2013 was **New York (Midtown Manhattan)**, which ranked 10th. Demand for prime space from the financial services industry is increasing for the first time since the recession ended, although prime rents in high-end buildings that cater to boutique financial firms have yet to reach their pre-global financial crisis market highs. It is expected that recent investment activity for Park Avenue and Madison Avenue trophy buildings at aggressive capitalization rates will continue to put upward pressure on prime rents.

OCCUPANCY COST INCREASES: ENERGY AND HIGH-TECH MARKETS LEAD

Of the 127 markets tracked in this report, occupancy costs increased year-over-year in 71 markets. Markets that reported the largest annual occupancy cost increases included top high-tech markets, emerging financial centers and regions with high exposure to the energy and oil/gas sectors. In some markets, higher occupancy costs were also driven by rising local government taxes and user fees.

Jakarta reported the largest increase in prime office occupancy costs, up 38.9% year-over-year. Much of the gain stemmed from a combination of growing office demand as a result of Indonesia's economic growth and a very low supply of prime space. This type of growth is typical of emerging markets, whereby there is a sudden growth in demand, leading to increases in prime rents, before developers can respond with new prime space.

Energy-focused markets such as Denver, Oslo, Calgary (Downtown and Suburban) and Houston (Downtown and

Suburban), as well as high-tech markets such as San Francisco (Downtown), Boston (Downtown and Suburban), and Seattle (Downtown and Bellevue CBD), saw large year-over-year increases in Q1 2013. There is limited new supply in these markets as lenders generally require a high level of pre-leasing before they will agree to finance new construction projects.

Prime office occupancy costs also increased as a result of higher property taxes, as in the case of London (West End and City), Jakarta and Boston (Downtown and Suburban). In London, business property taxes are linked to inflation. In Boston (Suburban and Downtown), new property appraisals have led to higher taxes, which landlords, in turn, have passed through to tenants. In Jakarta, an increase in electricity tariffs applied by the local government in Q1 2013 contributed to increases in occupancy costs.

In Latin America, rampant inflation in Caracas, where prime office supply is limited and occupier demand is steady, has led to increased capital flows to real assets, including office

Figure 2: Global 50 Index – Largest Annual Changes

Prime Office Space Occupancy Costs in Local Currency & Measure (ranked by 12-month % change increases and decreases - as of Q1 2013)

Top 35 Increases					
1	Jakarta, Indonesia	38.9	19	London - Central (City), United Kingdom	6.3
2	Houston (Suburban), U.S.	21.2	20	Boston (Suburban), U.S.	6.3
3	Boston (Downtown), U.S.	15.4	21	Lima, Peru	6.2
4	Houston (Downtown), U.S.	14.9	22	Seattle (Downtown), U.S.	5.8
5	Manila, Philippines	14.9	23	Gothenburg, Sweden	5.8
6	Beijing (Finance Street), China	14.7	24	Oslo, Norway	5.6
7	San Francisco (Downtown), U.S.	14.3	25	New York (Midtown Manhattan), U.S.	5.6
8	Calgary (Downtown), Canada	12.0	26	Bangkok, Thailand	5.3
9	Seattle (Suburban), U.S.	10.5	27	Mexico City, Mexico	4.4
10	Hong Kong (West Kowloon), Hong Kong	9.5	28	Lyon, France	4.2
11	Calgary (Suburban), Canada	9.0	29	New Delhi (Gurgaon), India	4.1
12	Caracas, Venezuela	8.1	30	Vancouver (Downtown), Canada	4.0
13	New Delhi (Connaught Place - CBD), India	7.7	31	Munich, Germany	3.8
14	Monterrey, Mexico	7.5	32	Washington, D.C. (Downtown), U.S.	3.5
15	New York (Downtown Manhattan), U.S.	7.3	33	Toronto (Suburban), Canada	3.4
16	Perth, Australia	6.5	34	Belgrade, Serbia	3.4
17	Marseille, France	6.3	35	Istanbul, Turkey	3.2
18	London - Central (West End), United Kingdom	6.3			
Top 15 Decreases					
1	Singapore, Singapore	-16.3	9	Guangzhou, China	-7.1
2	Guadalajara, Mexico	-16.1	10	Shanghai (Puxi), China	-6.8
3	Buenos Aires, Argentina	-11.0	11	Thessaloniki, Greece	-6.5
4	Valencia, Spain	-10.3	12	Bucharest, Romania	-6.1
5	Oporto, Portugal	-9.6	13	Tel Aviv, Israel	-6.0
6	São Paulo, Brazil	-8.9	14	Hanoi, Vietnam	-5.8
7	Washington, D.C. (Suburban), U.S.	-8.7	15	Hong Kong (Central), Hong Kong	-5.5
8	Mumbai (Nariman Point - CBD), India	-7.8			

Source: CBRE Research, Q1 2013.

buildings. Investor demand has bid up prices for office assets, and, in order to maximize returns, owners have raised office rents. In Mexico City and Lima, a shortage of quality office space and a lack of large blocks of contiguous space have resulted in increased office costs. Meanwhile, there is ample new development activity across Brazil, but it is mostly pre-leased. As such, rents continued to rise, albeit at a more moderate pace than previous periods.

OCCUPANCY COST DECREASES: ADVENT OF NEW SUPPLY

Of the 127 markets tracked by CBRE, occupancy costs declined on a year-over-year basis in 34 markets. Four markets reported double-digit declines, led by Singapore, which saw a 16.3% year-over-year decrease. After office rents peaked in Q3 2011, prime office rents trended down in 2012 and 2013 amid weakening demand for space due to cost containment measures as well as an influx of new supply. Most of this decline occurred in early 2012, with only minimal rental corrections in the second half of 2012 and a marginal downward adjustment in Q1 2013.

Declines in occupancy costs across other markets resulted from a number of factors, including:

- Increases in both new supply and the availability of secondary space in Singapore, São Paulo, Washington, D.C. (Suburban), Shanghai (Puxi), Guangzhou, Tel Aviv and Vietnam.
- Reduced demand due to economic stagnation as well as cost containment among both domestic and multinational corporations in Southern European markets, including Madrid, Milan, Rome and Athens, as well as smaller markets such as Valencia and Oporto.
- Political risk in certain emerging markets, such as Buenos Aires, which has reduced demand from occupiers.

While Hong Kong (Central) ranked as the most expensive office market worldwide in Q1 2013, it also reported a 5.5% year-over-year decline in rents in Q1 2013. This, in part, reflected a correction from a previous rent spike, as demand in Hong Kong (Central) has yet to fully recover from the global economic downturn, despite early signs of increased activity compared to previous periods. Multinational banks and financial firms in the area remained focused on shedding costs, whereas activity from the legal sector also slowed following an active 2012.

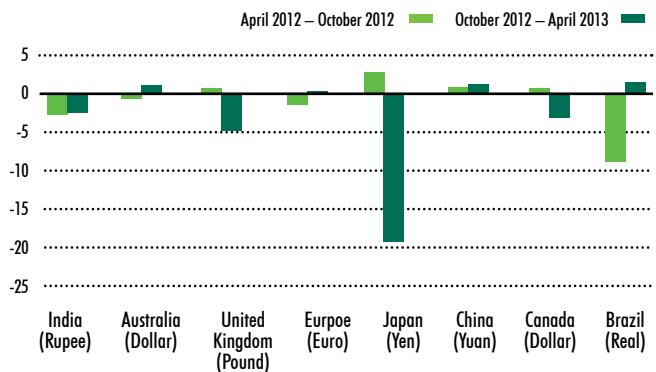
CURRENCY PERFORMANCE RELATIVE TO THE U.S. DOLLAR

The Global 50 Index of office markets with the highest prime office occupancy costs (Figure 1) ranks all costs in U.S. dollar terms. As such, movements in exchange rates should be considered in comparing relative occupancy costs globally.

Global exchange rate movements, especially currency movements relative to the U.S. dollar, are driven by global growth patterns and monetary policy. During Q1 2013, key central banks continued to cut interest rates, highlighting the accommodative goals among policy makers. Nowhere was this as pronounced as in Japan, which is undergoing an unprecedented policy experiment to end deflation and boost growth by undergoing massive monetary policy expansion. This has weakened the Japanese yen considerably, especially when compared to the U.S. dollar. The yen is down roughly 25% against the U.S. dollar since October 2012. The Japanese government's attempt to reflate the economy through asset purchases by the Bank of Japan is impacting all currency markets around the world via excess liquidity and a significantly weaker yen.

Japan's accommodative monetary policy and significantly improved prospects for the U.S. economy have led to a rally in the U.S. dollar, relative to the yen. The Federal Reserve's recent statements continue to support a relatively stronger U.S. dollar, which will impact all office occupancy costs that are reported in U.S. dollar terms.

Figure 3: Local Currency Appreciation vs. U.S. Dollar, %



Source: Federal Reserve Bank, May 2013.

Figure 4: Asia Pacific: Prime Office Occupancy Costs – Q1 2013

Location	Local currency/measure	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost USD*		Total Occupancy Cost Euro €*		Terms		
		Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)
Adelaide, Australia	AUD sq.m. p.a.	408.00	-1.2	514.00	0.6	49.71	1.1	417.48	5.0	5	9	40
Auckland, New Zealand	NZD sq.m. p.a.	490.00	-0.5	647.50	0.9	50.29	3.0	422.37	7.0	9	10.5	0
Bangalore (CBD), India	INR sq.ft. p.m.	125.00	2.0	179.05	2.3	39.57	-4.1	332.38	-0.3	3+3	1	0
Bangkok, Thailand	THB sq.m. p.m.	842.00	5.3	842.00	5.3	32.07	11.0	269.40	15.3	3+3	1-2	0
Beijing (Finance Street), China	RMB sq.m. p.m.	750.00	15.4	1,082	14.7	194.07	16.3	1630	20.8	2-3	0-1	0
Beijing (Jianguomen - CBD), China	RMB sq.m. p.m.	700.00	2.2	1,043	2.1	187.06	3.5	1571	7.5	2-3	0-1	0
Brisbane, Australia	AUD sq.m. p.a.	693.00	1.3	818	1.1	79.10	1.6	664.40	5.6	5	14	136-142
Canberra, Australia	AUD sq.m. p.a.	352.00	-0.3	416.00	0.0	40.23	0.5	337.88	4.4	5	9	45
Guangzhou, China	RMB sq.m. p.m.	230.00	-8.0	410.94	-7.1	73.71	-5.8	619.09	-2.1	2-3	1-2	0
Hanoi, Vietnam	USD sq.m. p.m.	42.28	-5.8	46.51	-5.8	51.85	-5.8	435.47	-2.2	3	1	0
Ho Chi Minh City, Vietnam	USD sq.m. p.m.	36.17	1.3	58.21	2.5	64.90	2.5	545.06	6.3	2	3	0
Hong Kong (Central), Hong Kong	HKD sq.ft. p.m.	134.43	-6.2	152.18	-5.5	235.23	-5.5	1976	-1.8	3 or 6	1-4	0
Hong Kong (West Kowloon), Hong Kong	HKD sq.ft. p.m.	98.72	10.0	112.50	9.5	173.90	9.6	1461	13.8	3 or 6	1-4	0
Jakarta, Indonesia	IDR sq.m. p.m.	445,800	38.9	544,867	38.9	62.50	30.8	524.91	35.9	3	1-2	0
Kuala Lumpur, Malaysia	MYR sq.ft. p.m.	12.00	0.0	12	0.0	46.54	-0.9	390.86	2.9	3	1-3	0
Manila, Philippines	PHP sq.m. p.m.	990.00	16.5	1,319	14.9	35.97	20.7	302.15	25.4	3-5	1-3	0
Melbourne, Australia	AUD sq.m. p.a.	493.00	1.4	640.00	2.2	61.89	2.7	519.82	6.7	10	29	77
Mumbai (Bandra Kurla Complex), India	INR sq.ft. p.m.	325.00	-1.5	542.65	-1.3	119.93	-7.5	1007	-3.9	3+3+3	1	0
Mumbai (Nariman Point - CBD), India	INR sq.ft. p.m.	285.00	-9.5	410.26	-7.8	90.67	-13.5	761.57	-10.2	3+3+3	1	0
New Delhi (Connaught Place - CBD), India	INR sq.ft. p.m.	395.00	0.0	809.70	7.7	178.96	1.0	1503	4.9	3+3+3	1	0
New Delhi (Gurgaon), India	INR sq.ft. p.m.	127.00	3.0	222.97	4.1	49.28	-2.4	413.91	1.4	3+3+3	1-4	0
Perth, Australia	AUD sq.m. p.a.	850.00	7.6	1,004	6.5	97.09	7.0	815.47	11.6	5	3	3
Seoul (CBD), South Korea	KRW sq.m. p.m.	36,300	0.0	93,318	1.2	93.69	3.3	786.88	7.3	3-5	2	0
Seoul (Yeouido), South Korea	KRW sq.m. p.m.	27,527	0.0	77,440	0.0	77.74	2.0	652.99	6.0	3-5	2	0
Shanghai (Pudong), China	RMB sq.m. p.m.	426	0.0	656	-0.2	117.68	1.2	988.45	5.1	2-3	0-2	0
Shanghai (Puxi), China	RMB sq.m. p.m.	394.33	-7.4	608.85	-6.8	109.21	-5.5	917.25	-1.8	2-3	0-2	0
Singapore, Singapore	SGD sq.ft. p.m.	10.30	-16.3	10.30	-16.3	99.65	-15.1	836.94	-12.0	3+3	1	0
Sydney, Australia	AUD sq.m. p.a.	1,048	0.5	1,233	0.7	119.23	1.1	1001	5.1	8.7	24.8	270-305
Taipei, Taiwan	NTD ping. p.m.	3,238	0.4	5,983	0.4	67.60	-0.8	567.73	3.1	3-5	1-5	0
Tokyo (Marunouchi/Otemachi), Japan	JPY tsubo p.m.	39,500	0.0	45,000	-1.1	161.16	-13.6	1354	-10.2	5	7	0
Wellington, New Zealand	NZD sq.m. p.a.	380	0.5	525	1.2	40.77	3.2	342.47	7.2	9	5	0

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis. Source: CBRE Research, Q1 2013.

Figure 5: Americas: Prime Office Occupancy Costs – Q1 2013

Location	Local currency/measure	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost USD*		Total Occupancy Cost Euro €*		Terms		
		Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)
Atlanta (Downtown), U.S.	USD sq.ft. p.a.	28.29	0.5	32.53	0.5	32.53	0.5	273.25	4.4	5-10	6-13	30-45
Atlanta (Suburban), U.S.	USD sq.ft. p.a.	24.02	0.6	27.62	0.6	27.62	0.6	232.01	4.5	5-10	5-10	25-40
Boston (Downtown), U.S.	USD sq.ft. p.a.	75.00	15.4	93.75	15.4	93.75	15.4	787.41	19.9	10	0	60-65
Boston (Suburban), U.S.	USD sq.ft. p.a.	34.00	6.3	40.80	6.3	40.80	6.3	342.68	10.4	5-7	1-3	30-40
Buenos Aires, Argentina	USD sq.m. p.m.	30.00	-14.3	46.55	-11.0	51.90	-11.0	435.88	-7.5	3-5	2-6	0
Calgary (Downtown), Canada	CAD sq.ft. p.a.	42.00	9.9	62.02	12.0	60.95	10.0	511.95	14.3	5	2	50
Calgary (Suburban), Canada	CAD sq.ft. p.a.	23.95	8.4	39.05	9.0	38.38	7.1	322.34	11.3	5	1	20
Caracas, Venezuela	VEF sq.m. p.m.	350.00	9.4	421.05	8.1	74.66	-26.2	627.05	-23.3	3-5	3-5	0
Chicago (Downtown), U.S.	USD sq.ft. p.a.	28.40	-0.4	48.17	-0.8	48.17	-0.8	404.58	3.1	8-15	6-12	55-75
Chicago (Suburban), U.S.	USD sq.ft. p.a.	15.25	1.7	27.25	0.9	27.25	0.9	228.87	4.8	5-7	5-8	20-40
Dallas (Downtown), U.S.	USD sq.ft. p.a.	32.09	1.5	36.90	1.5	36.90	1.5	309.96	5.4	5-10	5-10	35
Dallas (Suburban), U.S.	USD sq.ft. p.a.	29.23	3.0	33.61	3.0	33.61	3.0	282.33	7.0	3-7	2-5	10-25
Denver (Downtown), U.S.	USD sq.ft. p.a.	39.00	2.2	39.00	2.2	39.00	2.2	327.56	6.1	7-10	6-8	43-48
Denver (Suburban), U.S.	USD sq.ft. p.a.	30.50	1.5	30.50	1.5	30.50	1.5	256.17	5.5	7-10	6-8	40-45
Guadalajara, Mexico	USD sq.m. p.m.	23.16	-19.3	31.71	-16.1	35.36	-16.1	296.95	-12.8	3-5	2	400-500
Houston (Downtown), U.S.	USD sq.ft. p.a.	45.00	14.9	56.25	14.9	56.25	14.9	472.45	19.4	5-10	3	30-45
Houston (Suburban), U.S.	USD sq.ft. p.a.	40.00	21.2	47.20	21.2	47.20	21.2	396.44	25.9	5-10	3-6	25-40
Lima, Peru	USD sq.m. p.m.	25.00	6.8	30.04	6.2	33.49	6.2	281.31	10.3	5	1-3	0
Los Angeles (Downtown), U.S.	USD sq.ft. p.a.	25.00	-3.8	45.03	-2.5	45.03	-2.5	378.21	1.3	5-10	5-10	30-40
Los Angeles (Suburban), U.S.	USD sq.ft. p.a.	70.00	2.9	79.10	2.9	79.10	2.9	664.37	6.9	5-10	5-10	25-35
Mexico City, Mexico	USD sq.m. p.m.	40.00	5.3	52.20	4.4	58.19	4.4	488.74	8.5	3-5	3-4	450-600
Monterrey, Mexico	USD sq.m. p.m.	30.00	9.1	38.49	7.5	42.92	7.5	360.44	11.7	3-5	2	400-500
Montreal (Downtown), Canada	CAD sq.ft. p.a.	21.41	-3.3	41.61	0.2	40.89	-1.6	343.47	2.3	5	1	25
Montreal (Suburban), Canada	CAD sq.ft. p.a.	14.25	-3.0	27.87	-2.6	27.39	-4.3	230.06	-0.6	5	2	20
New York (Downtown Manhattan), U.S.	USD sq.ft. p.a.	59.00	7.3	74.93	7.3	74.93	7.3	629.34	11.4	10	12	66
New York (Midtown Manhattan), U.S.	USD sq.ft. p.a.	95.00	5.6	120.65	5.6	120.65	5.6	1013.35	9.7	10	9	70
Panama City, Panama	USD sq.m. p.m.	30.00	0.0	34.41	0.0	38.36	0.0	322.18	3.9	3-5	1-2	0
Rio de Janeiro, Brazil	BRL sq.m. p.m.	175.00	-2.2	205.26	-2.0	113.06	-11.7	949.61	-8.3	5	1-3	0
San Francisco (Downtown), U.S.	USD sq.ft. p.a.	80.00	14.3	96.00	14.3	96.00	14.3	806.31	18.7	5-10	0-3	35-60
San Francisco (Peninsula), U.S.	USD sq.ft. p.a.	54.00	0.0	62.10	0.0	62.10	0.0	521.58	3.9	3-7	1-4	10-40

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis. Source: CBRE Research, Q1 2013.

Figure 5: Americas: Prime Office Occupancy Costs – Q1 2013

Location	Local currency/measure	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost USD*		Total Occupancy Cost Euro €*		Terms		
		Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)
Santiago, Chile	CLF sq.m. p.m.	0.70	0.0	0.96	0.0	51.69	4.4	434.12	8.3	3-5	1-3	0
São Paulo, Brazil	BRL sq.m. p.m.	180.00	-10.0	215.79	-8.9	118.86	-17.9	998.31	-14.7	5	1-3	0
Seattle (Downtown), U.S.	USD sq.ft. p.a.	36.50	5.8	43.07	5.8	43.07	5.8	361.75	9.9	5-10	3-10	20-55
Seattle (Suburban), U.S.	USD sq.ft. p.a.	34.25	10.5	39.05	10.5	39.05	10.5	327.94	14.8	5-10	5-10	25-55
Toronto (Downtown), Canada	CAD sq.ft. p.a.	31.78	-7.8	62.47	-5.1	61.40	-6.8	515.67	-3.2	10	0	25
Toronto (Suburban), Canada	CAD sq.ft. p.a.	16.83	3.6	32.24	3.4	31.69	1.6	266.13	5.5	10	3	15
Vancouver (Downtown), Canada	CAD sq.ft. p.a.	37.31	6.0	57.58	4.0	56.59	2.1	475.30	6.1	5	0	18.54
Vancouver (Suburban), Canada	CAD sq.ft. p.a.	21.37	-2.2	33.72	-1.8	33.14	-3.6	278.35	0.2	5	0	20
Washington, D.C. (Downtown), U.S.	USD sq.ft. p.a.	52.50	5.0	97.80	3.5	97.80	3.5	821.43	7.5	10	6-12	85-105
Washington, D.C. (Suburban), U.S.	USD sq.ft. p.a.	42.00	-8.7	50.40	-8.7	50.40	-8.7	423.31	-5.1	5-10	4-9	30-50

* Occupancy costs include service charges and taxes and are standardized on a net internal area basis. Source: CBRE Research, Q1 2013.

Figure 6: EMEA: Prime Office Occupancy Costs – Q1 2013

Location	Local currency/measure	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost USD*		Total Occupancy Cost Euro €*		Terms		
		Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)
Aberdeen, United Kingdom	GBP sq.ft. p.a.	31.50	0.0	44.75	1.7	67.99	-3.3	571.04	0.5	10	6	3.25-3.50
Abu Dhabi, United Arab Emirates	AED sq.m. p.a.	1,800	-2.7	2,050	-2.4	51.85	-2.4	435.52	1.4	1-5	1-2	0
Amsterdam, Netherlands	EUR sq.m. p.a.	340.00	0.6	413.12	0.6	49.19	-3.2	413.12	0.6	5+5	12-48	0
Athens, Greece	EUR sq.m. p.m.	23.00	-4.2	30.70	-3.4	43.86	-7.0	368.39	-3.4	12+4	2	0
Barcelona, Spain	EUR sq.m. p.a.	213.00	-2.7	293.26	0.0	34.92	-3.7	293.26	0.0	2+3	6	50-100
Belfast, United Kingdom	GBP sq.ft. p.a.	12.50	0.0	21.50	0.0	32.66	-4.9	274.35	-1.2	5	6	0
Belgrade, Serbia	EUR sq.m. p.m.	15.00	1.7	21.10	3.4	30.15	-0.5	253.20	3.4	5	3	0
Berlin, Germany	EUR sq.m. p.m.	22.50	2.3	26.00	2.0	37.15	-1.9	312.00	2.0	5+5	1-2	50-350
Birmingham, United Kingdom	GBP sq.ft. p.a.	28.50	0.0	43.70	0.3	66.39	-4.7	557.64	-1.0	10y with 5y break	36 if 10y, 21 with 5y break	3.25-3.50
Bratislava, Slovakia	EUR sq.m. p.m.	16.00	-5.9	25.47	-4.2	36.38	-7.8	305.60	-4.2	5	2-8	200-250
Bristol, United Kingdom	GBP sq.ft. p.a.	27.50	0.0	41.50	1.2	63.05	-3.8	529.57	0.0	10y with 5y break	30 on a straight 10y, 15 if a break at 5y	3.25-3.50
Brussels, Belgium	EUR sq.m. p.a.	285.00	0.0	436.36	0.0	51.95	-3.7	436.36	0.0	3/6/9	1 year secured	24-47
Bucharest, Romania	EUR sq.m. p.m.	18.00	-7.7	23.25	-6.1	33.22	-9.6	279.00	-6.1	3-5	3-5	15-50
Budapest, Hungary	EUR sq.m. p.m.	20.00	0.0	26.89	0.0	38.42	-3.7	322.67	0.0	3-4	4-6	100-150
Copenhagen, Denmark	DKK sq.m. p.a.	1,700	-1.4	2,535	-0.9	40.49	-4.8	340.06	-1.1	3-5 (tenant) /5-10 (landlord)	0-3	0
Dubai, United Arab Emirates	AED sq.ft. p.a.	280.00	0.0	340.00	0.0	92.57	0.0	777.50	3.9	3	2	0
Dublin, Ireland	EUR sq.m. p.a.	306.70	3.6	444.70	2.5	52.95	-1.4	444.70	2.5	10	18	403.50
Edinburgh, United Kingdom	GBP sq.ft. p.a.	27.50	1.9	44.50	1.1	67.61	-3.8	567.85	-0.1	10	27	3.25-3.50
Frankfurt, Germany	EUR sq.m. p.m.	38.00	0.0	46.24	0.0	66.06	-3.7	554.84	0.0	5+5	3-6	50-350
Geneva, Switzerland	CHF sq.m. p.a.	1,000	0.0	1,065	0.0	104.24	-4.8	875.49	-1.1	5	3	0
Glasgow, United Kingdom	GBP sq.ft. p.a.	27.00	0.0	41.00	1.2	62.29	-3.7	523.19	0.0	10y with 5y break	30 (on a 10 year certain)	3.25-3.50
Gothenburg, Sweden	SEK sq.m. p.a.	2,500	4.2	3,056	5.8	43.46	7.5	365.02	11.6	3 or 5	0-3	0
Hamburg, Germany	EUR sq.m. p.m.	24.00	0.0	29.14	0.0	41.63	-3.7	349.68	0.0	5+5	5-6	50-350
Helsinki, Finland	EUR sq.m. p.a.	383.00	2.1	425.56	2.1	50.67	-1.7	425.56	2.1	3-5	None	0-40
Istanbul, Turkey	USD sq.m. p.m.	45.00	4.7	76.65	3.2	85.45	3.2	717.67	7.2	3-5	1-2	0
Jersey, United Kingdom	GBP sq.ft. p.a.	32.00	0.0	38.00	0.7	57.73	-4.3	484.91	-0.6	15	12-18	3.25-3.50
Leeds, United Kingdom	GBP sq.ft. p.a.	24.00	0.0	37.50	1.4	56.97	-3.6	478.53	0.1	10y with 5y break	18-36 months on a 10y certain	3.25-3.50
Lille, France	EUR sq.m. p.a.	200.00	0.0	279.57	0.0	33.29	-3.7	279.57	0.0	3/6/9	3/6	0
Lisbon, Portugal	EUR sq.m. p.m.	18.50	0.0	24.73	0.0	35.33	-3.7	296.70	0.0	5	5-7	0

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis. Source: CBRE Research, Q1 2013. © 2013, CBRE, Inc.

Figure 6: EMEA: Prime Office Occupancy Costs – Q1 2013

Location	Local currency/measure	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost USD*		Total Occupancy Cost Euro €*		Terms		
		Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)
Liverpool, United Kingdom	GBP sq.ft. p.a.	20.00	0.0	32.00	0.0	48.62	-4.9	408.34	-1.2	10y with a 5y break	Top deals: 48 months on a 10 year, 24 with break at 5	3.25-3.50
London - Central (City), United Kingdom	GBP sq.ft. p.a.	55.00	0.0	87.50	6.3	132.94	1.1	1,117	5.0	10	27	3.25-3.50
London - Central (West End), United Kingdom	GBP sq.ft. p.a.	95.00	2.7	146.50	6.3	222.58	1.1	1,869	5.0	10	18-21	3.25 - 3.5
Lyon, France	EUR sq.m. p.a.	300.00	5.3	400.00	4.2	47.62	0.3	400.00	4.2	3-6-9	4.5-6	0
Madrid, Spain	EUR sq.m. p.a.	297.00	-4.8	423.53	-4.0	50.43	-7.6	423.53	-4.0	3+2	3	50-150
Malaga, Spain	EUR sq.m. p.a.	144.00	0.0	204.71	-1.1	24.37	-4.8	204.71	-1.1	3+2	2	0
Manchester, United Kingdom	GBP sq.ft. p.a.	30.00	0.0	45.50	1.1	69.13	-3.9	580.61	-0.1	10	30	3.25-3.50
Marseille, France	EUR sq.m. p.a.	270.00	8.0	360.22	6.3	42.89	2.4	360.22	6.3	3-6-9	3/6	0
Milan, Italy	EUR sq.m. p.a.	500.00	-3.8	598.90	-3.5	71.31	-7.1	598.90	-3.5	6+6	8-12	0
Moscow, Russian Federation	USD sq.m. p.a.	1,200	0.0	1,777	0.8	165.05	-3.8	1,451	4.7	3-5	0-3	0
Munich, Germany	EUR sq.m. p.m.	31.50	3.3	38.79	3.8	55.42	-0.1	465.49	3.8	5+5	3-6	50-350
Oporto, Portugal	EUR sq.m. p.m.	12.00	-11.1	15.60	-9.6	22.29	-12.9	187.25	-9.6	3	1-3	0
Oslo, Norway	NOK sq.m. p.a.	3,800	5.6	4,222	5.6	67.07	3.0	563.36	7.0	3 - 5	0 - 3	1,000 - 5,000
Palma de Mallorca, Spain	EUR sq.m. p.a.	132.00	-8.3	179.88	-4.2	21.42	-7.8	179.88	-4.2	2+3	1-2	0
Paris, France	EUR sq.m. p.a.	830.00	0.0	1,002	0.0	119.32	-3.7	1,002	0.0	3/6/9	6-15	0
Prague, Czech Republic	EUR sq.m. p.m.	21.00	0.0	33.22	1.4	47.47	-2.4	398.67	1.4	5	5 to 10	50-70
Rome, Italy	EUR sq.m. p.a.	410.00	-2.4	494.51	-2.2	58.88	-5.8	494.51	-2.2	6+6	6	0
Rotterdam, Netherlands	EUR sq.m. p.a.	210.00	0.0	272.51	0.0	32.44	-3.7	272.51	0.0	5+5	12-48	0
Sofia, Bulgaria	EUR sq.m. p.m.	13.00	0.0	18.18	0.0	25.98	-3.7	218.18	0.0	3-5	1-3	50-200
Southampton, United Kingdom	GBP sq.ft. p.a.	18.00	0.0	29.25	0.9	44.44	-4.1	373.25	-0.4	10y with 5y break	18-30 if straight 10y, 12 if break at 5y	3.25-3.50
Stockholm, Sweden	SEK sq.m. p.a.	4,400	0.0	5,389	0.0	76.65	1.6	643.76	5.5	3 or 5	0-3	0
Tel Aviv, Israel	ILS sq.m. p.m.	110.00	-8.3	193.75	-6.0	59.26	-4.3	497.76	-0.6	3-5	none	0
Thessaloniki, Greece	EUR sq.m. p.m.	10.50	-8.7	15.43	-6.5	22.05	-10.0	185.16	-6.5	12+4	2	0
Valencia, Spain	EUR sq.m. p.a.	132.00	-18.5	210.82	-10.3	25.10	-13.7	210.82	-10.3	1+3	2-3	0
Vienna, Austria	EUR sq.m. p.m.	25.00	3.1	30.00	0.9	42.86	-2.9	360.00	0.9	5	3-6	150-250
Warsaw, Poland	EUR sq.m. p.m.	27.00	0.0	36.67	0.0	52.39	-3.7	440.00	0.0	3 - 5	3 - 6	150 - 200
Zurich, Switzerland	CHF sq.m. p.a.	850.00	-5.6	890.00	-5.3	87.11	-9.8	731.63	-6.3	5	2-5	70-300

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis. Source: CBRE Research, Q1 2013.

TERMS AND DEFINITIONS

Prime Office Occupancy Costs provides a semi-annual snapshot of occupancy costs for prime office space throughout the world. Since office occupancy lease rates and expenses can vary substantively, not only across world markets but also within the same market area, this data is 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 prime rents. For example, in the U.S., office units are measured in sq. ft. while Japan uses the tsubo. Great Britain quotes office rents 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, Prime Office Occupancy Costs also reports local office occupancy costs in two common currencies, U.S. dollars in square feet (sq. ft.) and euros in square meters (sq. m.). Changes over the past 12 months are also reported in local currency, U.S. dollars and euros.

Explanation of Columns

Prime 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 per month,” and in Japan as “tsubo per month.” The ping, and tsubo 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. When 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. This number reflects all occupancy costs, and therefore corresponds to “gross” rents for all markets. All occupancy cost figures are standardized to a net internal area basis of measurement.

Typical Lease Term, Typical Rent Free Period and Typical Tenancy Improvements: Typical lease term refers to the usual duration of contracted leases for prime office space in each respective market. 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. Tenancy Improvements is the typical allowance that a landlord may make towards any fit-out costs and is reported in local currency/measurement.

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