# GLOBAL MARKET RENTS
## MAY 2006

Office Rents and Occupancy Costs Worldwide

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## Asia Pacific

### Asia Economies: Steady as They Go

Asian economies continued to perform strongly in 2005, registering at least 4% GDP growth across-the-board (excluding Japan), powered mainly by robust domestic consumption and resilient export performance. Much of the region's growth was generated by the pick-up in exports during the latter half of 2005, reflecting the resurgence in high-tech demand and a stronger global economy. Following a surge of rentals throughout most of 2005, the Asian office markets continued to exhibit strength in the first quarter of 2006. Strong tenant demand is fueling brisk rental increments in Hong Kong, Singapore and Mumbai CBD where supply is especially tight. Despite interest rate hikes in Asia, investment activity remains robust, underpinned by the improving leasing market fundamentals and sustained bullish sentiment.

### Domestic Economies Heading in Different Directions

Australian growth is set to recover in 2006, driven by tax cuts anticipated in the May budget and continued increases in commodity prices. However, many economists predict that a housing market recovery will not take place until 2007. It is expected that this recovery will coincide with the waning of the commodity price boom. The GDP growth rate for Australia in 2005 was 2.5% and is expected to increase to around 3.0% by the end of this year. In New Zealand growth has started to soften, with investment being muted by high interest rates and the high value of $NZ, despite continuing growth in consumer spending and rising house prices. GDP growth for New Zealand in 2005 was 2.5% and is expected to fall to just over 1.0% by the end of 2006.

## Latin America

The Latin America and Caribbean region entered its fourth consecutive year of economic growth. The outlook continues to be positive in 2006, with overall growth projections ranging from 3.8% (International Monetary Fund) to 4.6% (Economic Commission for Latin America and the Caribbean). Average inflation is expected to post the lowest rate in over two decades at 5.4% overall. The region's GDP growth is primarily driven by increasing domestic demand, favorable international conditions, high commodity prices and growing levels of foreign direct investment.

The International Monetary Fund's more conservative 2006 forecast has most countries experiencing a slight to moderate slowdown in GDP growth; Chile is expected to post the highest growth rate with 5.8%, while Brazil and Mexico are forecast to grow by 3.5%. Argentina is expected to grow by 4.2%, and Venezuela by 4.5%. These markets represent the greatest decreases in growth rates as compared to their 2005 levels.

During the year, nine countries in the region will be holding presidential elections, most notably Mexico and Brazil. Despite growing political volatility, consistent positive growth and economic stability show that the region has made progress and that a positive trend has been established. As a result of the region's positive economic performance, major office markets have benefited from increased business activity, with steadily declining vacancy rates, and, in most markets, increasing lease rates. As prospects continue to remain promising for most regional economies, the respective office markets are expected to show continued recovery during 2006.

## North America

### United States

The U.S. economy rebounded strongly after the devastating Gulf hurricanes in the third quarter of 2005. Solid growth and a steady job market expanded real GDP nearly 4.8% during the first quarter while unemployment dropped to 4.7%, the lowest it has been since mid 2001.

Overall employment increased by 600,000 during the first quarter of 2006, including a March surge of 211,000 new jobs. The U.S. monthly job growth is currently averaging 200,000 and analysts are expecting that number to grow to closer to 210,000 during the remainder of 2006. The economy's strength is evident in its ability to quickly rebound from the impact of last year's hurricane disasters.

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### Canada

It is mostly good news for Canada in 2006. The continued rise in commodity prices has spurred the Canadian dollar to consistently trade over the US dollar by US$0.85. The increased demand for the Loonie should continue as Canada is the only major industrial nation that is also a big energy exporter. Business investment in machinery and equipment is on the rise as companies try and boost productivity by taking advantage of the country's strong currency by investing in (now) more affordable US equipment. In addition, businesses are still hiring, even though Canada's unemployment rate hit a 32-year low at 6.3%. GDP is poised to grow 3.0% in 2006, pretty much on par with the 2.9% GDP growth in 2005.

## EMEA

The European economic recovery, which has been anticipated for some time, appeared to pick up slightly in the latter half of 2005, following a subdued start to the year. This increase has been sustained into the first quarter of 2006, and year-end growth for the Eurozone is now forecast to be 2%. However while Spain continues to see strong economic growth above that of the Eurozone, Germany and Italy have continued to underperform.

This emerging recovery has been slow to impact upon consumer spending and employment levels. So far, the unemployment rate has fallen only slightly to 8.2% and consumer confidence remains a concern.

For the office market, the emerging recovery seems to be slow as well. Although demand is healthy, the lack of employment growth has meant that much of the demand is driven by rationalization and relocation rather than growth. This is particularly true of Paris, Milan and Frankfurt where space efficiency and central cost minimization is driving demand. The lack of net absorption seen in most markets means that while vacancy rates are falling, they are falling slowly.

On a positive note, sustained rental growth is now being seen in a number of areas, most notably in the core markets of London and Madrid. The tight supply situation in these markets, coupled with improving demand means that further rental growth is likely going forward.

## GLOBAL 50 INDEX

**(by occupation cost in US$/SF/annum)**

| | | | | | |
|---|---|---|---|---|---|
| 1 | London (West End), England | 185.60 | 26 | Frankfurt am Main, Germany | 54.26 |
| 2 | Tokyo (Inner Central), Japan | 130.05 | 27 | Madrid, Spain | 54.13 |
| 3 | London (City), England | 127.49 | 28 | Stockholm, Sweden | 52.45 |
| 4 | Tokyo (Outer Central), Japan | 117.90 | 29 | Jersey, England | 52.04 |
| 5 | Hong Kong | 101.67 | 30 | Rio de Janeiro, Brazil | 51.36 |
| 6 | Moscow, Russia | 94.76 | 31 | Brussels, Belgium | 50.70 |
| 7 | Mumbai (Bombay), India | 93.06 | 32 | Toronto, Canada (CBD) | 50.47 |
| 8 | Paris, France | 92.48 | 33 | Liverpool, England | 50.30 |
| 9 | Dubai, United Arab Emirates | 87.67 | 34 | Munich, Germany | 49.67 |
| 10 | Dublin, Ireland | 87.47 | 35 | Calgary, Canada (CBD) | 46.83 |
| 11 | Edinburgh, Scotland | 72.85 | 36 | Rome, Italy | 45.37 |
| 12 | Manchester, England | 72.85 | 37 | Shanghai (Pudong), China | 44.86 |
| 13 | Paris La Défense, France | 69.39 | 38 | Barcelona, Spain | 43.61 |
| 14 | Seoul, South Korea | 68.99 | 39 | Shanghai (Puxi), China | 43.30 |
| 15 | Leeds, England | 66.78 | 40 | Washington, DC (CBD) | 42.74 |
| 16 | Birmingham, England | 65.05 | 41 | Athens, Greece | 42.08 |
| 17 | New Delhi, India | 63.28 | 42 | São Paulo, Brazil | 41.60 |
| 18 | Bristol, England | 61.58 | 43 | Singapore, Singapore | 41.53 |
| 19 | Glasgow, Scotland | 60.71 | 44 | Amsterdam, Netherlands | 41.16 |
| 20 | Zurich, Switzerland | 60.25 | 45 | Taipei, Taiwan | 40.34 |
| 21 | Milan, Italy | 60.05 | 46 | Sydney, Australia | 39.57 |
| 22 | Aberdeen, Scotland | 56.81 | 47 | Oslo, Norway | 38.93 |
| 23 | New York - Midtown Manhattan | 55.15 | 48 | San Juan, Puerto Rico | 38.89 |
| 24 | Luxembourg City, Luxembourg | 54.79 | 49 | Beijing, China | 37.81 |
| 25 | Geneva, Switzerland | 54.57 | 50 | Abu Dhabi, United Arab Emirates | 37.57 |

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## Regional Snapshot

### Leasing Activity Diverges in Pacific markets

Australian corporate profits remained strong moving into 2006 and business investment is high. Generous tenant incentives in the larger office markets have driven strong positive net absorption. Many office markets are also in the midst of a construction cycle, likely to last until the end of 2006. So despite recent improvements in absorption, vacancy is likely to stay reasonably high for the remainder of the year. In the resource-rich states of Western Australia and Queensland the commodities boom and population growth have resulted in strong property markets. However some diverging trends have started to emerge in the New Zealand leasing market. Net absorption has dipped into negative territory in some cities, including Auckland, causing vacancy rates to rise over the last six months of 2005. The vacancy rate, however, remains tight, by historical standards, and has sustained rental growth during the same period.

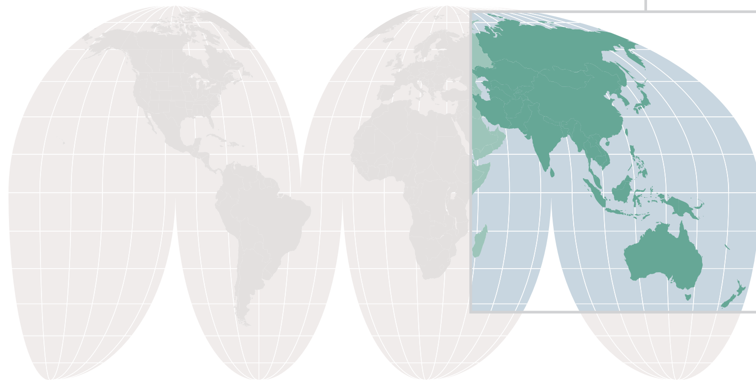
### Uptrend of Prime Office Rents Continues on Strong Leasing Momentum

Asian office property markets generally kicked off 2006 on an upbeat note, with strong corporate profits driving expansion and upgrading activities in the major commercial hubs. Buoyant leasing demand, especially from the financial sector, coupled with shrinking space availability resulted in a spate of pre-commitments for projects under construction. The Grade A office markets in Hong Kong, Singapore and Tokyo continue to benefit from upbeat demand and compressed vacancy of less than 5%, triggering a surge in rentals of about 5% to 10% quarter over quarter. Meanwhile, office rental rates in China's top-tier cities continue to rise modestly due to new demand caused by the looming opening of the PRC banking sector. Turning to Mumbai CBD, office rents registered a brisk 31.3% growth during the past quarter, driven by an increasingly broad-based demand from tenants such as banks, securities and executive search companies.

## Key Market Snapshots

### Tokyo

Robust demand for Grade A office continued to outstrip supply in the central five wards of Tokyo. Vacancy fell by over 30 basis points to end 1Q 2006 at 0.8% and is likely to decline further in coming months. The tightening market conditions have left many occupiers with no choice but to pre-commit to 2007 and 2008 schemes. The average Grade A rent in Inner Tokyo increased by approximately 4.6% from the previous quarter and has recorded a hefty 21.5% rise in the past year. For new lettings a further 10% increase in rental growth is expected during the remainder of the year.



### Hong Kong

The Grade A office market in Hong Kong continued its upward trajectory in the first quarter of 2006. Law and financial firms with large space requirements continued to be active in the market as they expanded their operations in the expectation of further tightening in Hong Kong's CBD. Prime office rentals broke through the highs witnessed during the last market peak seen at year-end 2000. Prime office rentals saw an increase of 10.5% quarter over quarter within the first three months of 2006.

### Singapore

The Singapore office market continued to experience buoyant leasing momentum in 1Q 2006. GDP was estimated to have expanded by a remarkable 9.1% year over year by the first quarter. Strong economic performance, the return of business confidence and tenants' expansion activities contributed to the tightening availability of office space. Demand improved for premier stock and large-scale schemes and this led prime rents upward. As of end-March, average prime rents rose to S$5.60 per square foot per month, reflecting an increase of 7.7% quarter over quarter and 40.0% from the lows in early 2004. In view of the current market conditions, average monthly prime rents are projected to rise to S$6.50 per square foot by end-2006.

### Sydney

Leasing activity remained strong in the second half of 2005 in the Sydney CBD office market, with net absorption reaching 121,000 square meters. Positive net absorption is forecast to continue in 2006. Encouraged by high incentives, many tenants are expanding from locations already within the Sydney CBD. Market rent growth has been moderate, due to new supply keeping vacancy rates high. Reduction of incentives has already commenced in high quality, largely leased buildings and will likely provide some growth in underlying effective rents in the short to medium term.

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## Office Rents and Occupancy Costs

| | RENT – LOCAL CURRENCY/MEASURE | | TOTAL OCCUPATION COST US$/ ANNUM | | | | TOTAL OCCUPATION COST EUROS [€]/ANNUM | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Current per local measure* | *% change 12 months* | *Current per sq.ft.* | *Current per sq.m.* | *% change 12 months* | *Exchange rate to the US$* | *Current per sq.ft.* | *Current per sq.m.* | *% change 12 months* | *Exchange rate to the Euro* | *Typical lease term (yrs)* | *Typical rent free (months)* |
| Adelaide, Australia | A$ 279 sq.m. p.a. | -1.4 | US$ 18.50 | US$ 199 | -1.4 | A$1.40 | € 15.29 | € 165 | -1.4 | A$1.70 | 5 | 9.6 |
| Auckland, New Zealand | NZ$ 385 sq.m. p.a. | 8.3 | 21.86 | 235 | 8.3 | NZ$1.64 | 18.06 | 194 | 8.3 | NZ$1.98 | 9 | 3 |
| Bangalore, India | Rs 54 sq.ft. p.m. | 12.5 | 27.10 | 292 | 7.7 | Rs 44.57 | 22.39 | 241 | 15.0 | Rs 53.93 | 6 | 1 |
| Bangkok, Thailand | Baht 704 sq.m. p.m. | 19.8 | 20.18 | 217 | 21.0 | Baht 38.90 | 16.67 | 179 | 29.1 | Baht 47.07 | 3 or 6 | 1 |
| Beijing, China* | US$ 21.40 sq.m. p.m. | 3.6 | 37.81 | 407 | 2.3 | US$ 1.00 | 31.24 | 336 | 9.1 | US$ 1.21 | 2–3 | 1–3 |
| Brisbane, Australia | A$ 443 sq.m. p.a. | 28.4 | 29.32 | 316 | 28.4 | A$1.40 | 24.22 | 261 | 28.4 | A$1.70 | 5 | 2.8 |
| Canberra, Australia | A$ 362 sq.m. p.a. | 8.2 | 23.98 | 258 | 8.2 | A$1.40 | 19.82 | 213 | 8.2 | A$1.70 | 5 | 1.4 |
| Christchurch, New Zealand | NZ$ 241 sq.m. p.a. | 20.3 | 13.66 | 147 | 20.3 | NZ$1.64 | 11.28 | 121 | 20.3 | NZ$1.98 | 5 | 0 |
| Guangzhou, China | US$ 11.34 sq.m. p.m. | 6.0 | 22.51 | 242 | 2.7 | US$ 1.00 | 18.60 | 200 | 9.6 | US$ 1.21 | 2 | 1–2 |
| Ho Chi Minh City, Vietnam | US$ 30 sq.m. p.m. | 4.9 | 36.79 | 396 | 4.9 | US$ 1.00 | 30.40 | 327 | 11.9 | US$ 1.21 | 2 | 1 |
| Hong Kong | HK$ 55.10 sq.ft. p.m. | 59.5 | 101.67 | 1,094 | 50.3 | HK$ 7.76 | 84.02 | 904 | 60.3 | HK$ 9.39 | 3 or 6 | 2–4 |
| Jakarta, Indonesia | US$ 7.86 sq.m. p.m. | 19.1 | 14.80 | 159 | 16.8 | US$ 1.00 | 12.23 | 132 | 24.6 | US$ 1.21 | 3 | 1 |
| Manila, Philippines | PhP 610 sq.m. p.m. | 35.6 | 17.11 | 184 | 41.2 | PhP 51.16 | 14.14 | 152 | 50.7 | PhP 61.91 | 3 to 5 | 2 |
| Melbourne, Australia | A$ 362 sq.m. p.a. | 10.4 | 23.99 | 258 | 10.4 | A$1.40 | 19.82 | 213 | 10.4 | A$1.70 | 10 | 20 |
| Mumbai (Bombay), India | Rs 210 sq.ft. p.m. | 90.9 | 93.06 | 1,002 | 69.0 | Rs 44.57 | 76.90 | 828 | 80.4 | Rs 53.93 | 9 | 1 |
| New Delhi, India | Rs 150 sq.ft. p.m. | 66.7 | 63.28 | 681 | 54.8 | Rs 44.57 | 52.29 | 563 | 65.2 | Rs 53.93 | 9 | 2 |
| Perth, Australia | A$ 411 sq.m. p.a. | 30.0 | 27.25 | 293 | 30.0 | A$1.40 | 22.52 | 242 | 30.0 | A$1.70 | 5 | 8 |
| Seoul, South Korea | Won 84,035 pyung p.m. | 1.8 | 68.99 | 743 | 8.6 | Won 971.65 | 57.01 | 614 | 15.9 | Won 1175.84 | 2–3 | 1–2 |
| Shanghai (Pudong), China | US$ 23.89 sq.m. p.m. | 15.7 | 44.86 | 483 | 13.9 | US$ 1.00 | 37.07 | 399 | 21.5 | US$ 1.21 | 2–3 | 1–2 |
| Shanghai (Puxi), China | US$ 23.74 sq.m. p.m. | 20.8 | 43.30 | 466 | 18.2 | US$ 1.00 | 35.78 | 385 | 26.1 | US$ 1.21 | 2–3 | 1–2 |
| Singapore, Singapore | S$ 5.60 sq.ft. p.m. | 20.4 | 41.53 | 447 | 22.9 | S$ 1.62 | 34.32 | 369 | 31.1 | S$ 1.96 | 3 | 1 |
| Sydney, Australia | A$ 597 sq.m. p.a. | 5.2 | 39.57 | 426 | 5.2 | A$1.40 | 32.70 | 352 | 5.2 | A$1.70 | 8 | 18 |
| Taipei, Taiwan* | NT$ 2,269 ping p.m. | 3.4 | 40.34 | 434 | 0.8 | NT$ 32.45 | 33.33 | 359 | 7.6 | NT$ 39.27 | 2–5 | 1–4 |
| Tokyo (Inner Central), Japan | ¥ 39,500 tsubo p.m. | 21.5 | 130.05 | 1,400 | 7.7 | ¥ 117.99 | 107.47 | 1,157 | 14.9 | ¥ 142.79 | 5 | 1–2 |
| Tokyo (Outer Central), Japan | ¥ 35,250 tsubo p.m. | 15.6 | 117.90 | 1,269 | 3.0 | ¥ 117.99 | 97.43 | 1,049 | 9.9 | ¥ 142.79 | 5 | 1–2 |
| Wellington, New Zealand | NZ$ 369 sq.m. p.a. | 10.6 | 20.94 | 225 | 10.6 | NZ$1.64 | 17.30 | 186 | 10.6 | NZ$1.98 | 6 | 2 |

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*The Beijing and Taipei office rent series have been revised due to re-evaluations of the Grade A office databases in the two cities. Percentage change on the rents and occupation costs are calculated based on the revised office property databases.

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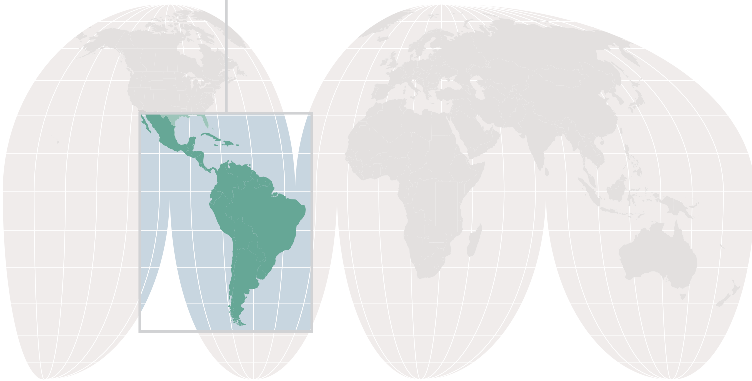

## Regional Snapshot

The key regional office markets of Latin America and the Caribbean continue to show increasing stabilization. Class A office demand has been relatively strong for the past two years. Construction activity has yet to keep up with demand, particularly in those markets that have experienced a long recessive period or an economic crisis. Subsequently, ongoing take-up brought availability to record lows in most markets. Class A lease rates confirm a stable trend, having registered steady, moderate increases in most markets with the exception of Buenos Aires, where lease rates have recently jumped close to the levels prior to the devaluation of the Argentine peso.

Most of the office markets of Central America and the Caribbean have also registered slight increases in lease rates due to the same factors that have influenced the South American markets, such as consistent demand and lack of significant new supply. As a result of the improving regional economic conditions and positive office market trends, institutional investors have shown renewed interest in the four major markets of Mexico, Brazil, Chile and Argentina. The increase in demand for investment coupled with the lack of newly developed product has continued to place downward pressure on primary market cap rates. Argentina and Chile are expected to outperform the region, while Mexico and Brazil should remain stable, with a possible pause in activity due to the current-year presidential elections.

## Key Market Snapshots

### Buenos Aires, Argentina

The Buenos Aires office market continues on its path to recovery, breaking all previous vacancy records, with a Class A vacancy rate of 1.5% registered at the end of the first quarter of 2006. The average Class A lease rate has increased to $17.50, but rates exceeding $24 per square meter per month have also been reported. While demand remains consistent, take-up is likely to be less during 2006 than in the past two years, primarily due to the decreasing availability of Class A office space.

### Mexico City

The Mexico City office market shows strong activity, with approximately 116,000 square meters of Class A office space expected to be completed during 2006. This is likely to increase vacancy rates in some of the city's submarkets in the short term, but it is expected that ongoing demand will absorb the new supply relatively quickly. Overall Class A vacancy reached 9.6% by the end of the first quarter, representing a decrease of approximately 50% compared with the same period of the previous year.

### São Paulo & Rio de Janeiro

The São Paulo office market has seen consistently positive trends during the past year. Class A lease rates have remained stable, and vacancy decreased to 15.3% by the end of the first quarter. Rio de Janeiro's office market has maintained steady lease and vacancy rates; however, absorption has been decreasing compared with the previous year. Construction activity in São Paulo is expected to increase the volume of new supply by 37% during 2006. Rio de Janeiro's new construction is expected to drop below the volume registered during the previous year.

### Santiago de Chile

The Santiago office market has entered its fifth consecutive year of steadily decreasing Class A vacancy, falling to 2.6% at the end of the first quarter. Subsequently, construction activity has increased, and approximately 91,000 square meters of Class A office space is expected to be delivered to the market during 2006, almost doubling last year's new supply. The total space under construction currently exceeds 280,000 square meters. Lease rates have experienced a slight increase during the first quarter, primarily as a result of decreasing availability.

## Office Rents and Occupancy Costs

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Current per local measure* | *% change 12 months* | *Current per sq.ft.* | *Current per sq.m.* | *% change 12 months* | *Exchange rate to the US$* | *Current per sq.ft.* | *Current per sq.m.* | *% change 12 months* | *Exchange rate to the Euro* | *Typical lease term (yrs)* | *Typical rent free (months)* |
| Asuncion, Paraguay | US$ 11 sq.m. p.m. | 0.0 | US$ 17.34 | US$ 187 | 0.0 | US$ 1.00 | € 14.33 | € 154 | 6.6 | US$ 1.21 | 2 | None |
| Bogota, Colombia | US$ 19 sq.m. p.m. | 26.7 | 23.41 | 252 | 23.5 | US$ 1.00 | 19.35 | 208 | 31.7 | US$ 1.21 | 1–3 | None |
| Buenos Aires, Argentina | US$ 20 sq.m. p.m. | 21.2 | 28.49 | 307 | 17.9 | US$ 1.00 | 23.54 | 253 | 25.7 | US$ 1.21 | 3 | 1–3 |
| Caracas, Venezuela | US$ 28 sq.m. p.m. | 12.5 | 32.89 | 354 | 11.3 | US$ 1.00 | 27.18 | 293 | 18.7 | US$ 1.21 | 1–3 | 1–3 |
| Lima, Peru | US$ 14.50 sq.m. p.m. | 0.0 | 18.39 | 198 | 0.0 | US$ 1.00 | 15.20 | 164 | 6.6 | US$ 1.21 | 2–5 | 1–2 |
| Mexico City, Mexico | US$ 27 sq.m. p.m. | 7.7 | 36.38 | 392 | 6.9 | US$ 1.00 | 30.06 | 324 | 14.0 | US$ 1.21 | 3–5 | 1–3 |
| Montevideo, Uruguay | US$ 15 sq.m. p.m. | 0.0 | 25.39 | 273 | 0.0 | US$ 1.00 | 20.99 | 226 | 6.6 | US$ 1.21 | 2–5 | None |
| Nassau, Bahamas | US$ 32 sq.ft. p.a. | 6.7 | 36.80 | 396 | 6.7 | US$ 1.00 | 30.41 | 327 | 13.7 | US$ 1.21 | 3–5 | 1–3 |
| Panama City, Panama | US$ 13.50 sq.m. p.m. | 0.0 | 16.72 | 180 | 0.0 | US$ 1.00 | 13.82 | 149 | 6.6 | US$ 1.21 | 3–5 | 1–2 |
| Quito, Ecuador | US$ 14 sq.m. p.m. | 16.7 | 19.29 | 208 | 13.1 | US$ 1.00 | 15.94 | 172 | 20.5 | US$ 1.21 | 2–5 | None |
| Rio de Janeiro, Brazil | R$ 85 sq.m. p.m. | 6.3 | 51.36 | 553 | 29.5 | R$ 2.17 | 42.44 | 457 | 38.3 | R$ 2.63 | 5 | 2 |
| San Juan, Puerto Rico | US$ 26.50 sq.ft. p.a. | -5.4 | 38.89 | 419 | -4.1 | US$ 1.00 | 32.14 | 346 | 2.2 | US$ 1.21 | 5 | None |
| Santiago, Chile | US$ 19.50 sq.m. p.m. | 21.1 | 27.80 | 299 | 19.1 | US$ 1.00 | 22.98 | 247 | 27.0 | US$ 1.21 | 3–5 | 1–2 |
| São Paulo, Brazil | R$ 68 sq.m. p.m. | 1.5 | 41.60 | 448 | 24.5 | R$ 2.17 | 34.38 | 370 | 33.0 | R$ 2.63 | 5 | 3–6 |

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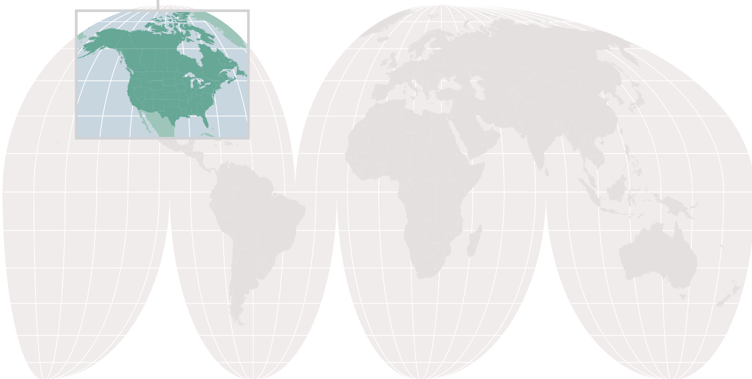

## Regional Snapshot

### United States

During the first quarter of 2006 the US office market continued the trend of strong office absorption and declining vacancies. Most major markets are experiencing increasing demand for space while new construction remains modest.

Downtown and suburban markets posted their eighth straight quarter of positive absorption, with a combined total of 19.5 million square feet absorbed during the first quarter of 2006. Vacancies remain tighter downtown versus the suburbs. Nationally, downtown vacancy declined over 40 basis points (bps) to 12.3% as suburban vacancy dropped to 14.3% from 14.6% in the fourth quarter of 2005. Downtown construction activity remained low—just over 750,000 square feet was delivered in the quarter. This trend of minimal new construction combined with increasing demand should enhance the rental performance of the downtown office markets for the remainder of 2006.

### Canada

The Canadian office market started 2006 right where it left off—decreasing vacancy rates, positive absorption and a significant amount of new developments under construction. With the red-hot downtown markets of Calgary and Toronto leading the way, the national overall vacancy rate dropped by 110 basis points from 9.2% to 8.1%.

As vacancy rates continue to decrease, asking net rental rates have started to increase, primarily in prime office buildings in the Vancouver, Calgary and Edmonton markets. Overall asking net rental rates for Class A space showed a small gain of $0.02 psf to $16.55 psf first quarter 2006. Although rental rates appear flat, the real story is the decline in tenant incentives offered by landlords.

## Key Market Snapshots

### Atlanta

In 2005 metro Atlanta's office market returned to an expansion mode, following a couple of years of recovery from the recession earlier in the decade. More than 3.8 million square feet of annual absorption in 2005 marked a return to levels seen in the late 1990s. In the first quarter 2006, this trend continued with nearly 1.0 million square feet of net occupancy growth. As a result, the metro vacancy rate has fallen below 20 percent for the first time in nearly four years.

### San Francisco

Leasing activity in the San Francisco office market continued at a healthy pace in the first quarter, with market-wide vacancy decreasing fifty basis points and average asking rates increasing slightly. The market saw almost 440,000 square feet of positive absorption, less than half the level seen in the first quarter of 2005. Based on the strong levels of absorption seen over the past two years, there have been predictions of a significant slowdown in leasing activity. While a relative slowdown has occurred, absorption remains at strong levels, demonstrating a gradual decrease in leasing activity rather than a sharp decline.

### Chicago Downtown

With a total inventory of more than 119 million square feet, Chicago's CBD experienced a comfortable vacancy decline in the first quarter of 2006. At 15.1 percent, vacancy dropped ninety basis points from year-end 2005 and sixty basis points from first quarter 2005's 15.7

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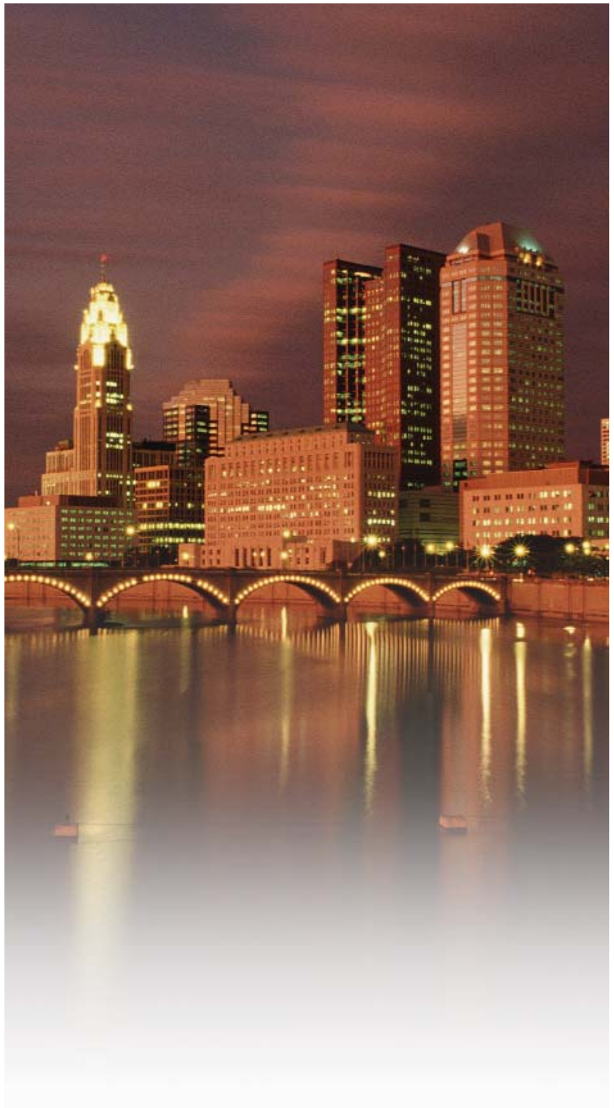

percent. A large contributor to the shift in vacancy was the West Loop submarket, which dropped 2.5 percent from 17.5 percent at fourth quarter, retaining its mark as the favored submarket for tenants. The CBD office market reported its second consecutive quarter of positive net absorption at 562,414 square feet.

### Boston

The Boston office market has carried its 2005 momentum into 2006. Overall, the market enjoyed nearly half a million square feet of positive absorption in the first quarter. A tightening across premium Class A available options has enabled landlords in some towers to raise rents. Conversely, tenants seeking mid-to low-rise space, which has not seen the leasing velocity that is being experienced in the high-rise market, will continue to find a number of competitively priced options. For the short term, Boston remains a tenants' market as users continue their flight to quality.

### Miami

Miami-Dade is on pace so far in 2006 to exceed 2005's notable year-end totals. A consistent rise in asking rental rates, a decrease in area vacancy, and a lack of new, significant office product until January of 2009 has area tenants committing to early renewals of an existing lease obligation or acquiring space for future expansion Last year the Miami vacancy rate approached 20 percent; this year it stands at a nominal 12. Barring any significant changes, the Miami office market will continue to tighten.

### San Diego

Activity in the San Diego office market was relatively steady during the first quarter of 2006, with demand noticeably stronger as compared to the same period last year. The market is poised for additional growth this year as construction continues to pick-up and leasing activity remains strong. The most notable trend during the past six months is the increase in average asking rental rates. One of the primary drivers for rent growth over the past 8–12 months, especially downtown, has been strong demand and the necessity for investors to implement rental rates required to support record prices paid for recent building acquisitions.

### Calgary

With a first quarter vacancy rate of 1.2%, Calgary's downtown office market has surpassed last year's historical low of 2.1%. Consequently, the average asking net lease rates have increased by 22% since fourth quarter 2005, reaching an all time high of $26.99 psf. Downtown absorption for first quarter 2006 reached 276,168 square feet, about half of what was reported last quarter, largely due to the lack of available space. Construction of six office projects, totalling 1.5 million square feet, continues to progress with five of the developments already 100% pre-leased.

### Montreal

Steady demand and positive absorption of more than 400,000 square feet decreased the overall vacancy rate to 11.3% in the first quarter 2006, the lowest level recorded since 2000. Although the Class A vacancy rate has remained unchanged at 10.3%, rental rates have increased compared to the same period by 15% from $16.33 psf to $18.84 psf. While the downtown office market is showing signs of improvement, the high vacancy rate has kept net effective rates low. The result is that many construction projects are on hold as landlords find it difficult to secure the anchor tenants needed to launch their projects.



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## Office Rents and Occupancy Costs

| RENT – LOCAL CURRENCY/MEASURE | | | TOTAL OCCUPATION COST US$/ ANNUM | | | TOTAL OCCUPATION COST EUROS [€]/ANNUM | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current per local measure | % change 12 months | Current per sq.ft. | Current per sq.m. | % change 12 months | Current per sq.ft. | Current per sq.m. | % change 12 months | Typical Lease Term |
| Albuquerque | US$ 18.64 sq.ft. | 2.3 | US$ 18.64 | US$ 201 | 2.3 | € 15.40 | € 166 | 2.2 | 5 |
| Atlanta (CBD) | US$ 20.08 sq.ft. | -3.9 | 20.08 | 216 | -3.9 | 16.59 | 179 | -4.0 | 5 |
| Atlanta (sub) | US$ 20.33 sq.ft. | 3.9 | 20.33 | 219 | 3.9 | 16.80 | 181 | 3.8 | 5 |
| Austin | US$ 21.07 sq.ft. | 10.3 | 21.07 | 227 | 10.3 | 17.41 | 187 | 10.1 | 5 |
| Baltimore | US$ 23.18 sq.ft. | 2.4 | 23.18 | 249 | 2.4 | 19.15 | 206 | 2.3 | 5 |
| Boston (CBD) | US$ 34.74 sq.ft. | 0.0 | 34.74 | 374 | 0.0 | 28.71 | 309 | -0.1 | 5 |
| Boston (sub) | US$ 21.79 sq.ft. | 3.4 | 21.79 | 234 | 3.4 | 18.01 | 194 | 3.2 | 5 |
| Calgary, Canada (CBD) | C$ 54.63 sq.ft. | 29.4 | 46.83 | 504 | 29.4 | 38.70 | 416 | 29.4 | 5 |
| Calgary, Canada (sub) | C$ 27.78 sq.ft | 14.5 | 23.81 | 256 | 14.5 | 19.68 | 212 | 14.5 | 5 |
| Charlotte | US$ 19 sq.ft. | 3.7 | 19.00 | 204 | 3.7 | 15.70 | 169 | 3.5 | 5 |
| Chicago (CBD) | US$ 23.77 sq.ft. | 4.4 | 23.77 | 256 | 4.4 | 19.64 | 211 | 4.3 | 5 |
| Chicago (sub) | US$ 21.15 sq.ft. | -0.3 | 21.15 | 228 | -0.3 | 17.48 | 188 | -0.5 | 5 |
| Cincinnati | US$ 14.54 sq.ft. | 0.1 | 14.54 | 156 | 0.1 | 12.01 | 129 | 0.0 | 5 |
| Cleveland | US$ 20.13 sq.ft. | -8.1 | 20.13 | 217 | -8.1 | 16.63 | 179 | -8.2 | 5 |
| Columbus | US$ 15.58 sq.ft. | -2.5 | 15.58 | 168 | -2.5 | 12.87 | 139 | -2.6 | 5 |
| Dallas | US$ 17.43 sq.ft. | -1.6 | 17.43 | 188 | -1.6 | 14.40 | 155 | -1.8 | 5 |
| Denver | US$ 19.03 sq.ft. | 7.3 | 19.03 | 205 | 7.3 | 15.72 | 169 | 7.2 | 5 |
| Detroit | US$ 21.12 sq.ft. | 1.4 | 21.12 | 227 | 1.4 | 17.45 | 188 | 1.3 | 5 |
| Edison | US$ 22.56 sq.ft. | -3.3 | 22.56 | 243 | -3.3 | 18.64 | 201 | -3.4 | 5 |
| Edmonton, Canada | C$ 20.36 sq.ft. | 13.9 | 17.45 | 188 | 13.9 | 14.42 | 155 | 13.9 | 5 |
| Fort Lauderdale | US$ 23.40 sq.ft. | -4.8 | 23.40 | 252 | -4.8 | 19.34 | 208 | -4.9 | 5 |
| Fort Worth | US$ 18.06 sq.ft. | 0.4 | 18.06 | 194 | 0.4 | 14.92 | 161 | 0.3 | 5 |
| Halifax, Canada | C$ 28.51 sq.ft. | 4.2 | 24.44 | 263 | 4.2 | 20.19 | 217 | 4.2 | 5 |
| Hartford | US$ 20.56 sq.ft. | 2.2 | 20.56 | 221 | 2.2 | 16.99 | 183 | 2.1 | 5 |
| Honolulu | US$ 28.82 sq.ft. | 17.3 | 28.82 | 310 | 17.3 | 23.81 | 256 | 17.2 | 5 |
| Houston | US$ 19.15 sq.ft. | 2.4 | 19.15 | 206 | 2.4 | 15.82 | 170 | 2.3 | 5 |
| Indianapolis | US$ 18.53 sq.ft. | -3.4 | 18.53 | 199 | -3.4 | 15.31 | 165 | -3.5 | 5 |
| Jacksonville | US$ 19.20 sq.ft. | -0.3 | 19.20 | 207 | -0.3 | 15.86 | 171 | -0.4 | 5 |
| Kansas City | US$ 18.41 sq.ft. | -1.1 | 18.41 | 198 | -1.1 | 15.21 | 164 | -1.2 | 5 |
| Las Vegas | US$ 29.31 sq.ft. | 4.1 | 29.31 | 315 | 4.1 | 24.22 | 261 | 4.0 | 5 |
| London, Canada | C$ 26.75 sq.ft. | 8.3 | 22.93 | 247 | 8.3 | 18.95 | 204 | 8.3 | 5 |
| Long Island | US$ 26.87 sq.ft. | 6.5 | 26.87 | 289 | 6.5 | 22.20 | 239 | 6.4 | 5 |
| Los Angeles (CBD) | US$ 23.12 sq.ft. | 19.9 | 23.12 | 249 | 19.9 | 19.10 | 206 | 19.7 | 5 |
| Los Angeles (sub) | US$ 27.21 sq.ft. | 7.0 | 27.21 | 293 | 7.0 | 22.48 | 242 | 6.9 | 5 |
| Miami (CBD) | US$ 31.70 sq.ft. | 6.2 | 31.70 | 341 | 6.2 | 26.19 | 282 | 6.1 | 5 |
| Miami (sub) | US$ 28.20 sq.ft. | 5.7 | 28.20 | 303 | 5.7 | 23.30 | 251 | 5.6 | 5 |
| Minneapolis | US$ 19.24 sq.ft. | 1.3 | 19.24 | 207 | 1.3 | 15.90 | 171 | 1.1 | 5 |
| Montreal, Canada (CBD) | C$ 35.51 sq.ft. | -4.3 | 30.44 | 328 | -4.3 | 25.15 | 271 | -4.3 | 5–10 |
| Montreal, Canada (sub) | C$ 25.03 sq.ft. | 2.5 | 21.46 | 231 | 2.5 | 17.73 | 191 | 2.5 | 5–10 |
| Nashville | US$ 19.01 sq.ft. | -1.1 | 19.01 | 205 | -1.1 | 15.71 | 169 | -1.3 | 5 |
| New York - Downtown Manhattan | US$ 32.26 sq.ft. | 3.9 | 32.26 | 347 | 3.9 | 26.66 | 287 | 3.8 | 5 |

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One Euro [€] equals C$1.41 and US$1.21. One US$ equals C$1.17.

Source of U.S. rents: Torto Wheaton Research (TWR) an independent subsidiary of CB Richard Ellis.

## Office Rents and Occupancy Costs (cont'd.)

| | RENT – LOCAL CURRENCY/MEASURE | | TOTAL OCCUPATION COST US$/ ANNUM | | | TOTAL OCCUPATION COST EUROS [€]/ANNUM | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current per local measure | % change 12 months | Current per sq.ft. | Current per sq.m. | % change 12 months | Current per sq.ft. | Current per sq.m. | % change 12 months | Typical Lease Term |
| New York - Midtown Manhattan | US$ 55.15 sq.ft. | 2.7 | US$ 55.15 | US$ 593 | 2.7 | € 45.57 | € 490 | 2.6 | 5 |
| Newark | US$ 24.98 sq.ft. | 3.6 | 24.98 | 269 | 3.6 | 20.64 | 222 | 3.5 | 5 |
| Oakland | US$ 24.65 sq.ft. | 7.2 | 24.65 | 265 | 7.2 | 20.37 | 219 | 7.1 | 5 |
| Orange County | US$ 29.44 sq.ft. | 9.1 | 29.44 | 317 | 9.1 | 24.33 | 262 | 8.9 | 5 |
| Orlando | US$ 21.85 sq.ft. | 8.7 | 21.85 | 235 | 8.7 | 18.05 | 194 | 8.5 | 5 |
| Ottawa, Canada | C$ 42.73 sq.ft. | -7.3 | 36.63 | 394 | -7.3 | 30.27 | 326 | -7.3 | 5 |
| Philadelphia | US$ 22.42 sq.ft. | 1.7 | 22.42 | 241 | 1.7 | 18.53 | 199 | 1.6 | 5 |
| Phoenix | US$ 24.29 sq.ft. | 11.3 | 24.29 | 261 | 11.3 | 20.07 | 216 | 11.2 | 5 |
| Pittsburgh | US$ 21.60 sq.ft. | 1.5 | 21.60 | 232 | 1.5 | 17.85 | 192 | 1.3 | 5 |
| Portland | US$ 21.58 sq.ft. | 1.7 | 21.58 | 232 | 1.7 | 17.83 | 192 | 1.6 | 5 |
| Raleigh | US$ 19.06 sq.ft. | 0.6 | 19.06 | 205 | 0.6 | 15.75 | 169 | 0.5 | 5 |
| Riverside | US$ 22.78 sq.ft. | 0.4 | 22.78 | 245 | 0.4 | 18.82 | 203 | 0.3 | 5 |
| Sacramento | US$ 24.58 sq.ft. | 2.7 | 24.58 | 264 | 2.7 | 20.31 | 219 | 2.6 | 5 |
| Salt Lake City | US$ 21.59 sq.ft. | 9.4 | 21.59 | 232 | 9.4 | 17.84 | 192 | 9.3 | 5 |
| San Diego | US$ 33.70 sq.ft. | 8.2 | 33.70 | 363 | 8.2 | 27.85 | 300 | 8.1 | 5 |
| San Francisco | US$ 30.62 sq.ft. | 21.6 | 30.62 | 329 | 21.6 | 25.30 | 272 | 21.5 | 5 |
| San Jose | US$ 26.29 sq.ft. | 2.5 | 26.29 | 283 | 2.5 | 21.72 | 234 | 2.3 | 5 |
| Seattle (CBD) | US$ 24.83 sq.ft. | 0.5 | 24.83 | 267 | 0.5 | 20.52 | 221 | 0.4 | 5 |
| Seattle (sub) | US$ 23.19 sq.ft. | 6.4 | 23.19 | 250 | 6.4 | 19.16 | 206 | 6.2 | 5 |
| St. Louis | US$ 21.12 sq.ft. | -3.0 | 21.12 | 227 | -3.0 | 17.45 | 188 | -3.1 | 5 |
| Stamford | US$ 29.02 sq.ft. | 0.1 | 29.02 | 312 | 0.1 | 23.98 | 258 | -0.1 | 5 |
| Tampa | US$ 20.54 sq.ft. | 3.6 | 20.54 | 221 | 3.6 | 16.97 | 183 | 3.5 | 5 |
| Toledo | US$ 17.72 sq.ft. | 0.1 | 17.72 | 191 | 0.1 | 14.64 | 158 | -0.1 | 5 |
| Toronto, Canada (CBD) | C$ 58.88 sq.ft. | -0.4 | 50.47 | 543 | -0.4 | 41.71 | 449 | -0.4 | 5–10 |
| Toronto, Canada (sub) | C$ 27.47 sq.ft. | 7.9 | 24.00 | 258 | 7.9 | 19.83 | 213 | 7.9 | 5–10 |
| Tucson | US$ 20.93 sq.ft. | -0.1 | 20.93 | 225 | -0.1 | 17.29 | 186 | -0.3 | 5 |
| Vancouver, Canada (CBD) | C$ 43.54 sq.ft. | 7.7 | 37.32 | 402 | 7.7 | 30.84 | 332 | 7.7 | 5 |
| Vancouver, Canada (sub) | C$ 29.71 sq.ft. | 4.2 | 25.47 | 274 | 4.2 | 21.04 | 226 | 4.2 | 5 |
| Ventura | US$ 25.15 sq.ft. | 9.4 | 25.15 | 271 | 9.4 | 20.78 | 224 | 9.3 | 5 |
| Washington, DC (CBD) | US$ 42.74 sq.ft. | 2.4 | 42.74 | 460 | 2.4 | 35.32 | 380 | 2.2 | 5 |
| Washington, DC (sub) | US$ 27.78 sq.ft. | 3.9 | 27.78 | 299 | 3.9 | 22.95 | 247 | 3.8 | 5 |
| Waterloo Region, Canada | C$ 23.21 sq.ft. | 4.3 | 19.90 | 214 | 4.3 | 16.44 | 177 | 4.3 | 5 |
| West Palm Beach | US$ 15.23 sq.ft. | -29.4 | 15.23 | 164 | -29.4 | 12.58 | 135 | -29.5 | 5 |
| Wilmington | US$ 21.48 sq.ft. | 3.5 | 21.48 | 231 | 3.5 | 17.75 | 191 | 3.4 | 5 |
| Winnipeg, Canada | C$ 27.92 sq.ft. | 2.7 | 23.93 | 258 | 2.7 | 19.78 | 213 | 2.7 | 5 |

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## Regional Snapshot

Despite the relative weakness of the European economy, the office leasing market has been strong. In fact, total European take-up registered a five-year high in 2005. This strong trend continued into 2006, with key markets such as Paris, London and Madrid all seeing strong levels of take-up in the first quarter. Although some of this was driven by consolidation, it is clear that office demand is finally recovering across Europe.

Alongside a gradual recovery in the occupier markets, the supply characteristics of the market continued to be positive. The downward trend in availability continued throughout 2005 and into 2006. The most notable declines in vacancy have been in Barcelona and the West End of London, where available space is minimal. Overall the development pipeline remains fairly subdued, with very few markets seeing an increase in the level of development activity. Those markets where development is increasing, such as London, have characteristically been the ones were supply is the tightest.

Many markets are now showing the first signs of rental uplift. Although to date most increases have been relatively modest, the expectation is that most markets have now moved into the upturn phase of the rental cycle. There are a few key markets where the bottom of the cycle has yet to be reached, such as Amsterdam, Frankfurt and Milan. Generally these markets are characterized by oversupply and weak economic conditions. However, the overall European outlook is positive, with many indicators now showing sustained signs of recovery.

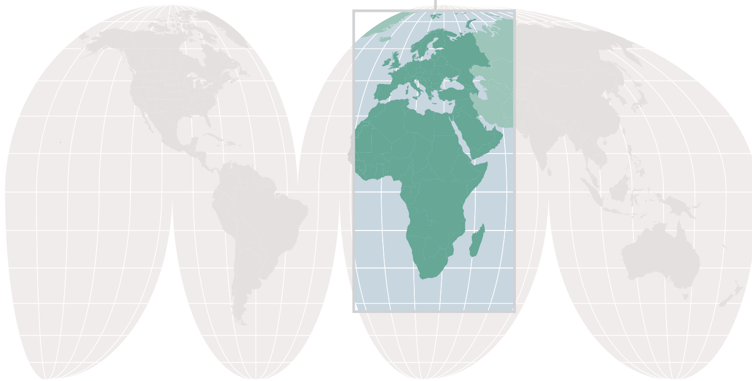
## Key Market Snapshots

### London

The London office market continues to show some of the strongest rental growth across Europe, with rents rising in almost all submarkets. The key submarkets, the West End and City, have both seen uplifts in the first quarter of 2006. Demand continues to be strong and consistent into 2006, with the outlook for the rest of the year positive. Consequently supply has steadily contracted, and the vacancy rate has now dropped to 6.2% across Central London. This drop, in addition to the uplift in headline rents, is stimulating fresh development activity across the market.

### Frankfurt

The Frankfurt office market continues to lag behind other markets across Europe, a number of which are in a recovery phase. Demand remains weak and lack of owner-occupied acquisitions of large office plates is especially noticeable. Furthermore, the majority of leasing activity is being driven by cost rationalization and consolidation. The supply level remains very high and the development pipeline is expanding slightly, though much of this is pre-let. Prime rents have remained stable, but downward pressure persists and rental increases are not expected in the short term.



### Paris

The key trend in the Parisian office market is the very strong demand seen in the latter half of 2005, which has continued into the first quarter of 2006. Consequently the supply picture continues to tighten, particularly in the CBD which is boosting demand in other submarkets such as La Défense. However, developers remain cautious and there has yet to be an increase in development activity. The rental trend continues to be positive, with headline growth seen this year, although this is still underpinned by generous incentives.

### Moscow

The Moscow office market saw a strong start to the year. Rising occupier demand and insufficient supply will remain the key market trends throughout 2006. Despite considerable levels of supply, this is unlikely to satisfy demand in a short term. The overall vacancy rate is still low at 5.2% for the market as a whole. The availability of class A office space is even more limited, putting further upward pressure on rents that have already risen sharply over the last year.

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## Office Rents and Occupancy Costs

| | RENT – LOCAL CURRENCY/MEASURE | | TOTAL OCCUPATION COST US$/ ANNUM | | | | TOTAL OCCUPATION COST EUROS [€]/ANNUM | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current per local measure | % change 12 months | Current per sq.ft. | Current per sq.m. | % change 12 months | Exchange rate to the US$ | Current per sq.ft. | Current per sq.m. | % change 12 months | Exchange rate to the Euro | Typical lease term (yrs) | Typical rent free (months) |
| Aberdeen, Scotland | £ psf pa 20 | 5.3 | US$ 56.81 | US$ 636 | 3.1 | £ 0.58 | € 46.94 | € 505 | -1.1 | £ 0.70 | 10 | 9 |
| Abu Dhabi, United Arab Emirates | AED psf 120 | 50.0 | 37.57 | 405 | 50.0 | AED 3.67 | 31.05 | 334 | 49.5 | AED 4.44 | 1–3 | 0 |
| Amsterdam, Netherlands | € psm pa 300 | 0.0 | 41.16 | 442 | -0.3 | € 0.83 | 34.01 | 366 | -0.3 | € 1 | 5 | 3–12 |
| Athens, Greece | € psm pm 28 | 0.0 | 42.08 | 452 | 0.0 | € 0.83 | 34.77 | 374 | 0.0 | € 1 | 12 | 0 |
| Barcelona, Spain | € psm pm 24 | 4.3 | 43.61 | 468 | 4.2 | € 0.83 | 36.03 | 388 | 4.2 | € 1 | 5 | 2 |
| Belfast, Northern Ireland | £ psf pa 12.75 | 2.0 | 27.32 | 306 | 1.6 | £ 0.58 | 22.57 | 243 | -2.6 | R 0.70 | 10 | 3 |
| Berlin, Germany | € psm pm 21 | -2.3 | 32.38 | 348 | -2.0 | € 0.83 | 26.76 | 288 | -2.0 | € 1 | 5 + 5 | 3–6 |
| Birmingham, England | £ psf pa 27.5 | 0.0 | 65.05 | 728 | 0.0 | £ 0.58 | 53.75 | 579 | -4.1 | £ 0.70 | 10 | 12 |
| Bratislava, Slovakia | € psm pm 17 | 0.0 | 30.73 | 330 | 0.0 | € 0.83 | 25.39 | 273 | 0.0 | € 1 | 3–5 | 2 |
| Bristol, England | £ psf pa 24.5 | 0.0 | 61.58 | 690 | 0.0 | £ 0.58 | 50.88 | 548 | -4.1 | £ 0.70 | 10 | 12 |
| Brussels, Belgium | € psm pa 300 | 0.0 | 50.70 | 544 | 0.0 | € 0.83 | 41.89 | 451 | 0.0 | € 1 | 3/6/9 | 6 |
| Bucharest, Romania | € psm pm 19 | 0.0 | 33.73 | 362 | 0.0 | US$ 0.83 | 27.87 | 300 | 0.0 | US$ 1.00 | 5 + 5 | 1–3 |
| Budapest, Hungary | € psm pm 20 | 21.2 | 35.08 | 377 | 17.6 | € 0.83 | 28.99 | 312 | 17.6 | € 1 | 3–5 | 3–6 |
| Cape Town (Claremont), South Africa | R psm pm 90 | 12.5 | 19.17 | 190 | 11.6 | R 6.16 | 15.84 | 171 | 20.8 | R 7.46 | 3–5 | 0 |
| Copenhagen, Denmark | DKr psm pa 1650 | 0.0 | 35.45 | 381 | 0.3 | DKr 6.17 | 29.29 | 315 | 0.1 | DKr 7.46 | 3–5 | 0–3 |
| Dubai, United Arab Emirates | AED psf 280 | 40.0 | 87.67 | 944 | 40.0 | AED 3.67 | 72.45 | 780 | 39.5 | AED 4.44 | 1–3 | 0 |
| Dublin, Ireland | € psm pa 592 | 0.0 | 87.47 | 939 | 0.8 | € 0.83 | 72.28 | 778 | 0.8 | € 1 | 20 | 3 |
| Durban, South Africa | R psm pm 90 | 20.0 | 19.53 | 194 | 16.1 | R 6.16 | 16.14 | 174 | 25.7 | R 7.46 | 3–5 | 1 |
| Edinburgh, Scotland | £ psf pa 26.5 | 0.0 | 72.85 | 816 | 0.0 | £ 0.58 | 60.20 | 648 | -4.1 | £ 0.70 | 10 | 16 |
| Frankfurt am Main, Germany | € psm pm 33.5 | 0.0 | 54.26 | 582 | -0.8 | € 0.83 | 44.83 | 483 | -0.8 | € 1 | 5 + 5 | 3–6 |
| Geneva, Switzerland | SF psm pa 710 | 0.0 | 54.57 | 599 | 0.0 | SFr 1.31 | 45.09 | 485 | -2.2 | SFr 1.58 | 5 | 3 |
| Glasgow, Scotland | £ psf pa 23 | 0.0 | 60.71 | 680 | 0.0 | £ 0.58 | 50.16 | 540 | -4.1 | £ 0.70 | 10 | 12 |
| Gothenburg, Sweden | SKr psm pa 2100 | 5.0 | 30.26 | 324 | 4.6 | SEK 7.79 | 25.01 | 269 | 4.7 | SEK 9.43 | 3 | 0 |
| Hamburg, Germany | € psm pm 22.5 | 7.1 | 37.14 | 399 | 8.7 | € 0.83 | 30.69 | 330 | 8.7 | € 1 | 5 + 5 | 3–6 |
| Helsinki, Finland | € psm pa 25 | 0.0 | 37.48 | 402 | 0.0 | € 0.83 | 30.97 | 333 | 0.0 | € 1 | 3–5 | 0 |
| Istanbul, Turkey | US$ psm pm 18 | 5.9 | 30.95 | 333 | 4.5 | US$ 1.00 | 25.57 | 275 | 4.2 | US$ 1.21 | 3–5 | 1–3 |
| Jersey, England | £ psf pa 25 | 0.0 | 52.04 | 583 | 0.0 | £ 0.58 | 43.00 | 463 | -4.1 | £ 0.70 | 15 | 18 |
| Johannesburg (Sandton), South Africa | R psm pm 90 | 5.9 | 18.27 | 181 | 6.3 | R 6.16 | 15.09 | 162 | 15.1 | R 7.46 | 5–7 | 0 |
| Leeds, England | £ psf pa 25 | 0.0 | 66.78 | 748 | 0.0 | £ 0.58 | 55.18 | 594 | -4.1 | £ 0.70 | 10 | 12 |
| Lille, France | € psm pa 165 | -5.7 | 27.81 | 298 | -4.2 | € 0.83 | 22.98 | 247 | -4.2 | € 1 | 3/6/9 | 3–6 |
| Lisbon, Portugal | € psm pm 20 | 0.0 | 34.10 | 366 | 0.0 | € 0.83 | 28.18 | 303 | 0.0 | € 1 | 5 | 0–6 |
| Liverpool, England | £ psf pa 18.5 | 2.8 | 50.30 | 563 | 1.8 | £ 0.58 | 41.57 | 447 | -2.5 | £ 0.70 | 10 | 12 |
| London (City), England | £ psf pa 48 | 7.9 | 127.49 | 1,428 | 6.5 | £ 0.58 | 105.35 | 1,134 | 2.1 | £ 0.70 | 10 | 24 |
| London (West End), England | £ psf pa 85 | 13.3 | 185.60 | 2,079 | 10.3 | £ 0.58 | 153.36 | 1,651 | 5.7 | £ 0.70 | 10–15 | 6–9 |
| Luxembourg City, Luxembourg | € psm pm 33.5 | 0.0 | 54.79 | 588 | 0.0 | € 0.83 | 45.27 | 487 | 0.0 | € 1 | 3/6/9 | none |
| Lyon, France | € psm pa 205 | -2.4 | 32.64 | 350 | -1.8 | € 0.83 | 26.97 | 290 | -1.8 | € 1 | 3/6/9 | 3–6 |
| Madrid, Spain | € psm pm 28.5 | 12.9 | 54.13 | 581 | 12.1 | € 0.83 | 44.72 | 481 | 12.1 | € 1 | 3–5 | 1–2 |
| Malaga, Spain | € psm pa 17 | 13.3 | 30.56 | 328 | 13.2 | € 0.83 | 25.25 | 272 | 13.2 | € 1 | 3–5 | 1–2 |
| Manchester, England | £ psf pa 28 | 0.0 | 72.85 | 816 | 0.0 | £ 0.58 | 60.20 | 648 | -4.1 | £ 0.70 | 10 | 12 |
| Marseille, France | € psm pa 210 | 0.0 | 33.25 | 357 | 0.0 | € 0.83 | 27.47 | 296 | 0.0 | € 1 | 3/6/9 | 3–6 |
| Milan, Italy | € psm pa 450 | 0.0 | 60.05 | 645 | 0.0 | € 0.83 | 49.62 | 534 | 0.0 | € 1 | 6 + 6 | 2–3 |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current per local measure | % change 12 months | Current per sq.ft. | Current per sq.m. | % change 12 months | Exchange rate to the US$ | Current per sq.ft. | Current per sq.m. | % change 12 months | Exchange rate to the Euro | Typical lease term (yrs) | Typical rent free (months) |
| Moscow, Russia | US$ psm pa 650 | 11.1 | US$ 94.76 | US$ 1,020 | 11.1 | US$ 1.00 | € 78.30 | € 843 | 10.8 | US$ 1.21 | 5 | 0–3 |
| Munich, Germany | € psm pm 30 | 3.4 | 49.67 | 533 | 2.1 | € 0.83 | 41.04 | 442 | 2.1 | € 1 | 5 + 5 | 6–9 |
| Nicosia, Cyprus | € psm pm 7 | 0.0 | 17.64 | 157 | 0.0 | € 0.48 | 14.57 | 157 | 1.3 | 0.58 | 2–5 | 2–4 |
| Oslo, Norway | NKr psm pa 2200 | 22.2 | 38.93 | 420 | 19.3 | NKr 6.56 | 32.17 | 346 | 18.7 | NKr 7.94 | 3–5 | 0 |
| Palma De Mallorca, Spain | € psm pa 12 | 20.0 | 21.11 | 227 | 18.2 | € 0.83 | 17.44 | 188 | 18.2 | € 1 | 2–3 | 1–2 |
| Paris La Défense, France | € psm pa 434 | 22.9 | 69.39 | 745 | 16.4 | € 0.83 | 57.34 | 617 | 16.4 | € 1 | 3/6/9 | 6–9 |
| Paris, France | € psm pa 657 | 9.0 | 92.48 | 993 | 7.6 | € 0.83 | 76.42 | 823 | 7.6 | € 1 | 3/6/9 | 6–9 |
| Prague, Czech Republic | € psm pm 18.5 | 0.0 | 32.23 | 346 | 0.0 | € 0.83 | 26.63 | 287 | 0.0 | € 1 | 5 | 1–3 |
| Rome, Italy | € psm pa 340 | 0.0 | 45.37 | 487 | 0.0 | € 0.83 | 37.49 | 404 | 0.0 | € 1 | 6 + 6 | 2–3 |
| Sofia, Bulgaria | US$ psm pm 15.5 | -3.1 | 22.17 | 239 | -2.8 | US$ 1.00 | 18.32 | 197 | -3.0 | US$ 1.21 | 3–5 | 1–2 |
| Stockholm, Sweden | SKr psm pa 3500 | 6.1 | 52.45 | 562 | 5.3 | SKr 7.79 | 43.34 | 467 | 5.5 | SKr 9.43 | 3–5 | 0–1 |
| Thessaloniki, Greece | € psm pm 18 | 0.0 | 26.17 | 281 | 0.0 | € 0.83 | 21.62 | 233 | 0.0 | € 1 | 12 | 0 |
| Valencia, Spain | € psm pa 15.6 | 20.0 | 27.94 | 300 | 17.3 | € 0.83 | 23.08 | 248 | 17.3 | € 1 | 2–5 | 1–2 |
| Vienna, Austria | € psm pm 20 | 0.0 | 33.66 | 361 | 0.0 | € 0.83 | 27.81 | 299 | 0.0 | € 1 | 3–5 | 3 |
| Warsaw, Poland | US$ psm pm 20 | 0.0 | 36.73 | 394 | 0.0 | US$ 0.83 | 30.35 | 327 | 0.0 | US$ 1.00 | 3–5 | 3–5 |
| Zurich, Switzerland | SF psm pa 800 | 0.0 | 60.25 | 731 | 0.0 | SFr 1.31 | 49.79 | 536 | -2.2 | SFr 1.58 | 5 | 3 |



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Unless otherwise indicated, all data reflect office space in the central commercial district. The term "sub" means suburban and is used primarily in U.S. 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.

Global Market 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 United States, office units are measured in square feet, while Japan uses the tsubo. Great Britain measures currency in pounds, while Thailand uses the baht. Also in the United States, 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

In order to facilitate comparisons across markets, Global Market 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 which 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.

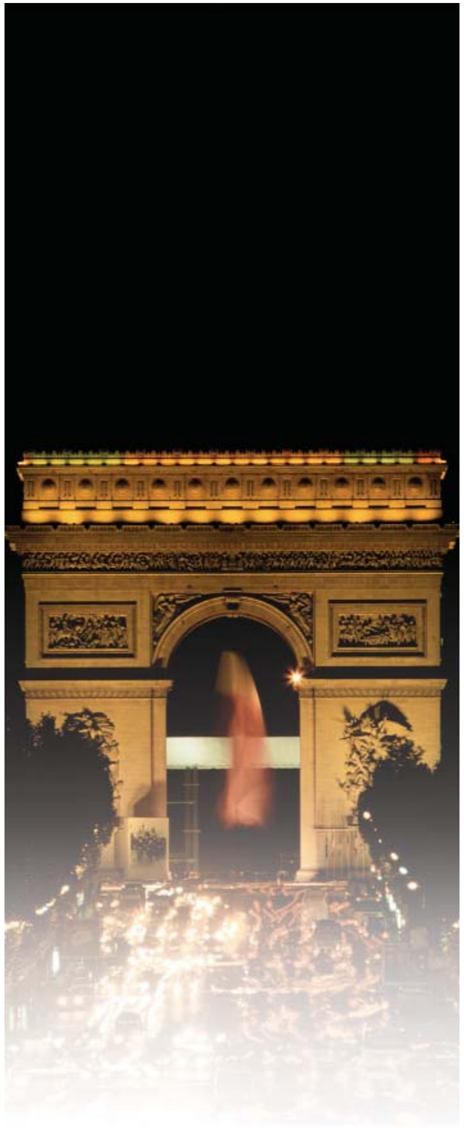
Office rents in Taiwan are quoted as "ping p.m.," in Japan as "tsubo p.m.," and in Korea as "pyung p.m." The ping, tsubo and pyung all are approximately 36 sq. ft. Each is the traditional measure of area in its respective country, based on the equivalent measurement of two tatami mats.

**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 Occupation Cost.

**Total Occupation Cost:** Local office costs are reported in the Euro and in 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.

**Exchange Rate to the Euro and the U.S. Dollar:** Reports the currency conversion rate employed in the highlighted Total Occupation Cost columns.



Prior editions of the Global Market Rents were published in January and August. Starting with this edition, we are publishing in May and November. The rental change percentages are based upon a true twelve month comparison. Due to the publication schedule differences readers should be wary of attempting to construct long time series using prior editions or press releases.

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