

# PRESS RELEASE



## LONDON, MOSCOW REMAIN WORLD'S MOST EXPENSIVE OFFICE MARKETS; HONG KONG'S CBD BREAKS INTO TOP FIVE

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### Abu Dhabi Sets Pace, By Wide Margin, For Fastest Occupancy Cost Growth

**Los Angeles — November 25, 2008** — London's West End and Moscow remain the world's two most expensive office markets, respectively, while Hong Kong's CBD, Tokyo's Inner Central District and Mumbai's Nariman Point round out the top five, according to CB Richard Ellis Group, Inc. (CBRE) Research's semi-annual Global MarketView/Office Occupancy Costs survey. The report tracks world markets with the highest as well as fastest-growing occupancy costs for the 12 months ended September 30, 2008.

The average rate of growth for office occupancy costs among the 172 markets monitored in the survey was 8%, almost double last year's world inflation rate. Up 94.6%, Abu Dhabi, United Arab Emirates (UAE) had by far the fastest growing occupancy costs, with three of the top five fastest growing countries situated in the Middle East. The rise in occupancy costs in the UAE over the past twelve months has reflected market fundamentals—limited supply of quality office space and high demand from international firms, primarily law firms, financial institutions and real estate and construction companies planting a footprint in the UAE.

"Our current perceptions are greatly affected by the current economic malaise and we tend to forget how fast rents and occupancy costs were rising over the last 12 months," said Dr. Raymond Torto, CBRE's Global Chief Economist. "Clearly the rate of change is generally slowing, and in some markets the pricing direction is down. The turn in rent trajectory will provide some relief to occupiers and angst to owners. However, unlike previous downturns, which have occurred simultaneously with extensive overbuilding, the real estate market globally today is in a stronger position to weather the difficulties than in the past."

Asia Pacific was the fastest growing region among markets in the top 50, at an average rate of 26.2%. Among the region's ten entries into the top 50 fastest growing and second overall, Ho Chi Minh City, Vietnam, was up 51.4%. Multi-national corporation tenants have driven demand for the limited supply of prestige prime office buildings in that city; however Ho Chi Minh City's rents largely surged in the fourth quarter of 2007 and the first half of 2008. Perth, Australia, was second in the region and fourth overall, up 45.2%, while Hong Kong's CBD had the third largest increase in the region and 12th overall, up 29.1%.

Occupancy costs in the six Latin American markets that made the top 50 fastest growing rankings grew an average of 21.5%, with two new cities—Santo Domingo, Dominican Republic, and Lima, Peru—making the list. São Paulo, Brazil, led the region and was the seventh fastest growing market overall, up 34%. São Paulo's occupancy cost increase reflects a shortage of prime office space combined with a relatively strong local economy supported by

global demand for commodities and a growing middle class. Meanwhile, of the nine North American markets in the top 50 fastest growing rankings (down from the last report's 15 markets), occupancy cost growth rates averaged 14.5%, the slowest of all the regions covered.

### **Asia-Pacific**

Hong Kong jumped into the top three most expensive cities globally, with occupancy costs rising to \$231.59. Ho Chi Minh City dropped from the top spot to number two among the top 50 fastest growing cities, while Perth, Australia, jumped up 10 spots in the most expensive rankings, coming in at number 31.

### **Europe**

London's West End remained the world's most expensive office market at \$248.66, and Moscow retained its number two spot at \$234.73. The City of London was next among the European markets and eighth most expensive overall, at \$146.61. In Europe, occupancy costs grew fastest in Moscow and Rome, with increases of 29.8% and 29.5%, respectively.

Richard Holberton, Director EMEA Research CB Richard Ellis, said: "European cities still account for over half of the top 50 most expensive global office markets. The fact that Moscow is the only European location that appears in the global list of top ten fastest growing markets, however, reflects the fact that the economic climate has slowed occupier activity across Europe in recent months, reducing upward pressure on occupier costs. European markets as a group are expected to experience reduced occupier costs over the course of next year as landlords seek to secure tenants in a tougher business environment."

### **Americas**

Five North American cities are among the world's Top 50 most expensive office markets: Midtown Manhattan (15th at \$98.08); Calgary CBD (38th at \$66.58); suburban Los Angeles (41st at \$63.58); Toronto CBD (43rd at \$61.54); and Downtown New York City (48th at \$59.16). In Latin America, São Paulo increased nine spots to 26<sup>th</sup>, at \$75.13.

#### **Top Ten Most Expensive Markets**

(In US\$ per sq. ft. per annum)

1. London (West End), England
2. Moscow, Russia
3. Hong Kong (CBD)
4. Tokyo (Inner Central), Japan
5. Mumbai, India
6. Dubai, UAE
7. Tokyo (Outer Central), Japan
8. London (City), England
9. Singapore
10. Hong Kong (Prime Districts)

#### **Top Ten Markets with Fastest Growing Occupancy Costs**

(In local currency & measure)

1. Abu Dhabi, UAE
2. Ho Chi Minh City, Vietnam
3. Dubai, UAE
4. Perth, Australia
5. Tel Aviv, Israel
6. Durban, South Africa
7. São Paulo, Brazil
8. Panama City, Panama
9. Cape Town, South Africa
10. Moscow, Russia

Note: The full Top 50 Most Expensive and Top 50 Markets with Fastest Growing Occupancy Costs charts are located at the end of this press release.

#### About CB Richard Ellis

CB Richard Ellis Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2007 revenue). With over 29,000 employees, the Company serves real estate owners, investors and occupiers through more than 300 offices worldwide (excluding affiliate offices). CB Richard Ellis offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. CB Richard Ellis is the only commercial real estate services company named one of the 50 "best in class" companies by BusinessWeek, and was also named one of the 100 fastest growing companies by Fortune. Please visit our Web site at [www.cbre.com](http://www.cbre.com).

#### Notes to Editors

1. Global MarketView/Office Occupancy Costs is a survey of office occupation costs in 172 cities worldwide.
2. The Fastest Growing ranking is based upon occupancy costs in local currency and measure. The Most Expensive ranking is based upon occupancy costs in US\$ per sq. ft. per annum.
3. The figures given in this release refer to occupancy cost. This represents rent, plus local taxes and service charges. The occupation cost figures have also been adjusted to reflect different measurement practices from market to market.
4. To obtain a full copy of the report or to arrange to speak with a CBRE expert, please contact Robert McGrath at 212.984.8267 or [robert.mcgrath@cbre.com](mailto:robert.mcgrath@cbre.com).

#### Top 50 Most Expensive Office Markets as of November 2008 (converted to U.S. dollars)

| Rank | Market                        | US\$/sq<br>ft/annum | € /sq<br>m/month | £/sq<br>ft/annum | Aus \$/sq<br>m/annum | Can\$/sq<br>ft/annum | ¥ /sq<br>ft/annum |
|------|-------------------------------|---------------------|------------------|------------------|----------------------|----------------------|-------------------|
| 1    | London (West End), England    | 248.66              | 158.79           | 139.50           | 3,393                | 264.38               | 26,399            |
| 2    | Moscow, Russia                | 234.73              | 149.89           | 131.68           | 3,203                | 249.56               | 24,920            |
| 3    | Hong Kong (Central CBD)       | 231.59              | 147.89           | 129.92           | 3,160                | 246.23               | 24,587            |
| 4    | Tokyo, (Inner Central), Japan | 184.26              | 117.66           | 103.37           | 2,514                | 195.90               | 19,562            |
| 5    | Mumbai (CBD), India           | 170.85              | 109.10           | 95.85            | 2,331                | 181.65               | 18,138            |
| 6    | Dubai, United Arab Emirates   | 156.53              | 99.96            | 87.82            | 2,136                | 166.43               | 16,619            |
| 7    | Tokyo (Outer Central), Japan  | 151.69              | 96.87            | 85.10            | 2,070                | 161.28               | 16,105            |
| 8    | London (City), England        | 146.61              | 93.62            | 82.25            | 2,001                | 155.88               | 15,565            |
| 9    | Singapore                     | 135.13              | 86.29            | 75.81            | 1,844                | 143.67               | 14,346            |
| 10   | Hong Kong (Prime Districts)   | 132.97              | 84.91            | 74.59            | 1,814                | 141.37               | 14,116            |
|      | Abu Dhabi, United Arab        |                     |                  |                  |                      |                      |                   |
| 11   | Emirates                      | 132.44              | 84.57            | 74.30            | 1,807                | 140.81               | 14,061            |
| 12   | Paris, France                 | 131.62              | 84.05            | 73.84            | 1,796                | 139.94               | 13,974            |
| 13   | New Delhi (CBD), India        | 122.18              | 78.02            | 68.54            | 1,667                | 129.90               | 12,971            |
| 14   | Dublin, Ireland               | 108.58              | 69.33            | 60.91            | 1,482                | 115.44               | 11,527            |
| 15   | New York Midtown, U.S.        | 98.08               | 62.63            | 55.02            | 1,338                | 104.28               | 10,413            |
| 16   | Ho Chi Minh City, Vietnam     | 92.83               | 59.28            | 52.08            | 1,267                | 98.70                | 9,855             |
| 17   | Madrid, Spain                 | 88.43               | 56.47            | 49.61            | 1,207                | 94.02                | 9,389             |
| 18   | Zurich, Switzerland           | 88.01               | 56.20            | 49.37            | 1,201                | 93.57                | 9,343             |

|    |                             |       |       |       |       |       |       |
|----|-----------------------------|-------|-------|-------|-------|-------|-------|
| 19 | Milan, Italy                | 85.76 | 54.76 | 48.11 | 1,170 | 91.18 | 9,104 |
| 20 | Birmingham, England         | 84.67 | 54.07 | 47.50 | 1,155 | 90.02 | 8,989 |
| 21 | Oslo, Norway                | 83.63 | 53.40 | 46.92 | 1,141 | 88.92 | 8,879 |
| 22 | Luxembourg City, Luxembourg | 82.25 | 52.52 | 46.14 | 1,122 | 87.45 | 8,732 |
| 23 | Edinburgh, Scotland         | 82.00 | 52.36 | 46.00 | 1,119 | 87.18 | 8,705 |
| 24 | Manchester, England         | 79.32 | 50.65 | 44.50 | 1,082 | 84.34 | 8,421 |
| 25 | Geneva, Switzerland         | 78.07 | 49.86 | 43.80 | 1,065 | 83.01 | 8,289 |
| 26 | São Paulo, Brazil           | 75.13 | 47.98 | 42.15 | 1,025 | 79.88 | 7,976 |
| 27 | Shanghai (Pudong), China    | 75.01 | 47.90 | 42.08 | 1,024 | 79.75 | 7,963 |
| 28 | Frankfurt am Main, Germany  | 74.09 | 47.31 | 41.56 | 1,011 | 78.77 | 7,866 |
| 29 | Glasgow, Scotland           | 73.98 | 47.24 | 41.50 | 1,009 | 78.65 | 7,854 |
| 30 | Stockholm, Sweden           | 73.72 | 47.08 | 41.36 | 1,006 | 78.38 | 7,827 |
| 31 | Perth, Australia            | 73.72 | 47.07 | 41.36 | 1,006 | 78.38 | 7,826 |
| 32 | Aberdeen, Scotland          | 73.08 | 46.67 | 41.00 | 997   | 77.70 | 7,759 |
| 33 | Warsaw, Poland              | 71.34 | 45.56 | 40.02 | 973   | 75.85 | 7,574 |
| 34 | Leeds, England              | 71.30 | 45.53 | 40.00 | 973   | 75.81 | 7,570 |
| 35 | Bristol, England            | 70.41 | 44.96 | 39.50 | 961   | 74.86 | 7,475 |
| 36 | Rome, Italy                 | 68.84 | 43.96 | 38.62 | 939   | 73.19 | 7,308 |
| 37 | Rio de Janeiro, Brazil      | 68.77 | 43.92 | 38.58 | 938   | 73.12 | 7,301 |
| 38 | Calgary (CBD), Canada       | 66.58 | 42.52 | 37.35 | 909   | 70.79 | 7,069 |
| 39 | Shanghai (Puxi), China      | 65.97 | 42.12 | 37.01 | 900   | 70.14 | 7,003 |
| 40 | Tel Aviv, Israel            | 65.50 | 41.82 | 36.74 | 894   | 69.64 | 6,953 |
| 41 | Los Angeles (sub), U.S.     | 63.58 | 40.60 | 35.67 | 868   | 67.60 | 6,750 |
| 42 | Athens, Greece              | 63.04 | 40.26 | 35.37 | 860   | 67.03 | 6,693 |
| 43 | Toronto (CBD), Canada       | 61.54 | 39.30 | 34.52 | 840   | 65.43 | 6,533 |
| 44 | Seoul (CBD), South Korea    | 60.24 | 38.47 | 33.80 | 822   | 64.05 | 6,396 |
| 45 | Munich, Germany             | 60.23 | 38.46 | 33.79 | 822   | 64.04 | 6,394 |
| 46 | Sydney (Core), Australia    | 59.39 | 37.92 | 33.32 | 810   | 63.14 | 6,305 |
| 47 | Jersey, England             | 59.29 | 37.86 | 33.26 | 809   | 63.03 | 6,294 |
| 48 | New York Downtown, U.S.     | 59.16 | 37.78 | 33.19 | 807   | 62.90 | 6,281 |
| 49 | Liverpool, England          | 57.93 | 36.99 | 32.50 | 791   | 61.59 | 6,150 |
| 50 | Brussels, Belgium           | 57.42 | 36.67 | 32.21 | 784   | 61.05 | 6,096 |

**Top 50 Most Markets with Fastest-Growing Occupancy as of November 2008 (ranked by 12-month % change increases in local currency and measure)**

| Rank | Market                               | % Change |
|------|--------------------------------------|----------|
| 1    | Abu Dhabi, United Arab Emirates      | 94.6     |
| 2    | Ho Chi Minh City, Vietnam            | 51.4     |
| 3    | Dubai, United Arab Emirates          | 50.9     |
| 4    | Perth, Australia                     | 45.2     |
| 5    | Tel Aviv, Israel                     | 40.7     |
| 6    | Durban, South Africa                 | 36.8     |
| 7    | São Paulo, Brazil                    | 34.0     |
| 8    | Panama City, Panama                  | 30.9     |
| 9    | Cape Town (Claremont), South Africa  | 30.0     |
| 10   | Moscow, Russia                       | 29.8     |
| 11   | Rome, Italy                          | 29.5     |
| 12   | Hong Kong (Central CBD)              | 29.1     |
| 13   | Singapore                            | 27.8     |
| 14   | Johannesburg (Sandton), South Africa | 27.3     |

|    |                                   |      |
|----|-----------------------------------|------|
| 15 | Santo Domingo, Dominican Republic | 27.3 |
| 16 | Christchurch, New Zealand         | 26.6 |
| 17 | Boston (CBD), U.S.                | 25.5 |
| 18 | Hong Kong (Prime Districts)       | 25.0 |
| 19 | Luxembourg City, Luxembourg       | 23.8 |
| 20 | Helsinki, Finland                 | 20.0 |
| 21 | Aberdeen, Scotland                | 19.7 |
| 22 | Lima, Peru                        | 19.4 |
| 23 | Milan, Italy                      | 19.3 |
| 24 | Geneva, Switzerland               | 17.8 |
| 25 | Buenos Aires, Argentina           | 17.7 |
| 26 | Los Angeles (CBD), U.S.           | 17.4 |
| 27 | Oslo, Norway                      | 17.1 |
| 28 | Gothenburg, Sweden                | 17.0 |
| 29 | Vancouver (CBD), Canada           | 17.0 |
| 30 | Shanghai (Puxi), China            | 16.2 |
| 31 | Ventura, U.S.                     | 15.7 |
| 32 | Palma De Mallorca, Spain          | 15.4 |
| 33 | Malaga, Spain                     | 14.9 |
| 34 | Adelaide, Australia               | 14.9 |
| 35 | Lyon, France                      | 14.5 |
| 36 | New Delhi (CBD), India            | 13.6 |
| 37 | Lille, France                     | 13.0 |
| 38 | Prague, Czech Republic            | 13.0 |
| 39 | Zurich, Switzerland               | 13.0 |
| 40 | Valencia, Spain                   | 12.5 |
| 41 | Sydney (Core), Australia          | 12.2 |
| 42 | Charlotte, U.S.                   | 11.6 |
| 43 | Frankfurt am Main, Germany        | 11.4 |
| 44 | Stamford, U.S.                    | 11.2 |
| 45 | Rio de Janeiro, Brazil            | 11.2 |
| 46 | Montreal (CBD), Canada            | 11.1 |
| 47 | Marseille, France                 | 10.9 |
| 48 | New York Downtown, U.S.           | 10.6 |
| 49 | Calgary (CBD), Canada             | 10.6 |
| 50 | Quito, Ecuador                    | 10.0 |

Source: CB Richard Ellis Research