PRESS RELEASE

CB Richard Ellis Pty Ltd
ABN 57 057 373 574

Level 26, 363 George Street
Sydney NSW 2000
DX 10262

T 61 2 9333 3333
F 61 2 9333 3330

www.cbre.com.au

FOR IMMEDIATE RELEASE — 25 June 2009

For further information:
Kathryn House
Communications Manager
61 2 9333 3585
61 402 465 440

Sydney's sub lease market bottoms out – with June 30 to provide the next test

Sydney, NSW (25 June 2009)

Sydney's sub lease market has failed to reach the highs predicted last year according to a new CB Richard Ellis analysis which shows the market has remained relatively stable in recent months.

The CBRE Sub Lease Barometer was launched six months ago to track the impact of the economic downturn on the city office sectors in Sydney and Melbourne.

CBRE NSW Managing Director James Patterson said the latest Barometer for Sydney revealed a slight increase in the stock of city sub lease space in May - from 78,590 square metres to 81,380 square metres.

While this was close to double the amount of space available six months ago, Mr Patterson said the market had failed to reach the highs predicted last year, when it was forecast that up to 100,000 square metres of space could flood the market by mid 2009.

"While the sub lease market remains highly unpredictable, there has been little movement in recent months, which could indicate the market has begun to bottom out," Mr Patterson said.

"The real test will come after June 30 as companies review their operating structures for the coming financial year. As yet, we haven't seen the major banks downsize, however we have seen the overseas investment banks consolidate and it remains to be seen whether there will be more contraction in this sector of the market in the short to medium term."

The CBRE figures take into account space which is being formally marketed for lease - regardless of whether the space has been physically vacated. Mr Patterson said this differed to the Property Council methodology and provided a lead indicator of the true state of play in the sub lease market.

Contraction has been the main driver of the sub lease market across most industry groups according to the CBRE analysis, as companies downsize to reduce costs.

Not surprisingly the beleagured finance sector has led the charge, and is currently offering more than five times the amount of sub lease space than any other industry group. The legal sector is the next most active group, followed by property and recruitment.

However, the pain in the sub lease market has been widespread, with 23 industry groups currently offering space - up from just 13 when the Barometer was launched six months ago.

Only one group - the administrators - are bucking the trend according to CBRE Office Services Director Jenine Cranston.

"Notably, the administrators are the only group expanding as result of the significant increase in insolvency work," Ms Cranston said.

"McGrath Nichol recently leased additional space at 60 Margaret Street, while Korda Mentha has expanded its offices in Chifley Tower as a result of the activity occurring in the insolvency sector."

The CBRE analysis highlights that the bulk of the sub lease space in Sydney is sized at 500 square metres or less, with only a few larger pockets of space - the largest being 3,885 square metres.

"In the 1,000 square metre to 2,000 square metre size bracket there is limited contiguous space for larger users who are seeking strategic relocation options," Ms Cranston said.

"However at the smaller end, the sub lease market is providing flexibility for tenants who are seeking short term, opportunistic leasing solutions."

Partitioned stock remains the focus for tenants in a quest to reduce costs. In the sub lease market, partitioned space accounts for 73% of the total stock, compared to around 13% in the direct lease market.

"We are now recommending that clients in the direct market have some form of fitout or workstations assembled in order to attract leasing enquiry, given the increased competition in the sub lease market," Ms Cranston said.

"Capital for fit outs is hard to obtain and some sub lessors are able to be more aggressive on rents as it is a cost mitigation/recovery exercise for most companies."

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 2008 revenue). The Company has approximately 30,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide. 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 has been named a *BusinessWeek* 50 “best in class” company three years in a row and a *Fortune* 100 fastest growing company two years in a row. Please visit our Web site at www.cbre.com.