

PRESS RELEASE

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ASIA PACIFIC CONTINUES TO LEAD GLOBAL OFFICE RENT REBOUND

EMEA region follows closely, with rents turning up

London, 19 August 2010 – More than half of the office rental markets in Asia Pacific either stabilised or moved into the growth phase during the second quarter (Q2) of 2010, demonstrating that the region continues to lead the global real estate recovery, according to CB Richard Ellis' (CBRE) latest quarterly *Global Office Rental Cycle* report.

Globally, cities in all regions generally moved forward in the global rental cycle during the quarter, with office demand remaining stable or improving in most locations. The financial and corporate sectors have boosted demand for office space in Asia and Europe, supported by growth in private demand and employment stabilization in mature economies during the past quarter.

The Europe, Middle East and Africa (EMEA) region finished the quarter just behind Asia Pacific in terms of office rental recovery, with many of the region's markets now experiencing rental growth or reaching the bottom of the cycle. Most major markets across the Americas were clustered around the 'rental decline slowing' position in the cycle at the end of Q2, meaning that rents are still falling but at a slower rate.

Dr. Raymond Torto, Global Chief Economist, CBRE, said: "Asia Pacific was the driving force behind continued recovery in global office markets in the second quarter, with over half of markets in the region either at the bottom of the rental cycle or in growth mode. Hong Kong, Shanghai and Beijing led the region's markets due to a push for office space from the financial sector in central business locations and an increased demand for Grade A space in Hong Kong. Singapore, Bangalore and Mumbai followed closely as employment levels improved and prime rents and incentives remained stable."

Major leasing transactions of the quarter across Asia Pacific included CBRE's joint negotiation of the lease of 35,000 sq m of space for the Australian Taxation Office in Melbourne's central

business district; the lease of 80,730 sq m for Panasonic in Beijing; 31,220 sq m of office space for Casio in Shanghai's central business district; and 69,800 sq m for tenant's CITIC Ka Wah Bank in Hong Kong.

In Sydney, major deals included a 16,500 square metre lease to international law firm Freehills to anchor the new 161 Castlereagh Street tower, which is due to be completed in mid 2013.

CBRE Regional Director, Office Services, James Patterson, said prime rents and incentives had remained stable in Sydney in Q2. However, while demand for space had improved notably underpinned by rising employment levels, lease deals had still been slow to materialise due to lengthy negotiation processes.

"Sydney is very much driven by the financial sector and, while still volatile, over the past six months we have seen a number of major financial institutions taking additional space and in some cases land banking for future growth," Patterson said.

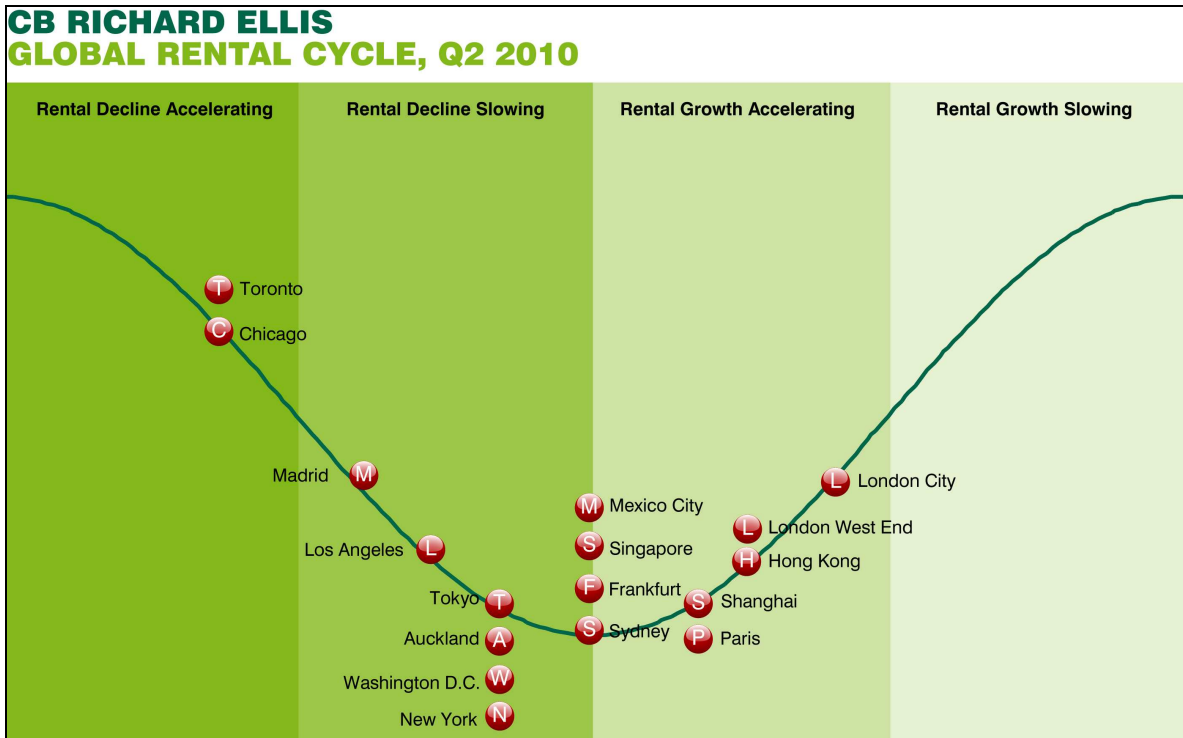
"With limited new supply coming on in the Sydney market we can see the window closing over the next six to nine months for tenants to do deals at the current market levels, as we believe there will be a firm reduction in incentives as vacancy rates reduce in 2011."

The CBRE report shows that Europe is slightly behind Asia Pacific in terms of the percentage of office markets registering rental growth. However, the City of London continues to lead the other key global markets in terms of the scale of rental growth seen to date.

"This is due to increased demand in the financial sector. Furthermore, despite expectations of a slowdown in growth, rents in London's West-End remained stable in the second quarter," continued Torto.

Paris experienced a notable increase in office rents in Q2 2010. Prime rents rose by 3% and further rises are expected over the coming months, triggered by reasonable levels of demand and a shortage of good quality space – due partly to a lack of development in central locations.

In the Americas, Rio de Janeiro, São Paulo and Vancouver experienced rental growth, but most markets continue to see rents decline, albeit at a slower pace than earlier in the cycle.



Source: CB Richard Ellis, August 2010

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