

# PRESS RELEASE



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## TOKYO NOW WORLD'S MOST EXPENSIVE OFFICE MARKET; PERTH HAS SECOND FASTEST GROWING OCCUPANCY COSTS IN THE WORLD

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CB Richard Ellis Group, Inc. Report Also Finds Global Occupancy Costs Down

Los Angeles — June 3, 2009 — Perth had the second fastest growing occupancy costs in the world in the 12 months to March 31, 2009 according to the latest Global Office Occupancy Costs survey from CB Richard Ellis.

The CBRE Global Research and Consulting survey tracks the world's most expensive office markets as well as those with the fastest growing occupancy costs. The bi-annual survey covers 173 markets around the world.

The latest report reveals that Tokyo's Inner Central District has supplanted London's West End as the world's most expensive office market. Marseilles in France had the fastest growing occupancy costs over the period (+30.4%) followed by Perth (+20.2%).

However, CBRE Executive Director, Global Research and Consulting, Kevin Stanley said all of the growth in Perth had occurred in 2008. While Perth was the most expensive market in this region - and 30<sup>th</sup> in the international rankings - office rents were now falling and could decrease by 50% in this cycle, having grown by around 120% in the last cycle.

Overall, the report highlights that financial centres have been the most significantly affected by declining occupier demand and, as one would expect, registered the most material decreases in office rents. In many cases, major global office markets have seen occupancy costs fall by 20% or more over the last 12 months. Across the 173 markets as a whole, office occupancy costs fell 2.8% over the 12 month period ending March 31, 2009 (on an un-weighted average basis) compared with an increase of 8.0% in the 12 month period ending September 30, 2008. Singapore had the largest year over year decrease in occupancy costs with a drop of 34%.

Some markets did record increases in costs over the last 12 months but these markets—such as Charlotte (U.S.), Marseille (France) and Perth (Australia)—are very much the exception rather than the rule. Generally, these increases are either due to exceptional local market conditions, such as the completion of a top quality new building in a market where none was available previously, or simply that occupancy costs remain above the level of a year ago, despite the fact they are now falling. Such situations illustrate the uneven way in which the economic downturn is affecting different markets around the globe, according to the CBRE report.

"The great global recession has clearly taken its toll on the world's office markets, particularly those with significant concentrations of financial industry employers," said Dr. Raymond Torto, CBRE's Global Chief Economist. "The most expensive office markets, as measured in US dollars, are considerably less expensive than a year ago and occupiers are now in a strong position to procure prime space at attractive costs. For instance, a year ago office space in London's West end was nearly \$300 per sq. ft., while today that space goes for \$172 per sq. ft."

### Pacific

Mr Stanley said the survey highlighted that while rents were starting to fall in most markets around the world, the Pacific Region had been relatively late to join the trend.

"This provides some hope the "down-time" may be shorter here than elsewhere, as a globalised economic upswing is forecast from 2010," Mr Stanley said.

The report also reveals that the region's smaller office markets have moved up the rankings of city's with the fastest growing occupancy costs, while the bigger markets have suffered earlier and recorded larger rent falls so far in this cycle. Smaller markets to climb the rankings include Adelaide (+6.7%), Christchurch (+11.4%) and Wellington (+3.9%)

"The smaller office markets rarely have fast growing rents and don't tend to fall as far either," Mr Stanley said.

"There are a number of reasons for this; tenants may be less exposed to global influences, reducing the risk of the creation of sub-lease vacancy, plus there is less chance of significant over-building."

Even the largest falls recorded in the Pacific Region have so far been well below those recorded elsewhere in the world. While Brisbane occupancy costs fell by 19.8% over the period, occupancy costs fell by 34.3% in Singapore and by 31.5% in New York Midtown.

In regard to the most expensive cities, Mr Stanley said occupancy costs in the Pacific Region had always been low by global standards and were now falling relative to the rest of the world. With the exception of Christchurch, all Australian and New Zealand markets fell in the rankings of the world's most expensive markets, with Perth being the only city to make the Top 50 list (coming in at 30<sup>th</sup> in the rankings).

Sydney fell out of the Top 50 list, dropping from 46<sup>th</sup> position to 64<sup>th</sup> spot. Brisbane was the next highest city in the rankings at 81, with Christchurch maintaining its 168<sup>th</sup> position on the list - just five from last place.

### Asia

Tokyo (Inner Central) was the world's most expensive market with an occupancy cost of \$183 per sq. ft. Hong Kong (CBD) was the fourth most expensive global market with occupancy costs of \$150 per sq. ft. Tokyo (Outer Central) and Mumbai were the other two Asian markets in the top 10 most expensive cities roster.

Singapore, while experiencing the largest drop in occupancy costs, was not alone among Asia-Pacific financial centers in seeing a sharp decline. Hong Kong, Tokyo and Mumbai posted large drops in office occupancy costs.

## Europe

London's West End was the world's second most expensive office market at \$172 per sq. ft. and Moscow was a close third with occupancy costs at \$170 per sq. ft. Dubai, Paris, the City of London and Dublin all were in the top ten most expensive markets.

Twelve cities in the region posted doubled digit declines in office cost. Moscow had the sharpest decline in the region followed closely by Oslo (Norway), while occupancy costs in London's West End, previously the most expensive market in our report, fell 20%. In addition to Marseille, Durban (South Africa) was among the world's top five markets with occupancy cost growing by 18% during the past 12 months.

## Americas

The most expensive office location in the Americas is still New York's Midtown with occupancy costs of \$68 per sq. ft. However, that market's occupancy costs declined 32%--the second steepest decline in the global survey. While occupancy costs in New York's Midtown are high for North America, it ranked just 21st globally. Boston's suburban market posted a decrease of nearly 30%, putting that market in fourth position in the top decreases chart in the report.

São Paulo (Brazil) posted the Latin American region's highest occupancy costs at \$57 per sq. ft. and is ranked 33rd globally. Latin America has held up better than the rest of the world with only three cities posting small negative growth rates, the worst being Mexico City with a 5.6 percent decrease. Nine markets in North America posted double digit declines.

### Top Ten

#### Most Expensive Markets

(In US\$ per sq. ft. per annum)	US\$/SF/annum
1. Tokyo, (Inner Central)	183.62
2. London (West End)	172.62
3. Moscow	170.24
4. Hong Kong (CBD)	150.42
5. Tokyo (Outer Central)	149.58
6. Mumbai	131.04
7. Dubai	122.52
8. Paris	114.89
9. London (City)	103.50
10. Dublin	93.56

### Fastest Changing

#### Occupancy Costs

(In local currency & measure)	% Change
Top 5 Decreases	
1. Singapore	-34.4
2. New York (Midtown)	-31.5
3. Hong Kong (CBD)	-29.9
4. Boston (suburban)	-29.7
5. Hong Kong (Citywide)	-28.5
Top 5 Increases	
1. Marseille	30.4
2. Perth	22.2
3. Santo Domingo	21.7
4. Durban	18.2
5. Charlotte	14.2

Note: The full Top 50 Most Expensive Markets chart is 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 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](http://www.cbre.com).

#### Notes to Editors

1. Global MarketView/Office Occupancy Costs is a survey of office occupation costs for prime office space in more than 170 cities worldwide.
2. The latest survey provides data on office rents and occupancy costs as of March 31, 2009
3. The Fastest Changing rankings are 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.
4. 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.
5. 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).