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GLOBAL RESEARCH AND CONSULTING

Global
Office Rents

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Global Economies

The global economic recovery as measured by GDP started in mid-2009, and continued in 4Q 2009 when GDP grew at 4% on an annual basis. In 1Q 2010, global growth has moderated to a pace of 3%.

However, the situation for the global economy still remains fragile. European and U.S. banking sectors remain damaged, and debt levels are elevated. While avoiding debt-related issues, Asia, and specifically China, face economies that may possibly overheat. The risk of sovereign debt default in Europe could be another shock to global debt markets.

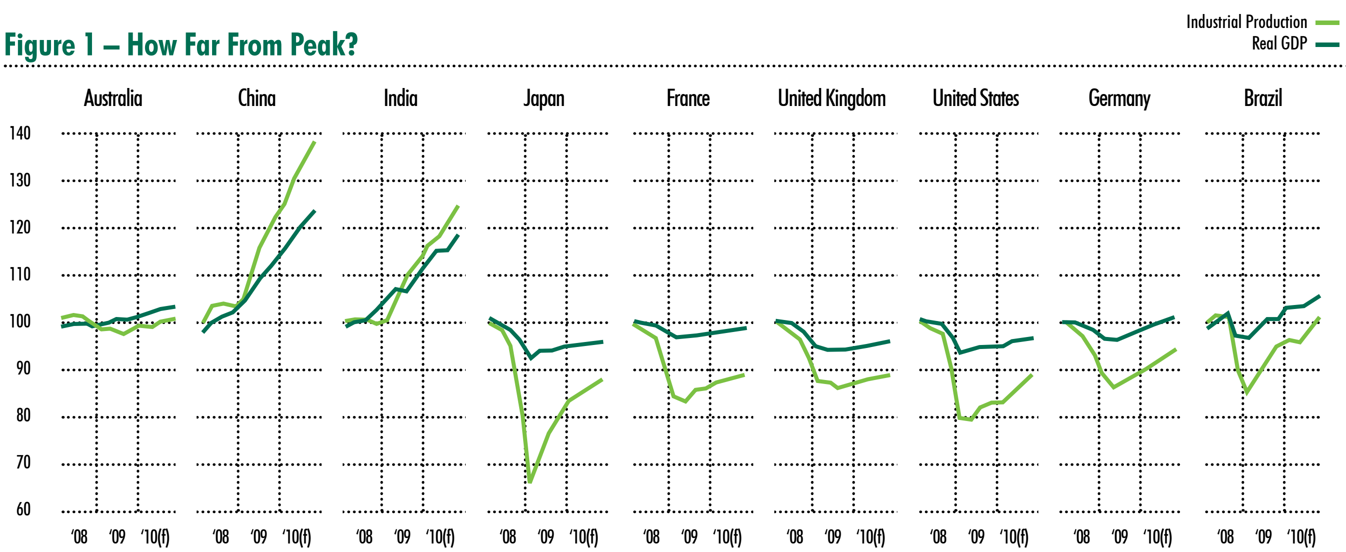
One way to show the disparity in the pace of recovery is to compare countries with regard to both GDP and Industrial Production, and to index both real GDP levels and industrial production indices to their respective peaks (2Q 2008 and 1Q 2008). We can then trace the movement from the peaks through 2010. This is shown in Figure 1.

The recovery is strongest in Asia, with China leading and India posting impressive growth. Australia is holding its own. Recovery is also taking hold in Latin America, where Brazil posted strong growth in the second half of last year. Recent data suggests that GDP continued to expand in 1Q 2010 and industrial production is currently surpassing the 1Q 2008 level.

For industrialized countries, the U.S is in the forefront. Real GDP is currently approaching the previous peak level after three solid quarters of recovery, and industrial production is closing in on the previous peak. Japan and the U.K. are struggling and still remain well below the previous peaks for both real GDP and industrial production. Both markets posted stagnant growth in 4Q 2010 but appear to be on the right path with more positive signs of growth resuming in 2010. Even as real GDP growth starts to expand for both Japan and the U.K., industrial production has a long way to go to support a sustained recovery. Australia is helping the global recovery and has been one of the top performers through the global financial crisis, with both real GDP and industrial production currently surpassing the country's previous peak levels.

Economic growth has returned to Europe, but recovery has lagged behind other regions. Global growth and trade are currently supporting recovery in Germany and France, with real GDP starting to close in on the previous peak, even though industrial production has a way to go. Recovery in EMEA is currently benefitting from the Euro and the British pound depreciating against the U.S. dollar—a result of the growing strength of the American economy and the risk of sovereign debt default. While there are still risks that could dampen a region's recovery, a global rebound is proving to be sustainable, with regions recovering at different rates.

Figure 1 – How Far From Peak?



Source: IHS Global Insight, April 2010

Global 50 Index—Most Expensive

(ranked by occupancy cost in US$/SF/annum)

1	London West End, United Kingdom	182.94	26	New York Midtown, U.S.	64.51
2	Hong Kong (Central CBD)	153.20	27	Birmingham, United Kingdom	63.76
3	Tokyo, (Inner Central), Japan	143.99	28	Rome, Italy	63.45
4	Mumbai, India	125.76	29	Gothenburg, Sweden	62.31
5	Moscow, Russian Federation	125.10	30	Athens, Greece	61.46
6	Tokyo (Outer Central), Japan	118.41	31	Glasgow, United Kingdom	60.73
7	Paris Ile-de-France, France	113.23	32	Madrid, Spain	60.69
8	London City, United Kingdom	110.07	33	Shanghai (Pudong), China	60.14
9	Dubai, United Arab Emirates	108.92	34	Toronto (CBD), Canada	59.86
10	São Paulo, Brazil	100.00	35	Perth, Australia	59.29
11	New Delhi, India	96.90	36	Aberdeen, United Kingdom	59.21
12	Rio de Janeiro, Brazil	95.63	37	Singapore, Singapore	57.49
13	Luxembourg City, Luxembourg	81.84	38	Oslo, Norway	57.20
14	Hong Kong (Citywide)	80.27	39	Vancouver (CBD), Canada	55.49
15	Geneva, Switzerland	80.25	40	Leeds, United Kingdom	54.66
16	Zurich, Switzerland	78.48	41	Munich, Germany	54.62
17	Istanbul, Turkey	78.44	42	Sydney (Core), Australia	53.29
18	Milan, Italy	77.93	43	Shanghai (Puxi), China	52.96
19	Abu Dhabi, United Arab Emirates	72.71	44	Buenos Aires, Argentina	52.02
20	Seoul (CBD), South Korea	71.82	45	Washington, DC (CBD), U.S.	51.75
21	Frankfurt am Main, Germany	69.64	46	Tel Aviv, Israel	51.56
22	Edinburgh, United Kingdom	67.56	47	Jersey, United Kingdom	51.24
23	Manchester, United Kingdom	67.56	48	Beijing, China	51.08
24	Dublin, Ireland	67.02	49	Calgary (CBD), Canada	50.92
25	Stockholm, Sweden	65.68	50	Amsterdam, Netherlands	50.32

Becoming Less Expensive

The global economic recovery is moving forward at varying paces, both economically as well as within office real estate markets. The former effect is creating different exchange-rate trends. Figure 2 shows how currencies have fluctuated over the past six months. With continued volatility in the currency markets, real estate rents in dollar terms are dramatically affected by these currency fluctuations. Occupancy costs when converted into U.S. dollars are driven by both the local market dynamics of supply and demand, as well as currency changes.

The most expensive office markets are dispersed globally. The top 10 markets are London West End, Hong Kong (Central CBD), Tokyo (Inner Central), Mumbai, Moscow, Tokyo (Outer Central), Paris, London City, Dubai and São Paulo. While the ranking can fluctuate—São Paulo moved up to 10th from a previous ranking of 16th, and Mumbai moved up to 4th from the 7th position—the top 10 markets are generally consistent.

With 29 markets on the top-50 list, EMEA continues to dominate the ranking. London's West End is still the world's most expensive market with an occupancy cost of $182.94, despite the recent depreciation of the

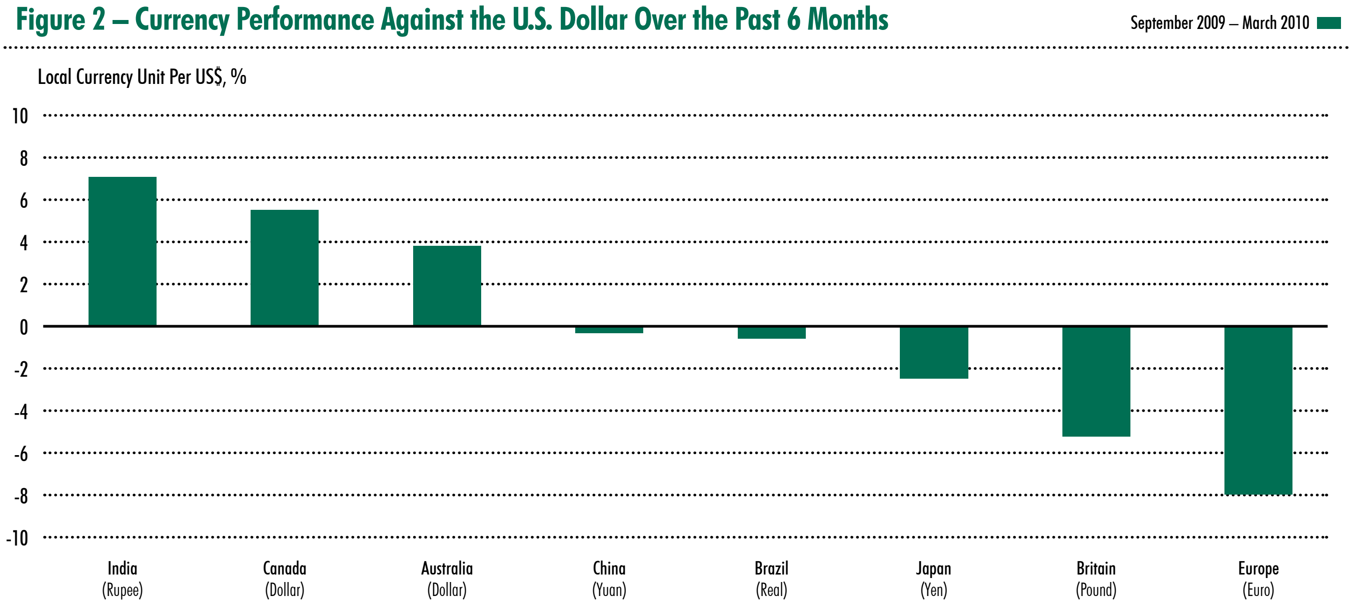
British pound to the U.S. dollar. Other markets in the region that top the list are Moscow, Paris, London City and Dubai.

Asia Pacific has 13 markets that rank in the top 50 most expensive, with three ranking among the top five. These are Hong Kong (Central CBD), Tokyo's Inner Central and Mumbai, the last of which moved into the top five as a result of the recent appreciation of the Rupee to the U.S. dollar. The most expensive market in the global ranking from the Pacific Region was Perth (US$59.29), which came in at 35th, despite also experiencing the third largest decline in local measures, at -27%.

North America's most expensive markets are led by Midtown New York, which posted an office occupancy cost of $64.51 per sq. ft. While office occupancy costs in Midtown New York are high for North America, that market ranked just 26th globally.

In Latin America, São Paulo moved ahead of Rio de Janeiro in the ranking, posting Latin America's highest office occupancy costs at $100.00 per sq. ft. São Paulo now ranks as the 10th most expensive market globally, marking the first time that market has been in the top ten. This is due to a combination of the appreciation of the REAL against the U.S. dollar over the past year and the strength of the local office market.

Figure 2 – Currency Performance Against the U.S. Dollar Over the Past 6 Months



Source: IHS Global Insight, April 2010

Global 50 Index—Fastest Changing

Prime Office Space Occupancy Cost Local Currency & Measure (ranked by 12-month % change decreases and increases)

Top 35 Decreases

1	Singapore, Singapore	-36.2	19	Bangalore, India	-15.2
2	Ho Chi Minh City, Vietnam	-30.9	20	Warsaw, Poland	-14.7
3	Perth, Australia	-27.4	21	San Diego, U.S.	-14.7
4	Moscow, Russian Federation	-26.5	22	Stamford, U.S.	-14.2
5	Tokyo, (Inner Central), Japan	-25.9	23	Vancouver (sub), Canada	-14.2
6	Tokyo (Outer Central), Japan	-25.1	24	Marseille, France	-13.7
7	Calgary (CBD), Canada	-24.9	25	Barcelona, Spain	-13.3
8	Dublin, Ireland	-24.6	26	Leeds, United Kingdom	-13.3
9	Abu Dhabi, United Arab Emirates	-23.7	27	Madrid, Spain	-12.7
10	Brisbane, Australia	-20.6	28	San Jose, Costa Rica	-12.7
11	Helsinki, Finland	-19.7	29	Thessaloniki, Greece	-12.5
12	New York Downtown, U.S.	-19.0	30	Los Angeles (sub), U.S.	-12.2
13	Boston (CBD), U.S.	-17.7	31	Orange County, U.S.	-12.1
14	Manila, Philippines	-17.2	32	Sofia, Bulgaria	-11.3
15	Mumbai, India	-15.8	33	Dubai, United Arab Emirates	-11.1
16	Cape Town, South Africa	-15.4	34	Valencia, Spain	-9.9
17	Durban, South Africa	-15.4	35	Orlando, U.S.	-9.6
18	San Francisco, U.S.	-15.3			

Top 15 Increases

1	Rio de Janeiro, Brazil	17.7	9	Pittsburgh, U.S.	5.9
2	São Paulo, Brazil	15.9	10	Lima, Peru	5.2
3	Tel Aviv, Israel	13.8	11	Guadalajara, Mexico	4.0
4	San Salvador, El Salvador	10.2	12	Panama City, Panama	3.8
5	Seoul (CBD), South Korea	9.5	13	Monterrey, Mexico	3.7
6	Salt Lake City, U.S.	7.3	14	London, Canada	3.6
7	Jakarta, Indonesia	7.1	15	Luxembourg City, Luxembourg	3.5
8	Calgary (sub), Canada	6.9			

Searching for Bottom: The Fastest-Changing Office Markets

On a year-over-year basis, global occupancy costs are searching for a bottom[1]. The year-over-year change in office occupancy costs for the 176 markets CB Richard Ellis monitors for this publication revealed a collective drop of -4.6% worldwide. The larger markets—the Global 25—experienced a slightly greater decline, of -6.4%. The majority of the markets, 116, experienced a decline with 33 of these registering double-digit percentage-point drops in office occupancy costs. Fifty-three markets experienced annual increases in occupancy costs, but these were generally smaller markets affected by quality shifts in key market assets.

Regional disparity is exhibited in both economic and office-market performance. Eighteen out of 27 markets in Asia Pacific experienced declines, with simple

1 As opposed to a quarter-over-quarter basis, in which it is clear that the markets are steadying, it should be noted that this report is based on year over year and therefore shows a large change.

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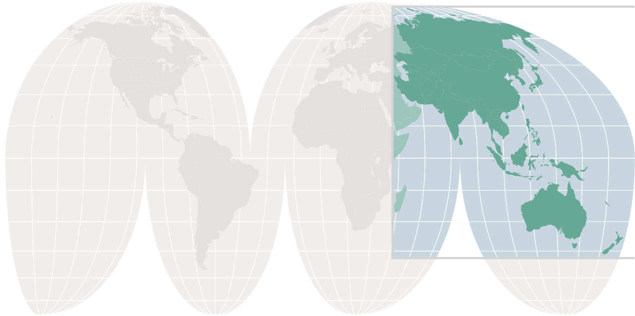
averages showing that the largest declines in the Asia Pacific region (-9.2%) led by Singapore (-36.2%), Ho Chi Minh City (-30.9%), and Perth (-27.4%). However, the first part of 2010 has seen improved demand for office space with several Asian markets seeing a rebound in rentals, most notable being Hong Kong's Central CBD. As whole, Australia experienced an average decline of 9%, with Perth and Brisbane having the largest declines of -27.4% and 20.6%. Adelaide was the only market in Australia with an increase of 1.5%.

EMEA was the second-weakest region, with an annual decline of -6.2%, led by Moscow (-26.5%), Dublin (-24.6%) and Abu Dhabi (-23.7%). This region as a whole experienced office occupancy cost decreases in 44 out of 57 markets.

North America saw a collective decline of -3.3%, making the region the third-weakest with falling occupancy costs in 51 out of 77 markets. The largest declines were in Calgary CBD (-24.9) and New York, Downtown (-19%).

Latin America is holding up better than the rest of the world and is the only region posting positive gains, with an average 3.4% increase. Out of the 15 markets in the region, only three experienced declines. The largest increases were in Brazil, in both Rio de Janeiro (17.7%) and São Paulo (15.9%). In Brazil, recovery started in 2Q 2009, so the annual change is reflective of the trough for that country's office market. In Rio de Janeiro and São Paulo, newly completed Class A+ space is contributing to rising office occupancy costs.

With the exception of Latin America, the world's office occupancy costs continue to experience broad-based declines and are still searching for a bottom.



Asia Pacific Regional Snapshot

Asia

Asian economies exhibited further signs of sustained recovery in the first three months of 2010, as the strong rebound in exports coupled with the robust performance of consumer markets in China and India resulted in an improvement in the region's key economic indicators. Momentum was driven by the renewed re-stocking of inventories and a revival in external demand as the expansion of industrial output witnessed in 4Q 2009 continued into 1Q 2010. It should be noted, however, that the strength of the rebound was partly due to the year-over-year comparison with the relatively low base witnessed in the corresponding period in 2009.

The Asian office leasing market continued to approach the bottom of the rental cycle during 1Q 2010 as rental declines generally continued to ease and absorption gradually began to pick up. However, office markets in Greater China, including Beijing, Shanghai, Hong Kong and Taipei, all witnessed minor quarter-over-quarter increases in prime office rents, ranging from 0.3% (Taipei) to 9.1% (Hong Kong, citywide). Elsewhere, the decline in prime office rents was marginal, with Singapore, Bangkok, Ho Chi Minh City and the Mumbai CBD all recording rental declines of less than 2%, quarter over quarter. Tokyo Grade A rents experienced a sharp fall, slumping by 10.5% quarter over quarter, largely due to landlords adopting a more flexible attitude toward rental reductions in a number of Grade A buildings.

The occupancy rate in prime office buildings in Asia improved from the previous quarter, with overall net absorption around the region increasing 31% quarter over quarter. Seoul and Bangkok were the only cities of the 17 markets tracked to record negative absorption, with overall office vacancy remaining at just over 10%. The strong pipeline of new supply in China, India, Singapore and Kuala Lumpur is expected to exert pressure on the vacancy level in those markets during 2010, despite the gradual rebound in demand.

Pacific Region

The economic recovery in the Pacific Region gained further momentum in 1Q 2010. The driver of growth was Australia, where strong employment growth was posted in each month of 1Q, pushing the unemployment rate down to 5.3%. Unemployment appears to have now peaked at a much lower rate than was previously expected.

This return to employment growth coincided with an improvement in office leasing enquiry and a return to transactions being concluded once again. However, vacancy rates and direction vary enormously, depending on the supply-side outlook.

The New Zealand economy has now pulled out of a shallow recession. While business confidence rebounded in 1Q, the recovery is based mostly on domestic demand, with the potentially more-enduring export sector yet to feature prominently. Key indicators are mixed, with the all-important labor market still weak and the unemployment rate yet to fall from its peak of 7.3%.

The indicative Pacific Region CBD prime office rental series fell by just -0.2% in 1Q 2010—the smallest fall in six quarters and very likely a precursor to a stable rental environment in 2Q, before growth returns in the second half of the year.

Key Market Snapshots

Sydney CBD, Australia: With increasing white-collar employment and improved business confidence, leasing enquiry and transactions picked up noticeably in late 2009. This momentum has grown through 1Q 2010.

In turn, the amount of vacant sublease space has fallen below the long-term average for the first time since late 2008. Tenant demand is coming off a broad base, driven by the domestic finance industry.

Net absorption turned positive in early 2010, and with no major supply entering the market, vacancy dropped to an estimated 7.8%. This trend may be short-lived, as a number of new projects are set to enter the market in 2Q and 3Q. Sydney rents and incentives have now stabilized in anticipation of a return to growth in the second half of the year.

Tokyo, Japan: In 1Q 2010, demand for Grade A office space in Tokyo recovered as hefty cuts in rents lured tenants to lease Grade A space. A number of companies took the opportunity to upgrade their premises from Grade B facilities with net absorption in existing Grade A buildings amounting to 252,000 sq. ft.

No new office buildings were completed during the review quarter. Grade A vacancy recorded a minor decline of 40 bps to 6.1%, while Tokyo's overall office vacancy rose 40 bps to 6.9%. The comparatively better performance witnessed in the Grade A segment was due to the absorption of space in high-quality Grade A buildings.

The amount of new supply scheduled for construction in 2010 is low compared to that of recent years, with only six large-scale projects, consisting of approximately 1.6 million sq. ft., set to launch. Two of these projects are already fully pre-committed, while the other four have reported a steady flow of interest and enquiries from potential tenants. It is therefore expected that the pipeline of new supply will not exert a negative impact on the vacancy level going forward.

Singapore: The strong leasing momentum witnessed in Singapore in 2H 2009 continued into 1Q 2010. Although rents contracted for the sixth consecutive quarter, the rate of decline was marginal, and rates appeared to have stabilized on the back of positive demand and a brighter economic outlook. Prime rents averaged S$6.70 per sq. ft. per month at the end of 1Q, down 0.7%, quarter over quarter, and 36.2%, year over year. Prime rents have now contracted 58.4% since the peak recorded in 3Q 2008.

As the country slowly emerges from recession, occupiers that had postponed or delayed decisions on moving to new premises have begun to take advantage of competitive rents offered by landlords of quality buildings. A flight to quality has served to preserve occupancy and support rents in both prime and well-maintained non-prime offices. Rents for older and less-well-maintained buildings will likely come under further pressure as the overall quality of CBD office stock is upgraded following the influx of high-quality new developments that will come online between 2010 and 2012.

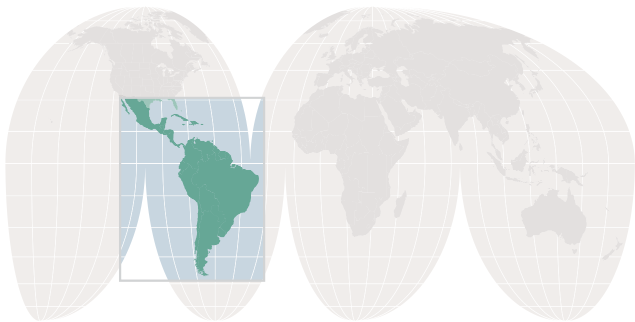
Hong Kong: Demand for Grade A office space in Central was robust during 1Q 2010 as a number of hedge funds and private equity firms established operations in the city's main financial district. Vacancy consequently fell 98 bps over the quarter to an average of 3.9% while rents continued to rebound, jumping 9% to average HK$85.90 per sq. ft.

Steady demand for office space amid the improving economic outlook and limited new supply helped push the overall vacancy rate for Grade A offices in Hong Kong down 110 bps during 1Q to an average of 7.4%. Vacancy fell across most of the main office districts with the strongest decline recorded in the decentralized Kowloon East area, which experienced a decrease of 340 bps to sit at 15.9% as of the end of 1Q.

Asia Pacific: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	*% change 12 months*	*Current per local measure*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Typical lease term (yrs.)*	*Typical rent free (months)*
Adelaide, Australia	A$ 341 sq.m. p.a.	5.4	A$ 370 sq.m. p.a.	1.5	US$ 31.53	US$ 339	17.1	€ 23.36	€ 251	22.4	5	9
Auckland, New Zealand	NZ$ 342 sq.m. p.a.	-1.7	NZ$ 387 sq.m. p.a.	-8.5	25.51	275	15.8	18.89	203	13.6	9	9.5
Bangalore, India	Rs 70.00 sq.ft. p.m.	-17.6	Rs 124.53 sq.ft. p.m.	-15.2	33.28	358	-3.4	24.70	266	-28.3	3+3	1
Bangkok, Thailand	Baht 683 sq.m. p.m.	-3.8	Baht 683 sq.m. p.m.	-3.8	23.54	253	5.5	17.43	188	3.4	3	1-2
Beijing, China	RMB 197.25 sq.m. p.m.	0.4	RMB 312.77 sq.m. p.m.	0.5	51.08	550	0.6	37.81	407	-1.3	2-3	1-3
Brisbane, Australia	A$ 540 sq.m. p.a.	-7.4	A$ 475 sq.m. p.a.	-20.6	40.46	435	5.1	29.97	323	3.2	5	10.5
Canberra, Australia	A$ 345 sq.m. p.a.	-4.7	A$ 359 sq.m. p.a.	-9.0	30.57	329	20.5	22.65	244	18.2	5	6.5
Christchurch, New Zealand	NZ$ 260 sq.m. p.a.	2.3	NZ$ 327 sq.m. p.a.	2.6	21.56	232	29.9	15.97	172	27.5	5	0
Guangzhou, China	RMB 93.59 sq.m. p.m.	-4.1	RMB 168.37 sq.m. p.m.	-3.2	27.50	296	-3.1	20.35	219	-5.0	2-4	1-3
Ho Chi Minh City, Vietnam	US$ 39.60 sq.m. p.m.	-30.9	US$ 43.56 sq.m. p.m.	-30.9	48.56	523	-30.9	35.95	387	-32.2	2	1
Hong Kong (Citywide)#	HK$ 42.90 sq.ft. p.m.	1.2	HK$ 51.94 sq.ft. p.m.	1.0	80.27	864	0.8	59.41	639	-0.9	3 or 6	2-4
Hong Kong (Central CBD)	HK$ 85.94 sq.ft. p.m.	2.2	HK$ 99.12 sq.ft. p.m.	2.0	153.20	1,649	1.8	113.38	1,220	0.1	3 or 6	2-4
Jakarta, Indonesia	IDR 87,650 sq.m. p.m.	7.3	IDR 145,750 sq.m. p.m.	7.1	17.89	193	35.9	13.24	142	33.3	3	1
Manila, Philippines	Php 795 sq.m. p.m.	-20.5	Php 985 sq.m. p.m.	-17.2	24.38	262	-11.5	18.04	194	-13.2	3	1
Melbourne, Australia	A$ 418 sq.m. p.a.	0.0	A$ 428 sq.m. p.a.	-4.6	36.43	392	26.4	26.99	290	24.0	10	23.8
Mumbai, India	Rs 290 sq.ft. p.m.	-17.1	Rs 470.67 sq.ft. p.m.	-15.8	125.76	1,354	-4.0	93.34	1,005	-6.8	3+3+3	1
New Delhi, India	Rs 240 sq.ft. p.m.	0.0	Rs 362.67 sq.ft. p.m.	0.0	96.90	1,043	13.9	71.92	774	10.7	3+3+3	1
Perth, Australia	A$ 660 sq.m. p.a.	-18.5	A$ 696 sq.m. p.a.	-27.4	59.29	638	-3.8	43.92	473	-5.6	5	6
Seoul (CBD), South Korea	KRW 30,221 sq.m. p.m.	2.8	KRW 72,915.48 sq.m. p.m.	9.5	71.82	773	32.8	53.16	572	30.2	2-3	1-2
Shanghai (Pudong), China	RMB 223.43 sq.m. p.m.	-8.7	RMB 368.23 sq.m. p.m.	-8.1	60.14	647	-8.0	44.51	479	-9.8	2-3	1-3
Shanghai (Puxi), China	RMB 199.34 sq.m. p.m.	-7.4	RMB 324.26 sq.m. p.m.	-6.8	52.96	570	-6.7	39.19	422	-8.6	2-3	1-3
Singapore, Singapore	S$ 6.70 sq.ft. p.m.	-36.2	S$ 6.70 sq.ft. p.m.	-36.2	57.49	619	-30.6	42.55	458	-31.8	3	2
Sydney (Core), Australia	A$ 708 sq.m. p.a.	-3.4	A$626 sq.m. p.a.	-9.0	53.29	574	20.6	39.47	425	18.3	8	27.3
Taipei, Taiwan	NT 2,504.63 ping p.m.	0.7	NT 4,237.89 ping p.m.	0.7	45.09	485	7.4	33.38	359	5.3	3-5	1-3
Tokyo, (Inner Central), Japan	¥ 32,000 tsubo p.m.	-29.3	¥ 39,900 tsubo p.m.	-25.9	143.99	1,550	-21.6	106.55	1,147	-23.1	5	3-4
Tokyo (Outer Central), Japan	¥ 25,250 tsubo p.m.	-29.4	¥ 32,812.5 tsubo p.m.	-25.1	118.41	1,275	-20.8	87.62	943	-22.4	5	3-4
Wellington, New Zealand	NZ$ 334 sq.m. p.a.	-5.6	NZ$ 428 sq.m. p.a.	-6.3	28.26	304	18.6	20.93	225	16.4	9	3.5

* All Asia markets are reported on a net floor basis, including all occupation expenses
# Prime Office Districts reflect Central, Sheung Wan, Admiralty, Wan Chai, Causeway Bay, North Point, Hong Kong East, Tsim Sha Tsui, Kowloon East, Jordan, Mongkok, Hunghom, San Po Kong, Cheung Sha Wan, Kwai Fong and Tsuen Wan



Latin America Regional Snapshot

Latin America's economy began its recovery in 3Q 2009, continuing its improvement through the remainder of 2009 and 1Q 2010. Following the global trend, the region's property sales exploded in 4Q, totaling 40% of 2009's activity. The increase in global commodity prices, coupled with governments' aggressive fiscal and monetary policies through 2009, kept the recession relatively short and shallow in the region.

However, the rate of economic rebound among the countries varies significantly. Brazil and Panama are two of the most active countries right now, as they are both experiencing rapid economic growth and committing large sums to infrastructure projects. In Brazil, this is fueling currency appreciation—at the end of 1Q 2010, the Real was up nearly 30% against the U.S. dollar from its position a year earlier. In Panama, it is increasing confidence in sovereign debt, and Fitch Ratings increased Panama's debt rating to investor-grade in February 2010. Economists are also projecting annual GDP growth of 4% or more in 2010 for Chile, Colombia, Peru and Uruguay.

On the other hand, Argentina and Ecuador, and to a lesser extent, Mexico, are experiencing much more delayed and subdued recoveries. In Argentina and Ecuador, this is due to continued questionable fiscal policies, while in Mexico it is largely attributable to its ties with the U.S., whose economic recovery has only recently begun. Meanwhile, most of Central America is still suffering from its heavy reliance on foreign remittances, which are not yet close to pre-crisis levels. However, despite this weaker activity, premium office space is significantly more expensive than it was a year ago in Quito, Guadalajara and San Salvador, resulting from the delivery of new and/or better-quality space, which pulled up prices in each market. In Rio de Janeiro, this effect, coupled with strong macroeconomic activity, resulted in a 20% increase in net rent over the last 12 months.

Key Market Snapshots

Buenos Aires, Argentina: On April 15, 2010, the Argentine government publicized details of its new debt-exchange offer, for creditors who suffered losses in the 2001 default and did not accept the previous exchange in 2005. Should the plan win international regulatory approval and secure sufficient participation, Argentina would be able to return to the capital markets. Despite this potentially positive development, uncertainty related to inflation figures and wage/price adjustments have resulted in an office construction slowdown from year-end 2009. The Class A/A+ office market also posted higher vacancy, lower prices and lower absorption relative to 1Q 2010 and to 1Q 2009.

Mexico City, Mexico: The economic recovery gained strength during 1Q 2010 as external demand increased and the government maintained fiscal discipline. Several office projects have resumed construction, and four new Class A buildings were delivered to the market in 1Q, adding 45,000 sq. m. to total inventory. At present there is a total of 930,000 sq. m. of Class A/A+ product under construction—nearly double the office space under construction in São Paulo. In the premium market, Class A+ prices increased and vacancy levels decreased during 1Q 2010.

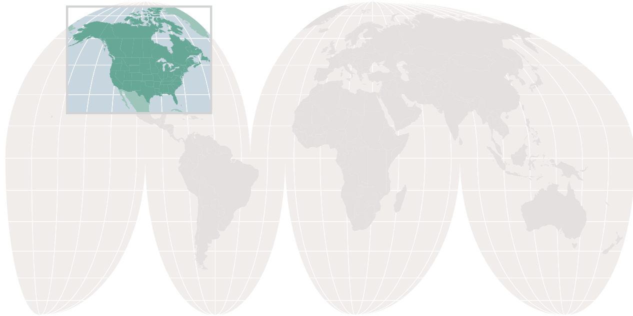
Santiago, Chile: In February 2010, Chile was struck by an earthquake that measured 8.3 on the Richter scale. Fortunately, only a very small part of Santiago's office market suffered physical damage, and indicators were strong for 1Q 2010. During the quarter, nearly 90,000 sq. m. of new Class A supply entered the market and 47,000 sq. m. was absorbed, pushing up vacancy rates a bit, while prices remained in line with 2009 levels. This new supply is nearly equivalent to the total new Class A supply in 2008 and 2009, and the absorption is double the entire amount recorded in 2009.

São Paulo, Brazil: São Paulo's office market recorded a strong performance in 1Q 2010, reflecting Brazil's continued economic recovery; in fact, by the end of 2009, Brazil had recorded its lowest unemployment rate since 2001 according to the Brazilian Institute for Geography and Statistics (IBGE). Net absorption was more than 60% higher than in 4Q 2009, which was, by far, the best quarter of last year. Average office rental rates increased 5.5% and the market vacancy rate fell from 6.6% to 5.9% during 1Q, despite the fact that 42,600 sq. m. of new space came to market in that same period. Premium rental rates have increased 18% in the last 12 months.

Latin America and The Caribbean: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Typical lease term (yrs.)	Typical rent free (months)
Bogota, Colombia	COP 63,500 sq.m. p.m	0.8	COP 70,000 sq.m. p.m	0.7	US$ 40.75	US$ 439	33.8	€ 30.17	€ 325	31.2	3-5	1-2
Buenos Aires, Argentina	US$ 35.00 sq.m. p.m.	-10.3	US$ 46.67 sq.m. p.m.	-2.2	52.02	560	-2.2	38.51	415	-4.1	3	1-3
Caracas, Venezuela*	VEF 332 sq.m. p.m.*	33.9	VEF 348 sq.m. p.m.	34.4	n/a	n/a	n/a	n/a	n/a	n/a	1-3	1-3
Guadalajara, Mexico	US$ 26.00 sq.m. p.m.	11.1	US$ 29.74 sq.m. p.m.	4.0	33.15	357	10.1	24.54	264	14.5	1-3	Varies
Lima, Peru	US$ 17.50 sq.m. p.m.	2.9	US$ 20.20 sq.m. p.m.	5.2	22.52	242	5.2	16.67	179	3.2	3-5	1
Mexico City, Mexico	US$ 30.38 sq.m. p.m.	1.3	US$ 36.42 sq.m. p.m.	3.3	40.60	437	3.3	30.05	324	1.3	3-5	1-2
Monterrey, Mexico	US$ 30.00 sq.m. p.m.	6.4	US$ 34.26 sq.m. p.m.	3.7	38.20	411	6.0	28.27	304	10.2	5	2-3
Montevideo, Uruguay	US$ 28.00 sq.m. p.m.	0.0	US$ 36.11 sq.m. p.m.	0.0	40.26	433	3.3	29.80	321	1.3	2-5	None
Panama City, Panama	US$ 24.50 sq.m. p.m.	2.1	US$ 28.23 sq.m. p.m.	3.8	31.47	339	3.8	23.29	251	1.8	3-5	1-2
Quito, Ecuador	US$ 14.00 sq.m. p.m.	16.7	US$ 16.50 sq.m. p.m.	0.0	18.39	198	0.0	13.62	147	-1.9	2-5	1
Rio de Janeiro, Brazil	BRL 133 sq.m. p.m.	19.8	BRL 153 sq.m. p.m.	17.7	95.63	1,029	52.9	70.79	762	49.9	5	1-2
San Jose, Costa Rica	US$ 21.00 sq.m. p.m.	-16.0	US$ 24.00 sq.m. p.m.	-12.7	26.76	288	-12.7	19.80	213	-14.4	3-5	1-3
San Juan, Puerto Rico	US$ 20.00 sq.ft. p.a.	0.0	US$ 35.63 sq.ft. p.a.	2.7	35.63	384	2.7	26.39	284	0.7	5	2-3
San Salvador, El Salvador	US$ 30.00 sq.m. p.m.	11.1	US$ 35.40 sq.m. p.m.	10.2	38.46	414	10.2	28.47	306	14.6	3-5	None
Santiago, Chile	UF 0.64 sq.m. p.m.	0.0	UF 0.74 sq.m. p.m.	-1.3	33.03	356	9.7	24.25	263	7.6	3-5	1-2
São Paulo, Brazil	BRL 140 sq.m. p.m.	18.6	BRL 160 sq.m. p.m.	15.9	100.00	1,076	50.6	74.02	797	47.7	5	2-3

* In Venezuela, foreign exchange is government controlled at a fixed exchange rate of VEF 4.35/US$ (changed on January 8, 2010; previous fixed rate was VEF 2.15/US$).
Market rents reflect perceived exchange rate value that may differ from the fixed exchange rate. Therefore, US$ and Euro values for the Caracas market are not applicable in the above table.



North America Regional Snapshot

United States

The U.S. economy continued to show signs of recovery as the Gross Domestic Product grew at 3.2% during 1Q 2010. The continued growth in the GDP was due to the increase in consumer spending and manufacturers replenishing their inventory levels. Economic growth in the near term will likely be tempered by the termination of some government subsidies coupled with tighter fiscal controls at the local and state levels.

Corporate profits are up considerably over the past year, and this has resulted in a slight increase in part-time employment in the service sector. With the increase in profits, there should also be an increase in capital spending by businesses, especially after two years of significant cutbacks and deferred equipment purchases. In 2010, the U.S recovery will continue to be moderate; despite the positive indicators, consumers will remain cautious with respect to spending.

The housing market continues to struggle with foreclosures. According to RealtyTrac Inc., the number of U.S. homes taken over by banks jumped 35% in 1Q compared to a year ago. The number of households facing foreclosure grew 16% in the same period and 7% from the last three months of 2009.

The U.S. office vacancy rate increased 30 bps to 16.6% from the previous quarter. The highest vacancy rate remains in the suburbs, at 18.6%, with the metro rate at 16.6%. Vacancy rates are expected to stabilize in 2010 and improve moderately in 2011.

The recovery is expected to take place first in the major metropolitan areas, especially in the financial and service sectors. New office construction, a significant amount of which is already pre-leased, remains moderate. It remains largely a tenant's market, with landlords offering attractive rental rates and tenant incentives. In a few markets where the economy appears to be picking up, some landlords are starting to stabilize rents with the anticipation that the economy is improving and office demand will increase over the next 12 months.

Canada

The national overall vacancy rate broke through the 10.0% barrier to 10.1% in 1Q 2010, up 20 bps from last quarter, with downtown vacancy unchanged at 8.5% and suburban vacancy up 60 bps to 12.1%. While national vacancy has not yet peaked, the worst appears to be over.

The increasing vacancy continues to be led by the western markets. Vacancy is up in all of the suburban markets, with Vancouver and Edmonton experiencing 190 bps increases to 14.7% and 14.2%, respectively. The downtown markets performed relatively well this quarter, with Calgary's vacancy rate actually decreasing, however, the dark cloud of new supply will continue to pose a problem for Calgary.

In the east, downtown Toronto faces some hardships with its older Premier Class A buildings, as tenants move to new buildings; however, the resulting vacancies are presenting landlords with the opportunity to perform renovations.

National net absorption, at 348,207 sq. ft., has been positive for the third consecutive quarter, but with vacancy expected to increase throughout 2010 and, in some markets, into 2011, absorption is expected to remain weak. The velocity of rental-rate decreases is slowing, and in some markets signs of increases are occurring. However, on a national basis rates will remain suppressed until the vacancy issues are resolved.

Key Market Snapshots

Ottawa, Canada: Ottawa continues to have the lowest vacancy rate in Canada at 5.3%, down 40 bps from last quarter. Downtown vacancy increased by only 10 bps this quarter to 3.7%, as positive absorption in one of the newest buildings was offset by new sublet offerings. The change in the suburban market was much more significant, with vacancy dropping 70 bps to 6.7%, primarily due to a 100,000-sq.-ft. lease in Kanata; however, vacancy is expected to increase when the tenant vacates its previous location. With light transaction volume and upcoming availabilities, especially from government users beyond 2011, rental rates in Ottawa are unlikely to increase.

Boston, U.S.: While Boston's office metrics continued to erode in 1Q, there has been a general uptick in business optimism, and real estate market stabilization may be in sight. Recent reports indicate that the recession has ended in Massachusetts and that Greater Boston's commercial real estate market is one of the strongest in the country. As the financial markets continue to improve, tenants are feeling progressively more certain about their business planning, allowing them to take advantage of today's deal terms. Currently, Atlantic Wharf is the only notable project under construction in downtown Boston. Tenants are trying to lock in longer terms as the market nears its bottom. Local employment statistics continue to improve. Though the improving employment market will eventually lead to changes in the commercial market, the recovery will be slowed by a glut of shadow space.

Chicago, U.S.: Leasing activity remains low in downtown Chicago, although several large transactions have been signed. Landlords with the capital necessary to sign new tenants are becoming more aggressive with concessions. Tenants are mostly focused on reducing space and occupancy costs. Within the past year, 4.5 million sq. ft. of office space has been delivered. No other projects are under construction right now, and with the excess space on the market, it is unlikely that any will break ground in the near term. Tenants continue to consolidate or close offices in suburban Chicago. Leases are being signed, but tenants are more likely to reduce office space than expand. Construction is down from previous years, both in completions and starts. The only industries showing growth are education and local government, both of which will be affected by budget shortfalls.

Phoenix, U.S.: Slow job growth and a down economy continue to impact the suburban Phoenix market. There are no office buildings currently under construction. Suburban vacancy rates rose from 26.6% in 2009 to 28.3% in 1Q 2010. The suburban market yielded positive absorption of 17,521 sq. ft., proving that the market is beginning to stabilize. Because it is a tenant's market, landlords offer any and every incentive they can, including free rent and free parking. Flight to quality is a growing trend, with many tenants upgrading to Class A or B buildings from B or C buildings. Because landlords are so motivated to keep existing tenants, many are renewing early to guarantee occupants in the coming months.

San Francisco, U.S.: Transaction activity in San Francisco slowed down in 1Q 2010. The top office lease transactions were completed by tenants in the retail, healthcare and technology sectors. The largest lease signed in the quarter was Blue Shield's renewal of 75,432 sq. ft. at 225 Bush Street. The only new construction expected to be completed this year is 455 Mission Bay Boulevard South, an Alexandria life science project in Mission Bay, which came online this quarter. Half of the 210,000-sq.-ft. building will be occupied by Nektar. San Francisco continues to be a desired location for office users, and specifically technology tenants, which was evident as demand from technology companies increased 70% from last quarter. San Francisco's ability to continue to attract a variety of tenants will help with its recovery.

United States and Canada: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM		
	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months
Albuquerque, U.S.	US$ 22.38 sq.ft. p.a.	1.3	US$ 22.38	US$ 241	1.3	€ 16.57	€ 178	-0.7
Atlanta (CBD), U.S.	US$ 22.00 sq.ft. p.a.	3.3	22.00	237	3.3	16.28	175	1.3
Atlanta (sub), U.S.	US$ 23.25 sq.ft. p.a.	-3.3	23.25	250	-3.3	17.21	185	-5.1
Austin, U.S.	US$ 18.50 sq.ft. p.a.	-6.9	26.57	286	-4.3	19.67	212	-6.1
Baltimore, U.S.	US$ 25.00 sq.ft. p.a.	0.5	25.00	269	0.5	18.51	199	-1.4
Boston (CBD), U.S.	US$ 40.52 sq.ft. p.a.	-17.7	40.52	436	-17.7	29.99	323	-19.3
Boston (sub), U.S.	US$ 31.64 sq.ft. p.a.	2.6	31.64	340	2.6	23.42	252	0.6
Calgary(CBD), Canada	C$ 51.69 sq.ft. p.a.	-24.9	50.92	548	-6.7	37.71	406	-8.5
Calgary (sub), Canada	C$ 35.23 sq.ft. p.a.	6.9	34.70	373	32.7	25.70	277	30.2
Charlotte, U.S.	US$ 22.47 sq.ft. p.a.	-3.8	22.47	242	-3.8	16.63	179	-5.6
Chicago (CBD), U.S.	US$ 23.95 sq.ft. p.a.	-2.5	34.26	369	-1.0	25.36	273	-2.9
Chicago (sub), U.S.	US$ 16.37 sq.ft. p.a.	-6.1	23.30	251	-3.7	17.25	186	-5.5
Cincinnati, U.S.	US$ 13.28 sq.ft. p.a.	-6.1	20.24	218	-3.3	14.98	161	-5.2
Cleveland, U.S.	US$ 22.80 sq.ft. p.a.	0.1	22.80	245	0.1	16.88	182	-1.8
Columbus, U.S.	US$ 11.25 sq.ft. p.a.	-2.3	13.83	149	-1.5	10.24	110	-3.4
Dallas, U.S.	US$ 22.72 sq.ft. p.a.	-4.2	31.80	342	-2.3	23.54	253	-4.2
Denver, U.S.	US$ 25.07 sq.ft. p.a.	-5.8	25.07	270	-5.8	18.56	200	-7.6
Detroit, U.S.	US$ 20.80 sq.ft. p.a.	-6.5	20.80	224	-6.5	15.40	166	-8.3
Edison, U.S.	US$ 23.22 sq.ft. p.a.	-4.8	23.22	250	-4.8	17.19	185	-6.6
Edmonton, Canada	C$ 48.98 sq.ft. p.a.	-8.0	48.25	519	14.3	35.73	384	12.1
Fort Lauderdale, U.S.	US$ 19.84 sq.ft. p.a.	-1.0	28.96	312	0.1	21.44	231	-1.8
Fort Worth, U.S.	US$ 31.08 sq.ft. p.a.	0.2	31.08	334	0.2	23.01	248	-1.7
Halifax, Canada	C$ 32.99 sq.ft. p.a.	-0.2	32.50	350	24.0	24.06	259	21.6
Hartford, U.S.	US$ 20.49 sq.ft. p.a.	-4.3	20.49	220	-4.3	15.17	163	-6.2
Honolulu, U.S.	US$ 20.85 sq.ft. p.a.	0.6	28.68	309	1.2	21.23	228	-0.8
Houston, U.S.	US$ 27.00 sq.ft. p.a.	1.9	27.00	291	1.9	19.99	215	-0.1
Indianapolis, U.S.	US$ 19.71 sq.ft. p.a.	2.2	19.71	212	2.2	14.59	157	0.2
Jacksonville, U.S.	US$ 20.61 sq.ft. p.a.	-1.2	20.61	222	-1.2	15.26	164	-3.1
Kansas City, U.S.	US$ 20.50 sq.ft. p.a.	-1.4	20.50	221	-1.4	15.17	163	-3.3
Las Vegas, U.S.	US$ 33.01 sq.ft. p.a.	-5.0	33.01	355	-5.0	24.43	263	-6.8
London, Canada	C$ 27.69 sq.ft. p.a.	3.6	27.28	293	28.7	20.20	217	26.2
Long Island, U.S.	US$ 30.37 sq.ft. p.a.	-7.5	30.37	327	-7.5	22.48	242	-9.3
Los Angeles (CBD), U.S.	US$ 28.74 sq.ft. p.a.	-3.9	28.74	309	-3.9	21.27	229	-5.8
Los Angeles (sub), U.S.	US$ 46.43 sq.ft. p.a.	-12.2	46.43	500	-12.2	34.37	370	-13.9
Memphis, U.S.	US$ 20.28 sq.ft. p.a.	1.3	20.28	218	1.3	15.01	162	-0.6
Miami (CBD), U.S.	US$ 44.73 sq.ft. p.a.	0.5	44.73	481	0.5	33.11	356	-1.4
Miami (sub), U.S.	US$ 37.73 sq.ft. p.a.	-9.0	37.73	406	-9.0	27.93	301	-10.7
Minneapolis, U.S.	US$ 16.36 sq.ft. p.a.	-1.9	23.91	257	-0.5	17.70	190	-2.5
Montreal (CBD), Canada	C$ 40.02 sq.ft. p.a.	1.8	39.42	424	26.4	29.19	314	24.0

Unless otherwise indicated, all data reflect office space in the central commercial district. The term "sub" means suburban and is used primarily in North American 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.
One Euro [€] equals C$1.37 and US$1.35. One US$ equals C$1.02 as of March 31, 2010
U.S. Rents Provided by CBRE Econometric Advisors, an independent subsidiary of CB Richard Ellis

United States and Canada: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST US$/ANNUM			TOTAL OCCUPANCY COST EUROS [€]/ANNUM		
	Current per local measure	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months	Current per sq. ft.	Current per sq. m.	% change 12 months
Montreal (sub), Canada	C$ 26.04 sq.ft. p.a.	1.1	US$ 25.65	US$ 276	25.5	€ 18.99	€ 204	23.1
Nashville, U.S.	US$ 21.86 sq.ft. p.a.	1.7	21.86	235	1.7	16.18	174	-0.3
New York Downtown, U.S.	US$ 40.51 sq.ft. p.a.	-19.0	40.51	436	-19.0	29.99	323	-20.6
New York Midtown, U.S.	US$ 64.51 sq.ft. p.a.	1.3	64.51	694	1.3	47.75	514	-0.7
Newark, U.S.	US$ 25.09 sq.ft. p.a.	-4.8	25.09	270	-4.8	18.57	200	-6.6
Oakland, U.S.	US$ 31.66 sq.ft. p.a.	-1.9	31.66	341	-1.9	23.43	252	-3.7
Orange County, U.S.	US$ 29.84 sq.ft. p.a.	-12.1	29.84	321	-12.1	22.09	238	-13.8
Orlando, U.S.	US$ 23.79 sq.ft. p.a.	-9.6	23.79	256	-9.6	17.61	189	-11.3
Ottawa, Canada	C$ 47.20 sq.ft. p.a.	0.7	46.49	500	25.1	34.43	370	22.7
Philadelphia, U.S.	US$ 25.36 sq.ft. p.a.	-2.5	35.38	381	-1.1	26.19	282	-3.0
Phoenix, U.S.	US$ 26.89 sq.ft. p.a.	-4.9	26.89	289	-4.9	19.90	214	-6.7
Pittsburgh, U.S.	US$ 24.95 sq.ft. p.a.	5.9	24.95	268	5.9	18.47	199	3.9
Portland, U.S.	US$ 26.33 sq.ft. p.a.	-2.4	26.33	283	-2.4	19.49	210	-4.3
Raleigh, U.S.	US$ 22.11 sq.ft. p.a.	-2.2	22.11	238	-2.2	16.37	176	-4.1
Riverside, U.S.	US$ 25.76 sq.ft. p.a.	-6.6	25.76	277	-6.6	19.07	205	-8.4
Sacramento, U.S.	US$ 29.83 sq.ft. p.a.	1.3	29.83	321	1.3	22.08	238	-0.7
Salt Lake City, U.S.	US$ 27.18 sq.ft. p.a.	7.3	27.18	292	7.3	20.12	216	5.2
San Diego, U.S.	US$ 33.78 sq.ft. p.a.	-14.7	33.78	363	-14.7	25.00	269	-16.3
San Francisco, U.S.	US$ 33.17 sq.ft. p.a.	-15.3	33.17	357	-15.3	24.55	264	-16.9
San Jose, U.S.	US$ 41.71 sq.ft. p.a.	-3.2	41.71	449	-3.2	30.87	332	-5.1
Seattle (CBD), U.S.	US$ 31.33 sq.ft. p.a.	-8.1	31.33	337	-8.1	23.19	250	-9.9
Seattle (sub), U.S.	US$ 33.94 sq.ft. p.a.	-2.4	33.94	365	-2.4	25.12	270	-4.3
St. Louis, U.S.	US$ 22.58 sq.ft. p.a.	-0.9	22.58	243	-0.9	16.71	180	-2.8
Stamford, U.S.	US$ 35.75 sq.ft. p.a.	-14.2	35.75	385	-14.2	26.46	285	-15.9
Tampa, U.S.	US$ 25.63 sq.ft. p.a.	-2.8	25.63	276	-2.8	18.97	204	-4.6
Toledo, U.S.	US$ 18.45 sq.ft. p.a.	-1.9	18.45	199	-1.9	13.66	147	-3.8
Toronto (CBD), Canada	C$ 60.77 sq.ft. p.a.	-7.0	59.86	644	15.5	44.33	477	13.3
Toronto (sub), Canada	C$ 30.20 sq.ft. p.a.	-0.7	29.75	320	23.3	22.03	237	21.0
Tucson, U.S.	US$ 22.55 sq.ft. p.a.	-5.9	22.55	243	-5.9	16.69	180	-7.7
Vancouver (CBD), Canada	C$ 56.33 sq.ft. p.a.	-1.7	55.49	597	22.0	41.09	442	19.7
Vancouver (sub), Canada	C$ 32.16 sq.ft. p.a.	-14.2	31.68	341	6.6	23.46	252	4.5
Ventura, U.S.	US$ 27.90 sq.ft. p.a.	-3.3	27.90	300	-3.3	20.65	222	-5.2
Washington, DC (CBD), U.S.	US$ 51.75 sq.ft. p.a.	0.1	51.75	557	0.1	38.31	412	-1.8
Washington, DC (sub), U.S.	US$ 38.75 sq.ft. p.a.	0.2	38.75	417	0.2	28.68	309	-1.7
Waterloo Region, Canada	C$ 24.14 sq.ft. p.a.	0.7	23.78	256	25.0	17.61	189	22.6
West Palm Beach, U.S.	US$ 22.80 sq.ft. p.a.	-2.9	37.00	398	-0.9	27.39	295	-2.8
Wilmington, U.S.	US$ 21.74 sq.ft. p.a.	-4.5	29.87	321	-2.7	22.11	238	-4.5
Winnipeg, Canada	C$ 29.54 sq.ft. p.a.	0.2	29.10	313	24.4	21.55	232	22.0

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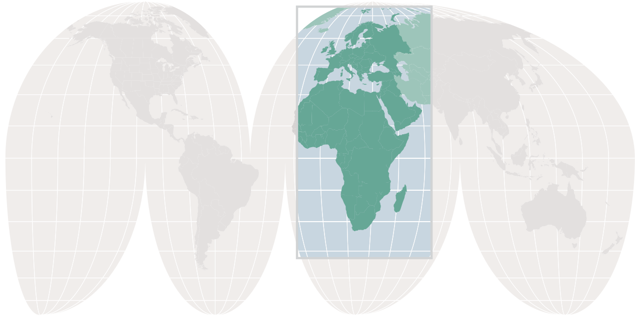

EMEA Regional Snapshot

Evidence of economic recovery across Europe remains patchy. A number of major economies that registered growth in 3Q 2009 stagnated or slowed at the end of the year, while others, including Italy and Spain, registered a further decline. Only France posted an additional three months of rising growth in 4Q. Public finances are under general scrutiny following the Greek debt crisis, and restoring sound government finance while balancing the need to stimulate growth is likely to prove challenging. Despite this uncertain picture, expectations for positive growth over 2010 as a whole remain largely intact for the main European economies. Most are expected to see positive but sub-trend growth this year.

Patterns of leasing activity and rental change in the main European office markets reflect this uneven picture. Most cities saw a reduction in gross take-up in 1Q 2010, and the general expectation is for annual take-up to be roughly in line with 2009 levels. Market activity is being supported by large numbers of small- to medium-size transactions. While rationalization and space efficiency remain strong motives for this activity, there is emerging evidence that genuine expansion demand is becoming a more important driver. So far this is most noticeable in London and Paris but is likely to become more widespread as the year goes on.

On the supply side, vacancy levels in the main markets are considered to be close to their peaks. Vacancy rates in most markets are typically one to two percentage points above where they were at the end of 2008, but the rate of increase seems to be slowing. In some markets, such as London, vacancy rates are starting to fall again.

Speculative development has fallen sharply and project finance for new development remains difficult to secure, so new deliveries will remain subdued in the short term. Securing financing may become easier as more markets stabilize and start to improve toward the end of the year. However, this still leaves a significantly reduced level of completions, particularly in 2011, compared with recent years. The extent to which this outlook affects market balances clearly depends on the strength of local demand recovery. However, several markets now look poorly placed to accommodate any demand surges in the next two years without pushing up rents for large, high-quality units.

The CB Richard Ellis office rent index for the EU-15 area registered the first quarterly increase (1.1%) since mid-2008. This reflects a highly concentrated pattern of growth, with only London and Paris seeing any clear signs of increase in Western Europe. Elsewhere the position is mostly one of stability, but with some markets—notably Spain—seeing further decreases. While there are broad indications of rents starting to level out, landlords in many markets still have to offer sizeable incentive packages in order to secure tenants. This is expected to change during the course of the year as the demand-supply balance shifts at local market and, indeed, submarket level.

Key Market Snapshots

Frankfurt, Germany: The Frankfurt leasing market remains thin and is characterized by a large number of small deals. The most active sectors were financial and advisory services. The first quarter experienced the lowest quarterly take-up since 2004, but it was only marginally lower than that of 4Q 2009. Despite this very low take-up in 1Q, demand for office space this year is expected to be on a par with 2009 levels. With subdued leasing activity, vacancy rates continue to rise. Rents and incentives are currently stable. However, a subtle shift in the balance between supply and demand may cause

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incentives to start decreasing later in the year. Longer term, there is about 110,000 sq. m. of development due by the end of 2011. Half of this is pre-leased, so a supply shortage is expected.

London, England: There has been a remarkable turnaround in the Central London office market over the past year, and London is one of the few European markets where prime rents are now increasing. This is occurring in all Central London locations but is most noticeable in the City market where rents have increased by 12% from their low in mid-2009. This has been triggered by near-record levels of activity in the City financial district during 1Q 2010, and 2010 take-up is expected to surpass last year's total. The development pipeline peaked last year and, with very little space currently under construction in Central London and a surge in demand, vacancy rates are now falling.

Paris, France: With three consecutive quarters of economic growth, France appears to be experiencing a more convincing recovery than other countries in Western Europe. Positive signs are starting to emerge in the occupier market with a few examples of expansion taking place in the business sector. However, occupier demand remains weak overall, with corporate consolidation still driving the market. Prime rents have risen for the first time in the current cycle this quarter, reflecting increased competition for well-located, high-quality buildings, although average rents remain stable. Vacancy is currently stable but has not yet peaked as some new supply is due to enter the market over the coming months. With virtually no new construction taking place, supply is expected to be scarce in 2011 and 2012.

Madrid, Spain: The Madrid office market continues to face a demand-side problem, with weak employment growth and businesses continuing to experience recessionary conditions. There has been a year-over-year rise in gross take-up for the second consecutive quarter as companies take advantage of cheap rents to consolidate space requirements. However, these figures mainly reflect a very low base last year and by no means signal the end of the downturn. The full-year figure is expected to be on a par with, or perhaps slightly above, the 2009 figure. Rents continue to fall, although the rate of decline is slowing. This is expected to continue until demand recovers. The development pipeline should weaken going forward, and this is likely to help balance weak demand.

Europe, Middle East and Africa: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE Current per local measure	RENT—LOCAL CURRENCY/MEASURE % change 12 months	TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE* Current per local measure	TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE* % change 12 months	TOTAL OCCUPANCY COST US$/ANNUM* Current per sq. ft.	TOTAL OCCUPANCY COST US$/ANNUM* Current per sq. m.	TOTAL OCCUPANCY COST US$/ANNUM* % change 12 months	TOTAL OCCUPANCY COST EUROS [€]/ANNUM Current per sq. ft.	TOTAL OCCUPANCY COST EUROS [€]/ANNUM Current per sq. m.	TOTAL OCCUPANCY COST EUROS [€]/ANNUM % change 12 months	TERMS Typical lease term (yrs.)	TERMS Typical rent free (months)
Aberdeen, United Kingdom	GBP 28.00 sq.ft. p.a.	-6.7	GBP 39.00 sq.ft. p.a.	-4.9	US$ 59.21	US$ 637	0.8	€ 43.83	€ 472	-1.2	10	12
Abu Dhabi, United Arab Emirates	AED 242 sq.ft. p.a.	-21.9	AED 267 sq.ft. p.a.	-23.7	72.71	783	-23.7	53.82	579	-25.2	1-3	1
Amsterdam, Netherlands	EUR 330 sq.m. p.a.	0.0	EUR 372.85 sq.m. p.a.	0.1	50.32	542	2.1	37.25	401	0.1	5+5	12-24
Athens, Greece	EUR 33.00 sq.m. p.m.	3.1	EUR 37.95 sq.m. p.m.	3.4	61.46	662	5.4	45.49	490	3.4	12+4	1
Barcelona, Spain	EUR 246 sq.m. p.a.	-12.8	EUR 283.32 sq.m. p.a.	-13.3	39.95	430	-11.6	29.57	318	-13.3	3+2	4
Belfast, United Kingdom	GBP 12.50 sq.ft. p.a.	-10.7	GBP 21.00 sq.ft. p.a.	-6.7	31.88	343	-1.1	23.60	254	-3.0	10	9
Belgrade, Serbia	EUR 15.00 sq.m. p.m.	-9.1	EUR 18.50 sq.m. p.m.	-7.5	27.86	300	-5.7	20.62	222	-7.5	5	3
Berlin, Germany	EUR 20.00 sq.m. p.m.	0.0	EUR 23.50 sq.m. p.m.	2.2	35.39	381	4.2	26.20	282	2.2	5+5	6-12
Birmingham, United Kingdom	GBP 27.00 sq.ft. p.a.	-6.9	GBP 42.00 sq.ft. p.a.	-4.5	63.76	686	1.2	47.20	508	-0.8	10	24-36
Bratislava, Slovak Republic	EUR 17.00 sq.m. p.m.	-5.6	EUR 23.92 sq.m. p.m.	-4.0	40.03	431	-2.1	29.63	319	-4.0	5	3-8
Brussels, Belgium	EUR 265 sq.m. p.a.	-3.6	EUR 328 sq.m. p.a.	-3.0	49.90	537	-1.1	36.94	398	-3.0	3/6/9	1 year secured
Budapest, Hungary	EUR 20.00 sq.m. p.m.	0.0	EUR 24.20 sq.m. p.m.	0.0	40.50	436	2.0	29.98	323	0.0	3-5	6-8
Cape Town, South Africa	ZAR 110 sq.m. p.m.	-15.4	ZAR 110 sq.m. p.m.	-15.4	16.85	181	10.7	12.58	135	9.3	3-5	0
Copenhagen, Denmark	DKK 1,675 sq.m. p.a.	-9.5	DKK 2105 sq.m. p.a.	-7.5	41.77	450	-5.6	30.91	333	-7.4	3-5 (tenant) /5-10 (landlord)	0
Dubai, United Arab Emirates	AED 400 sq.ft. p.a.	-11.1	AED 400 sq.ft. p.a.	-11.1	108.92	1172	-11.1	80.63	868	-12.8	3	2
Dublin, Ireland	EUR 376 sq.m. p.a.	-30.4	EUR 534 sq.m. p.a.	-24.6	67.02	721	-23.1	49.61	534	-24.6	10	21
Durban, South Africa	ZAR 110 sq.m. p.m.	-15.4	ZAR 110 sq.m. p.m.	-15.4	16.85	181	10.7	12.58	135	9.3	3-5	0
Edinburgh, United Kingdom	GBP 27.50 sq.ft. p.a.	-5.2	GBP 44.50 sq.ft. p.a.	-4.3	67.56	727	1.4	50.01	538	-0.6	10	36
Frankfurt am Main, Germany	EUR 38.00 sq.m. p.m.	0.0	EUR 43.00 sq.m. p.m.	0.0	69.64	750	2.0	51.55	555	0.0	5	6-9
Geneva, Switzerland	CHF 850 sq.m. p.a.	3.7	CHF 910 sq.m. p.a.	3.4	80.25	864	11.8	59.39	639	9.7	5	3
Glasgow, United Kingdom	GBP 27.00 sq.ft. p.a.	-5.3	GBP 40.00 sq.ft. p.a.	-4.8	60.73	654	0.9	44.95	484	-1.0	10	36
Gothenburg, Sweden	SEK 2,250 sq.m. p.a.	-2.2	SEK 4345 sq.m. p.a.	-1.9	62.31	671	12.4	46.01	495	10.0	3-5	3-6
Hamburg, Germany	EUR 23.00 sq.m. p.m.	-4.2	EUR 26.10 sq.m. p.m.	-3.7	42.27	455	-1.8	31.29	337	-3.7	5+5	5-6
Helsinki, Finland	EUR 318 sq.m. p.a.	-9.1	EUR 318 sq.m. p.a.	-19.7	44.35	477	-18.1	32.83	353	-19.7	3-5	None
Istanbul, Turkey	US$ 40.00 sq.m. p.m.	-11.1	US$ 58.75 sq.m. p.m.	-6.9	78.44	844	-6.9	58.06	625	-8.7	3-5	1
Jersey, United Kingdom	GBP 28.00 sq.ft. p.a.	0.0	GBP 33.75 sq.ft. p.a.	3.1	51.24	552	9.2	37.93	408	7.1	15	6
Johannesburg, South Africa	ZAR 130 sq.m. p.m.	-7.1	ZAR 130 sq.m. p.m.	-7.1	19.91	214	21.5	14.87	160	20.0	3-5	0
Leeds, United Kingdom	GBP 24.00 sq.ft. p.a.	-7.7	GBP 36.00 sq.ft. p.a.	-13.3	54.66	588	-8.1	40.46	435	-9.9	10	24
Lille, France	EUR 190 sq.m. p.a.	0.0	EUR 245 sq.m. p.a.	-3.9	33.06	356	-2.0	24.47	263	-3.9	6/9	3-6
Lisbon, Portugal	EUR 19.50 sq.m. p.m.	-4.9	EUR 23.50 sq.m. p.m.	-4.1	38.89	419	-2.2	28.79	310	-4.1	5	3-6
Liverpool, United Kingdom	GBP 19.00 sq.ft. p.a.	-13.6	GBP 30.50 sq.ft. p.a.	-9.0	46.31	498	-3.5	34.28	369	-5.4	10 with a break at 5	36
London City, United Kingdom	GBP 47.00 sq.ft. p.a.	1.1	GBP 72.50 sq.ft. p.a.	0.3	110.07	1185	7.1	81.48	877	4.3	10	26
London West End, United Kingdom	GBP 85.00 sq.ft. p.a.	-2.9	GBP 120.50 sq.ft. p.a.	0.0	182.94	1969	6.0	135.42	1458	3.9	10	18-21
Luxembourg City, Luxembourg	EUR 40.00 sq.m. p.m.	0.0	EUR 44.83 sq.m. p.m.	3.5	81.84	881	5.5	60.58	652	3.5	3/6/9	1 year secured
Lyon, France	EUR 246 sq.m. p.a.	-1.6	EUR 318 sq.m. p.a.	1.0	42.92	462	2.9	31.77	342	1.0	3-6-9	3-6

Unless otherwise indicated, all data reflect office space in the central commercial district. The term "sub" means suburban and is used primarily in North American markets. The local rent data is expressed in either gross or net terms depending on the prevailing local practice. Total occupancy costs (i.e., gross rents) are expressed in local currency, Euros and U.S. dollars for all markets. A complete explanation of the reported data appears at the end of this publication.

Local figures are based on local measurements. The standardized Euro occupancy costs account for differing values in net and gross measurements.

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Europe, Middle East and Africa: Office Rents and Occupancy Costs

	RENT—LOCAL CURRENCY/MEASURE		TOTAL OCCUPANCY COST—LOCAL CURRENCY/MEASURE*		TOTAL OCCUPANCY COST US$/ANNUM*			TOTAL OCCUPANCY COST EUROS [€]/ANNUM			TERMS	
	Current per local measure	*% change 12 months*	*Current per local measure*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Current per sq. ft.*	*Current per sq. m.*	*% change 12 months*	*Typical lease term (yrs.)*	*Typical rent free (months)*
Madrid, Spain	EUR 348 sq.m. p.a.	-14.7	EUR 411 sq.m. p.a.	-12.7	60.69	653	-11.0	44.92	484	-12.7	3+2	3
Malaga, Spain	EUR 168 sq.m. p.a.	-6.7	EUR 207 sq.m. p.a.	-6.3	30.57	329	-4.4	22.62	244	-6.3	3+3	1-2
Manchester, United Kingdom	GBP 28.50 sq.ft. p.a.	0.0	GBP 44.50 sq.ft. p.a.	0.0	67.56	727	6.0	50.01	538	3.9	10	36
Marseille, France	EUR 250 sq.m. p.a.	-16.7	EUR 315 sq.m. p.a.	-13.7	42.51	458	-12.0	31.47	339	-13.7	3/6/9	3-6
Milan, Italy	EUR 520 sq.m. p.a.	-5.5	EUR 565 sq.m. p.a.	-5.0	77.93	839	-3.2	57.68	621	-5.0	6+6	6
Moscow, Russian Federation	US$ 850 sq.m. p.a.	-29.2	US$ 1144.60 sq.m. p.a.	-26.5	125.10	1347	-26.5	92.60	997	-27.9	3-5	0-6
Munich, Germany	EUR 29.50 sq.m. p.m.	-4.8	EUR 33.00 sq.m. p.m.	-4.3	54.62	588	-2.5	40.43	435	-4.3	5+5	6-9
Oporto, Portugal	EUR 14.50 sq.m. p.m.	-9.4	EUR 16.70 sq.m. p.m.	-8.2	27.64	298	-6.4	20.46	220	-8.2	3	0-1
Oslo, Norway	NOK 3,000 sq.m. p.a.	-9.1	NOK 3290 sq.m. p.a.	-7.8	57.20	616	4.5	42.32	456	2.4	3-5	0-6
Palma de Mallorca, Spain	EUR 156 sq.m. p.a.	-7.1	EUR 171.60 sq.m. p.a.	-7.1	25.34	273	-5.3	18.76	202	-7.1	2+3	1-2
Paris Ile-de-France, France	EUR 750 sq.m. p.a.	-3.8	EUR 839 sq.m. p.a.	-3.3	113.23	1219	-1.4	83.81	902	-3.3	3/6/9	6-12
Prague, Czech Republic	EUR 21.00 sq.m. p.m.	-8.7	EUR 29.70 sq.m. p.m.	-2.2	49.70	535	-0.3	36.79	396	-2.2	5	1 to 5
Rome, Italy	EUR 420 sq.m. p.a.	-4.5	EUR 460 sq.m. p.a.	-4.2	63.45	683	-2.3	46.96	505	-4.2	6+6	6
Sofia, Bulgaria	EUR 14.75 sq.m. p.m.	-13.2	EUR 17.75 sq.m. p.m.	-11.3	30.38	327	-9.5	22.49	242	-11.3	3to5	1to3
Southampton, United Kingdom	GBP 18.00 sq.ft. p.a.	-8.9	GBP 29.00 sq.ft. p.a.	-2.5	44.03	474	3.3	32.59	351	1.3	10	18-24
Stockholm, Sweden	SEK 4,000 sq.m. p.a.	-2.4	SEK 4580 sq.m. p.a.	-2.1	65.68	707	12.1	48.50	522	9.7	3-5	3-6
Tel Aviv, Israel	US$ 26.00 sq.m. p.m.	15.6	US$ 37.00 sq.m. p.m.	13.8	51.56	555	13.8	38.17	411	11.7	3-5	None
Thessaloniki, Greece	EUR 14.50 sq.m. p.m.	-9.4	EUR 17.50 sq.m. p.m.	-12.5	28.34	305	-10.8	20.98	226	-12.5	12+4	1
Valencia, Spain	EUR 192 sq.m. p.a.	-11.1	EUR 229.88 sq.m. p.a.	-9.9	33.94	365	-8.1	25.13	270	-9.9	2+3	1-2
Vienna, Austria	EUR 22.25 sq.m. p.m.	-3.3	EUR 26.25 sq.m. p.m.	-2.8	41.62	448	-0.9	30.80	332	-2.8	3-5	3-6
Warsaw, Poland	EUR 23.00 sq.m. p.m.	-17.9	EUR 29.00 sq.m. p.m.	-14.7	48.53	522	-13.0	35.92	387	-14.7	5	3-12
Zurich, Switzerland	CHF 850 sq.m. p.a.	-5.6	CHF 890 sq.m. p.a.	-5.3	78.48	845	2.3	58.08	625	0.4	5	1-3

Unless otherwise indicated, all data reflect office space in the central commercial district. The term "sub" means suburban and is used primarily in North American markets. The local rent data is expressed in either gross or net terms depending on the prevailing local practice. Total occupancy costs (i.e., gross rents) are expressed in local currency, Euros and U.S. dollars for all markets. A complete explanation of the reported data appears at the end of this publication.

Local figures are based on local measurements. The standardized Euro occupancy costs account for differing values in net and gross measurements.

Terms and Definitions

Global Office 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 U.S., office units are measured in SF, while Japan uses the tsubo. Great Britain measures currency in pounds, while Thailand uses the baht. Also in the U.S., 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

To facilitate comparisons across markets, Global Office 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 (SF) 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 SF) unit in a top-quality (Class A) building in a prime location. Rents are expressed as headline rent, without accounting for any tenant incentives that 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 SF. 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 Occupancy Cost.

Total Occupancy Cost: Local office costs are reported in local currency, Euros and U.S. dollars on a per annum basis; both per SF 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.

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