OFFICE SPACE ACROSS THE WORLD

2013

A Cushman & Wakefield Research Publication

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INTRODUCTION

“Gateway cities such as London, Hong Kong and New York continue to command high rents c
to do business; while burgeoning population growth has led to rising occupancy costs in eme

Glenn Rufrano
President & CEO

AMERICAS

“The strongest rental growth in the Americas region was in South America, notably Brazil and Colombia. In the United States, the technology and energy sectors have favored markets in the San Francisco Bay Area and Houston, for example. Mexico and Canada remained stable with the pace of growth moderating. The majority of markets continue to favour the occupier with significant rental growth not expected until 2014.”

Maria Sicola
Executive Managing Director
The Americas

EMEA

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David Hutchings
Head of the Euro

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rated on cost cutting
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more efficient space.”

opean Research Group

ASIA PACIFIC

“Asia Pacific proved to be vulnerable with the slowdown of its two large growth economies. Still, moderate growth remained sufficient enough to sustain office fundamentals, with gradual leasing improvements and relatively modest increases in both rents and occupancies in most parts of the region.”

Sigrid Zialcita
Managing Director
Asia Pacific

GLOBAL SUMMARY & OUTLOOK

The global office market witnessed prime rents increase by 3% in 2012, although this was largely supported by the impressive growth levels seen in South America, namely Brazil and Colombia. However, it was London (West End) that overtook Hong Kong to become the most expensive office market across the world, with growth reinforced by the scarcity of good-quality space amid steady demand. Despite this global rental rise, a significant number of office sector performances worldwide were in fact subdued. Many markets suffered under the weight of prevailing economic uncertainties, which in turn increased apprehension and caution among occupiers. As a result, cost-cutting requirements fuelled tenant demand, with many companies seeking to rationalise both their operations and occupied space.

The Americas was the region with the highest rental growth last year, with prime rents rising by 10% on the back of South America's robust performance. Occupier activity was buoyant not only in the principal economy of the region, Brazil, but also in the burgeoning markets of Colombia and Chile, with an increasing number of multinational companies seeking new areas for expansion. Going forward, Brazil is anticipated to be the key driver of regional growth, which is forecast to see a stronger economic performance in 2013 after a mildly subdued 2012.

Although prime rents rose in North America in 2012, growth was largely bolstered by a handful of locations that witnessed solid market conditions. The USA is the primary driver of the wider regional economy, and although this is anticipated to continue, the country also faces high unemployment, a political stalemate and fiscal tightening in the year ahead, all of which will heighten uncertainties within the occupier market.

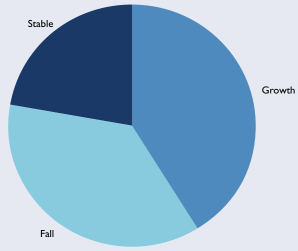
In Asia Pacific, concerns over the global economy fed into occupier demand, which in turn limited regional rental growth to 3% in 2012 and produced declines in the key markets of Hong Kong and Tokyo. Nevertheless, these two markets remain in the top five most expensive global office locations, highlighting their importance as business locations. In the year ahead, economic growth is anticipated to pick-up particularly in China but also in some other Asian markets including Japan, which should provide a boost to the wider Asia Pacific region.

In 2012, prime rental performance within Europe was sluggish for the third consecutive year. Rents for high-quality space are expected to bottom out in 2013 in the major cities, and with little development feeding the availability of such space, there is the potential for more occupiers to seek less expensive locations or cost effective space within the core areas. However, the likelihood is that rents for prime space will remain stable and edge up in some cities later in the year on the back of the scarcity of quality supply, although as occupiers become increasingly cost conscious the definition of what is a 'core' area may begin to change.

RENTAL PERFORMANCE IN THE YEAR TO DECEMBER 2012

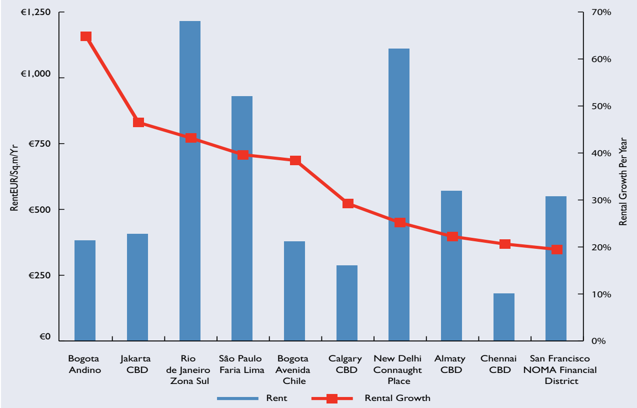
Average Rent *€/sq. m./Year*	387
Average Rental Change *% Change*	3%

Country Rental Performance
(% of Countries Showing)



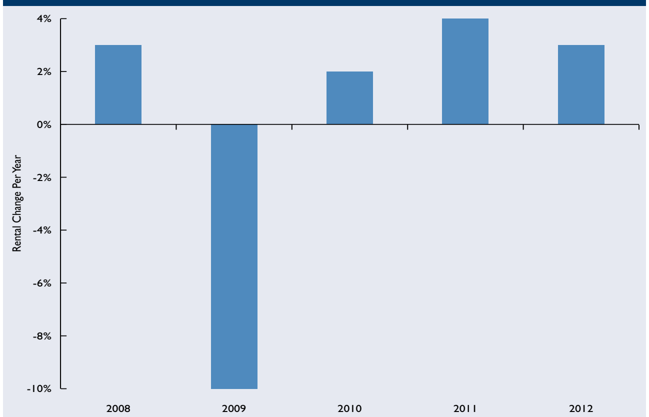
Source: Cushman & Wakefield 2013

GLOBAL: CITIES WITH THE LARGEST RENTAL GROWTH



Source: Cushman & Wakefield 2013

GLOBAL: ANNUAL RENTAL GROWTH OVER 5 YEARS



Source: Cushman & Wakefield 2013

WHAT IS OFFICE SPACE?

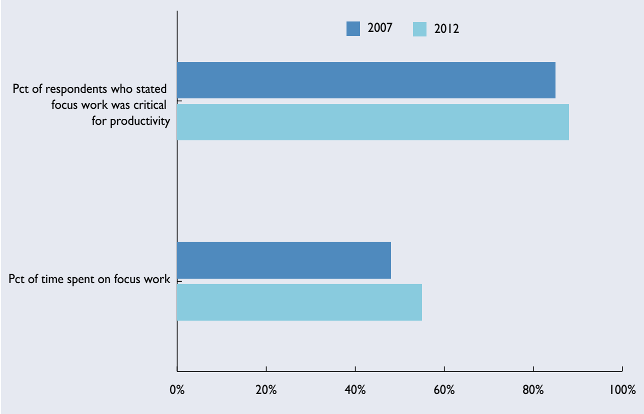
Occupiers today are focused on creating the most productive environment for their workforce, while at the same time reducing occupancy costs and supporting employee expectations of a work environment that provides the flexibility for mobile working, business travel, and work/life balance. To this end, businesses are approaching the procurement of office space with very specific ideas and metrics from which to base the design of the workplace.

Strategies that include less individual and more collaborative space have become paramount for any occupier seeking new or refurbished office space. Company sponsored mobility programmes that allow individuals to work remotely are rising in popularity, particularly in developed markets in North America, the U.K., and Western Europe. The reduction of individually dedicated space can shrink an occupier's overall footprint, and by granting workers remote capabilities occupiers can offer a benefit that helps to attract and retain key employees. These solutions have gained undeniable momentum in the corporate real estate (CRE) community and are rapidly being implemented by CRE executives globally. A recent study conducted by CoreNet Global supports this viewpoint. In a 2012 survey of 500 CRE executives, over 70% indicated that the gross sq.ft per person in their organization would drop to 100 sq.ft or below over the next five years, down approximately 55% from the current industry average.

STRIKING A BALANCE: WILL THE CORPORATE OFFICE GO AWAY?

Much of the latest design trends of the corporate office centre around trying to generate greater levels of collaboration and innovation within the workforce. A corporation's ability to get individuals to successfully collaborate and innovate is widely viewed as a way to gain a competitive advantage in today's knowledge-based economy. The strategic design of office space is seen as having a profound effect on improving the levels of innovation within an organization. But how far out on the spectrum should corporations be? Are we on the cusp of the private office becoming extinct? Many CRE executives struggle with striking the right balance in the design of their workplace so as not to cut into the productivity of their workforce? A recent survey completed by a global architecture firm indicates that the push towards less private space may inhibit the ability of workers to be productive. Over the last five years, it has measured the need for individuals to perform "focused" (i.e., non-collaborative) in order to be productive. The architecture firm indicates that between 2007 and 2012, the increased importance for employees to do individual work has actually increased, even though the nature of the way we work has supposedly become more

FOCUS WORK STILL REQUIRED FOR PRODUCTIVITY



Source: Gensler and Cushman & Wakefield 2013

collaborative. Could we be moving to a new paradigm where there is an intense focus on collaboration followed by a similarly intense focus on individual work?

GOING FORWARD

In addition to having office space assist in the innovation process, occupiers continue to be concerned about their overall occupancy cost, as well as their labour force dynamics, particularly worker recruitment and retention. The mandates on CRE for greater innovation, lower costs, and improved employee relations have resulted in the workplace strategies and designs that are quickly emerging: open floor plans for greater degrees of collaboration, denser floor plates to reduce per/seat expenses and corporate-wide mobile working and hotelling concepts so that employees can work remotely.

There is no doubt that the way corporations and individuals work and communicate has permanently changed. Going forward, occupiers will continue to explore strategies that will help their workforce be more productive, while at the same time controlling the operating costs of their real estate. While it remains to be seen whether the traditional office environment survives, or we continue to push more strongly towards a new frontier, one thing is for certain: occupiers will continue to approach the procurement of space from a more analytical, metric-driven perspective than ever before.

Rick Cleveland
Managing Director
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Corporate Occupier & Investor Services
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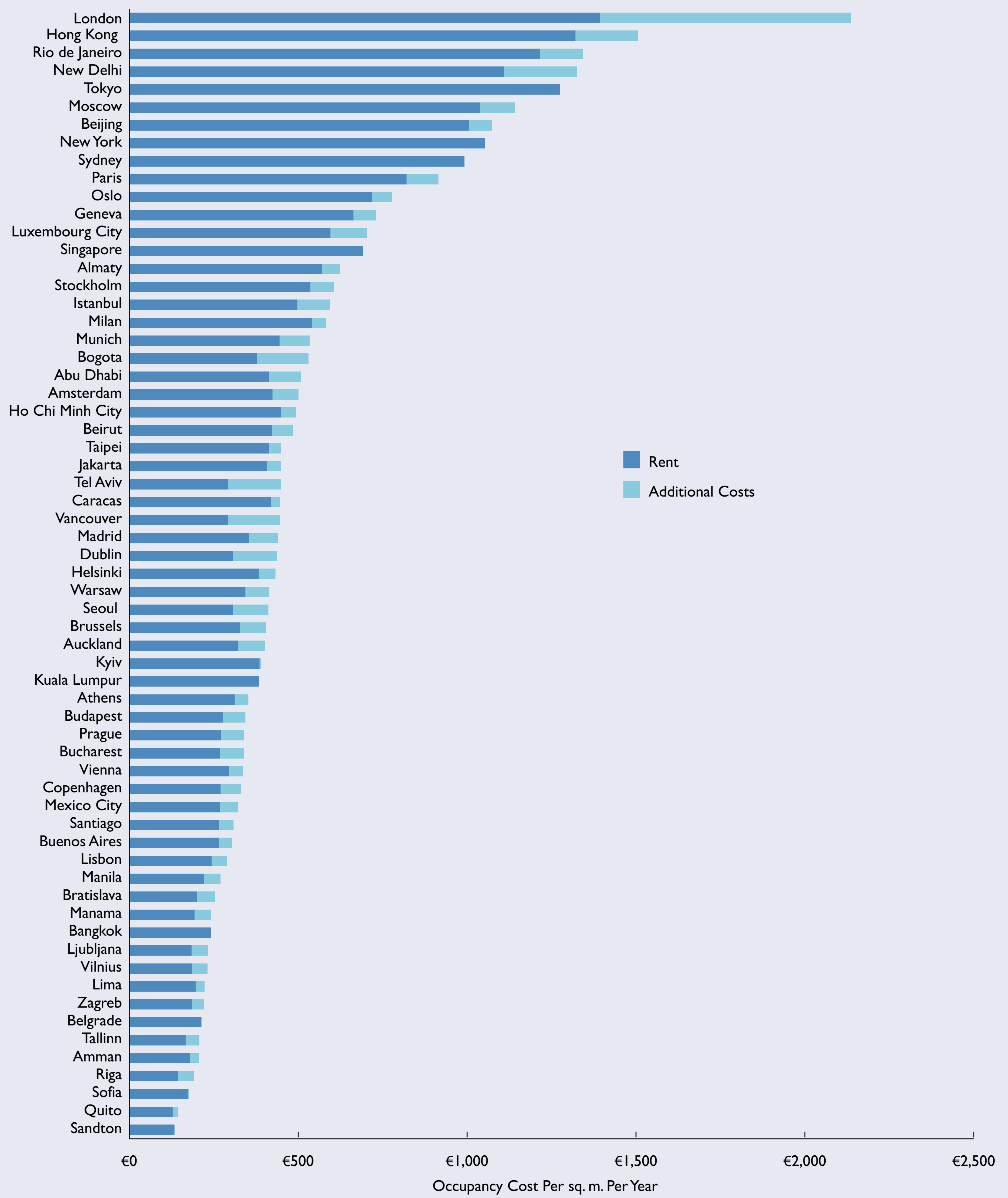
MOST EXPENSIVE LOCATION BY COUNTRY



MOST EXPENSIVE LOCATION BY COUNTRY

Country Rank 2012	2013	Country	City	Location	Occupancy Cost €/sq. m./Year
2	1	UK	London	West End	2,137
1	2	Hong Kong	Hong Kong	CBD	1,505
8	3	Brazil	Rio de Janeiro	Zona Sul	1,343
5	4	India	New Delhi	Connaught Place	1,324
3	5	Japan	Tokyo	CBD (5 Central Wards)	1,274
4	6	Russia	Moscow	CBD	1,141
6	7	China	Beijing	CBD	1,074
7	8	USA	New York	Midtown (Madison/5th Avenue)	1,052
9	9	Australia	Sydney	CBD	992
10	10	France	Paris	CBD	915
13	11	Norway	Oslo	CBD	777
12	12	Switzerland	Geneva	CBD	729
14	13	Luxembourg	Luxembourg City	CBD	703
11	14	Singapore	Singapore	CBD	691
17	15	Kazakhstan	Almaty	CBD	623
16	16	Sweden	Stockholm	CBD	606
20	17	Turkey	Istanbul	CBD (Levent)	593
15	18	Italy	Milan	Centre	583
19	19	Germany	Munich	CBD	533
42	20	Colombia	Bogota	Andino	530
21	21	UAE	Abu Dhabi	CBD	508
22	22	Netherlands	Amsterdam	Zuidas	500
18	23	Vietnam	Ho Chi Minh City	CBD	493
23	24	Lebanon	Beirut	CBD	485
28	25	Taiwan	Taipei	CBD (Xinyi Planned Area)	449
45	26	Indonesia	Jakarta	CBD	448
27	27	Israel	Tel Aviv	CBD	448
30	28	Venezuela	Caracas	CBD	446
29	29	Canada	Vancouver	CBD	445
25	30	Spain	Madrid	CBD	439
26	31	Ireland	Dublin	CBD (2/4 Districts)	437
36	32	Finland	Helsinki	CBD	432
33	33	Poland	Warsaw	CBD	415
35	34	South Korea	Seoul	CBD	412
32	35	Belgium	Brussels	Quartier Leopold	405
31	36	New Zealand	Auckland	CBD	401
34	37	Ukraine	Kyiv	CBD	390
37	38	Malaysia	Kuala Lumpur	CBD	384
24	39	Greece	Athens	Syntagma Square	351
38	40	Hungary	Budapest	CBD	343
41	41	Czech Republic	Prague	CBD	339
39	42	Romania	Bucharest	CBD	339
43	43	Austria	Vienna	Central	336
40	44	Denmark	Copenhagen	Harbour Area	330
46	45	Mexico	Mexico City	CBD	322
49	46	Chile	Santiago	Las Condes	308
44	47	Argentina	Buenos Aires	Catalinas	304
48	48	Portugal	Lisbon	Ave. de Liberdade	290
51	49	Philippines	Manila	Makati	271
50	50	Slovakia	Bratislava	CBD	253
47	51	Bahrain	Manama	Financial Harbour	241
54	52	Thailand	Bangkok	CBD	241
56	53	Slovenia	Ljubljana	CBD	234
52	54	Lithuania	Vilnius	CBD	231
59	55	Peru	Lima	CBD	223
53	56	Croatia	Zagreb	CBD	222
58	57	Serbia	Belgrade	CBD	215
55	58	Estonia	Tallinn	CBD	207
57	59	Jordan	Amman	CBD	206
60	60	Latvia	Riga	CBD	192
61	61	Bulgaria	Sofia	CBD	177
63	62	Ecuador	Quito	CBD	144
62	63	South Africa	Sandton	CBD	134

AMERICAS

Rio de Janeiro (Zona Sul): the most expensive location by country in the Americas

"The demand for office space increased throughout 2012 in all of the major regions of Brazil. Large multinationals are attracted to the country and are seeking high quality office space but this has become increasingly more difficult to find, especially in some areas of Rio de Janeiro."

Marina Cury
Head of Office Agency, Brazil

RIO DE JANEIRO: KEY FACTS

- Rio de Janeiro has been the most expensive location within the Americas for the past two years, in terms of total occupancy cost per square foot.
- Rio de Janeiro is currently a highly sought after location, owing to significant demand from multinational tenants.
- The Zona Sul submarket is characterised by a lack of land available for new development. As a result prime space remains scarce.
- Rio de Janeiro, alongside São Paulo, dominates the Brazilian economy and is one of the largest cities within the Americas.
- Rio de Janeiro will soon be one of the Brazilian cities hosting the 2014 World Cup and in 2016 will become the first South American city to host the Olympic Games.

New York Midtown: the second most expensive location by country in the Americas

Bogotá (Andino): the third most expensive location by country in the Americas

AMERICAS RENTAL OVERVIEW

Individual country performances were largely uniform across the region, with prime rents increasing in over three quarters of the markets. Despite concerns regarding the global economy, rental growth in the Americas continued amidst persistent uncertainty. With many multinational companies seeking new locations in which to expand their operations in this economic climate, the more 'emerging' markets of South America have found increased interest from occupiers over the year, as evidenced by accelerated rental growth. It is the more established locations, however, such as Canada and the USA that are showing resilience against these continued global uncertainties, particularly in a few select markets where Technology and Energy sectors flourish, helping to sustain occupier demand and push prime rents forward.

Since the decline in 2009, the Americas region has steadily recovered, and in 2012 conditions advanced noticeably. While prime rents appreciated across the region this year, the sustained expansion across South America drove rental growth forward. Brazil, yet again, led the way for positive performances in South America; both Rio de Janeiro and São Paulo saw prime rents rise by 43% and 40%, respectively. This considerable growth in South America was not purely contained within Brazil.

The most significant rental increase over the year occurred in Colombia, where prime rents rose by 52% and substantial growth in Chile, Peru and Ecuador also helped to push the Americas region to the top in terms of regional rental growth. Although these rates of expansion are undoubtedly spectacular, in some instances they began at a low base and therefore continue to lag behind the traditional high-rent locations. For example, despite accelerated growth, rents in Quito and Lima remain some of the least expensive in the region.

In North America, Canada led the rental growth, where prime rents rose slowly but steadily throughout the year. The ever-expanding energy sector fuelled a pronounced prime rent growth in certain markets such as Calgary, where prime rents increased by almost 30% in 2012.

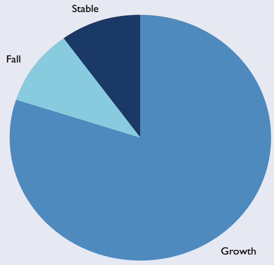
In the USA, robust demand in some markets was reflected by the notable differences in performance over the year. San Francisco was the clear outperformer within the USA, with rents increasing by 19% on the back of sustained demand from the Technology sector. In New York, one of America's strongest markets in terms of prime rents, rents in the Midtown (Madison/5th Avenue) submarket held up over the year, underpinned by stable tenant interest amidst low vacancy rates.

RENTAL PERFORMANCE IN THE YEAR TO DECEMBER 2012

Country Rental Performance
(% of Countries Showing)

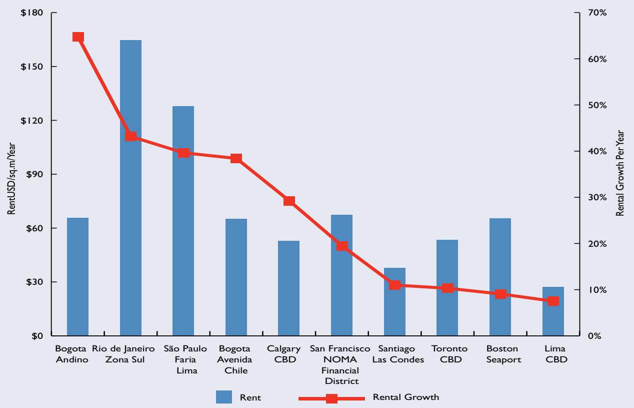
Average Rent 51
USD/sq. ft/Year

Average Rental Change 10%
% Change



Source: Cushman & Wakefield 2013

AMERICAS: CITIES WITH THE LARGEST RENTAL GROWTH



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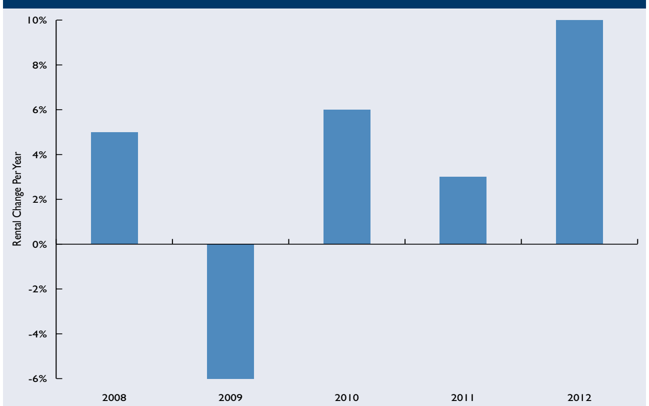
AMERICAS: ANNUAL RENTAL GROWTH OVER 5 YEARS



Source: Cushman & Wakefield 2013

AMERICAS OCCUPIER OVERVIEW

In 2012, strong occupier demand in many locations bolstered prime rental rises across the Americas region. In Brazil, Rio De Janeiro's Zona Sul submarket – the most expensive location within the Americas – saw rents jump forward by over 40% during the year, largely due to the city's strong economic performance combined with a scarcity of high-quality space. Moreover, land zoned for development is becoming increasingly rare in Zona Sul, making the submarket a considerably sought-after location within Rio de Janeiro and subsequently putting upward pressure on prime rents for 2013.

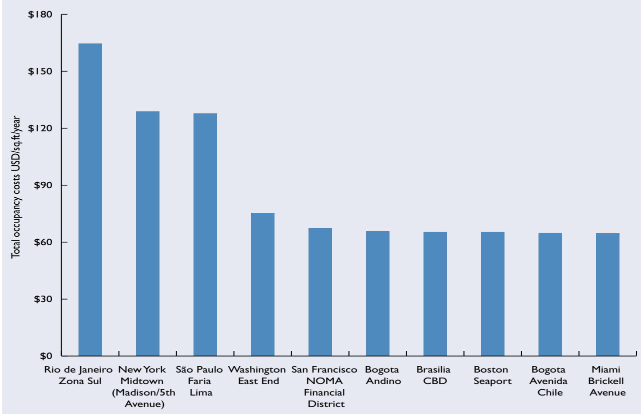
In South America, Brazil leads the regional economy, and solid conditions have seen the primary markets of São Paulo and Rio de Janeiro experience increasing demand from multinational companies. However, occupier interest in South America was not purely limited to Brazil, with steady demand in both Colombia and Peru underpinning solid rises in prime rents in both countries' key cities.

Within the USA, robust demand characterised a few standout markets such as San Francisco, Boston, and New York's Midtown (South) submarket. A strong local economy and positive job creation in 2012 fuelled solid demand for office space in San Francisco and the wider Bay Area, making it one of the best performing areas in the USA. Consequently, rents rose by 19% in San Francisco's North Financial District (NOMA) submarket, the largest rental growth in the country. In Boston, increasing occupier demand from a variety of sectors in both the Seaport and Financial District submarkets led to healthy leasing activity. New York Midtown (South) area's low vacancy edged out every other office market in the U.S.A. for another consecutive year, while Madison/5th Avenue claimed the most expensive location within North America.

The Canadian economy's rate of expansion eased after a period of positive growth in the beginning of 2012. Indeed, many of the major cities saw occupier demand soften throughout the year, although growth remained expansionary and led to rental rises over the year, with double-digit prime rental growth in Toronto and Calgary. Demand in Toronto's CBD is heavily influenced by the financial and professional services sectors, which continued to buoy leasing activity. The continued shortage of high-quality space within the CBD showed no sign of abating, putting upward pressure on prime rents in Calgary, which increased by almost 30%. Calgary's office market is driven by the oil and gas sectors, and with the potential for weaker oil prices in 2013, occupier demand could falter.

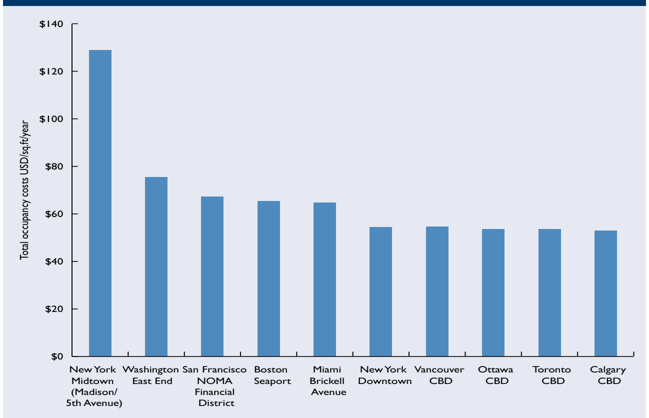
Steady demand in Mexico in 2012 was focused on good-quality space within Mexico City's CBD. Furthermore, with a scarce amount of prime properties, demand has consistently outpaced supply over the year, resulting in prime rents increasing by 7%.

MOST EXPENSIVE LOCATIONS: ALL AMERICAS



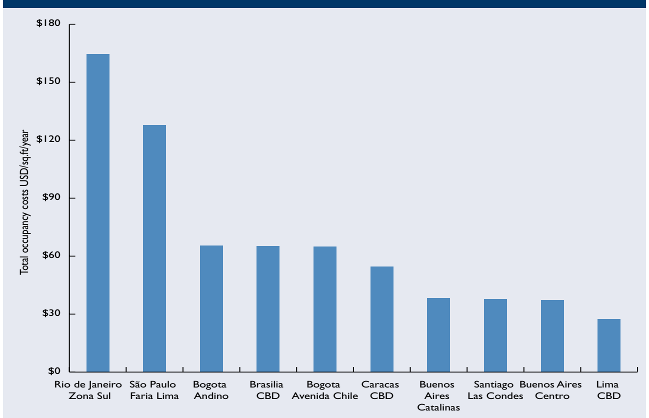
Source: Cushman & Wakefield 2013

MOST EXPENSIVE LOCATIONS: NORTH AMERICA



Source: Cushman & Wakefield 2013

MOST EXPENSIVE LOCATIONS: SOUTH AMERICA



Source: Cushman & Wakefield 2013

COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	NET INTERNAL AREA RENT EUR/ SQ.M/YR	RENTAL TREND 2013
AMERICAS								
Argentina								
The market in Buenos Aires has largely been stable over the course of the year. The main pattern has been the continuing migration of tenants from the CBD to the less expensive northern parts of the city. A similar level of performance is expected in 2013, with tenants seeking more efficient space in which to base their operations subsequently keeping prime rents steady over the year.	Buenos Aires *CBD*	NIA	USD/sq.m/mth	29.00	-3%	32.33	263.96	→
	Buenos Aires *Catalinas*	NIA	USD/sq.m/mth	30.00	0%	33.45	273.06	→
Brazil								
Despite a significant amount of space being delivered to the market over the year, demand outstripped supply for high quality space, resulting in a notable rise in prime rents in both Rio de Janeiro and São Paulo respectively. However, prime rents are anticipated to stabilise in 2013 as supply levels are expected to rise further and ease the pressure on rental values.	São Paulo *Faria Lima*	GIA	BRL/sq.m/mth	209.22	40%	113.92	930.04	→
	Rio de Janeiro *Zona Sul*	GIA	BRL/sq.m/mth	273.22	43%	148.76	1214.54	→
	Brasilia *CBD*	GIA	BRL/sq.m/mth	104.27	5%	56.77	463.51	↗
Canada								
Although demand levels eased over the year in Canada as result of the global economic difficulties, however, they held up sufficiently to result in a rise in prime rents in a number of locations in 2012. The most significant growth over the year was seen in Calgary where rents moved up by almost 30% and the supply of high quality space remains tight.	Toronto *CBD*	GIA	CAD/sq.ft/year	25.70	10%	26.84	219.16	→
	Montreal *CBD*	GIA	CAD/sq.ft/year	21.04	1%	21.98	179.43	→
	Calgary *CBD*	GIA	CAD/sq.ft/year	33.63	29%	35.13	286.79	→
	Vancouver *CBD*	GIA	CAD/sq.ft/year	34.31	1%	35.84	292.59	→
	Ottawa *CBD*	GIA	CAD/sq.ft/year	26.75	3%	27.94	228.12	→
Chile								
The Chilean office market was one of stability in 2012, with little to no change in rental values and supply levels. However, a series of completions in 2013 will see a considerable amount of new space entering the market. With demand expected to largely hold firm, Chile's considerably low vacancy is anticipated to come under a upwards pressure in the year to come.	Santiago *Las Condes*	NIA	USD/sq.m/mth	28.99	11%	32.32	263.87	→
Colombia								
The market in Bogotá was characterised by the rise in the number of multinational companies looking to locate in the city. This increased demand in conjunction with a decline in the amount of new space delivered to the market has resulted in prime rents moving up by 52% over the year. With the scarcity of land for development in cities such as Bogotá expected to continue, prime rents may rise further in 2013.	Bogotá *Avenida Chile*	NIA	USD/sq.m/mth	41.54	38%	46.31	378.09	↗
	Bogotá *Andino*	NIA	USD/sq.m/mth	41.97	65%	46.79	382.01	↗
Ecuador								
Prime rents rose in both Quito and Guayaquil in 2012, bolstered by robust demand, low vacancy and little new development coming onto market. However, this high interest is for properties with larger floorplates, as smaller premises comprise the vast majority of vacant space which has subsequently seen rents for this type of space fall. Going forward, rents are anticipated to continue accelerating at a sharp rate. The lack of supply will continue to characterise the market with larger office spaces the most sought after and the most difficult to obtain.	Quito *CBD*	NIA	USD/sq.m/mth	14.03	5%	15.64	127.70	↑
Mexico								
The Mexican office market remains dominated by the capital city, Mexico City, which accounts for approximately 80% of activity within the country. The CBD submarket of Mexico City has seen steady demand over the year and as a result rents have risen by 7%. The outlook for 2013 is optimistic with both growth in the domestic economy and its largest trading partner, the USA, expected to keep demand for prime space positive.	Mexico City *CBD*	NIA	USD/sq.m/mth	29.48	7%	32.87	268.33	→

COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	NET INTERNAL AREA RENT EUR/ SQ.M/YR	RENTAL TREND 2013
AMERICAS								
Peru								
Increased occupier demand and limited well located, high quality space in Lima resulted in prime rents moving up by 8% over the year. Furthermore, with the cost of land zoned for development also rising noticeably over the year, this is likely to retain the pressure on prime rents into 2013 as demand levels, especially from multinationals, is expected to remain steady.	Lima *CBD*	NIA	USD/sq.m/mth	21.50	8%	23.97	195.69	↗
United States								
Prime rents in the United States rose by 3% over the year, although the picture on a city by city basis was more mixed. San Francisco witnessed the most significant rental growth over the year, moving up by almost 20% in 2012, whereas locations such as Miami and Philadelphia saw prime rates begin to ease. The outlook for the USA is more positive in 2013, with demand for office space anticipated to increase in line with a more positive economic forecast.	Atlanta *Midtown*	GIA	USD/sq.ft/yr	30.67	1%	35.27	287.96	↗
	Boston *Seaport*	GIA	USD/sq.ft/yr	54.38	9%	65.26	532.77	↑
	Chicago *River North*	GIA	USD/sq.ft/yr	40.80	4%	48.96	399.73	↗
	Houston *CBD*	GIA	USD/sq.ft/yr	38.40	1%	46.08	376.21	↑
	Los Angeles *West*	GIA	USD/sq.ft/yr	41.53	2%	47.76	389.93	↗
	Miami *Brickell Avenue*	GIA	USD/sq.ft/yr	43.42	-3%	64.70	528.20	→
	New York *Downtown*	GIA	USD/sq.ft/yr	45.91	2%	58.31	476.03	↑
	New York *Midtown (Madison/5th Avenue)*	GIA	USD/sq.ft/yr	101.46	0%	128.85	1052.01	→
	Philadelphia *West of Broad*	GIA	USD/sq.ft/yr	27.03	-2%	31.63	258.20	→
	San Francisco *NOMA Financial District*	GIA	USD/sq.ft/yr	56.05	19%	67.26	549.14	↗
	Portland *Close in Northwest*	GIA	USD/sq.ft/yr	29.20	5%	33.58	274.16	→
	Washington *East End*	GIA	USD/sq.ft/yr	63.88	2%	75.38	615.42	↘
Venezuela								
The office market witnessed a healthy level of activity over the year, largely as a result of the effective policies enacted by the government as a way to stimulate an enhanced business investment in Venezuela. Demand was steady for prime assets in well-located areas, particularly within Caracas as most other markets saw minimal activity this year. Similar conditions are set to continue into 2013, with Caracas dominating the market and demand fuelled by tight supply further increasing the pressure on prime rents.	Caracas *CBD*	GIA	USD/sq.m/mth	46.00	0%	51.28	418.69	→

ASIA PACIFIC

Hong Kong (CBD): the most expensive location by country in Asia Pacific

"In the last 12 months, we saw office demand in the Greater Central area of Hong Kong experience a slowdown, resulting in a sizable rental rental decline. Demand fell because of the restructing among banking and financial institutions, which led to office space reduction."

John Siu
Executive Director, Hong Kong

HONG KONG: KEY FACTS

- Hong Kong is one of the world's leading financial centres and attracts tenants from around the globe.
- In terms of total occupancy cost per square foot, Hong Kong was the most expensive location on a global basis in both 2011 and 2012.
- Hong Kong lost the top spot in 2013 due to a slight erosion in demand from the banking and financial sector and overall slowdown in the economy.
- Hong Kong is situated at the heart of the growing economies of the Asia Pacific region, making the city a strategic hub for occupiers.

Tokyo (CBD - 5 Central Wards): the second most expensive location by country in Asia Pacific

New Delhi (Connaught Place): the third most expensive location by country in Asia Pacific

ASIA PACIFIC RENTAL OVERVIEW

Coming out of a stark downturn in 2009, the two years of robust rental expansion which followed saw Asia Pacific push ahead as the fastest growing region in both 2010 and 2011. However, conditions began to temper in 2012, leading to a year of largely subdued rental performances and regional rental growth of only 3%. Nevertheless, a country-by-country analysis shows a mixed picture over the year. Indeed, in 2012 roughly half of the Asia Pacific markets saw prime rents increase and just over a third witnessed a decline, with the principal office locations of Hong Kong, China and Japan all falling into the latter category. Growth was largely supported by markets within Southeast Asia, many of which saw rental rises which helped to sustain the overall regional performance.

The principal office locations of Hong Kong and Tokyo witnessed prime rents ease on the back of the global economic slowdown and its affect on many business sectors, particularly Financial Services in Hong Kong which has been notably prominent. Nevertheless, amidst these falling prime rents Hong Kong retained its position as the most expensive location in the Asia Pacific region. However, the city's muted rental performance saw its position drop in the global rankings, and Hong Kong now stands behind London as the second most expensive office market in the world.

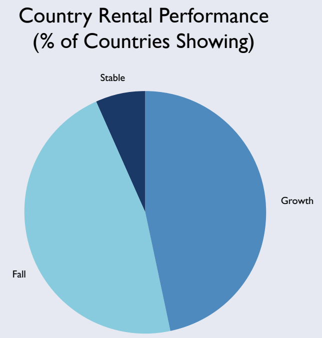
After two years of soaring rents, rental growth in Beijing began to falter, with figures largely unchanged over the year. In Shanghai, prime rents in West Nanjing Road slipped by 6%, albeit market sentiment remained relatively optimistic. Although conditions weakened last year, both Beijing and Shanghai remain some of China's most important office markets for domestic and multinational tenants, and as a result, these locations are still among the most expensive markets within the region.

In India, prime rents in a number of markets rose over the past year. For example, in New Delhi (Connaught Place) prime rents jumped forward by nearly 25% in 2012, bolstered by strong demand and a scarcity of good-quality space. As a result, this area has now overtaken Tokyo as the second most expensive location in the Asia Pacific region after Hong Kong.

Notwithstanding the subdued conditions seen across Asia Pacific, the robust rental growth within Southeast Asia boosted wider regional expansion in 2012. This was led by Indonesia, where rents in Jakarta increased by a spectacular 46% over the year. The Philippines and Thailand also recorded solid rental rises, with rates moving up by 5% in each country. In both Australia and South Korea prime rents edged forward, albeit minimally as occupier demand was contingent on cost-optimisation rather than expansion. Vietnam was one of the few countries that saw prime rents move down over the year. However, while rents are expected to fall further in Hanoi, they may have bottomed out in Ho Chi Minh City and should stabilise in 2013.

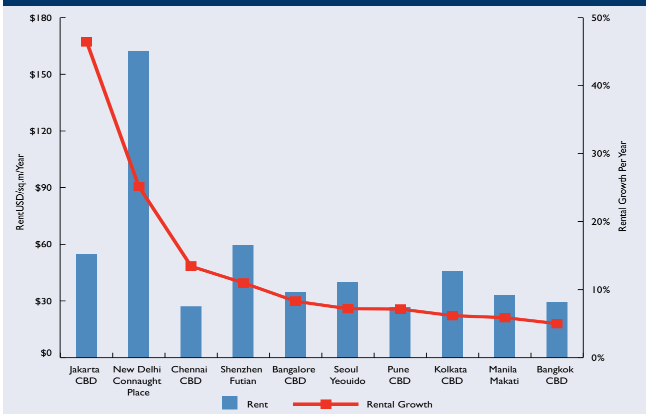
RENTAL PERFORMANCE IN THE YEAR TO DECEMBER 2012

Average Rent *USD/sq. ft./year*	61
Average Rental Change *% Change*	3%



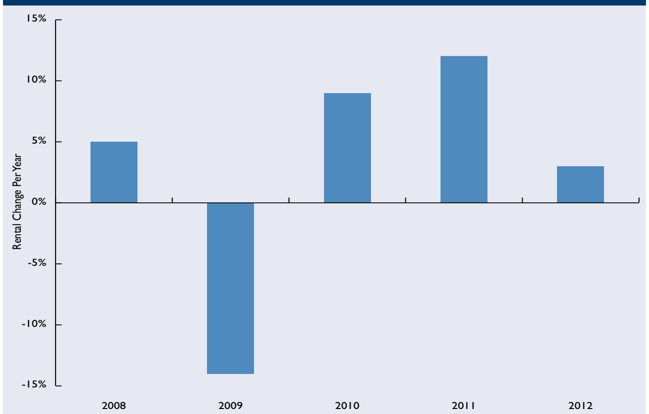
Source: Cushman & Wakefield 2013

ASIA PACIFIC: CITIES WITH THE LARGEST RENTAL GROWTH



Source: Cushman & Wakefield 2013

ASIA PACIFIC: ANNUAL RENTAL GROWTH OVER 5 YEARS



Source: Cushman & Wakefield 2013

ASIA PACIFIC OCCUPIER OVERVIEW

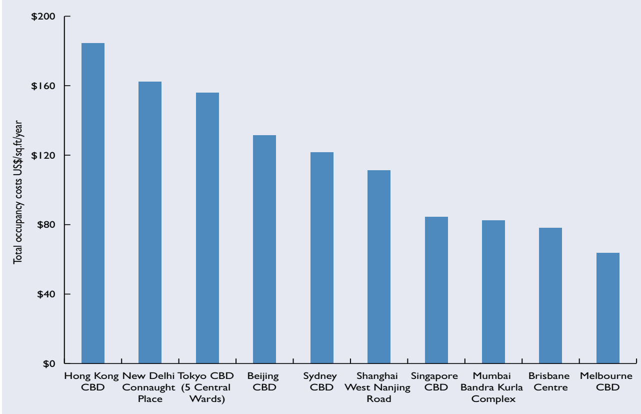
Asia Pacific has continuously been home to some of the most expensive office markets in the world. However, a number of these markets began showing clear signs of slowing down in 2012, with prime rents often following suit. The key office markets in the region – Hong Kong, Tokyo and Beijing – have all been impacted by the global economic crisis and its effect on the banking and financial services companies that are prominent in each location. For example, in Hong Kong many of these occupiers have been looking to relocate to the less expensive parts of the city in order to reduce their operating costs. Furthermore, occupiers whose lease is approaching renewal are taking advantage of these more 'tenant friendly' environments and are occupying high-quality space for significantly lower rents than in the past 12-18 months. As another response to the prevailing high rents in Hong Kong, Tokyo and Beijing, workplace strategies amongst occupiers have become more important in 2012. In some cases, tenants have either moved to suburban locations with cheaper rentals or delayed expansion plans to control their occupancy costs.

China has consistently been at the height of office demand within the Asia Pacific region. However, continued economic uncertainties combined with easing GDP growth has slowed occupier interest. As the principal office market in China, Beijing had two years of massive prime rental growth in 2010 and 2011; however, in 2012, prime Beijing CBD rents were actually unchanged over the year. The Beijing office market is still in a landlord led situation, and this trend should continue for the next 2-3 years as a result of the very limited future supply in core submarkets. Occupiers had been baulking at the steep rents within Beijing this year, and the surplus of space available in the non-core submarkets allowed tenants to find lower cost alternatives available on market.

Although the key markets of Hong Kong, Tokyo and Beijing experienced slowing in market activity, locations within Southeast Asia saw notable rental growth over the year. In the Philippines, demand from the Business Process Outsourcing (BPO) sector was a significant demand driver, leading to prime rental rises of 5% across the country. Indonesia also witnessed robust interest for prime space over the duration of 2012, putting prime rents under an upwards pressure.

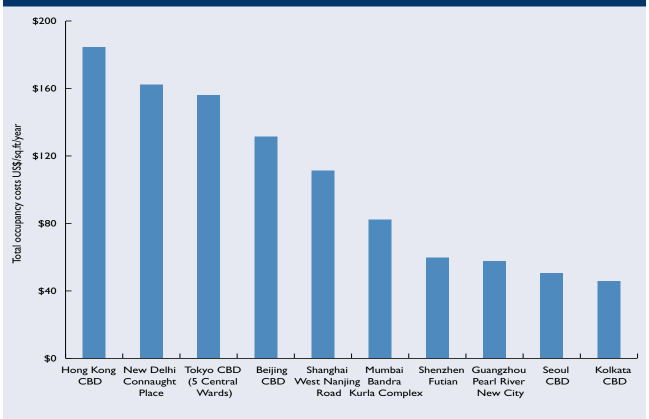
Caution is anticipated to be the key characteristic of many occupiers across the Asia Pacific region in 2013. The global economic outlook remains uncertain, although the region is still largely expected to experience positive growth. Consequently, occupiers are anticipated to remain focused on rationalising the space they occupy in the more expensive locations. Nonetheless, markets with strong domestic economies, such as Jakarta and Manila, are expected to continue their upward trend, and as a result rents are expected to grow most rapidly in those markets.

MOST EXPENSIVE LOCATIONS: ASIA PACIFIC



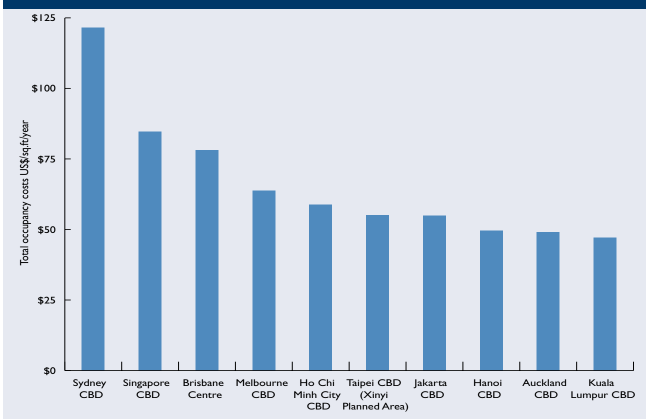
Source: Cushman & Wakefield 2013

MOST EXPENSIVE LOCATIONS: NORTH ASIA AND INDIA



Source: Cushman & Wakefield 2013

MOST EXPENSIVE LOCATIONS: SOUTH ASIA AND PACIFIC



Source: Cushman & Wakefield 2013

COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	NET INTERNAL AREA RENT EUR/ SQ.M/YR	RENTAL TREND 2013
ASIA PACIFIC								
Australia								
Prime rental performance was largely flat over the year as many tenants continued to operate strategies in order to reduce their occupancy costs. Although the residual impact of the recent mining boom is still affecting locations in terms of occupier demand such as Brisbane. It is anticipated that 2013 will bring similar conditions for occupiers as the economy is expected to ease.	Sydney *CBD*	NIA	AUD/sq.m/yr	1,260.00	1%	121.53	992.20	→
	Melbourne *CBD*	NIA	AUD/sq.m/yr	660.00	2%	63.66	519.73	→
	Brisbane *Centre*	NIA	AUD/sq.m/yr	810.00	3%	78.13	637.85	→
China								
The prime Beijing market has largely held up over the year, with the first quarterly decline in prime rents seen in almost three years occurring in Q3 2012. In Shanghai the market has seen a healthy balance between demand and supply in 2012, although prime space was sought after by many tenants especially those from the retail and pharmaceutical sectors. It is anticipated that both markets will see prime rents remain largely steady in 2013 as demand levels are expected to hold firm.	Beijing *CBD*	NIA	CNY/sq.m/mth	688.00	0%	123.11	1005.10	→
	Shanghai *West Nanjing Road*	NIA	CNY/sq.m/mth	569.72	-6%	101.94	832.31	→
	Guangzhou *Pearl River New City*	NIA	CNY/sq.m/mth	281.00	1%	50.28	410.51	↓
	Chengdu *CBD*	NIA	CNY/sq.m/mth	171.40	1%	30.67	250.40	↗
	Shenzhen *Futian*	NIA	CNY/sq.m/mth	303.00	11%	54.22	442.65	↘
Hong Kong								
Prime CBD rents moved down in Hong Kong by 26% as the global economic slowdown resulted in demand easing over the year. Many of the banking and financial sector tenants were looking to cut costs by reducing space requirements and undertook relocations to less expensive locations. The outlook for 2013 is a further easing in prime rents as the dominant financial services sector is anticipated to remain under pressure in terms of cost reduction and space rationalisation.	Hong Kong *CBD*	NIA	HKD/sq.ft/mth	104.47	-26%	161.74	1320.53	↘
India								
Most locations across India witnessed prime rental growth over the year, with Chennai and New Delhi (Connaught Place) recording double digit increases in 2012. The outlook for 2013 is for a similar level of performance. Although with a more optimistic economic environment as predicted, there could be an increase in occupier demand for good quality space, therefore increasing the pressure on prime rents.	Mumbai *Bandra Kurla Complex*	GEA	INR/sq.ft/mth	285.00	2%	82.39	672.70	→
	New Delhi *Connaught Place*	GEA	INR/sq.ft/mth	403.00	25%	135.93	1109.76	↗
	Bengaluru *CBD*	GEA	INR/sq.ft/mth	92.04	8%	28.80	235.12	↗
	Chennai *CBD*	GEA	INR/sq.ft/mth	76.00	21%	22.19	181.20	→
	Hyderabad *Suburban*	GEA	INR/sq.ft/mth	47.00	2%	13.73	112.06	→
	Pune *CBD*	GEA	INR/sq.ft/mth	75.00	7%	21.90	178.81	→
	Kolkata *CBD*	GEA	INR/sq.ft/mth	129.53	12%	37.83	308.82	↗
Indonesia								
Demand for good-quality space in Jakarta grew throughout 2012 and as a result rents rose in the CBD submarket by 46% over the year. This rental rise was experienced over the whole year, highlighting the sustained demand for prime space in 2012. Furthermore, with positive economic growth expected in 2013, demand is anticipated to rise further and retain the current upward pressure on prime rents.	Jakarta *CBD*	GIA	USD/sq.m/mth	39.27	46%	49.91	407.47	↗
Japan								
Occupier demand levels remained mostly stable during the year in Tokyo, although this was largely as a result of declining prime rents as they moved down in 2012. However, demand for prime space is anticipated to rise further in 2013 and will continue into 2014, especially for high quality buildings that are earthquake resistant; therefore rents should increase around the middle of the year as supply levels continue to fall.	Tokyo *CBD (5 Central Wards)*	NIA	JPY/tsubo/mth	40,000.00	-11%	156.01	1273.73	↑
Malaysia								
Occupier demand for well located, high quality space held up in Kuala Lumpur held up over the year. Consequently, prime rents held firm in 2012 despite an increase in the amount of Grade A space in Kuala Lumpur due to the completion of a number of schemes towards end of the year. With the supply of the newly completed schemes and with further space expected to arrive on to the market in 2013, the market is anticipated to be increasingly tenant led as the year progresses.	Kuala Lumpur *CBD*	NIA	MYR/sq.ft/mth	12.00	0%	47.09	384.45	↗

COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	RENT EUR/ SQ.M/YR	RENTAL TREND 2013
ASIA PACIFIC								
New Zealand								
During 2012, the market in New Zealand can be characterised as a 'flight to safety' with most tenants showing a strong preference for buildings with the highest seismic ratings. This has resulted in an increasing move towards higher quality space with secondary space falling out of favour. With steady economic growth anticipated in 2013, the pressure on prime rents is expected to grow over the year. With tenants remaining focused on high quality space, it is expected that the few remaining incentives offered for prime space will become obsolete.	Auckland *CBD*	NIA	NZD/sq.m/mth	43.00	-3%	39.55	322.88	→
Philippines								
Healthy demand for space from the Business Process Outsourcing (BPO) sector and strong domestic economic growth over the year has resulted in prime rents moving up by 6% in the Makati submarket of Metro Manila in 2012. With the BPO sector anticipated to expand further in 2013 within the Philippines, prime rents are expected to come under further pressure throughout Metro Manila.	Manila *Makati*	GIA	PHP/sq.m/mth	900.00	6%	27.12	221.44	→
	Manila Ortigas	GIA	PHP/sq.m/mth	600.00	4%	18.08	147.63	→
Singapore								
Despite City Centre CBD prime rents moving down over the year, the overall Singapore market remained active over the year. The government has adopted a plan to move commercial activities around the island and decentralise business activities to other commercial centres outside the existing CBD. Therefore, the promotion and development of these new centres will offer more affordable office space for tenants and also attempt to alleviate traffic congestion.	Singapore *CBD*	NIA	SGD/sq.ft/mth	8.61	-16%	84.58	690.55	→
South Korea								
After holding firm for the majority of the year, prime rents in Seoul CBD continue to show a weak steady trend due to the influence of an increased vacancy rate in the final quarter of 2012. With significant new supply arriving on to the market resulting in the market becoming increasing tenant favourable as the year progressed. A continuation of these conditions is expected in 2013, with landlords concessions anticipated to grow after easing in 2012 and tenants looking to lower their operating costs.	Seoul *CBD*	GIA	KRW/sq.m/mth	30,589.00	2%	37.59	306.88	↗
	Seoul *Gangnam*	GIA	KRW/sq.m/mth	27,167.00	0%	33.38	272.55	↗
	Seoul *Yeouido*	GIA	KRW/sq.m/mth	22,242.00	7%	27.33	223.14	↗
Taiwan								
Prime rents in Taipei held firm over the year, despite an easing in economic growth as the year progressed. However, Taipei CBD remained the most sought after location in Taiwan for multinational companies from predominately the financial services sector. The outlook for 2013 is more optimistic in relation to both supply and demand, although prime rents may come under increasing pressure in the first half of the year.	Taipei *CBD (Xinyi Planned Area)*	NIA	TWD/ping/mth	4,367.00	0%	50.71	414.06	↗
Thailand								
As a result of a relative scarcity of high quality stock and steady demand over the year, prime rents moved up by 5% in the CBD submarket of Bangkok in 2012. With no new space expected to arrive on to the market in 2013 and demand levels to remain steady, the pressure on rents could increase further and it is anticipated that additional rises will occur.	Bangkok *CBD*	GIA	THB/sq.m/mth	749.72	5%	29.51	240.92	↗
Vietnam								
Prime rents have remained under pressure in Hanoi, with rents in the capital city falling 9% in 2012. In contrast, prime rents in HCMC remained unchanged over the year as there has been a flight to quality; occupiers are moving back to the CBD due to competitive rents offered by the supply of new grade A space. Prime rents should stabilize as a significant amount of space is expected to be completed in 2013.	Ho Chi Minh City *CBD*	NIA	USD/sq.m/mth	49.30	0%	54.96	448.73	↘
	Hanoi *CBD*	NIA	USD/sq.m/mth	40.40	-9%	45.04	367.72	↘

EMEA

London (West End): the most expensive location by country in EMEA

> "As a truly global city, London's appeal continues unabated. In conjunction with a scarcity of good quality stock prime rents have increased over the year. Equally importantly we expect rents to grow further as we get into recovery mode."

Digby Flower

Head of London Markets

LONDON: KEY FACTS

- For the first time since 2008, this past year saw London become the most expensive office market across the world.
- London has continuously been as the most expensive location per square metre within EMEA over the past 20 years.
- As one of the true global cities of the world, London has consistently been a sought after location for multinational occupiers deriving from a wide range of business sectors.
- The West End submarket of London is the most expensive part of the city and is home to many Technology, Media, Advertising and Hedge Fund companies.
- In 2012, London became the first city to host the Olympic Games three times.

Moscow (CBD): the second most expensive location by country in EMEA

Paris (CBD): the third most expensive location by country in EMEA

EMEA RENTAL OVERVIEW

The sovereign debt crisis in Europe has generated another year of economic uncertainty, resulting in subdued rental performances across the region. Indeed, yearly rental growth for the EMEA was a mere 0.5% last year, continuing a recent run of moribund performances with a 1% rise in 2011 and a 1% decline in 2010. Needless to say, 2012 merely rounded up the third consecutive year of negligible rental change on the back of weak economic fundamentals, a large number of countries falling into recession and the resultant dampening of occupier demand.

Although overall rental conditions within EMEA were flat, on a country-by-country basis the picture is surprisingly mixed, and each category of rental change (Fall/Growth/Stable) was comprised of roughly the same number of countries. The main pockets of growth in 2012 were in Kazakhstan, Turkey, Finland and Norway, which all witnessed double digit prime rental rises over the year. However, this growth was offset by the negative rental performances from countries such as Greece (-8%), Italy (-8%) and Spain (-6%), where economic uncertainty and ongoing austerity measures created caution among occupiers.

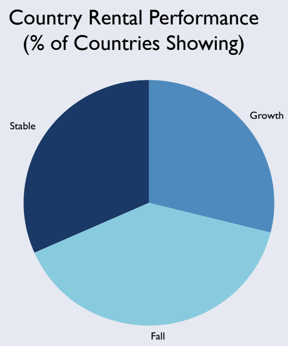
Similarly to last year, Central and Eastern Europe (CEE) outperformed Western Europe in terms of rental growth, although 2012's 2% increase was still minimal when compared with performances from other regions. Growth in CEE was largely driven by double digit rises in Kazakhstan and Turkey, with both countries benefitting from strong demand from multinational businesses wanting to establish a presence in the financial centres of Almaty and Istanbul. However, notwithstanding these two markets the majority of the CEE region saw muted occupier demand or worse, and subsequently rents were stable at best or often declining.

Prime rental growth in Western Europe was practically nonexistent at 0.3%. Any expansion at all was bolstered by positive performances throughout most of Scandinavia, with rents rising in Finland, Norway and Sweden. In particular, the central markets within Helsinki, Oslo and Bergen all saw expansions of at least 10% over the year. However, these rental inclines were largely offset by falls found elsewhere, most notably in Southern Europe, thus keeping overall rental growth at minimal levels.

Although the last two years saw rental stability reach the Middle East and Africa region, 2012 brought another negative rental performance, with an overall decline of 1%. The Middle East and Africa suffered from more dampened activity levels on the back of occupier caution fuelled by increased regional uncertainty as well as frequently by corporate cost reduction strategies. As a result, the prevalence of lease renegotiations and relocations picked up throughout the year, which consequently saw prime rents come under increasing downwards pressure.

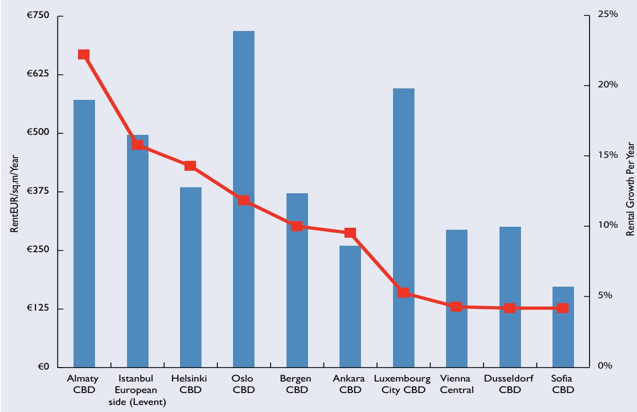
RENTAL PERFORMANCE IN THE YEAR TO DECEMBER 2012

Average Rent *€/sq. m./Year*	330	
Average Rental Change *% Change*	0.5%	



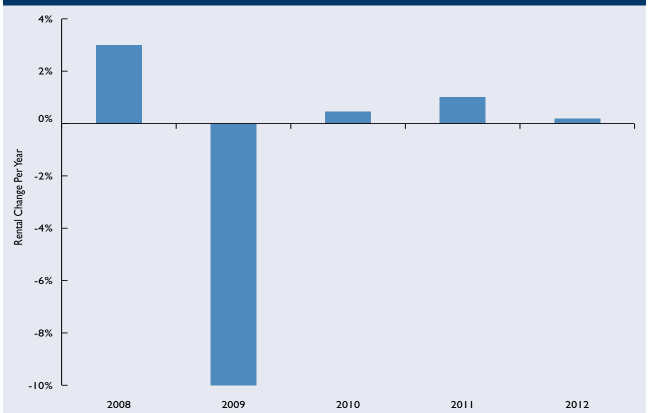
Source: Cushman & Wakefield 2013

EMEA: CITIES WITH LARGEST RENTAL GROWTH



Source: Cushman & Wakefield 2013

EMEA: ANNUAL RENTAL GROWTH OVER 5 YEARS



Source: Cushman & Wakefield 2013

EMEA OCCUPIER OVERVIEW

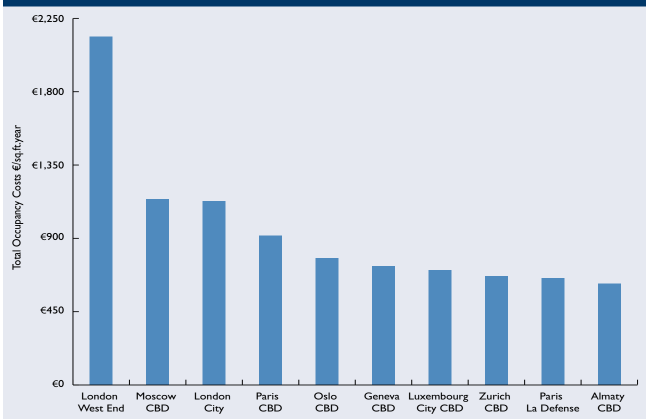
The ongoing euro zone debt crisis brought further uncertainty to the European office market in 2012, with dampened business confidence resulting in a slowing office market. This resounding caution amongst occupiers saw consolidations, lease renegotiations and other cost-controlling strategies drive leasing activity in the majority of locations. With demand subdued across the region, rental growth was largely nonexistent, particularly in Western Europe where figures lifted by only 0.3%. The Central and Eastern Europe (CEE) region outperformed Western Europe in terms of rental growth, albeit at a minimal 2%. However, a number of countries managed to sustain healthy demand and rental rises over the year. In particular, Norway's strong economic performance spurred robust occupier interest and increasing rents. Additionally, both Kazakhstan and Turkey saw burgeoning demand from multinational companies.

For another consecutive year London (West End) remained the most expensive location in the region, as rents were supported by a scarcity of high-quality supply. Combined with relatively steady demand, particularly from the media and technology sector, competition for prime office space has remained. As a result, rents increased towards the end of 2012, pushing London (West End) not only to the top of the EMEA regional ranking but, for the first time since 2008, to the top of the global ranking as the most expensive office location worldwide.

Nevertheless, concerning the overall regional story, 2012 saw further economic uncertainty prevail in boardrooms across Europe, which generated a host of cost-sensitive occupiers looking for more efficient, effective and cost optimising space to occupy. As occupiers downsized and rationalised their occupied space, second-hand availability continued to rise over the year. At the same time, speculative development remains scarce across Europe, underpinning an easing amount of new supply within this availability profile, and consequently, it is likely that prime rents may have bottomed out in a number of the key markets. Looking ahead, it is anticipated that 2013 will come away from its tenant focus, with rents stabilising on the back of limited good-quality space. Vacancy will increasingly consist of secondary stock, and with a slight lag until the development pipeline catches up, good-quality Grade B space may witness increased interest. Furthermore, occupiers may begin to target less central office locations, to secure prime or good quality at a lower cost.

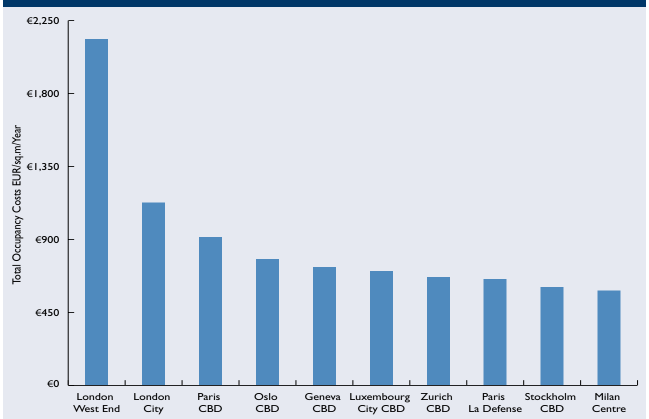
However, the decisions made by the European Central Bank (ECB) in 2012 have resulted in the euro zone being in an arguably stronger position at the start of 2013 than it has been for some time. Hence even though parts of the European region remain in recession and the banking and debt crises are ensuing, Western Europe is forecast to perform somewhat better than in 2012 as business confidence stabilises and a back log of investment decisions begin to be finalised.

MOST EXPENSIVE LOCATIONS: EMEA



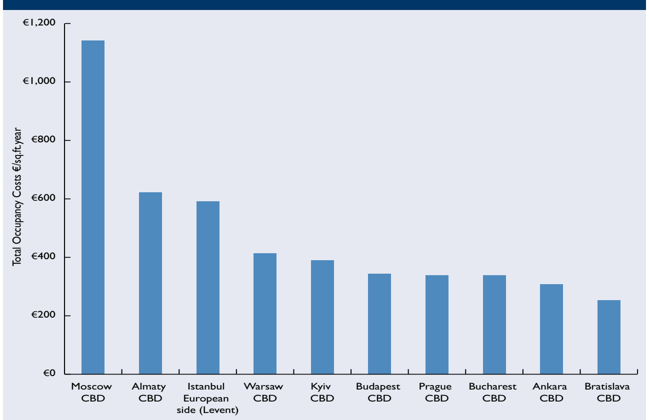
Source: Cushman & Wakefield 2013

MOST EXPENSIVE LOCATIONS: WESTERN EUROPE



Source: Cushman & Wakefield 2013

MOST EXPENSIVE LOCATIONS: CEE



Source: Cushman & Wakefield 2013

COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	NET INTERNAL AREA RENT EUR/ SQ.M/YR	RENTAL TREND 2013
EUROPE Austria The office market in Austria has largely been stable in 2012, with many occupiers cautious to make any major relocation decisions while uncertainty persists in the wider European economy. Any activity was largely comprised of tenants employing strategies to help reduce costs and improve efficiency. Going forward, Vienna's office market is anticipated to see similar conditions, with few new developments expected in 2013 helping to hold prime rents in place for the year ahead.	Vienna *Central*	NIA	EUR/sq.m/mth	24.50	4%	36.01	294.00	↗
	Innsbruck *CBD*	NIA	EUR/sq.m/mth	11.00	0%	16.17	132.00	→
Belgium Prime rents were largely unchanged in the Brussels office market in 2012, on the back of sustained demand and solid activity levels. However, as a result of the dwindling amount of available prime space over the year, prime rents are expected to move up in 2013. Occupier interest was maintained by the Public and Government sectors, which subsequently saw the Quartier Leopold the most sought after submarket in Brussels with rents coming under an increasing upwards pressure.	Brussels *Quartier Leopold*	GEA	EUR/sq.m/yr	285.00	0%	40.14	327.75	↗
	Antwerp *Centre*	GEA	EUR/sq.m/yr	145.00	0%	20.42	166.75	→
Bulgaria Although rents saw marginal lifts at the start of 2012, relocations comprised the majority of activity within Sofia this year with relatively few companies looking to expand their operations. By the end of the year, this prevalence of moves over expansions saw supply begin to outstrip demand, and as a result the slight rental rise seen earlier in 2012 is expected to come under an increasing downward pressure as 2013 progresses.	Sofia *CBD*	GEA	EUR/sq.m/yr	150.00	4%	21.13	172.50	→
Croatia Prime rents in Zagreb remained under pressure throughout the duration of 2012 and as a result eased down over the year. Activity was steady but largely driven by relocations and occupiers seeking to improve efficiency while simultaneously reducing their operating costs. The outlook for 2013 is for similar conditions to ensue, although as the prevalence of landlord incentives is expected to grow prime rents could come under further compressions as the year progresses.	Zagreb *CBD*	GIA	EUR/sq.m/mth	15.50	-3%	22.78	186.00	↘
Czech Republic This year saw the Czech office market turn increasingly tenant-led, with landlords looking to attract occupiers through substantial incentive packages. Consequently, the number of new lease events was suppressed in favour of lease renegotiations and consolidations, keeping demand slow but steady over the year. A similar level of performance is expected in 2013, with prime rents in Prague anticipated to maintain their current levels.	Prague *CBD*	GIA	EUR/sq.m/mth	21.00	0%	33.33	272.16	→
	Brno *CBD*	GIA	EUR/sq.m/mth	11.50	-4%	18.25	149.04	→
Denmark The Danish office market was largely subdued in 2012, with little expansion activity and most firms seeking lease renegotiation or other cost optimisation strategies. Nevertheless, prime rents managed to remain afloat over the year, although incentive packages have become an increasingly competitive and crucial in keeping demand steady. It is anticipated that 2013 will see more encouraging economic news which is expected to stimulate additional leasing activity within the market.	Copenhagen *Harbour Area*	GEA	DKK/sq.m/yr	1,800.00	0%	33.10	270.21	→
	Aarhus *CBD*	GEA	DKK/sq.m/yr	1,200.00	0%	22.06	180.14	→
Estonia Prime rents in Tallinn have held up over the year as demand levels retained their steady levels. Estonia has been one of the better performing Baltic States in 2012, and this was reflected by the easing vacancy of prime supply over the year. As the availability of good-quality stock continues to decline, rents are anticipated to come under pressure in 2013 with slight uplifts possible before the end of the year.	Tallinn *CBD*	GIA	EUR/sq.m/mth	12.00	0%	20.28	165.60	→

COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	NET INTERNAL AREA RENT EUR/ SQ.M/YR	RENTAL TREND 2013
EUROPE								
Finland								
Prime rents rose by 14% over the year in the principal Helsinki CBD on the back of strong occupier demand focused on high-quality space in core areas. As a result, prime space has become increasingly scarce over the year and this has resulted in rents moving up. A similar level of performance is expected in 2013, with little new space being delivered to the market, therefore steady pressure on prime rents is anticipated.	Helsinki *CBD*	NIA	EUR/sq.m/mth	32.00	14%	47.03	384.00	↗
France								
Growth in the French economy was flat in 2012, which saw the majority of prime rents remain unchanged over the year. However, consistent demand for high-quality space in the most sought after areas began to reduce availability, subsequently pushing rents in Paris's principal CBD forward by approximately 2%. The outlook for 2013 is for a growing number of occupiers to display caution when making location decisions, evidenced by the prevalence of downsizing and cost-cutting operations at least for the first half of the year.	Paris *CBD*	NIA	EUR/sq.m/yr	820.00	2%	100.44	820.00	→
	Paris *La Defense*	NIA	EUR/sq.m/yr	550.00	-5%	67.37	550.00	→
	Lyon *CBD*	NIA	EUR/sq.m/yr	260.00	0%	31.85	260.00	→
	Marseille *CBD*	NIA	EUR/sq.m/yr	240.00	0%	29.40	240.00	→
Germany								
The German office market witnessed a stable and steady level of performance in relation to prime rents, with values either holding firm or showing a slight rise over the year. Germany is seen as a relatively 'safe haven' within Europe, and this strong business confidence is expected to support another year of robust occupier demand, with Munich and Berlin the most sought after locations.	Berlin *CBD*	NIA	EUR/sq.m/mth	22.00	2%	32.34	264.00	↗
	Frankfurt *CBD*	NIA	EUR/sq.m/mth	34.00	0%	49.97	408.00	↑
	Hamburg *CBD*	NIA	EUR/sq.m/mth	24.00	2%	35.27	288.00	→
	Munich *CBD*	GIA	EUR/sq.m/mth	31.50	3%	54.47	444.71	↗
	Dusseldorf *CBD*	NIA	EUR/sq.m/mth	25.00	4%	36.74	300.00	→
Greece								
In line with the continuing difficulties within the economy, prime office rents witnessed further declines over the year. Indeed, with conditions dampened occupier activity was largely comprised of lease renegotiations, space consolidations and other cost-cutting strategies, and consequently active demand was virtually non-existent. A further easing in rental values is anticipated in 2013 as tenant interest is expected to remain low and the economic outlook continues to be uncertain.	Athens *Syntagma Square*	GEA	EUR/sq.m/mth	22.00	-8%	38.16	311.52	↘
Hungary								
Conditions were largely muted in the Hungarian office market, with already limited activity levels characterised by space rationalisation and cost optimising transactions. Consequently, prime rents were unchanged over the year in the principal office market of Budapest CBD. The outlook for 2013 is for a similar market performance, which should see prime rents maintain their current level.	Budapest *CBD*	GIA	EUR/sq.m/mth	21.00	0%	33.95	277.20	→
Ireland								
Activity levels were largely muted in the Dublin market over the year, especially in comparison with the previous year. Business confidence has been greatly dampened by the ongoing economic difficulties both domestic and abroad, and consequently, occupier transactions took considerably longer to conclude. However, the outlook for 2013 is tentatively more positive, with occupier activity expected to rise and prime rents possibly falling under an increasing pressure.	Dublin *2/4 District*	NIA	EUR/sq.m/yr	307.00	0%	37.60	307.00	↗
	Dublin *IFSC*	NIA	EUR/sq.m/yr	194.00	0%	23.76	194.00	→
	Cork *Lapps Quay*	NIA	EUR/sq.m/yr	190.00	-5%	23.27	190.00	→
Italy								
Against a backdrop of difficult macroeconomic conditions and impending elections in 2013, the Italian office market has slowed. Occupational demand remained cautious and very selective throughout the market, with Milan still the key city. In this tenant-driven market, demand is sustained by occupiers seeking to upgrade their premises and take advantage of the competitive rental rates on offer. Additionally, cost-control remains a pertinent issue for many occupiers, which has seen consolidations and a move towards efficiency come to the fore. 2013 is likely to remain unaltered, but a more positive sentiment is expected towards the end of the year.	Rome *Centre*	GEA	EUR/sq.m/yr	450.00	-8%	59.53	486.00	↘
	Milan *Centre*	GEA	EUR/sq.m/yr	500.00	-7%	66.14	540.00	↘

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COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA		RENTAL TREND 2013
						RENT USD/ SQ.FT/YR	RENT EUR/ SQ.M/YR	
EUROPE								
Kazakhstan Kazakhstan's office market maintained its vigour throughout 2012, with strong-but-steady conditions underpinning yearly prime rental rises of over 20% in both Almaty and Astana. Occupier demand is largely retained for buildings in Almaty due its position as the financial centre of the country, where many tenants are seeking to upgrade both the quality and efficiency of their premises. With more deals concluding for higher grade office space, prime rents are anticipated to hold firm throughout 2013.	Almaty *CBD*	GEA	USD/sq.m/mth	55.00	22%	69.90	570.69	→
Latvia Latvia's economy has been steadily recovering since its significant downturn in 2009, with 2012 recording strong growth amidst the uncertainties seen in the wider European region. This positive performance supported healthy conditions in the office market, with prime rents holding firm in Riga's CBD. However, sustained demand is gradually eroding the availability of higher-quality space, and as a result prime rents are anticipated to lift in 2013.	Riga *CBD*	GIA	EUR/sq.m/mth	12.00	0%	17.64	144.00	↗
Lithuania Lithuania's office market was quiet during 2012, with a slow but steady level of activity recorded. Consequently, prime rents were unchanged over the year in the principal Vilnius CBD. The outlook for the year ahead is for office market conditions to remain similar, and as a result prime rents are anticipated to keep their current levels well into 2013.	Vilnius *CBD*	GIA	EUR/sq.m/mth	14.00	0%	22.63	184.80	→
Luxembourg The office market in Luxembourg was resilient in 2012, with healthy occupier demand supporting a 5% lift in prime rents over the year. Law firms and financial institutions continued to be the key sectors of growth, fuelling market activity. The expectation for 2013 is for Luxembourg to maintain a similar performance in the year ahead, with a steady number of transactions combined with little speculative development sustaining an upwards pressure on prime rents.	Luxembourg *City CBD*	GEA	EUR/sq.m/mth	40.00	5%	72.90	595.20	→
Netherlands The market within the Netherlands has been largely subdued during 2012 on the back of weakened occupier demand. Although competition for prime space remains evident, an increasing number of tenants are focused on space rationalisation and other moves towards lower costs and improved efficiency. The outlook for 2013 is for another year of muted conditions as uncertainty prevails in both the domestic and wider EU economies, subsequently curtailing demand and suppressing any rises in rents.	Amsterdam *Zuidas*	GIA	EUR/sq.m/yr	360.00	0%	51.87	423.53	→
	Rotterdam *CBD*	GIA	EUR/sq.m/yr	180.00	0%	25.94	211.76	→
Norway In line with the strong Norwegian economy, the office market witnessed robust occupier demand in 2012, particularly from the dominant oil and gas sectors. Healthy occupier activity levels helped to push prime rents in Oslo's CBD forward by 12% over the year. Further rental growth is anticipated in 2013, and although it will remain positive, the expectation is that the rate of acceleration will begin to slow as the year progresses.	Oslo *CBD*	GEA	NOK/sq.m/yr	4,250.00	12%	87.97	718.26	↗
	Bergen *CBD*	GEA	NOK/sq.m/yr	2,200.00	10%	45.54	371.80	→
Poland The Polish office market has performed well in 2012 with positive levels of activity and steady demand throughout the year. Furthermore, with the domestic economy outperforming most of Europe, this has sustained occupier demand and as a result prime rents in Warsaw CBD have held up over the year. Looking forward, it is expected that 2013 will see similar conditions although economic growth is easing, therefore rents should hold firm over the year.	Warsaw *CBD*	GIA	EUR/sq.m/mth	26.50	2%	42.07	343.44	→
	Krakow *CBD*	GIA	EUR/sq.m/mth	15.00	0%	23.81	194.40	→
	Wroclaw *CBD*	GIA	EUR/sq.m/mth	15.50	3%	24.60	200.88	→

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						RENT USD/ SQ.FT/YR	RENT EUR/ SQ.M/YR	
EUROPE								
Portugal								
Market activity levels in 2012 were similar to those seen in the previous year, with lease renegotiations and other cost-cutting strategies to the fore due to continued economic uncertainties in both domestic and the wider European region. Consequently, prime rents in Lisbon's principal submarkets were unchanged for another consecutive year. The outlook for 2013 is for the prevailing economic and market conditions to remain, although the rising unemployment rate may adversely affect future demand.	Lisbon *Av de Liberdade*	GIA	EUR/sq.m/mth	18.50	0%	29.91	244.20	↘
	Porto *CBD*	GIA	EUR/sq.m/mth	13.50	0%	21.83	178.20	↘
Romania								
The Romanian market was largely subdued in 2012, with persisting concerns regarding the wider European economy seeing many occupiers strive to lower operating costs and subsequently weakening demand for office space. As a result, landlord concessions had to become increasingly competitive in order to attract tenant interest. However, amidst these conditions prime rents in Bucharest managed to edge up over the year, underpinned by a substantial shortage of high-quality space and few new developments coming onto market.	Bucharest *CBD*	GIA	EUR/sq.m/mth	19.00	3%	32.85	268.24	↗
	Timisoara *CBD*	GIA	EUR/sq.m/mth	11.50	0%	19.89	162.35	→
Russia								
Moscow's office market maintained a steady equilibrium over the year on the back of solid demand and an adequate amount of supply to satisfy tenant interest, and as a result, prime rents were largely stable over the year. Although prevailing economic uncertainties began to take its toll on occupier activity in the latter half of 2012, the outlook for 2013 is for a steady office market performance, with improvements in the domestic economy stimulating more robust activity levels.	Moscow *CBD*	GIA	USD/sq.m/yr	1,200.00	0%	127.09	1037.62	→
Serbia								
Prime rents in Belgrade were unchanged during 2012 as market activity was slow but steady. The drive towards cost optimisation and streamlining operations saw the number of relocations and other efficiency manoeuvres increase over the year. In 2013, it is anticipated that similar conditions will characterise Belgrade's office market, although any easing in the development pipeline may place an upwards pressure on prime rents.	Belgrade *CBD*	GIA	EUR/sq.m/yr	180.00	0%	26.02	212.40	↘
Slovakia								
Economic expansion in 2012 was more subdued than initially forecast on the back of a slowdown at the start of the year, albeit growth was still positive. As a result, prime rents fell in H1 2012 but quickly stabilised as the year progressed. Demand has largely remained intact, particularly for good-quality space in Bratislava, which further helped to keep prime rents buoyant. However, in 2013 economic growth is anticipated to slow even further, which could see some dampening in business confidence. Nevertheless, the occupational market is expected to remain afloat, keeping rents unchanged.	Bratislava *CBD*	GIA	EUR/sq.m/mth	15.50	-9%	24.60	200.88	→
Slovenia								
Prime rents in Ljubljana have eased down over the year as declining occupier demand and rising vacancy curtailed rental growth. Nevertheless, activity was steady in the office market, with tenants looking to improve the quality of space they occupy. As a result, 2013 is anticipated to see an increasing number of relocations and lease renegotiations, particularly so as landlord incentives are expected to remain competitive. Such activity may compress rental levels even further as the year progresses.	Ljubljana *CBD*	GIA	EUR/sq.m/mth	13.00	-4%	22.55	184.08	↘

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COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	NET INTERNAL AREA RENT EUR/ SQ.M/YR	RENTAL TREND 2013
EUROPE								
Spain								
In conjunction with the ongoing economic difficulties within Spain, occupier demand was subdued over the year. Indeed, increased caution within the market saw many occupiers turn towards cost-optimisation strategies, namely by undertaking lease renegotiations and relocations, which subsequently placed prime rents in both Madrid and Barcelona under a downwards pressure. However, as the availability of high-quality space continues to decline in both locations, prime rents are expected to stabilise during 2013.	Madrid *CBD*	GEA	EUR/sq.m/yr	294.00	-9%	43.21	352.80	→
	Barcelona *CBD*	GEA	EUR/sq.m/yr	216.00	-3%	31.75	259.20	→
Sweden								
Stockholm's CBD office market is characterised by limited supply and steady demand, and subsequently rents were robust in 2012. However, this year has seen many larger occupiers move away from Stockholm's city centre towards the suburban submarkets in order to achieve good-quality and spacious areas with less expense. Prime rents in the CBD should remain stable in 2013 as demand is anticipated to sustain, although the more cost efficient and less central locations will also remain popular with tenants.	Stockholm *CBD*	NIA	SEK/sq.m/yr	4,600.00	0%	65.69	536.33	→
	Gothenburg *CBD*	NIA	SEK/sq.m/yr	2,450.00	2%	34.99	285.65	→
Switzerland								
The Swiss office market was largely stable over the year, and as a result the majority of prime rents experienced little change in 2012. However, Geneva has become an increasingly important commodities trading centre, and demand from this sector has balanced the declining interest from financial services companies. As a result, prime rents in Geneva have increased year-on-year, pushing the city ahead of Zurich as the most expensive office market in the country.	Zurich *CBD*	NIA	CHF/sq.m/yr	760.00	-2%	77.13	629.76	↘
	Geneva *CBD*	NIA	CHF/sq.m/yr	800.00	3%	81.19	662.91	→
Turkey								
Turkey's robust domestic economy bolstered strong occupier demand from both domestic and multinational companies throughout the year. As a result, prime office rents rose steadily as the year progressed, particularly so in the Levent submarket of Istanbul, which saw rates accelerate by 16% in 2012. Going forward, the office market is expected to see further increases in prime rents, albeit at a marginally slow pace in line with the slow-but-steady economic growth anticipated for 2013.	Istanbul *European side (Levent)*	GEA	USD/sq.m/yr	528.00	16%	60.83	496.60	↗
	Ankara *CBD*	GEA	USD/sq.m/yr	276.00	10%	31.80	259.59	→
Ukraine								
Occupier demand was muted over the year due to the perpetuating uncertainty regarding the domestic economy and the expectation that prime rents still have further to fall. Nevertheless, the year saw prime rents in Kyiv hold up, although this was largely reliant on the growing prevalence of landlord incentives on offer. In addition, a series of previously postponed development schemes were delivered in late 2012, and this surplus of space combined with weak demand should see prime rents remain subdued in 2013.	Kyiv *CBD*	GIA	USD/sq.m/yr	430.00	0%	47.14	384.86	↘
United Kingdom								
London remains the key driver of the wider UK office market. Prime rents in London's West End saw some uplift over the year, however the lack of high-quality supply combined with a subdued economy has eased occupier activity. This has underpinned the prevalence of pre-let agreements and heightened competition amongst occupiers in securing available prime space. Although stock is likely to be delivered in 2013 and is expected to provide options for occupiers, it is anticipated that prime rents will remain under upwards pressure in 2013.	London *West End*	NIA	GBP/sq.ft/yr	105.00	2%	170.68	1393.43	↗
	London *City*	NIA	GBP/sq.ft/yr	55.00	0%	89.40	729.89	↗
	Manchester *CBD*	NIA	GBP/sq.ft/yr	28.50	-2%	46.33	378.22	→
	Birmingham *CBD*	NIA	GBP/sq.ft/yr	27.50	0%	44.70	364.95	→
	Belfast *CBD*	NIA	GBP/sq.ft/yr	12.50	0%	20.32	165.88	→
	Edinburgh *CBD*	NIA	GBP/sq.ft/yr	27.00	0%	43.89	358.31	→
	Glasgow *CBD*	NIA	GBP/sq.ft/yr	27.00	-7%	43.89	358.31	→
	St.Peter Port *CBD*	NIA	GBP/sq.ft/yr	42.50	0%	69.08	564.01	→

COUNTRY SUMMARIES

COUNTRY OVERVIEW	CITY	MEASURING STANDARD	RENTS QUOTED IN	RENT	ANNUAL RENTAL GROWTH (%)	NET INTERNAL AREA RENT USD/ SQ.FT/YR	NET INTERNAL AREA RENT EUR/ SQ.M/YR	RENTAL TREND 2013
MIDDLE EAST & AFRICA								
Bahrain								
Prime rents eased over the year as the market has became increasingly tenant-led. This is largely a result of the decline in demand as tenants become increasingly concerned with cost reduction strategies. Landlords were increasingly competitive in 2012, attracting tenants with incentives such as rent free periods and fit out allowances. Looking ahead, prime rents are expected to remain under pressure, and a further slight easing is anticipated.	Manama *Financial Harbour*	NIA	BHD/sq.m/mth	8.00	-6%	23.65	193.12	↘
Israel								
Israel's office market was largely unchanged over the year on the back of steady demand and low vacancy, particularly in Tel Aviv's core areas. However, the sub-prime submarkets of Bnei Brak and Ramat Hahayal have witnessed availability levels rising, largely the result of a new office developments coming onto market with a high amount of available space. Going forward, this surplus of vacant supply is anticipated to suppress any growth in prime rents across all markets.	Tel Aviv *CBD*	GEA	NIS/sq.m/mth	90.00	0%	35.77	292.00	→
	Tel Aviv *(Ramat Hahayal)*	GEA	NIS/sq.m/mth	69.00	-1%	27.42	223.87	→
Jordan								
Prime rents have in Amman sloped downwards over the year, underpinned by the continued political uncertainty in the region and the resultant slowing of market conditions in 2012. Indeed, the current unrest has propelled many companies into holding back on their location decisions until a more stable time is regained. Despite this, conditions managed to remain largely afloat on the back the persisting scarcity of prime supply in Amman, albeit total stock levels continued to rise over the year.	Amman *CBD*	GEA	USD/sq.m/yr	190.00	-5%	21.89	178.70	↘
Lebanon								
Although interest from multinational companies supported occupier demand over the year, the surrounding regional instability saw many businesses either postponing their location decisions or opting to renew their leases annually. Nevertheless, demand for high-quality space managed to hold up in 2012, and as a result prime rents in Beirut were unchanged in the duration of the year.	Beirut *CBD*	GEA	USD/sq.m/yr	450.00	0%	51.64	421.63	→
South Africa								
The key markets of South Africa saw prime rents remain unchanged over the year as demand for high quality space eased marginally in 2012. With the South African economy anticipated to continue to grow in 2013, prime rents are expected to come under an increasing upwards pressure in cities such as Johannesburg, Cape Town and Durban, where there remains a shortage of high-quality space.	Durban *CBD*	NIA	ZAR/sq.m/mth	50.00	0%	6.57	53.64	→
	Durban *La Lucia/Berea*	NIA	ZAR/sq.m/mth	100.00	0%	13.14	107.28	→
	Cape Town *CBD*	NIA	ZAR/sq.m/mth	85.00	0%	11.17	91.19	→
	Cape Town *Bellville*	NIA	ZAR/sq.m/mth	75.00	0%	9.85	80.46	→
	Johannesburg *CBD*	NIA	ZAR/sq.m/mth	65.00	0%	8.54	69.73	→
	Sandton *CBD*	NIA	ZAR/sq.m/mth	125.00	-1%	16.42	134.10	→
United Arab Emirates								
As confidence has slowly regained momentum in Dubai's office market, prime rents have finally begun to stabilise and even see some year-on-year growth. Dubai's Free Zones have benefitted the most from new entrants to the market, although infrastructure improvements in the less prime areas have also helped to boost activity levels. Conditions in Dubai are anticipated to follow in a similar manner in 2013, with a more certain business sentiment giving rise to occupier expansions, relocations for better quality space as well as additional new international entrants to the market. Consequently, prime rents in Dubai's sought-after areas are expected to see modest lifts in the latter half of the year.	Abu Dhabi *CBD*	NIA	USD/sq.m/yr	545.00	-5%	50.63	413.38	→
	Dubai *CBD*	NIA	USD/sq.m/mth	39.50	4%	44.04	359.53	↗

TECHNICAL SPECIFICATION

EXCHANGE RATES

COUNTRY	LOCAL CURRENCY	US$	EURO	COUNTRY	LOCAL CURRENCY	US$	EURO
AUSTRALIA	Dollar (AUD)	1.0382	0.7875	PHILIPPINES	Peso (PHP)	0.0244	0.0185
BAHRAIN	Dinar (BHD)	2.6518	2.0117	SINGAPORE	Dollar (SGD)	0.8187	0.6209
BRAZIL	Real (BRL)	0.4884	0.3704	SOUTH KOREA	Won (KRW)	0.0009	0.0007
CANADA	Dollar (CAD)	1.0043	0.7618	SOUTH AFRICA	Rand (ZAR)	0.1179	0.0894
CHINA	Renminbi (CNY)	0.1605	0.1217	SWEDEN	Krona (SEK)	0.1537	0.1166
DENMARK	Krone (DKK)	0.1767	0.1340	SWITZERLAND	Franc (CHF)	1.0924	0.8286
EUROZONE	Euro (EUR)	1.3184	1.0000	TAIWAN	Dollar (TWD)	0.0344	0.0261
HONG KONG	Dollar (HKD)	0.1290	0.0979	THAILAND	Baht (THB)	0.0327	0.0248
INDIA	Rupee (INR)	0.0183	0.0138	UAE	Dirham (AED)	0.2722	0.2065
INDONESIA	Rupiah (IDR)	0.0001038	0.0000787	UNITED KINGDOM	Pound (GBP)	1.6255	1.2329
ISRAEL	Shekel (ILS)	0.2680	0.2033	UNITED STATES	Dollar (USD)	1.0000	0.7585
JAPAN	Yen (JPY)	0.0116	0.0088				
MALAYSIA	Ringgit (MYR)	0.3270	0.2480				
NEW ZEALAND	Dollar (NZD)	0.8250	0.6257				
NORWAY	Kroner (NOK)	0.1797	0.1363				

Source: Financial Times, 31st December 2012. All currencies to four decimal places unless stated.

NIA (Net Internal Area)

GIA (Gross Internal Area)

GEA (Gross External Area)

For each location a standard definition of a prime unit is employed to endeavour to make the results as comparable as possible given varying local practices. Rents are often quoted on different measurement basis and for this reason we have standardised the office rents used in this guide by adjusting the rent to a net internal area basis. Some countries quote their rents inclusive and some exclusive of service charge and property taxes, so in order to make a more detailed comparison across regions, the total occupancy costs should be used. CBD office figures relate to new prime centre, high specification units of a standard size commensurate with demand in each location.

The Net Internal Areas figures have been calculated by standardising the floorspace measurements on which the quoted rent is based. There are various efficiency rates that are relevant to different countries and we have used a standard for each country (unless stated). Cushman & Wakefield Asia quote all rents on a net usable area and quote effective rents, which takes into account rent free period or capital contributions where appropriate, security deposits are not included. These rents have not been adjusted. Direct Class A rents are quoted in all US locations. Rents have been expressed in US$ per sq. ft per year and Euros per sq. m per year, converted using exchange rates as at December of the relevant year. Rental growth figures are quoted in local currency unless otherwise indicated. Total occupancy costs take into account service charges and local taxes to allow direct comparison between countries.

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OUR RESEARCH SERVICES

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Typical projects include:

- reliable and comparable data and market intelligence
- market research and demand analysis by retail/industry sector
- analysis of future development activity and existing supply/competition
- site specific, location analysis, ranking and targeting for occupation or investment
- rental analysis, forecasts & investment and portfolio strategy

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