



GLOBAL RESEARCH AND CONSULTING

WHAT GOES UP KEEPS GOING UP

GLOBAL PRIME OFFICE OCCUPANCY COSTS

JUNE 2014

CBRE

EXECUTIVE SUMMARY

Of the 126 office markets tracked across the globe, nearly half (61 markets) saw annual increases in costs, 29% (36 markets) registered declines and 23% (29 markets) saw no change.

Of the 61 markets with cost increases, 11 were in double digits, led by Jakarta, Seattle (Suburban) and Kuala Lumpur.

Of the 36 markets with decreases, only three were in double digits: Palma de Mallorca, Panama City and Lyon.

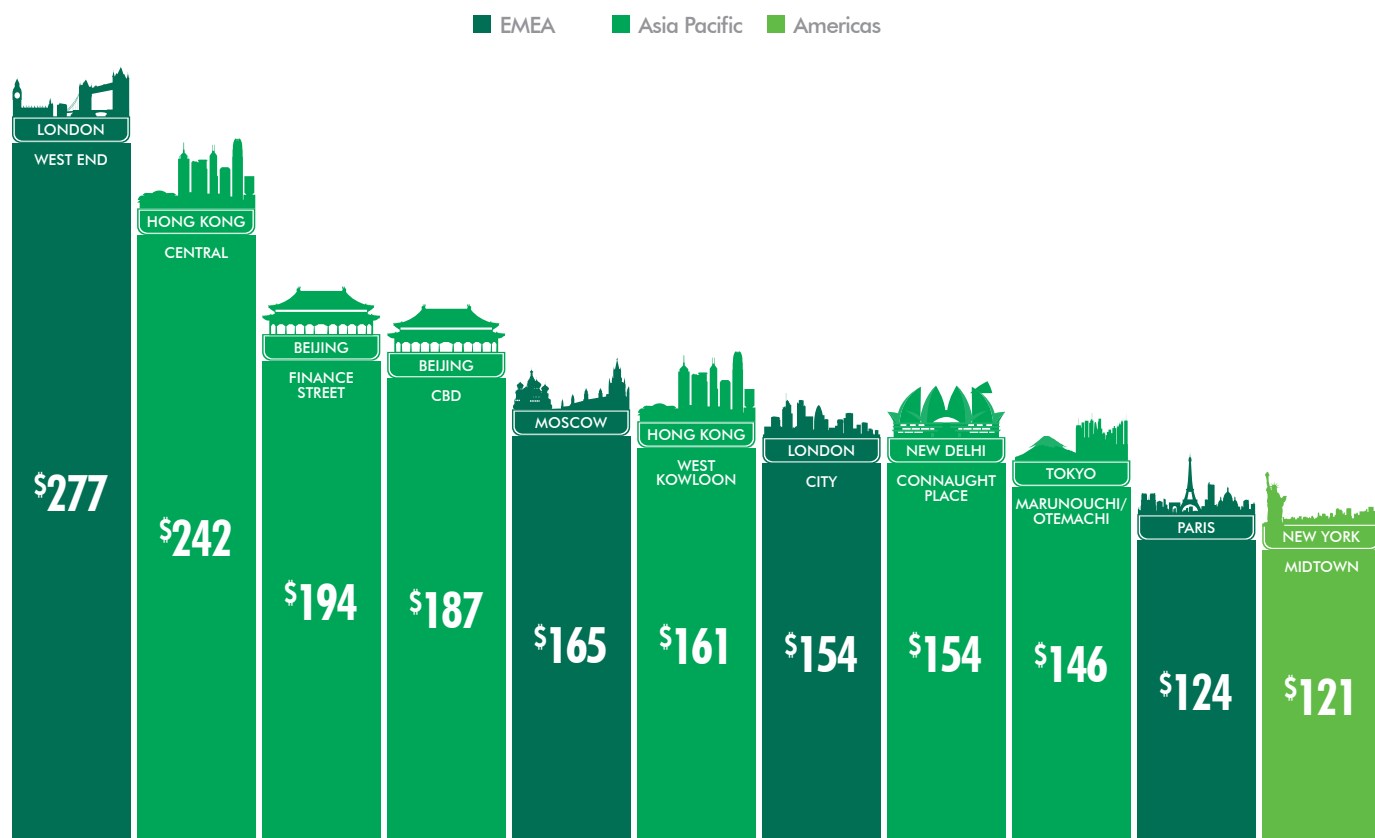
While the 10 most expensive markets remained unchanged, their rankings shifted. Moscow and London City moved up to fifth and seventh place, respectively, while Hong Kong (West Kowloon), New Delhi (Connaught Place – CBD) and Tokyo (Marunouchi Otemachi) each dropped one spot to sixth, eighth and ninth place, respectively.

PRIME OFFICE OCCUPANCY COSTS CONTINUE TO RISE

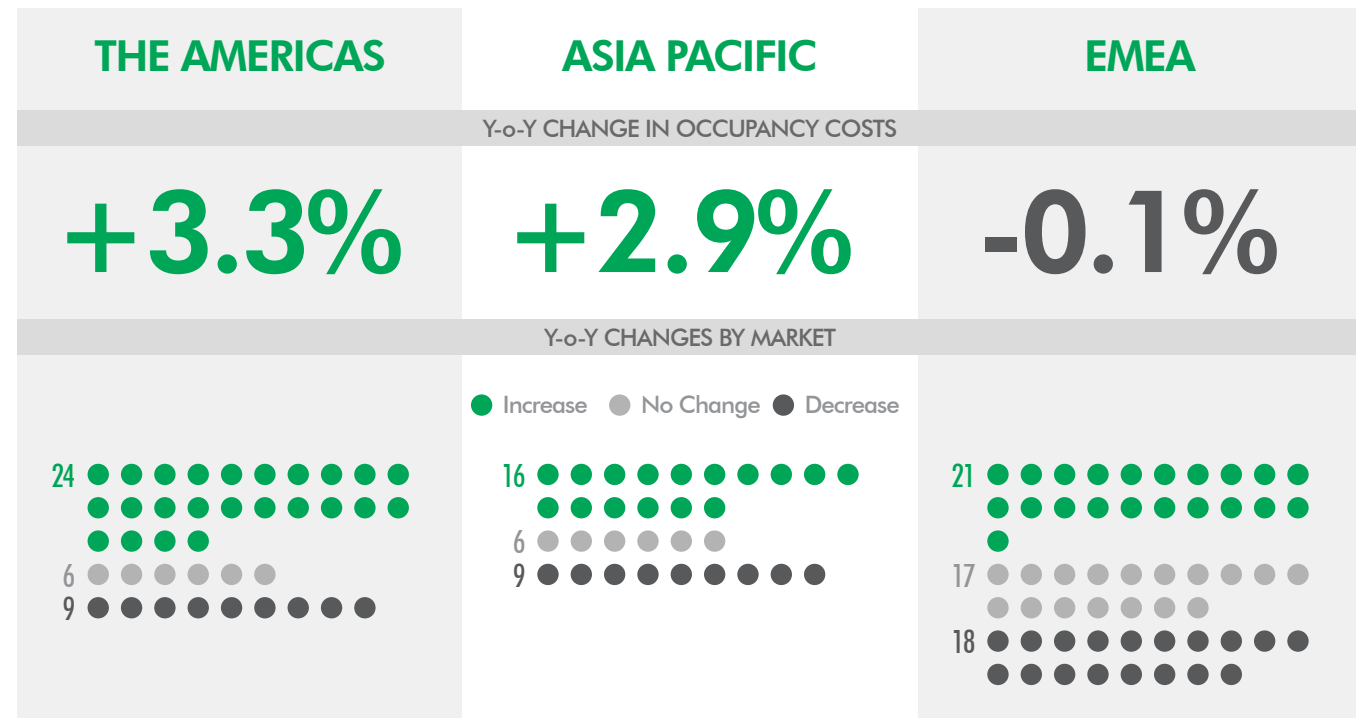
+2.3%

Global institutional occupiers are competitive and want the best space in the best locations—and are willing to pay a premium for it. Even with economic growth slowing in Asia, the U.S. economic recovery continuing at a modest pace and uneven economic conditions in Europe, global prime office occupancy costs keep rising—a trend that is unlikely to change anytime soon.

MOST EXPENSIVE MARKETS



REGIONAL PERFORMANCE



It is no surprise that occupancy costs in tech- and energy-centric markets are skyrocketing—these two industries are experiencing major growth spurts in the U.S. Further south, however, the results were mixed: of the nine Latin American markets tracked, seven recoded flat or declining occupancy costs over the past year—a result of new supply additions and economic challenges facing emerging markets.

Occupancy costs in most Southeast Asian markets increased markedly amid stronger economic growth and an increasingly acute shortage of prime space. Meanwhile, occupancy costs in several Chinese markets seemed to stabilize, as a host of new office towers are set to come on line in Shanghai and Guangzhou, giving occupiers more leverage to negotiate better terms. However, some markets, such as Beijing, will continue to tighten.

EMEA is still a tale of two markets. The lion's share of the 21 markets that posted increases in costs were located in the U.K., Northern Europe and Scandinavia—parts of Europe where GDP growth is accelerating. By contrast, costs in most Southern European markets are still decreasing. However, with local-market conditions in Spain and Italy at or near their trough, this trend may not continue for long.

* Leases in Jakarta are typically written in U.S. dollars, but paid in rupiah, which means the occupancy cost increase is greatly affected by currency depreciation in Indonesia.

It was Sir Isaac Newton who once said, “What goes up must come down.” But the law of gravity does not seem to apply to prime office occupancy costs, as the global average has increased every year since CBRE Research started tracking prime occupancy costs in 2000. With vacancy rates declining in many markets, this trend continued into 2014, with the global prime occupancy costs up 2.3% on an annual basis.

CBRE’s Global Prime Office Occupancy Costs measures annual changes in costs in local currency—the best metric for evaluating a given market’s supply and demand situation, as it isolates changes in costs from fluctuations in currency exchange rates—and then converts the local currency calculation into U.S. dollars to populate the global ranking of the most expensive markets.

Over the past year, local supply and demand shifts affected prime occupancy costs in three of the most expensive markets worldwide: **Hong Kong (West Kowloon)**, down 8.0% year-over-year, **Paris**, down 3.1% and **Tokyo (Marunouchi Otemachi)**, down 1.1%. Even with these decreases, however, all three remained among the top 10 most expensive markets, a reflection of the continued high occupancy costs associated with prime space in major Asian and European markets.

Of the 61 markets with annual increases in occupancy costs, 52 saw increases of at least 1.0% (Figure 1). **Jakarta** recorded the largest year-over-year change (up 60.1%), but this was largely a function of the market’s peculiarities, rather than supply and demand factors. Leases in Jakarta are typically written in U.S. dollars, but paid in rupiah, the local currency, which has depreciated relative to the U.S. dollar.

Among the top 10 markets with increases, five were in the U.S, led by **Seattle (Suburban)**, **San Francisco (Downtown)** and **San Francisco (Peninsula)**. This reflects the healthy overall performance of the U.S. commercial real estate market over the past year, especially in markets with a high concentration of technology and energy occupiers. Meanwhile, **Dublin’s** prime occupancy cost jumped 15.8% year-over-year amid robust demand for space, particularly from the technology sector.

Regionally, prime office occupancy costs were up 3.3% year-over-year in the Americas and up 2.9% year-over-year in Asia Pacific. EMEA was essentially flat, edging down 0.1% year-over-year. The regional results are consistent with recent economic trends, in that the Americas has been economically stronger than EMEA over the past year. While Asia Pacific exhibited the highest—albeit slowing—economic growth numbers of the three, it also has a large pipeline of office projects, which is beginning to put downward pressure on costs in key markets.¹

1. See the terms and definitions appendix for how we weight costs across the regions.

The law of gravity does not seem to apply to prime office occupancy costs, as the global average has increased every year since 2000.

FIGURE 1: TOP 52 LARGEST ANNUAL INCREASES

Prime office space occupancy costs in local currency and measure (ranked by 12-month % change increases as of Q1 2014)

1.	Jakarta, Indonesia*	60.1	27.	Los Angeles (Suburban), U.S.	4.3
2.	Seattle (Suburban), U.S.	19.4	28.	Atlanta (Suburban), U.S.	4.2
3.	Kuala Lumpur, Malaysia	16.7	29.	Calgary (Suburban), Canada	4.2
4.	Dublin, Ireland	15.8	30.	Munich, Germany	4.2
5.	London West End, United Kingdom	13.5	31.	Seoul (CBD), South Korea	4.1
6.	Seoul (Yeouido), South Korea	13.4	32.	Dallas (Suburban), U.S.	3.9
7.	San Francisco (Downtown), U.S.	12.5	33.	Bangalore (CBD), India	3.8
8.	San Francisco (Peninsula), U.S.	11.0	34.	Bristol, United Kingdom	3.6
9.	Houston (Suburban), U.S.	10.3	35.	Helsinki, Finland	3.4
10.	Houston (Downtown), U.S.	10.2	36.	Hong Kong (Central), Hong Kong	3.0
11.	New York (Downtown Manhattan), U.S.	10.2	37.	Atlanta (Downtown), U.S.	2.7
12.	Manila, Philippines	9.3	38.	Toronto (Downtown), Canada	2.7
13.	Boston (Suburban), U.S.	8.8	39.	Leeds, United Kingdom	2.6
14.	Ho Chi Minh City, Vietnam	7.9	40.	Abu Dhabi, United Arab Emirates	2.4
15.	Lille, France	7.7	41.	Stockholm, Sweden	2.1
16.	Gothenburg, Sweden	7.3	42.	Montreal (Downtown), Canada	1.8
17.	Bangkok, Thailand	6.9	43.	Adelaide, Australia	1.8
18.	Singapore, Singapore	6.8	44.	Vancouver (Suburban), Canada	1.6
19.	Seattle (Downtown), U.S.	5.8	45.	Chicago (Downtown), U.S.	1.5
20.	Rotterdam, Netherlands	5.7	46.	Los Angeles (Downtown), U.S.	1.3
21.	Washington, D.C. (Suburban), U.S.	5.5	47.	New Delhi (Connaught Place – CBD), India	1.2
22.	London City, United Kingdom	5.3	48.	Berlin, Germany	1.2
23.	Oslo, Norway	5.3	49.	Taipei, Taiwan	1.1
24.	Denver (Downtown), U.S.	5.1	50.	Aberdeen, United Kingdom	1.1
25.	Belfast, United Kingdom	4.7	51.	Edinburgh, United Kingdom	1.1
26.	Dallas (Downtown), U.S.	4.6	52.	Amsterdam, Netherlands	1.0

Source: CBRE Research, Q1 2014.

*Leases in Jakarta are typically written in U.S. dollars, but paid in rupiah, which means the occupancy cost increase is greatly affected by currency depreciation in Indonesia.

Occupancy costs are poised to accelerate in the latter part of 2014. Even though occupiers remain cost conscious, demand for prime office space is continuing to increase. With the exception of a few markets, mostly in Asia Pacific, there is not a sufficient volume of new construction to meet demand. As such, market rents for prime properties will continue to increase, which, coupled with the rising cost of operating office buildings, will push up occupancy costs in most markets in the coming months.

MOST EXPENSIVE GLOBAL MARKETS FOR OCCUPANCY

London West End, at US\$277 per sq. ft. per annum, remained the most expensive prime market in the world, while **London City**, at US\$154 per sq. ft. per annum, moved up two spots to seventh place—although it was US\$123 below the West End's prime rent. Both markets registered significant increases in occupancy costs over the past year, with the West End up 13.5% and City up 5.3%.

FIGURE 2: 36 MARKETS WITH ANNUAL DECREASES

Prime office space occupancy costs in local currency and measure (ranked by 12-month % change decreases as of Q1 2014)

1.	Palma de Mallorca, Spain	-13.0	19.	Washington, D.C. (Downtown), U.S.	-2.4
2.	Panama City, Panama	-10.9	20.	Montreal (Suburban), Canada	-2.4
3.	Lyon, France	-10.8	21.	Santiago, Chile	-2.4
4.	Hong Kong (West Kowloon), Hong Kong	-8.0	22.	Copenhagen, Denmark	-2.3
5.	Valencia, Spain	-7.9	23.	Rome, Italy	-2.2
6.	Geneva, Switzerland	-7.0	24.	Istanbul, Turkey	-1.6
7.	Mumbai (Bandra Kurla Complex), India	-6.9	25.	Liverpool, United Kingdom	-1.6
8.	Prague, Czech Republic	-5.0	26.	Toronto (Suburban), Canada	-1.4
9.	Calgary (Downtown), Canada	-4.3	27.	Tel Aviv, Israel	-1.3
10.	Milan, Italy	-3.7	28.	Tokyo (Marunouchi Otemachi), Japan	-1.1
11.	Vancouver (Downtown), Canada	-3.6	29.	Manchester, United Kingdom	-1.1
12.	Athens, Greece	-3.5	30.	Madrid, Spain	-0.8
13.	São Paulo, Brazil	-3.3	31.	Brisbane, Australia	-0.7
14.	Mumbai (Nariman Point - CBD), India	-3.1	32.	Jersey, United Kingdom	-0.7
15.	Paris, France	-3.1	33.	Buenos Aires, Argentina	-0.6
16.	Warsaw, Poland	-3.0	34.	Canberra, Australia	-0.5
17.	Zurich, Switzerland	-2.8	35.	Auckland, New Zealand	-0.4
18.	Perth, Australia	-2.6	36.	New Delhi (Gurgaon), India	-0.4

Source: CBRE Research, Q1 2014.

In the West End there are development restrictions which keep vacancy rates comparatively very low. The improvement in the U.K. economy has triggered a strong recovery in the demand for space. This demand, along with the shortage of available space, has been putting upward pressure on prime rents throughout 2013 and into 2014.

A large number of global firms from the finance and professional services sectors have global or EMEA headquarters in London City. A rapid recovery in demand since the second half of 2013 has absorbed much of the large 2013-2014 speculative development pipeline. Competition for the best space has intensified and placed upward pressure on prime rents as a result. CBRE expects further growth in rents in 2014.

Hong Kong (Central), ranked second at US\$242 per sq. ft. per annum, was the only other market worldwide above US\$200. Across the bay, **Hong Kong (West Kowloon)**, US\$81 cheaper at US\$161 per sq. ft. per annum, dropped

one spot to sixth place amid an 8.0% decrease in occupancy costs due to the addition of some new offices at a time when occupiers are moving cautiously in the market. However, occupancy costs in both markets are expected to start increasing in the coming months.

West Kowloon, just 10 minutes away via subway from Central, is home to big investment banks and has emerged as an attractive location for cost-conscious occupiers looking for quality space near the central business district (CBD). Leasing activity in West Kowloon had slowed down in the past year, but demand for smaller space picked up considerably after the Chinese New Year, although the market's low vacancy level has made it difficult for larger occupiers to find suitable space options.

Beijing Finance Street and **Beijing CBD** ranked third and fourth at US\$194 and US\$187, per sq. ft. per annum, respectively. In Beijing Finance Street there has been very little new prime office supply since 2009. Meanwhile, market

FIGURE 3: GLOBAL 50 INDEX – MOST EXPENSIVE

Ranked by prime office space occupancy costs in US\$ per sq. ft. per annum as of Q1 2014

1.	London West End, United Kingdom	277.21	26.	Washington, D.C. (Downtown), U.S.	85.67
2.	Hong Kong (Central), Hong Kong	241.92	27.	Perth, Australia	84.20
3.	Beijing (Finance Street), China	194.01	28.	Istanbul, Turkey	84.11
4.	Beijing (CBD), China	187.00	29.	New York (Downtown Manhattan), U.S.	82.55
5.	Moscow, Russian Federation	165.05	30.	Los Angeles (Suburban), U.S.	82.49
6.	Hong Kong (West Kowloon), Hong Kong	160.83	31.	Jakarta, Indonesia	81.53
7.	London City, United Kingdom	153.66	32.	Mumbai (Nariman Point - CBD), India	79.55
8.	New Delhi (Connaught Place - CBD), India	153.56	33.	Stockholm, Sweden	78.82
9.	Tokyo (Marunouchi Otemachi), Japan	145.73	34.	Edinburgh, United Kingdom	75.85
10.	Paris, France	124.32	35.	Aberdeen, United Kingdom	75.43
11.	New York (Midtown Manhattan), U.S.	120.65	36.	Manchester, United Kingdom	75.01
12.	Shanghai (Pudong), China	117.65	37.	Milan, Italy	73.87
13.	Rio de Janeiro, Brazil	110.29	38.	Guangzhou, China	73.69
14.	Shanghai (Puxi), China	109.97	39.	Birmingham, United Kingdom	72.85
15.	San Francisco (Downtown), U.S.	108.00	40.	Bristol, United Kingdom	71.68
16.	Mumbai (Bandra Kurla Complex), India	106.56	41.	Frankfurt, Germany	71.04
17.	Sydney, Australia	106.32	42.	Ho Chi Minh City, Vietnam	70.01
18.	Singapore, Singapore	104.95	43.	Brisbane, Australia	69.05
19.	Geneva, Switzerland	104.13	44.	Oslo, Norway	68.95
20.	Seoul (CBD), South Korea	101.70	45.	Glasgow, United Kingdom	68.34
21.	São Paulo, Brazil	99.89	46.	San Francisco (Peninsula), U.S.	68.31
22.	Boston (Downtown), U.S.	93.75	47.	Taipei, Taiwan	66.95
23.	Dubai, United Arab Emirates	92.56	48.	Dublin, Ireland	65.94
24.	Seoul (Yeouido), South Korea	91.92	49.	Leeds, United Kingdom	65.84
25.	Zurich, Switzerland	90.98	50.	Jersey, United Kingdom	62.93

Source: CBRE Research, Q1 2014.

demand from domestic companies is growing rapidly, especially from financial institutions. Little new supply is expected 2014 and rents in this market should hold firm—if not rise—over the balance of 2014.

Beijing CBD is home to many multi national companies that have become more cautious and cost-sensitive amid weak global economic growth. However, although market demand has been slow, only one new prime office property has been added since 2011. There is a limited development pipeline for 2014 and 2015, which should ensure rents for the best buildings in the CBD remain very competitive.

Moscow ranked in fifth place, at US\$165 per sq. ft. per annum. This market attracts demand from major global corporate occupiers, as well as key domestic firms, with a particular focus on the energy sector. These companies generally locate within the Garden Ring, where land is in high demand and is priced accordingly. However, it should be noted that with the current diplomatic situation demand from international companies has been subdued, which may result in declining rents during 2014.

Occupancy costs in **New Delhi (Connaught Place – CBD)**, ranked eighth worldwide at US\$154 per sq. ft. per annum, increased 1.2% year-over-year. Space in Connaught Place

is highly sought-after by occupiers because of its central location and connectivity with the rest of the city. Given the limited supply of prime space, rental rates remain high. During Q1 2014, vacancy rates dropped marginally amid strong leasing activity, particularly from the banking and financial services, infrastructure and aviation sectors.

Tokyo (Marunouchi Otemachi), experienced a modest 1.1% year-over-year decline in occupancy costs and, at US\$146 per sq. ft. per annum, dropped one spot to ninth place on the global top 10 list. However, the outlook for 2014 is brighter. Marunouchi Otemachi is the most concentrated area in Tokyo for large-scale office buildings that include earthquake resistance infrastructure, a feature highly sought after by occupiers. Moreover, the prime vacancy rate has declined, buildings under construction are fully pre-leased, and free rent periods offered to tenants have been shortened. As such, the small decline in occupancy costs of the last 12 months is anticipated to reverse and the market is expected to tighten.

Demand for office space in **Paris**, ranked tenth at US\$124 per sq. ft. per annum, has been well below trend for several quarters, resulting in a 3.1% year-over-year decrease. This is partly due to uncertainty around the economic environment and resulting hesitance from corporations making locational decisions. Though prime rents declined in 2013, the relatively low availability of high-quality space in core central locations means further significant reductions are not expected.

New York (Midtown Manhattan), at US\$121 per sq. ft. per annum, remained the most expensive market in the Americas—and was one of only two markets in the U.S. with an occupancy cost above US\$100. Despite being one of the largest office markets in the world, the supply of new prime space in Midtown remains relatively limited. However, there are several major projects underway—including Hudson Yards, the largest real estate development in the U.S.—which will materially increase the amount of prime space in Midtown beginning in 2015.

CONCLUSION

Almost by definition, prime office space is concentrated in the most populated and business orientated markets across the globe. This has been proven time and again over the 14-year history of this report, as the top 10 most expensive markets have been fairly constant. However, several major Asian markets—such as Shanghai (Pudong and Puxi)—have inched up the ranking with each survey, as have Singapore and several Indian markets. If this secular trend continues, it may not be too long before all the top 10 markets are in Asia.

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FIGURE 4: ASIA PACIFIC: PRIME OFFICE OCCUPANCY COSTS – Q1 2014

Location	Prime Rent			Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost US\$*		Total Occupancy Cost Euro €*			Terms		
	Local currency/measure	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)	
Adelaide, Australia	AUD sq.m. p.a.	400.00	1.3	510.00	1.8	43.91	-9.4	342.93	-15.7	5	12	0	
Auckland, New Zealand	NZD sq.m. p.a.	485.00	-1.0	645.00	-0.4	51.99	3.4	406.08	-3.9	9	5	0	
Bangalore (CBD), India	INR sq.ft. p.m.	130.00	4.0	185.81	3.8	37.19	-6.0	290.50	-12.6	3+3	1	0	
Bangkok, Thailand	THB sq.m. p.m.	900.00	6.9	900.00	6.9	30.96	-3.5	241.78	-10.3	3+3	1-2	0	
Beijing (Finance Street), China	RMB sq.m. p.m.	750.00	0.0	1,082	0.0	194.01	0.0	1515	-7.0	2-3	0-1	0	
Beijing (CBD), China	RMB sq.m. p.m.	700.00	0.0	1,043	0.0	187.00	0.0	1461	-7.0	2-3	0-1	0	
Brisbane, Australia	AUD sq.m. p.a.	677.00	-0.9	802	-0.7	69.05	-11.6	539.27	-17.8	5	20	0	
Canberra, Australia	AUD sq.m. p.a.	351.00	-0.3	414.00	-0.5	35.64	-11.4	278.38	-17.6	5	13	0	
Guangzhou, China	RMB sq.m. p.m.	230.00	0.0	410.94	0.0	73.69	0.0	575.54	-7.0	3-5	2-3	0	
Hanoi, Vietnam	US\$ sq.m. p.m.	42.28	0.0	46.51	0.0	51.85	0.0	404.95	-7.0	3-5	3-6	0	
Ho Chi Minh City, Vietnam	US\$ sq.m. p.m.	39.50	9.2	62.80	7.9	70.01	7.9	546.78	0.3	2	3	0	
Hong Kong (Central), Hong Kong	HKD sq.ft. p.m.	137.50	2.3	156.39	3.0	241.92	3.1	1889	-4.1	3 or 6	1-4	0	
Hong Kong (West Kowloon), Hong Kong	HKD sq.ft. p.m.	89.74	-9.1	103.97	-8.0	160.83	-7.9	1256	-14.3	3 or 6	1-4	0	
Jakarta, Indonesia**	IDR sq.m. p.m.	679,729	60.1	830,780	60.1	81.53	37.0	636.76	27.4	3	1-2	0	
Kuala Lumpur, Malaysia	MYR sq.ft. p.m.	14.00	16.7	14	16.7	51.46	10.6	401.93	2.8	3	1-3	0	
Manila, Philippines	PHP sq.m. p.m.	1,100.00	11.1	1,442	9.3	35.90	-0.2	280.38	-7.2	3-5	1-3	0	
Melbourne, Australia	AUD sq.m. p.a.	534.00	2.1	672.00	0.3	57.85	-10.7	451.86	-17.0	10	35	0	
Mumbai (Bandra Kurla Complex), India	INR sq.ft. p.m.	318.00	-7.8	532.35	-6.9	106.56	-15.7	832	-21.6	3+2	1	0	
Mumbai (Nariman Point - CBD), India	INR sq.ft. p.m.	270.00	-5.3	397.44	-3.1	79.55	-12.3	621.35	-18.4	3+2	1	0	
New Delhi (Connaught Place - CBD), India	INR sq.ft. p.m.	400.00	1.3	767.16	1.2	153.56	-8.4	1199	-14.8	3+3+3	1	0	
New Delhi (Gurgaon), India	INR sq.ft. p.m.	128.00	0.8	222.06	-0.4	44.45	-9.8	347.17	-16.1	3+3+3	1-4	0	
Perth, Australia	AUD sq.m. p.a.	825.00	-2.9	978	-2.6	84.20	-13.3	657.62	-19.4	5	12	0	
Seoul (CBD), South Korea	KRW sq.m. p.m.	37,933	4.5	97,164	4.1	101.70	8.6	794.29	0.9	3-5	2-4	0	
Seoul (Yeouido), South Korea	KRW sq.m. p.m.	31,662	15.0	87,826	13.4	91.92	18.2	717.96	9.9	3-5	2-4	0	
Shanghai (Pudong), China	RMB sq.m. p.m.	426	0.0	656	0.0	117.65	0.0	918.90	-7.0	2-3	0-2	0	
Shanghai (Puxi), China	RMB sq.m. p.m.	395.42	0.0	613.27	0.5	109.97	0.4	858.91	-6.6	2-3	0-2	0	
Singapore, Singapore	SGD sq.ft. p.m.	11.00	6.8	11.00	6.8	104.95	5.3	819.72	-2.1	3+3	2	0	
Sydney, Australia	AUD sq.m. p.a.	1,037	-1.0	1,235	0.2	106.32	-10.8	830	-17.1	6	26	0	
Taipei, Taiwan	NTD ping. p.m.	3,275	1.2	6,047	1.1	66.95	-1.0	522.84	-7.9	3-5	1-3	0	
Tokyo (Marunouchi Otemachi), Japan	JPY tsubo p.m.	39,000	-1.3	44,500	-1.1	145.73	-9.6	1138	-15.9	3-5	6	0	
Wellington, New Zealand	NZD sq.m. p.a.	380	0.0	525	0.0	42.32	3.8	330.53	-3.5	9	5.6	0	

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis.

**Leases in Jakarta are typically written in U.S. dollars, but paid in rupiah, which means the occupancy cost increase is greatly affected by currency depreciation in Indonesia.

Source: CBRE Research, Q1 2014.

FIGURE 5: AMERICAS: PRIME OFFICE OCCUPANCY COSTS – Q1 2014

Location	Prime Rent			Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost US\$*		Total Occupancy Cost Euro €*			Terms		
	Local currency/measure	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)	
Atlanta (Downtown), U.S.	US\$ sq.ft. p.a.	29.57	2.7	34.01	2.7	34.01	2.7	265.59	-4.5	5-10	6-13	30-45	
Atlanta (Suburban), U.S.	US\$ sq.ft. p.a.	25.32	4.2	29.12	4.2	29.12	4.2	227.42	-3.1	5-10	5-10	25-40	
Boston (Downtown), U.S.	US\$ sq.ft. p.a.	75.00	0.0	93.75	0.0	93.75	0.0	732.21	-7.0	10	0	60-65	
Boston (Suburban), U.S.	US\$ sq.ft. p.a.	37.00	8.8	44.40	8.8	44.40	8.8	346.78	1.2	5-7	1-3	30-40	
Buenos Aires, Argentina	US\$ sq.m. p.m.	29.50	-1.7	44.54	-0.6	49.66	-0.6	387.82	-7.6	3-5	2-4	0	
Calgary (Downtown), Canada	CAD sq.ft. p.a.	38.86	-7.5	59.38	-4.3	53.98	-11.2	421.57	-17.5	5	2	50	
Calgary (Suburban), Canada	CAD sq.ft. p.a.	24.84	3.7	40.70	4.2	37.00	-3.4	288.95	-10.1	5	2.5	20	
Caracas, Venezuela**	VEF sq.m. p.m.	2,340.00	568.6	2,517.89	529.5	445.98	528.8	3483.23	484.7	3	3	0	
Chicago (Downtown), U.S.	US\$ sq.ft. p.a.	30.25	2.5	50.00	1.5	50.00	1.5	390.51	-5.6	10-12	6-12	50-75	
Chicago (Suburban), U.S.	US\$ sq.ft. p.a.	14.50	0.0	26.75	0.0	26.75	0.0	208.93	-7.0	5-11	5-10	20-50	
Dallas (Downtown), U.S.	US\$ sq.ft. p.a.	33.57	4.6	38.61	4.6	38.61	4.6	301.52	-2.7	5-10	0-8	40-60	
Dallas (Suburban), U.S.	US\$ sq.ft. p.a.	30.37	3.9	34.93	3.9	34.93	3.9	272.78	-3.4	3-10	2-7	10-45	
Denver (Downtown), U.S.	US\$ sq.ft. p.a.	41.00	5.1	41.00	5.1	41.00	5.1	320.22	-2.2	7-10	5-7	45-50	
Denver (Suburban), U.S.	US\$ sq.ft. p.a.	30.75	0.8	30.75	0.8	30.75	0.8	240.17	-6.2	7-10	4-6	40-45	
Guadalajara, Mexico	US\$ sq.m. p.m.	25.00	0.0	35.05	0.0	39.08	0.0	305.23	-7.0	3-5	2	400-500	
Houston (Downtown), U.S.	US\$ sq.ft. p.a.	48.50	10.2	60.63	10.2	60.63	10.2	473.50	2.5	5-10	3	25-45	
Houston (Suburban), U.S.	US\$ sq.ft. p.a.	43.00	10.3	50.74	10.3	50.74	10.3	396.29	2.5	5-10	3-6	20-40	
Lima, Peru	US\$ sq.m. p.m.	25.00	0.0	30.55	0.6	34.06	0.6	266.00	-6.5	5	1-3	0	
Los Angeles (Downtown), U.S.	US\$ sq.ft. p.a.	25.00	0.0	45.60	1.3	45.60	1.3	356.15	-5.8	5-10	5-10	30-60	
Los Angeles (Suburban), U.S.	US\$ sq.ft. p.a.	73.00	4.3	82.49	4.3	82.49	4.3	644.27	-3.0	5-10	3-8	25-40	
Mexico City, Mexico	US\$ sq.m. p.m.	40.00	0.0	55.77	0.1	62.17	0.1	485.59	-6.9	3-5	3-4	450-600	
Monterrey, Mexico	US\$ sq.m. p.m.	30.00	0.0	40.75	0.0	45.43	0.0	354.84	-7.0	3-5	2	400-500	
Montreal (Downtown), Canada	CAD sq.ft. p.a.	21.73	1.5	42.36	1.8	38.51	-5.6	300.74	-12.2	4	3	25	
Montreal (Suburban), Canada	CAD sq.ft. p.a.	14.47	1.5	27.21	-2.4	24.73	-9.5	193.18	-15.8	5	3	25	
New York (Downtown Manhattan), U.S.	US\$ sq.ft. p.a.	65.00	10.2	82.55	10.2	82.55	10.2	644.74	2.4	10	12	70	
New York (Midtown Manhattan), U.S.	US\$ sq.ft. p.a.	95.00	0.0	120.65	0.0	120.65	0.0	942.31	-7.0	10	10	70	
Panama City, Panama	US\$ sq.m. p.m.	26.00	-13.3	30.65	-10.9	34.16	-10.9	266.83	-17.2	3-5	1-3		
Rio de Janeiro, Brazil	BRL sq.m. p.m.	185.00	-2.6	223.16	0.0	110.29	-10.3	861.41	-16.6	5	4-8	0	
San Francisco (Downtown), U.S.	US\$ sq.ft. p.a.	90.00	12.5	108.00	12.5	108.00	12.5	843.51	4.6	5-10	0-3	35-60	
San Francisco (Peninsula), U.S.	US\$ sq.ft. p.a.	59.40	11.0	68.31	11.0	68.31	11.0	533.52	3.2	3-7	0-3	5-40	

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis.

**Caracas is omitted from this report's ranking tables.

Source: CBRE Research, Q1 2014.

FIGURE 5: AMERICAS: PRIME OFFICE OCCUPANCY COSTS – Q1 2014

Location	Local currency/measure	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost US\$*		Total Occupancy Cost Euro €*		Terms		
		Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)
Santiago, Chile	CLF sq.m. p.m.	0.68	-2.9	0.93	-2.4	49.98	-3.3	390.34	-10.1	3-5	1-3	0
São Paulo, Brazil	BRL sq.m. p.m.	160.00	-8.6	202.11	-3.3	99.89	-13.2	780.14	-19.3	5	6-12	0
Seattle (Downtown), U.S.	US\$ sq.ft. p.a.	36.50	5.8	43.07	5.8	43.07	5.8	336.39	-1.6	5-10	3-6	30-60
Seattle (Suburban), U.S.	US\$ sq.ft. p.a.	43.00	19.4	49.02	19.4	49.02	19.4	382.86	11.1	5-10	4	30-40
Toronto (Downtown), Canada	CAD sq.ft. p.a.	33.06	4.0	64.14	2.7	58.30	-4.8	455.37	-11.5	5	3	25
Toronto (Suburban), Canada	CAD sq.ft. p.a.	16.87	0.2	31.80	-1.4	28.91	-8.5	225.77	-15.0	5	2	25
Vancouver (Downtown), Canada	CAD sq.ft. p.a.	34.11	-8.6	55.50	-3.6	50.45	-10.6	394.03	-16.9	5	3	23
Vancouver (Suburban), Canada	CAD sq.ft. p.a.	21.34	-0.1	34.27	1.6	31.15	-5.8	243.30	-12.4	5	3	29
Washington, D.C. (Downtown), U.S.	US\$ sq.ft. p.a.	71.39	-2.4	85.67	-2.4	85.67	-2.4	669.09	-9.2	6-12	6-12	60-105
Washington, D.C. (Suburban), U.S.	US\$ sq.ft. p.a.	39.66	5.5	47.59	5.5	47.59	5.5	371.71	-1.9	5-7	3-6	30-50

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis.
Source: CBRE Research, Q1 2014.

FIGURE 6: EMEA: PRIME OFFICE OCCUPANCY COSTS – Q1 2014

Location	Prime Rent			Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost US\$*		Total Occupancy Cost Euro €*			Terms		
	Local currency/measure	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)	
Aberdeen, United Kingdom	GBP sq.ft. p.a.	32.00	1.6	45.25	1.1	75.43	10.9	589.13	3.2	10	6	3.25-3.50	
Abu Dhabi, United Arab Emirates	AED sq.m. p.a.	1,850.00	2.8	2,100.00	2.4	53.11	2.4	414.84	-4.7	1-5	1-2	0	
Amsterdam, Netherlands	EUR sq.m. p.a.	345.00	1.5	417.29	1.0	53.43	8.6	417.29	1.0	5+5	15 or 30	0	
Athens, Greece	EUR sq.m. p.m.	22.00	-4.3	29.62	-3.5	45.51	3.8	355.48	-3.5	12+4	2	0	
Barcelona, Spain	EUR sq.m. p.m.	17.75	0.0	24.44	0.0	37.55	7.5	293.26	0.0	2+3	6	50-100	
Belfast, United Kingdom	GBP sq.ft. p.a.	13.50	8.0	22.50	4.7	37.51	14.8	292.94	6.8	5	6	6.25	
Belgrade, Serbia	EUR sq.m. p.m.	15.00	0.0	21.10	0.0	32.42	7.5	253.20	0.0	5	3	0	
Berlin, Germany	EUR sq.m. p.m.	22.50	0.0	26.30	1.2	40.41	8.8	315.60	1.2	5+5	1	30-350	
Birmingham, United Kingdom	GBP sq.ft. p.a.	28.50	0.0	43.70	0.0	72.85	9.7	568.95	2.0	10y with 5y break	36 if 10y, 20 with 5y break	3.25-3.50	
Bratislava, Slovakia	EUR sq.m. p.m.	16.00	0.0	25.47	0.0	39.13	7.5	305.60	0.0	5	2-8	200-500	
Bristol, United Kingdom	GBP sq.ft. p.a.	27.50	0.0	43.00	3.6	71.68	13.7	559.83	5.7	10y with 5y break	30 on a straight 10y, 15 if a break at 5y.	3.25-3.50	
Brussels, Belgium	EUR sq.m. p.a.	285.00	0.0	436.36	0.0	55.87	7.5	436.36	0.0	3/6/9	1 year secured	24-47	
Bucharest, Romania	EUR sq.m. p.m.	18.00	0.0	23.45	0.9	36.03	8.5	281.40	0.9	3-5	3-6	25-85	
Budapest, Hungary	EUR sq.m. p.m.	20.00	0.0	26.89	0.0	41.31	7.5	322.67	0.0	3-4	4-8	170-200	
Copenhagen, Denmark	DKK sq.m. p.a.	1,650.00	-2.9	2,476.47	-2.3	42.47	4.9	331.69	-2.5	3-5 (tenant) /5-10 (landlord)	0-6	0	
Dubai, United Arab Emirates	AED sq.ft. p.a.	280.00	0.0	340.00	0.0	92.56	0.0	722.96	-7.0	3	2	0	
Dublin, Ireland	EUR sq.m. p.a.	377.00	22.9	515.00	15.8	65.94	24.5	515.00	15.8	10	12	403.50	
Edinburgh, United Kingdom	GBP sq.ft. p.a.	28.50	1.8	45.50	1.1	75.85	10.9	592.38	3.2	15	28	3.25-3.50	
Frankfurt, Germany	EUR sq.m. p.m.	38.00	0.0	46.24	0.0	71.04	7.5	554.84	0.0	5+5	3-6	50-350	
Geneva, Switzerland	CHF sq.m. p.a.	925.00	-7.5	990.00	-7.0	104.13	-0.1	813.25	-7.1	5	5	0	
Glasgow, United Kingdom	GBP sq.ft. p.a.	27.00	0.0	41.00	0.0	68.34	9.7	533.79	2.0	10y with 5y break	27	3.25-3.50	
Gothenburg, Sweden	SEK sq.m. p.a.	2,700.00	8.0	3,277.78	7.3	46.97	8.1	366.85	0.5	3 or 5	0-3	0	
Hamburg, Germany	EUR sq.m. p.m.	24.00	0.0	29.14	0.0	44.77	7.5	349.68	0.0	5+5	5-6	50-350	
Helsinki, Finland	EUR sq.m. p.a.	396.00	3.4	440.00	3.4	56.34	11.2	440.00	3.4	3-5	1-3	0-40	
Istanbul, Turkey	US\$ sq.m. p.m.	45.00	0.0	75.45	-1.6	84.11	-1.6	656.95	-8.5	3-5	1-2	0	
Jersey, United Kingdom	GBP sq.ft. p.a.	32.00	0.0	37.75	-0.7	62.93	9.0	491.48	1.4	15	12-18	3.25-3.50	

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis. Source: CBRE Research, Q1 2014.

FIGURE 6: EMEA: PRIME OFFICE OCCUPANCY COSTS – Q1 2014

Location	Prime Rent			Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost US\$*		Total Occupancy Cost Euro €*		Terms		
	Local currency/measure	Current per local measure	% change 12 months	Current per local measure	% change 12 months	Current per sq. ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy improvements (per local currency/measure)
Leeds, United Kingdom	GBP sq.ft. p.a.	25.50	2.0	39.50	2.6	65.84	12.6	514.27	4.7	10y with 5y break	12-30 months on a 10y certain	3.25-3.50
Lille, France	EUR sq.m. p.a.	220.00	10.0	301.08	7.7	38.55	15.8	301.08	7.7	3/6/9	3/6	0
Lisbon, Portugal	EUR sq.m. p.m.	18.50	0.0	24.73	0.0	37.99	7.5	296.70	0.0	5	5-7	0
Liverpool, United Kingdom	GBP sq.ft. p.a.	19.50	-2.5	31.50	-1.6	52.51	8.0	410.11	0.4	10y with 5y break	30 months	3.25-3.50
London City, United Kingdom	GBP sq.ft. p.a.	58.50	6.4	92.18	5.3	153.66	15.6	1,200.13	7.5	10	21-24	3.25-3.50
London West End, United Kingdom	GBP sq.ft. p.a.	105.00	10.5	166.30	13.5	277.21	24.5	2,165.12	15.8	10	15-18	3.25-3.50
Lyon, France	EUR sq.m. p.a.	260.00	-13.3	356.99	-10.8	45.71	-4.0	356.99	-10.8	3/6/9	4.5-6	0
Madrid, Spain	EUR sq.m. p.m.	24.50	-1.0	35.00	-0.8	53.78	6.6	420.00	-0.8	3+2	3	50-150
Malaga, Spain	EUR sq.m. p.m.	12.00	0.0	17.06	0.0	26.21	7.5	204.71	0.0	3+3	2	0
Manchester, United Kingdom	GBP sq.ft. p.a.	30.00	0.0	45.00	-1.1	75.01	8.5	585.87	0.9	10	30	3.25-3.50
Marseille, France	EUR sq.m. p.a.	270.00	0.0	360.22	0.0	46.12	7.5	360.22	0.0	3/6/9	3-6	0
Milan, Italy	EUR sq.m. p.a.	480.00	-4.0	576.92	-3.7	73.87	3.6	576.92	-3.7	6+6	8-12	0
Moscow, Russian Federation	US\$ sq.m. p.a.	1,200.00	0.0	1,776.63	0.0	165.05	-4.5	1,349.79	-7.0	3-5	0-3	0
Munich, Germany	EUR sq.m. p.m.	33.00	4.8	40.44	4.2	62.13	12.1	485.27	4.2	5+5	3-8	50-350
Oporto, Portugal	EUR sq.m. p.m.	12.00	0.0	15.60	0.0	23.98	7.5	187.25	0.0	3	3	0
Oslo, Norway	NOK sq.m. p.a.	4,000.00	5.3	4,444.44	5.3	68.95	2.8	538.53	-4.4	3-5	0-3	1000-5000
Palma de Mallorca, Spain	EUR sq.m. p.m.	9.50	-13.6	13.04	-13.0	20.03	-6.5	156.42	-13.0	5	1	0
Paris, France	EUR sq.m. p.a.	800.00	-3.6	970.97	-3.1	124.32	4.2	970.97	-3.1	3/6/9	7-17	0
Prague, Czech Republic	EUR sq.m. p.m.	19.50	-7.1	31.56	-5.0	48.48	2.1	378.67	-5.0	5	5-10	50-70
Rome, Italy	EUR sq.m. p.a.	400.00	-2.4	483.52	-2.2	61.91	5.1	483.52	-2.2	6+6	6	0
Rotterdam, Netherlands	EUR sq.m. p.a.	225.00	7.1	288.15	5.7	36.89	13.7	288.15	5.7	5+5	15 or 30	0
Sofia, Bulgaria	EUR sq.m. p.m.	13.00	0.0	18.18	0.0	27.94	7.5	218.18	0.0	3-5	1-3	50-200
Southampton, United Kingdom	GBP sq.ft. p.a.	18.00	0.0	29.50	0.9	49.17	10.7	384.07	2.9	10y with 5y break	18-30 if straight 10y, 12 if break at 5y	3.25-3.50
Stockholm, Sweden	SEK sq.m. p.a.	4,500.00	2.3	5,500.00	2.1	78.82	2.8	615.57	-4.4	3 or 5	0-3	0
Tel Aviv, Israel	ILS sq.m. p.m.	108.00	-1.8	191.25	-1.3	61.08	3.1	477.03	-4.2	3-5	1-2	0
Thessaloniki, Greece	EUR sq.m. p.m.	10.50	0.0	15.43	0.0	23.71	7.5	185.16	0.0	12+4	2	0
Valencia, Spain	EUR sq.m. p.m.	10.50	-4.5	16.18	-7.9	24.85	-1.0	194.12	-7.9	1+3	2-3	0
Vienna, Austria	EUR sq.m. p.m.	25.25	1.0	30.26	0.9	46.50	8.5	363.16	0.9	5	3-4	150-250
Warsaw, Poland	EUR sq.m. p.m.	26.00	-3.7	35.56	-3.0	54.63	4.3	426.67	-3.0	3-5	6-9	150-250
Zurich, Switzerland	CHF sq.m. p.a.	825.00	-2.9	865.00	-2.8	90.98	4.4	710.57	-2.9	5	2-5	70-300

*Occupancy costs include service charges and taxes and are standardized on a net internal area basis.
Source: CBRE Research, Q1 2014.

TERMS AND DEFINITIONS

Global Prime Office Occupancy Costs provides a semi-annual snapshot of occupancy costs for prime office space throughout the world. Since office occupancy lease rates and expenses can vary substantively, not only across world markets but also within the same market area, this data is 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 prime rents. For example, in the U.S., office units are measured in sq. ft., while Japan uses the tsubo. Great Britain quotes office rents 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 Prime Office Occupancy Costs also reports local office occupancy costs in two common currencies, U.S. dollars in sq. ft. and euros in sq. m. Changes over the past 12 months are also reported in local currency, U.S. dollars and euros.

Explanation of Columns

Percentage Change: Documents the rate of change in local rents over the preceding 12 months. When expressed in the local currency, they can vary dramatically from the euro- and U.S. dollar-adjusted changes reported under Total Occupancy Cost.

Prime Rent-Local Currency/Measure: The rent quoted is the typical “achievable” rent for a 1,000-sq.-m. (10,000-sq.-ft.) 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 per month,” and in Japan as “tsubo per month.” The ping and tsubo are each approximately 36 sq. ft. Each is the traditional measure of area in its respective country, based on the equivalent measurement of two tatami mats.

Total Occupancy Cost: Local office costs are reported in local currency, euros and U.S. dollars on a per annum basis. This number reflects all occupancy costs, and therefore corresponds to “gross” rents for all markets. All occupancy cost figures are standardized to a net internal area basis of measurement.

Typical Lease Term, Typical Rent Free Period and Typical Tenancy Improvements:

Typical lease term refers to the usual duration of contracted leases for prime office space in each respective market. 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. Tenancy improvements refers to the typical allowance that a landlord may make towards any fit-out costs and is reported in local currency/measurement.

Regional and Global Percent Changes

Aggregated changes in occupancy costs both at the global and regional level are based on a weighted average of the local currency change in the individual cities. The weighting for each city is determined by the country GDP which is divided among the cities in that country covered in the report according to the importance of each city as a commercial real estate market.

GLOBAL RESEARCH

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CBRE's biannual Global Prime Office Occupancy Cost survey measures and compares office occupancy costs in 126 markets across the world. The survey is performed semi-annually in the first and third quarter of the year and is a collaborative effort among CBRE Global Research and Consulting around the world led by Andrea Walker. We would like to acknowledge Cynthia Chan, Zachary Gauge, Richard Holberton, Erik Nelson, and Roelof van Dijk for their contributions to the report.

GLOBAL RESEARCH AND CONSULTING

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