

December 2014 Global Prime Office Occupancy Costs

# *Cost Increases Signal Economic Momentum*



CBRE RESEARCH

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# Executive Summary



Of the 126 office markets tracked around the globe, over half (74 markets) saw annual increases in prime occupancy costs, 26% (33 markets) registered declines and 15% (19 markets) saw no change.

Of the 74 markets with occupancy cost growth, 13 saw increases of at least 10%, led by Dublin, Manila and Seattle (Suburban).

Of the 33 markets with decreases, only two were in double digits: Santiago and Lyon.

London (West End) was once again the most expensive market worldwide, followed by Hong Kong (Central) and Beijing (Finance Street).

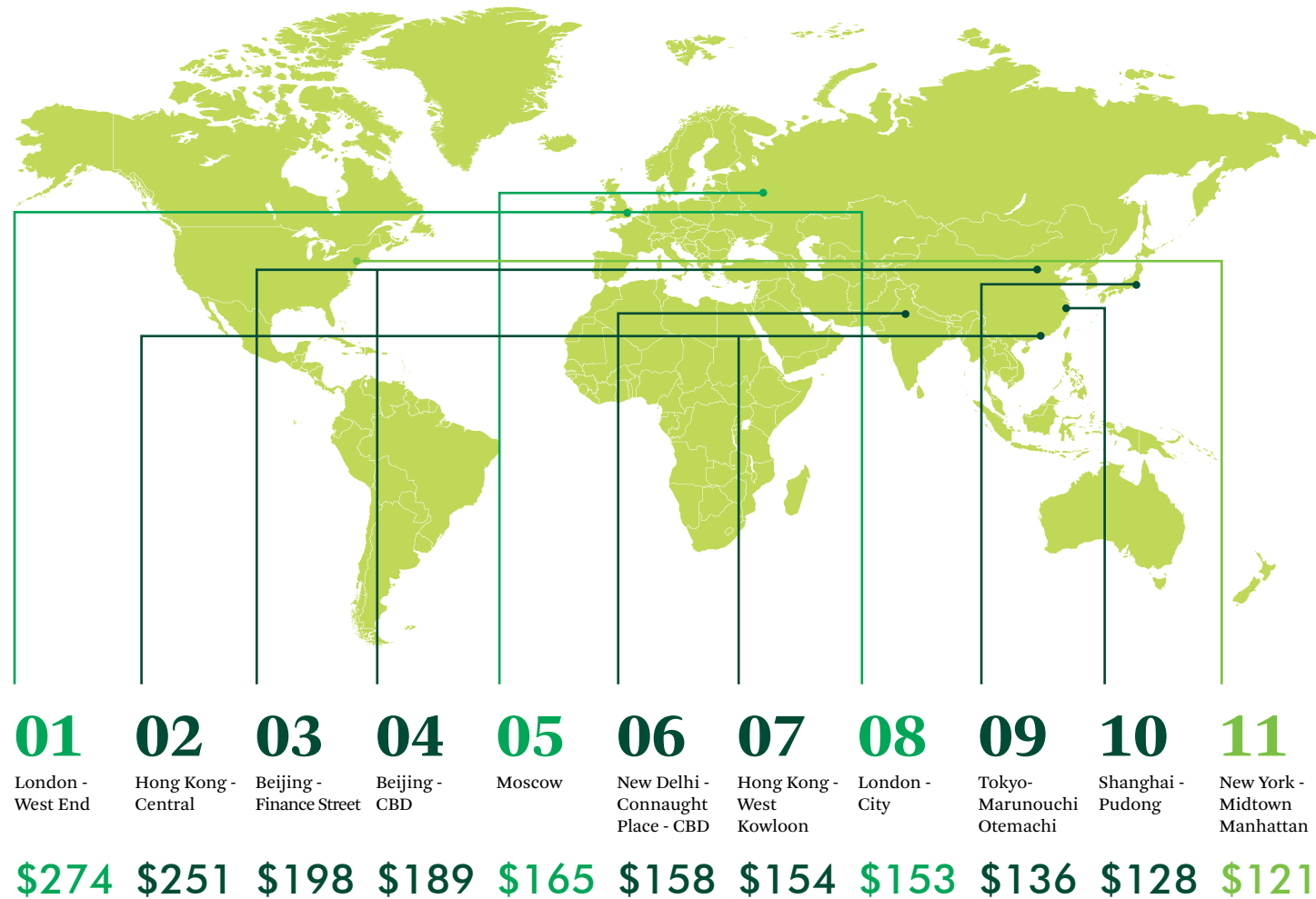
Paris dropped out of the top 10 most expensive list, falling to 13th place, while Shanghai (Pudong) moved up to 10th place. Asian markets accounted for seven of the 10 most expensive markets worldwide.

OCCUPYING PRIME OFFICE SPACE KEEPS GETTING MORE EXPENSIVE



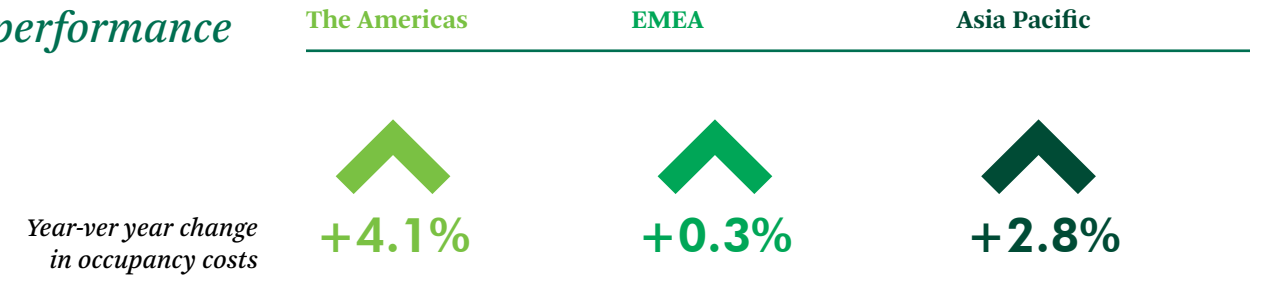
The cost to occupy prime office space keeps rising. One reason why: global, multinational organizations need the highest-grade, best-located properties to attract and retain top talent—and are willing to pay a premium to obtain it.

### Most expensive markets



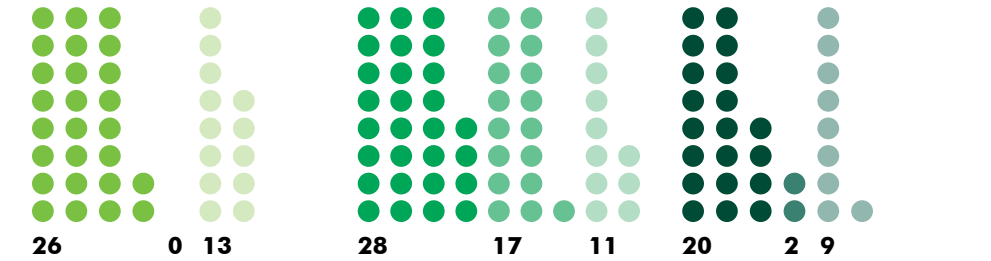
EMEA Asia Pacific The Americas  
 Ranked on a US\$ per sq. ft. per annum basis.

### Regional performance

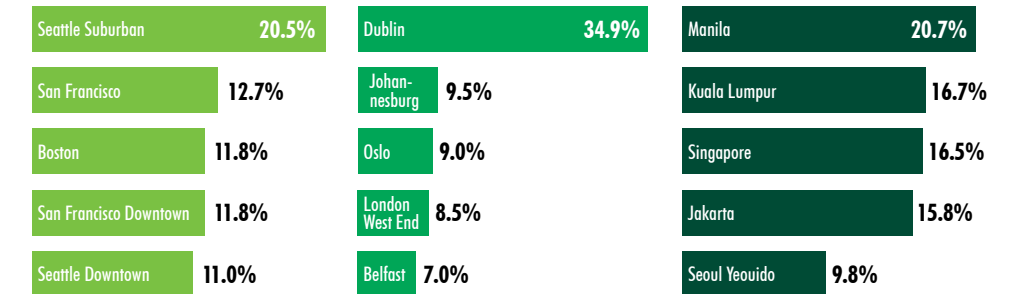


Year-over-year changes by market

Increase ●  
 No Change ●  
 Decrease ●



Top five growth markets



Occupancy costs grew in all but one U.S. market over the past year, with the largest increases once again occurring in tech-centric markets. The eight Canadian markets were evenly split between growth and (modest) decline. Most Latin American markets saw drop-offs amid a region-wide economic slowdown.

Across Europe, occupancy costs tracked closely with regional economic trends—costs rose in most U.K., Northern European and Scandinavian markets, and either fell or remained unchanged across much of France, Italy and Spain (with the exception of Madrid). Outside of Europe, costs climbed in Johannesburg, Cape Town and Abu Dhabi, were flat in Dubai and came down in Istanbul and Tel Aviv.

Occupancy costs in key Southeast Asian markets leapt up as increased demand from technology, media and telecommunications companies competed with traditional sectors for the limited supply of prime space. With the exception of Pudong in Shanghai, costs in China were essentially stable over the past year. Costs also rose in most developed CBDs, including those in Tokyo, Hong Kong (Central), Melbourne and Sydney.

The changes in prime office occupancy costs since our last survey, in June 2014, mirrored the gradual, multi-speed recovery of the global economy—strong gains in the Americas, largely due to the strength of the U.S., slower growth in Asia Pacific and stagnation in EMEA. Overall, global prime office occupancy costs increased at a 2.5% annual rate for the 12 months ending Q3 2014.

In the U.S., where the economic recovery has firmly taken hold, strong leasing activity led to the highest level of quarterly net absorption since 2007 in Q3 2014, driving above-inflation increases in occupancy costs across all but one of the U.S. markets covered in this report. The “joblessness” that characterised the early stages of the U.S. recovery is now firmly behind us, with rising hiring rates increasingly broad-based, boosting demand for office space.

The strength of the U.S. recovery in Q3 2014 led to an increase of 4.1% in prime office occupancy costs in the Americas region, with eight North American markets recording double-digit increases. Not surprisingly, the top six growth markets in the Americas were all U.S. cities.

In the EMEA region, concerns over the strength of the Eurozone’s recovery have held back occupier activity, resulting in static prime occupancy costs in most core European markets. The main decreases have been in central European markets, such as Warsaw, where the economies are relatively healthy but new supply has driven down rents. In only a few markets, notably Dublin and London, a robust recovery in occupier demand coincided with a lack of new supply.

Regionally, prime office occupancy costs edged up slightly, by 0.3% year-

over-year, driven to a great extent by buoyant conditions in U.K. cities and the majority of the Nordic markets, as well as the strong recovery of the Dublin office market.

The picture for Asia Pacific remained mixed, with occupier activity largely driven by domestic corporations and companies in the technology, media and telecommunications sector. Half the markets saw costs increase above 1%, with costs in the other half flatlining or posting declines. Regionally, prime office occupancy costs increased by 2.8%, with 20 markets recording increases in costs and nine posting declines.

**Asia home to seven of the 10 most expensive markets**

Of the 10 most expensive markets, seven were in Asia and three were in Europe, compared with six in Asia and four in Europe in Q1 2014. Once again, **London (West End)** topped the rankings, followed by **Hong**

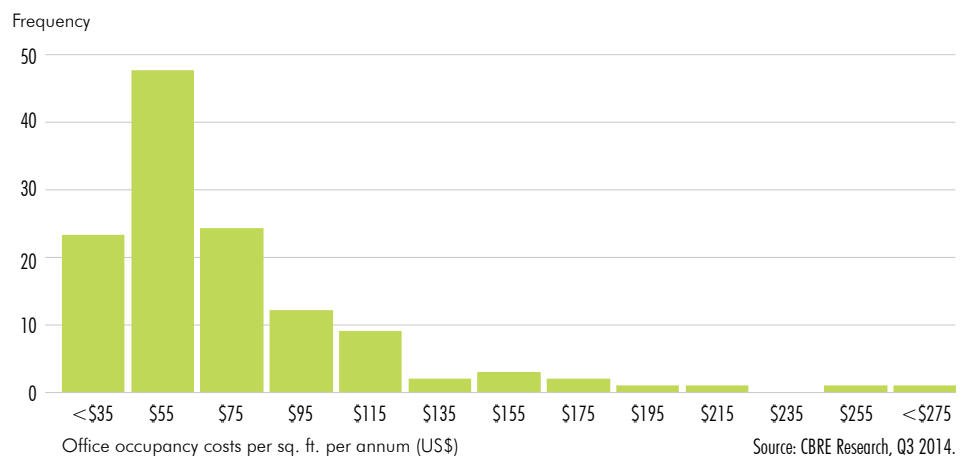
**Kong (Central)**. **Paris** dropped out of the top 10 most expensive office locations, displaced by **Shanghai (Pudong)**.

While the remaining locations maintained their spots on the top 10 list, some of the rankings shifted. **New Delhi (Connaught Place - CBD)** moved up two places to sixth place, while **Hong Kong (West Kowloon)** and **London City** dropped one place each, to seventh and eighth, respectively.

None of the top 10 most expensive markets were from the Americas region. Moreover, just eight markets of the top quartile were from the Americas, reflecting, no doubt, the relative ease with which new supply can be brought on line in the long term.

Overall, 85% of the 126 markets tracked posted occupancy costs between US\$20 and US\$95 per sq. ft. Only 5% (six markets) were above \$155 per sq. ft.

FIGURE 1: PRIME OFFICE OCCUPANCY COSTS DISTRIBUTION



## Six out of 10 markets worldwide post increases

Regionally, prime office occupancy costs were up 4.1% year-over-year in the Americas and 2.8% year-over-year in Asia Pacific, while costs in EMEA remained essentially flat, inching up 0.3% year-over-year. Overall, these growth rates reflected underlying regional economic dynamics and supply constraints over the near term.

Of the 126 office markets we cover across the globe, 74 markets saw annual increases in prime office oc-

cupancy costs, up from 61 recorded in Q1 2014. Occupancy costs declined in 33 markets, compared to 36 that posted a decrease in Q1 2014. Costs in 19 markets remained unchanged, compared to 29 markets in the previous quarter.

Of the 74 markets with cost increases, 13 were in double digits, led by **Dublin, Manila, Seattle (Suburban), Kuala Lumpur** and **Singapore**. Only two markets recorded double-digit declines in occupancy costs: **Santiago** and **Lyon**.

Of the 33 markets with year-over-year decrease, 13 were in the Americas, 11 were in EMEA and nine were in Asia Pacific. Only one U.S. market, **Chicago (Suburban)**, was among the 13 markets in the Americas that recorded a decline, illustrating the strong momentum currently underway in the U.S. office sector. By contrast, costs fell in eight of the nine Latin American markets tracked for this report—only **Panama City** showed an increase.

## FIGURE 2: TOP 50 LARGEST ANNUAL INCREASES

Prime office space occupancy costs in local currency and measure (ranked by 12-month % change increases as of Q3 2014)

1.	Dublin, Ireland	34.9	26.	Dallas (Downtown), U.S.	6.5
2.	Manila, Philippines	20.7	27.	Ho Chi Minh City, Vietnam	6.3
3.	Seattle (Suburban), U.S.	20.5	28.	Glasgow, United Kingdom	6.1
4.	Kuala Lumpur, Malaysia	16.7	29.	Los Angeles (Suburban), U.S.	5.7
5.	Singapore, Singapore	16.5	30.	Helsinki, Finland	5.7
6.	Jakarta, Indonesia	15.8	31.	New York (Midtown Manhattan), U.S.	5.6
7.	San Francisco (Peninsula), U.S.	12.7	32.	Los Angeles (Downtown), U.S.	5.1
8.	Boston (Suburban), U.S.	11.8	33.	Atlanta (Downtown), U.S.	4.9
9.	San Francisco (Downtown), U.S.	11.8	34.	Belgrade, Serbia	4.3
10.	Seattle (Downtown), U.S.	11.0	35.	Denver (Suburban), U.S.	4.1
11.	Washington, D.C. (Suburban), U.S.	10.9	36.	Cape Town, South Africa	3.9
12.	Vancouver (Suburban), Canada	10.6	37.	Leeds, United Kingdom	3.8
13.	New York (Downtown Manhattan), U.S.	10.2	38.	Melbourne, Australia	3.7
14.	Seoul (Yeouido), South Korea	9.8	39.	Seoul (CBD), South Korea	3.7
15.	Johannesburg, South Africa	9.5	40.	Montreal (Downtown), Canada	3.6
16.	Houston (Downtown), U.S.	9.4	41.	Gothenburg, Sweden	3.5
17.	Oslo, Norway	9.0	42.	Adelaide, Australia	3.5
18.	Houston (Suburban), U.S.	8.8	43.	Sydney, Australia	3.2
19.	London West End, United Kingdom	8.5	44.	Chicago (Downtown), U.S.	3.0
20.	Shanghai (Pudong), China	7.3	45.	Munich, Germany	2.8
21.	Tokyo (Marunouchi Otemachi), Japan	7.0	46.	Boston (Downtown), U.S.	2.7
22.	Hong Kong (Central), Hong Kong	7.0	47.	Vienna, Austria	2.6
23.	Belfast, United Kingdom	7.0	48.	Denver (Downtown), U.S.	2.5
24.	London City, United Kingdom	6.9	49.	Rotterdam, Netherlands	2.4
25.	Atlanta (Suburban), U.S.	6.7	50.	Abu Dhabi, United Arab Emirates	2.4

Source: CBRE Research, Q3 2014.

## FIGURE 3: TOP 30 LARGEST ANNUAL DECREASES

Prime office space occupancy costs in local currency and measure (ranked by 12-month % change decreases as of Q3 2014)

1.	Santiago, Chile	-13.5	16.	Tel Aviv, Israel	-3.2
2.	Lyon, France	-10.8	17.	Zurich, Switzerland	-2.8
3.	Hong Kong (West Kowloon), Hong Kong	-9.8	18.	Hanoi, Vietnam	-2.7
4.	Bangalore (CBD), India	-8.5	19.	Mumbai (Nariman Point - CBD), India	-2.2
5.	Palma de Mallorca, Spain	-7.8	20.	Guangzhou, China	-1.9
6.	Geneva, Switzerland	-7.2	21.	Vancouver (Downtown), Canada	-1.8
7.	Lima, Peru	-7.2	22.	Prague, Czech Republic	-1.7
8.	Valencia, Spain	-6.3	23.	Warsaw, Poland	-1.6
9.	Mumbai (Bandra Kurla Complex), India	-6.3	24.	Copenhagen, Denmark	-1.2
10.	Istanbul, Turkey	-6.3	25.	Auckland, New Zealand	-1.0
11.	Guadalajara, Mexico	-4.7	26.	Monterrey, Mexico	-1.0
12.	Rome, Italy	-4.5	27.	Chicago (Suburban), U.S.	-0.9
13.	Buenos Aires, Argentina	-4.4	28.	Montreal (Suburban), Canada	-0.8
14.	Perth, Australia	-4.3	29.	Rio de Janeiro, Brazil	-0.5
15.	São Paulo, Brazil	-3.8	30.	Toronto (Downtown), Canada	-0.4

Source: CBRE Research, Q3 2014.

### *The most expensive markets*

Once again, **London (West End)** came in as the most expensive prime office market in the world, at US\$273.63 per sq. ft. per year. Development restrictions in core areas, coupled with strong tenant demand and limited availability, continued to drive occupancy costs higher. The strong leasing momentum and high level of space currently under offer are expected to drive rental growth higher for the remainder of the year, further limiting tenant's options to relocate in this area.

On the other side of London, the **City of London** also registered very strong leasing activity from an increasingly broad-based set of technology and creative firms, as well as traditional financial and professional occupiers. The **City of London's** prime occupan-

cy costs ended Q3 2014 at US\$152.67 per sq. ft. per year, good enough for eighth place on the most expensive list.

**Hong Kong (Central)**, the second most expensive market globally, at US\$250.61 per sq. ft. per year, was the only other market with costs above US\$200. Overall, demand for office space saw a slight pick-up despite a relatively low level of net absorption. In a market where occupiers remained cost-conscious, Central was the exception, continuing to attract tenants while the rest of the territory's office markets remained sluggish. Mainland Chinese securities and wealth management firms were the main driver of demand in Central and Fringe Core areas, where new entrants typically took spaces between 2,000 and 5,000 sq. ft.

Meanwhile, **Hong Kong (West Kowloon)** came in as the seventh most expensive city, at US\$153.65 sq. ft. per year, down one place from Q1 2014. Rents fell with over half of all vacant space in the submarket concentrated in a few buildings. However, leasing activity has since rebounded, driven by increasing take-up by mainland Chinese firms. Going forward, prime occupancy costs are expected to stabilize in the near future.

In **Beijing (Finance Street)**, the third most expensive market at US\$197.75 per sq. ft. per year, high occupancy costs have been driven by demand from domestic companies in the finance sector that are able to afford the high rents. Despite a slowdown in the Chinese economy, Finance Street rents are expected to hold firm, as the new supply pipeline is very limited over the next three years.

Across the city, **Beijing (CBD)** took the fourth position, at US\$189.39 per sq. ft. per year. The central business district is home to a cluster of multinational corporations that have become increasingly more cautious and cost-sensitive than domestic corporations in light of the country's economic retreat. Since around 2011, limited supply has resulted in limited rental growth. However, this will gradually be coming to an end as new completions expected to enter the market over the next three years start to exert

pressure on rents, which could drive occupancy costs down over the short to medium term.

Occupancy costs in **Moscow**, ranked fifth at US\$165.05 per sq. ft. per year, were stable, supported by the strong base of global corporate occupiers—even as the regional geopolitical climate worsened. Going forward, however, rents are expected to come under pressure as existing occupiers gradually gain the upper hand in new contract negotiations.

**New Delhi (Connaught Place - CBD)**, in sixth place at US\$158.47 per sq. ft. per year, moved up two places on the top 10 list from Q1 2014. The Indian capital has seen strong leasing activity amid limited availability and a shortage of new supply. Occupiers in the financial services and media sectors dominated activity, helping drive the vacancy rate downward.

In **Tokyo (Marunouchi Otemachi)**, ranked ninth at US\$136.46 per sq. ft. per year, the majority of activity was

## FIGURE 4: GLOBAL 50 INDEX – MOST EXPENSIVE

Ranked by prime office space occupancy costs in US\$ per sq. ft. per annum as of Q3 2014

1.	London West End, United Kingdom	273.63	26.	Zurich, Switzerland	84.10
2.	Hong Kong (Central), Hong Kong	250.61	27.	Los Angeles (Suburban), U.S.	83.62
3.	Beijing (Finance Street), China	197.75	28.	New York (Downtown Manhattan), U.S.	82.55
4.	Beijing (CBD), China	189.39	29.	Jakarta, Indonesia	81.81
5.	Moscow, Russian Federation	165.05	30.	Istanbul, Turkey	81.44
6.	New Delhi (Connaught Place - CBD), India	158.47	31.	Perth, Australia	77.02
7.	Hong Kong (West Kowloon), Hong Kong	153.65	32.	Mumbai (Nariman Point - CBD), India	76.57
8.	London City, United Kingdom	152.67	33.	Edinburgh, United Kingdom	73.76
9.	Tokyo (Marunouchi Otemachi), Japan	136.46	34.	Aberdeen, United Kingdom	73.35
10.	Shanghai (Pudong), China	127.89	35.	Manchester, United Kingdom	73.35
11.	New York (Midtown Manhattan), U.S.	120.65	36.	Guangzhou, China	73.21
12.	San Francisco (Downtown), U.S.	114.00	37.	Dublin, Ireland	73.00
13.	Paris, France	113.95	38.	San Francisco (Peninsula), U.S.	72.57
14.	Singapore, Singapore	112.91	39.	Birmingham, United Kingdom	71.32
15.	Shanghai (Puxi), China	112.14	40.	Stockholm, Sweden	70.88
16.	Mumbai (Bandra Kurla Complex), India	103.52	41.	Bristol, United Kingdom	70.51
17.	Seoul (CBD), South Korea	102.55	42.	Glasgow, United Kingdom	70.51
18.	Rio de Janeiro, Brazil	101.34	43.	Oslo, Norway	68.30
19.	Sydney, Australia	99.06	44.	Taipei, Taiwan	67.99
20.	Boston (Downtown), U.S.	96.25	45.	Milan, Italy	67.71
21.	Geneva, Switzerland	93.83	46.	Brisbane, Australia	67.43
22.	Seoul (Yeouido), South Korea	92.84	47.	Leeds, United Kingdom	65.65
23.	Dubai, United Arab Emirates	92.56	48.	Ho Chi Minh City, Vietnam	65.35
24.	São Paulo, Brazil	91.78	49.	Frankfurt, Germany	65.12
25.	Washington, D.C. (Downtown), U.S.	87.61	50.	Mexico City, Mexico	62.48

Source: CBRE Research, Q3 2014.

driven by upgrades and expansions by tenants in a wide range of sectors. With Grade A availability in Marunouchi Otemachi dropping below 2% for the first time since Q3 2008, occupiers started seeking out space in buildings still under construction. This is expected to continue exerting upward pressure on occupancy costs over the short to medium term.

Activity in **Shanghai (Pudong)**, ranked 10th at US\$127.83 per sq. ft. per year, has been driven by strong demand from finance sector tenants indif-

ferent to premium rents quoted in the market. There was a notable rise in demand from domestic financial institutions, driving down the level of space currently available, which suggests further rental strengthening over the near term.

**New York (Midtown Manhattan)** was the highest-ranking market in the Americas—and the 11th most expensive market worldwide—at US\$120.65 per sq. ft. per year. Booming demand continued to reduce the amount of space available for leasing.

### *Conclusion*

We expect the gradual recovery of the global economy to continue, leading to higher hiring rates and further reduction in availability of space across most markets over the near term. In this environment, we expect occupancy costs to continue rising from current levels, further limiting options for occupiers. Technology, quality and flexibility are expected to increasingly come into consideration in space use and location decisions, as occupiers will seek to contain costs and improve productivity.





FIGURE 5: ASIA PACIFIC: PRIME OFFICE OCCUPANCY COSTS – Q3 2014

Location	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost US\$*		Total Occupancy Cost Euro €*		Terms			Tenancy improvements (per local currency/ measure)
	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)	
Adelaide, Australia	AUD sq.m. p.a.	417.50	2.5	523.14	3.5	42.54	-3.1	362.43	3.8	5	12	0
Auckland, New Zealand	NZD sq.m. p.a.	492.50	0.0	646.00	-1.0	46.80	-7.3	398.73	-0.7	9	5	0
Bangalore (CBD), India	INR sq.ft. p.m.	115.00	-10.2	166.89	-8.5	32.36	-7.5	275.77	-0.8	3+3	1	0
Bangkok, Thailand	THB sq.m. p.m.	900.00	1.5	900.00	1.5	30.93	-2.2	263.53	4.8	3+3	1-2	0
Beijing (Finance Street), China	RMB sq.m. p.m.	750.00	0.0	1,089	0.6	197.75	0.4	1685	7.5	2-3	0-1	0
Beijing (CBD), China	RMB sq.m. p.m.	700.00	0.0	1,043	0.1	189.39	-0.1	1614	7.0	2-3	0-1	0
Brisbane, Australia	AUD sq.m. p.a.	680.00	-0.9	829	-0.1	67.43	-6.5	574.55	0.2	5	20	0
Canberra, Australia	AUD sq.m. p.a.	358.00	0.0	429.24	0.6	34.90	-5.8	297.38	0.9	5	13	0
Guangzhou, China	RMB sq.m. p.m.	225.00	-2.2	403.13	-1.9	73.21	-2.2	623.81	4.8	3-5	2-3	0
Hanoi, Vietnam	US\$ sq.m. p.m.	41.12	-2.7	45.23	-2.7	50.43	-2.7	429.66	4.2	3-5	3-6	0
Ho Chi Minh City, Vietnam	US\$ sq.m. p.m.	46.19	7.3	58.62	6.3	65.35	6.3	556.82	13.9	3	3	0
Hong Kong (Central), Hong Kong	HKD sq.ft. p.m.	143.08	7.1	162.17	7.0	250.61	7.0	2135	14.5	3 or 6	1-4	0
Hong Kong (West Kowloon), Hong Kong	HKD sq.ft. p.m.	85.71	-10.9	99.42	-9.8	153.65	-9.8	1309	-3.5	3 or 6	1-4	0
Jakarta, Indonesia	IDR sq.m. p.m.	731,642	15.8	894,229	15.8	81.81	10.0	697.10	17.9	3	1-2	0
Kuala Lumpur, Malaysia	MYR sq.ft. p.m.	14.00	16.7	14	16.7	51.21	15.9	436.35	24.2	3	1-3	0
Manila, Philippines	PHP sq.m. p.m.	1,230.00	23.0	1,582	20.7	39.20	16.7	334.00	25.0	3-5	1-3	0
Melbourne, Australia	AUD sq.m. p.a.	542.00	2.1	660.49	3.7	53.70	-2.9	457.59	4.1	10	36	0
Mumbai (Bandra Kurla Complex), India	INR sq.ft. p.m.	313.00	-7.3	533.82	-6.3	103.52	-5.2	882	1.5	3+2	1.5	0
Mumbai (Nariman Point - CBD), India	INR sq.ft. p.m.	270.00	-3.6	394.87	-2.2	76.57	-1.1	652.47	6.0	3+2	1	0
New Delhi (Connaught Place - CBD), India	INR sq.ft. p.m.	400.00	0.0	817.16	0.0	158.47	1.2	1350	8.4	3+3+3	1	0
New Delhi (Gurgaon), India	INR sq.ft. p.m.	132.00	0.0	230.76	0.0	44.75	1.2	381.31	8.4	3+3+3	1-4	0
Perth, Australia	AUD sq.m. p.a.	796.00	-4.8	947	-4.3	77.02	-10.4	656.27	-4.0	5	12	0
Seoul (CBD), South Korea	KRW sq.m. p.m.	37,933	4.5	97,235	3.7	102.55	5.5	873.83	13.0	3-5	2-4	0
Seoul (Yeouido), South Korea	KRW sq.m. p.m.	31,762	12.1	88,027	9.8	92.84	11.7	791.09	19.7	3-5	2-4	500,000
Shanghai (Pudong), China	RMB sq.m. p.m.	456	7.1	704	7.3	127.89	7.0	1089.74	14.7	2-3	0-2	0
Shanghai (Puxi), China	RMB sq.m. p.m.	395.42	0.0	617.49	0.7	112.14	0.4	955.53	7.6	2-3	0-2	0
Singapore, Singapore	SGD sq.ft. p.m.	12.00	16.5	12.00	16.5	112.91	14.6	962.05	22.8	3+3	2	0
Sydney, Australia	AUD sq.m. p.a.	1,043	2.9	1,218	3.2	99.06	-3.4	844	3.5	8	34	0
Taipei, Taiwan	NTD ping. p.m.	3,300	1.5	6,131	2.1	67.99	-0.7	579.23	6.4	3-5	1-3	0
Tokyo (Marunouchi Otemachi), Japan	JPY tsubo p.m.	41,100	4.1	44,388	7.0	136.46	-4.3	1163	2.6	5	6	0
Wellington, New Zealand	NZD sq.m. p.a.	386	1.6	528	0.5	38.21	-6.3	325.59	0.8	9	5	0

\* Occupancy costs include service charges and taxes and are standardized on a net internal area basis.  
Source: CBRE Research, Q3 2014.

FIGURE 6: AMERICAS: PRIME OFFICE OCCUPANCY COSTS – Q3 2014

Location	Prime Rent		Total Occupancy Cost Local Currency/Measure*		Total Occupancy Cost US\$*		Total Occupancy Cost Euro €*		Terms			Tenancy improvements (per local currency/ measure)
	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)	
Atlanta (Downtown), U.S.	US\$ sq.ft. p.a.	30.54	4.9	35.12	4.9	35.12	4.9	299.25	12.4	5-10	5-10	30-45
Atlanta (Suburban), U.S.	US\$ sq.ft. p.a.	26.11	6.7	30.03	6.7	30.03	6.7	255.84	14.3	5-10	5-10	25-40
Boston (Downtown), U.S.	US\$ sq.ft. p.a.	77.00	2.7	96.25	2.7	96.25	2.7	820.09	10.0	10	0	60-65
Boston (Suburban), U.S.	US\$ sq.ft. p.a.	38.00	11.8	45.60	11.8	45.60	11.8	388.53	19.7	5-7	1-3	30-40
Buenos Aires, Argentina	US\$ sq.m. p.m.	28.50	-5.0	43.39	-4.4	48.37	-4.4	412.17	2.4	3-5	2-4	0
Calgary (Downtown), Canada	CAD sq.ft. p.a.	39.28	-1.6	60.72	1.3	54.33	-6.8	462.92	-0.1	5	2	50
Calgary (Suburban), Canada	CAD sq.ft. p.a.	24.41	-1.6	40.54	0.5	36.27	-7.5	309.07	-0.9	5	3	25
Chicago (Downtown), U.S.	US\$ sq.ft. p.a.	30.75	4.2	50.75	3.0	50.75	3.0	432.41	10.4	10-12	6-12	55-85
Chicago (Suburban), U.S.	US\$ sq.ft. p.a.	14.75	1.7	26.50	-0.9	26.50	-0.9	225.79	6.1	5-10	5-10	15-45
Dallas (Downtown), U.S.	US\$ sq.ft. p.a.	33.71	6.5	38.77	6.5	38.77	6.5	330.31	14.1	5-10	4-8	35-50
Dallas (Suburban), U.S.	US\$ sq.ft. p.a.	30.93	2.2	35.57	2.2	35.57	2.2	303.07	9.5	3-8	1-7	10-30
Denver (Downtown), U.S.	US\$ sq.ft. p.a.	41.50	2.5	41.50	2.5	41.50	2.5	353.60	9.8	7-10	4-6	42-48
Denver (Suburban), U.S.	US\$ sq.ft. p.a.	31.50	4.1	31.50	4.1	31.50	4.1	268.39	11.6	7-10	4-6	35-40
Guadalajara, Mexico	US\$ sq.m. p.m.	25.00	-5.9	35.05	-4.7	39.08	-4.7	332.98	2.1	3-5	2	0
Houston (Downtown), U.S.	US\$ sq.ft. p.a.	49.25	9.4	61.56	9.4	61.56	9.4	524.54	17.3	5-10	0-3	20-45
Houston (Suburban), U.S.	US\$ sq.ft. p.a.	43.50	8.8	51.33	8.8	51.33	8.8	437.36	16.5	5-10	3-6	20-40
Lima, Peru	US\$ sq.m. p.m.	23.00	-8.0	28.35	-7.2	31.61	-7.2	269.31	-0.6	5	1-3	450-600
Los Angeles (Downtown), U.S.	US\$ sq.ft. p.a.	26.50	6.0	47.31	5.1	47.31	5.1	403.10	12.6	5-10	5-10	30-60
Los Angeles (Suburban), U.S.	US\$ sq.ft. p.a.	74.00	5.7	83.62	5.7	83.62	5.7	712.48	13.3	5-10	3-6	25-65
Mexico City, Mexico	US\$ sq.m. p.m.	40.00	0.0	56.04	-0.1	62.48	-0.1	532.36	7.1	3-5	3-4	400-500
Monterrey, Mexico	US\$ sq.m. p.m.	30.00	0.0	40.75	-1.0	45.43	-1.0	387.11	6.1	3-5	2	0
Montreal (Downtown), Canada	CAD sq.ft. p.a.	22.73	4.5	43.24	3.6	38.69	-4.7	329.66	2.1	5	3	20
Montreal (Suburban), Canada	CAD sq.ft. p.a.	14.88	3.1	27.79	-0.8	24.87	-8.7	211.87	-2.2	5	3	15
New York (Downtown Manhattan), U.S.	US\$ sq.ft. p.a.	65.00	10.2	82.55	10.2	82.55	10.2	703.36	18.0	10	12	70
New York (Midtown Manhattan), U.S.	US\$ sq.ft. p.a.	95.00	5.6	120.65	5.6	120.65	5.6	1027.99	13.1	10	10	70
Panama City, Panama	US\$ sq.m. p.m.	25.50	2.0	30.11	1.8	33.57	1.8	285.99	9.1	3-5	1-3	0
Rio de Janeiro, Brazil	BRL sq.m. p.m.	185.00	-2.6	223.16	-0.5	101.34	-9.7	863.47	-3.2	5	4-8	0
San Francisco (Downtown), U.S.	US\$ sq.ft. p.a.	95.00	11.8	114.00	11.8	114.00	11.8	971.33	19.7	5-10	0-3	40-70
San Francisco (Peninsula), U.S.	US\$ sq.ft. p.a.	63.10	12.7	72.57	12.7	72.57	12.7	618.29	20.7	3-5	3	20
Santiago, Chile	CLF sq.m. p.m.	0.68	-13.9	0.93	-13.5	56.20	0.0	478.86	7.2	3-5	1-3	0
São Paulo, Brazil	BRL sq.m. p.m.	160.00	-5.9	202.11	-3.8	91.78	-12.7	782.01	-6.4	5	6-12	0

\* Occupation costs include service charges and taxes and are standardized on a net internal area basis  
Source: CBRE Research, Q3 2014.

FIGURE 6: AMERICAS: PRIME OFFICE OCCUPANCY COSTS – Q3 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)
Seattle (Downtown), U.S.	US\$ sq.ft. p.a.	40.50	11.0	47.79	11.0	47.79	11.0	407.19	18.9	5-10	3-6	30-60
Seattle (Suburban), U.S.	US\$ sq.ft. p.a.	44.00	20.5	50.16	20.5	50.16	20.5	427.39	29.2	5-10	4	30-40
Toronto (Downtown), Canada	CAD sq.ft. p.a.	32.22	-1.3	63.26	-0.4	56.60	-8.4	482.29	-1.8	5	3	25
Toronto (Suburban), Canada	CAD sq.ft. p.a.	17.05	0.1	31.76	-0.1	28.42	-8.1	242.13	-1.5	5	2	25
Vancouver (Downtown), Canada	CAD sq.ft. p.a.	34.34	-5.2	55.39	-1.8	49.56	-9.7	422.29	-3.2	5	1	16
Vancouver (Suburban), Canada	CAD sq.ft. p.a.	25.87	16.4	39.04	10.6	34.93	1.7	297.64	9.0	5	2	16
Washington, D.C. (Downtown), U.S.	US\$ sq.ft. p.a.	73.01	1.3	87.61	1.3	87.61	1.3	746.49	8.6	5-10	5-10	70-100
Washington, D.C. (Suburban), U.S.	US\$ sq.ft. p.a.	39.22	10.9	47.06	10.9	47.06	10.9	401.01	18.8	4-6	4-6	30-60

\* Occupation costs include service charges and taxes and are standardized on a net internal area basis  
Source: CBRE Research, Q3 2014.

FIGURE 7: EMEA: PRIME OFFICE OCCUPANCY COSTS – Q3 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	73.35	1.2	625.00	8.5	15	3	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	452.58	9.8	1-5	1-2	0
Amsterdam, Netherlands	EUR sq.m. p.a.	345.00	1.5	417.39	1.5	48.99	-5.3	417.39	1.5	5+5	15 or 30	0
Barcelona, Spain	EUR sq.m. p.m.	17.75	0.0	24.44	0.0	34.42	-6.7	293.26	0.0	2+3	6	50-100
Belfast, United Kingdom	GBP sq.ft. p.a.	14.00	12.0	23.00	7.0	37.28	7.1	317.68	14.8	5	6	6.25
Belgrade, Serbia	EUR sq.m. p.m.	15.00	0.0	22.00	4.3	30.98	-2.7	264.00	4.3	5	3	0
Berlin, Germany	EUR sq.m. p.m.	22.50	0.0	26.30	1.2	37.04	-5.6	315.60	1.2	5+5	1	30-350
Birmingham, United Kingdom	GBP sq.ft. p.a.	28.50	0.0	44.00	0.7	71.32	0.8	607.73	8.0	10	30	3.25-3.50
Bratislava, Slovakia	EUR sq.m. p.m.	16.00	0.0	25.47	0.0	35.87	-6.7	305.60	0.0	5	2-8	200-500
Bristol, United Kingdom	GBP sq.ft. p.a.	27.50	0.0	43.50	1.2	70.51	1.3	600.83	8.5	10	26	3.25-3.50
Brussels, Belgium	EUR sq.m. p.a.	285.00	0.0	436.36	0.0	51.21	-6.7	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	0.2	33.03	-6.5	281.40	0.2	3-5	3-6	0
Budapest, Hungary	EUR sq.m. p.m.	20.00	0.0	26.89	0.0	37.87	-6.7	322.67	0.0	3-4	4-8	170-200
Cape Town, South Africa	ZAR sq.m. p.m.	150.00	3.1	176.00	3.9	17.36	-7.5	147.95	-0.9	3	1	1400
Copenhagen, Denmark	DKK sq.m. p.a.	1,650.00	-1.5	2,476.47	-1.2	39.04	-7.6	332.67	-1.0	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	788.72	7.1	3	2	0
Dublin, Ireland	EUR sq.m. p.a.	484.00	49.8	622.00	34.9	73.00	25.9	622.00	34.9	10	10	403.3
Durban, South Africa	ZAR sq.m. p.m.	135.00	0.0	155.00	0.0	15.29	-10.9	130.30	-4.6	3	2-3	350-500
Edinburgh, United Kingdom	GBP sq.ft. p.a.	28.50	1.8	45.50	1.1	73.76	1.2	628.45	8.5	10	24	3.25-3.50
Frankfurt, Germany	EUR sq.m. p.m.	38.00	0.0	46.24	0.0	65.12	-6.7	554.84	0.0	5+5	3-6	50-350
Geneva, Switzerland	CHF sq.m. p.a.	900.00	-7.7	965.00	-7.2	93.83	-12.2	799.47	-5.9	5	6	0
Glasgow, United Kingdom	GBP sq.ft. p.a.	28.50	5.6	43.50	6.1	70.51	6.2	600.83	13.8	10	27	3.25-3.50
Gothenburg, Sweden	SEK sq.m. p.a.	2,700.00	3.8	3,277.78	3.5	42.24	-7.8	359.91	-1.2	3 or 5	0-3	0
Hamburg, Germany	EUR sq.m. p.m.	24.50	2.1	29.68	1.8	41.80	-4.9	356.13	1.8	5+5	5+6	50-350
Helsinki, Finland	EUR sq.m. p.a.	408.00	5.7	453.33	5.7	53.20	-1.4	453.33	5.7	3-5	1-3	0-40
Istanbul, Turkey	US\$ sq.m. p.m.	45.00	0.0	73.05	-6.3	81.44	-6.3	693.93	0.4	3-5	1-2	0
Jersey, United Kingdom	GBP sq.ft. p.a.	32.00	0.0	37.75	0.0	61.19	0.1	521.41	7.3	15	12-15	3.25-3.50
Johannesburg, South Africa	ZAR sq.m. p.m.	185.00	5.7	230.00	9.5	22.69	-2.4	193.35	4.5	5-10	0	500
Leeds, United Kingdom	GBP sq.ft. p.a.	25.50	2.0	40.50	3.8	65.65	4.0	559.39	11.4	10	12-24	3.25-3.50
Lille, France	EUR sq.m. p.a.	220.00	0.0	301.08	0.0	35.33	-6.7	301.08	0.0	3/6/9	3/6	0
Lisbon, Portugal	EUR sq.m. p.m.	18.50	0.0	24.73	0.0	34.82	-6.7	296.70	0.0	5	5-7	0

\* Occupation costs include service charges and taxes and are standardized on a net internal area basis  
Source: CBRE Research, Q3 2014.

FIGURE 7: EMEA: PRIME OFFICE OCCUPANCY COSTS – Q3 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)
Liverpool, United Kingdom	GBP sq.ft. p.a.	19.50	0.0	31.50	0.0	51.06	0.1	435.08	7.3	10	5-10	30-45
London City, United Kingdom	GBP sq.ft. p.a.	60.00	9.1	94.18	6.9	152.67	7.0	1,300.82	14.6	10	5-10	25-40
London West End, United Kingdom	GBP sq.ft. p.a.	107.50	7.5	168.80	8.5	273.63	8.6	2,331.48	16.4	10	0	60-65
Lyon, France	EUR sq.m. p.a.	260.00	-13.3	356.99	-10.8	41.90	-16.7	356.99	-10.8	3-6-9	1-3	30-40
Madrid, Spain	EUR sq.m. p.m.	24.75	1.0	35.29	0.8	49.71	-5.9	423.53	0.8	3+2	2-4	0
Malaga, Spain	EUR sq.m. p.m.	12.00	0.0	17.06	0.0	24.02	-6.7	204.71	0.0	3+3	2	50
Manchester, United Kingdom	GBP sq.ft. p.a.	30.00	0.0	45.25	0.6	73.35	0.7	625.00	7.9	10	3	25
Marseille, France	EUR sq.m. p.a.	270.00	0.0	360.22	0.0	42.28	-6.7	360.22	0.0	3-6-9	6-12	55-85
Milan, Italy	EUR sq.m. p.a.	480.00	0.0	576.92	0.0	67.71	-6.7	576.92	0.0	6+6	5-10	15-45
Moscow, Russian Federation	US\$ sq.m. p.a.	1,200.00	0.0	1,776.63	0.0	165.05	-4.5	1,472.52	7.1	3-5	4-8	35-50
Munich, Germany	EUR sq.m. p.m.	33.00	3.1	40.44	2.8	56.95	-4.1	485.27	2.8	5+5	1-7	10-30
Oslo, Norway	NOK sq.m. p.a.	4,250.00	9.0	4,722.22	9.0	68.30	2.0	581.92	9.3	3-5	4-6	42-48
Palma de Mallorca, Spain	EUR sq.m. p.m.	9.00	-10.0	12.74	-7.8	17.94	-13.9	152.89	-7.8	5	4-6	35-40
Paris, France	EUR sq.m. p.a.	800.00	0.0	970.97	0.0	113.95	-6.7	970.97	0.0	3/6/9	2	0
Prague, Czech Republic	EUR sq.m. p.m.	19.50	-2.5	31.56	-1.7	44.44	-8.3	378.67	-1.7	5	0-3	20-45
Rome, Italy	EUR sq.m. p.a.	380.00	-5.0	461.54	-4.5	54.17	-10.9	461.54	-4.5	6+6	3-6	20-40
Rotterdam, Netherlands	EUR sq.m. p.a.	225.00	2.3	287.97	2.4	33.80	-4.4	287.97	2.4	5+5	1-3	450-600
Sofia, Bulgaria	EUR sq.m. p.m.	13.00	0.0	18.18	0.0	25.61	-6.7	218.18	0.0	3-5	5-10	30-60
Southampton, United Kingdom	GBP sq.ft. p.a.	18.50	2.8	30.00	1.7	48.63	1.8	414.36	9.1	10	3-6	25-65
Stockholm, Sweden	SEK sq.m. p.a.	4,500.00	2.3	5,500.00	2.1	70.88	-9.1	603.91	-2.6	3 or 5	3-4	400-500
Tel Aviv, Israel	ILS sq.m. p.m.	105.00	-4.5	187.50	-3.2	56.73	-7.4	483.39	-0.8	3-5	2	0
Valencia, Spain	EUR sq.m. p.m.	10.50	-4.5	16.18	-6.3	22.78	-12.6	194.12	-6.3	2+4	3	20
Vienna, Austria	EUR sq.m. p.m.	25.75	3.0	30.79	2.6	43.36	-4.2	369.47	2.6	5	3	15
Warsaw, Poland	EUR sq.m. p.m.	25.50	-1.9	35.00	-1.6	49.29	-8.1	420.00	-1.6	3-5	12	70
Zurich, Switzerland	CHF sq.m. p.a.	825.00	-2.9	865.00	-2.8	84.10	-8.0	716.62	-1.5	5	10	70

\* Occupation costs include service charges and taxes and are standardized on a net internal area basis  
Source: CBRE Research, Q3 2014.



## TERMS AND DEFINITIONS

The Global Prime Office Occupancy Costs survey provides a semi-annual snapshot of occupancy costs for prime office space throughout the world. Since office occupancy lease rates and expenses can vary substantially, 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.



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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 Research professionals around the world led by Andrea Walker. We would like to acknowledge Cynthia Chan, Michael Haddock, Richard Holberton, Erik Nelson and Roelof van Dijk for their contributions to the report.

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