June 2017 Global Prime Office Occupancy Costs

Technology a must amid rising occupancy costs

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Introduction

Occupants of prime office space span a range of sectors and sizes, but all are affected to some extent by technology driving change in their organizations. Companies today require technology to manage their business more effectively, satisfy their clients and in many cases access their consumer base. However, companies increasingly are also using sophisticated technology offerings as a way to attract and retain talent and manage their real estate operations. This report provides insight into prime office occupancy costs around the world and the growing role of technology in corporate real estate departments.

Prime office occupancy costs increased by 1.9% globally in the year ending Q1 2017, lower than the growth rate in the year ended Q1 2016 (2.2%). This was largely attributable to a slowdown in year-on-year growth in Asia Pacific (1.2%) and EMEA (0.8%), while occupancy costs in the Americas increased by 3.6% year-on-year.

FIGURE 1: YEAR-OVER-YEAR CHANGE IN OCCUPANCY COSTS

	Q1 2017	Q1 2016		Change
Global	1.9%	2.2%	▼	30 bps
Americas	3.6%	2.7%	▲	90 bps
Asia Pacific	1.2%	2.4%	▼	120 bps
EMEA	0.8%	1.5%	▼	70 bps

Source: CBRE Research, Q1 2017.

FIGURE 2: TOP-50 MOST EXPENSIVE MARKETS

Ranked by prime office occupancy costs in US$ per sq. ft. per annum as of Q1 2017*

1	Hong Kong (Central), Hong Kong	302.51	**26**	Shenzhen, China	86.65
2	London (West End), United Kingdom	213.85	**27**	Singapore, Singapore	85.02
3	New York (Midtown Manhattan), U.S.	202.79	**28**	Geneva, Switzerland	80.76
4	Hong Kong (West Kowloon), Hong Kong	190.02	**29**	Dublin, Ireland	80.59
5	Beijing (CBD), China	183.10	**30**	Stockholm, Sweden	80.34
6	Beijing (Finance Street), China	170.29	**31**	Istanbul, Turkey	75.06
7	Tokyo (Marunouchi/Otemachi), Japan	161.76	**32**	Zurich, Switzerland	73.33
8	New York (Midtown-South Manhattan), U.S.	156.19	**33**	Mumbai (Nariman Point - CBD), India	73.10
9	New Delhi (Connaught Place - CBD), India	153.89	**34**	Guangzhou, China	69.57
10	Shanghai (Pudong), China	133.82	**35**	São Paulo, Brazil	69.47
11	London (City), United Kingdom	130.17	**36**	Taipei, Taiwan	67.92
12	Moscow, Russian Federation	118.70	**37**	Manchester, United Kingdom	64.72
13	Shanghai (Puxi), China	113.02	**38**	Tel Aviv, Israel	63.70
14	San Francisco (Downtown), U.S.	112.71	**39**	Ho Chi Minh City, Vietnam	63.61
15	Dubai, United Arab Emirates	106.17	**40**	Houston (Downtown), U.S.	63.10
16	Boston (Downtown), U.S.	102.50	**41**	Birmingham, United Kingdom	62.53
17	Seoul (CBD), South Korea	100.62	**42**	Milan, Italy	61.70
18	Paris, France	100.55	**43**	Seattle (Downtown), U.S.	61.12
19	Sydney, Australia	97.17	**44**	Edinburgh, United Kingdom	59.40
20	Mumbai (Bandra Kurla Complex), India	96.91	**45**	Helsinki, Finland	59.07
21	San Francisco (Peninsula), U.S.	96.84	**46**	Seattle (Suburban), U.S.	58.35
22	New York (Downtown Manhattan), U.S.	91.18	**47**	Perth, Australia	57.60
23	Washington, D.C. (Downtown), U.S.	90.15	**48**	Chicago (Downtown), U.S.	57.51
24	Los Angeles (Suburban), U.S.	89.57	**49**	Brisbane, Australia	57.03
25	Seoul (Yeouido), South Korea	89.27	**50**	Jakarta, Indonesia	57.02

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

Source: CBRE Research, Q1 2017.

The two most expensive markets remained Hong Kong (Central) and London's West End. The top-10 list remains largely unchanged, reflecting the ongoing strength of these global gateway cities in attracting and maintaining a successful occupier base. London (City) was pushed out of the top-10 most expensive markets to 11th place, despite prime office costs rising by 2.9%.

Cities in the Americas and EMEA dominated the top-20 largest annual occupancy cost increases, each with eight markets on the list. Occupancy costs in suburban Denver, suburban Houston and Midtown-South Manhattan topped the list in the U.S., but Buenos Aires in Argentina showed the biggest increase in costs in the Americas overall. Similar to last year, Stockholm (Sweden) registered some of the fastest growth in EMEA, although Durban (South Africa), Palma de Mallorca (Spain), Belfast (U.K.) and Amsterdam (Netherlands) also showed double-digit growth, with Lyon (France) and Berlin (Germany) not far behind. In Asia Pacific, Shanghai (Puxi) in China had the highest growth in occupancy cost, followed by Guangzhou and Shanghai (Pudong).

FIGURE 3: TOP-20 LARGEST INCREASES

Prime office space occupancy costs in local currency and measure, ranked by 12-month % change increases as of Q1 2017

1	Durban, South Africa	21.2	**11**	Chicago (Downtown), U.S.	10.2
2	Buenos Aires, Argentina	20.0	**12**	Lyon, France	8.8
3	Stockholm, Sweden	18.8	**13**	Berlin, Germany	8.7
4	Denver (Suburban), U.S.	17.2	**14**	Madrid, Spain	8.6
5	Palma de Mallorca, Spain	16.5	**15**	Guangzhou, China	8.2
6	Houston (Suburban), U.S.	15.3	**16**	Denver (Downtown), U.S.	8.1
7	Belfast, United Kingdom	15.1	**17**	Bangalore (CBD), India	8.1
8	New York (Midtown-South Manhattan), U.S.	14.7	**18**	Seattle (Downtown), U.S.	7.9
9	Shanghai (Puxi), China	13.0	**19**	Atlanta (Buckhead & Midtown), U.S.	7.9
10	Amsterdam, Netherlands	12.0	**20**	Shanghai (Pudong), China	7.5

Source: CBRE Research, Q1 2017.

FIGURE 4: TOP-20 LARGEST DECREASES

Prime office space occupancy costs in local currency and measure, ranked by 12-month % change decreases of Q1 2017

1	Jakarta, Indonesia	-19.6	**11**	Leeds, United Kingdom	-4.4
2	Moscow, Russian Federation	-18.0	**12**	Vancouver (Downtown), Canada	-3.5
3	Geneva, Switzerland	-9.8	**13**	New York (Midtown Manhattan), U.S.	-3.3
4	Hanoi, Vietnam	-7.4	**14**	Glasgow, United Kingdom	-3.3
5	Calgary (Downtown), Canada	-6.7	**15**	Calgary (Suburban), Canada	-3.0
6	Singapore, Singapore	-6.6	**16**	Shenzhen, China	-2.6
7	Istanbul, Turkey	-6.5	**17**	Perth, Australia	-2.4
8	London (West End), United Kingdom	-6.3	**18**	Frankfurt, Germany	-2.2
9	Zurich, Switzerland	-6.0	**19**	Mexico City, Mexico	-2.1
10	Abu Dhabi, United Arab Emirates	-4.8	**20**	Edinburgh, United Kingdom	-2.1

Source: CBRE Research, Q1 2017.

Markets oriented toward the export of commodities, particularly oil, such as Jakarta, Calgary and Moscow, showed significant year-on-year declines. Ongoing political instability in Istanbul has been the key downward driver of costs, while occupier efforts to reduce occupancy costs due to the ongoing strength of the Swiss franc relative to the euro has resulted in falls in Swiss markets, including Geneva and Zurich. In Singapore, occupancy costs continue to fall, thanks to increased supply of office stock and weak levels of inflation. In London's West End, the fall in occupancy costs is largely due to a fall in rents in a climate of ongoing uncertainty following the U.K.'s Brexit referendum.

ECONOMIC LANDSCAPE

Global economic growth is currently being propelled by fiscal stimulus in China, which boosted world trade in Q1, especially among emerging markets in Asia. The Global Manufacturing PMI reached 52 in April 2017, and a six-year high of 55 for the G7, indicating continued expansion in manufacturing activity.

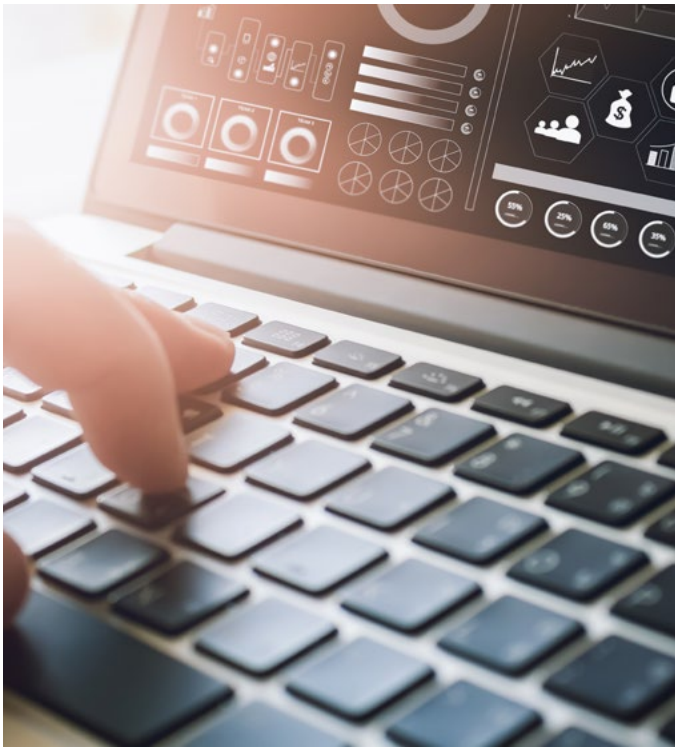
U.S. GDP, however, grew by only 1.2% in Q1—its weakest performance since Q1 2014—due to cautious consumer spending, which accounts for nearly 70% of economic activity. Core CPI inflation in the U.S. fell to 1.9% from 2% in March and personal consumption expenditures dropped to 1.6% from 1.8% thanks in part to reduced energy prices. This has reduced pressure on the Fed to raise interest rates further this quarter.

In the eurozone, unemployment fell to 9.5% in Q1, its lowest since June 2009. The eurozone has now registered 14 consecutive quarters of growth, but the improving economic conditions were a secondary focus to the series of political events unfolding in early 2017. With the Dutch and French elections concluding with significant success by centrist parties, the focus has shifted once more to the U.K., where general elections were held in June. Rising inflation, especially in the U.K., may undermine consumer spending for the remainder of the year.

TECHNOLOGY AND THE EMPLOYEE EXPERIENCE

Technology is the biggest catalyst of change in the workplace today. Mobile devices, virtual networks, videoconferencing and cloud storage have created a seamless transition from the physical workplace of the 20th century to the virtual workplace of the 21st century.

The answer is to create a user experience, in part through technology, that makes the employee more efficient and effective in their personal and professional lives.



Flexible working that started out as cutting-edge human resources policy in progressive organizations is now an accepted business practice. However, the desire for engagement, culture and innovation is greater than ever before and is fostered by an environment of community not dispersion. So how does an organization voluntarily draw people back into the office and remain competitive?

The answer is to create a user experience, in part through technology, that makes the employee more efficient and effective in their personal and professional lives. Although technology has allowed us to decentralize from the physical workplace, it is now also the catalyst that leading organizations use to make the office the preferred place to work. Technology in the workplace can range from fundamental tools required to do your job to sophisticated technology that anticipates an employee's needs throughout the day. Where an organization falls in this spectrum will likely determine how much its

employees need the office to achieve success and how differentiated the company is from its competitors.

CBRE's Workplace group talks about a pyramid of user experience with foundational at the base, relational in the middle and transformational at the top. **Foundational** elements of the workplace are fundamentally required to do your job, such as internet connectivity and devices. The **relational** elements of the workplace allow employees to maintain and develop relationships perhaps through social networking platforms. **Transformational** workplaces provide unique experiences to their employees that reflect the brand and culture of the organization. Sophisticated technology can move organizations up the pyramid to the transformational peak that many aspire to but haven't yet reached.

The internet-of-things concept or machine-to-machine technology are clear growth areas that will have an impact on the efficiency of the employee of the future. Connecting people to things that will make the transitions in their lives seamless is a predicted way that employee interaction with the workplace will be more efficient.

"One of the coolest things we see organizations doing today is thinking about the opportunity to connect people more effectively," says Lenny Beaudoin, who leads CBRE's global Workplace practice. "A building is inherently a social network, and predictive technology can be used to connect people working on similar projects, connect people to space and connect people to services that help them make more efficient use of their time."

Georgia Collins, who co-leads CBRE's Americas Workplace practice, notes that "predictive tools will help us accelerate how professional networks are built and relationships are formed. This will be facilitated by technology, but it will be the responsibility of someone at the local level to take on a concierge-type role that will foster these relationships. Many CRE organizations are transforming to fill this role."

Health & wellness is also a growing trend in workplaces across the globe. Technology related to health & wellness, such as wearable fitness trackers, apps and social network platforms, is growing in usage. These platforms and devices are making health & wellness more fun and interactive for employees, while allowing companies to better understand the impact and effectiveness of their

programs. However, simply providing the technology is only the first step. Analyzing data to create targeted campaigns to employees based on health needs and evaluating program effectiveness according to healthcare spend is the future in this space. As demographics in the workplace get younger and technology advances, we expect this trend in health & wellness will grow.

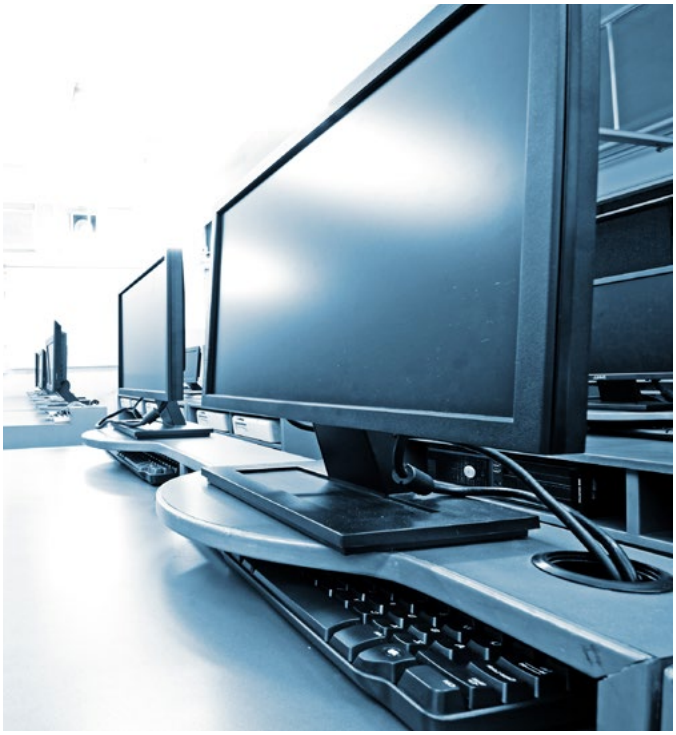
Lastly, augmented and virtual reality are emerging technologies in the workplace that can be used to interact with clients and colleagues. The pragmatic uses of this technology include gamification, virtual training and connecting remote workers. However, the creative applications are endless.

The impact of technology on employee experience will weather many changes in the coming decade. Organizations must embrace this change to stay competitive in the marketplace and therefore must create strategies to broadly test and, in some cases, implement this workplace advancement. Nevertheless, it is important to note that new technologies will only complement, but not diminish, the need for human interaction in the workplace to build relationships and learn new skills.

TECHNOLOGY AND REAL ESTATE PORTFOLIO MANAGEMENT

The role and priorities of CRE functions are changing rapidly, as are the tools required to perform them. Effective CRE executives must act as influencers across their organizations and maintain close alignment between enterprise goals and real estate initiatives. As a result, the evaluation, planning and implementation of corporate real estate initiatives are increasingly data driven and therefore underpinned by advanced technology-based solutions. Supporting this point, more than half of the respondents to *CBRE's 2017 Global Occupier Survey* cite improved data access and quality as being integral to their future success.

The drive toward cost management and the focus on attracting and retaining talent hold a constant spot on the enterprise and real estate agendas. The ability to effectively track and measure things, such as space



utilization, energy usage and impacts of the workplace on employee productivity, is a common requirement of CRE teams today. Therefore, technologies that create actionable data or even predictive analytics in these areas are top of mind.

Far-sighted occupiers are applying innovative technologies to understand and manage their occupancy patterns in sophisticated ways. Some of this involves measuring existing usage patterns and costs more accurately—for instance, using building sensors—but the real cutting edge lies in the development of predictive analytics. This involves identifying, integrating and harnessing sufficient amounts of high-quality and high-frequency data about the building, its workforce and sometimes the surrounding area so that it has predictive and actionable scope.

Many building owners and managers are capable of producing useful information on some aspects of their performance—security, parking, lighting, HVAC, wayfinding, etc.—but not necessarily all of them, and mostly not in an integrated way that links them all together. Examples exist of "smart" buildings that

have used innovative technologies to achieve significant gains in some element of building performance: reduced water consumption, smart car parking, on-site energy production and efficiencies in building management and facilities management services. The Francis Crick Institute in London incorporates a range of innovative building technologies and includes 25,000 sensors that constantly monitor heat, light, pressure and humidity. *The Edge* in Amsterdam, managed by CBRE, is certifiably the cleanest and most connected large office space in the world. The CBRE *ESI* building in Milwaukee has achieved notable efficiencies in energy consumption and cost through continuous monitoring systems for employee comfort and indoor environmental quality. It serves as the headquarters for ESI, a CBRE test lab for smart building innovation, and provides a tangible example for clients to experience what smart buildings can offer.

Exemplars such as these provide lessons learned from first-generation smart buildings to improve the development of subsequent generations. The challenge for occupiers, landlords and developers lies in understanding optimal combinations of technology and human intervention to create truly intelligent, even cognitive, workplaces. Here, data will be used to track historic performance and predict future outcomes that will shape and improve the future performance of assets in line with dynamic business requirements. Of course it is arguably even more important to have a clear understanding of the real estate issues that a business wants to address. Advanced technology won't provide the answers unless you are asking the right questions.

FIGURE 5: ASIA PACIFIC PRIME OFFICE OCCUPANCY COSTS, Q1 2017

Location		Total Occupancy Cost Local Currency/Measure*			Total Occupancy Cost US$*		Total Occupancy Cost Euro €*		Terms		
	Local currency/measure	Current per local measure	% change 12 months		Current per sq.ft./annum	% change 12 months	Current per sq. m../annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy Improvements (per local currency/measure)
Adelaide, Australia	AUD sq. m. p.a.	550.00	4.8		38.97	3.8	392.13	10.6	5	20	0
Auckland, New Zealand	NZD sq. m. p.a.	712.00	5.8		46.23	6.5	465.26	13.4	9	7.5	0
Bangalore (CBD), India	INR sq. ft. p.m.	214.00	8.1		39.61	10.5	398.65	17.7	5+5	1	0
Bangkok, Thailand	THB sq. m. p.m.	1,003	4.6		32.57	7.0	327.80	14.0	3	1-2	0
Beijing (CBD), China	RMB sq. m. p.m.	1,131	3.8		183.10	-2.6	1,843	3.7	2-3	0-1	0
Beijing (Finance Street), China	RMB sq. m. p.m.	1,051	0.0		170.29	-6.2	1,714	-0.1	2-3	0-1	0
Brisbane, Australia	AUD sq. m. p.a.	805.00	0.0		57.03	-0.9	573.93	5.6	5	21	0
Canberra, Australia	AUD sq. m. p.a.	434.50	2.0		30.78	1.1	309.78	7.7	10	23	0
Guangzhou, China	RMB sq. m. p.m.	429.54	8.2		69.57	1.5	700.08	8.1	3-5	2-3	0
Hanoi, Vietnam	US$ sq. m. p.m.	39.82	-7.4		44.39	-7.4	446.73	-1.4	3	3	0
Ho Chi Minh City, Vietnam	US$ sq. m. p.m.	57.06	2.1		63.61	2.1	640.11	8.8	2	3	0
Hong Kong (Central), Hong Kong	HKD sq. ft. p.m.	195.94	4.4		302.51	4.2	3,044	11.1	3 or 6	1-4	0
Hong Kong (West Kowloon), Hong Kong	HKD sq. ft. p.m.	123.08	6.1		190.02	5.9	1,912	12.8	3 or 6	1-4	0
Jakarta, Indonesia	IDR sq. m. p.m.	681,523	-19.6		57.02	-20.0	573.84	-14.8	3	1-2	0
Kuala Lumpur, Malaysia	RM sq. ft. p.m.	12.00	0.0		32.53	-11.9	327.36	-6.1	3	1-3	0
Melbourne, Australia	AUD sq. m. p.a.	732.00	4.6		51.86	3.7	521.88	10.4	10	37	0
Mumbai (Bandra Kurla Complex), India	INR sq. ft. p.m.	523.53	0.0		96.91	2.2	975.26	8.9	3+2	1	0
Mumbai (Nariman Point - CBD), India	INR sq. ft. p.m.	394.87	0.0		73.10	2.2	735.59	8.9	3+2	1	0
New Delhi (Connaught Place - CBD), India	INR sq. ft. p.m.	831.34	0.5		153.89	2.8	1,549	9.5	3+3+3	1	0
New Delhi (Gurgaon), India	INR sq. ft. p.m.	259.49	1.8		48.03	4.1	483.38	10.9	3+3+3	1-4	0
Perth, Australia	AUD sq. m. p.a.	813.00	-2.4		57.60	-3.3	579.63	3.1	5	27	0
Seoul (CBD), South Korea	KRW sq. m. p.m.	100,923	2.1		100.62	4.3	1,013	11.2	3-5	3.3	0
Seoul (Yeouido), South Korea	KRW sq. m. p.m.	89,539	1.0		89.27	3.3	898.35	10.0	3-5	2.7	500,000
Shanghai (Pudong), China	RMB sq. m. p.m.	826.28	7.5		133.82	0.8	1,347	7.4	2-3	0-2	0
Shanghai (Puxi), China	RMB sq. m. p.m.	697.82	13.0		113.02	6.0	1,137	12.9	2-3	0-2	0
Shenzhen, China	RMB sq. m. p.m.	535.00	-2.6		86.65	-8.7	871.96	-2.7	3-5	1-3	0
Singapore, Singapore	SGD sq. ft. p.m.	9.90	-6.6		85.02	-10.0	855.53	-4.1	3	2-3	0
Sydney, Australia	AUD sq. m. p.a.	1,372	5.8		97.17	4.9	977.82	11.8	8	26	0
Taipei, Taiwan	NTD ping. p.m.	6,123	-1.4		67.92	4.3	683.41	11.1	3-5	1-3	0
Tokyo (Marunouchi/Otemachi), Japan	JPY tsubo p.m.	53,460	0.0		161.76	0.8	1,628	7.4	5	6	0
Wellington, New Zealand	NZD sq. m. p.a.	517.50	-1.0		33.60	-0.3	338.16	6.2	9	8.3	0

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

Source: CBRE Research, Q1 2017.

FIGURE 6: AMERICAS: PRIME OFFICE OCCUPANCY COSTS, Q1 2017

Location		Total Occupancy Cost Local Currency/Measure*			Total Occupancy Cost US$*		Total Occupancy Cost Euro €*		Terms		
	Local currency/measure	Current per local measure	% change 12 months		Current per sq.ft./annum	% change 12 months	Current per sq. m./annum	% change 12 months	Typical lease term (years)	Typical rent free (months)	Tenancy Improvements (per local currency/measure)
Atlanta (Buckhead & Midtown), U.S.	US$ sq. ft. p.a.	43.78	7.9		43.78	7.9	440.60	14.9	3-8	4-8	15-35
Atlanta (Suburban), U.S.	US$ sq. ft. p.a.	34.45	4.0		34.45	4.0	346.67	10.8	4-8	2-6	20-35
Boston (Downtown), U.S.	US$ sq. ft. p.a.	102.50	1.2		102.50	1.2	1,032	7.9	10	3-6	65-70
Boston (Suburban), U.S.	US$ sq. ft. p.a.	44.58	0.0		44.58	0.0	448.61	6.5	5-7	1	40-45
Buenos Aires, Argentina	US$ sq. m. p.m.	50.37	20.0		56.15	20.0	565.08	27.9	5	2	0
Calgary (Downtown), Canada	CAD sq. ft. p.a.	43.84	-6.7		32.87	-9.6	330.77	-3.7	3-5	5-7	25-50
Calgary (Suburban), Canada	CAD sq. ft. p.a.	36.80	-3.0		27.59	-6.0	277.65	0.2	3-5	4-6	30-50
Chicago (Downtown), U.S.	US$ sq. ft. p.a.	57.51	10.2		57.51	10.2	578.75	17.4	7-8	5-6	75-90
Chicago (Suburban), U.S.	US$ sq. ft. p.a.	30.21	3.8		30.21	3.8	304.02	10.6	5-10	4-5	15-30
Dallas (Downtown), U.S.	US$ sq. ft. p.a.	52.87	7.0		52.87	7.0	532.09	14.0	5-10	4-6	25-50
Dallas (Suburban), U.S.	US$ sq. ft. p.a.	44.83	4.0		44.83	4.0	451.12	10.8	5-10	3-7	35-40
Denver (Downtown), U.S.	US$ sq. ft. p.a.	48.86	8.1		48.86	8.1	491.70	15.2	9	6	54.00
Denver (Suburban), U.S.	US$ sq. ft. p.a.	31.40	17.2		31.40	17.2	315.99	24.8	4	2	23.50
Houston (Downtown), U.S.	US$ sq. ft. p.a.	63.10	1.0		63.10	1.0	635.01	7.6	5-10	9-12	75-100
Houston (Suburban), U.S.	US$ sq. ft. p.a.	54.26	15.3		54.26	15.3	546.03	22.8	5-10	6-12	50-75
Los Angeles (Downtown), U.S.	US$ sq. ft. p.a.	48.98	2.8		48.98	2.8	492.88	9.5	6-7	5-7	40-75
Los Angeles (Suburban), U.S.	US$ sq. ft. p.a.	89.57	5.0		89.57	5.0	901.37	11.9	7-8	5-10	40-85
Mexico City, Mexico	US$ sq. m. p.m.	49.38	-2.1		55.06	-2.1	554.05	4.3	3-5	2-3	600-750
Montreal (Downtown), Canada	CAD sq. ft. p.a.	44.51	1.0		33.37	-2.1	335.83	4.3	5-10	3	40
Montreal (Suburban), Canada	CAD sq. ft. p.a.	28.93	4.2		21.69	1.0	218.28	7.6	5-10	0	25
New York (Downtown Manhattan), U.S.	US$ sq. ft. p.a.	91.18	-0.8		91.18	-0.8	917.57	5.6	10	8	67
New York (Midtown Manhattan), U.S.	US$ sq. ft. p.a.	202.79	-3.3		202.79	-3.3	2,041	3.0	10	10	95
New York (Midtown-South Manhattan), U.S.	US$ sq. ft. p.a.	156.19	14.7		156.19	14.7	1,572	22.2	10	9	68
San Francisco (Downtown), U.S.	US$ sq. ft. p.a.	112.71	0.6		112.71	0.6	1,134	7.2	5-10	0-3	40-70
San Francisco (Peninsula), U.S.	US$ sq. ft. p.a.	96.84	2.4		96.84	2.4	974.54	9.1	3-7	1-4	40-60
São Paulo, Brazil	BRL sq. m. p.m.	197.80	2.3		69.47	14.2	699.13	21.7	5-10	5-10	0
Seattle (Downtown), U.S.	US$ sq. ft. p.a.	61.12	7.9		61.12	7.9	615.06	15.0	5-7	3	30-40
Seattle (Suburban), U.S.	US$ sq. ft. p.a.	58.35	7.3		58.35	7.3	587.23	14.3	5-7	3	30-40
Toronto (Downtown), Canada	CAD sq. ft. p.a.	64.56	1.2		48.40	-1.9	487.10	4.5	5-10	0-1	20
Toronto (Suburban), Canada	CAD sq. ft. p.a.	32.38	1.2		24.28	-1.9	244.31	4.6	5	3 - 6	20-40
Vancouver (Downtown), Canada	CAD sq. ft. p.a.	53.27	-3.5		39.94	-6.4	401.92	-0.3	5	0	25
Vancouver (Suburban), Canada	CAD sq. ft. p.a.	40.27	0.9		30.19	-2.2	303.84	4.2	5	2	25
Washington, D.C. (Downtown), U.S.	US$ sq. ft. p.a.	90.15	0.8		90.15	0.8	907.19	7.4	10	10	105
Washington, D.C. (Suburban), U.S.	US$ sq. ft. p.a.	51.81	0.9		51.81	0.9	521.38	7.5	7	7	65

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

Source: CBRE Research, Q1 2017.

FIGURE 7: EMEA: PRIME OFFICE OCCUPANCY COSTS, Q1 2017

Location		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 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.	45.00	0.0		56.28	-13.0	566.34	-7.3	15	24	0
Abu Dhabi, United Arab Emirates	AED sq. m. p.a.	2,000	-4.8		50.58	-4.8	509.01	1.4	1-4	1-3	0
Amsterdam, Netherlands	EUR sq. m. p.a.	469.13	12.0		46.62	5.2	469.13	12.0	5+5	15-30	0
Barcelona, Spain	EUR sq. m. p.m.	29.49	7.1		35.17	0.6	353.93	7.1	3+2	3-5	50-100
Belfast, United Kingdom	GBP sq. ft. p.a.	30.50	15.1		38.14	0.1	383.85	6.7	5	6	0
Belgrade, Serbia	EUR sq. m. p.m.	23.20	0.0		27.67	-6.1	278.40	0.0	5	2	0
Berlin, Germany	EUR sq. m. p.m.	31.30	8.7		37.32	2.0	375.60	8.7	5+5	0	50-400
Birmingham, United Kingdom	GBP sq. ft. p.a.	50.00	0.0		62.53	-13.0	629.26	-7.3	10	21	0
Bratislava, Slovakia	EUR sq. m. p.m.	21.88	0.0		26.09	-6.1	262.53	0.0	5	2-8	80-250
Bristol, United Kingdom	GBP sq. ft. p.a.	44.50	1.1		55.65	-12.0	560.04	-6.3	10	15	0
Brussels, Belgium	EUR sq. m. p.a.	442.42	0.0		43.96	-6.1	442.42	0.0	3/6/9	1 year secured	24-47
Bucharest, Romania	EUR sq. m. p.m.	23.89	0.0		28.49	-6.2	286.68	0.0	3-5	3-6	25-100
Budapest, Hungary	EUR sq. m. p.m.	28.61	0.0		34.12	-6.1	343.33	0.0	5	5	0
Cape Town, South Africa	ZAR sq. m. p.m.	203.00	6.3		16.86	16.5	169.68	24.1	3-5	1	1,850
Copenhagen, Denmark	DKK sq. m. p.a.	2,653	4.6		35.44	-1.6	356.69	4.8	3-5 (tenant)/5-10 (landlord)	0-6	0
Dubai, United Arab Emirates	AED sq. ft. p.a.	390.00	4.0		106.17	4.0	1,068	10.8	3	2	0
Dublin, Ireland	EUR sq. m. p.a.	811.00	7.1		80.59	0.6	811.00	7.1	10	6	431
Durban, South Africa	ZAR sq. m. p.m.	206.00	21.2		17.11	32.8	172.19	41.5	3-5	3-5	300-500
Edinburgh, United Kingdom	GBP sq. ft. p.a.	47.50	-2.1		59.40	-14.8	597.80	-9.2	10	16	0
Frankfurt, Germany	EUR sq. m. p.m.	46.77	-2.2		55.78	-8.2	561.29	-2.2	5	3	50-350
Geneva, Switzerland	CHF sq. m. p.a.	870.00	-9.8		80.76	-13.8	812.71	-8.1	5	2-6	0
Glasgow, United Kingdom	GBP sq. ft. p.a.	44.00	-3.3		55.03	-15.9	553.75	-10.4	10	18	0
Gothenburg, Sweden	SEK sq. m. p.a.	3,611	6.6		37.57	-3.3	378.06	3.1	3-5	0-3	0
Hamburg, Germany	EUR sq. m. p.m.	31.29	3.6		37.31	-2.8	375.48	3.6	5+5	5-6	50-350
Helsinki, Finland	EUR sq. m. p.a.	594.44	7.2		59.07	0.6	594.44	7.2	1-5	1-3	0-100
Istanbul, Turkey	US$ sq. m. p.m.	67.33	-6.5		75.06	-6.5	755.36	-0.3	3-5	1-2	0
Johannesburg, South Africa	ZAR sq. m. p.m.	260.00	4.0		21.60	20.0	217.32	21.5	3-5	0	600
Leeds, United Kingdom	GBP sq. ft. p.a.	43.00	-4.4		53.78	-16.9	541.17	-11.4	10	18	0
Lille, France	EUR sq. m. p.a.	302.15	0.4		30.03	-5.8	302.15	0.4	3/6/9	3/6	0
Lisbon, Portugal	EUR sq. m. p.m.	25.27	2.2		30.14	-4.1	303.30	2.2	5	5	0
Liverpool, United Kingdom	GBP sq. ft. p.a.	33.50	-1.5		41.90	-14.3	421.61	-8.7	10	30	0
London (City), United Kingdom	GBP sq. ft. p.a.	104.08	2.9		130.17	-10.5	1,310	-4.6	10	22.5	0

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

Source: CBRE Research, Q1 2017.

FIGURE 7: EMEA: PRIME OFFICE OCCUPANCY COSTS, Q1 2017

Location		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 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)
London (West End), United Kingdom	GBP sq. ft. p.a.	170.99	-6.3		213.85	-18.5	2,152	-13.1	10	22	0
Lyon, France	EUR sq. m. p.a.	400.00	8.8		39.75	2.1	400.00	8.8	3-6-9	4-5-6	0
Madrid, Spain	EUR sq. m. p.m.	40.88	8.6		48.75	1.9	490.59	8.6	3+2	4	50-150
Malaga, Spain	EUR sq. m. p.m.	17.06	0.0		20.34	-6.1	204.71	0.0	3+2	2	0
Manchester, United Kingdom	GBP sq. ft. p.a.	51.75	2.5		64.72	-10.9	651.29	-5.0	10	21	0
Marseille, France	EUR sq. m. p.a.	354.84	0.0		35.26	-6.1	354.84	0.0	3-6-9	3-6	0
Milan, Italy	EUR sq. m. p.a.	620.88	5.6		61.70	-0.9	620.88	5.6	6+6	8-12	0
Moscow, Russian Federation	RUB sq.m. p.a.	72,003	-18.0		118.70	-2.7	1,194	-1.0	3-5	3	40,000
Munich, Germany	EUR sq. m. p.m.	42.86	2.6		51.11	-3.7	514.29	2.6	5+5	3-8	5-350
Oporto, Portugal	EUR sq. m. p.m.	17.25	3.3		20.57	-3.1	207.03	3.3	3	1-3	0
Oslo, Norway	NOK sq. m. p.a.	5,133	1.1		55.52	-2.6	558.70	3.7	3-5	0-6	1,000-5,000
Palma de Mallorca, Spain	EUR sq. m. p.m.	12.45	16.5		14.84	9.4	149.36	16.5	5	1	0
Paris, France	EUR sq. m. p.a.	1,012	1.1		100.55	-5.1	1,012	1.1	3/6/9	7/17	0
Prague, Czech Republic	EUR sq. m. p.m.	31.56	0.0		37.63	-6.1	378.67	0.0	5	8	170
Rome, Italy	EUR sq. m. p.a.	483.52	4.8		48.05	-1.7	483.52	4.8	6+6	6	0
Rotterdam, Netherlands	EUR sq. m. p.a.	296.15	4.0		29.43	-2.4	296.15	4.0	5+5	15-30	0
Sofia, Bulgaria	EUR sq. m. p.m.	18.75	1.5		22.36	-4.7	225.00	1.5	3-5	1-3	50-200
Southampton, United Kingdom	GBP sq. ft. p.a.	33.00	4.8		41.27	-8.9	415.31	-2.9	10	18	0
Stockholm, Sweden	SEK sq. m. p.a.	7,722	18.8		80.34	7.8	808.47	14.9	3-5	0-3	0
Tel Aviv, Israel	ILS sq. m. p.m.	207.50	3.8		63.70	7.4	641.03	14.4	3-5	2-6	0
Valencia, Spain	EUR sq. m. p.m.	15.59	0.0		18.59	-6.1	187.06	0.0	2+3	2	0
Vienna, Austria	EUR sq. m. p.m.	31.05	0.0		37.03	-6.1	372.63	0.0	5	3-4	150-250
Warsaw, Poland	EUR sq. m. p.m.	32.22	-1.7		38.42	-7.7	386.67	-1.7	3-5	6-9	150-250
Zurich, Switzerland	CHF sq. m. p.a.	790.00	-6.0		73.33	-10.0	737.98	-4.1	5	2-6	70-300

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

Source: CBRE Research, Q1 2017.

Terms and Definitions

This annual report outlines rent for prime office locations in 121 key markets in the Americas, Asia Pacific and EMEA as of Q1 2017. Since office costs can vary substantively—not only across world markets but also within the same market area—this data is meant to provide comparative benchmarks only.

Regional and Global Percent Changes

Aggregated changes in prime occupancy costs both at the global and regional level are based on a weighted average of the rental rate change (local currency) in the individual cities. The weighting for each city is based on the Functional Urban Area's (FUA) gross domestic product (according to the OECD definition). For cities that are not covered by the OECD, we use Oxford Economics estimates. Please note regional and global percent changes in previous versions of the report were weighted on country GDP. For consistency, we have recalculated the 2016 percent changes using the current methodology.

Explanation of Columns

Total Occupancy Cost: Local office costs are reported for the highest-quality office space in a prime location. These rents are reported on a gross basis (inclusive of service charges and taxes) and have been adjusted to a net internal area of measurement. The prime office occupancy costs are stated in local currency and measure, U.S. dollars per sq. ft. per annum and euro per sq. m. per annum.

Percentage Change: The percentage change figures reflect the rate of change in local rents over the preceding 12 months. These changes are calculated on the basis of local currency values to avoid distortions from exchange rate valuations.

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 toward any fit-out costs and is reported in local currency/measurement.

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