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Contact:

Robert McGrath

212.984.8267

robert.mcgrath@cbre.com

## OFFICE ASKING RENTS RISE FOR FIRST TIME THIS DECADE IN WORLD'S MAJOR OFFICE MARKETS

*Preliminary Data from CB Richard Ellis Research Indicate Return to Solid Fundamentals*

Hong Kong and London Top List of Strong Markets in 2005

**New York – January 12, 2006** – For the first time this decade, asking rents for Class A office space increased simultaneously in 10 major global markets, according to preliminary year-end 2005 figures from CB Richard Ellis Research. Hong Kong and London were among the strongest office markets in the world, with significant increases in asking rent and declining vacancies.

“Global investment activity has been strong during the past few years, but rising asking rents and falling vacancies indicate that the fundamentals are catching up,” said CBRE Research’s Steven Dunn. “As we start the new year, strong demand for office space, modest construction activity and continued capital flow should fuel continued growth in the investment market.”

Asking rents in Hong Kong increased 45 percent from year-end 2004 to finish 2005 at \$58.81 per sq. ft., while vacancy fell 2.1 percentage points to 4.8 percent at year end. London – the most expensive market in the world – saw asking rents increase by 6.7 percent as compared to 2004 to \$141.72 per sq. ft., with vacancy falling 2.4 percentage points to 7 percent at the end of 2005.

In addition to Hong Kong, Asia Pacific was home to several other strong markets. Although fourth quarter data for Tokyo is not yet available, asking rents in that market have increased 19.8 percent since the fourth quarter of 2004 to \$111.45 per sq. ft., while vacancy has dropped from an already tight 3.5 percent to 1.7 percent through the third quarter. In Sydney, core prime net face rents increased 3.3 percent to \$33.22 per sq. ft. at year end, while vacancy fell from 11.2 percent to 10.4 percent during 2005.

As was the case with London, asking rents were up and vacancies down elsewhere in Europe. Paris asking rents increased 2 percent from the end of 2004 to \$72.06 per sq. ft., while Madrid’s rates were up 8 percent to \$36.59 per sq. ft. at year end. Paris vacancy was down slightly from 5.3 percent a year ago to 5 percent, while Madrid’s vacancy rate dropped 0.3 percentage points from a year ago to 9 percent at year end.

The North American real estate market also had a strong 2005, particularly in New York, where a rebounding economy helped produce an 11.8 percent increase in asking rents from a year ago to

\$44.85 per sq. ft. Despite the addition of several new buildings to the city's skyline, the vacancy rate decreased from 8 percent a year ago to 7 percent. Los Angeles, a city whose downtown office market has been stagnant for several years, rebounded in 2005 with increasing asking rents and falling vacancy. Asking rents increased 15.3 percent to \$29.76 per sq. ft., while the vacancy rate fell 1.5 percentage points to 13.1 percent.

Washington, D.C., was one of the only major markets to see a spike in construction activity, fueled by low vacancy rates and a growing Federal government. Despite 2.9 million sq. ft. of new construction completed in 2005, asking rents have increased 4.5 percent from 2004 to \$45.47 per sq. ft., while the area's vacancy rate has dropped from 6.8 percent to 6.4 percent. In Canada, asking rents in Toronto were up 3.9 percent from 2004 to \$25.44 per sq. ft. The city's already low vacancy rate dropped 2.1 percentage points to finish the year at 6.3 percent.

Below is a list of the 10 markets surveyed by CBRE Research. They were selected based on the fact that they are among the largest and most active office markets in the world.

Market	2005 Rent/sf	% Change from 2004	Vacancy Rate	Change from 2004
Hong Kong	\$58.81	+45.0%	4.8%	-2.1 pt.
London	\$141.72	+6.7%	7.0%	-2.4 pt.
Los Angeles	\$29.76	+15.3%	13.1%	-1.5 pt.
Madrid	\$36.59	+8.0%	9.0%	-0.3 pt.
New York	\$44.85	+11.8%	7.0%	-1.0 pt.
Paris	\$72.06	+2.1%	5.0%	-0.3 pt.
Sydney	\$33.22	+3.3%	10.4%	-0.8 pt.
Tokyo*	\$111.45	+19.8%	1.7%	-1.8 pt.
Toronto	\$25.44	+3.9%	6.3%	-2.1 pt.
Washington, D.C.	\$45.47	+4.5%	6.4%	-0.4 pt.

Source: CBRE Research

\*Through third quarter of 2005. Fourth quarter data has not been finalized.

### Notes to Editors

1. Unless otherwise stated, the figures given in this release refer to asking rental rates per annum only. This does not include local taxes and service charges.
2. Foreign currency and measurement practices have been converted to U.S. dollars per sq. ft. (as of 1/6/06)
3. Percent changes in asking rents are calculated in local currencies and do not include the effects of exchange rate changes over the period.

### About CB Richard Ellis

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