

EMEA Offices

THIRD QUARTER 2007

MARKET OVERVIEW

Prime office rents were boosted by continued strong leasing activity this quarter. Supported by further reductions in availability, rental growth accelerated, although the pace of growth slowed in some of the major European markets.

• Leasing activity remains robust across Europe

Although marginally down on Q2, office take-up across the major European markets totalled 2.5 million sq m in Q3, the third consecutive quarter of take-up above 2 million sq m. Several of the German markets saw particularly strong growth. This boosted the total for the year to date to 7.5 million sq m, a 10% increase on the same period last year.

• Rental growth accelerates, but pace of growth slows in some major markets

The CB Richard Ellis EU-27 Rent Index, which includes CEE markets, accelerated further by 3.1% in the third quarter, pushing the year-on-year growth rate up to 11.5%. A number of markets saw prime rents rise at a faster pace this quarter including Warsaw, Helsinki, Stockholm and Frankfurt. Although some of the major European markets such as London and Madrid continued to see above average annual rental uplift, the pace of growth slowed this quarter, indicating that they have passed the period of peak rates of growth.

• Fastest decline in vacancy rate since 2000

Vacancy levels continued to fall in many markets this quarter. The CB Richard Ellis EU-27 Vacancy Rate Index fell to 7% in Q3, and has now fallen by nearly a full percentage point over the past year. Marked reductions in the vacancy rate were witnessed in the major German cities and some CEE locations. In the major European markets such as London and Paris, the vacancy rates remained broadly stable as a result of increased construction activity.

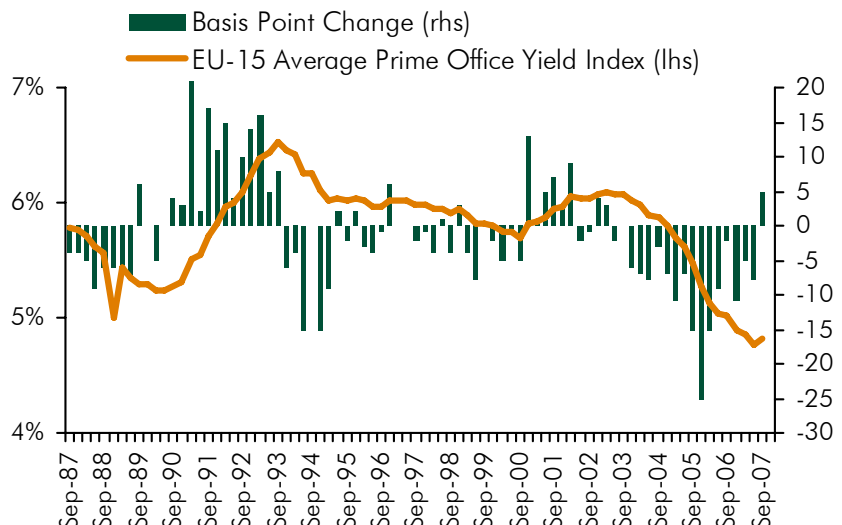
• First sign of increase in prime office yields

After falling for the last four and a half years, the CB Richard Ellis EU-15 Average Prime Office Yield Index rose marginally by five basis points to just over 4.8% in Q3. So far this is solely a UK phenomenon: yields in the major UK office markets increased by between a quarter and half a point. Elsewhere in Europe they remained generally stable, with a few markets notably Moscow and Brussels showing further reductions.

3rd QUARTER AT A GLANCE

Take-up	↓
Availability	↓
Yields	↑
Rental values	↑

CB Richard Ellis EU-15 Average Prime Office Yield Index



Source: CB Richard Ellis

OFFICE RENTS

The CB Richard Ellis EU-27 Rent Index, which includes both CEE and Western European markets, accelerated further by 3.1% in the third quarter, pushing the year-on-year growth rate up to 11.5%.

A number of markets saw prime rents rise at a faster pace this quarter, including Warsaw, (by 22.2% q-on-q), Stockholm, (4.8%), Helsinki, (4.6%), and Frankfurt, (4.3%) as a result of strong demand for office space and continued reductions in availability. Other locations such as Moscow and Oslo also saw a further rapid growth in prime office rents, with the year-on-year growth rate exceeding 50% in both cases.

The major European markets such as London, Paris and Madrid continued to witness above average annual rental growth, but the rate of increase slowed this quarter. Having increased last quarter by 17%, prime rents in London West End remained static in Q3, while rents in Paris grew by only 2.2% this quarter as opposed to 5% in the previous quarter. Prime rents in Madrid continued to grow and saw an uplift of 2.6% in Q3, albeit a slight reduction on the 4% seen in the last quarter.

In this context, there is an expectation that the high rates of rental growth already seen in many markets will slow further in the next few quarters as many of the major European markets approach or pass the peak of the rental cycle.

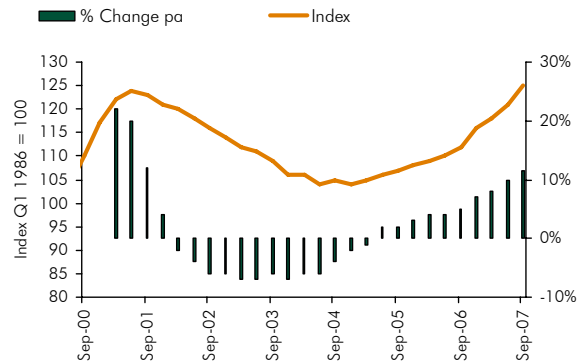
OFFICE TAKE-UP

European office letting activity was generally strong in Q3. Office take-up across the major European markets totalled 2.5 million sq m, the third successive quarter of take-up exceeding 2 million sq m. Although take-up was marginally down on last quarter's particularly strong total, this boosted the total take-up for the year to date to 7.5 million sq m, which is a 10% increase on the corresponding period last year. Take-up looks on track to reach, if not exceed, last year's total.

The most significant increases in letting activity in the last quarter were seen in Germany, where office demand is responding to an improving economy. Frankfurt in particular saw substantial growth, with take-up recording an increase of 192% on the last quarter and 43% on the last year. Other German cities also witnessed a marked acceleration this quarter, notably Düsseldorf and Berlin.

Although some of the larger markets such as London, Paris, Moscow and Brussels recorded a fall in leasing activity in Q3, this followed a particularly strong second quarter. Against this background, demand is broadly in line with the same period last year and in the case of Brussels take-up exceeded the total in Q3 2006 by over 30%. Elsewhere in Europe, demand for office space was generally robust.

EU-27 OFFICE RENT INDEX

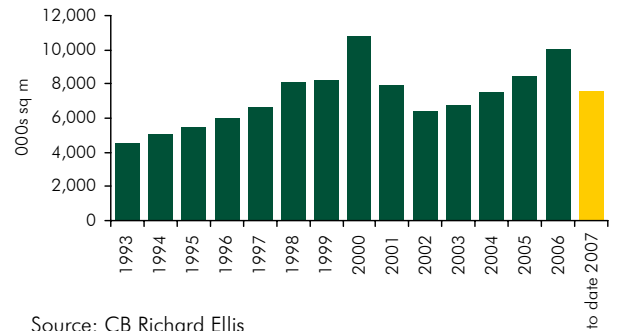


Source: CB Richard Ellis

EU-27 Office Rent Index	Q4 06	Q1 07	Q2 07	Q3 07
Index (Q1 2000 = 100)	116	118	121	125
Quarter on Quarter (% Change)	3.3	1.8	2.8	3.1
Year on Year (% Change)	7.5	8.0	9.8	11.5

Source: CB Richard Ellis

AGGREGATE OFFICE TAKE-UP – MAJOR 15 MARKETS

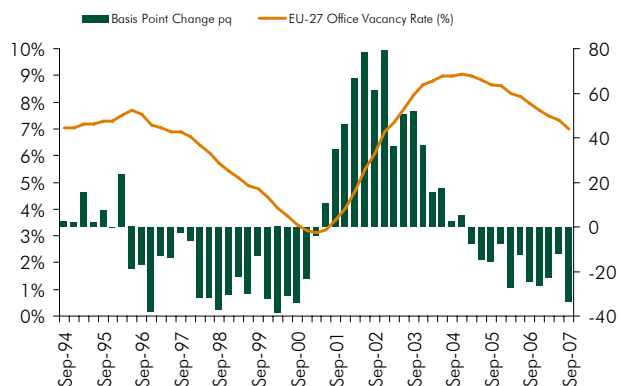


Source: CB Richard Ellis

Office Take-Up (000s sq m)	Q3 06	Q2 07	Q3 07	% Quarterly Change	% Yearly Change
Brussels	95	260	124	-52	31
Central London	388	405	369	-9	-5
Düsseldorf	88	69	138	100	57
Frankfurt	195	95	279	192	43
Madrid	148	190	189	-1	28
Munich	125	185	220	19	76
Paris (Ile-de-France)	603	710	591	-17	-2
Moscow	286	459	272	-41	-5

Source: CB Richard Ellis

EU-27 VACANCY RATE INDEX

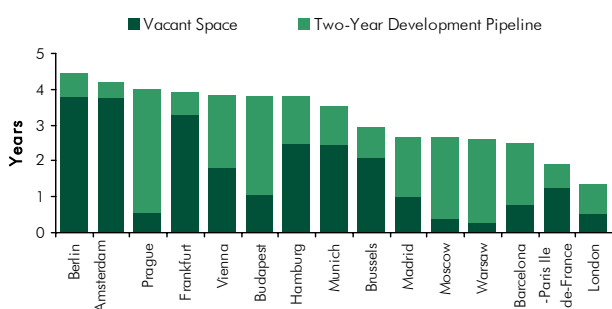


Source: CB Richard Ellis

Office Vacancy	Q3 06 %	Q2 07 %	Q3 07 %
Central London	4.90	3.10	3.10
Paris (Ile-de-France)	5.17	5.00	5.00
Madrid	7.96	6.46	6.32
Frankfurt	14.52	13.07	12.68
Munich	8.30	7.61	7.50
Vienna	6.20	6.10	5.70
Prague	9.00	5.51	5.25
Warsaw	6.61	4.03	3.56

Source: CB Richard Ellis

YEARS' SUPPLY



*development pipeline includes pre-lets

**Years Supply = supply/average 5 year take-up

Source: CB Richard Ellis

Space (000s sq m)	Vacant Space	Two-Year Development Pipeline
Amsterdam	1,126	123
Central London	591	867
Frankfurt	1,513	279
Madrid	699	1,144
Paris (Ile-de-France)	2,496	1,394
Moscow	351	2,100

Source: CB Richard Ellis

OFFICE VACANCY

The CB Richard Ellis EU-27 Vacancy Rate Index fell to 7.01% in Q3. This is the fastest quarterly decrease since Q3 2000 and means that the index has fallen by nearly a full percentage point over the past year.

The accelerating decline in the vacancy rate is underpinned by the fact that fifteen of the twenty eight European markets included in the index recorded lower vacancy figures this quarter as a result of strong demand characteristics. Considerable reductions in the vacancy rate were witnessed in the German cities, notably Frankfurt where the vacancy rate has fallen by nearly two percentage points in the past year. Also, in the CEE region substantial falls in the vacancy rate were seen in Warsaw, where the vacancy rate recorded almost half a percentage point decline on the last quarter.

In the major European markets such as London and Paris vacancy rates remained generally stable in Q3. This resulted from increasing number of development completions coming onto the market this quarter in Paris and accelerating construction activity in Central London, which brought onto the market over 158,000 sq m of new office space.

Elsewhere, availability generally continued to decline in Q3 and the vacancy rate is expected to continue falling over the remainder of this year, supported by strong office demand.

OFFICE DEVELOPMENT PIPELINE

The recent period of strong take-up and falling vacancy has generated increasing interest in development and boosted the two-year development pipeline across the main European markets to over 11 million sq m.

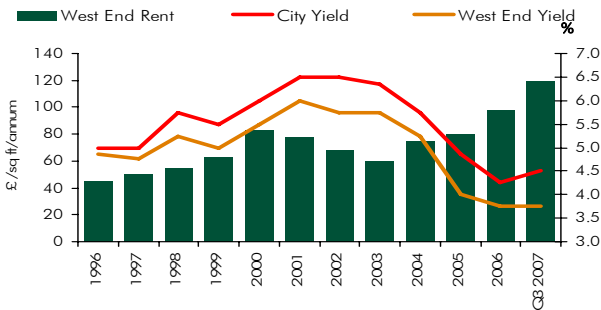
Looking at the level of current and future supply in individual markets against average annual take-up over the past five years gives a relative measure of the balance of supply against demand. This figure ranges between 1.3 years (Central London) and 4.4 years (Berlin) for the major markets. Those markets with less than two years' supply are among those that have experienced strong quarterly and annual rental growth, indicating tight supply. This suggests that development may be profitable in the markets below this threshold, depending on individual market factors.

There is also a clear split between Western and Eastern Europe in terms of the composition of supply. The Eastern European markets show tight supply on the basis of current vacancy, but have the four largest development pipelines relative to typical take-up levels. However, these cities are emerging markets with growing economies that could boost demand above historic averages.

One effect of the current credit squeeze is to alter the cost and availability of development finance. The evidence of recent changes to the Central London development pipeline, for instance, where some schemes appear likely to be deferred, suggests that prospective development levels could change in the near future.

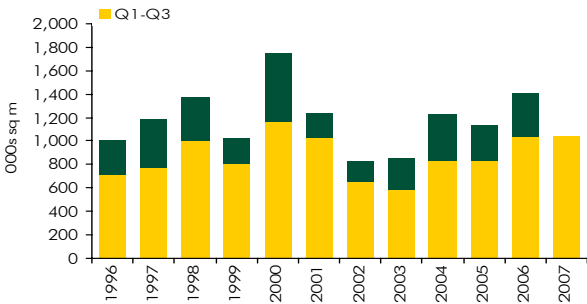
Country	City	PRIME OFFICE RENT		% CHANGE		NET EQUIVALENT RENT €/sq m/annum	PRIME OFFICE YIELD %
		Local	€/sq m/annum	Last 3 months	Last 12 months		
Austria	Vienna	€ 21.50/sq m/month	258	4.9	7.5	272	4.75
Belgium	Brussels	€ 300/sq m/annum	300	0	0	364	5.25
Bulgaria	Sofia	€ 18/sq m/month	216	0	2.9	240	8.00
Czech Republic	Prague	€ 20.50/sq m/month	246	2.5	7.9	273	5.25
Cyprus	Nicosia	CYP 9.00/sq m/month	184	0	0	203	6.80
Denmark	Copenhagen	DKR 1,800/sq m/annum	242	2.9	5.9	285	5.00
Finland	Helsinki	€ 340/sq m/annum	340	4.6	13.3	333	5.00
France	Lyon	€ 210/sq m/annum	210	0	2.4	226	6.10
France	Marseille	€ 210/sq m/annum	210	0	0	226	6.00
France	Paris	€ 788/sq m/annum	788	2.2	13.5	847	3.60
Germany	Berlin	€ 22/sq m/month	264	0	4.8	284	4.90
Germany	Frankfurt	€ 36/sq m/month	432	4.3	7.5	465	5.00
Germany	Hamburg	€ 23.50/sq m/month	282	0	2.2	303	4.90
Germany	Munich	€ 30.50/sq m/month	366	0	0	394	4.80
Greece	Athens	€ 28/sq m/month	336	0	0	369	6.80
Hungary	Budapest	€ 22.50/sq m/month	270	2.3	12.5	300	6.00
Ireland	Dublin	€ 673/sq m/annum	673	0	12.2	673	3.75
Israel	Tel Aviv	\$ 23/sq m/month	194	15	43.8	242	7.50
Italy	Milan	€ 470/sq m/annum	470	2.2	4.4	516	5.25
Italy	Rome	€ 340/sq m/annum	340	0	0	374	5.25
Luxembourg	Luxembourg City	€ 40/sq m/month	480	20.1	20.1	582	5.25
Netherlands	Amsterdam	€ 325/sq m/annum	325	0	0	349	5.00
Norway	Oslo	NKR 3,800/sq m/annum	495	26.7	55.1	550	5.25
Poland	Warsaw	€ 33/sq m/month	396	22.2	65	440	5.50
Portugal	Lisbon	€ 20.25/sq m/month	243	0	1.3	267	5.75
Romania	Bucharest	€ 19.50/sq m/month	234	0	5.4	266	6.80
Russia	Moscow	US\$ 1,300/sq m/annum	913	18.2	52.9	1,074	8.00
Russia	St. Petersburg	US\$ 1,376/sq m/annum	967	17	n/a	1,137	10.00
Slovak Republic	Bratislava	€ 18/sq m/month	216	0	0	240	5.60
Spain	Barcelona	€ 26.50/sq m/month	318	1.9	6.0	342	4.25
Spain	Madrid	€ 468/sq m/annum	468	2.6	21.9	496	4.25
Sweden	Stockholm	SEK 4,400/sq m/annum	480	4.8	18.9	511	4.25
Switzerland	Geneva	SFR 780/sq m/annum	469	4	8.3	469	5.00
Switzerland	Zurich	SFR 900/sq m/annum	542	0	5.9	542	4.70
UAE	Dubai	AED 380/sq ft/annum	783	5.6	35.7	783	7.75
UK	Belfast	£ 14/sq ft/annum	216	3.7	7.7	216	4.75
UK	Birmingham	£ 32.50/sq ft/annum	501	8.3	14	501	5.25
UK	Edinburgh	£ 28/sq ft/annum	432	1.8	5.7	432	4.75
UK	Glasgow	£ 27.50/sq ft/annum	424	0	19.6	424	4.75
UK	London City	£ 62.50/sq ft/annum	964	4.2	20.2	964	4.50
UK	London West End	£ 120/sq ft/annum	1,850	0	37.1	1,850	3.75
UK	Manchester	£ 28.50/sq ft/annum	439	0	0	439	5.25

**CENTRAL LONDON
PRIME OFFICE RENT & YIELD**



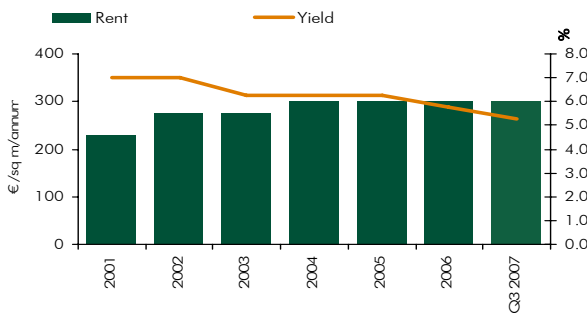
Source: CB Richard Ellis

**CENTRAL LONDON
OFFICE TAKE-UP**



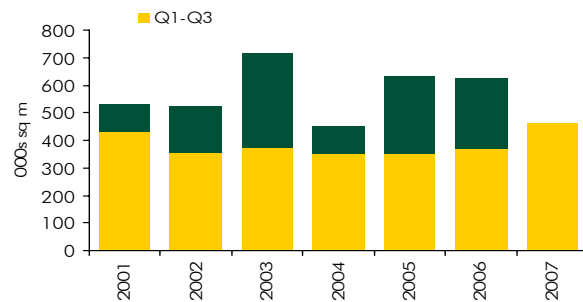
Source: CB Richard Ellis

**BRUSSELS
PRIME OFFICE RENT & YIELD**



Source: CB Richard Ellis

**BRUSSELS
OFFICE TAKE-UP**



Source: CB Richard Ellis

CENTRAL LONDON

Demand for Central London office space remains healthy. Take-up totalled 369,000 sq m in the third quarter which, while down slightly on Q2, is significantly higher than the ten-year average and consistent with recent experience. Take-up for the first three quarters of the year exceeds 1 million sq m, and with outstanding requirements and the volume of space under offer both high, a repeat of last year's total of 1.4 million sq m looks within reach. Despite London's dependence on the financial sector, therefore, there is little evidence yet of the credit crunch adversely affecting occupier demand. This may become more evident in the first half of next year, as a number of large acquisitions by financial sector corporates have been put on hold.

The overall vacancy rate for Central London remains stable at 3.1%, but the West End tightened further to record a vacancy rate of 2.0%, a level that will undoubtedly impede leasing activity simply due to lack of choice. There is some evidence of the rate of rental growth beginning to slow, with the CB Richard Ellis index of prime Central London rents up by 2.6% in the third quarter, its lowest quarterly increase for over a year. Prime yields drifted up in all sub-markets reflecting the greater difficulty of acquiring debt, and expectations of slower income growth.

BRUSSELS

Demand for office space in Brussels remained strong throughout the first three quarters of 2007. Total take-up for the year-to-date reached over 461,000 sq m representing an increase of over 25% on the same period last year. While previously leasing transactions on new office space dominated, second hand buildings accounted for 81% of the transactions registered in the third quarter. Financial and other services continue to account for the largest proportion of current office demand in Brussels, with over half of overall take-up.

On the supply side, a lack of readily available good-quality buildings in a number of submarkets has boosted development activity, both in the urban and suburban districts, with Leopold submarket experiencing the highest level of activity. Around 512,000 sq m of new office developments are due to reach the Brussels office market in the next two years, with almost half of these being developed on a speculative basis. The overall vacancy rate in Brussels saw a slight increase and is now at 9.5%. This resulted from around 96,000 sq m of new space reaching the market in Q3 alone. This is more than double the level of development completions delivered in the first half of 2007.

Prime rents in Brussels remained at €300/sq m/annum this quarter; however weighted average rents recovered back to €164/sq m/annum after a slight dip last quarter.

PARIS

Take-up remains high in Paris across all sub-markets, bringing the year-to-date total to 2.05 million sq m which is on a par with last year. Leasing activity in the third quarter was driven by the public sector, industrial and IT companies which together made up almost half the total. There has been particular interest over recent months in small and medium-sized units.

The vacancy rate has remained relatively stable at 5% throughout 2007 despite strong take-up, because new space has been entering the market and also because much of the take-up was replacement space. However, the key submarkets of both Paris Centre West and La Défense are supply-constrained. The vacancy rate in both has fallen by 20% year-to-date to 3.5% and 4.5% respectively. Quality product, therefore, remains scarce, and supply is likely to remain stable as tougher credit conditions make developers cautious over speculative projects. This will contain any medium-term risk of excessive supply and maintain some upward pressure on rents, at a time when demand side factors may start to weaken.

Rents have increased by 13.5% annually to €788/sq m/annum, but the rate of growth is starting to slow with only 2.2% growth this quarter compared with 5.3% growth last quarter. Indeed, in the medium term uncertainty in the financial markets is likely to suppress rental growth for top quality space as this segment of the market is directly linked to the financial markets. Overall, however, the Paris office market is driven by a diverse range of occupiers who continue to seek good quality space and rental growth is therefore likely to continue across much of the market.

MADRID

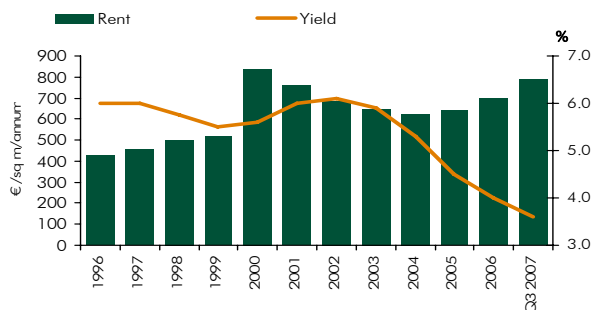
The Madrid office market saw yet another strong quarter. A total of 189,000 sq m was leased this quarter, on a par with the level registered in Q2. Thus, the momentum in occupier demand that had built up over the last few years is not easing up. In fact, the cumulative take-up in the first three quarters of 2007 reached a historic high at 687,000 sq m.

Occupiers continue to be mainly interested in the larger newer office space, predominantly located in the out-of-town submarkets. Notably the M-30 location has been popular this year, accounting for over 40% of total take-up, followed by the M-40 submarket – with a 30% share of the letting activity this year so far.

Strong demand fundamentals mean that net absorption levels reached a historic high. On the other hand, new development activity continues to feed the market and some 200,000 sq m was delivered this year so far. Overall, a slight fall in vacancy has been registered this quarter and is now at 6.3% for the market as a whole.

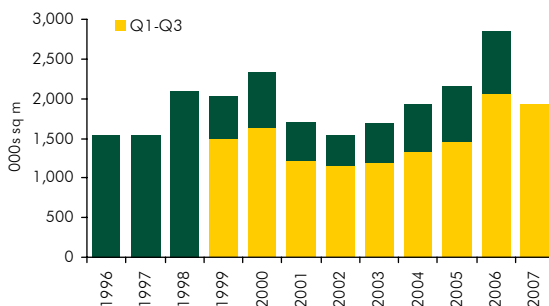
Such positive fundamentals continued to fuel rental growth, with prime values increasing for the ninth consecutive quarter to reach €468/sq m/month. While further rental growth is anticipated, it is expected to be at a slower rate, with the market approaching the top of the cycle.

PARIS (ILE-DE-FRANCE) PRIME OFFICE RENT & YIELD



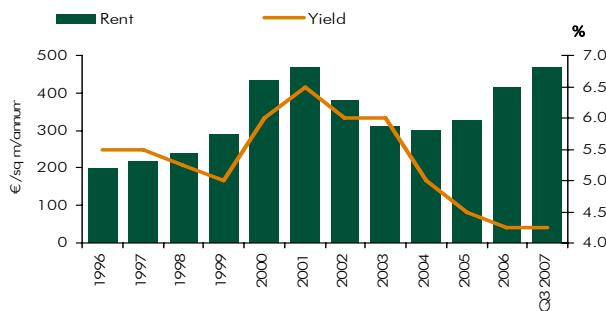
Source: CB Richard Ellis

PARIS (ILE-DE-FRANCE) OFFICE TAKE-UP



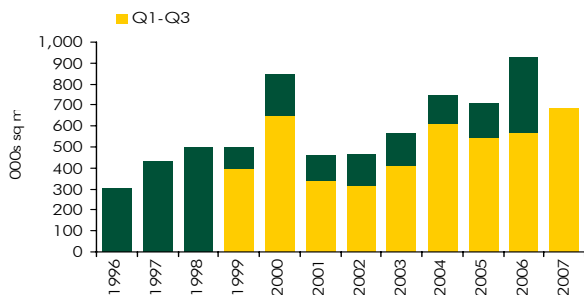
Source: CB Richard Ellis

MADRID PRIME OFFICE RENT & YIELD



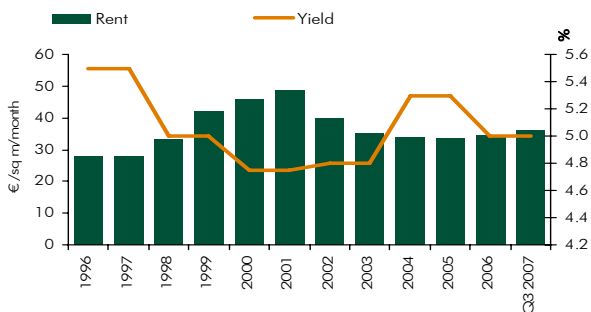
Source: CB Richard Ellis

MADRID OFFICE TAKE-UP



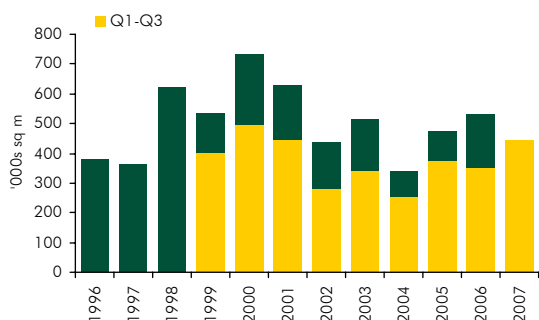
Source: CB Richard Ellis

FRANKFURT PRIME OFFICE RENT & YIELD



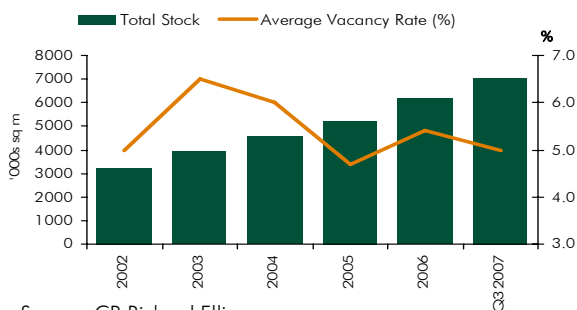
Source: CB Richard Ellis

FRANKFURT OFFICE TAKE-UP



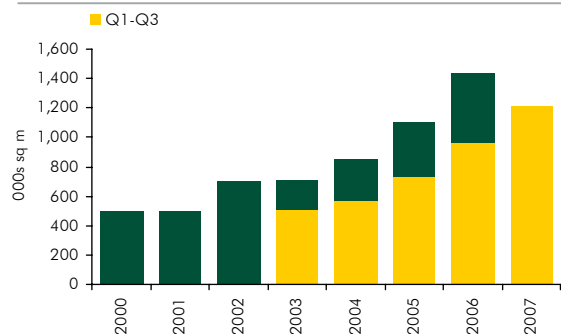
Source: CB Richard Ellis

MOSCOW OFFICE STOCK & VACANCY RATE



Source: CB Richard Ellis

MOSCOW OFFICE TAKE-UP



Source: CB Richard Ellis

FRANKFURT

The Frankfurt office market showed very strong levels of leasing activity in Q3, with record high take-up of 279,000 sq m. Taking the first three quarters of the year as a whole, take-up is 25% up on the corresponding period last year and is on course to reach the levels achieved in the early part of this century. This sharp increase in quarterly take-up resulted from strong demand from professionals, finance and banking services.

As in previous quarters, the majority of leasing transactions were concluded in the finance district zone, with the Banking District accounting for 37% of total take-up and the West End submarket for 16%.

Following strong leasing activity the vacancy rate has fallen further to 12.7% but is still high in a European context. The downward trend is likely to continue as development pipeline is subdued for 2008 and speculative supply is expected to come onto the market not earlier than in 2010.

As only a small proportion of the vacant space is of high-quality, the lack of new supply resulted in upward pressure on prime rents, which recorded a quarterly increase of 4.3% to €36/sq m/month in the Banking District. Also, average weighted rents have seen an increase in almost every submarket and they are now at €30.41/sq m/month in the Banking District.

MOSCOW

Leasing activity eased back from the exceptional levels recorded in the previous two quarters to 272,000 sq m, which is still in line with typical levels over the last three years. Taking the first three quarters of the year as a whole, take-up is over 25% higher than the corresponding period last year, totalling over 1.2 million sq m. Unlike the previous quarter, net absorption accounted for around 75% of total Q3 take-up, which indicates that corporate expansion was the significant driver of demand.

The supply pipeline is also robust with forecast development completions over the next two years exceeding 3 million sq m, 65% of it on a speculative basis. Although the demand fundamentals are strong enough to absorb this level of speculative supply, the result may be dampening of the upward pressure on rents.

The overall level of vacancy increased slightly over the quarter, to 5%. However, the vacancy rate for grade A offices fell over the same period to only 1.4%. These trends have produced further increase in prime rents, which have now reached \$1300/sq m/annum, an 18% increase over the quarter.

Strong investment demand, driven by both foreign and domestic investors, continued to exert downward pressure on office yields, which fell sharply over the quarter to 8%.

HELSINKI

The strong Finnish economy supported demand for office space in Helsinki, with GDP growing at over 5% last year. Although the Finnish economy performed similarly in the first half of this year, a moderate slowdown in the growth rate is expected at the end of 2007, partly resulting from higher interest rates and increasing inflation.

Occupier demand remains strong and is linked with corporate expansion and relocation to better quality office space. The vacancy rate slightly increased to over 8% in Q3 as 77,000 sq m of new office space came onto the market in the first half of the year. However, the increase in the vacancy rate was mostly seen in non prime locations and lower quality office buildings in two main submarkets: Keilaniemi and Ruoholahti. This trend is likely to persist because new supply is increasing and there are currently about 470,000 sq m of office developments under construction, with the majority of them to be located in Keilaniemi and Ruoholahti.

As there is a shortage of high quality office space in Helsinki, prime office rents rose for the fourth consecutive quarter and they stand now at €340/sq m/annum. This a 4.6% increase on the last quarter and 13.3% year-on-year. Prime office rents are still expected to grow in the high quality office buildings in the CBD and in main submarkets despite increasing supply of new office space.

ATHENS

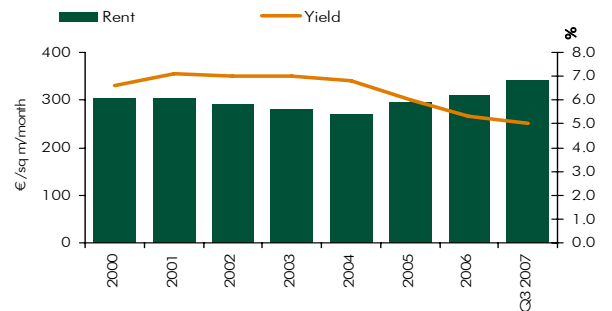
Prime rents in the Athens CBD have remained relatively stable over recent years as the trend in occupancy has been to move out of the city centre.

The combination of a lack of modern accommodation in the city centre and congestion means that much of the letting activity in the city is on the main roads around the city – Kifisias, Syngrou, Attiki Odos. It is in such locations that the modernisation of Athens' office stock is taking place and there is an increasing number of large modern buildings. Rents in such locations are significantly lower than in the best parts of the city centre, averaging €16 to €18/sq m/month.

Demand is high as the strong economic growth in Greece (GDP growth has averaged over 4% per annum since 2000) has generated growth in employment in the service sector. However, the development of new stock has prevented this from turning into strong rental growth.

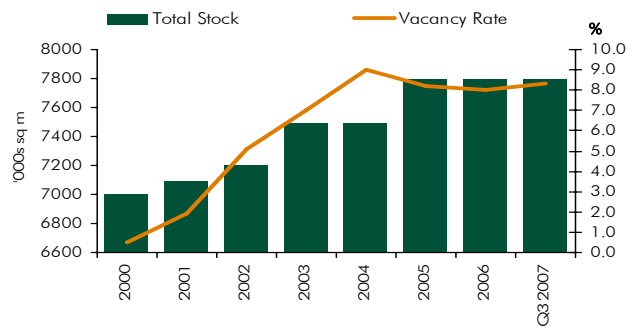
The construction of modern office stock is also increasing the attractiveness of Athens offices to international investors. Previously it has been difficult for cross-border investors to identify suitable opportunities in the office sector. International interest in Athens is now growing and this is starting to drive down yields, although at over 6.5% (gross) yields in Athens are still well above those in most other European capitals.

HELSINKI PRIME OFFICE RENT & YIELD



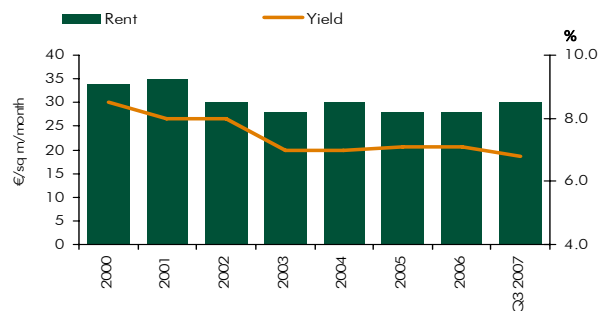
Source: CB Richard Ellis

HELSINKI STOCK & VACANCY RATE



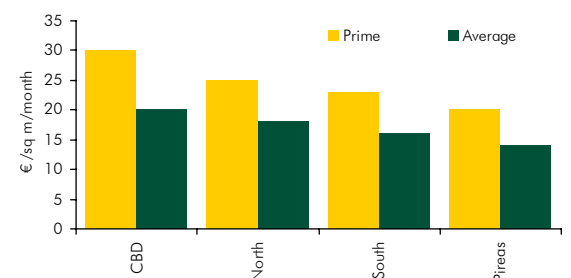
Source: CB Richard Ellis

ATHENS PRIME OFFICE RENT & YIELD



Source: CBRE DANOS

ATHENS SUBMARKET RENTS



Source: CBRE DANOS

OTHER MARKETS



Q3 2007 saw the level of letting activity in **Amsterdam** turn down sharply. The city centre and other central submarkets were particularly quiet, although the market in and around the airport was more active. The continued high vacancy rate means that rental levels have remained stable.

Weaker letting activity in **Barcelona** is viewed as a temporary trend as demand for quality primary space continues to be strong. With only 46,000 sq m planned for delivery in the next three months, further rental growth is likely.

Prime rents edged up in **Belfast**, and yields sharpened for the second consecutive quarter. Although the occupier market is dominated by the price-sensitive public sector, there are expectations that demand will be boosted by increasing inward investment over the next two years.

The **Berlin** office market showed strong levels of leasing activity in Q3, with take-up reaching 148,000 sq m. Taking the first three quarters of the year as a whole, take-up was marginally down on the corresponding period last year, although still strong. The vacancy rate fell by 20 basis points to 9.4% at the end of Q3.

Demand for office space in **Düsseldorf** was particularly strong in Q3, with record high take-up of 138,000 sq m. The vacancy rate decreased to 11.4% as a result of low level of new developments, shortage of available office space in prime locations and strong take-up.

The **Dublin** office market continues to perform robustly with more than 80,000 sq m of take-up recorded in the last three months alone. It also supports the view that this sector of the Irish property market will out-perform all others in 2007 and achieve record take-up levels.

Rents in **Geneva** increased by SFR 30 to SFR 780/ sq m/annum. Take-up was mostly driven by finance and trading, pushing the vacancy rate to just 1%.

The **Hague** office market has been stable this quarter. Prime office rents remained flat this quarter at €195/sq m/annum. Also, prime office yields haven't moved this quarter and remained at the level of 5.75%.

The **Hamburg** office market remained strong in Q3, although the previous quarter's record take-up has not been beaten. Office demand for the first three quarters accounted for 441,400 sq m and recorded a 36% increase on the same period last year, exceeding the annual totals achieved at the early part of this century.

Prime rents and yields have been static in **Lisbon** this quarter. Although two office buildings at 12,000 sq m came onto the market, the vacancy decreased in the CBD to sub 7% and as a whole for Lisbon reduced to 8%.

Prime rents in **Milan** ticked up to €470/sq m/annum. Demand remains generally stable, sustained by high levels of interest from international companies. City centre lettings mostly involve small to medium-sized units, with larger transactions increasingly focused on more peripheral areas.

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Office activity was strong in **Munich** in the first nine months of 2007, with take-up reaching 601,000 sq m. This is an increase of approximately 26% on the corresponding period last year and the market is on course to exceed the last year total.

Prime rents and yields have been static in **Oporto** this quarter and they both reflected the trend in Q3 in Lisbon.

Office demand in **Rome** is being affected by slow economic growth and cost reduction in the public sector. Prime CBD prime rents remain stable at €340/sq m/annum due to lack of quality supply. High-volume demand is mostly focussed on the EUR area.

The **Rotterdam** office market has been stable this quarter. Prime office rents remained flat this quarter at €182/sq m/annum and prime yields remained at 5.75%.

Prime rents in **Vienna** rose for the third consecutive quarter to a level of €21.5/sq m/month. This is a 7.5% increase year-on-year and more increases are expected by the end of the year as demand for office space is strong and the level of new supply low.

Supply is becoming more limited in **Zurich's** CBD at a time when companies are seeking larger floorplates. The airport and CBD remain the most highly sought after areas and prime rents remain unchanged.



Positive net absorption and moderate development has led availability to decline in **Copenhagen**. The vacancy rate is 2.9%, and the tight market is putting upward pressure on rents, which are currently at DKK 1,800/sq m/annum.

Strong investor interest brought prime **Gothenburg** office yields down to 5%. Sound economic conditions and occupier market fundamentals supported further rental growth, with prime office rents increasing by 5% in Q3.

Strong growth in the Norwegian economy continues to support activity in **Oslo**, where prime rents have risen to NOK 3,900/sq m/annum (55% up year-on-year) and the vacancy rate in the CBD is down to 2.5%. Further rental growth is expected in the short term.

Strong demand fundamentals and lack of high quality space is expected to drive further rental growth in **Stockholm**. Prime office rents are now at SEK 4,400/sq m/annum, having increased by a remarkable 19% since the end of 2006.

OTHER MARKETS



The **Bratislava** office market proved to be strong in Q3. With take-up of 33,000 sq m in Q3, office demand for the first three quarters has already exceeded the last year total by 20%.

Prime rents remain firm in **Belgrade** at €21/sq m/month. International companies dominate demand but the vacancy rate remains over 10%.

Budapest prime office rents continued to increase in Q3 and reached €22.5/sq m/month. This was a 2.2% increase on the last quarter and 12.5% on the last year, resulting from robust demand for high quality office space.

Take-up picked to 50,160 sq m in **Prague** this quarter. This is the highest level of take-up achieved this year and in line with three year average. However, cumulative take-up for the first three quarters is lower by 44% when compared to the same period last year.

Strong occupier demand and lack of available space is driving strong rental growth in **St. Petersburg** where prime rents reached \$1,376/sq m/annum. However over 1 million sq m of new supply is forecast in the next two years which will ease the current upward pressure on rents.

The **Warsaw** office market continued to witness strong rental growth, with prime rents rising for the fourth consecutive quarter to a level of €33/sq m/month. This is an increase of 22% quarter-on-quarter and 65% year-on-year. More rental growth is also expected by the end of this year.

Prime rents in **Zagreb** remain on an upward trend, reaching €16.25/sq m/month, a 7% rise over the past year. This reflects the sharp reduction in vacancy rate that has occurred since the beginning of this year.



The **Abu Dhabi** office market remains incredibly supply constrained. This has prompted an 8.6% rise in prime office rents for converted buildings.

The demand for offices in **Dubai** remained strong, particularly for Sheikh Zayed road. Park Place which entered the market in Q2 is currently demanding the highest office rents of up to AED 425/sq ft/annum.

Prime rents in **Tel Aviv** continued to increase for the seventh consecutive quarter, reaching \$23/sq m/month. This is a 15% increase on the last quarter and 44% uplift on the last year.

For additional information please contact:

Richard Holberton

richard.holberton@cbre.com

Tel. +44 207 182 3348

Anna Starczewska

anna.starczewska@cbre.com

Tel. +44 207 182 3419

Catherine Bushnell

catherine.bushnell@cbre.com

Tel. +44 207 182 3405

Dessie Simeonova

dessie.simeonova@cbre.com

Tel. +44 207 182 3183

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EMEA Offices

Abu Dhabi (971) 2 681 4399	Liverpool (44) 151 227 4611
Aix-en-Provence (33) 442 60 01 31	London (44) 20 7182 2000
Amsterdam (31) 20 626 2691	Lyon (33) 4 72 83 48 48
Athens Danos & Associates in association with CBRE (30) 210 736 7567	Madrid (34) 91 598 1900
Barcelona (34) 93 444 7700	Malaga (34) 95 207 0710
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Frankfurt (49) 69 17 00 77 0	Southampton (44) 23 8033 8811
Gaborone (267) 3188 200	Stockholm (46) 8 4101 8700
Geneva CB Richard Ellis PI Performance (41) 22 322 80 60	Saint Petersburg Maris Properties LLC in association with CB Richard Ellis (7) 812 346 5900
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Gothenburg (46) 31 761 8750	The Hague (31) 70 750 8900
Harare (263) 4 707 101	Thessaloniki Danos & Associates in association with CBRE (30) 2310 244 962
Helsinki Huoneistokeskus Oy (358) 207 80 3750	Toulouse (33) 5 62 72 47 72
Hoofddorp (31) 23 565 7700	Valencia (34) 96 316 2890
Istanbul CB Richard Ellis LS (90) 212 259 36 29	Vienna (43) 1 533 4080
Jersey (44) 1534 874141	Warsaw (48) 22 544 8000
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Kampala (256) 41 345165	Zurich CB Richard Ellis PI Performance (41) 44 226 30 00
Leeds (44) 113 233 7666	
Lisbon (351) 21 311 4400	