

EMEA Offices

FIRST QUARTER 2006

Take-up reached a record figure of 2.3 million sq m, a 34% increase on Q1 2005

Strong demand for office space has resulted in rental growth

The weighted average EU-15 prime office yield has fallen by 54 basis points since Q1 2005 and now stands at 5.18%

MARKET OVERVIEW

The office market grew stronger in Q1 2006. Letting activity was high and this had a direct impact on rental growth. In addition, strong investment demand resulted in further falls in yields across Europe.

Take-up reached a record figure of 2.3 million sq m in our sample of fourteen of the largest cities in the EU-15 area, a 34% increase on Q1 2005. Although occupier consolidation has again been a key driving factor in many locations, it is evident that office demand has recovered further with the business services sector particularly active. Unlike in previous quarters, net absorption has improved in Q1 2006.

The increase in take-up was particularly marked in Vienna, Paris, London and Madrid. However, take-up fell in most of the German markets (namely Berlin, Frankfurt and Hamburg) compared to Q1 2005.

Strong demand for office space, coupled with a decreasing vacancy rate, has resulted in rental growth in several key European markets, such as Dublin, London, Paris, Madrid and Barcelona.

The notable exceptions were German cities and Amsterdam, which are currently heavily oversupplied and demand for office space is weak compared with other European cities.

Strong investment demand for office products across Europe, supported by low borrowing costs, high volume of capital and evident rental growth in key European locations, has had a direct impact on yields.

The weighted average EU-15 prime office yield has fallen by 54 basis points since Q1 2005 and now stands at 5.18%.

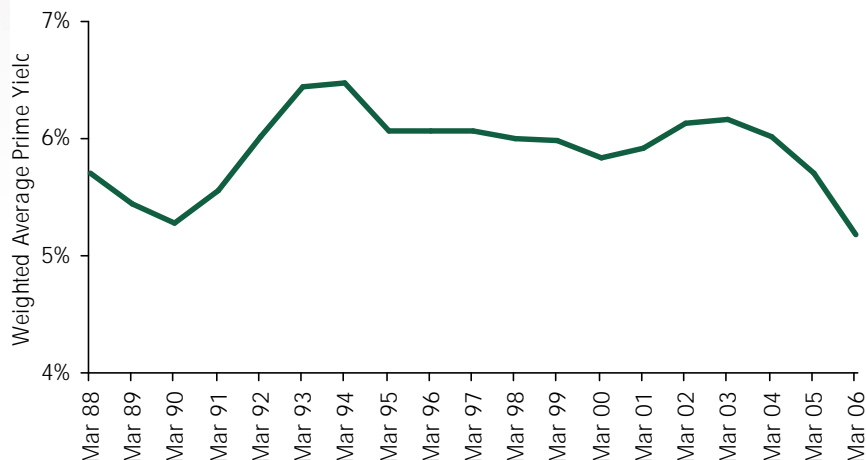
A downward movement in yields has been recorded in London City, Dublin and Paris, reflecting investors expectations for continued rental growth there.

However, the key German cities of Frankfurt, Berlin, Munich and Hamburg have also experienced falls in yields. In these cases the falls are as a result of increased interest from international investors, who have turned their attention to Germany because of the greater availability of well let investment product.

1st QUARTER AT A GLANCE

- Take-up ↑
- Availability ↓
- Yields ↓
- Rental values ↑

CB RICHARD ELLIS EU-15 PRIME OFFICE YIELD



EU-15 OFFICE RENT INDEX

The CB Richard Ellis EU-15 office rent index has shown another sustained increase this quarter to 227. This represents a growth of 1.4% on Q4 2005 and 3.9% on Q1 2005. The sustained uplift has been underpinned by the fact that virtually all markets are now at the bottom of the cycle or have moved into the growth phase.

Six key markets saw rental uplifts this quarter as a result of strong demand, including Dublin, London and Paris. In the case of Dublin, prime rents have increased to €592/sq m/annum and going forward it is likely that rents will reach €600/sq m/annum in the city centre by the end of the year. London has been another market to see sustained rental growth, with prime rents in both the West End and City increasing. Again, further increases are likely going forward due to the constrained supply picture and sustained levels of demand.

However, there are some markets for which rental growth is still some time away. Frankfurt is still suffering from oversupply and occupier demand remains fundamentally weak, therefore movement in the headline rental level is unlikely in the short term. Amsterdam is in a similar position, as it also struggles with the oversupply situation. Despite this, it is clear that overall demand is in a period of sustained recovery, and with the supply situation continuing to tighten, further rental uplifts are likely.

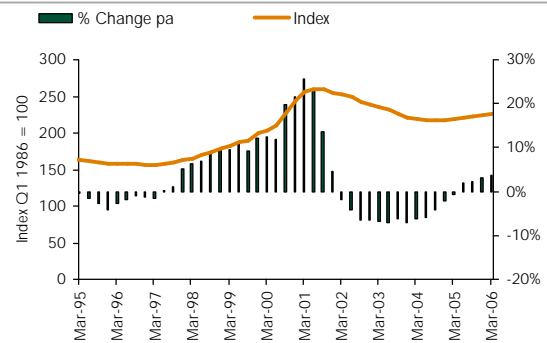
OFFICE TAKE-UP

In line with expectations, recovery in the European office market has continued into 2006, as Q1 gross take-up registered at a new five-year high, surpassing the Q4 2005 level. General improvement in the European economy has supported occupier activity. The majority of markets saw take-up levels above the Q1 2005 level and a third performed better than in Q4 2005.

Strong letting activity in the Central London, Madrid and Paris markets was the main contributor to the pan-Europe resurgence. Amongst the underperformers, the oversupplied Amsterdam and Frankfurt registered limited net absorption as reconsolidation and cost-saving activity was still highly evident. The Paris market also saw substantial rationalisation activity, but has performed well as a number of large transactions were finalised, including three deals over 50,000 sq m. Brussels, Munich and Vienna had a good start to the year as large pre-lets contributed to already buoyant demand.

With such a promising start to the year and moderate future supply, a firm recovery in the European office occupier market is likely to be established this year. Preliminary location analysis suggests that out-of-town markets are expected to perform well this year, a trend that is already evident in Barcelona, Brussels and Madrid.

EU-15 OFFICE RENT INDEX



Source: CB Richard Ellis

EU-15 Office Rent Index	Q2 05	Q3 05	Q4 05	Q1 06
Index (Q1 1986 = 100)	221	222	224	227
Quarter on Quarter (% Change)	1.2	0.5	0.6	1.4
Year on Year (% Change)	2.0	2.3	3.2	3.8

Source: CB Richard Ellis

Office Take-Up (000s sq m)	Q1 05	Q1 06	% Change
Central London	229	301	32
Paris (Ile-de-France)	384	780	103
Madrid	185	249	35
Barcelona	52	84	62
Frankfurt	126	67	-47
Brussels	158	176	11

Source: CB Richard Ellis

Office Take-Up (000s sq m)	Q4 05	Q1 06	% Change
Central London	299	301	-1
Paris (Ile-de-France)	703	780	11
Madrid	154	249	62
Barcelona	123	84	-32
Frankfurt	98	67	-32
Brussels	282	176	-37

Source: CB Richard Ellis

Country	City	PRIME OFFICE RENT		% CHANGE		NET EQUIVALENT RENT	PRIME OFFICE YIELD
		Local	€/sq m/annum	Last 3 months	Last 12 months	€/sq m/annum	%
Austria	Vienna	€ 20/sq m/month	240	0	0	253	4.80
Belgium	Brussels	€ 300/sq m/annum	300	0	0	364	6.25
Botswana	Gaborone	P 55/sq m/month	96	0	-8.3	93	14.00
Bulgaria	Sofia	US\$ 15.50/sq m/month	153	0	-3.1	170	10.25
Czech Republic	Prague	€ 18.50/sq m/month	222	0	0	247	6.10
Denmark	Copenhagen	DKr 1,650/sq m/annum	221	0	0	260	5.25
Finland	Helsinki	€ 300/sq m/annum	300	1.7	11.1	297	6.00
France	Lyon	€ 205/sq m/annum	205	0.0	-2.4	220	6.75
France	Marseille	€ 210/sq m/annum	210	0	0	226	7.00
France	Paris	€ 657/sq m/annum	657	2.8	9.0	706	4.25
Germany	Berlin	€ 21/sq m/month	252	-2.3	-2.3	271	5.30
Germany	Frankfurt	€ 33.50/sq m/month	402	0	0	432	5.20
Germany	Hamburg	€ 22.50/sq m/month	264	2.3	7.1	290	5.20
Germany	Munich	€ 30/sq m/month	360	0	3.4	387	5.00
Greece	Athens	€ 28/sq m/month	336	0	-6.7	369	7.00
Hungary	Budapest	€ 20/sq m/month	240	0	21.2	267	6.50
Ireland	Dublin	€ 592/sq m/annum	592	10.0	16.1	592	4.25
Italy	Milan	€ 450/sq m/annum	450	0	0.0	495	5.25
Italy	Rome	€ 340/sq m/annum	340	0	3.0	374	5.50
Luxembourg	Luxembourg City	€ 33.50/sq m/month	402	0	3.1	487	6.25
Netherlands	Amsterdam	€ 300/sq m/annum	300	0	0	323	5.75
Norway	Oslo	NKr 2,200/sq m/annum	277	4.8	22.2	308	5.80
Poland	Warsaw	€ 20/sq m/month	240	0	0	267	6.00
Portugal	Lisbon	€ 20/sq m/month	240	0	0	264	6.35
Romania	Bucharest	€ 19/sq m/month	228	2.7	5.6	259	8.50
Russia	Moscow	US\$ 650/sq m/annum	536	6.6	15.0	630	10.00
Slovak Republic	Bratislava	€ 18/sq m/month	216	0	5.9	240	6.25
South Africa	Cape Town*	R 90/sq m/month	145	0	12.5	109	8.50
South Africa	Durban	R 90/sq m/month	145	5.9	20.0	110	9.00
South Africa	Johannesburg**	R 90/sq m/month	145	0	12.5	116	8.50
Spain	Barcelona	€ 24.50/sq m/month	294	2.1	6.5	315	4.50
Spain	Madrid	€ 342/sq m/annum	342	4.6	9.6	354	4.25
Sweden	Stockholm	SEK 3,500/sq m/annum	371	0	6.1	391	5.00
Switzerland	Geneva	SFR 710/sq m/annum	449	0	0	449	5.00
Switzerland	Zurich	SFR 800/sq m/annum	506	0	0	506	5.50
Turkey	Istanbul	US\$ 19/sq m/month	188	5.6	18.8	225	10.00
UK	Belfast	£ 12.75/sq ft/annum	197	0	2.0	197	5.75
UK	Birmingham	£ 27.50/sq ft/annum	424	0	0	424	5.15
UK	Edinburgh	£ 26.50/sq ft/annum	409	0	1.9	409	5.00
UK	Glasgow	£ 23/sq ft/annum	355	0	0	355	5.00
UK	London City	£ 48.00/sq ft/annum	740	4.3	7.9	740	4.50
UK	London West End	£ 85.00/sq ft/annum	1,311	6.3	13.3	1,311	4.00
UK	Manchester	£ 28.00/sq ft/annum	432	0	0	432	5.15

Note: Net equivalent rent calculated from prime rent, deducting any element of tax or service charge and converting from gross area to net internal area

*Claremont **Sandton

PARIS

The key trend in Paris is the very strong level of take-up that has been seen in the last two quarters. In the first quarter the total take-up for the Paris region amounted to 780,000 sq m, which is an 11% increase on the already exceptional final quarter of 2005. Q1 saw a number of large transactions, many of which were in La Défense, where 78% of total take-up was comprised of lettings over 5,000 sq m.

In the context of this high demand, the supply picture continues to tighten. The vacancy rate for the Paris region has fallen again this quarter to 5.3%, with the CBD even tighter at 4.2%. However the improved demand and relatively tight supply situation has not yet encouraged development, with the future supply pipeline remaining stable as developers are still cautious.

The rental trend, however, has experienced further upward pressure this quarter and prime rents have increased to €657/sq m/annum. The upward pressure is particularly strong for high quality buildings in the traditional business sectors. Despite this movement in headline rents, generous incentive packages are still being granted to occupiers in order to secure lettings. Going forward, it is likely that the rental level will continue to experience upward pressure.

FRANKFURT

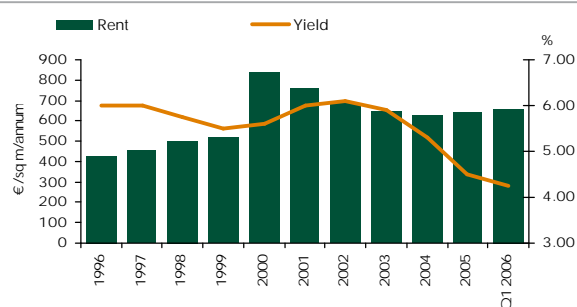
Despite the recent improvement in economic performance, the Frankfurt occupier market saw a very weak quarter. In total only 67,000 sq m was leased. An absence of the owner occupier activity that kept the market afloat in 2005 was especially noticeable. As in 2005, relocation and cost-rationalisation were the main drivers of activity across the market.

Oversupply remains the key issue for Frankfurt offices, with vacancy at a high 14.5%. The level of future development is similar to that seen in 2005, although the six month development pipeline has increased. Subdued demand characteristics do not help, with occupiers taking advantage of current conditions the release of lower quality space back on the market continues.

Secondary rents saw further falls over the quarter, especially in the Frankfurt West and Westhafen submarkets. However, the willingness of financial sector occupiers to pay high prices continued to support prime rents. These have remained unchanged and are unlikely to fall further as incentive packages are also beginning to stabilise.

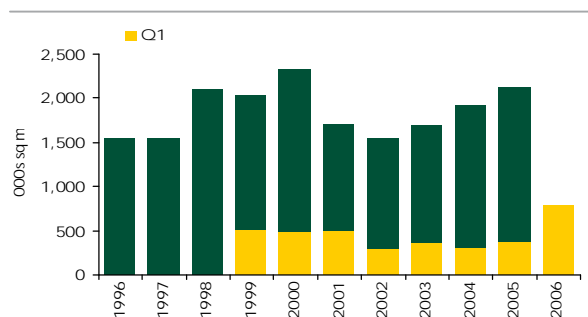
The market is unlikely to see substantial improvement in demand this year. With the availability level still high this means that overall recovery will be slow to establish, lagging behind the majority of other European markets.

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



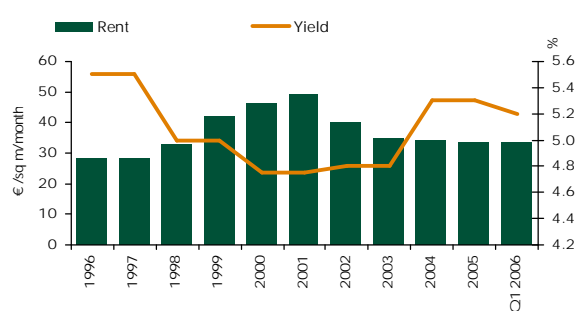
Source: CB Richard Ellis Bourdais

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



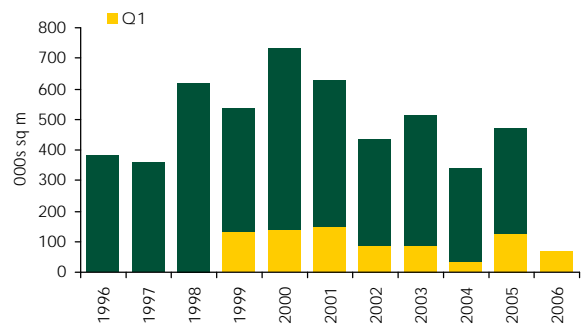
Source: CB Richard Ellis Bourdais

FRANKFURT PRIME OFFICE RENT & YIELD



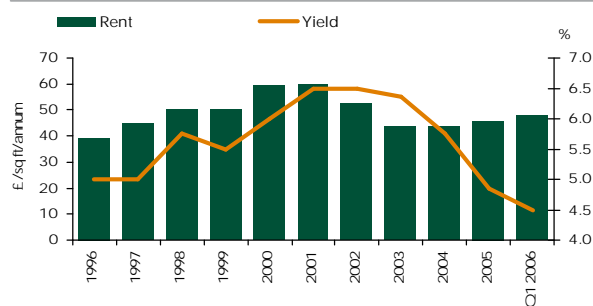
Source: CB Richard Ellis

FRANKFURT OFFICE TAKE-UP



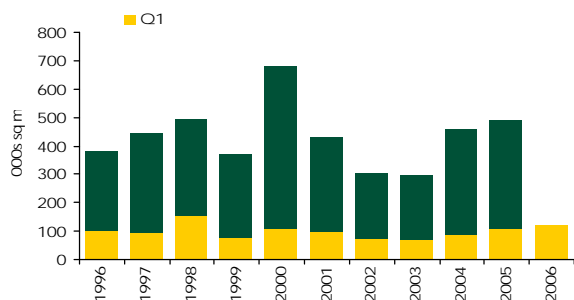
Source: CB Richard Ellis

**LONDON CITY
PRIME OFFICE RENT & YIELD**



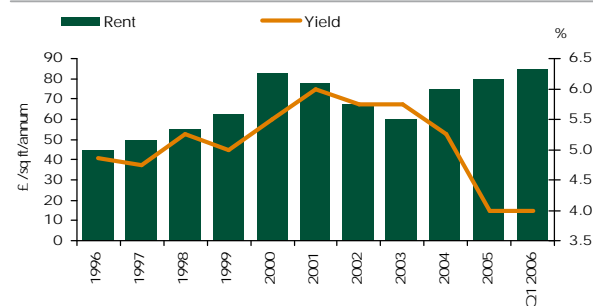
Source: CB Richard Ellis

**LONDON CITY
OFFICE TAKE-UP**



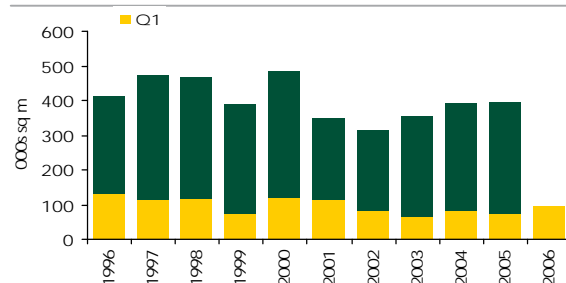
Source: CB Richard Ellis

**LONDON WEST END
PRIME OFFICE RENT & YIELD**



Source: CB Richard Ellis

**LONDON WEST END
OFFICE TAKE-UP**



Source: CB Richard Ellis

LONDON CITY

Demand in the City continued to be strong into 2006, with total take-up of 120,000 sq m in Q1. This continues the period of solid take-up which has prevailed since the second half of 2004. However, while the early part of this period featured some major pre-lets (such as Willis, Legal & General and Standard Chartered) this type of transaction has been virtually absent from the market over the past three quarters. Demand is instead being driven by an increased volume of mid-sized lettings.

On the supply side, availability dropped by a further 32,500 sq m in the first quarter to stand at 613,000 sq m, taking the vacancy rate down to 8%. With the amount of ready-to-occupy space dwindling rapidly (down by 40% in the past year) the level of development activity has picked up. A total of 320,000 sq m is now under construction in the City, three quarters of which is speculative.

Development intentions and starts are being stimulated by the expectation – and increasingly the reality – of rental growth. The City prime headline rent increased to £48/ sq ft/annum this quarter, which boosted the CB Richard Ellis index of prime City rents by 3.1% in the first quarter. Additionally, typical rent-free periods reduced further to 18-21 months on a 10-year lease. With the availability of completed space shrinking rapidly, we expect an acceleration in rental growth, increased incidence of pre-letting and further growth in construction activity

LONDON WEST END

After what had been looking like a slow quarter in the West End, a strong finish pushed total take-up to over 94,000 sq m. This is the first time that first quarter letting activity has been greater than 94,000 sq m since 2000. The key driver of take-up has been the business services sector, which has accounted for 44% of total space let.

The supply picture continues to tighten in the West End, as the vacancy rate for ready-to-occupy space has fallen to 4.7%. This represents a fall of 35,600 sq m to 396,000 sq m, which is more than a third lower than was recorded 12 months ago. However, despite the low level of vacancy, there has been a lack of development activity in the market in recent months and just 149,000 sq m is currently under construction. At least in the short term, development activity looks set to remain at relatively low levels.

Prime headline rents increased to £85/sq ft/annum, up from £80 at the end of 2005 and £75 a year ago. Additionally, incentives being offered have come in from 15 months rent free on a 10-year lease to as little as 9-12 months in the core. With continuing low levels of supply, a slim development pipeline and strong demand, the upward trend in headline rents is likely to continue.

MADRID

For the third consecutive quarter prime headline rents have experienced growth, reaching €342/sq m/annum at the end of Q1 2006. This is a quarterly and annual increase of 4.6% and 9.6% respectively. As well as prime rents, average rents have begun to see a rise across the city, particularly in the North and M-30 submarkets.

Strong levels of demand were witnessed in the first quarter, and take-up reached 250,000 sq m. This was the highest level seen since Q2 2004, and a 35% increase on the same period in 2005. Business parks were in especially strong demand, with a number of important pre-lets signed, including a 20,000 sq m deal in the GMP Business Park. Although there were a few substantial transactions of over 10,000 sq m, activity was mainly from smaller and medium sized transactions.

On the supply side, the vacancy rate dropped by over 50 basis points to 8.5% at the end of Q1. The development pipeline is much more moderate than it was two years ago, contributing towards a slow erosion in availability.

As in 2005, investment activity remains strong, especially from local investors. Demand for prime buildings was especially robust, causing the prime yield to fall for a third consecutive quarter to 4.25%.

BARCELONA

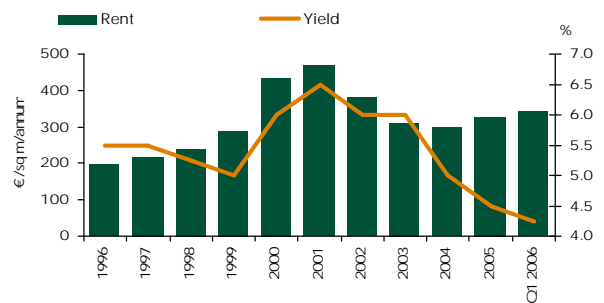
The uplift in the occupier market, witnessed since 2004, has continued this quarter. Although it was one of the best first quarters historically, total take-up registered below the ten-year quarterly average. Of the 84,000 sq m leased in total, over 80% took place in the Periphery and New Business Areas submarkets. This underlines the fact that the CBD continues to undergo redevelopment of older office stock into other uses, prompting occupiers to relocate into better quality space in the outer submarkets.

Good performance in the leasing market has supported further reduction in availability. The vacancy rate fell for the fifth consecutive quarter to 5.3% for the city as a whole. A substantial reduction in supply has taken place in the Periphery submarket this quarter, as vacancy fell from 17.5% to just under 12% of stock.

Looking further forward, however, supply is on the increase. The equivalent of 5.2% of stock is planned for construction over the next two years. The majority of completions will be outside the CBD, making recent reductions in supply short-lived in both the Periphery and New Business Areas.

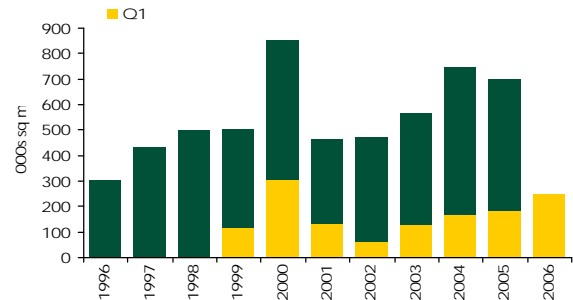
Lack of high quality space is expected to crystallise in further prime rental growth this year.

MADRID PRIME OFFICE RENT & YIELD



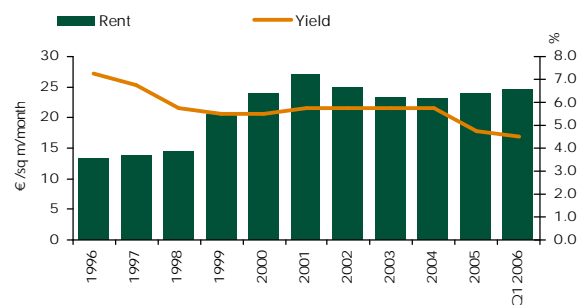
Source: CB Richard Ellis

MADRID OFFICE TAKE-UP



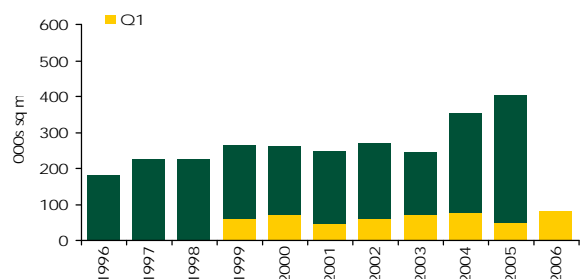
Source: CB Richard Ellis

BARCELONA PRIME OFFICE RENT & YIELD



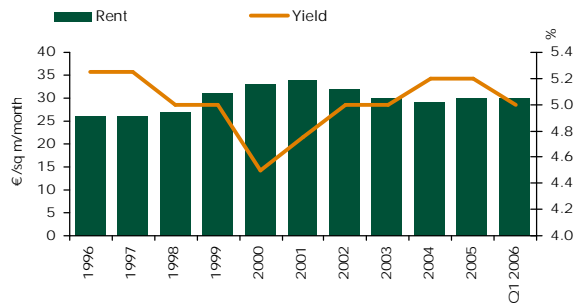
Source: CB Richard Ellis

BARCELONA OFFICE TAKE-UP



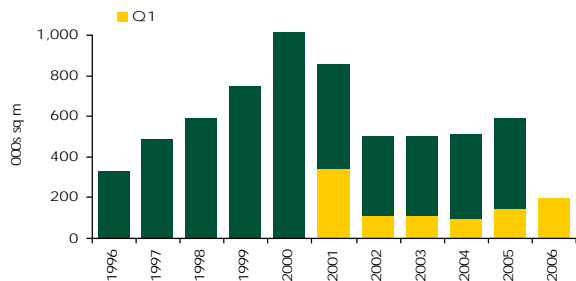
Source: CB Richard Ellis

MUNICH
PRIME OFFICE RENT & YIELD



Source: CB Richard Ellis

MUNICH
OFFICE TAKE-UP



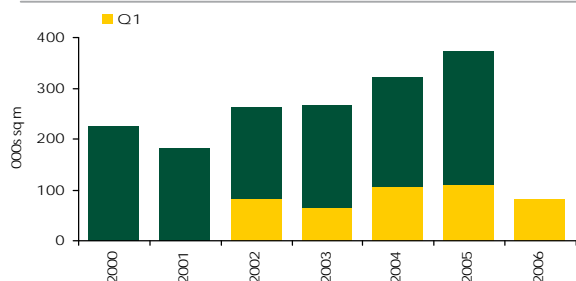
Source: CB Richard Ellis

WARSAW
PRIME OFFICE RENT & YIELD



Source: CB Richard Ellis

WARSAW
OFFICE TAKE-UP



Source: CB Richard Ellis

MUNICH

Supported by broad occupier demand, the Munich office market saw a good start to 2006. Last quarter registered 198,000 sq m of take-up, the highest quarterly level since Q2 2001. Around 35% of activity took place in the City North West submarket, including this quarter's largest deal – a 54,000 sq m pre-let to a Telecoms company. Generally, the level of new enquires fell slightly quarter-on-quarter, but overall demand is healthy with the City Centre, City South West and Urban Area North East submarkets continuing to see healthy levels of activity.

Slow erosion in supply, seen during the course of 2005, strengthened, causing the vacancy rate to fall to 9% this quarter. The fact that 40,000 sq m of stock has been taken off the market for refurbishment and only 8,000 sq m was completed had an additional impact on vacancy. The two-year supply pipeline is moderate at just over 300,000 sq m, of which over 80% is pre-let. Future completions will take place in the central submarkets, with no new stock additions yet planned in the underperforming periphery.

Prime rents remained unchanged at €30/sq m/annum. However, some upward pressure is starting to build up, with average rents registering a slow increase across some submarkets. Strong investor activity and improved occupier market fundamentals resulted in further yield compression. The prime office yield fell to 5% in Q1, the lowest amongst Germany's four largest markets.

WARSAW

The Warsaw office market witnessed a very strong level of development activity in Q1 2006, with completions reaching a record figure of 99,200 sq m. Compared with Q1 2005 new development completions in Warsaw increased by 96% and during 2006 they are expected to surpass the level achieved in 2005 significantly.

Take-up in Q1 2006 proved to be weaker than in previous quarters, reaching 82,000 sq m. However, lease renewals were a smaller proportion of the total than has been a case in previous quarters. Normally new lettings in Warsaw only comprise around 55-65% of total take-up but in Q1 2006 they accounted for 80%.

The high level of new office development had a direct impact on the total vacancy rate, which increased to 8.7%. The highest level of vacancy, by submarket, was recorded in the City Centre Core (17.3%).

Headline rents for prime office buildings were stable in Q1 2006, although downward pressure continued to persist due to generous incentives offered by landlords.

Investors' fierce competition for investment products in CEE had an impact on prime yields in Warsaw, which in Q1 2006 fell below 6%.

MARKET BRIEFING

With office vacancy rate close to zero, offices in **Abu Dhabi** have experienced significant rent hikes. Prime rents grew by some 40% quarter-on-quarter to AED120/sq ft/annum, with some deals signed well above that level.

In line with Q1 2005, **Amsterdam** around 60,000 sq m of offices leased in Q1 2006. Relocation and cost saving continued to be the main drivers and will continue to account for substantial proportion of activity throughout the year, further delaying erosion in supply.

Athens saw greater institutional demand for office space in Q1. The city centre continues to lose out to the benefit of non-central locations. More and more occupiers continue to shift away from the centre, due to a lack of high quality space and high rents.

The **Belfast** office market is active, with over 180,000 sq m of planning permissions granted within the CBD area of the city. Letting market is expected to see a healthy year, with rental levels likely to remain unchanged.

Absence of public sector demand in the **Berlin** office market contributed to a fall in leasing activity this quarter. Rents continued to be under downward pressure across the market, with prime values falling to €20/sq m/month.

A strong increase in demand for back-office and call centre space was witnessed in **Bratislava**. Lack of investable product and strong investor competition shifted prime yields further down to 6.25%.

Demand in **Brussels** generated take-up of 176,400 sq m in Q1, mainly driven by the industrial and consulting sectors. The level of new development is increasing, and may have a direct impact on vacancy over the coming months. However, a high proportion of new office space has already been secured by pre-lets.

Lack of high quality supply remains the key issue in the **Bucharest** office market, putting further upward pressure on rents. Healthy demand has stimulated an increase in the development pipeline, with 440,000 sq m expected for completion within the next two years.

The **Budapest** market saw 58,000 sq m of new supply completed this quarter: all completions were in the non-central submarket, predominately in the 13th district. As the letting market was weak, the vacancy rate has gone up to 13.2%.

Increased owner-occupier activity and redevelopment of old office stock contributed to falling vacancy in the **Cape Town** office market. The Century City area is growing in popularity: around 100,000 sq m is already delivered and with 1% vacancy, and yet more development is in the pipeline.

Demand for office space in **Copenhagen** was stimulated by a positive employment growth. The recorded fall in vacancy rate in Q1 supports expectations for rental growth this year. There is, currently, a substantial number of office schemes under construction, scheduled for completion next year.

Lack of high quality space continued to put upward pressure on office rental values in **Dubai**. Current prime rents are not considered to be sustainable and are likely to correct over the mid-term to around AED200/sq ft/annum.

Take-up in **Dublin** remains strong, with the majority of deals signed in the City centre. Demand is largely driven by domestic and international financial institutions and service-based industries, but demand from the IT sector is expected to grow in 2006. Supply of new buildings remains stable and vacancy rates are only showing a slight decrease. Prime City centre rents have increased to 592€/sq m/ annum, a 10% increase on last quarter, and look set to continue rising.

Broader occupier demand has revived interest in the **Durban** CBD, with financial companies, business services sector and public sector are currently active. The impact is already being felt as prime rents grew by 5.8% this quarter.

Investor demand has continued in **Geneva** as the office market experiences stable rents, well balanced liquidity and steady demand. Many new schemes are currently in planning for the secondary markets, rather than the city centre.

The **Hamburg** office market saw a healthy quarter, with 98,000 sq m leased. Low levels of development completions prompted the vacancy to fall to 8.05%, its lowest since Q4 2003.

Robust leasing activity in the **Istanbul** office market resulted in 5.6% rental growth quarter-on-quarter. The CBD area proved especially popular, but occupier interest was also significant in the northern part of the city.

Supported by public sector demand, the **Johannesburg** office market registered substantial falls in vacancy. The Sandton area of the city continues to perform well, and with vacancy down to 6%, another 100,000 sq m are planned for completion.

Demand in **Lille** has remained stable, despite the less favourable wider economic environment. New supply continues to be delivered to the market, and thereby improving the overall quality of the stock.

As Portugal begins to show the first signs of economic recovery, demand in **Lisbon** is also showing signs of recovering with a 30% increase this quarter. However, it is likely to be some time before this puts upward pressure on prime rents, which have remained stable at €20/sq m/month.

The stock level in **Lyon** steadily increased in 2005 and this trend was continued into 2006. Over the next two years 48 schemes are set to be delivered. Within this demand remains healthy, however much of it is for smaller premises.

Madrid saw exceptionally high levels of take-up over the first quarter. With 250,000 sq m of space leased this had the direct impact of reducing the vacancy rate, which fell by over 50 basis points to 8.5%. High demand in the market has seen the prime rent increase to €342/sq m/annum.

MARKET BRIEFING

Immediately available supply has contracted sharply in **Marseille**, with the result that now very few large floorplates are available. This has largely been the result of increasing demand levels, although, given the lack of large floorplates, take-up has predominately been of smaller units.

The first quarter of 2006 brought yet another surge in demand in the **Moscow** office market. This strong occupier demand, coupled with insufficient supply of high quality space, put further upward pressure on rents, which are now at \$650/sq m/annum.

Demand in **Milan** continues to be driven by cost rationalisation and as such occupiers are showing a preference for high quality buildings in the outer submarkets rather than secondary buildings in central locations. The prime rent in Milan remains unchanged at €450/sq m/annum.

Prime rents in **Oporto** have been increasing for the last two quarters and are now €17/sq m/annum.

Strong demand is still apparent in the **Oslo** office market. The vacancy rate in the CBD fell by one hundred basis points this quarter to 5.50% in the CBD. There is increasing upward pressure being put on prime rents, which has seen an uplift to NOK 2,200/sq m/annum.

Take-up in **Prague** this quarter was very strong, and reached 68,000 sq m. Activity was especially strong from the public sector, who accounted for 47% of the total take-up this quarter. With such activity, the overall vacancy rate fell to 11.4%, the lowest it has been since 2002.

In common with Milan, the prime rent in **Rome** has remained stable so far in 2006. The drivers of this are, however, somewhat different. Demand is slightly more resilient due to public sector and quasi public sector occupiers, but these are slow moving and reluctant to drive rents higher.

Lack of high quality space and robust demand have continued to be the main characteristics of the **Sofia** office market. Although prime yields have remained unchanged this quarter, further compression is likely to take place during 2006.

The vacancy rate in **Stockholm** saw a marginal increase this quarter to 13% in the CBD, this high level of supply is keeping rents stable at SEK 3,500/sq m/annum. Investment activity still remains strong and the prime yield has remained stable at 5%.

Vienna experienced a sharp increase in take-up in the first quarter compared to the same period last year. However, a high proportion of transactions, almost 30% were pre-lets. Over the course of Q1 vacancy rate decreased due to a higher than expected take-up and low supply.

Prime rents and yields remain stable in **Zurich**. We are currently seeing a trend for occupier expansion due to the improved economic climate. Availability continues to drop as virtually no new developments have reached the market. Slight rental growth is expected within the next six months as demand increases and vacancy rates decline further.

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