

3 March 2011

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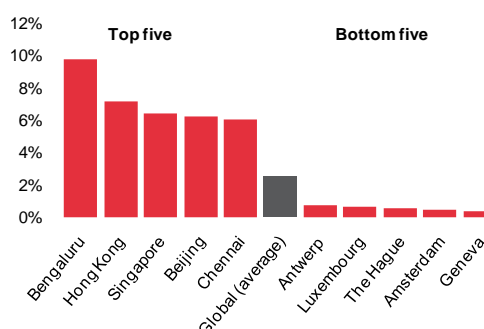
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- On average, global occupancy costs per workstation showed no change in 2010. But, this masks significant regional differences, driven by the two-speed economic recovery. Whilst costs rebounded by 10-15% in Central and South America and Asia Pacific, occupiers in the vast majority of EMEA and North American markets realised savings of 5% during 2010.
- Hong Kong entered 2011 as the most expensive office location in our world ranking, followed by London, Geneva, Tokyo and Zurich. No change is forecast in the top four ranking by 2015.
- For the first time, this year's report includes data on secondary space occupancy costs in selected markets; the biggest difference in costs is seen in the high cost prime locations of Geneva and Zurich, and Moscow, where occupying prime space costs up to 100% more than taking space in an average grade building.
- Overall, global average occupancy costs are projected to show fairly moderate growth of 2.5% per annum to 2015. Regionally, we forecast the strongest average annual growth in Asia Pacific (3.7%). This growth will be driven by expanding demand from multi-national corporations and limited Grade A space.
- Of the markets we forecast, the strongest increases in costs to 2015 are projected in Bengaluru, Hong Kong, Singapore, Beijing and Chennai (Figure 1). Our forecasts show that the cost savings and incentives enjoyed by occupiers over the past few years are diminishing as we see a shift from a tenant to a landlord's market.
- A cause for concern for occupiers is high inflation. We are already seeing the impact of inflationary pressure in India, where double-digit inflation has led to significant increases in outgoings in the past year. This will also impact leases where rent is indexed to CPI. Whilst this is yet to play out on the global stage, it may begin to curb corporate expansion plans and facilities spending.

Figure 1

Average annual growth in total occupancy costs per workstation in major markets, 2011-2015 (using USD conversion)



Source: DTZ Research

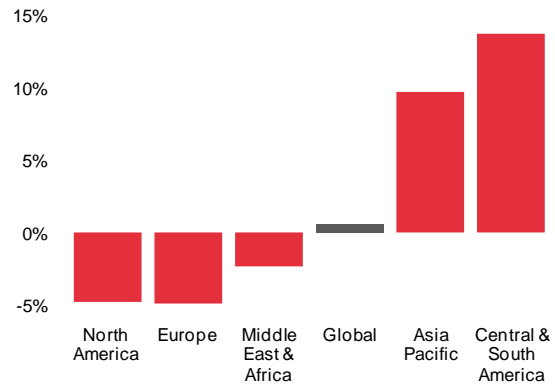
Emerging markets lead resurgence in occupancy costs

Following further declines in 2009 and 2010, we forecast widespread growth in occupancy costs in 2011. The resurgence will be led by Asia Pacific where costs have already returned to, and in some cases exceeded, pre-recession levels...

- Looking backward, whilst global average occupancy costs in USD remained unchanged in 2010, there was significant divergence in growth at regional level (Figure 2). As average occupancy costs continued on a downward trend in Europe and North America, occupancy costs per workstation in the developing markets of Central and South America and Asia Pacific rebounded strongly.
- Looking forward, global occupancy costs are set to rise in 2011, although the pace of growth will remain varied; with forecast growth in Asia Pacific more than double that of the other regions (Figure 3). We anticipate a continuation of this trend through to 2015. The US continues to lag the global property market performance recovery; we forecast muted growth (1.5%) in occupancy costs in 2011, but picking up in 2012 when it will overtake Europe in terms of average annual growth. By 2014, New York will re-enter the global top five most expensive markets.
- Hong Kong overtook London's West End to emerge as the most expensive office location per workstation in 2010, outpacing Tokyo, Paris and New York. Occupancy costs (in local currency) in Hong Kong's prime district of Central and Admiralty surged by 31% year-on-year (y-o-y), on the back of strong rental growth. Meanwhile, occupiers in London's West End saw costs increase by 9% and London City re-entered the list of the top ten most expensive global office markets. Unsurprisingly, Asia Pacific is home to both the most and least expensive office locations globally, with the bottom ten dominated by Tier II cities in Mainland China.
- Our forecasts show that occupiers in Geneva and Benelux will benefit from the lowest increases in occupancy costs over the next five years (Figure 4). This is due to limited scope for rental growth. Costs are forecast to increase the most in the southern Indian IT centre of Bengaluru followed by Hong Kong, Singapore, Beijing and Chennai. This will be underpinned by solid rental growth, and in the case of India, sharp increases in outgoings (besides rent) as a result of high inflation. It is worth noting, however, that growth in costs in Bengaluru and Chennai is from a very low base and these markets will continue to offer comparative value to occupiers. Indeed, both markets currently rank within the bottom 15 in our global ranking of occupancy costs per workstation and will continue to do so in 2015.

Figure 2

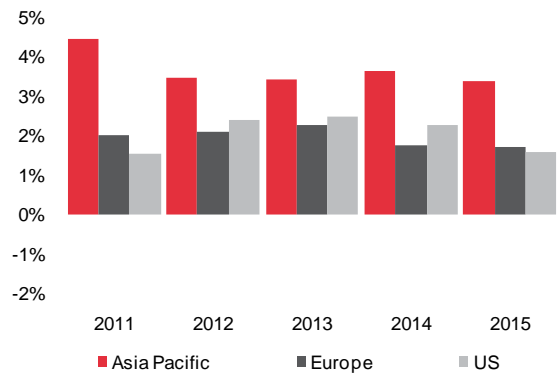
Growth in total occupancy costs per workstation by region, 2009-2010 (using USD conversion)



Source: DTZ Research/Reis/CMI Grupo/Herzog Imobiliaria Ltda

Figure 3

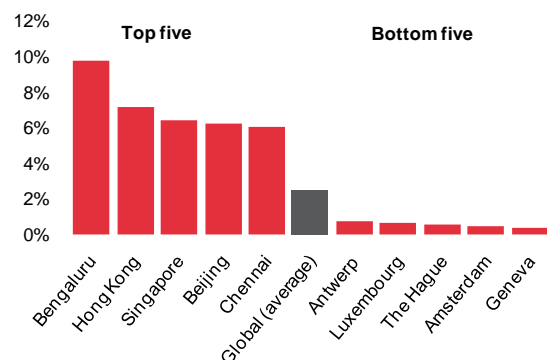
Forecast growth in total occupancy costs per workstation (using USD conversion), 2011-2015



Source: DTZ Research/Reis

Figure 4

Average annual growth in total occupancy costs per workstation, end 2010-2015 (using USD conversion)

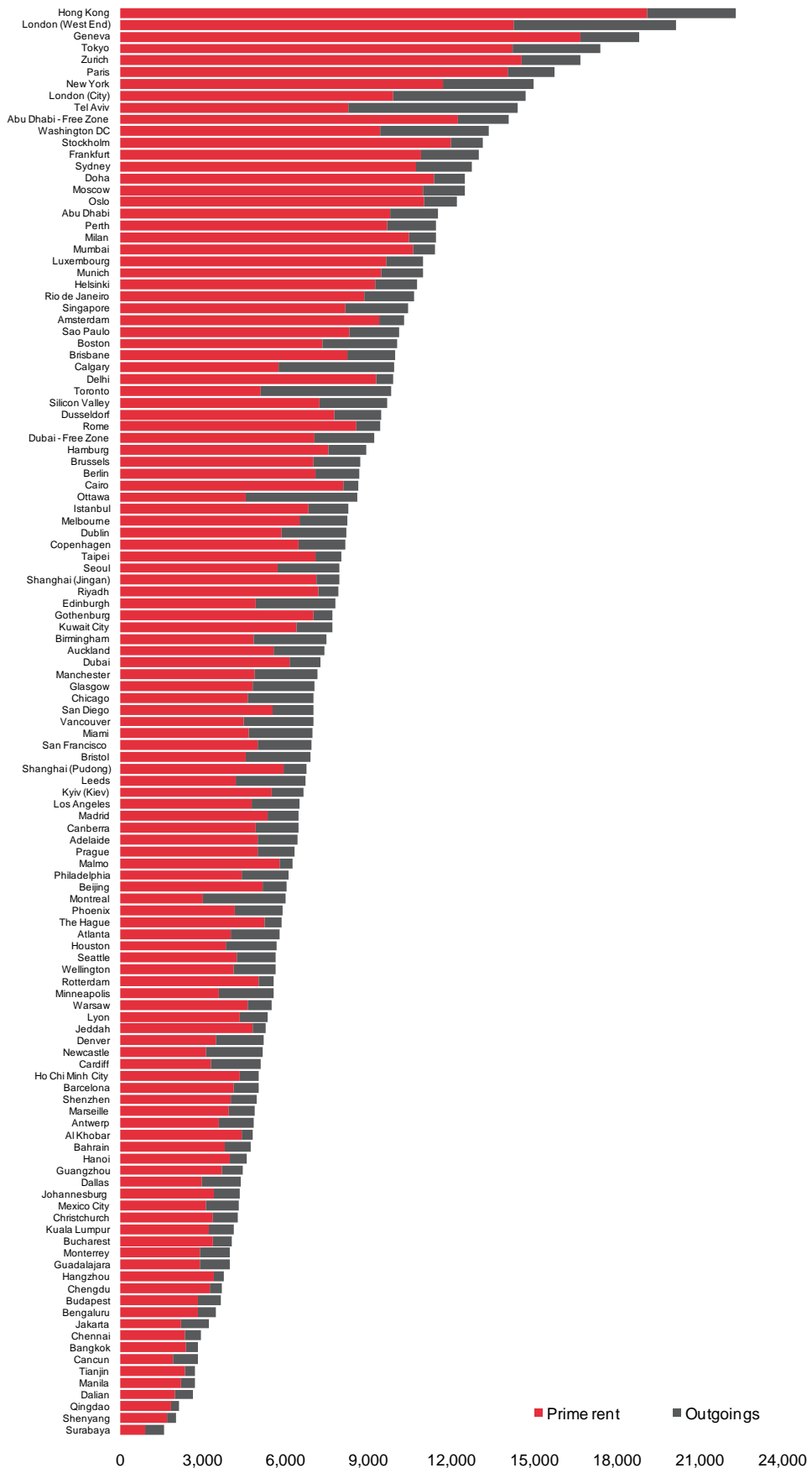


Source: DTZ Research/Reis

Figure 5

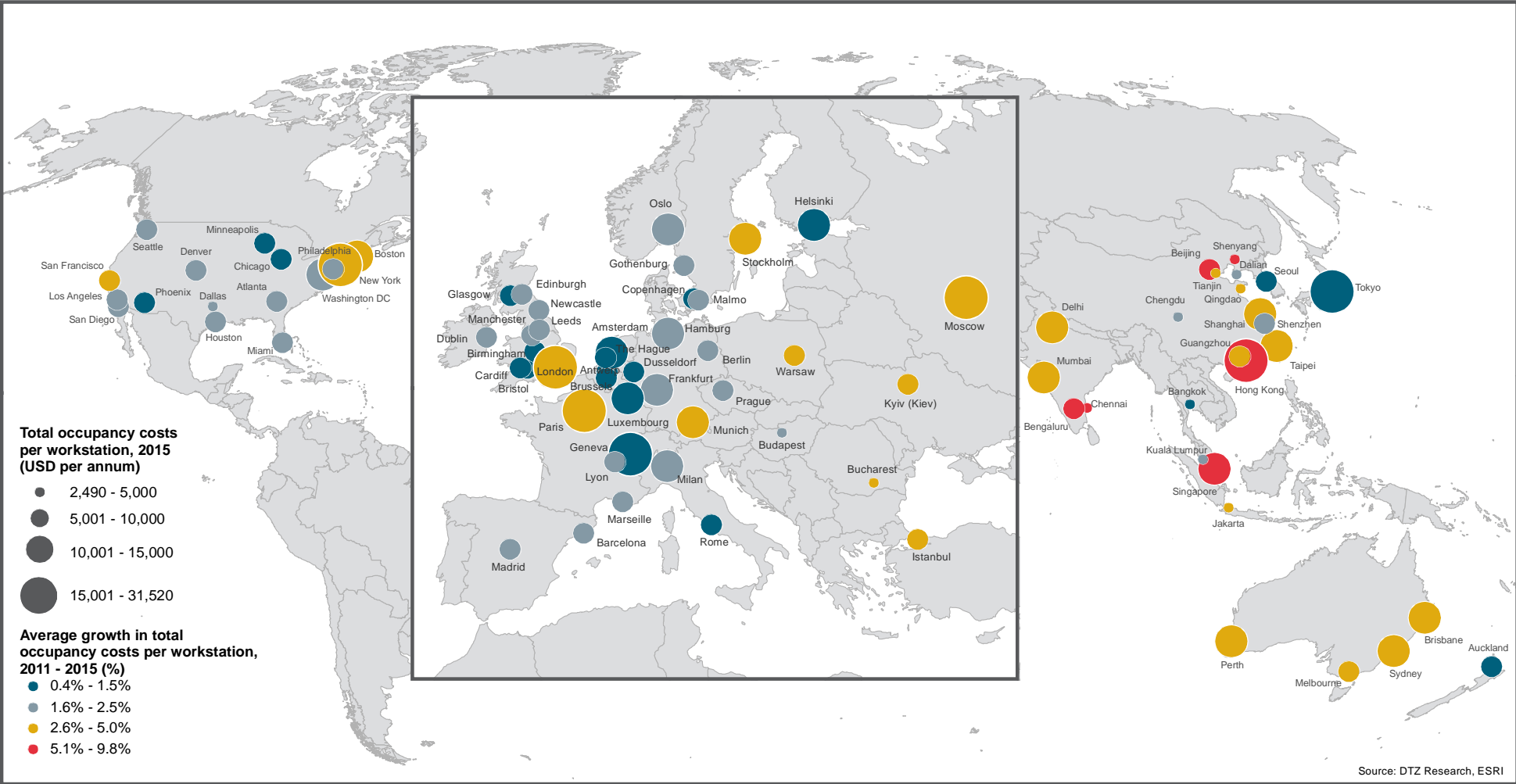
Global occupancy costs per workstation by location

USD per annum



Source: DTZ Research

Global occupancy cost forecast growth to 2015



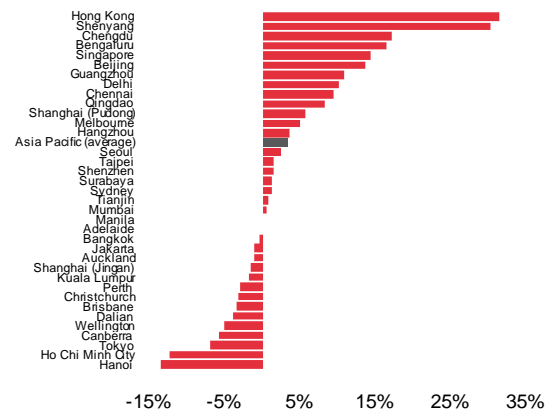
Asia Pacific – cost savings diminish as markets enter growth phase

Occupancy cost savings evaporate as Asia Pacific markets enter the growth phase of the cycle, with the exception of Tokyo, where tenants can continue to benefit from falling occupancy costs before they begin to increase from 2012...

- Occupiers in Hong Kong experienced the steepest increase in total occupancy costs in 2010, making it the most expensive office location in the world. Hong Kong is traditionally a volatile and cyclical market, responding very quickly to economic highs and lows, and this is reflected in the fact that the prime rent took only one year to recover its ground in the wake of the financial crisis. We forecast that Hong Kong will continue to outpace other markets in the region, with the gap between it and other centres widening as occupancy costs increase by USD 9,190 to reach USD 31,520 by 2015 (Figure 7). This will be driven by rental growth on the back of strong occupier demand and tight availability. Occupiers are responding to high costs by considering alternative lower cost locations (e.g. Kowloon and Island East), and focusing on using prime space more efficiently, for example through the use of flexible working and shared services.
- Occupiers in Hanoi saw the largest decrease in occupancy costs per workstation in 2010 (Figure 6), as a combination of weak demand and ongoing new supply forced landlords to improve incentives in an attempt to let space. Other markets to witness declines in occupancy costs included Tokyo, Canberra, Wellington and Dalian. Nevertheless, Tokyo still entered 2011 as the second most expensive location in Asia Pacific and fourth globally.
- Of all the regions, Asia Pacific is forecast to experience the most rapid average annual growth in the next five years (3.7%) (Figure 8). As such, the top five fastest growing markets worldwide are all located in the region.
- Occupancy costs are forecast to increase most in the Indian IT centre of Bengaluru, by 9.8% between 2011 and 2015. It should be noted, however, that this growth is from a very low base and the market will continue to be an attractive location for corporates seeking to benefit from economic growth in India whilst also achieving lower costs. We also expect strong growth in the major Asian centres of Hong Kong and Singapore, as more multi-national corporations choose to establish a regional headquarters in these locations, thus pushing up rents. At the other end of the scale, our forecasts show that occupiers in Auckland and Seoul will benefit from relatively muted growth in occupancy costs over the forecast horizon. Whilst we forecast a further decline in costs in Tokyo in 2011, occupancy costs are expected to increase from 2012 onwards.

Figure 6

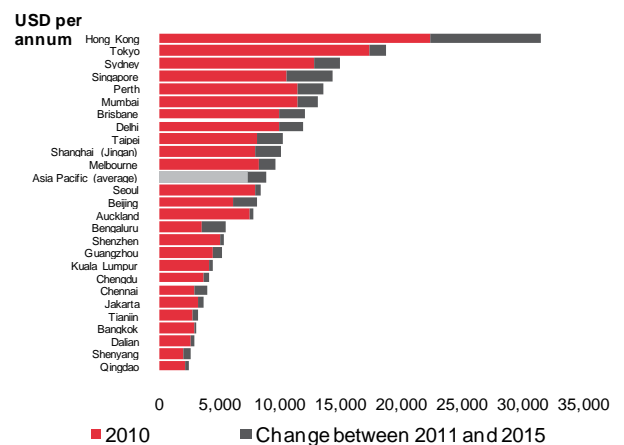
% change 2009-2010 in total occupancy costs per workstation (in local currency) – Asia Pacific



Source: DTZ Research

Figure 7

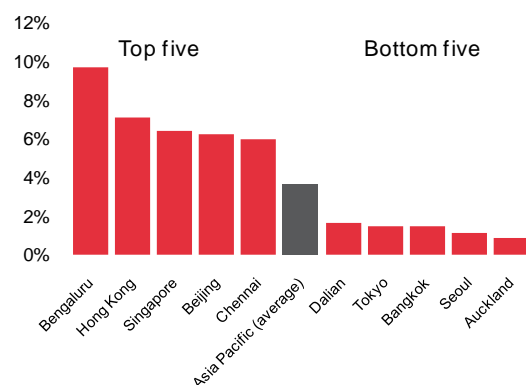
Total occupancy costs per workstation – Asia Pacific



Source: DTZ Research

Figure 8

Average annual growth in total occupancy costs per workstation, 2011-2015 (using USD conversion)



Source: DTZ Research

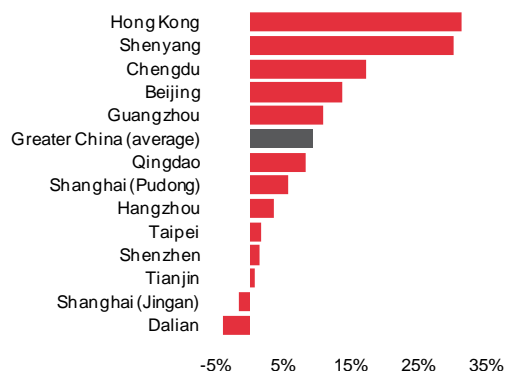
Greater China – oversupply to curb occupancy cost rises in some cities

Average occupancy costs per workstation in Greater China rebounded by 9% in 2010. Our forecasts point to further cost increases in all markets, although the pace of growth will vary...

- Following a year of big declines, occupiers in Greater China saw resurgence in costs in 2010. A visible increase in demand for space in Tier I cities was evident as the global economy stabilised and China entered 2011 as the world's second largest economy. Aside from Hong Kong, there was a notable increase in the number of foreign companies setting up national and regional headquarters in the Tier I cities of Beijing and Guangzhou and this, combined with higher rents from new projects entering the market, pushed occupancy costs per workstation up by 13.8% and 10.8% respectively (Figure 9).
- By contrast, occupancy costs in Shanghai's prime district (Jingan) fell by 1.6% (in local currency). Over the past few years, an ongoing trend has been for tenants to relocate and expand to neighbouring Pudong due to the lack of availability of new Grade A space in Jingan. After a year of zero new supply in 2009, 107,000 sq m entered the Jingan market in 2010 and this resulted in a marginal decline in prime rents. Meanwhile, competition for new high-quality space in Pudong drove up costs by 5.7% (in local currency).
- Tier II cities also gained momentum in 2010. These cities are often characterised by relatively small prime office markets and competition for space can be extreme. This led to double-digit increases in occupancy costs (in local currency) in markets such as Shenyang (30.2%) and Chengdu (17.3%).
- Apart from Shanghai's Jingan district, the only other sub-city market to see a decline in costs was Dalian's Renmin Road. The traditional prime submarket is now saturated and new tenants entering the market prefer to take space in other submarkets, namely Qingniwa Bridge.
- Given the optimistic outlook for the Chinese economy, we forecast positive growth in occupancy costs per workstation across all markets surveyed over the next five years. Hong Kong will take the lead, followed by Beijing where occupancy costs are projected to increase by USD 2,120, or 6.2% per annum, to reach USD 8,140 by 2015 (Figures 10 and 11). Elsewhere in Greater China, Shenyang, Taipei and Shanghai are also forecast to see above-average growth of 5.3%, 4.9% and 4.8% respectively.
- Chengdu, Dalian and Shenzhen will see slower growth as a result of the large amount of new space set to enter these markets over the next five years.

Figure 9

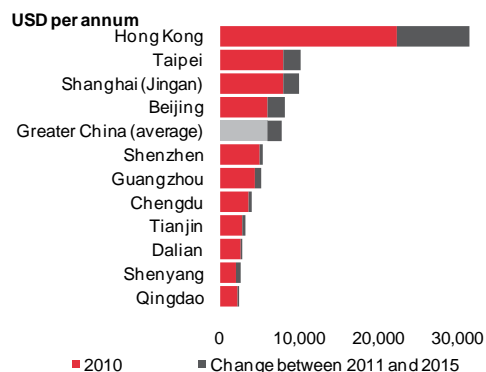
% change 2009-2010 in total occupancy costs per workstation (in local currency) – Greater China



Source: DTZ Research

Figure 10

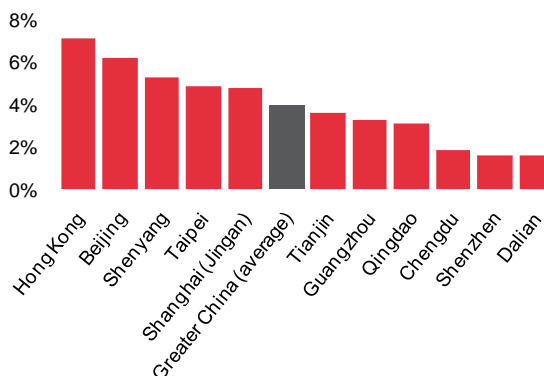
Total occupancy costs per workstation – Greater China



Source: DTZ Research

Figure 11

Average annual growth in total occupancy costs per workstation, end 2010-2015 (using USD conversion)



Source: DTZ Research

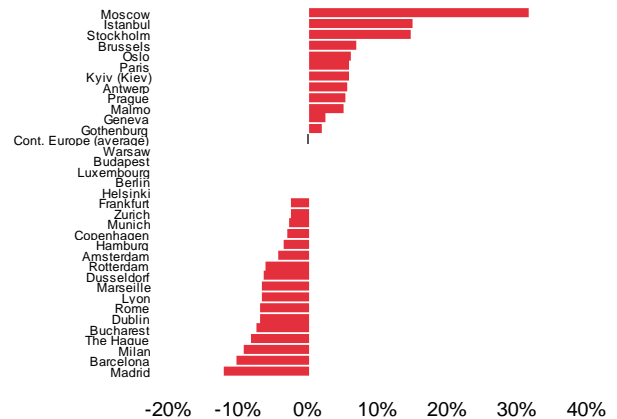
Continental Europe – occupancy costs diverge

Following a year of decline, occupancy costs across Continental Europe stabilised during 2010. However, there was considerable divergence across the region with some markets registering strong increases in costs whilst others continue to offer occupiers substantial savings...

- Moscow saw the strongest rebound in costs at 31.6% (in local currency), driven by a surge in prime rents as take-up more than doubled on the back of the recovering Russian economy (Figure 12). Office markets in Spain offered the largest savings to occupiers (falling by around 10%) as weak domestic demand pushed occupancy costs down for the third consecutive year. Generally, costs diverged across the region, driven by supply and demand imbalances and the disparate performance of local economies.
- Besides rent, additional costs payable by the tenant increased in some markets due to inflation and higher property taxes. Lease incentives, which are not taken account of in this study, are reportedly less generous than last year but still prevalent in some locations. Occupiers' focus is still very much on improving space efficiency, including reducing space utilisation per workstation in order to lower costs, with many companies increasing flexible work practices.
- We forecast Geneva to remain the most expensive office location in Continental Europe by 2015, with occupancy costs increasing marginally (0.4%) to reach USD 19,220 per workstation. However, we expect the gap between Geneva and Paris (CBD) to narrow over the next five years (Figure 13). We forecast that Budapest and Bucharest will see above-average growth in occupancy costs over the forecast horizon, at 2.4% and 2.7% per annum respectively, whilst still remaining the least expensive markets on the Continent.
- Occupancy costs in Continental Europe are forecast to increase at an average annual rate of 1.9% between 2011 and 2015. The top three fastest growing markets will be in CEE, with Moscow leading followed closely by Warsaw and Kyiv. Our forecasts reflect the strong economic outlook in the CEE region combined with tighter supply of good quality buildings in the near term. Of the more established markets, occupancy costs are forecast to increase fastest in Munich, at 2.8% per annum, and Paris (CBD) at 2.7% per annum, where demand will outpace the limited availability of prime stock in the short term. At the other end of the scale, occupiers will benefit from limited increases in costs in Benelux and Geneva (despite being the most expensive location in Continental Europe) where scope for rental growth is relatively limited with increases per annum below 1%.

Figure 12

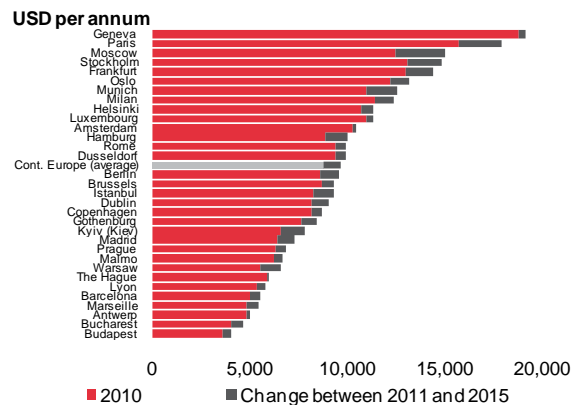
% change 2009-2010 in total occupancy costs per workstation (in local currency) – Continental Europe



Source: DTZ Research

Figure 13

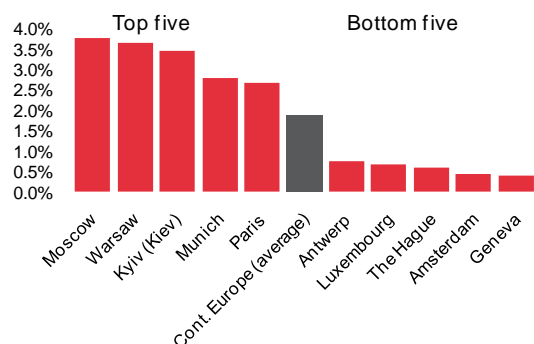
Total occupancy costs per workstation – Continental Europe



Source: DTZ Research

Figure 14

Average annual growth in total occupancy costs per workstation, end 2010-2015 (using USD conversion)



Source: DTZ Research

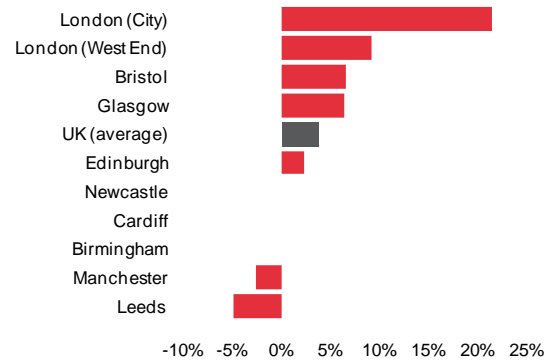
UK – London’s West End to remain second most expensive globally

Strong growth will see London retain its position as the second most expensive office location in the world in terms of occupancy costs per workstation by 2015. However, occupancy costs in cities outside London will grow at a much slower pace than the UK average...

- In 2010, average occupancy cost per workstation in the UK increased by 4% (in local currency). But results varied across the country: in Leeds and Manchester costs fell by 5% and 3% respectively – the result of falling rents (Leeds) and increased accommodation efficiency (Manchester) (Figure 15). In Cardiff and Birmingham, overall costs per workstation remained broadly unchanged over the year, while in Bristol and Glasgow costs rose by 6-7%.
- By contrast, occupiers in London saw a considerable increase in costs, by 21% in London City and by 9% in London’s West End. The substantial rises in London were due to a combination of rental growth due to decreasing supply of quality space and the effect of a change in local property taxes.
- Our forecasts show that London’s West End will overtake London City as the fastest growing market in terms of occupancy costs in the UK. Between 2011 and 2015, occupancy costs will increase by USD 5,730, or 5.1% per annum, to reach USD 25,890 per workstation (Figures 16 and 17). This strong growth will be sufficient for the West End to retain its current second place in the global ranking of office occupancy costs behind Hong Kong.
- The rating (property tax) revaluation which came into force in April 2010 has changed the basis for calculating the tax to rental values ruling in April 2008. This was the top of the current cycle, whereas the previous basis in April 2003 coincided with a time when office rents were at a relatively low level. All office markets are being impacted, but this differs depending on the degree of rental growth that took place between the revaluations. Also, its impact is being mitigated by a phasing in of tax adjustments over a five year period.
- Largely as a result of the combined impact of rental growth and rising property taxes, occupancy costs per workstation in the UK are forecast to increase by an annual average of 2.1% per annum between 2011 and 2015. Costs in the London markets’ will grow well above this average, whilst occupiers in the other UK cities will see occupancy costs rise by between 1.2-1.9% per annum over the forecast period.
- It now looks certain that short term interest rates are going to rise before the end of the year, under pressure from rising inflation. But markets have already priced this in and the impact is not expected to be significant.

Figure 15

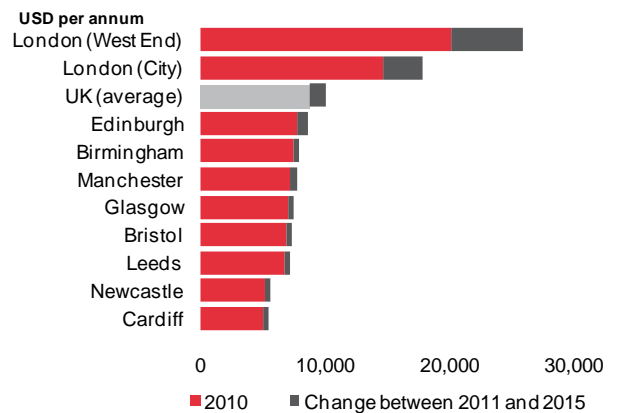
% change 2009-2010 in total occupancy costs per workstation (in local currency) – UK



Source: DTZ Research

Figure 16

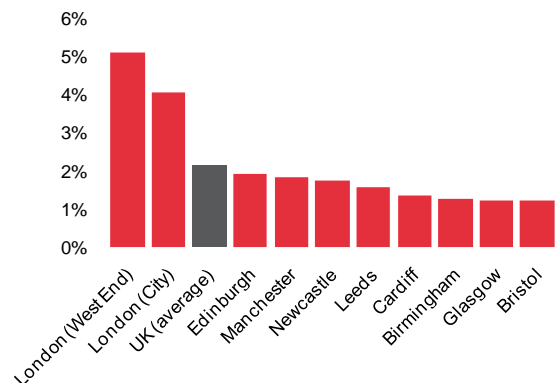
Total occupancy costs per workstation – UK



Source: DTZ Research

Figure 17

Average annual growth in total occupancy costs per workstation, end 2010-2015 (using USD conversion)



Source: DTZ Research

Middle East and Africa – further cost savings ahead

The Middle East and Africa continued to present occupiers with large cost savings across major office markets in 2010. Looking ahead, whilst demand for office space has picked up, substantial oversupply will continue to drag down rents ...

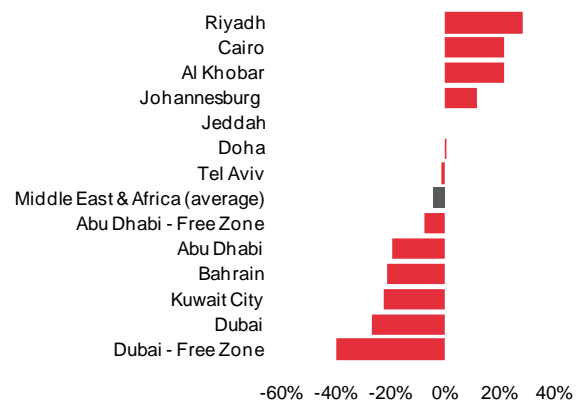
- Occupancy costs (in local currency) in the Middle East and Africa generally continued on a downward trend in 2010, with average occupancy costs falling by 4% (Figure 18). Unlike in other markets around the world, rents in the Middle East and Africa are yet to recover from the fallout of the economic recession in 2008. Demand remains below historic levels and this is coupled with oversupply of prime stock.
- At a regional level, Dubai - Free Zone and Dubai witnessed the largest declines in occupancy cost per workstation over the year, falling by 40% and 27% respectively (in local currency). This positions both Dubai markets among the top fastest declining markets worldwide in 2010, with Dubai – Free Zone sliding 30 places to 37th in the global ranking. For the first time since we began our coverage, Dubai has been outpaced by Abu Dhabi and Doha. Tel Aviv – included in our survey for the first time – came into play as the most expensive office location in the region in 2010 (Figure 19). Tel Aviv is witnessing strong rental growth, driven by a lack of prime product and strong demand. At the same time, outgoings besides rent are expensive, representing 43% of total occupancy costs.
- After two years of decline, occupiers in Riyadh (Saudi Arabia) saw a sharp uplift in costs as rents bounced back (by 29%). After Riyadh, the greatest increase in costs occurred in Cairo (Egypt) and Al Khobar (Saudi Arabia), at 22% in both markets. In Saudi Arabia, 2010 represented a year of stabilisation, and in some markets, double-digit growth underpinned by a recovery in rents. Development in Saudi Arabia has been less intense than in the other regional centres. At the same time, demand strengthened in 2010, driving up rentals.
- Despite seeing an increase in costs, Johannesburg remains the least expensive office location in the Middle East and Africa, with the cost per workstation reaching USD 4,320 per annum at the end of 2010 (Figure 19). Elsewhere in the region, occupiers benefit from relatively low costs in Bahrain and Al Khobar (Saudi Arabia).
- As competition amongst landlords intensifies, we expect to see an increase in tenant incentives, such as base fit-outs and extended rent-free periods. However, the concept of using lease incentives to secure tenants is a relatively new concept in the

Middle East and Africa, and therefore not as flexible as in other regions.

- Oversupply of office stock in Dubai, Bahrain and Abu Dhabi will continue to drag down occupancy costs. This makes it a good environment for cost conscious tenants to relocate to offices offering lower rents in competing buildings.
- The recent civil unrest in parts of the Middle East is likely to have a negative impact on occupier demand in the short term. Whilst long-term fundamentals remain, we expect demand to slow over the next few quarters, as occupiers postpone decisions until a degree of stability returns. This is likely to lead to some rental decline and therefore falls in total occupancy costs in the short-term.

Figure 18

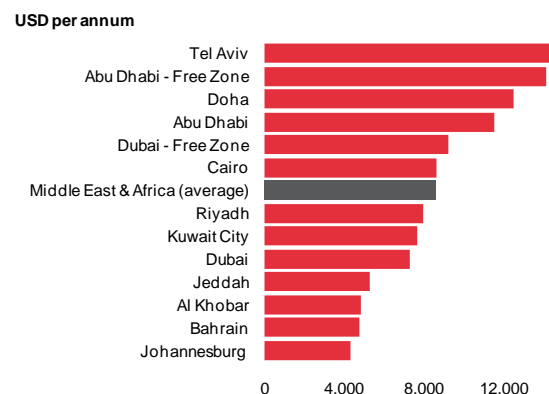
% change 2009-2010 in total occupancy costs per workstation (in local currency) – Middle East and Africa



Source: DTZ Research

Figure 19

Total occupancy costs per workstation – Middle East and Africa



Source: DTZ Research

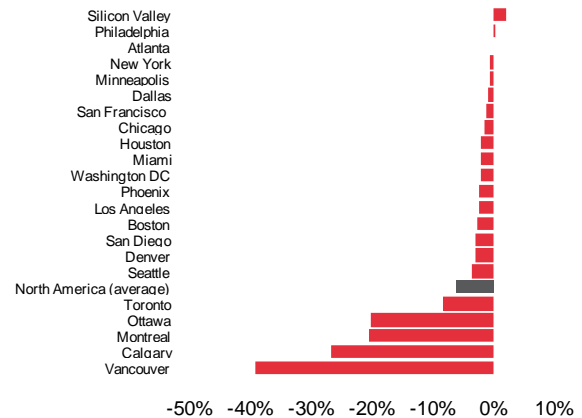
North America – costs forecast to increase as markets bottom out

After benefitting from another year of falling occupancy costs, occupiers in North America will see costs begin to rise as markets bottom out...

- With a few exceptions, occupancy costs continued to fall in the majority of North American cities as markets moved towards the bottom of the cycle. Demand for space remains at a low level, reflecting a sluggish labour market and weak corporate sentiment. Average occupancy costs per workstation declined by 6% over the year as a whole. Of all the markets surveyed, the Canadian markets recorded the sharpest declines - Vancouver (-39%); Calgary (-27%); and Montreal (-20%) (Figure 20). Steep falls in occupancy costs per workstation in Canada reflect the sharp correction in prime rents since the 2008 peak combined with generous space usage behaviour. Unlike in other markets Canada has been slow to improve space efficiency per workstation.
- The only market to see an increase in occupancy costs was the Silicon Valley submarket of Palo Alto/Mountain View/Los Alto, where occupancy costs per workstation increased by 2% on the back of marginal rental uplift. Elsewhere, occupancy costs remained unchanged in Philadelphia and Atlanta.
- The top two most expensive office locations in North America – and their position in the regional ranking – have not changed from the previous year. New York remains the most expensive location in the region, followed by Washington DC. Occupancy costs per workstation in New York were fairly static in 2010 and this helped New York to move up the global ranking to seventh from ninth last year. The second half of 2010 saw vacancy rates in New York begin to decline from a peak of 11.9% at the end of Q2 2010, on the back of strengthening demand, resulting in a quarter-on-quarter (q-o-q) increase in prime rents.
- Occupancy costs are forecast to increase across the US over the next five years. Occupiers in New York will see the strongest increase in occupancy costs per workstation, by USD 3,270 (4% per annum) to reach USD 18,260 (Figures 21 and 22). San Francisco, Boston, Los Angeles and Washington DC will also see above-average growth. New development has come to a standstill in many North American markets and this supports our forecast for growth in occupancy costs going forward. Occupiers in Chicago and Minneapolis will enjoy more muted growth. Canada is not currently included in our forecast coverage. However, costs here are also anticipated to increase.

Figure 20

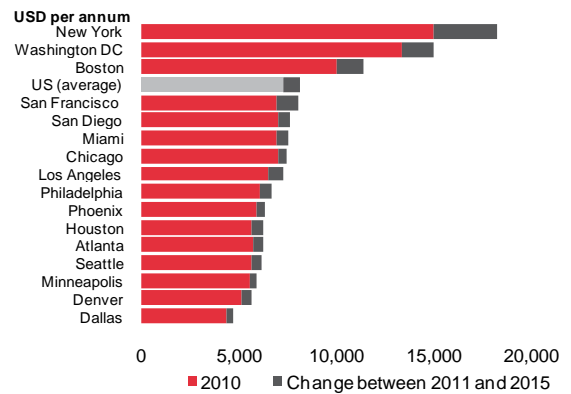
% change 2009-2010 in total occupancy costs per workstation (in local currency) – North America



Source: DTZ Research/Reis

Figure 21

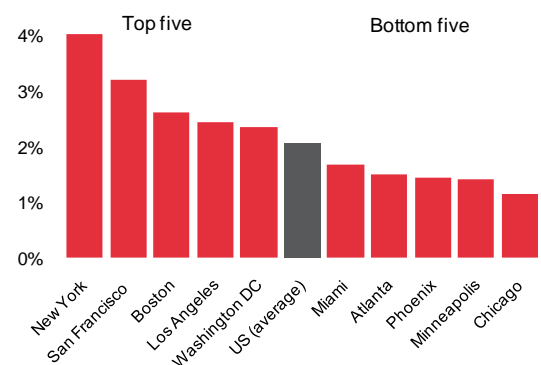
Total occupancy costs per workstation - US



Source: DTZ Research/Reis

Figure 22

Average annual growth in total occupancy costs per workstation, end 2010-2015 (using USD conversion)



Source: DTZ Research/Reis

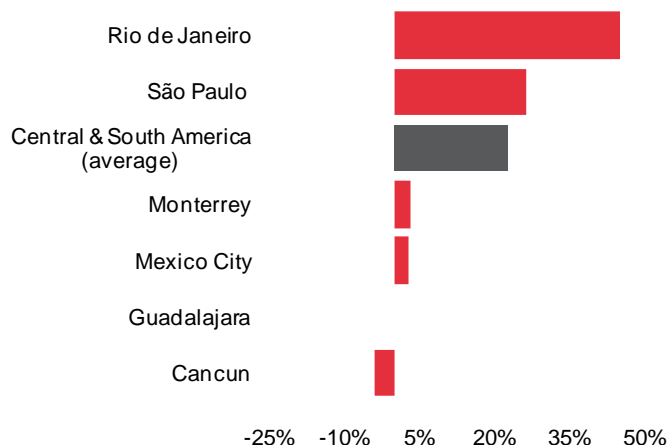
Central and South America – strongest regional growth in 2010

Latin American markets continued to expand in 2010 on the back of resilient economic growth. Prospects for future economic growth are generating strong demand for office space and this is feeding through to higher occupancy costs for occupiers, particularly in Brazil...

- The highest increase in occupancy costs (in local currency) was registered in Rio de Janeiro (45%) followed by São Paulo (26%). Demand for office space in Brazil's main centres is twice the volume of units currently available and this is translating into strong rental growth, which is pushing up total occupancy costs.
- 2010 represented a year of economic recovery in Mexico, with GDP expanding by 5.4%. The real estate market is no exception, and the last two years have represented a period of stabilisation for the office market in Mexico City. A good indicator of increasing demand is the amount of new space in the pipeline; we have knowledge of 20 buildings under construction in Mexico City to be delivered in the next three years, and the other cities covered in this survey (Guadalajara, Monterrey and Cancun) are seeing a similar trend.
- However, this is yet to translate into strong growth in occupancy costs per workstation, which saw fairly marginal growth of 3% (in local currency) in both Mexico City and Monterrey and remained stable in Guadalajara. Meanwhile, costs in Cancun fell by 3%.
- In terms of regional rankings, Rio de Janeiro has overtaken São Paulo to become the most expensive Latin American market, with occupancy costs per workstation of USD 10,670. At the other end of the scale, occupancy costs per workstation in Cancun are USD 2,800.
- Looking ahead, whilst costs will continue on an upward trend in São Paulo they are not projected to reach their peak levels of 2007 and 2008 due to the considerable volume of new buildings set to be delivered to the market in 2011 and 2012, some 325,000 sq m and 540,000 sq m respectively.
- In Mexico, costs are expected to remain largely stable, with some increase on the back of rising rents. In terms of other outgoings, occupiers will enjoy some savings as a result of the liquidation of the highly corrupt local electricity company (L&FC), which was substituted by the national federal provider CFE in 2010.

Figure 23

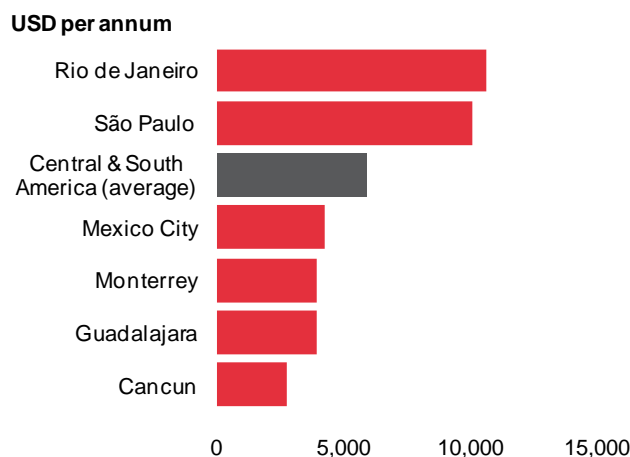
% change 2009-2010 in total occupancy costs per workstation (in local currency) – Central and South America



Source: CMI Grupo/Herzog Imobiliária Ltda

Figure 24

Total occupancy costs per workstation – Central and South America, 2010



Source: CMI Grupo/Herzog Imobiliária Ltda

New accounting rules to increase costs and compliance burden

New accounting rules to increase costs and compliance burden

Looking ahead, occupiers should anticipate new lease accounting rules being implemented by the US Financial Accounting Standards Board (FASB), which sets American standards, and the International Accounting Standards Board (IASB). Together they have proposed a comprehensive set of changes in the generally accepted accounting practices for leases.

The main implication of the amendment is a shift from operational to capital leases, meaning that tenants will be required to place the obligation to pay rent over the entire lease term on their balance sheets.

These rules will have a significant impact on companies' balance sheets and far-reaching consequences for commercial real estate markets globally; the amendment will impact all countries which require International Accounting Standards (IAS) reporting. In terms of timing, the proposal is in the final draft stage and is expected to be enacted from 2013.

What is the rule change?

With few exceptions most leases are currently accounted in the form of operational leases, where rent is classified as an expense on the income statement. The new rule will require occupiers to recognise the lease as an asset and liability on the balance sheet – no matter the length of the lease.

On the liability side a lease would be considered as company's "obligation to pay" and calculated as the present value of future lease payments using assumptions on terms, future payments and discount rate.

On the asset side a lease would be considered a company's right to use a property and calculated as the liability amount plus one-time, upfront costs directly associated with entering into the lease (i.e. agent fees, legal fees, stamp duty etc.).

Both the asset and liability would be amortized over the expected occupancy term. Nevertheless, the asset would follow straight line amortization whereas the liability would be written-off using effective interest method. Since the lease asset will be amortized faster than the lease liability, the new accounting treatment generates a net liability in all but the first year.

What are the implications for occupiers?

- The change in rule implies that balance sheets will be in effect "grossed-up". This will impact financial ratios and be important to investors and lenders alike.
- Higher occupancy costs in earlier years of the lease – rent amortization expenses and interest expenses will together exceed rent expenses in early years.
- To avoid implications on the balance sheet shorter leases are likely to be favoured – if you have a ten-year lease it will mean putting twice as much debt in the balance than if you have a five-year lease.
- Companies will need to decide in practice how frequently they should review the intended length of occupation, for potential adjustment over the liability period.
- Companies will need to be prepared to justify to auditors the intended occupation term, possibly regardless of lease length.
- Renewal options will become less popular.
- The benefit of locking a low rental rate over the long-term will be weighted against the accounting benefit of a less "grossed-up" balance sheet.
- Increased administrative costs and compliance burden.
- Ownership of property will no longer incur disadvantageous accounting treatment compared with long-term lease. As such, ownership of property may be more attractive compared to long-term leasing on strategic sites.
- Although the principles will apply to all companies adopting IAS reporting, there will be winners and losers.

Appendix 1

Top 50 ranking of markets: total occupancy costs per workstation per annum (USD)

Rank 2010	Rank 2009*	Region	Market	Country/Territory	Total occupancy cost per workstation pa**		YOY change	Total occupancy cost per workstation pa**			YOY change
					(USD)			(Locally quoted)***			
					2010	2009		Unit	2010	2009	
1	2	Asia Pacific	Hong Kong	Hong Kong SAR	22,330	17,050	31%	HKD	173,640	132,120	31%
2	1	Europe	London (West End)	United Kingdom	20,160	19,470	4%	GBP	12,920	11,840	9%
3	4	Europe	Geneva	Switzerland	18,840	16,870	12%	CHF	17,600	17,200	2%
4	3	Asia Pacific	Tokyo	Japan	17,400	16,990	2%	JPY	1,412,160	1,520,520	-7%
5	6	Europe	Zurich	Switzerland	16,700	15,680	7%	CHF	15,600	15,990	-2%
6	5	Europe	Paris	France	15,740	16,450	-4%	EUR	11,760	11,100	6%
7	9	North America	New York	United States	14,990	15,070	-1%	USD	14,990	15,070	-1%
8	16	Europe	London (City)	United Kingdom	14,690	12,750	15%	GBP	9,410	7,760	21%
9	14	Middle East & Africa	Tel Aviv	Israel	14,410	13,540	6%	ILS	50,760	51,480	-1%
10	8	Middle East & Africa	Abu Dhabi - Free Zone	United Arab Emirates	14,090	15,250	-8%	AED	51,750	56,000	-8%
11	13	North America	Washington DC	United States	13,350	13,630	-2%	USD	13,350	13,630	-2%
12	28	Europe	Stockholm	Sweden	13,140	10,900	21%	SEK	88,210	76,860	15%
13	10	Europe	Frankfurt	Germany	13,020	14,770	-12%	EUR	9,720	9,960	-2%
14	23	Asia Pacific	Sydney	Australia	12,750	11,240	13%	AUD	12,460	12,320	1%
15	17	Middle East & Africa	Doha	Qatar	12,510	12,520	0%	QAR	45,540	45,550	0%
16	38	Europe	Moscow	Russia	12,500	9,500	32%	USD	12,500	9,500	32%
17	22	Europe	Oslo	Norway	12,220	11,720	4%	NOK	71,000	67,000	6%
18	11	Middle East & Africa	Abu Dhabi	United Arab Emirates	11,520	14,300	-19%	AED	42,300	52,500	-19%
19	29	Asia Pacific	Perth	Australia	11,470	10,530	9%	AUD	11,200	11,550	-3%
20	12	Europe	Milan	Italy	11,460	14,010	-18%	EUR	8,560	9,450	-9%
21	27	Asia Pacific	Mumbai	India	11,420	10,910	5%	INR	510,860	508,010	1%
22	18	Europe	Munich	Germany	10,980	12,460	-12%	EUR	8,160	8,400	-3%
22	19	Europe	Luxembourg	Luxembourg	10,980	12,150	-10%	EUR	8,160	8,160	0%
24	21	Europe	Helsinki	Finland	10,750	11,890	-10%	EUR	8,040	8,040	0%
25	57	Central & South America	Rio de Janeiro	Brazil	10,670	7,130	50%	BRL	17,760	12,240	45%
26	44	Asia Pacific	Singapore	Singapore	10,430	8,440	24%	SGD	13,440	11,760	14%
27	20	Europe	Amsterdam	Netherlands	10,300	11,920	-14%	EUR	7,690	8,040	-4%
28	49	Central & South America	São Paulo	Brazil	10,120	7,730	31%	BRL	16,800	13,320	26%
29	30	North America	Boston	United States	10,050	10,330	-3%	USD	10,050	10,330	-3%
30	41	Asia Pacific	Brisbane	Australia	9,960	9,210	8%	AUD	9,730	10,080	-3%
31	15	North America	Calgary	Canada	9,950	12,880	-23%	CAD	9,930	13,540	-27%
32	43	Asia Pacific	Delhi	India	9,900	8,630	15%	INR	442,270	401,580	10%
33	33	North America	Toronto	Canada	9,830	10,170	-3%	CAD	9,830	10,700	-8%
34	39	North America	Silicon Valley	United States	9,670	9,470	2%	USD	9,670	9,470	2%
35	25	Europe	Dusseldorf	Germany	9,450	11,120	-15%	EUR	7,080	7,560	-6%
36	24	Europe	Rome	Italy	9,430	11,200	-16%	EUR	7,040	7,560	-7%
37	7	Middle East & Africa	Dubai - Free Zone	United Arab Emirates	9,230	15,400	-40%	AED	33,910	56,510	-40%
38	31	Europe	Hamburg	Germany	8,930	10,310	-13%	EUR	6,720	6,960	-3%
39	42	Europe	Brussels	Belgium	8,710	9,020	-3%	EUR	6,500	6,080	7%
40	37	Europe	Berlin	Germany	8,670	9,640	-10%	EUR	6,480	6,480	0%
41	57	Middle East & Africa	Cairo	Egypt	8,650	7,130	21%	USD	8,640	7,080	22%
42	32	North America	Ottawa	Canada	8,590	10,220	-16%	CAD	8,590	10,750	-20%
43	53	Europe	Istanbul	Turkey	8,280	7,200	15%	USD	8,280	7,200	15%
44	63	Asia Pacific	Melbourne	Australia	8,220	6,990	18%	AUD	8,030	7,650	5%
45	35	Europe	Dublin	Ireland	8,190	9,770	-16%	EUR	6,130	6,590	-7%
45	40	Europe	Copenhagen	Denmark	8,190	9,370	-13%	DKK	45,600	47,000	-3%
47	55	Asia Pacific	Taipei	Taiwan	8,020	7,150	12%	TWD	233,880	230,400	1.5%
48	51	Asia Pacific	Seoul	South Korea	7,940	7,550	5%	KRW	8,924,520	8,712,000	2%
49	48	Asia Pacific	Shanghai (Jingan)	Chinese Mainland	7,920	7,790	2%	CNY	52,320	53,160	-1.6%
50	74	Middle East & Africa	Riyadh	Saudi Arabia	7,910	6,150	29%	SAR	29,700	23,100	29%

*Note that the ranking for some locations has changed compared to last year as a result of data revisions

**Figures have been rounded to the nearest 10

Source: DTZ Research/Reis/CMI Grupo/Herzog Immobilienaria Ltda

Appendix 2

Top 50 ranking of markets: total occupancy costs per 1,000 sq m (NIA) per annum (USD)

Ranking 2010	Region	Market	Countries/Territories	Lease conversion rate	Typical building in prime market	Equivalent to 1,000 sq m (NIA) space requirement	Total Occupancy Cost (USD per sq m per annum)	Total Occupancy Cost (USD per annum) per 1,000 sq m (NIA)
1	Asia Pacific	Hong Kong	Hong Kong SAR	1.33	Mid/High Rise	1,333	1,526.59	2,035,453
2	Europe	London (West End)	United Kingdom	1.00	Low Rise	1,000	2,016.08	2,016,078
3	Asia Pacific	Mumbai	India	1.61	Mid/High Rise	1,613	1,011.05	1,630,731
4	Europe	Moscow	Russia	1.20	Low Rise	1,199	1,249.97	1,498,335
5	Asia Pacific	Delhi	India	1.61	Mid/High Rise	1,613	924.96	1,491,877
6	Asia Pacific	Tokyo	Japan	1.00	Mid/High Rise	1,000	1,474.65	1,474,654
7	Europe	London (City)	United Kingdom	1.00	Average	1,000	1,335.80	1,335,800
8	Europe	Geneva	Switzerland	1.08	Low Rise	1,078	1,177.32	1,269,064
9	Europe	Paris	France	1.10	Low Rise	1,100	1,124.34	1,236,772
10	Central & South America	Rio de Janeiro	Brazil	1.37	Mid/High Rise	1,371	853.44	1,170,036
11	Europe	Zurich	Switzerland	1.08	Low Rise	1,078	1,043.51	1,124,828
12	Central & South America	São Paulo	Brazil	1.37	Mid/High Rise	1,371	809.47	1,109,758
13	Middle East & Africa	Abu Dhabi - Free Zone	United Arab Emirates	1.10	Mid/High Rise	1,100	939.39	1,033,334
14	North America	New York	United States	1.36	Mid/High Rise	1,363	717.12	977,362
15	Asia Pacific	Singapore	Singapore	1.06	Mid/High Rise	1,065	907.01	965,522
16	Middle East & Africa	Doha	Qatar	1.13	Mid/High Rise	1,129	834.20	941,841
17	Asia Pacific	Sydney	Australia	1.02	Mid/High Rise	1,016	896.17	910,626
18	Europe	Istanbul	Turkey	1.61	Mid/High Rise	1,613	551.91	890,175
19	Europe	Milan	Italy	1.23	Low Rise	1,231	716.04	881,563
20	Middle East & Africa	Tel Aviv	Israel	1.30	Mid/High Rise	1,300	654.94	851,424
21	Middle East & Africa	Abu Dhabi	United Arab Emirates	1.10	Mid/High Rise	1,100	768.15	844,966
22	Europe	Luxembourg	Luxembourg	1.14	Low Rise	1,140	731.76	834,202
23	Asia Pacific	Perth	Australia	1.02	Mid/High Rise	1,016	806.13	819,133
24	Europe	Frankfurt	Germany	1.24	Mid/High Rise	1,242	650.89	808,369
25	Europe	Oslo	Norway	1.30	Low Rise	1,299	610.84	793,299
26	North America	Washington DC	United States	1.36	Mid/High Rise	1,363	574.96	783,612
27	Europe	Stockholm	Sweden	1.06	Low Rise	1,061	718.24	762,084
28	Asia Pacific	Shanghai (Jingan)	Chinese Mainland	1.43	Mid/High Rise	1,429	528.18	754,549
29	North America	Silicon Valley	United States	1.36	Mid/High Rise	1,363	548.11	747,015
30	Europe	Edinburgh	United Kingdom	1.00	Low Rise	1,000	730.87	730,869
31	Europe	Rome	Italy	1.23	Low Rise	1,231	589.27	725,487
32	Asia Pacific	Seoul	South Korea	1.64	Mid/High Rise	1,640	440.40	722,258
33	Europe	Manchester	United Kingdom	1.00	Low Rise	1,000	714.72	714,723
34	Europe	Birmingham	United Kingdom	1.00	Low Rise	1,000	713.65	713,647
35	Asia Pacific	Brisbane	Australia	1.02	Mid/High Rise	1,016	700.20	711,494
36	Europe	Kyiv (Kiev)	Ukraine	1.28	Average	1,281	552.14	707,188
37	Europe	Glasgow	United Kingdom	1.00	Low Rise	1,000	706.11	706,112
38	Europe	Bristol	United Kingdom	1.00	Low Rise	1,000	689.97	689,966
39	Middle East & Africa	Dubai - Free Zone	United Arab Emirates	1.10	Mid/High Rise	1,100	615.50	677,049
40	Europe	Leeds	United Kingdom	1.00	Low Rise	1,000	671.67	671,667
41	Europe	Dublin	Ireland	1.00	Low Rise	1,000	655.52	655,522
42	Asia Pacific	Shanghai (Pudong)	Chinese Mainland	1.43	Mid/High Rise	1,429	451.33	644,758
43	Europe	Amsterdam	Netherlands	1.16	Low Rise	1,161	550.69	639,376
44	Europe	Munich	Germany	1.16	Low Rise	1,157	548.83	635,070
45	Middle East & Africa	Cairo	Egypt	1.10	Mid/High Rise	1,100	576.36	633,994
46	North America	Boston	United States	1.36	Mid/High Rise	1,363	456.49	622,153
47	Europe	Madrid	Spain	1.32	Average	1,325	462.24	612,466
48	North America	San Francisco	United States	1.36	Mid/High Rise	1,363	438.33	597,396
49	Asia Pacific	Taipei	Taiwan	1.49	Mid/High Rise	1,493	398.81	595,244
50	Europe	Warsaw	Poland	1.29	Mid/High Rise	1,290	458.81	592,015

Source: DTZ Research/Reis/CMI Grupo/Herzog Imobiliaria Ltda

Box 1: Occupancy costs per 1,000 sq m per annum

DTZ's Global Occupancy Costs: Offices Survey tracks occupancy costs per workstation. This year, we have also analysed the cost of taking the equivalent of 1,000 sq m NIA across the markets. This approach cuts through variability of space utilisation standards, taking into account the fact that more people can occupy a building than there are workstations and businesses go through cycles of under- and over- occupancy.

Except for some countries using BOMA as a generally accepted market practice, every country has a different approach to and definition of "lease area". Whilst a handful of countries have an official measuring code, the majority rely on accepted local market practice, whilst in some emerging markets the definition of a "leasable square meter" may vary depending on the landlord. This means that €200 per sq m in Paris does not compare to €200 per sq m in Delhi.

When leases are based on the UK definition of Net Internal Area (NIA), the tenant pays for net usable space only. Where lease area is based on gross space, floor plate inefficiency is passed onto the tenant, who not only pays for usable floor area, but also for common areas, lifts, structural columns, exterior walls etc. Thus increasing total occupancy costs per sq m.

Appendix 3

Actual & forecast total occupancy costs per workstation per annum (USD)

Forecast total occupancy costs per workstation (USD)								
	2010	2011	2012	2013	2014	2015	RANK	Average annual growth 2011-15
Bengaluru	3,460	3,870	4,280	4,690	5,100	5,510	67	9.75%
Hong Kong	22,330	25,240	27,850	29,560	30,720	31,520	1	7.14%
Singapore	10,430	11,200	11,850	12,620	13,590	14,240	13	6.43%
Beijing	6,020	6,350	6,670	7,060	7,500	8,140	39	6.22%
Chennai	2,920	3,120	3,310	3,510	3,720	3,910	78	6.01%
Shenyang	2,040	2,170	2,250	2,350	2,480	2,640	83	5.29%
London (West End)	20,160	22,070	23,000	23,960	24,920	25,890	2	5.13%
Taipei	8,020	8,220	8,460	9,020	9,530	10,170	25	4.86%
Shanghai (Jingan)	7,920	8,400	8,860	9,300	9,650	10,020	26	4.82%
London (City)	14,690	16,090	16,620	17,180	17,750	17,940	7	4.1%
New York	14,990	15,630	16,410	17,220	18,180	18,260	5	4.03%
Delhi	9,900	10,400	10,900	11,230	11,580	11,920	20	3.78%
Brisbane	9,960	10,350	10,760	11,170	11,570	11,980	19	3.76%
Moscow	12,500	13,130	13,730	14,330	14,420	15,030	8	3.76%
Warsaw	5,510	5,820	6,130	6,360	6,490	6,590	56	3.64%
Tianjin	2,730	2,920	3,010	3,070	3,150	3,260	80	3.61%
Kyiv (Kiev)	6,630	6,880	7,260	7,480	7,690	7,860	42	3.46%
Perth	11,470	11,860	12,190	12,670	13,170	13,500	14	3.31%
Guangzhou	4,470	4,850	4,960	5,040	5,170	5,250	71	3.27%
Sydney	12,750	13,170	13,710	14,210	14,680	14,950	10	3.23%
San Francisco	6,920	7,060	7,330	7,630	7,880	8,100	40	3.20%
Melbourne	8,220	8,430	8,690	9,040	9,320	9,590	31	3.13%
Qingdao	2,140	2,290	2,330	2,360	2,410	2,490	84	3.08%
Mumbai	11,420	11,640	12,010	12,380	12,750	13,120	16	2.81%
Munich	10,980	11,330	11,530	11,850	12,220	12,600	17	2.79%
Paris	15,740	16,330	16,920	17,330	17,550	17,970	6	2.69%
Bucharest	4,060	4,200	4,290	4,420	4,520	4,630	74	2.66%
Jakarta	3,210	3,320	3,400	3,490	3,570	3,660	79	2.66%
Boston	10,050	10,280	10,610	10,850	11,110	11,440	21	2.62%
Stockholm	13,140	13,980	14,280	14,590	14,740	14,890	11	2.53%
Istanbul	8,280	8,720	8,970	9,140	9,210	9,370	33	2.50%
Madrid	6,470	6,380	6,600	7,070	7,290	7,300	51	2.44%
Los Angeles	6,500	6,680	6,860	7,040	7,220	7,330	49	2.43%
Budapest	3,630	3,670	3,800	3,890	3,950	4,090	76	2.41%
Washington DC	13,350	13,720	14,090	14,450	14,750	14,990	9	2.34%
Hamburg	8,930	9,120	9,450	9,660	9,830	10,020	26	2.33%
Marseille	4,860	5,080	5,190	5,300	5,410	5,430	69	2.24%
Frankfurt	13,020	13,190	13,420	14,110	14,300	14,470	12	2.13%
Berlin	8,670	8,840	9,020	9,230	9,410	9,620	30	2.10%
Barcelona	5,020	4,860	5,050	5,260	5,450	5,560	66	2.06%
Dublin	8,190	7,750	7,740	8,170	8,610	9,060	34	2.04%
Gothenburg	7,690	8,010	8,160	8,340	8,500	8,500	37	2.02%
Houston	5,670	5,780	5,900	6,030	6,140	6,250	58	1.97%
Edinburgh	7,810	8,000	8,150	8,300	8,440	8,590	36	1.92%
Philadelphia	6,110	6,140	6,290	6,450	6,590	6,720	55	1.92%
Chengdu	3,700	3,880	3,940	3,990	4,000	4,060	77	1.87%
Manchester	7,150	7,230	7,430	7,560	7,700	7,840	43	1.86%
San Diego	7,000	7,100	7,250	7,420	7,550	7,670	45	1.84%
Denver	5,180	5,210	5,330	5,460	5,560	5,670	64	1.82%
Seattle	5,640	5,650	5,760	5,960	6,100	6,160	60	1.78%
Newcastle	5,150	5,230	5,260	5,310	5,500	5,620	65	1.76%
Dallas	4,360	4,420	4,500	4,620	4,720	4,750	73	1.73%
Lyon	5,340	5,360	5,470	5,580	5,700	5,810	63	1.70%
Miami	6,980	7,100	7,280	7,420	7,510	7,590	46	1.69%
Kuala Lumpur	4,110	3,970	3,970	4,040	4,320	4,460	75	1.65%
Shenzhen	4,960	5,330	5,500	5,420	5,350	5,380	70	1.64%
Dalian	2,610	2,660	2,710	2,740	2,790	2,830	82	1.63%
Milan	11,460	11,690	11,930	11,950	12,180	12,420	18	1.62%
Leeds	6,720	6,820	6,940	7,070	7,130	7,270	52	1.59%
Oslo	12,220	12,420	12,610	12,830	13,010	13,210	15	1.57%
Prague	6,320	6,350	6,510	6,660	6,790	6,830	53	1.56%
Malmö	6,250	6,270	6,420	6,570	6,570	6,740	54	1.52%
Atlanta	5,790	5,810	5,920	6,000	6,090	6,240	59	1.51%
Brussels	8,710	8,750	8,890	9,050	9,220	9,380	32	1.49%
Tokyo	17,400	16,470	16,750	17,600	18,200	18,730	4	1.48%
Phoenix	5,890	5,930	6,020	6,090	6,220	6,330	57	1.45%
Bangkok	2,840	2,890	2,940	2,970	3,010	3,050	81	1.44%
Minneapolis	5,560	5,620	5,720	5,810	5,910	5,960	62	1.40%
Cardiff	5,090	5,150	5,260	5,310	5,410	5,440	68	1.34%
Copenhagen	8,190	8,240	8,350	8,490	8,600	8,740	35	1.31%
Birmingham	7,490	7,700	7,730	7,860	7,920	7,980	41	1.28%
Glasgow	7,060	7,150	7,180	7,310	7,360	7,500	47	1.22%
Bristol	6,900	6,980	7,030	7,140	7,190	7,330	49	1.22%
Helsinki	10,750	10,800	10,980	11,160	11,290	11,400	22	1.18%
Chicago	7,020	7,070	7,130	7,260	7,380	7,430	48	1.14%
Seoul	7,940	8,150	7,980	7,930	8,220	8,390	38	1.11%
Rome	9,430	9,650	9,680	9,690	9,710	9,950	28	1.08%
Düsseldorf	9,450	9,470	9,510	9,700	9,920	9,940	29	1.02%
Auckland	7,400	7,370	7,420	7,530	7,630	7,740	44	0.90%
Antwerp	4,840	4,860	4,890	4,970	4,990	5,020	72	0.73%
Luxembourg	10,980	11,000	11,050	11,060	11,300	11,340	23	0.65%
The Hague	5,860	5,860	5,950	5,960	6,020	6,030	61	0.57%
Amsterdam	10,300	10,320	10,330	10,350	10,370	10,520	24	0.42%
Geneva	18,840	18,930	19,030	19,060	19,190	19,220	3	0.40%

NB Figures have been rounded to the nearest 10

Source: DTZ Research/Reis

Forecast total occupancy costs per workstation per annum (USD): change in rank (2011-2015)

Forecast total occupancy costs per workstation (USD)									
	2010	2011	RANK 2011	2012	2013	2014	2015	RANK 2015	Change in rank
Hong Kong	22,330	25,240	1	27,850	29,560	30,720	31,520	1	-
London (West End)	20,160	22,070	2	23,000	23,960	24,920	25,890	2	-
Geneva	18,840	18,930	3	19,030	19,060	19,190	19,220	3	-
Tokyo	17,400	16,470	4	16,750	17,600	18,200	18,730	4	-
Paris	15,740	16,330	5	16,920	17,330	17,550	17,970	6	▼
London (City)	14,690	16,090	6	16,620	17,180	17,750	17,940	7	▼
New York	14,990	15,630	7	16,410	17,220	18,180	18,260	5	▲
Stockholm	13,140	13,980	8	14,280	14,590	14,740	14,890	11	▼
Washington DC	13,350	13,720	9	14,090	14,450	14,750	14,990	9	-
Frankfurt	13,020	13,190	10	13,420	14,110	14,300	14,470	12	▼
Sydney	12,750	13,170	11	13,710	14,210	14,680	14,950	10	▲
Moscow	12,500	13,130	12	13,730	14,330	14,420	15,030	8	▲
Oslo	12,220	12,420	13	12,610	12,830	13,010	13,210	15	▼
Perth	11,470	11,860	14	12,190	12,670	13,170	13,500	14	-
Milan	11,460	11,690	15	11,930	11,950	12,180	12,420	18	▼
Mumbai	11,420	11,640	16	12,010	12,380	12,750	13,120	16	-
Munich	10,980	11,330	17	11,530	11,850	12,220	12,600	17	-
Singapore	10,430	11,200	18	11,850	12,620	13,590	14,240	13	▲
Luxembourg	10,980	11,000	19	11,050	11,060	11,300	11,340	23	▼
Helsinki	10,750	10,800	20	10,980	11,160	11,290	11,400	22	▼
Delhi	9,900	10,400	21	10,900	11,230	11,580	11,920	20	▲
Brisbane	9,960	10,350	22	10,760	11,170	11,570	11,980	19	▲
Amsterdam	10,300	10,320	23	10,330	10,350	10,370	10,520	24	▼
Boston	10,050	10,280	24	10,610	10,850	11,110	11,440	21	▲
Rome	9,430	9,650	25	9,680	9,690	9,710	9,950	28	▼
Dusseldorf	9,450	9,470	26	9,510	9,700	9,920	9,940	29	▼
Hamburg	8,930	9,120	27	9,450	9,660	9,830	10,020	26	▲
Berlin	8,670	8,840	28	9,020	9,230	9,410	9,620	30	▼
Brussels	8,710	8,750	29	8,890	9,050	9,220	9,380	32	▼
Istanbul	8,280	8,720	30	8,970	9,140	9,210	9,370	33	▼
Melbourne	8,220	8,430	31	8,690	9,040	9,320	9,590	31	-
Shanghai	7,920	8,400	32	8,860	9,300	9,650	10,020	26	▲
Copenhagen	8,190	8,240	33	8,350	8,490	8,600	8,740	35	▼
Taipei	8,020	8,220	34	8,460	9,020	9,530	10,170	25	▲
Seoul	7,940	8,150	35	7,980	7,930	8,220	8,390	38	▼
Gothenburg	7,690	8,010	36	8,160	8,340	8,500	8,500	37	▼
Edinburgh	7,810	8,000	37	8,150	8,300	8,440	8,590	36	▲
Dublin	8,190	7,750	38	7,740	8,170	8,610	9,060	34	▲
Birmingham	7,490	7,700	39	7,730	7,860	7,920	7,980	41	▼
Auckland	7,400	7,370	40	7,420	7,530	7,630	7,740	44	▼
Manchester	7,150	7,230	41	7,430	7,560	7,700	7,840	43	▼
Glasgow	7,060	7,150	42	7,180	7,310	7,360	7,500	47	▼
Miami	6,980	7,100	43	7,280	7,420	7,510	7,590	46	▼
San Diego	7,000	7,100	43	7,250	7,420	7,550	7,670	45	▼
Chicago	7,020	7,070	45	7,130	7,260	7,380	7,430	48	▼
San Francisco	6,920	7,060	46	7,330	7,630	7,880	8,100	40	▲
Bristol	6,900	6,980	47	7,030	7,140	7,190	7,330	49	▼
Kyiv (Kiev)	6,630	6,880	48	7,260	7,480	7,690	7,860	42	▲
Leeds	6,720	6,820	49	6,940	7,070	7,130	7,270	52	▼
Los Angeles	6,500	6,680	50	6,860	7,040	7,220	7,330	49	▲
Madrid	6,470	6,380	51	6,600	7,070	7,290	7,300	51	-
Prague	6,320	6,350	52	6,510	6,660	6,790	6,830	53	▼
Beijing	6,020	6,350	52	6,670	7,060	7,500	8,140	39	▲
Malmö	6,250	6,270	54	6,420	6,570	6,570	6,740	54	-
Philadelphia	6,110	6,140	55	6,290	6,450	6,590	6,720	55	-
Phoenix	5,890	5,930	56	6,020	6,090	6,220	6,330	57	▼
The Hague	5,860	5,860	57	5,950	5,960	6,020	6,030	61	▼
Warsaw	5,510	5,820	58	6,130	6,360	6,490	6,590	56	▲
Atlanta	5,790	5,810	59	5,920	6,000	6,090	6,240	59	-
Houston	5,670	5,780	60	5,900	6,030	6,140	6,250	58	▲
Seattle	5,640	5,650	61	5,760	5,960	6,100	6,160	60	▲
Minneapolis	5,560	5,620	62	5,720	5,810	5,910	5,960	62	-
Lyon	5,340	5,360	63	5,470	5,580	5,700	5,810	63	-
Shenzhen	4,960	5,330	64	5,500	5,420	5,350	5,380	70	▼
Newcastle	5,150	5,230	65	5,260	5,310	5,500	5,620	65	-
Denver	5,180	5,210	66	5,330	5,460	5,560	5,670	64	▲
Cardiff	5,090	5,150	67	5,260	5,310	5,410	5,440	68	▼
Marseille	4,860	5,080	68	5,190	5,300	5,410	5,430	69	▼
Barcelona	5,020	4,860	69	5,050	5,260	5,450	5,560	66	▲
Antwerp	4,840	4,860	69	4,890	4,970	4,990	5,020	72	▼
Guangzhou	4,470	4,850	71	4,960	5,040	5,170	5,250	71	-
Dallas	4,360	4,420	72	4,500	4,620	4,720	4,750	73	▼
Bucharest	4,060	4,200	73	4,290	4,420	4,520	4,630	74	▼
Kuala Lumpur	4,110	3,970	74	3,970	4,040	4,320	4,460	75	▼
Chengdu	3,700	3,880	75	3,940	3,990	4,000	4,060	77	▼
Bengaluru	3,460	3,870	76	4,280	4,690	5,100	5,510	67	▲
Budapest	3,630	3,670	77	3,800	3,890	3,950	4,090	76	▲
Jakarta	3,210	3,320	78	3,400	3,490	3,570	3,660	79	▼
Chennai	2,920	3,120	79	3,310	3,510	3,720	3,910	78	▲
Tianjin	2,730	2,920	80	3,010	3,070	3,150	3,260	80	-
Bangkok	2,840	2,890	81	2,940	2,970	3,010	3,050	81	-
Dalian	2,610	2,660	82	2,710	2,740	2,790	2,830	82	-
Qingdao	2,140	2,290	83	2,330	2,360	2,410	2,490	84	▼
Shenyang	2,040	2,170	84	2,250	2,350	2,480	2,640	83	▲

NB Figures have been rounded to the nearest 10

Source: DTZ Research/Reis

Appendix 5

Secondary occupancy costs per workstation per annum (USD) – selected markets

Secondary Rank 2010	Prime Rank 2010	Region	Market	Countries/Territory	Total occupancy cost per workstation - secondary space (USD pa)	Total occupancy cost per workstation - prime space (USD pa)	Difference (%)
1	1	Asia Pacific	Hong Kong	Hong Kong SAR	16,430	22,330	35.9
2	6	Europe	Paris	France	14,110	15,740	11.6
3	2	Europe	London (West End)	United Kingdom	11,680	20,160	72.6
4	4	Asia Pacific	Tokyo	Japan	11,390	17,400	52.8
5	8	Europe	Stockholm	Sweden	11,380	13,140	15.5
6	10	Asia Pacific	Sydney	Australia	9,890	12,750	28.9
7	7	Europe	London (City)	United Kingdom	9,570	14,690	53.5
8	3	Europe	Geneva	Switzerland	9,030	18,840	108.6
9	5	Europe	Zurich	Switzerland	9,000	16,700	85.6
10	9	Europe	Frankfurt	Germany	8,660	13,020	50.3
11	12	Asia Pacific	Singapore	Singapore	7,340	10,430	42.1
12	13	Asia Pacific	Delhi	India	6,490	9,900	52.5
13	11	Europe	Moscow	Russia	6,200	12,500	101.6
14	14	Asia Pacific	Shanghai	Chinese Mainland	4,410	7,920	79.6

Source: DTZ Research

Box 2: A look at secondary occupancy costs

DTZ's Global Occupancy Costs: Offices Survey tracks occupancy costs per workstation in prime markets globally. Whilst occupier interest is expected to remain focused on the prime end of the market, especially in locations where prime rents are still well below their pre-crisis levels, in some markets where prime stock is severely limited, occupiers have no choice but to consider good secondary space.

We have analysed occupancy costs per workstation for average-grade buildings in 14 major centres in EMEA and Asia Pacific (see above).

The biggest difference in costs can be seen in the high cost locations of Geneva and Zurich and the Russian capital of Moscow, where occupying prime space costs up to 100% more than taking space in an average grade building. The difference in cost in Geneva is made more pronounced by the fact that usage of space in prime buildings is less efficient than in average grade buildings.

Prime offers more value in markets such as Paris CBD and Stockholm where the difference in cost in occupying prime compared to secondary is less pronounced. As a result, these two locations rank higher in terms of occupancy costs per workstation in a secondary building, than they do when considering occupancy cost per workstation in a prime building.

Hong Kong (Sheung Wan/Central/Admiralty) is the most expensive location in the world for occupying secondary space, as well as prime. Whilst London's West End shifts down the ranking to third place due to a much greater discount between prime and secondary.

Appendix 6

Breakdown of total occupancy costs: Asia Pacific

Country/Territory	Market	Unit	Space utilisation standard per worker	Prime rent	Outgoings	Total occupancy cost	Space utilisation standard per worker	Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change	Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change	Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change		
			Gross Lettable Area (GLA)						Net Internal Area (NIA)															
			sq m	sq ft	Locally quoted**		sq m	sq ft	Locally quoted**		USD per sq ft per annum						EUR per sq m per annum							
Australia	Adelaide	AUD sq m Year	15.24	164.06	319.84	93.49	413.33	15.00	161.46	325.00	95.00	420.00	6,300	0%	30.90	9.00	39.90	6,440	12%	248.50	72.60	321.10	4,820	24%
	Brisbane	AUD sq m Year	14.23	153.13	565.87	118.10	683.97	14.00	150.69	575.00	120.00	695.00	9,730	-3%	54.70	11.40	66.10	9,960	8%	439.60	91.70	531.30	7,440	20%
	Canberra	AUD sq m Year	16.26	175.00	295.24	93.49	388.73	16.00	172.22	300.00	95.00	395.00	6,320	-6%	28.50	9.00	37.50	6,460	5%	229.40	72.60	302.00	4,830	17%
	Melbourne	AUD sq m Year	15.24	164.06	418.25	108.25	526.51	15.00	161.46	425.00	110.00	535.00	8,030	5%	40.40	10.50	50.90	8,220	18%	324.90	84.10	409.00	6,140	30%
	Perth	AUD sq m Year	14.23	153.13	664.29	123.02	787.30	14.00	150.69	675.00	125.00	800.00	11,200	-3%	64.20	11.90	76.10	11,470	9%	516.00	95.60	611.60	8,560	20%
Mainland China	Sydney	AUD sq m Year	14.23	153.13	738.10	137.78	875.87	14.00	150.69	750.00	140.00	890.00	12,460	1%	71.30	13.30	84.60	12,750	13%	573.40	107.00	680.40	9,530	26%
	Beijing	CNY sq m Month	16.00	172.22	177.34	29.52	206.85	11.20	120.56	253.30	42.20	295.50	3,310	14%	42.80	7.10	49.90	6,020	18%	344.60	57.40	402.00	4,500	31%
	Dalian	CNY sq m Month	15.00	161.46	72.50	23.43	95.93	10.20	109.79	106.60	34.50	141.10	1,440	-4%	18.00	5.80	23.80	2,610	0%	145.00	46.90	191.90	1,960	11%
	Chengdu	CNY sq m Month	14.28	153.71	124.76	17.90	142.66	10.00	107.60	178.20	25.60	203.80	2,040	17%	30.10	4.30	34.40	3,700	21%	242.40	34.80	277.20	2,770	34%
	Guangzhou	CNY sq m Month	14.49	156.00	140.56	29.00	169.56	10.00	107.64	203.70	42.00	245.70	2,460	11%	34.40	7.10	41.50	4,470	14%	277.10	57.10	334.20	3,340	27%
	Hangzhou	CNY sq m Month	14.29	153.77	130.03	13.86	143.90	10.00	107.64	185.80	19.80	205.60	2,060	4%	31.40	3.30	34.70	3,740	7%	252.70	26.90	279.60	2,800	19%
	Shanghai (Pudong)	CNY sq m Month	15.00	161.46	217.99	30.39	248.38	10.50	113.02	311.40	43.40	354.80	3,730	6%	52.60	7.30	59.90	6,770	9%	423.60	59.00	482.60	5,070	21%
	Shanghai (Jingan)	CNY sq m Month	15.00	161.46	260.23	30.39	290.63	10.50	113.02	371.80	43.40	415.20	4,360	-2%	62.80	7.30	70.10	7,920	2%	505.80	59.00	564.80	5,930	13%
	Shenzhen	CNY sq m Month	15.44	166.19	142.92	33.64	176.56	10.50	113.01	210.20	49.50	259.70	2,730	1%	35.50	8.40	43.90	4,960	5%	285.90	67.30	353.20	3,710	17%
	Shenyang	CNY sq m Month	10.00	107.64	92.83	19.67	112.50	7.00	75.35	132.60	28.10	160.70	1,120	30%	22.40	4.70	27.10	2,040	35%	180.40	38.20	218.60	1,530	50%
	Tianjin	CNY sq m Month	10.00	107.64	128.87	21.00	149.87	7.00	75.35	184.10	30.00	214.10	1,500	1%	31.10	5.10	36.20	2,730	5%	250.40	40.80	291.20	2,040	16%
	Qingdao	CNY sq m Month	10.14	109.11	100.65	15.39	116.04	7.10	76.37	143.80	22.00	165.80	1,180	8%	24.30	3.70	28.00	2,140	11%	195.60	29.90	225.50	1,600	23%
	Hong Kong SAR	Hong Kong	HKD sq ft Month	14.63	157.48	78.60	13.30	91.90	10.97	118.11	104.80	17.70	122.50	14,470	31%	161.80	27.30	189.10	22,330	31%	1,300.90	219.70	1,520.60	16,680
India	Bengaluru	INR sq ft Year	13.00	139.93	900.00	204.00	1,104.00	8.06	86.76	1,451.60	329.00	1,780.60	154,480	16%	32.50	7.40	39.90	3,460	21%	261.10	59.20	320.30	2,580	34%
	Chennai	INR sq ft Year	11.60	124.86	840.00	204.00	1,044.00	7.19	77.41	1,354.80	329.00	1,683.80	130,350	9%	30.30	7.40	37.70	2,920	14%	243.70	59.20	302.90	2,180	26%
	Mumbai	INR sq ft Year	11.30	121.63	3,900.00	300.00	4,200.00	7.01	75.41	6,290.30	483.90	6,774.20	510,860	1%	140.70	10.80	151.50	11,420	5%	1,131.40	87.00	1,218.40	8,540	16%
Indonesia	Delhi	INR sq ft Year	10.70	115.17	3,600.00	240.00	3,840.00	6.63	71.41	5,806.50	387.10	6,193.60	442,270	10%	129.90	8.70	138.60	9,900	15%	1,044.40	69.60	1,114.00	7,990	27%
	Jakarta	IDR sq m Month	13.40	144.24	124,000.00	56,000.00	180,000.00	12.18	131.12	136,400.00	61,600.00	198,000.00	2,412,000	-1%	16.90	7.60	24.50	3,210	3%	135.70	61.30	197.00	2,400	15%
Japan	Surabaya	IDR sq m Month	12.10	130.24	55,760.00	42,400.00	98,160.00	11.00	118.40	61,336.00	46,640.00	107,976.00	1,187,740	1%	7.60	5.80	13.40	1,590	7%	61.00	46.40	107.40	1,180	18%
	Tokyo	JPY tsubo Month	11.80	127.01	26,969.00	6,000.00	32,969.00	11.80	127.01	26,969.00	6,000.00	32,969.00	117,680	-7%	112.10	24.90	137.00	17,400	2%	901.10	200.50	1,101.60	13,000	13%
Malaysia	Kuala Lumpur	MYR sq ft Month	16.26	175.00	4.67	1.30	5.97	16.26	175.00	4.70	1.30	6.00	1,050	-2%	18.40	5.10	23.50	4,110	9%	148.20	41.00	189.20	3,080	21%
New Zealand	Auckland	NZD sq m Year	20.32	218.75	350.47	116.25	466.72	17.50	188.37	407.00	135.00	542.00	9,490	-1%	29.50	9.80	39.30	7,400	8%	237.20	78.70	315.90	5,530	20%
	Christchurch	NZD sq m Year	20.90	225.00	206.67	55.97	262.64	18.00	193.75	240.00	65.00	305.00	5,490	-3%	17.40	4.70	22.10	4,280	6%	139.90	37.90	177.80	3,200	17%
Philippines	Wellington	NZD sq m Year	19.74	212.50	266.94	99.03	365.97	17.00	182.99	310.00	115.00	425.00	7,230	-5%	22.50	8.30	30.80	5,640	4%	180.70	67.00	247.70	4,210	15%
	Manila	PHP sq m Month	10.00	107.64	800.00	185.00	985.00	10.00	107.64	800.00	185.00	985.00	9,850	0%	20.50	4.70	25.20	2,710	5%	164.20	38.00	202.20	2,020	17%
Singapore	Singapore	SGD sq ft Month	11.50	123.78	7.02	1.98	9.00	10.80	116.28	7.50	2.10	9.60	1,120	14%	70.10	19.60	89.70	10,430	24%	563.90	157.90	721.80	7,800	37%
South Korea	Seoul	KRW sq ft Month	18.04	194.17	29,687.67	11,539.36	41,227.03	11.00	118.40	48,687.80	18,924.50	67,612.30	743,710	2%	48.30	18.80	67.10	7,940	5%	388.70	151.10	539.80	5,940	17%
Taiwan	Taipei	TWD ping Month	20.11	216.50	2,825.00	378.00	3,203.00	13.48	145.05	4,216.40	564.20	4,780.60	19,490	2%	48.80	6.50	55.30	8,020	12%	392.10	52.50	444.60	5,990	24%
Thailand	Bangkok	THB sq m Month	11.00	118.40	545.00	100.00	645.00	10.33	111.23	580.20	106.50	686.70	7,100	0%	21.50	4.00	25.50	2,840	10%	173.20	31.80	205.00	2,120	22%
Vietnam	Hanoi	USD sq m Month	10.00	107.64	33.00	5.30	38.30	10.00	107.64	33.00	5.30	38.30	380	-14%	36.80	5.90	42.70	4,600	-13%	295.80	47.50	343.30	3,430	-4%
	Ho Chi Minh City	USD sq m Month	10.00	107.64	36.00	5.80	41.80	10.00	107.64	36.00	5.80	41.80	420	-13%	40.10	6.50	46.60	5,020	-13%	322.70	52.00	374.70	3,750	-3%

*Figures have been rounded to the nearest 10

**In some cases, where widely accepted, a currency other than the local currency is quoted, e.g. USD in Moscow and Lagos instead of Russian Rubles and the Nigerian Naira respectively

Source: DTZ Research

Appendix 7

Breakdown of total occupancy costs: EMEA

Country/Territory	Market	Unit	Space utilisation standard per worker				Total occupancy cost				Space utilisation standard per workstation				Total occupancy cost per workstation*				YOY change	Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change	Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change
			sq m	sq ft	Locally quoted**	sq m	sq ft	Locally quoted**	USD per sq ft per annum	EUR per sq m per annum																			
			Gross Lettable Area (GLA)										Net Internal Area (NIA)																
EMEA			sq m	sq ft	Locally quoted**	sq m	sq ft	Locally quoted**																					
Europe																													
Belgium	Antwerp	EUR sq m Year	19.00	204.51	140.00	50.00	190.00	14.85	159.87	179.10	64.00	243.10	3,610	6%	22.30	8.00	30.30	4,840	-5%	179.10	64.00	243.10	3,610	6%					
	Brussels	EUR sq m Year	19.00	204.51	275.00	67.00	342.00	14.85	159.87	351.80	85.70	437.50	6,500	7%	43.80	10.70	54.50	8,710	-3%	351.80	85.70	437.50	6,500	7%					
Czech Republic	Prague	EUR sq m Month	14.76	158.88	21.00	5.60	26.60	12.52	134.73	24.80	6.60	31.40	390	5%	37.00	9.90	46.90	6,320	-3%	297.60	79.20	376.80	4,720	7%					
	Copenhagen	DKK sq m Year	20.00	215.28	1,800.00	480.00	2,280.00	15.40	165.76	2,337.70	623.40	2,961.10	45,600	-3%	39.00	10.40	49.40	8,190	-13%	313.50	83.60	397.10	6,120	-3%					
Finland	Helsinki	EUR sq m Month	25.00	269.10	23.00	3.75	26.75	24.06	259.01	23.90	3.90	27.80	670	0%	35.70	5.80	41.50	10,750	-10%	286.80	46.80	333.60	8,030	0%					
	Lyon	EUR sq m Year	14.00	150.69	230.00	55.00	285.00	12.73	137.00	253.00	60.50	313.50	3,990	-7%	31.50	7.50	39.00	5,340	-16%	253.00	60.50	313.50	3,990	-7%					
France	Marseille	EUR sq m Year	14.00	150.69	210.00	50.00	260.00	12.73	137.00	231.00	55.00	286.00	3,640	-7%	28.70	6.80	35.50	4,860	-16%	231.00	55.00	286.00	3,640	-7%					
	Paris	EUR sq m Year	14.00	150.69	750.00	90.00	840.00	12.73	137.00	825.00	99.00	924.00	11,760	6%	102.60	12.30	114.90	15,740	-4%	825.00	99.00	924.00	11,760	6%					
Germany	Berlin	EUR sq m Month	20.00	215.28	22.00	4.90	26.90	17.28	186.04	25.50	5.70	31.20	540	0%	38.10	8.50	46.60	6,670	-10%	306.00	68.40	374.40	6,470	0%					
	Dusseldorf	EUR sq m Month	21.50	231.42	22.50	4.80	27.30	17.92	192.93	27.00	5.80	32.80	590	-6%	40.30	8.70	49.00	9,450	-15%	324.00	69.60	393.60	7,050	-6%					
Hungary	Frankfurt	EUR sq m Month	20.00	215.28	34.00	6.50	40.50	16.10	173.34	42.20	8.10	50.30	810	-2%	63.00	12.10	75.10	13,020	-12%	506.40	97.20	603.60	9,720	-2%					
	Hamburg	EUR sq m Month	20.00	215.28	23.50	4.30	27.80	16.10	173.34	29.20	5.30	34.50	560	-3%	43.60	7.90	51.50	8,930	-13%	350.40	63.60	414.00	6,670	-4%					
Munich	EUR sq m Month	20.00	215.28	29.50	4.70	34.20	17.28	186.04	34.10	5.40	39.50	680	-3%	50.90	8.10	59.00	10,980	-12%	409.20	64.80	474.00	8,190	-3%						
	Budapest	EUR sq m Month	12.60	135.63	14.00	4.00	18.00	10.42	112.11	16.90	4.20	21.10	230	0%	25.20	7.20	32.40	3,630	-9%	202.80	57.60	260.40	2,710	0%					
Ireland	Dublin	EUR sq m Year	12.50	134.55	350.00	140.00	490.00	12.50	134.55	350.00	140.00	490.00	6,130	-7%	43.50	17.40	60.90	8,190	-16%	350.00	140.00	490.00	6,130	-7%					
	Milan	EUR sq m Year	16.00	172.22	490.00	45.00	535.00	13.00	139.89	603.30	55.40	658.70	8,560	-9%	75.00	6.90	81.90	11,460	-16%	603.30	55.40	658.70	8,560	-9%					
Italy	Rome	EUR sq m Year	16.00	172.22	400.00	40.00	440.00	13.00	139.89	492.50	49.20	541.70	7,040	-7%	61.30	6.10	67.40	9,430	-16%	492.50	49.20	541.70	7,040	-7%					
	Luxembourg	EUR sq m Month	15.00	161.46	40.00	5.50	45.50	13.16	141.63	45.60	6.30	51.90	690	0%	68.10	9.40	77.50	10,980	-10%	542.20	75.60	617.80	8,190	0%					
Netherlands	Amsterdam	EUR sq m Year	18.70	201.28	375.00	36.25	411.25	16.11	173.37	435.40	42.10	477.50	7,690	-4%	54.20	5.20	59.40	10,300	-14%	435.40	42.10	477.50	7,690	-4%					
	Rotterdam	EUR sq m Year	18.70	201.28	200.00	22.40	222.40	16.11	173.37	232.20	26.00	258.20	4,160	-6%	28.90	3.20	32.10	5,570	-15%	232.20	26.00	258.20	4,160	-6%					
Norway	The Hague	EUR sq m Year	18.70	201.28	210.00	24.00	234.00	16.11	173.37	243.80	27.90	271.70	4,380	-8%	30.30	3.50	33.80	5,860	-17%	243.80	27.90	271.70	4,380	-8%					
	Oslo	NOK sq m Year	20.00	215.28	3,200.00	350.00	3,550.00	15.40	165.76	4,155.80	454.50	4,610.30	71,000	6%	66.40	7.30	73.70	12,220	4%	534.00	58.40	592.40	9,120	15%					
Poland	Warsaw	EUR sq m Month	12.00	129.17	24.00	4.50	28.50	9.30	100.10	31.00	5.80	36.80	340	0%	46.30	8.70	55.00	6,510	-10%	372.00	69.60	441.60	6,110	0%					
	Bucharest	EUR sq m Month	11.00	118.40	19.00	4.00	23.00	8.59	92.44	24.30	5.10	29.40	250	-7%	36.30	7.60	43.90	4,060	-17%	291.60	61.20	352.80	3,030	-8%					
Romania	Moscow	USD sq m Year	10.00	107.64	1,100.00	150.00	1,250.00	8.34	89.80	1,318.60	179.80	1,498.40	12,500	32%	122.50	16.70	139.20	12,500	-32%	985.00	134.30	1,119.30	9,340	46%					
	Barcelona	EUR sq m Year	14.00	150.69	220.00	48.00	268.00	11.23	120.87	274.30	59.80	334.10	3,750	-10%	34.10	7.40	41.50	5,020	-19%	274.30	59.80	334.10	3,750	-10%					
Spain	Madrid	EUR sq m Year	14.00	150.69	285.00	60.00	345.00	10.57	113.73	377.60	79.50	457.10	4,830	-12%	47.00	9.90	56.90	6,470	-21%	377.60	79.50	457.10	4,830	-12%					
	Stockholm	SEK sq m Year	18.30	196.98	4,400.00	420.00	4,820.00	17.25	185.65	4,668.60	445.60	5,114.20	88,210	15%	64.60	6.20	70.80	13,140	21%	519.70	49.60	569.30	9,820	34%					
Sweden	Gothenburg	SEK sq m Year	20.00	215.28	2,350.00	230.00	2,580.00	18.85	202.89	2,493.40	244.00	2,737.40	51,600	2%	34.50	3.40	37.90	7,690	7%	2,493.40	230.00	2,723.40	51,600	2%					
	Malmö	SEK sq m Year	18.50	199.13	2,100.00	170.00	2,270.00	17.44	187.68	2,228.20	180.40	2,408.60	47,000	5%	30.80	2.50	33.30	6,250	10%	2,100.00	170.00	2,270.00	47,000	5%					
Switzerland	Geneva	CHF sq m Year	16.00	172.22	975.00	125.00	1,100.00	14.84	159.77	1,051.00	134.70	1,185.70	17,600	2%	104.50	13.40	117.90	18,840	12%	840.10	107.70	947.80	14,070	24%					
	Zurich	CHF sq m Year	16.00	172.22	850.00	125.00	975.00	14.84	159.77	916.20	134.70	1,050.90	15,600	-2%	91.10	13.40	104.50	16,700	7%	732.30	107.70	840.00	12,470	18%					
Turkey	Istanbul	USD sq m Month	15.00	161.46	38.00	8.00	46.00	9.30	100.10	61.30	12.90	74.20	690	15%	68.30	14.40	82.70	8,280	15%	549.50	115.60	665.10	6,190	28%					
	Kyiv (Kiev)	USD sq m Month	12.00	129.17	38.00	8.00	46.00	9.37	100.85	48.70	10.20	58.90	550	6%	54.30	11.40	65.70	6,630	7%	436.50	91.40	527.90	4,950	19%					
Ukraine	Birmingham	GBP sq ft Year	10.50	113.00	27.50	15.00	42.50	10.50	113.00	27.50	15.00	42.50	4,800	0%	42.90	23.40	66.30	7,490	-5%	345.20	188.30	533.50	5,600	5%					
	Bristol	GBP sq ft Year	10.00	107.64	27.00	14.00	41.00	10.00	107.64	27.00	14.00	41.00	4,410	7%	42.20	21.90	64.10	6,900	1%	338.90	175.70	514.60	5,150	12%					
United Kingdom	Cardiff	GBP sq ft Year	9.30	100.10	21.00	11.50	32.50	9.30	100.10	21.00	11.50	32.50	3,250	0%	32.80	18.00	50.80	5,090	-5%	263.60	144.40	408.00	3,790	5%					
	Edinburgh	GBP sq ft Year	10.68	115.00	27.50	16.00	43.50	10.68	115.00	27.50	16.00	43.50	5,000	2%	42.90	25.00	67.90	7,810	-3%	345.20	200.80	546.00	5,830	8%					
Glasgow	GBP sq ft Year	10.00	107.64	28.50	13.50	42.00	10.00	107.64	28.50	13.50	42.00	4,520	6%	44.50	21.10	65.60	7,060	1%	357.80	169.50	527.30	5,270	12%						
	London (City)	GBP sq ft Year	11.00	118.40	53.50	26.00	79.50	11.00	118.40	53.50	26.00	79.50	9,410	21%	83.50	40.60	124.10	14,690	15%	671.60	326.40	998.00	10,980	28%					
London (West End)	GBP sq ft Year	10.00	107.64	85.00	35.00	120.00	10.00	107.64	85.00	35.00	120.00	12,920	9%	132.70	54.60	187.30	20,160	4%	1,067.00	439.40	1,506.40	15,060	15%						
	Leeds	GBP sq ft Year	10.00	107.64	25.00	15.00	40.00	10.00	107.64	25.00	15.00	40.00	4,310	-5%	39.00	23.40	62.40	6,720	-10%	313.80	188.30	502.10	5,020	0%					
Newcastle	GBP sq ft Year	9.29	100.00	20.00	13.00	33.00	9.29	100.00	20.00	13.00	33.00	3,300	0%	31.20	20.30	51.50	5,150	-5%	251.10	163.20	414.30	3,850	5%						
	Manchester	GBP sq ft Year	10.00	107.64	29.00	13.50	42.50	10.00	107.64	29.00	13.50	42.50	4,570	-3%	45.30	21.10	66.40	7,150	-7%	364.00	169.50								

Appendix 8

Breakdown of total occupancy costs: Americas

Country/Territory	Market	Unit	Space utilisation standard per worker		Prime rent	Outgoings	Total occupancy cost	Space utilisation standard per worker		Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change	Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change	Prime rent	Outgoings	Total occupancy cost	Total occupancy cost per workstation*	YOY change
			sq m	sq ft				sq m	sq ft															
Gross Lettable Area (GLA)							Net Internal Area (NA)																	
Americas							USD per sq ft per annum																	
North America							EUR per sq m per annum																	
			sq m	sq ft	Locally quoted**		sq m	sq ft	Locally quoted**															
Canada	Calgary	CAD sq ft Year	22.30	240.00	23.86	17.54	41.40	17.50	188.35	30.40	22.30	52.70	9,930	-27%	30.50	22.30	52.80	9,950	-23%	244.90	179.60	424.50	7,430	-14%
	Montreal	CAD sq ft Year	17.19	185.00	16.27	16.05	32.32	13.49	145.19	20.70	20.50	41.20	5,980	-20%	20.70	20.50	41.20	5,980	-16%	166.70	165.10	331.80	4,480	-7%
	Ottawa	CAD sq ft Year	21.83	235.00	19.48	17.08	36.56	17.13	184.43	24.80	21.80	46.60	8,590	-20%	24.80	21.80	46.60	8,590	-16%	199.80	175.60	375.40	6,430	-7%
	Toronto	CAD sq ft Year	22.30	240.00	21.19	19.78	40.97	17.50	188.35	27.00	25.20	52.20	9,830	-8%	27.00	25.20	52.20	9,830	-3%	217.50	203.00	420.50	7,360	7%
	Vancouver	CAD sq ft Year	18.58	200.00	22.45	12.57	35.02	14.58	156.96	28.60	16.00	44.60	7,000	-39%	28.60	16.00	44.60	7,000	-36%	230.40	128.90	359.30	5,240	-29%
United States	Atlanta	USD sq ft Year	22.30	240.00	16.67	7.40	24.07	17.41	187.38	21.40	9.50	30.90	5,790	0%	21.40	9.50	30.90	5,790	0%	172.10	76.40	248.50	4,330	11%
	Boston	USD sq ft Year	22.02	237.00	30.86	11.50	42.36	16.16	173.89	42.10	15.70	57.80	10,050	-3%	42.10	15.70	57.80	10,050	-3%	338.50	126.20	464.70	7,510	8%
	Chicago	USD sq ft Year	19.97	215.00	21.56	11.10	32.66	14.66	157.75	29.40	15.10	44.50	7,020	-1%	29.40	15.10	44.50	7,020	-1%	236.40	121.40	357.80	5,240	9%
	Dallas	USD sq ft Year	18.58	200.00	14.73	7.00	21.73	14.51	156.15	18.90	9.00	27.90	4,360	-1%	18.90	9.00	27.90	4,360	-1%	152.00	72.40	224.40	3,260	10%
	Denver	USD sq ft Year	19.51	210.00	16.59	8.10	24.69	15.23	163.96	21.20	10.40	31.60	5,180	-3%	21.20	10.40	31.60	5,180	-3%	170.50	83.60	254.10	3,870	8%
	Houston	USD sq ft Year	18.58	200.00	19.16	9.20	28.36	14.51	156.15	24.50	11.80	36.30	5,670	-2%	24.50	11.80	36.30	5,670	-2%	197.00	94.90	291.90	4,230	8%
	Los Angeles	USD sq ft Year	16.26	175.00	27.23	9.90	37.13	11.93	128.40	37.10	13.50	50.60	6,500	-2%	37.10	13.50	50.60	6,500	-2%	298.30	108.50	406.80	4,850	8%
	Miami	USD sq ft Year	18.58	200.00	23.23	11.60	34.83	14.51	156.15	29.80	14.90	44.70	6,980	-2%	29.80	14.90	44.70	6,980	-2%	239.60	119.80	359.40	5,210	9%
	Minneapolis	USD sq ft Year	19.97	215.00	16.67	9.10	25.77	15.60	167.86	21.40	11.70	33.10	5,560	-1%	21.40	11.70	33.10	5,560	-1%	172.10	94.10	266.20	4,150	10%
	New York	USD sq ft Year	20.90	225.00	52.08	14.50	66.58	15.34	165.09	71.00	19.80	90.80	14,990	-1%	71.00	19.80	90.80	14,990	-1%	570.90	159.20	730.10	11,200	10%
	Philadelphia	USD sq ft Year	20.90	225.00	19.51	7.60	27.11	15.34	165.09	26.60	10.40	37.00	6,110	0%	26.60	10.40	37.00	6,110	0%	213.90	83.60	297.50	4,560	11%
	Phoenix	USD sq ft Year	21.83	235.00	17.61	7.40	25.01	17.05	183.48	22.60	9.50	32.10	5,890	-2%	22.60	9.50	32.10	5,890	-2%	181.70	76.40	258.10	4,400	8%
	San Diego	USD sq ft Year	19.97	215.00	25.71	6.90	32.61	15.60	167.86	32.90	8.80	41.70	7,000	-3%	32.90	8.80	41.70	7,000	-3%	264.50	70.80	335.30	5,230	8%
	San Francisco	USD sq ft Year	15.79	170.00	29.39	11.30	40.69	11.59	124.73	40.10	15.40	55.50	6,920	-1%	40.10	15.40	55.50	6,920	-1%	322.40	123.80	446.20	5,170	10%
	Seattle	USD sq ft Year	15.79	170.00	24.79	8.40	33.19	11.59	124.73	33.80	11.40	45.20	5,640	-3%	33.80	11.40	45.20	5,640	-3%	271.80	91.70	363.50	4,210	7%
	Silicon Valley	USD sq ft Year	17.65	190.00	37.90	13.00	50.90	12.95	139.41	51.70	17.70	69.40	9,670	2%	51.70	17.70	69.40	9,670	2%	415.70	142.30	558.00	7,230	13%
	Washington DC	USD sq ft Year	23.23	250.00	37.72	15.70	53.42	17.04	183.43	51.40	21.40	72.80	13,350	-2%	51.40	21.40	72.80	13,350	-2%	413.30	172.10	585.40	9,980	9%
Central & South America																								
Brazil	Rio de Janeiro	BRL sq m Month	12.50	134.55	98.00	20.00	118.00	9.12	98.14	134.40	27.40	161.80	1,480	45%	90.30	18.40	108.70	10,670	50%	725.80	148.00	873.80	7,970	66%
	São Paulo	BRL sq m Month	12.50	134.55	92.00	20.00	112.00	9.12	98.14	126.10	27.40	153.50	1,400	26%	84.70	18.40	103.10	10,120	31%	681.00	148.00	829.00	7,560	45%
Mexico	Cancun	USD sq m Month	8.00	86.11	20.00	9.00	29.00	7.15	77.01	22.40	10.10	32.50	230	-4%	25.00	11.30	36.30	2,800	-3%	200.80	90.50	291.30	2,080	7%
	Guadalajara	USD sq m Month	10.00	107.64	24.00	9.00	33.00	8.40	90.45	28.60	10.70	39.30	330	0%	31.90	11.90	43.80	3,960	0%	256.40	95.90	352.30	2,960	11%
	Mexico City	USD sq m Month	10.00	107.64	26.00	10.00	36.00	8.40	90.45	30.90	11.90	42.80	360	3%	34.40	13.90	47.70	4,310	2%	277.00	106.70	383.70	3,220	13%
	Monterrey	USD sq m Month	10.00	107.64	24.00	9.00	33.00	8.40	90.45	28.60	10.70	39.30	330	3%	31.90	11.90	43.80	3,960	3%	256.40	95.90	352.30	2,960	14%

*Figures have been rounded to the nearest 10

**In some cases, where widely accepted, a currency other than the local currency is quoted, e.g. USD in Moscow and Lagos instead of Russian Rubles and the Nigerian Naira respectively

Source: DTZ Research/Reis/CMI Grupo/Herzog Immobilienaria Ltda

Definitions and methodology

Definitions

- **Total occupancy cost**

Total occupancy cost is defined as the average total cost of leasing prime net usable space.

It includes rents and outgoings, such as maintenance costs and property tax, if these are normally payable by the occupier.

It excludes leasing incentives, such as rent-free periods and fitting-out costs, as well as facilities costs specific to the tenant, such as cleaning or IT. It also excludes amortization of capital and related expenditure.

- **Total occupancy cost per workstation**

Total occupancy cost on a per workstation basis provides a better comparison of costs around business districts, as it reflects the way organisations occupy and use space in different parts of the world.

- **Prime space**

Buildings newly developed or comprehensively refurbished (involving structural alteration, and/or the substantial replacement of the main services and finishes), not previously occupied, including sublet space not previously occupied.

- **Prime rent**

The highest rent that could be achieved for a typical building/unit of the highest quality and specification in the best location to a tenant with a good (i.e. secure) covenant.

(NB. This is a net rent, excluding service charge or tax, and is based on a standard lease, excluding exceptional deals for that particular market.)

- **Gross lettable area (GLA)**

GLA is the total of all covered areas occupied by the tenant. There is no standard global definition of "lease area"; whilst a handful of countries have an official measuring code, the majority rely on accepted local market practice, whilst in some emerging markets the definition of a "leasable square meter" may vary depending on the landlord. This means that €200 per sq m in Paris does not compare to €200 per sq m in Delhi. For cross-border comparison, this report uses conversion rates based on the RICS Net Internal Area (NIA) definition.

- **Net internal area (NIA)**

NIA refers to space functional to the occupier.

It includes internal circulation space and meeting rooms. The area occupied by partitions within the premises is considered part of the net usable area as partitions are often an occupier's option.

It excludes areas occupied by structural columns and common areas such as stairwells, lifts, lobbies, external walls, vertical ducts and common passages that are not used exclusively by the occupier.

- **Space utilisation standard per workstation**

Space utilisation standard per workstation is defined as the net internal area divided by the number of planned workstations for which the space is intended. It relates to the type of occupier that typically occupies prime Grade A office space for which this survey is intended. It gives a comparison of the amount of space required in different business districts, based on a given number of workstations.

Space utilisation standard does not change significantly from year to year as it is closely correlated to long-established working cultures/styles, building design and nature of the office markets. Nevertheless, it does evolve over time, reflecting changing work styles and technology.

Methodology

- Our 2011 Global Occupancy Costs – Offices (GOCO) report presents office occupancy costs per workstation across 121 business districts in 47 countries and territories worldwide. A list of the prime districts covered is provided overleaf.
- Using data collected from our extensive network of local offices around the world, this survey looks at the main components of occupancy costs across the globe and provides a ranking based on annual costs per workstation, taking into account differences in space utilisation per workstation in all markets.
- The data is submitted in local currency and according to local measurement practices. The methodology used in the calculation of occupancy cuts through these local market practices to provide standardised cost units. We do this by converting all data into Net Internal Area (NIA) and USD. The data in this report uses the exchange rate as at 31 December 2010.

Definitions and methodology

This report covers the following prime office markets:

Country/territory	Prime market
Asia Pacific	
Australia	Adelaide
Australia	Brisbane
Australia	Canberra
Australia	Melbourne
Australia	Perth
Australia	Sydney
Chinese Mainland	Beijing (CBD)
Chinese Mainland	Dalian (Renmin Road)
Chinese Mainland	Guangzhou (Zhu Jiang Xin Cheng District)
Chinese Mainland	Shanghai (Pudong)
Chinese Mainland	Shanghai (Jingan)
Chinese Mainland	Shenzhen
Chinese Mainland	Tianjin (Heping)
Chinese Mainland	Chengdu
Chinese Mainland	Hangzhou (Huanglong)
Chinese Mainland	Shenyang (North Station)
Chinese Mainland	Qingdao (Shinan CBD)
Hong Kong SAR	Hong Kong (Sheung Wan/Central/Admiralty)
India	Bengaluru
India	Chennai
India	Mumbai
India	Delhi
Indonesia	Jakarta
Indonesia	Surabaya
Japan	Tokyo (CBD 5-Kus Grade A)
Malaysia	Kuala Lumpur
New Zealand	Auckland
New Zealand	Christchurch
New Zealand	Wellington
Philippines	Manila (Makati)
Singapore	Singapore (Raffles Place)
South Korea	Seoul (CBD)
Taiwan	Taipei (XinYi)
Thailand	Bangkok
Vietnam	Hanoi
Vietnam	Ho Chi Minh City

Definitions and methodology

Country/territory	Prime market
EMEA	
Europe	
Bahrain	Bahrain
Kuwait	Kuwait City
Qatar	Doha
Saudi Arabia	Jeddah
Saudi Arabia	Riyadh
Saudi Arabia	Al Khobar
Egypt	Cairo
United Arab Emirates	Abu Dhabi
United Arab Emirates	Abu Dhabi - Free Zone
United Arab Emirates	Dubai
United Arab Emirates	Dubai - Free Zone
South Africa	Johannesburg
Israel	Tel Aviv
Belgium	Antwerp
Belgium	Brussels
Denmark	Copenhagen
Finland	Helsinki
France	Lyon
France	Marseille
France	Paris (CBD)
Germany	Berlin
Germany	Dusseldorf
Germany	Frankfurt
Germany	Hamburg
Germany	Munich
Ireland	Dublin
Italy	Milan
Italy	Rome
Luxembourg	Luxembourg
Netherlands	Amsterdam
Netherlands	Rotterdam
Netherlands	The Hague
Norway	Oslo
Spain	Barcelona
Spain	Madrid
Sweden	Stockholm
Sweden	Gothenburg
Sweden	Malmo
Switzerland	Geneva
Switzerland	Zurich
United Kingdom	Birmingham
United Kingdom	Bristol
United Kingdom	Cardiff
United Kingdom	Edinburgh
United Kingdom	Glasgow
United Kingdom	London (City)
United Kingdom	London (West End)
United Kingdom	Manchester
United Kingdom	Leeds
United Kingdom	Newcastle
Czech Republic	Prague
Hungary	Budapest
Poland	Warsaw
Romania	Bucharest
Russia	Moscow
Turkey	Istanbul - European CBD
Ukraine	Kyiv (Kiev)

Definitions and methodology

Country/territory	Prime market
AMERICAS	
North America	
Canada	Calgary
Canada	Montreal
Canada	Ottawa
Canada	Toronto
Canada	Vancouver
United States	Atlanta
United States	Boston
United States	Chicago
United States	Dallas
United States	Denver
United States	Houston
United States	Los Angeles
United States	Miami
United States	Minneapolis
United States	New York
United States	Philadelphia
United States	Phoenix
United States	San Diego
United States	San Francisco
United States	Seattle
United States	Silicon Valley (Palo Alto/Mountain View/Los Altos, CA)
United States	Washington DC (District of Columbia)
Central & South America	
Brazil	Rio de Janeiro
Brazil	Sao Paulo
Mexico	Cancun
Mexico	Guadalajara
Mexico	Mexico City
Mexico	Monterrey

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