

P R E S S R E L E A S E

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**OFFICE RENTS IN MOST PRIMARY CEE MARKETS FALL IN H1 2005
AS RENTS RISE IN MOST MAJOR GLOBAL CITIES**

Office rents in most of the office markets in the region have been under downward pressure in H1, although Moscow has experienced strong rental growth. These are key findings for the local CEE markets in CB Richard Ellis' recently-released, semi-annual Global Market Rents survey.

Moscow, one of the only CEE markets to experience significant rental growth, rose from the 10th most expensive to the 6th most expensive office location in the world, with occupancy costs rising from ca. \$63 to \$77 per sq m per month. Budapest has also climbed in the rankings from 54th to 36th place.

Rents have fallen slightly across the rest of CEE in H1 2005 as development continues to meet or exceed demand in all of the CEE markets with the exception of Moscow, where the opposite is true. Most of the major CEE markets have fallen in the recent rankings of the most expensive office locations, which is, to some extent, due to minor decreases in prime CEE office rents and the strengthening dollar during the last six months.

Cory Hrcirik, head of CEE research, explained: "Although rents have been under some downward pressure in most of the CEE markets during the last six months, nothing has changed drastically, which means that the local markets were not really affected. So what does the drop in global rankings for many of the major CEE markets mean? Essentially, the local CEE markets will not notice a difference. However, in the face of increasing interest to outsource or offshore certain operations to CEE, many international companies will now find CEE even more attractive than it was six months ago, due to lower office occupational costs relative to other global markets."

Office rents are rising in most global markets, and London's West End remains by far the world's most highly priced business district. While there was no change in

occupation cost in London's West End in local currency terms, the recovery of the dollar against sterling meant that in dollar terms the total occupation cost in this market fell by 7% to \$179 /sq ft/annum. This still means that the occupation cost of prime office space in the West End is some 36% higher than anywhere else in the world.

Strong rental growth in Tokyo means that the city's Inner Central (\$131 /sq ft/annum) and Outer Central (\$123 /sq ft/annum) submarkets have jumped into the second and third positions in the list, with London's City submarket being relegated to fourth place.

Other notable movements in the top ten most expensive locations include the jump by Hong Kong from 17th place in December 2004 to eighth in the current survey as a result of strong rental growth. There has also been strong rental growth in Dublin, which has moved it from eighth to seventh compared to the previous survey at the end of 2004.

The CB Richard Ellis global office rents survey has been broadened significantly for 2005, and now covers 174 markets worldwide. The expansion of the survey did not affect the rankings of the world's top ten most expensive office locations. However, the expansion did impact the rankings of the CEE markets. Prague, Warsaw and Vienna have fallen out of the list of the top 50 most expensive office locations and now occupy places 51, 51 and 64 respectively (previously 45, 32 and 44), whilst Bratislava and Bucharest have both fallen, to 57th and 78th places respectively.

Despite the stronger dollar, US markets still do not feature prominently at the top of the ranking. Office space in Midtown Manhattan is by a substantial margin the most expensive to occupy in North America at \$54 /sq ft/annum. Next most expensive is Washington at \$42 /sq ft/annum. This puts New York and Washington 27th and 37th in the ranking, respectively. These positions cannot be compared directly with the last survey because of the locations covered for the first time in this survey.

About CB Richard Ellis

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Local units conversions*

US\$/sq ft/annum	€/sq m/annum	€/sq m/month	£/sq ft/annum	¥/sq ft/annum
179	1,591	133	98	19,533
131	1,167	97	72	14,333
123	1,099	92	68	13,490
54	465	39	29	5,707
42	373	31	23	4,574

*Converted at exchange rates relevant to the dates concerned

Notes to Editors

1. Global Market Rents is a survey of office occupation costs in 174 cities worldwide.
2. Unless otherwise stated the figures given in this release refer to occupation cost. This represents rent, plus local taxes and service charge. The occupation cost figures have also been adjusted to reflect different measurement practices from market to market.
3. The full top 50 locations as at mid 2005 are as follows (at the end of the table you can see listing of CEE markets):

	City	Occupation Cost					End 2004 Ranking
		US\$ /sq ft/annum	€/sq m/month	£ /sq ft/annum	Aus\$ /sq m/annum	Can\$ /sq ft/annum	
1	London (West End), England	178.67	132.59	98.07	2,505.52	220.30	1
2	Tokyo (Inner Central), Japan	131.10	97.29	71.96	1,838.51	161.65	3
3	Tokyo (Outer Central), Japan	123.39	91.57	67.73	1,730.37	152.14	4
4	London (City), England	119.11	88.39	65.38	1,670.35	146.87	2
5	Paris, France	89.58	66.47	49.17	1,256.15	110.45	5
6	Moscow, Russia	85.29	63.29	46.81	1,195.98	105.16	10
7	Dublin, Ireland	81.18	60.24	44.56	1,138.41	100.09	8
8	Hong Kong	75.85	56.29	41.63	1,063.69	93.52	17
9	Edinburgh, Scotland	75.80	56.25	41.61	1,062.95	93.46	9
10	Manchester, England	73.99	54.91	40.62	1,037.64	91.23	7
11	Leeds, England	69.48	51.56	38.14	974.37	85.67	NC
12	Zurich, Switzerland	67.88	50.37	37.26	951.87	83.69	13
13	Birmingham, England	67.68	50.22	37.15	949.06	83.45	6
14	Dubai, United Arab Emirates	65.40	48.53	35.90	917.06	80.63	NC
15	Frankfurt, Germany	63.57	47.17	34.89	891.46	78.38	15
16	Bristol, England	63.17	46.87	34.67	885.79	77.88	NC
16	Glasgow, Scotland	63.17	46.87	34.67	885.79	77.88	12
18	Paris La Defense, France	63.05	46.79	34.61	884.21	77.74	NC
19	Seoul, South Korea	61.74	45.82	33.89	865.81	76.13	18
20	Milan, Italy	60.99	45.26	33.48	855.26	75.20	14
21	Aberdeen, Scotland	57.30	42.52	31.45	803.54	70.65	NC
22	Munich, Germany	57.13	42.39	31.36	801.15	70.44	19

23	Mumbai (Bombay), India	56.43	41.87	30.97	791.30	69.57	23
24	Geneva, Switzerland	55.67	41.31	30.56	780.67	68.64	16
25	Luxembourg City, Luxembourg	54.63	40.54	29.99	766.14	67.36	11
26	Jersey, England	54.14	40.18	29.72	759.25	66.76	NC
27	New York - Midtown Manhattan	53.69	39.84	29.47	752.91	66.20	28
28	Madrid, Spain	52.89	39.25	29.03	741.76	65.22	21
29	Liverpool, England	51.43	38.17	28.23	721.29	63.42	NC
30	Brussels, Belgium	49.33	36.61	27.08	691.81	60.83	22
31	Taipei, Taiwan*	48.16	35.74	26.44	675.39	59.38	34
32	Stockholm, Sweden	48.14	35.73	26.43	675.12	59.36	20
33	Rome, Italy	45.62	33.85	25.04	639.74	56.25	26
34	Athens, Greece	44.20	32.80	24.26	619.79	54.50	24
35	New Delhi, India	43.06	31.95	23.63	603.78	53.09	32
36	Budapest, Hungary	42.61	31.62	23.39	597.48	52.53	55
37	Washington, DC (CBD)	41.84	31.05	22.97	586.74	51.59	33
38	Barcelona, Spain	41.82	31.04	22.96	586.52	51.57	29
39	Ho Chi Minh City, Vietnam	41.69	30.94	22.89	584.68	51.41	50
40	Hamburg, Germany	41.26	30.62	22.65	578.61	50.87	45
41	Amsterdam, Netherlands	40.72	30.22	22.35	571.02	50.21	27
42	San Juan, Puerto Rico	40.56	30.10	22.26	568.72	50.01	35
43	Shanghai (Pudong), China	40.49	30.05	22.22	567.78	49.92	39
44	Sydney, Australia ⁺	40.43	30.00	22.19	567.01	49.85	NC ⁺
45	Boston (CBD)	39.65	29.42	21.76	556.03	48.89	38
46	Berlin, Germany	38.94	28.89	21.37	546.03	48.01	41
47	Shanghai (Puxi), China	38.83	28.82	21.32	544.56	47.88	47
48	Toronto, Canada (CBD)	37.71	27.99	20.70	528.86	46.50	30
49	Stamford, Connecticut	37.67	27.95	20.68	528.26	46.45	NC
50	Ottawa, Canada	37.62	27.92	20.65	527.56	46.39	40
51	Prague, Czech Republic	37.54	27.86	20.61	526.44	46.29	45
52	Warsaw, Poland	37.29	27.67	20.47	522.93	45.98	32
57	Bratislava, Slovakia	34.73	25.77	19.06	487.03	42.82	53
64	Vienna, Austria	33.57	24.91	18.43	470.76	41.39	44
78	Bucharest, Romania	28.88	21.43	15.85	404.99	35.61	58
96	Sofia, Bulgaria	24.70	18.33	13.56	346.43	30.46	NC

NC in respect of the End 2004 ranking represents locations not covered in that survey.

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