



Global Office Costs



Despite the volatile global conditions of the economic crisis, according to Colliers International the Australian office market is settling into a comfortable position on a global scale due to Australia's reasonably strong economy and relatively low unemployment rates.

Total occupancy costs in Sydney are substantially lower than in many other global cities, including New York, Hong Kong, London, Tokyo, Paris and Mumbai.

In 2008, the typical lease term for Sydney CBD offices was eight years, representing one of the highest lease terms globally. The relatively high lease terms for Sydney provide potential tenants with security, particularly during periods of tight vacancy rates and supply.

CBD Offices, Total Occupancy Cost, 2008

	Total occupancy cost (1)	% change in local currency rents (2)	Typical lease term (3)	Typical rent-free period (4)
City	US\$/annum/sq. m.	12 months to November 2008	Years	Months
Jakarta, Indonesia	173	4.3	3	1
Bangkok, Thailand	264	0.7	3	1-2
Auckland, New Zealand	311	5.5	9	1
Manila, Philippines	355	-1.8	3	1
Chicago CBD, United States	382	3.9	n.a	n.a
Taipei, Taiwan	495	9.6	3-5	1-3
San Francisco, United States	523	3.0	n.a	n.a
Beijing, China	569	7.3	2-3	1-2
Sydney (Core) Australia	639	12.2	8	13
Seoul, Korea	648	5.9	2-3	1-2
Frankfurt, Germany	798	11.4	5+5	3-5
New York, Midtown Manhattan, United States	1,055	-2.7	n.a	n.a
Paris, France	1,417	-2.1	3,6 or 9	3-6
Hong Kong	1,431	29.1	3 or 6	2-3
Singapore	1,455	27.8	3	1
London (City), England	1,578	-7.1	10	12
Mumbai, India	1,839	6.2	3+3+3	1
Tokyo (Inner	1,983	-5.3	5	1

Footnotes:

- 1 Applies to a 1,000 sq.m. unit in a top quality (Class A) building in a prime location. Rents are expressed as headline rent without accounting for any tenant incentives which may be necessary to achieve it
- 2 Documents the rate of change in local rents over the preceding 12 months
- 3 Typical lease term refers to the usual duration of contracted leases in each respective market
- 4 Typical rent free period documents the time period, if any, for which no rent is collected for prime office space in the respective local market. Typically, the less "free rent" available, the stronger the market.

Source: CB Richard Ellis, Global Market Rents, November 2008