

Global MarketView

Prime Retail Rents

RETAIL RENTS GROW IN GLOBAL STRATEGIC DESTINATIONS

Retailers are focusing on some of the major global fashion capitals, pushing rents in the world's most expensive retail locations even higher, according to CB Richard Ellis' (CBRE) latest Global Retail Rents Survey. Some smaller and secondary retail cities continue to see strong levels of growth, however global fashion capitals such as Hong Kong, London and Los Angeles now sit alongside these markets in the company's top 25 fastest growing retail rents index, whilst simultaneously claiming some of the most expensive retail rents in the world.

Despite deteriorating economic conditions, the retail sector has to date continued to perform relatively well. Half of the markets surveyed saw retail rental growth in the past year (ending Q3 2008), with 65% of those seeing increases over the last six months. New York's 5th Avenue remains the world's most expensive retail destination, with rental values reaching €16,817/sqm/annum, more than 75% higher than Hong Kong, the second most expensive

location. Also making the top five most expensive retail destinations globally are Moscow, London and Tokyo.

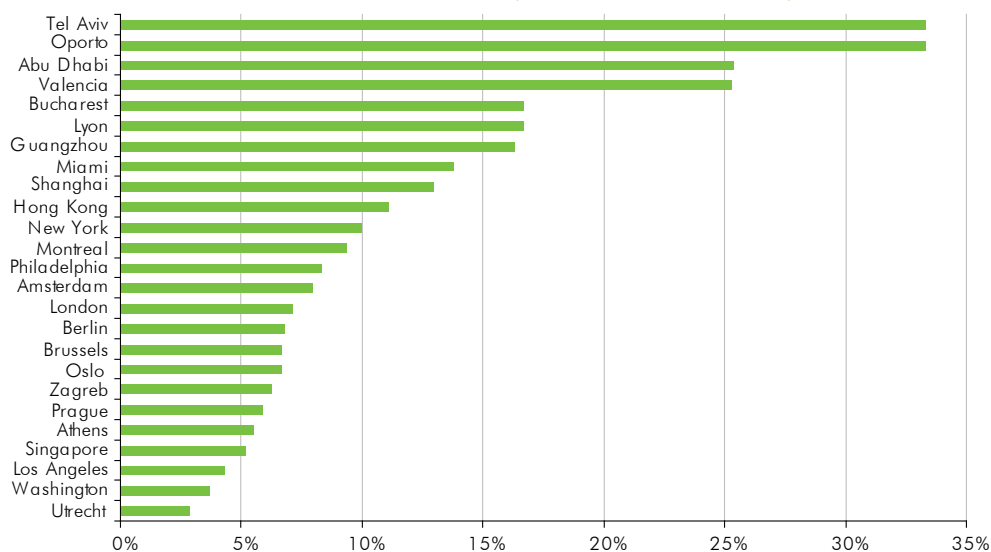
Demand is coming from retailers that are performing well in the current market – such as luxury brands – but also from retailers who are reining in wider expansion plans in response to weakening consumer spending and focusing on longer-term strategic locations as opposed to new destinations.

Although rents have risen in many key cities, the slowdown in consumer demand has inevitably struck some retail markets around the world resulting in falling rents. In cities such as Tokyo and Madrid, where rents fell by 5% in the past six months, retailers are now beginning to take advantage of their covenant strength and landlords are becoming more open to rental negotiations. Despite growing downward pressure, retail rents in these cities remain some of the highest in the world (Tokyo #5, Madrid #21).

Key Trends

- 50% of markets saw rental growth over the past year
- New York's 5th Avenue remains world's most expensive destination, second to Hong Kong, with Moscow, London and Tokyo making up the top five
- Retailers' expansion plans begin to focus on longer-term strategic locations

TOP 25 FASTEST GROWING MARKETS (6 MONTH GROWTH)



Rank	City	Region	\$/sqft/annum	€/sq m/annum	6 month change	Rank Q1 2008
1	New York	AMERICAS	2,200	16,817	10.0%	1
2	Hong Kong	ASIAPAC	1,236	9,448	11.1%	3
3	Moscow	EMEA	1,047	8,000	0.0%	2
4	London	EMEA	834	6,378	7.1%	6
5	Tokyo	ASIAPAC	829	6,334	-5.0%	4
6	Paris	EMEA	818	6,250	0.0%	5
7	Sydney	ASIAPAC	712	5,445	0.0%	7
8	Zurich	EMEA	623	4,759	0.0%	8
9	Dublin	EMEA	613	4,688	0.0%	9
10	Los Angeles	AMERICAS	600	4,586	4.3%	11
11	Brisbane	ASIAPAC	573	4,378	0.0%	10
12	Chicago	AMERICAS	500	3,822	0.0%	16
13	Guangzhou	ASIAPAC	493	3,772	16.3%	22
14	Milan	EMEA	484	3,700	0.0%	12
15	Munich	EMEA	471	3,600	0.0%	13
16	Rome	EMEA	458	3,500	0.0%	15
17	Singapore	ASIAPAC	455	3,481	5.2%	19
18	Melbourne	ASIAPAC	452	3,452	0.0%	14
19	San Francisco	AMERICAS	450	3,440	0.0%	18
20	St Petersburg	EMEA	446	3,409	0.0%	20
21	Madrid	EMEA	392	3,000	-4.6%	17
21	Frankfurt	EMEA	392	3,000	0.0%	21
23	Berlin	EMEA	369	2,820	6.8%	24
24	Amsterdam	EMEA	353	2,700	8.0%	28
25	Barcelona	EMEA	349	2,664	0.0%	23
26	Dusseldorf	EMEA	345	2,640	0.0%	24
26	Hamburg	EMEA	345	2,640	0.0%	24
28	Shanghai	ASIAPAC	337	2,573	12.9%	37
29	Athens	EMEA	309	2,363	5.5%	30
30	Vienna	EMEA	306	2,340	2.6%	29
31	New Delhi	ASIAPAC	297	2,270	-8.0%	27
32	Beijing	ASIAPAC	296	2,264	0.0%	38
33	Taipei	ASIAPAC	293	2,241	0.0%	34
34	Geneva	EMEA	291	2,221	0.0%	31
35	Lille	EMEA	288	2,200	0.0%	32
36	Toronto	AMERICAS	283	2,164	0.0%	36
37	Prague	EMEA	283	2,160	5.9%	35
38	Copenhagen	EMEA	281	2,145	0.0%	33
39	Lyon	EMEA	275	2,100	16.7%	43
40	Leeds	EMEA	255	1,946	0.0%	39
41	Oslo	EMEA	252	1,929	6.7%	42
42	Liverpool	EMEA	250	1,914	0.0%	40
42	Manchester	EMEA	250	1,914	0.0%	40
44	Valencia	EMEA	246	1,880	25.3%	52

Rank	City	Region	\$/sqft/annum	€/sq m/annum	6 month change	Rank Q1 2008
45	Rotterdam	EMEA	235	1,800	0.0%	43
45	Utrecht	EMEA	235	1,800	2.9%	46
47	Edinburgh	EMEA	234	1,786	0.0%	45
48	Birmingham	EMEA	229	1,754	0.0%	47
48	Belfast	EMEA	229	1,754	0.0%	47
50	Vancouver	AMERICAS	226	1,731	2.1%	51
51	Marseille	EMEA	222	1,700	0.0%	49
52	Bucharest	EMEA	220	1,680	16.7%	54
53	Brussels	EMEA	209	1,600	6.7%	52
54	Auckland	ASIAPAC	199	1,519	0.0%	50
55	Glasgow	EMEA	189	1,446	0.0%	57
56	Warsaw	EMEA	188	1,440	0.0%	54
56	Belgrade	EMEA	188	1,440	0.0%	54
58	Helsinki	EMEA	181	1,380	-0.4%	58
59	Rio de Janeiro	AMERICAS	174	1,329	0.0%	59
59	Sao Paulo	AMERICAS	174	1,329	0.0%	59
61	Montreal	AMERICAS	165	1,262	9.4%	64
62	Miami	AMERICAS	165	1,261	13.8%	65
63	Budapest	EMEA	157	1,200	0.0%	63
64	Stockholm	EMEA	154	1,176	0.0%	62
65	Bogota	AMERICAS	153	1,169	0.0%	61
66	Washington, DC	AMERICAS	140	1,070	3.7%	69
67	Dubai	EMEA	136	1,041	0.0%	68
68	Zagreb	EMEA	133	1,020	6.3%	66
69	Philadelphia	AMERICAS	130	994	8.3%	71
70	Abu Dhabi	EMEA	127	968	25.3%	75
71	Lisbon	EMEA	126	960	0.0%	66
72	Tel Aviv	EMEA	111	852	33.3%	79
73	Sofia	EMEA	102	780	0.0%	72
74	Bangkok	ASIAPAC	98	752	0.0%	73
75	Bratislava	EMEA	94	720	0.0%	74
76	Dallas/Fort Worth	AMERICAS	90	688	-10.0%	76
77	Buenos Aires	AMERICAS	89	682	-33.3%	70
78	Jakarta	ASIAPAC	87	662	-7.1%	77
79	Seattle	AMERICAS	85	650	0.0%	78
80	Mexico City	AMERICAS	67	511	-14.3%	80
80	Lima	AMERICAS	67	511	0.0%	81
82	Oporto	EMEA	63	480	33.3%	85
83	Cape Town	EMEA	60	461	-5.3%	82
83	Johannesburg	EMEA	60	461	-5.3%	82
85	Denver	AMERICAS	55	420	0.0%	84
86	Santiago	AMERICAS	47	358	0.0%	86
87	Panama City	AMERICAS	45	341	0.0%	87
88	Manila	ASIAPAC	40	305	2.6%	88

EMEA continues to dominate the most expensive retail hot spots, containing 33 of the top 50 premier destinations. Cities in the EMEA region also dominate the fastest-growing retail rents. Fifteen of the top 25 fastest-growing retail destinations sit in EMEA, with Tel Aviv, Oporto, Abu Dhabi, Valencia and Lyon topping the global list.

North American cities continue to dominate the most expensive rents in the Americas region. Los Angeles at tenth position in the global ranking follows New York as the next most expensive destination, with San Francisco, Toronto and Vancouver being the other cities to make the top 50. Miami, Montreal, Philadelphia and Washington join Los Angeles and New York in the fastest growing index, although demand continues to be restricted to prime pitches.

Asia Pacific's presence in the top rankings continues to be prominent, holding seven of the top 20 most expensive destinations. The scarcity of prime units continued to push rental increases in many markets, with Guangzhou, Shanghai, Hong Kong and Singapore all registering growth over the past six months. Guangzhou continues to be the most expensive Chinese city, having jumped significantly in the ranking from 22nd in Q1 2008 to 13th in the current ranking.

METHODOLOGY:

CBRE's research ranks 88 global retail markets across EMEA (Europe, Middle East and Africa), Asia Pacific and the Americas in terms of rental values for stores in prime retail destinations, identifying the most expensive and fastest growing markets. The prime retail rent is based on a ground floor retail unit (either High Street or Shopping Centre depending on the market) of up to 200 square metres (or 2,000 square feet in markets which use imperial measurements), with a frontage of 8 meters, excluding any leasing incentives or "key money" (premium, or initial payment, to secure the right to occupy the unit).

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