

Quick Stats - Copenhagen Office

	Change from	
	Q3 2011 (q/q)	Q4 2010 (y/y)
Rents	→	↑
Investment	↑	↑
Yields	→	↓

Hot Topics

- Economic growth low or negative in Q4
- Recent economic statistics "better-than-feared"
- Rental growth for prime office ceases as market fundamentals soften
- Risk aversion enhances divergence between primary and secondary investment market

Danish Economy

	Q3 2011	Q4 2011
10Y Gov't Bond	2.53%	2.03%
Short Mort'g Bond	1.38%	1.14%
Inflation	2.7%	2.6%
GDP Growth (q/q)	-0.5%	...
Unemployment Rate	6.2%	6.1%

Source: Statistics Denmark, Assoc. of Danish Mortgage Banks
10Y bond is average effective yield on 10Y government bonds
Short bond is average effective yield on 1Y & 2Y mortgage bonds

OVERVIEW

• Flow of downbeat economic news change for the better

GDP contracted in Q3 and many indicators suggest that the economy may have slid into recession in Q4. However, the flow of unambiguously bad news seems to be giving way to an increasing number of relatively positive macro-economic key figures.

The vacancy rate in Copenhagen city was 7.7% in October. Vacancy figures for Q4 have not been published yet, but there are indications that more office space has become available on the market throughout the quarter.

• Most office construction is pre-let

Office construction comprising some 38,000 sq m were completed, and two new office projects were started in Q4. There is currently 130,000 sq m office under construction in Copenhagen city. Most are on a pre-let basis.

• Office market fundamentals soften

Market sentiments declined as demand softened, although the slowdown in leasing activity in Q4 was less severe than we feared just a few months ago.

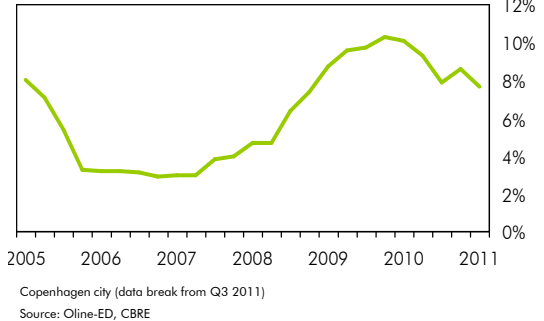
The upward rental trend in the primary market has faded. Prime net rents are in the range of DKK 1,700-1,725 per sq m, although we saw only very few lease contracts completed at this level in the last quarter of 2011.

• Investment surge towards end of year

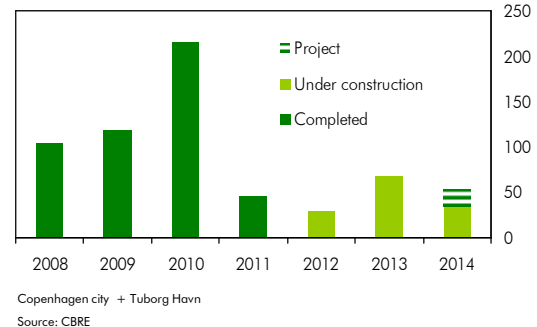
Office investment turnover was some DKK 3.3bn (approx. € 450 million). Transaction activity, which usually peaks in Q4, dwindled in October and November, but picked up in December as Danish pension funds made some big acquisitions. Office was the most attractive asset type, representing 52% of the property investment market.

Prime yields remained stable, supported by low interest rates and investors "flight to safety". In contrast, investors appetite for non-core assets was limited and yields softened in the secondary market.

Vacancy rate (% of stock)



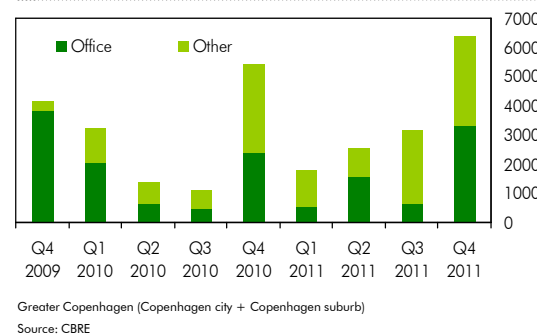
Office Development ('000 sq m)



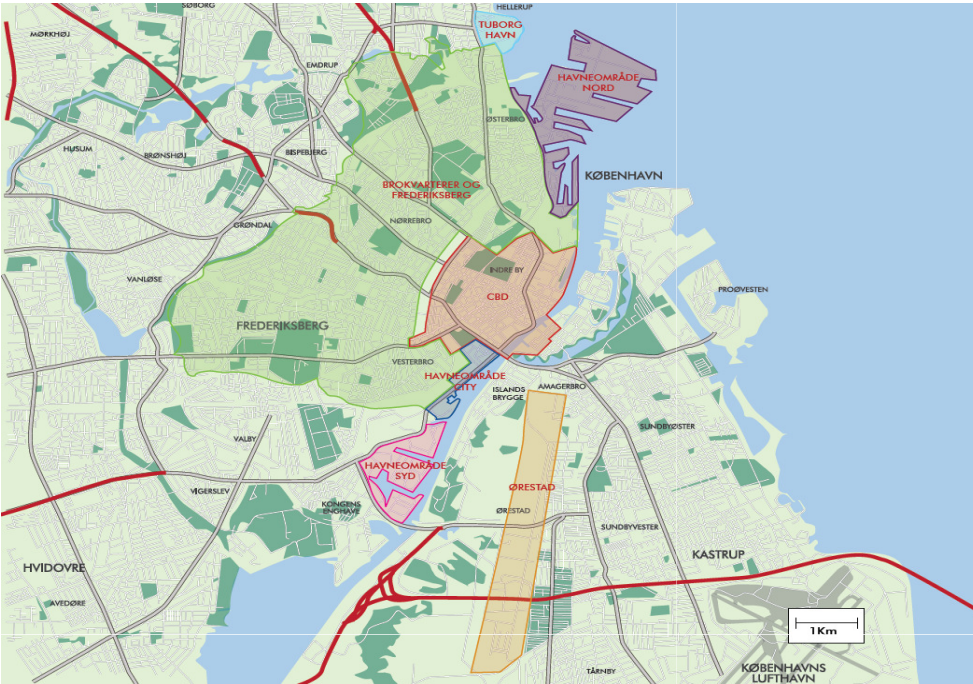
Prime Rent (DKK/sq m/year)



Commercial Real Estate Investment Turnover (DKK mio.)



COPENHAGEN SUB MARKET MAP



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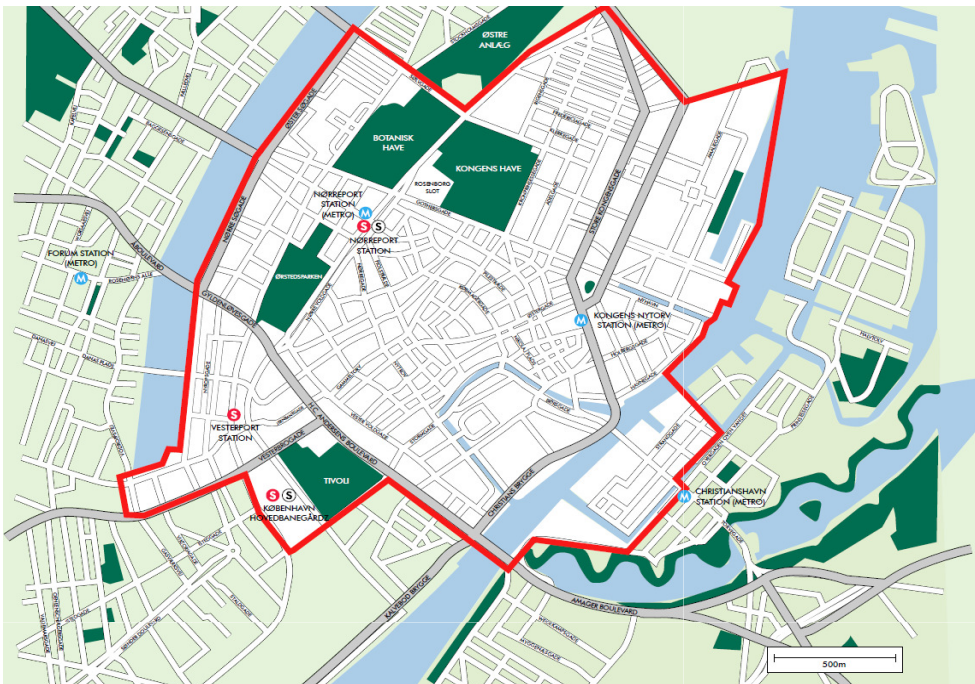
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COPENHAGEN CBD MAP



DEFINITIONS & DESCRIPTION OF COPENHAGEN OFFICE MARKETS

Copenhagen city – Urban area incl. municipalities; Copenhagen, Frederiksberg, Tårnby, Dragør

Copenhagen submarkets – Significant office destinations in Copenhagen city

- CBD = The Central Business District is Copenhagen's city center
- Havneområde Nord/City/Syd = Harbour Area North/Central/South are redeveloped port/industrial zones
- Ørestad = Ørestad is a new development area
- Brokvarterer og Frederiksberg = Østerbro, Nørrebro, Vesterbro and Frederiksberg are residential areas with a broad mix of office and retail
- Tuborg Havn = Located next to, but not in Copenhagen city. It is an important high-end office destination

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