

Successfully Doing Business in European Countries



Enhance your revenue by using your trusted professional SIOR network in Europe

October 2012



PRIVATE & CONFIDENTIAL
www.dtz.com

maintaining today
creating tomorrow

Your presenters



Matthew Leguen de Lacroix



Michael Piscoran

Thousands of companies have made it into Europe
and many more will follow



Europe's many cultures and languages can make doing business more challenging

Languages

Hej
goede dag Labdien
Guten Tag
Bonjour Dobrý den
Bom Dia Jó napot
Ciao YIA SOU
Buenos Dias

Culture




Currency

£ € CHF kr
SEK Ft zł ЛВ

Legal Framework



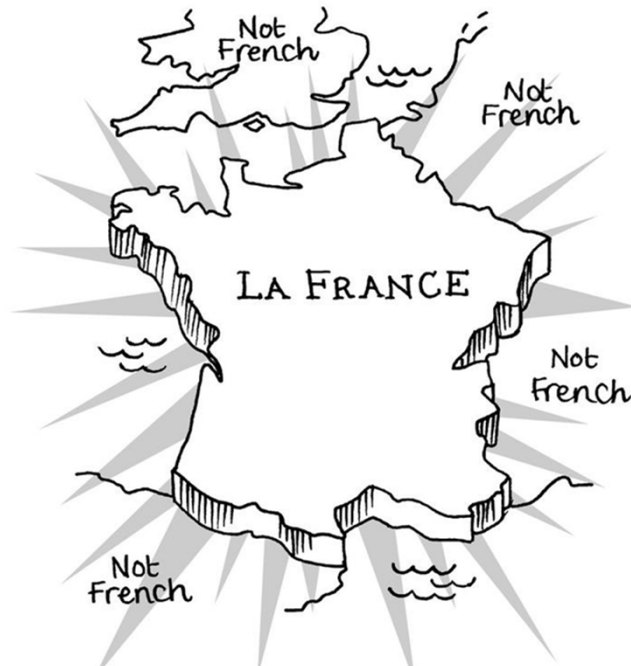
Tax



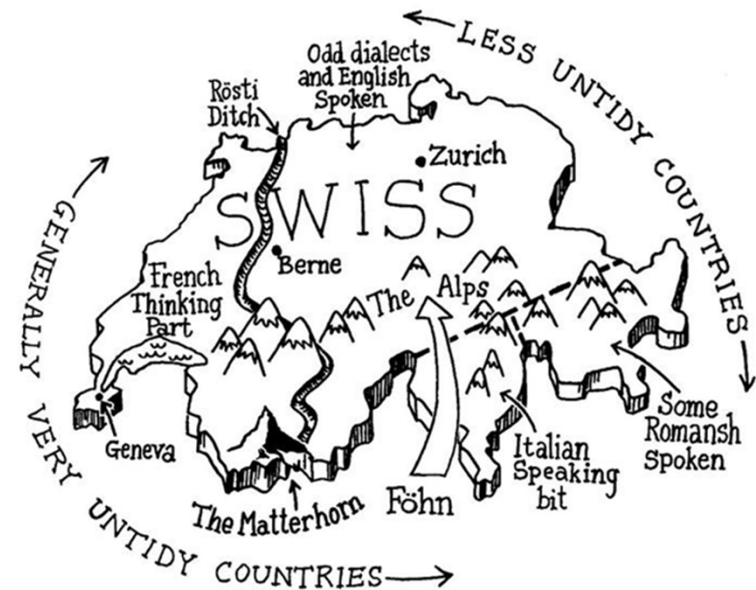
Market Dynamics



I work in France and Switzerland, and have got to know both nations very well...



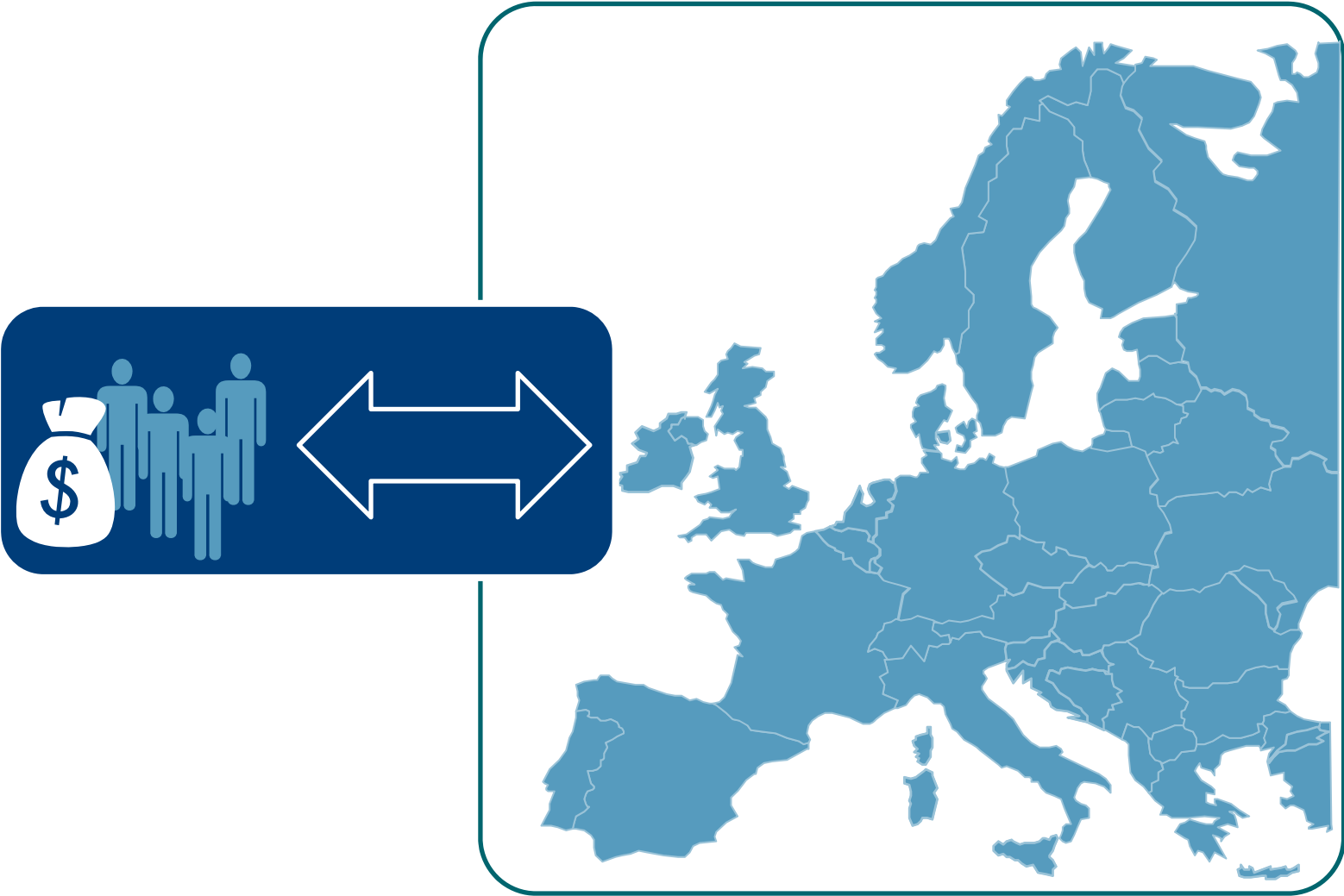
“Their charm is that they don’t despise the rest of us: they pity us for not being French.”



“The Swiss are the only nation to make the Germans look inefficient, the French undiplomatic, and the Texans poor.”

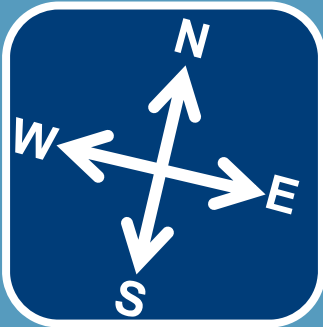
From Xenophobe’s Guide to series

It's advantageous for you to help your existing clients do business in the growing European market



Reach out to trusted and reliable European SIOR colleagues
to help your existing clients do business in Europe





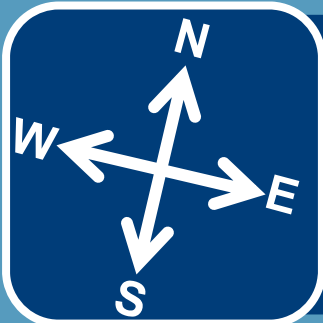
Europe opens up many new and exciting avenues for your clients



The European SIOR's have the local market knowledge, strategic consulting experience, and connections, to help your clients be successful in any European market



Your clients will be well served by both us and European colleagues, meaning more business and better relationships for you



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Europe is a much bigger and more diverse market than the USA

EUROPE		US
47	countries	1
23+	languages	1
822m	people	303m

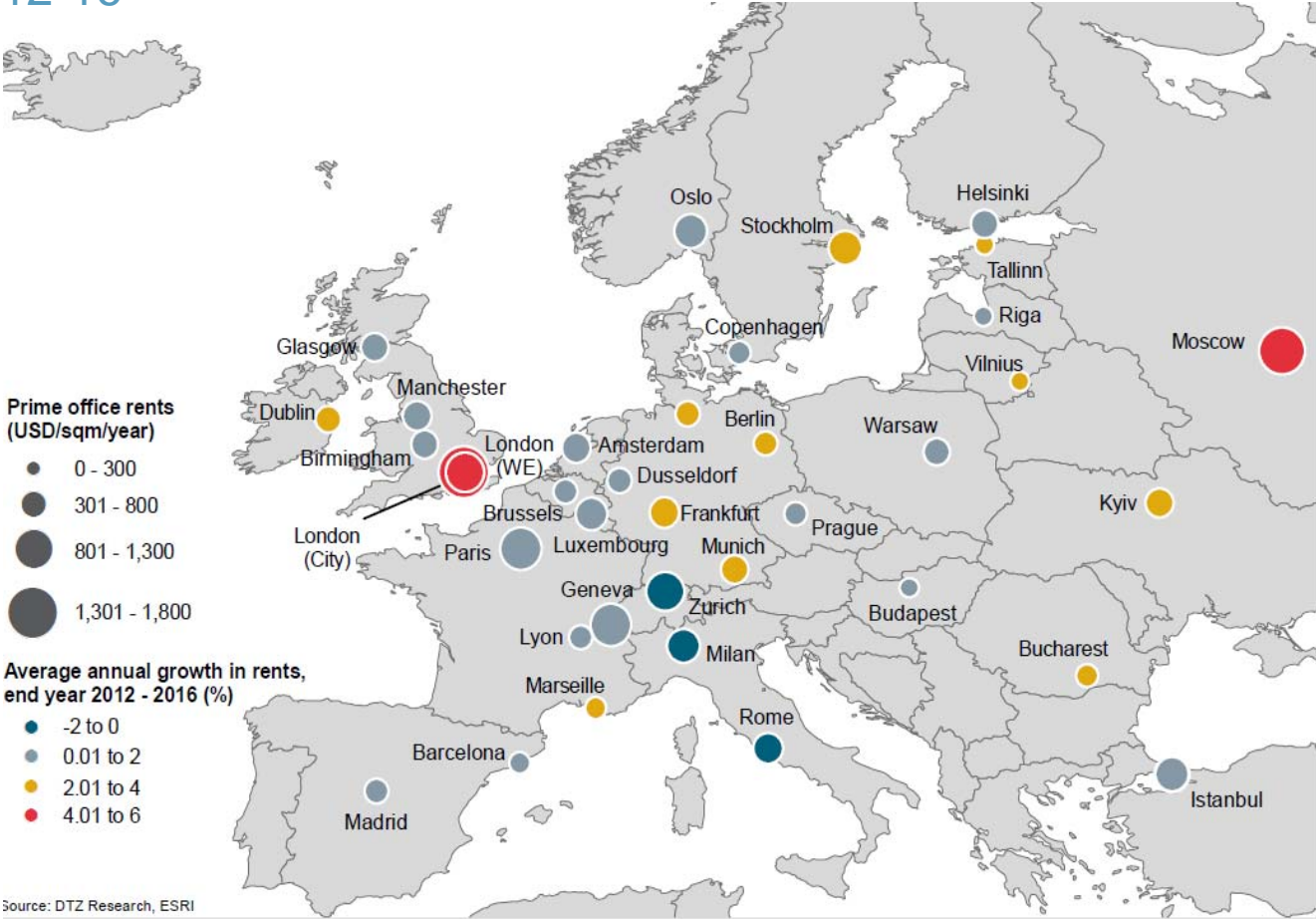
Once your client enters one of the 27 EU countries, it's easy to migrate or expand into the next one

Population
497m



Some of the key European markets are premium/global players

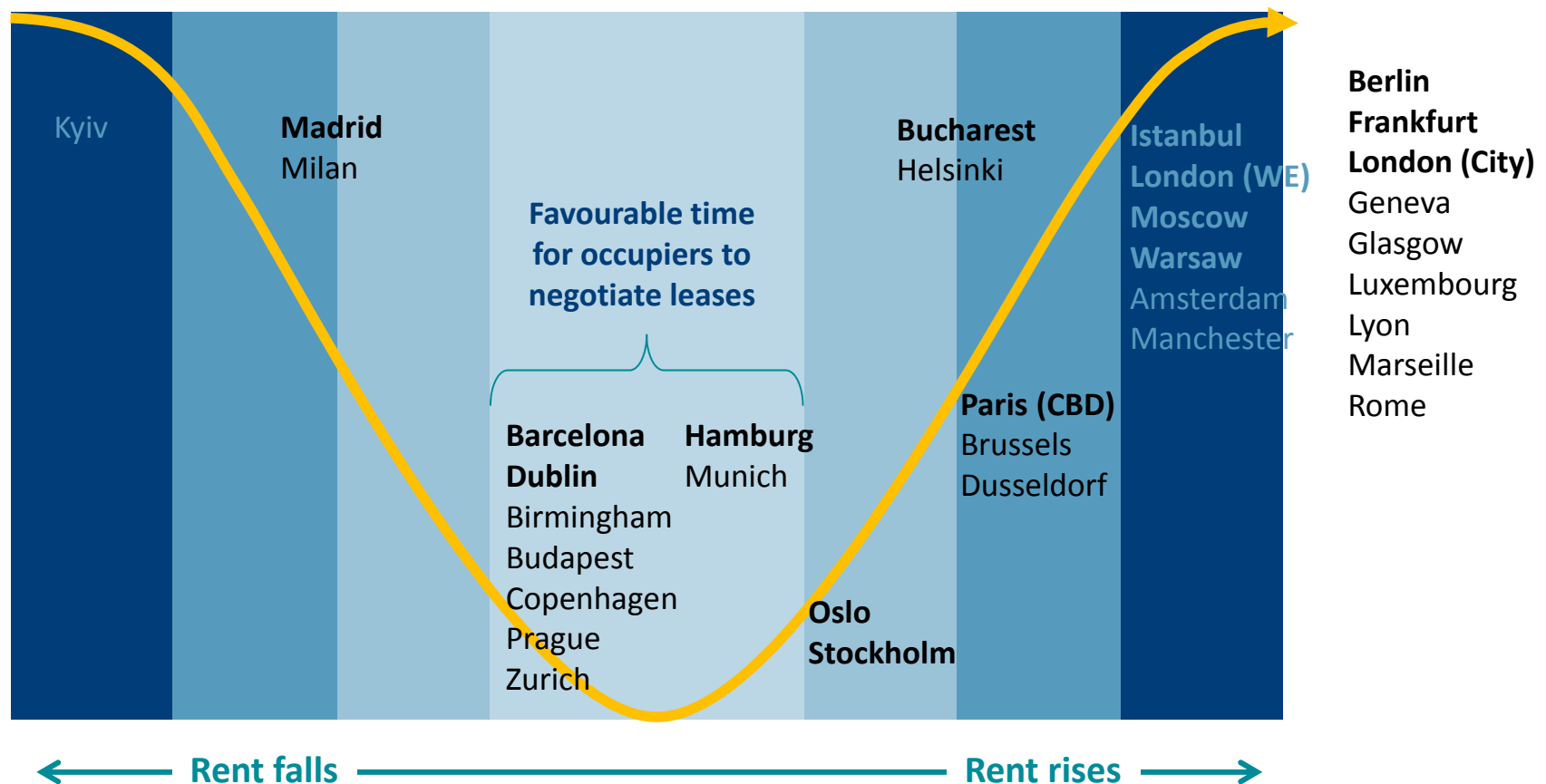
Prime rents, Q2 2012 and forecast average annual rental growth end year 2012-16



Now is a really good time to enter the European Office property market...

DTZ Rental Wave Europe, Q2 2012

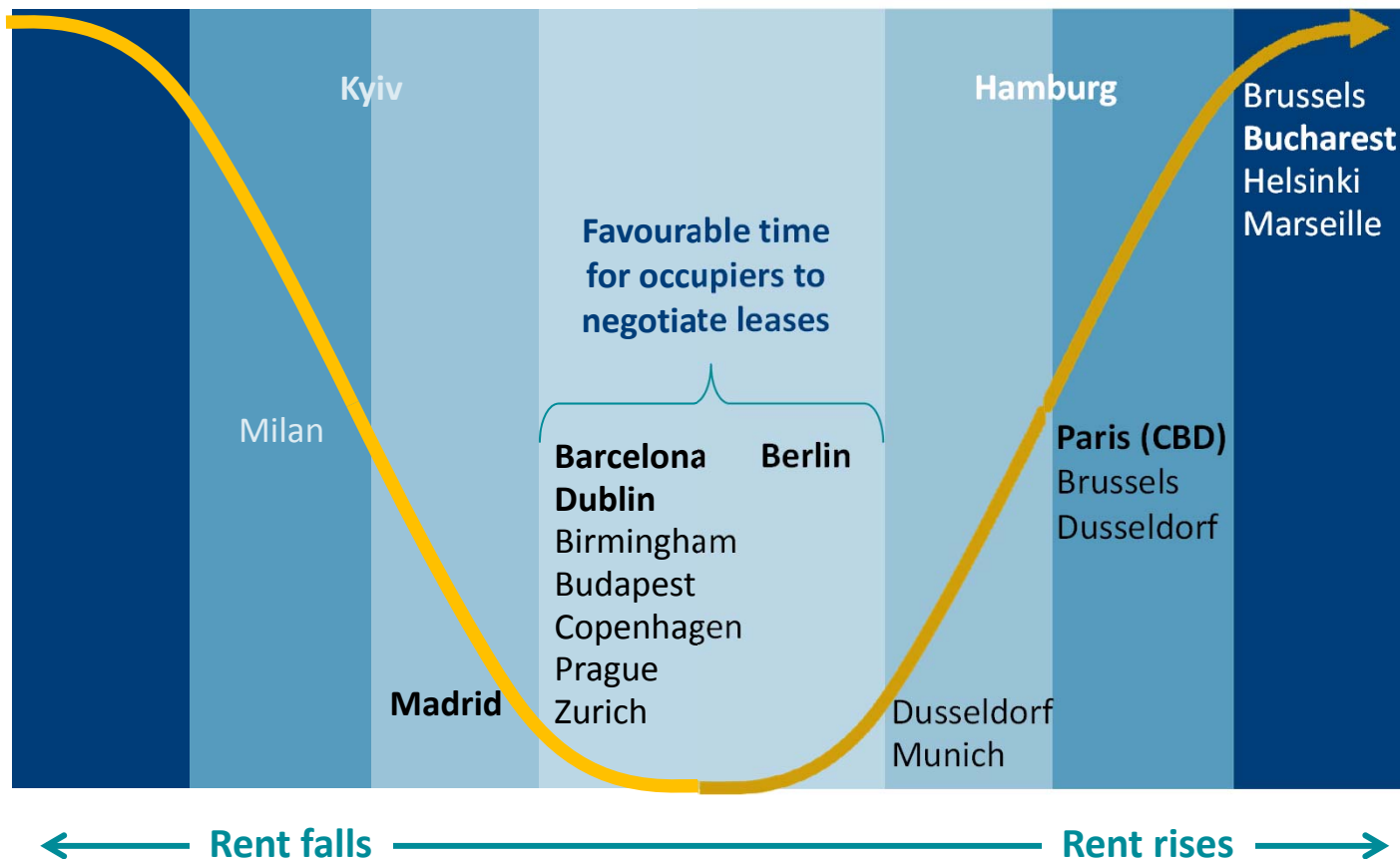
More volatile markets; Less volatile markets



Now is a really good time to enter the European Office property market...

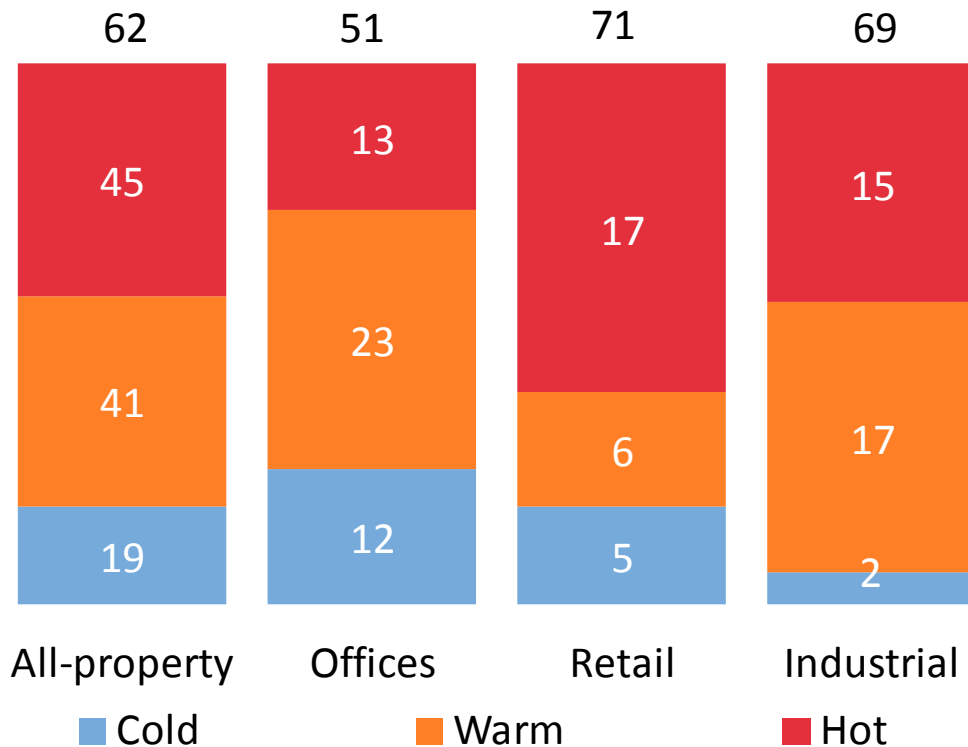
DTZ Rental Wave Europe, Q3 2012

More volatile markets; Less volatile markets



...and also a great time to enter the European Industrial property market

DTZ European Fair value index, Q3 2012
European industrial has a Fair Value score of 69



To make the most of Europe, you need to be aware of some key statistics and market practices

International News



Hans-Ulrich Berendes SIOR, Berendes BC Consulting, Hamburg, Germany

The European Investment Market: How it Is Affected by the U.S. Subprime Crisis

In recent years, the European investment market has experienced an upturn, which was believed to be the beginning of "golden times" for real estate professionals. Unfortunately, last autumn the European investment market was hit by the international financial crisis, that began as a subprime mortgage crisis in the United States. The entire Euro zone is experiencing an economic slowdown—in some parts even an imminent recession—that is caused mainly by the uncertainty about the U.S. economy, the strong exchange rate for the Euro, and the high cost of resources and energy.

Investment Volume in Europe
In the First Quarter of 2008, the turnover of European real estate investment decreased nearly 50 percent compared to the previous year. The consensus among real estate professionals is that on average, the market value of properties has decreased by 10 to 15 percent since the summer of 2007.

Besides the weakened economic development of the Eurozone, reasons for the weakening of the investment market include the more restrictive credit policy of the banks and the uncertainty and different expectations about the European economy. This also presents an obstacle for investors, especially as the level of private equity has decreased.

In addition, buyers are expecting lower prices because of the slower economies and potential sellers don't feel the need to sell properties while occupancy and rent levels remain good and in some markets are still going up (e.g. in Germany).

Characteristics of the European Investment Market

The European real estate market can be divided into segments; volatile markets, relatively solid but fluctuating markets, and solid investment markets.

Volatile Markets

There are volatile markets in Great Britain and Spain and also in Middle and East European countries such as Bulgaria, Romania, Russia, and the Ukraine. These markets are very sensitive to any kind of political and economic changes—hence they are more risky for investors.

Great Britain, however, is still the biggest European investment location—although the decrease in investment in Great Britain has been especially severe. The investment climate index declined considerably for office spaces—especially in the City of London where the office market decreased by 30 percent in the First Quarter of 2008, while in the West-End it increased, against the odds, by 12 percent.

4th Quarter 2008

professional report

International articles in Professional Report

Avoiding Cultural Faux Pas in International Transactions



Mark Lee Levine, Ph.D., is a Professor and Director of the Burns School of Real Estate and Construction Management at the University of Denver, Denver, Colorado. He lectures on taxes, real estate investment, tax aspects of real estate transactions, liability, and business law.

By Mark Lee Levine, Ph.D.

The following article stresses the importance of knowing the nuances of cultural issues of parties involved in a possible international business transaction. The author warns that understanding that the cultural issues affecting the relationship of parties may prove critical to a successful transaction—an important as financial arrangements of the transaction, no matter how high the return on investment or internal rate of return.

As I have said many times in my global real estate course at the University of Denver:

Now that we have worked very diligently to learn the financial aspects of transactions and gain expertise with our computer programs and our sophisticated calculators and PDAs—put them aside! Deal with the more important aspects of the proposed transaction: the people! Numerous international/global real estate transactions are lost, not because of the economics of the transaction, but because the people involved did not understand customs of the country in which they wished to do business. Understanding these customs and

thus avoiding a cultural faux pas will often save a proposed transaction.

Unfortunately, sometimes the real estate consultant, investor, or broker is not aware that he or she committed the faux pas that caused the loss of the transaction.

Cultural Faux Pas Are Everywhere!

Customs, indigenous to a given country, involve a wide range of attitudes and behaviors involving respect, chain of authority, differences in tradition, religious issues, gestures, language nuances, presentation values, gender issues, family values,

Summer 2007

professional report 63

The Changing Face of the Industrial Investment Market in Europe



Guy Frampton, BSCS, SIOR, CIP, Richard Ellis, London, England, specializes in and heads up the industrial and logistics line of business throughout Europe. He has 20 years' experience in the European real estate market, the last six of which have been focused on cross-border clients.

By Guy Frampton, SIOR

The level of interest in investment in the industrial sector is growing rapidly across Europe as investors realize that the sector generates consistent, stable returns. It is therefore becoming more important to understand the structure of the sector and its drivers going forward. Infrastructure remains the key driver of location in the sector, but the impact of infrastructure needs to be understood in the context of political, economic, and technological changes that are also affecting choice of property and location.

Growth in the Investment Market

While it is still dwarfed by the office and retail sectors as an investment market, industrial property has been attracting growing interest from investors in continental Europe. The total value of investment deals in the sector more than doubled from 2004 to 2005 and the level of activity has been maintained into 2006. This growth is partly due to the growing interest in commercial property generally, but it also reflects a number of attractive characteristics that the sector offers.




Source: CIP Richard Ellis

Summer 2007

professional report 62

SIOR International Market and Country Reports will keep you up to date with the latest trends and opinions




SIOR International Market and Country Reports – September 2011
Reports submitted by SIOR International Members

GENEVA, SWITZERLAND
Submitted by Matthew L...

Information is taken from ...
2011.

- Q2 2011 has been ...
The Eurozone con...
situation for some...
trying to meet the...
- It is under these c...
stability and reliab...
- On an occupation...
positive than Q1 2...
(figure 1) in the ca...



SIOR International Market and Country Reports – September 2011
Reports submitted by SIOR International Members

UNITED KINGDOM – INDUSTRIAL & DISTRIBUTION
Submitted by Andrew Smith, SIOR, FRICS, MBA, CAPITA SYMONDS, London, UK


Capita Symonds Interactive Industrial Values Map
<http://www.capita...>

This is our fourth e...
and continues our...
ahead.

There is no denyin...
been steady. The e...
next three to six m...
second half of 201...

Manufacturing ma...
The weak pound a...
market is showing...
too much about ev...
are competing on...
are scattered acro...
industrial areas. Th...
benefiting by this...

Rents starting to r...

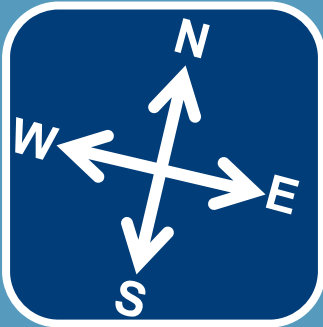


SIOR International Market and Country Reports – September 2011
Reports submitted by SIOR International Members

MADRID, SPAIN - OFFICE
Submitted by Fernando Fernández de Ávila, SIOR, MRICS, Savills, Madrid, Spain

“Business confidence has been affected by macroeconomic uncertainty and the shift in trend in the office market is still expected to happen. Weak take-up and demand and high vacancy rates, as well as downward pressure on rents, are delaying the start of a clear recovery” (Ana Zavala, Head of Office Agency).

Historically, the market has performed better in the second quarter of the year, but this has not been the case this year. Gross take-up was at around 90,000 sqm in Q2 2011, which is the lowest figure on record this decade. This is due to uncertainty and sluggish demand. In addition, 25% of the total take-up figure came from two transactions. On the other hand, after two years of continual increases in the vacancy rate across all



Europe opens up many new and exciting avenues for your clients



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Your clients will be well served by both us and European colleagues, meaning more business and better relationships for you

SIORs are recognised by developers, lenders and investors as being The Best of the Best – make the most of this network!

Make use of the **58 members**, and their contacts, who are spread throughout Europe

Worldwide
3,000 members
630 cities
29 countries



The local knowledge and professionalism of European SIOR members are there to help you

	UK	France	Germany	Spain	Italy
Lease Terms (Years)	10 with 3/5 year break option	3/6/9	5	5	6+6
Rent Review	Every 5 years upward only to Market	Annual in line with CCI	Annual in line with CPI Only for 10 year leases	Annual in line with CPI	Annual 75% of increase in CLI
Lease Basis	FRI	IR	IR	IR	IR
Statutory Renewal Rights	Sometimes	Yes	No	No	No
Property Taxes	30% of rent	3 taxes in Paris 10% -15% of rent	Circa 1% of rent	Circa 1% of rent	Circa 1% of rent
Commissions (Leasing)	10%	15-30%	25%	15%	10-15%

European M2M transactions last year totaled over \$66 million, covering 176,800 sq ft of industrial and office space

Worldwide SIOR figures

78,000 Transactions Annually

30 Transactions per Member

55% large firm or networks; 45% independent



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Many non-European based companies have successfully made their way into Europe



September 2012

Hines, HSBC Buy London Complex for \$447M –

LONDON-Houston-based Hines has made a number of purchase and development ventures in London, one of many international firms finding safe haven in the steady office market here.



September 2012

Web Firms Find a Home in Berlin –

For years after its restoration as reunified Germany's capital, Berlin built for an office-market boom that never took off. Its newfound status as Europe's Internet start-up mecca, though, may be changing that.

And many SIOR members have relied on their international counterparts to help their clients make successful moves

€ 9,700,000

2,500 sq. metres office and 3,000 sq. metres of industrial space in a Saint Denis, France development zone where additional 30,000 sq metres can be redeveloped.

I have completed numerous SIOR cooperative transactions around the world. Every time I have been impressed with the level of local expertise and professional approach of my SIOR counter-part.



Solly Gubbay,
SIOR, Solly Gubbay
Consultants, Paris, France



Frederic Schneider,
SIOR, CAPITA SYMONDS,
London, United Kingdom

And many SIOR members have relied on their international counterparts to help their clients make successful moves

\$26,000,000

36,613 sq. metres office lease
on behalf of Chicago based Emerson Electric Corporation

I have been fortunate to work on a number of transactions around the world. Whenever I can I work with an SIOR because they understand not only the local market but my corporate clients' needs and deliver it.



Felix Tejada, SIOR
The Alles Group
Monterrey, Mexico



Curt Stanton, SIOR
Paine/Wetzel ONCOR
International, Illinois, USA

And many SIOR members have relied on their international counterparts to help their clients make successful moves

\$26,000,000

65,000 sq ft new premises search, space planning, test fit-out for two alternative projects, signed lease. Phase 2: project management.

Fees – Phase 1 circa \$200,000. Phase 2, \$250,000.

Our client went out of his way to say your entire team has performed beyond expectations. You have stepped up and handled situations he didn't expect you to. Needless to say, Alexion is very pleased with the way your team handled the process



Frank Hird, SIOR
Vice President, O,R&L
Commercial
CT, United States

Matthew Leguen de Lacroix, SIOR
FRICS, DTZ
Geneva, Switzerland



And many SIOR members have relied on their international counterparts to help their clients make successful moves

\$16,800,000

26,000 sq ft office in UK

The true value in SIOR M-2-M transactions, particularly in deals conducted in foreign markets, is having the knowledge and confidence that you are dealing with an absolutely trusted partner on the other end. When I reach out to SIORs like Mark Taylor I know I am getting the best assistance available in that market. I find this very powerful when I present, and execute on, my promise to my client.



Douglas H. May SIOR, LEED® AP
Senior Vice President / Partner
Calgary, Canada



Mark A. Taylor, SIOR, MRICS
Colliers International
London, United Kingdom

And many SIOR members have relied on their international counterparts to help their clients make successful moves

\$500,000

Industrial sale - 40,000 sq ft office in Hamburg, Germany

Working with Thorsten a fellow SIOR I felt comfortable with his approach, advice and commitment throughout what was a challenging project.



Andy Smith, SIOR
Agency - Director
Capita Symonds
London, UK

Thorsten S. Wolf, SIOR
Berendes & Partner Consulting GmbH
Hamburg, Germany



And many SIOR members have relied on their international counterparts to help their clients make successful moves

\$25,613,410

65,800 sq ft office lease in Tel Aviv, Israel.

As you know, it is always paramount that you meet or exceed your clients expectations. When you hire another SIOR, there is always a sense that the assignment will be handled professionally and your client will be pleased with the end result. Stanley did a great job.



Garry Holmes SIOR President
R.W. Holmes Realty Co., Inc.
Wayland, MA. USA

Stanley Finkelstein, SIOR, REBC
Stanley Finkelstein LTD
Herzlia, Israel



And many SIOR members have relied on their international counterparts to help their clients make successful moves



Citibank Corporation

Central and Eastern European Branch Banking Roll-out

Location: Nine locations throughout Hungary

Citibank approached DTZ to respond to an RFP for project management services. The company sought expert project managers to roll out a series of new credit card and mortgage sales locations in Central and Eastern Europe (CEE), starting with Hungary.

Citibank awarded the contract to DTZ on the basis of the firm's strong presence in Budapest, focus on tenant services and conflict-free platform.

With fees to share on both sides it makes sense to get to know your European SIOR counterparts

10%

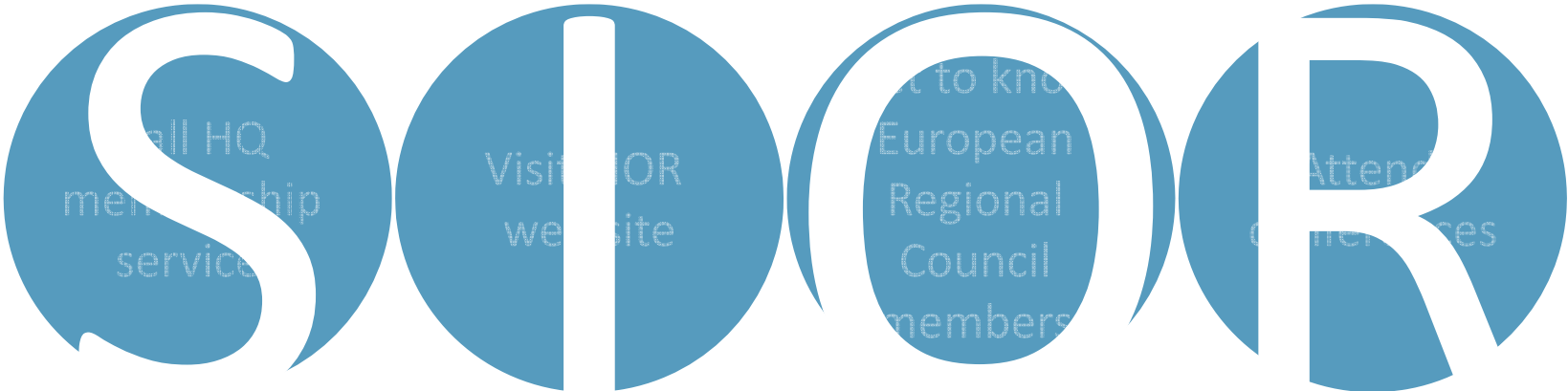
50%

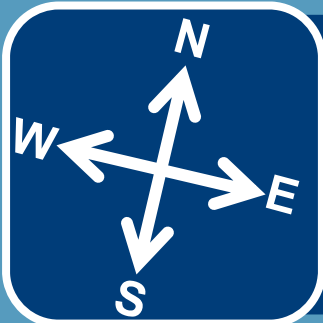
20%

15%

30%

Increase and improve your SIOR network – it's vital!





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