Who is the Client – You or the Agent?
Does the Property Industry service the needs of the Occupier?

Prepared by
The Property Directors Forum

t +44(0)20 7101 0200  w: www.propertydirectorsforum.com
Agenda

- 2.00  Registration, Networking and Coffee/Tea
- 2.15  Welcome & Introduction to the Property Directors Forum - Nick Cook
- 2.30  Presentation by Peter Bill, author & columnist Evening Standard
  “Who is the Client – You, the Occupier, or the Agent?”
- 3.00  Presentation by John Toogood, Director of Real Estate Iron Mountain
  “Does the Property Industry service the needs of the Occupier?”
  Posing the questions for the Round Table Debates
  “Is the model broken? – What can we do about it?”
- 3.15  Tea/Coffee/Cakes
- 3.15-4.00  Round Table Debates
- 4.00-4.45  Round Table Presentations
- 4.45  Summary and voting – Crispin Manners
- 5.00-6.00  Networking, Drinks and Finger Food
- 6.00 onwards  Carry on discussion at The Red Lion, 2 Duke of York Street, SW1 6JP
c.3 minutes walk. Directions will be given and guides available
Aims & Objectives

The Property Directors’ Forum is an exciting initiative expressly for the benefit of Property Directors of business occupiers with premises in the UK and Europe.

The Forum's goals are to:-

- Allow you and your peers to network without sales people or suppliers present.
- Provide Property Directors of occupier businesses with more of a VOICE in the market. The RICS, CoreNet et al are great but the Forum is exclusive to you and your interests.
- Provide an environment where Property Directors or Directors in charge of property can swap ideas, how to tips, learn inside tricks and generally be exposed to the latest thinking.
- Expose Directors to good speakers, but not at a sales level. More aspirational and strategic.
- Help Directors communicate better with their boards and to have property more properly recognised as a contributor.
- Allow Directors to be informed about new legislation and risks that could affect their portfolios.
- Provide a degree of charity and reciprocity.

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Introduction – Nick Cook

■ Welcome

■ Introduction to new Sponsor
About Avison Young

At-a-Glance:

- Founded in 1978 as Graeme Young & Associates of Edmonton; merged with Avison & Associates in 1996 to form Avison Young.
- Canada’s largest independently-owned commercial real estate services company.
- In 2009, began international expansion and has since opened 39 U.S. and 2 U.K. offices.
- Avison Young recognized for the last three consecutive years as one of Canada’s Best Managed Companies, Canada’s most prestigious corporate award.

Key Statistics:

<table>
<thead>
<tr>
<th>Real Estate Professionals</th>
<th>2008</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avison Young professionals include licensed brokers, property managers, financial analysts, research professionals and marketing specialists</td>
<td>300</td>
<td>1500+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Offices</th>
<th>2008</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avison Young has offices across North America. Overseas expansion is targeted for 2014</td>
<td>11</td>
<td>56</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Under Management (million square feet)</th>
<th>2008</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>We service tenants, lease space, manage capital and operations, report financials and manage cash flow</td>
<td>15</td>
<td>70</td>
</tr>
</tbody>
</table>
Demonstrated Success

Track record of success since 1978

- Avison Young opens offices in Columbus OH, London U.K., Thames Valley U.K., Austin; acquires The Eidson Group, LLC, PSB Realty Advisors, LLC, Haywards LLP and Commercial Texas, LLC; requalifies as one of Canada’s Best Managed Companies (2013).


- Avison Young opens offices in Dallas, Los Angeles, Las Vegas; acquires Millennium Realty Advisors, LLC and Ramsey Shilling Commercial Real Estate Services, Inc.

- Avison Young opens offices in Chicago, Washington DC, Lethbridge AB, Toronto North.

- Avison Young opens offices in Regina.

- Avison Young opens Ottawa office.

- Avison Young opens Winnipeg office.


- Avison Young & Associates opens Calgary office.

- Avison & Associates opens Halifax office.

- Avison Young opens Mississauga office.

- Avison Young & Associates is founded in Toronto.

- Graeme Young & Associates opens Vancouver office.

- Avison & Associates opens Quebec City office.

- Avison Young opens Mississauga office.

- Avison Young merges to become Avison Young (Canada) Inc.; acquires Darton Property Advisors and Managers.

- Avison Young opens offices in Atlanta, Houston, Tysons Corner VA, Boston, Guernsey OH; acquires Apple Realty Advisors, LLC and Hodges Management and Leasing Company.

- Avison Young opens offices in Renco.

We’re different.

• The firm’s equity is in the hands of a broad base of principals
• Unique ownership structure that creates the incentive for internal collaboration and aligns our solutions with client objectives
• Intelligent solutions that deliver a better client experience and better results

“Our culture fosters cooperation and ensures that resources are focused on one objective—client solutions.”

- Mark Rose, Chief Executive Officer
The Avison Young Vision is to build the leading global real estate solutions company by aligning the interests and needs of clients with the superior skill sets and intellectual capital of our professional using a unique and transformational delivery structure.

At Avison Young, our culture is the key to our unique approach to commercial real estate services. Our people are committed to our clients’ success over the long term, and our corporate culture reflects that distinction.

The Five Pillars of Our Culture

- Honesty and integrity are given in all we do. Openness, fairness and ethical behaviour form the rock-solid foundation of our business and reputation.
- Investing in our people is a priority that supports achievement of superior results for our clients and strong returns for our principals.
- A principal-led business model in which primary equity holders are directly involved with and accountable to clients creates close alignment, both within the firm and with client interests.
- Elimination of service line silos is an Avison Young best practice that enables the delivery of truly integrated solutions and maximizes the quality of those solutions.
- Open-source solution approach makes sure our clients’ best interests are always our focus, and enables the right resources to be assigned to every opportunity.
A Different Kind of Commercial Real Estate Company

Intelligent solutions delivering better client results

- Top intellectual capital
- Top producers
- Experienced teams
- Full-service integrated solutions
- Principal-owned & managed
- Client-centric approach
- Void of service silos and internal conflicts
- Best-in-class external collaborations
- Client satisfaction
- Alignment between AY & client
- Long-term client relationships
- Proven track record of success
- Profitable relationships
Upfront thinking & great project planning and management will reduce costs for today and for tomorrow
The Power of Process
Comprehensive, Integrated Client Services

Focused core services model:
2 client groups who utilize 5 core services across 4 primary asset types
TRANSACTION MANAGEMENT
- Portfolio Management
- National Site Selection
- Acquisitions and Dispositions
- Lease Restructuring
- Brokerage Process Management
- Tenant Representation
- Landlord Representation
- Market Research/Intelligence
- Financial Analyses/Modeling

LEASE ADMINISTRATION SERVICES
- Lease Abstracts & Audits
- Operating Expense Audits
- Data Management
- Reporting

PROJECT MANAGEMENT
- Budget and RFP Development
- Site Evaluation & Construction Expertise
- Contract Negotiation
- Project Scheduling & Reporting
- Cost Analysis & Value Engineering
- Construction Management
- Project Troubleshooting
- Move Coordination

CAPITAL MARKETS EXPERTISE
- Property Sales
- Corporate Finance
- Note Sales
- Capital Markets
- Investment Banking
- Sales and Debt
- Investment Advisory
- Asset Monetization
  - Sale-Leasebacks
  - Corporate Asset Sales
- Build to Suit/Acquisition Structuring & Financing
- Asset/Portfolio Strategy & Advisory Services
- Recapitalization

APPRAISAL & TAX
- Asset & Portfolio Valuations
- Research & Market Analysis
- Investment Analysis
- Acquisition & Disposition Strategies
- Litigation Support & Expert Testimony

FACILITIES MANAGEMENT
- Building Operations
- Operating Cost Management

INVESTMENT MANAGEMENT

ASSET MANAGEMENT

ENTERPRISE SOLUTIONS

Specialized Industry Expertise
Avison Young named one of Canada’s Best Managed Companies a second year in a row for 2012, in a program sponsored by Deloitte, CIBC, National Post and Queen’s School of Business.

Established in 1993, Canada's Best Managed Companies national awards program recognizes Canadian companies that have implemented world-class business practices and created value in innovative ways. Applications are reviewed by an independent judging panel that evaluates how companies address various business challenges, including new technologies, globalization, brand management, leadership, leveraging and developing core competencies, designing information systems, and hiring the right talent to facilitate growth.

“We, at Avison Young, have created a model that speaks to clients and top talent and we have differentiated ourselves from all other commercial real estate service providers.

Our culture is one of partnership. Our equity is in the hands of our Principals, our Principals understand clients’ needs and deliver solutions, and our ownership structure is aligned and accountable with client objectives.

We are aligned in every way, starting with a clear strategic vision and the conviction to compete as hard as we can, to executing at the highest levels and communicating our success and growth.”

Mark Rose
Blue Chip Clientele

The material contained in this presentation is confidential and is not to be used for any other purposes or to be made available to any other person without the express written consent of Avison Young.
About Avison Young

A different kind of commercial real estate services company.

- Principal-led model that aligns owners with clients
- Client-centric approach that eliminates silos
- Best-in-class solutions and open-source philosophy
- Fastest-growing real estate firm in the world for a reason
“Who is the actual Client, You the Occupier, or the Agent?”

Peter Bill
Journalist (London Evening Standard column)
Author of Planet Property
11 years as Editor of the property bible, Estates Gazette
Acknowledged Property Sector Authority
PLANET PROPERTY

PETER BILL
WWW.PLANET-PROPERTY.NET
“A cracking good read”
- David Sleath, Segro chief executive

“Sycophantically arse-licking”
- Mr. Waterstone, anonymous bastard

WWW.PLANET-PROPERTY.NET
Where are we now?

Starting from June 2007
• Capital growth stands at two-thirds of peak values.
• Rental values are stuck at 91% of June 2007 figures.

Starting from June 2009
• Capital growth is up 20%.
• Rents remain four percent below pit levels
Dear God, just let there be one more property boom. I promise I won’t piss it all away this time.

Harvey Soning, property veteran
Bull markets are born on pessimism, grow on scepticism, mature on optimism, and die on euphoria

Sir John Templeton
A billion here, a billion there, and pretty soon you’re talking about real money

Everett Dirksen
WHERE THE MONEY COMES FROM
DOMESTIC VERSUS FOREIGN INVESTMENT

[Graph showing the total investment (£bn) from 1997 to 2011, with a breakdown of domestic and foreign investment. The graph also indicates the foreign investment as a percentage of the total investment.]
THE FIRST SIGN OF THE JITTERS
LOAN TO VALUE RATIOS FOR PRIME OFFICE PROPERTY
CHAPTER FOUR
PLANET PROPERTY

Inside every working anarchy, there’s an old boy network

Mitchell Kapor
CHAPTER NINE
AGENTS

The propensity to truck, barter and exchange one thing for another is common to all men, and to be found in no other race of animals
- Adam Smith
TURNOVER OF TOP 10 AGENTS
AGENTS LEAGUE TABLE- 1997

UK TURNOVER OF TOP TEN AGENTS IN 1997

*The transformation of the agent community began six months after this table was published. At the top stood Chesterton International, which collapsed in March 2005.*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>UK turnover (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chesterton International</td>
<td>75</td>
</tr>
<tr>
<td>2</td>
<td>DTZ Debenham Thorpe</td>
<td>66</td>
</tr>
<tr>
<td>3</td>
<td>Jones Lang Wootton</td>
<td>62</td>
</tr>
<tr>
<td>4</td>
<td>Savills</td>
<td>55</td>
</tr>
<tr>
<td>5</td>
<td>Knight Frank</td>
<td>42</td>
</tr>
<tr>
<td>6</td>
<td>Hillier Parker</td>
<td>40</td>
</tr>
<tr>
<td>7</td>
<td>Lambert Smith Hampton</td>
<td>38</td>
</tr>
<tr>
<td>8</td>
<td>Richard Ellis</td>
<td>34</td>
</tr>
<tr>
<td>9</td>
<td>Grimley</td>
<td>33</td>
</tr>
<tr>
<td>10</td>
<td>Conrad Ritblat</td>
<td>28</td>
</tr>
</tbody>
</table>

Total UK turnover 473

*Source: Estates Gazette*
### AGENTS LEAGUE TABLE - 2012

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>UK turnover (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Savills</td>
<td>352</td>
</tr>
<tr>
<td>2</td>
<td>Jones Lang LaSalle</td>
<td>336</td>
</tr>
<tr>
<td>3</td>
<td>CBRE</td>
<td>236</td>
</tr>
<tr>
<td>4</td>
<td>Knight Frank</td>
<td>192</td>
</tr>
<tr>
<td>5</td>
<td>DTZ</td>
<td>135</td>
</tr>
<tr>
<td>6</td>
<td>GVA</td>
<td>117</td>
</tr>
<tr>
<td>7</td>
<td>Cushman &amp; Wakefield</td>
<td>109</td>
</tr>
<tr>
<td>8</td>
<td>Drivers Jonas Deloitte</td>
<td>86</td>
</tr>
<tr>
<td>9</td>
<td>Strutt &amp; Parker</td>
<td>81</td>
</tr>
<tr>
<td>10</td>
<td>Capita Symonds</td>
<td>72</td>
</tr>
</tbody>
</table>

Total UK turnover of top ten: **1,716**

*Source: Estates Gazette*
## WORKERS PAY

### EG SALARY SURVEY 2012

<table>
<thead>
<tr>
<th>Job type</th>
<th>Pay (£)(against 2011)</th>
<th>Bonus (£)(against 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset manager</td>
<td>51,772 (58,090)</td>
<td>6,314 (7,694)</td>
</tr>
<tr>
<td>Corporate</td>
<td>51,270 (64,650)</td>
<td>4,531 (10,570)</td>
</tr>
<tr>
<td>Development</td>
<td>48,228 (51,670)</td>
<td>7,616 (6,782)</td>
</tr>
<tr>
<td>Investment</td>
<td>46,530 (47,280)</td>
<td>10,861 (15,992)</td>
</tr>
<tr>
<td>Valuation</td>
<td>37,420 (36,580)</td>
<td>2,983 (2,205)</td>
</tr>
<tr>
<td>Management</td>
<td>37,380 (44,480)</td>
<td>2,098 (4,198)</td>
</tr>
<tr>
<td>General prac.</td>
<td>35,100 (38,650)</td>
<td>1,668 (2,821)</td>
</tr>
</tbody>
</table>

*Source: Estates Gazette/Foundation Recruitment*
## BOSSES PAY - 2006

### LIMITED LIABILITY PARTNERSHIP EARNINGS 2006

<table>
<thead>
<tr>
<th>Company</th>
<th>Operating profit per member (£)</th>
<th>Highest salary paid to a single member (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knight Frank</td>
<td>1,280,500</td>
<td>1,212,000</td>
</tr>
<tr>
<td>King Sturge</td>
<td>659,175</td>
<td>2,200,000</td>
</tr>
<tr>
<td>GVA Grimley</td>
<td>656,426</td>
<td>867,000</td>
</tr>
<tr>
<td>Allsop</td>
<td>375,545</td>
<td>845,040</td>
</tr>
<tr>
<td>Montagu Evans</td>
<td>295,417</td>
<td>1,221,000</td>
</tr>
</tbody>
</table>

Source: Estates Gazette/BDO Stoy Hayward
### FEES PER FEE EARNER

#### AVERAGE FEE PER FEE EARNER, 2007 AND 2012

<table>
<thead>
<tr>
<th>Company</th>
<th>2012 Fee earners</th>
<th>2012 Average fee (£)</th>
<th>2007 Fee earners</th>
<th>2007 Average fee (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savills</td>
<td>1,814</td>
<td>194,000</td>
<td>1,691</td>
<td>198,000</td>
</tr>
<tr>
<td>CBRE</td>
<td>1,137</td>
<td>207,000</td>
<td>1,073</td>
<td>230,000</td>
</tr>
<tr>
<td>JLL/King Sturge</td>
<td>2,003</td>
<td>168,000</td>
<td>1,728</td>
<td>202,000</td>
</tr>
<tr>
<td>Knight Frank</td>
<td>821</td>
<td>234,000</td>
<td>807</td>
<td>249,000</td>
</tr>
<tr>
<td>C&amp;W</td>
<td>527</td>
<td>204,000</td>
<td>529</td>
<td>170,000</td>
</tr>
<tr>
<td><strong>Total/average fee</strong></td>
<td><strong>6,302</strong></td>
<td><strong>201,000</strong></td>
<td><strong>5,828</strong></td>
<td><strong>210,000</strong></td>
</tr>
</tbody>
</table>

*Source: Estates Gazette*
# Masters of Agents Universe

## Global Turnover

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>2005 (£m)</th>
<th>2008 (£m)</th>
<th>Change (+/- %)</th>
<th>2012 (£m)</th>
<th>Change (+/- %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CBRE</td>
<td>1,292</td>
<td>3,000</td>
<td>(+232)</td>
<td>4,200</td>
<td>(+40)</td>
</tr>
<tr>
<td>2.</td>
<td>Jones Lang</td>
<td>637</td>
<td>1,365</td>
<td>(+214)</td>
<td>2,320</td>
<td>(+70)</td>
</tr>
<tr>
<td>3.</td>
<td>Cushman &amp; Wakefield</td>
<td>533</td>
<td>1,100</td>
<td>(+206)</td>
<td>1,300</td>
<td>(+18)</td>
</tr>
<tr>
<td>4.</td>
<td>Savills</td>
<td>328</td>
<td>651</td>
<td>(+198)</td>
<td>806</td>
<td>(+23)</td>
</tr>
</tbody>
</table>

*Source: Estates Gazette*
CHAPTER 12
THE GREAT ESTATES

Diversification may preserve wealth, but concentration builds wealth

Warren Buffet
“Does the Property Industry service the needs of the Occupier”

John Toogood
Director of Real Estate, Europe & Asia/Pacific
Iron Mountain
Who is the client? You or the Agent

Not so long ago – lots of choice

Hillier Parker May and Rowden, Jones Lang Wootton, Edward Erdman, Conrad Ritblat, Clive Lewis, Bernard Thorpe, Debenham Tewson & Chinnocks, Fuller Peiser Healey & Baker, Weatherall Green & Smith, St Quintin, Richard Ellis, Gooch & Webster, Chestertons, King Sturge

And the list goes on:
What have we ended up with?

CBRE, JLL, Cushman & Wakefield, Colliers –
Global and Public

Savills, BNP Paribas, DTZ* -
European and Public (accepting Savills have just bought Studleys in the US and DTZ is owned by UGL)

Newmark Knight Frank, GVA Bilfinger
So What?

- Is a lack of choice a truly bad thing in this regard?
- Is the fact that Public firms HAVE to keep an firm eye on their share price a bad thing?
- Is the fact that these firms are bigger than many of their clients healthy?
- Is the fact that the real power emanates from the US on so many issues such as global mandates, certain products, even behaviours and ultimately culture, a bad thing?
What did we get from our advisor?

- Frequent partner involvement
- A jolly good lunch
- A personal touch
- Independent advice based on a long term relationship
- An approach that sought to make YOU look good
- Client and advisor loyalty
What do we get today?

- Brilliant pitches and wonderful play books
- Directors (as there aren’t any partners left amongst the big guns) turning up at the pitch
- Once the pitch is won then what .......
- When the contract nears the renewal date ..... Then what?
Many of you think the model is broken
Let’s debate if it is or not
- Where it is broken?
- What would you like?
- What is stopping you attain your wish?
- Would you pay for independent advice which was clearly separate from the transaction?
- If not why not?
- What other models could we all learn from?
Round Table Debates

- Questions are shown on your flip charts
- Please nominate a presenter per table
- Tea and Cakes available
Summation – Crispin Manners

- Round Table Presentation – Summation
- Voting
- Networking & Drinks
See you 13th November

Join our LinkedIn Group
and carry on networking