

Why invest in Luxembourg ?

FIABCI Congress Days 2014

Jean-Philip Vroninks*
JLL Capital Markets
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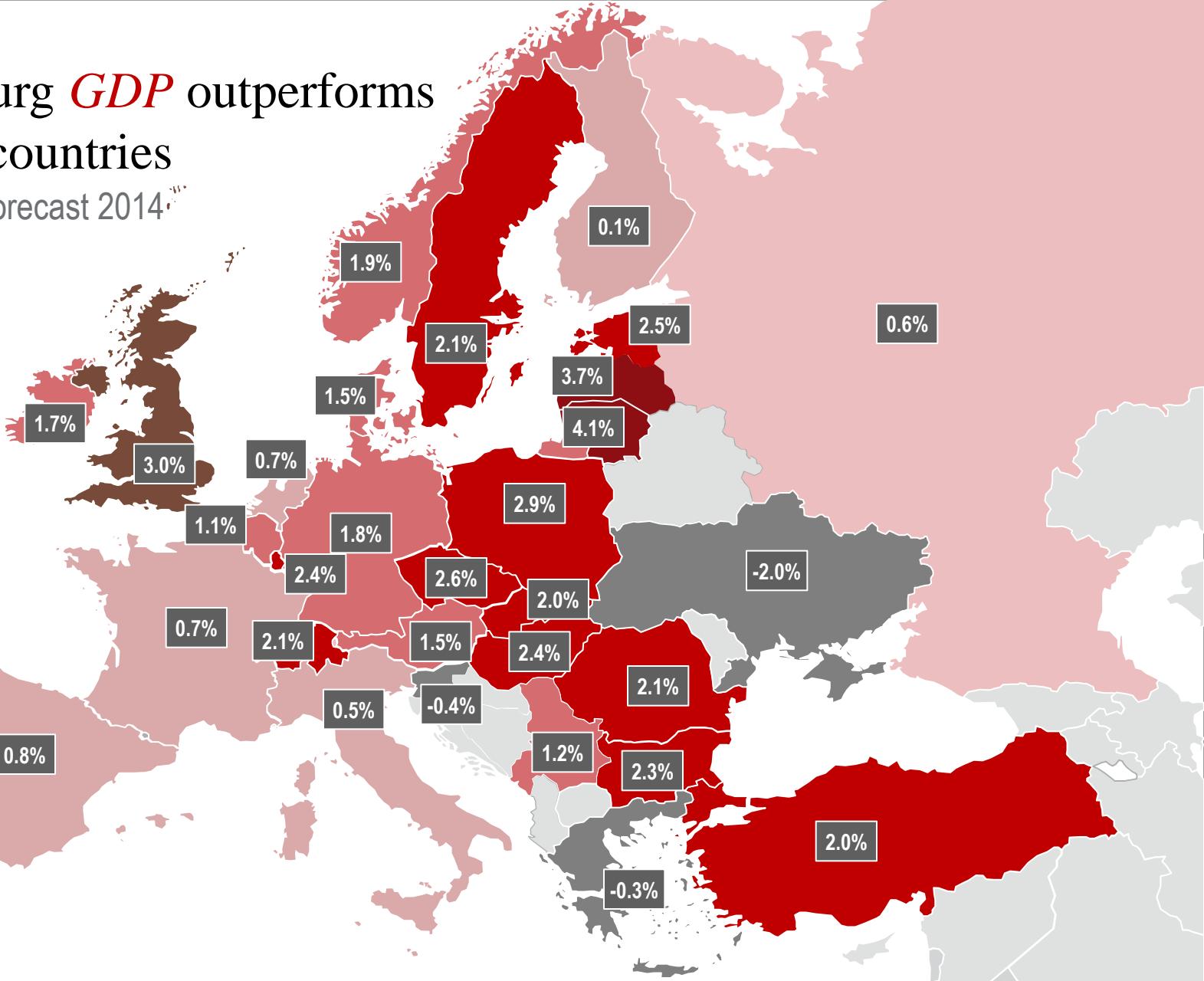
Why invest in Luxembourg?

The macro-economic standpoint



Luxembourg *GDP* outperforms most EU countries

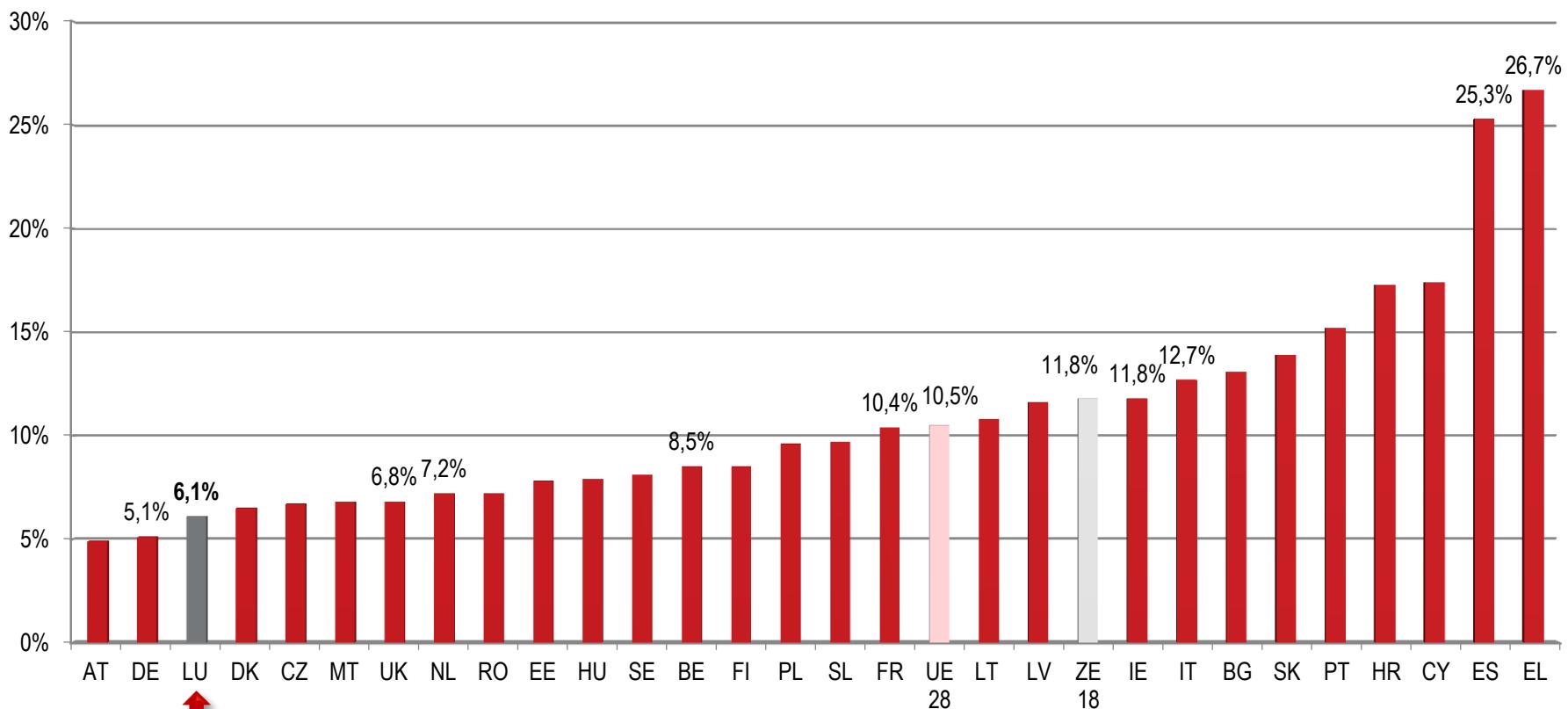
GDP Growth Forecast 2014



Source: Oxford Economics, April 2014

A sound *labour market*

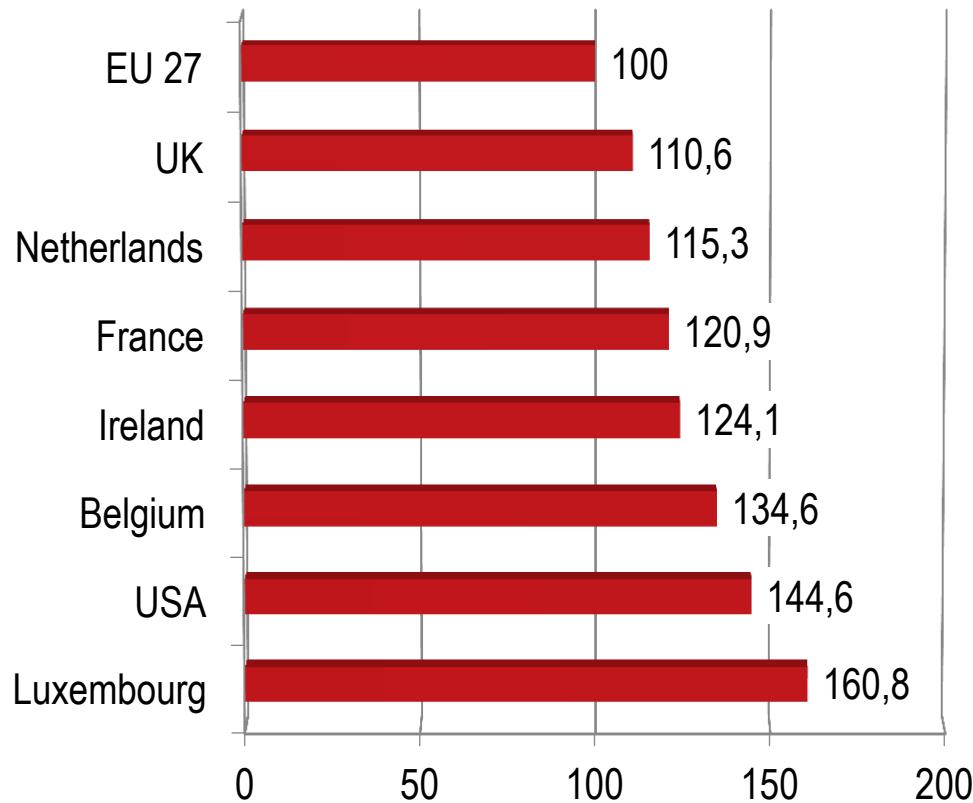
One of the lowest unemployment rates in Europe...



Source: Eurostat – March 2014

A sound *labour market*

...and the highest labour productivity per employee

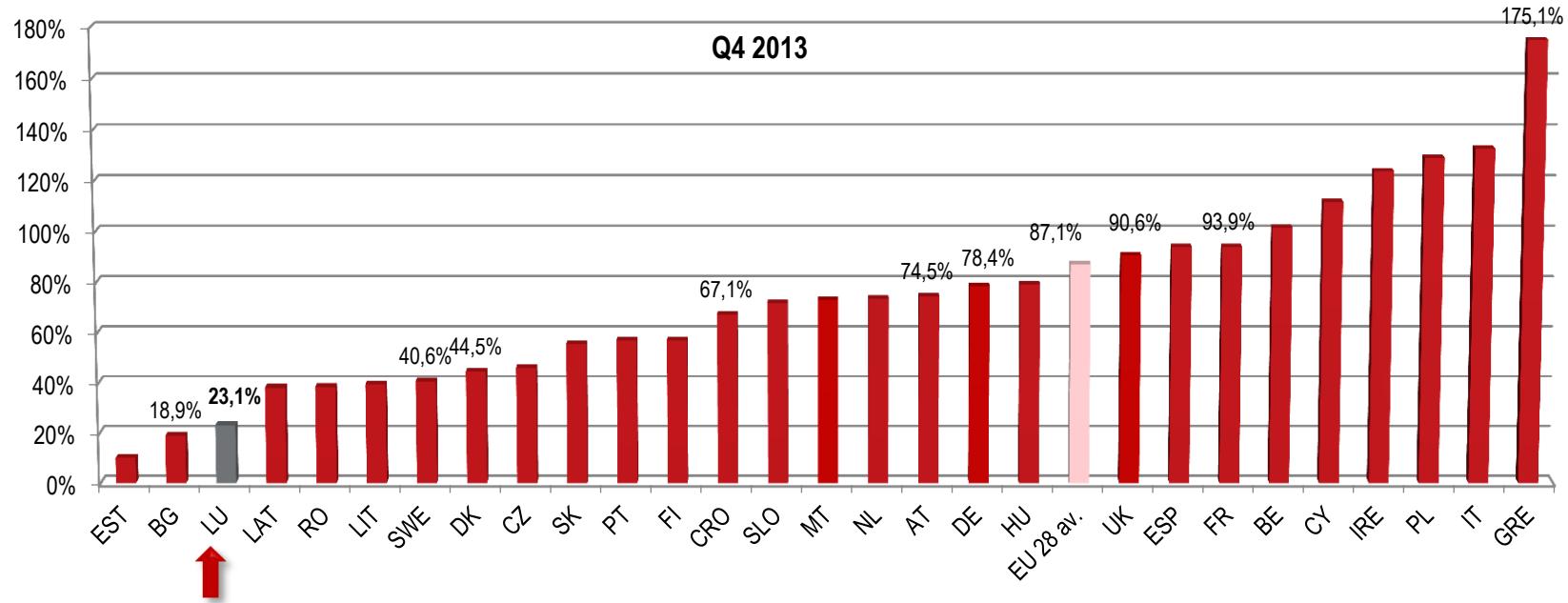


- ✓ Highly skilled, multilingual workforce
- ✓ Unique system of social dialogue between govt., employers and unions
- ✓ Luxembourg has the lowest number of strike days among OECD countries: 4.1 working days lost through industrial action (annual average 2005-2009)

EU 27 = base 100

Business friendly *legal and tax* environment

One of the lowest Debt / GDP ratio in Europe....



- ✓ Low public indebtedness and budget deficit allow a business friendly and stable tax environment
- ✓ Attractive tax regime for several economic niche activities such as Intellectual Property (IP)
- ✓ Investment tax credits
- ✓ Attractive personal tax regime for employees / households creating an interesting environment for skilled staff

Source: Eurostat



Why invest in Luxembourg?

The Luxembourg occupier market



Société Générale testifies

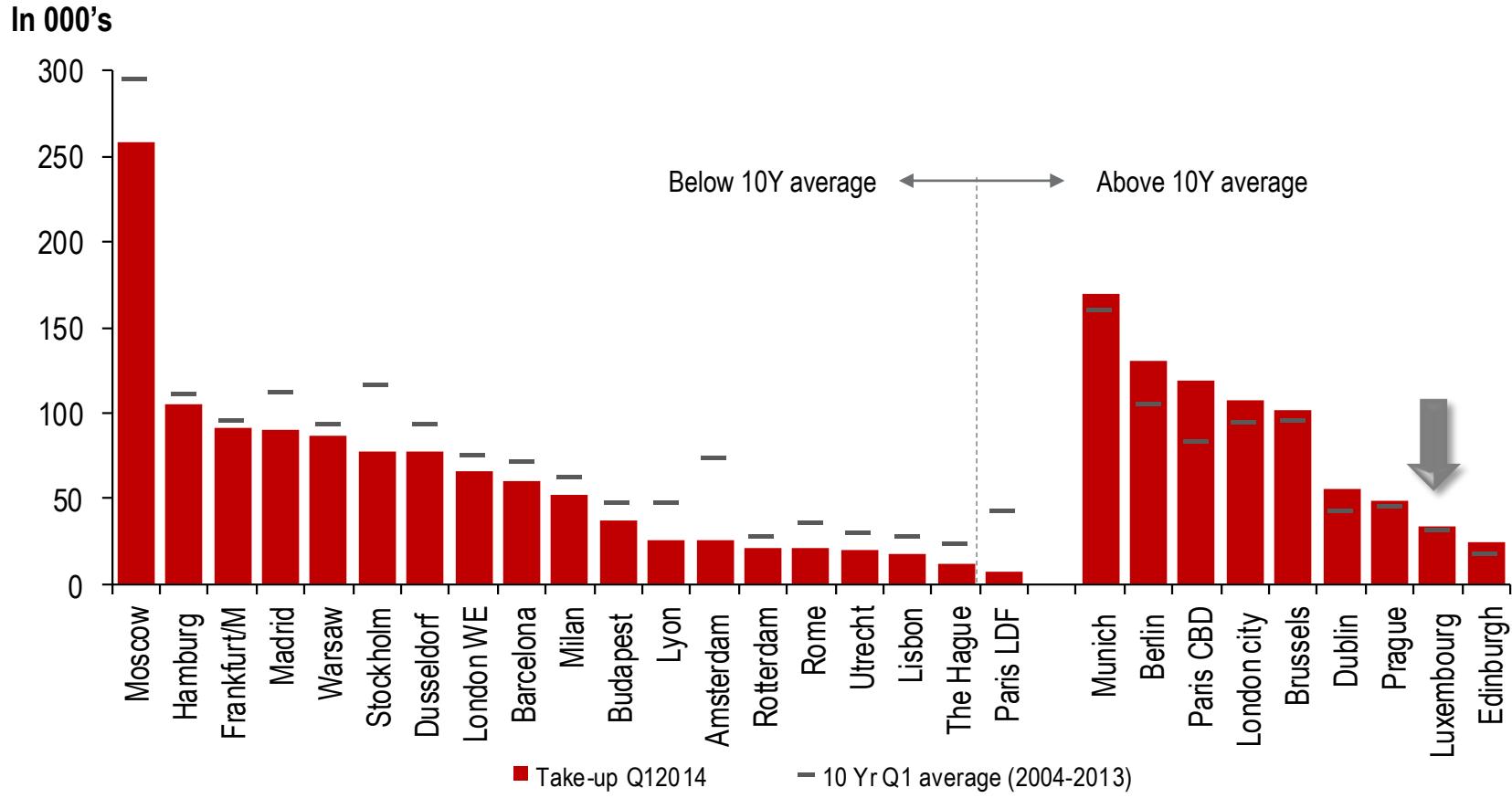


« Société Générale a été la première banque étrangère à s'implanter au Luxembourg il y a plus de 120 ans. Banque commerciale dès son origine, elle a accompagné le développement de l'industrie luxembourgeoise et a contribué à l'émergence de la place financière. Forte de son expérience, elle a développé depuis toutes les compétences d'une banque multimétiers, proposant des services aux entreprises, à destination des institutionnels et des clients fortunés, en s'appuyant sur une salle de marchés active. Elle est aujourd'hui la 3^{ème} banque du pays. ”

Jean-Paul Rossignon, Directeur du CSP Immobilier Luxembourg

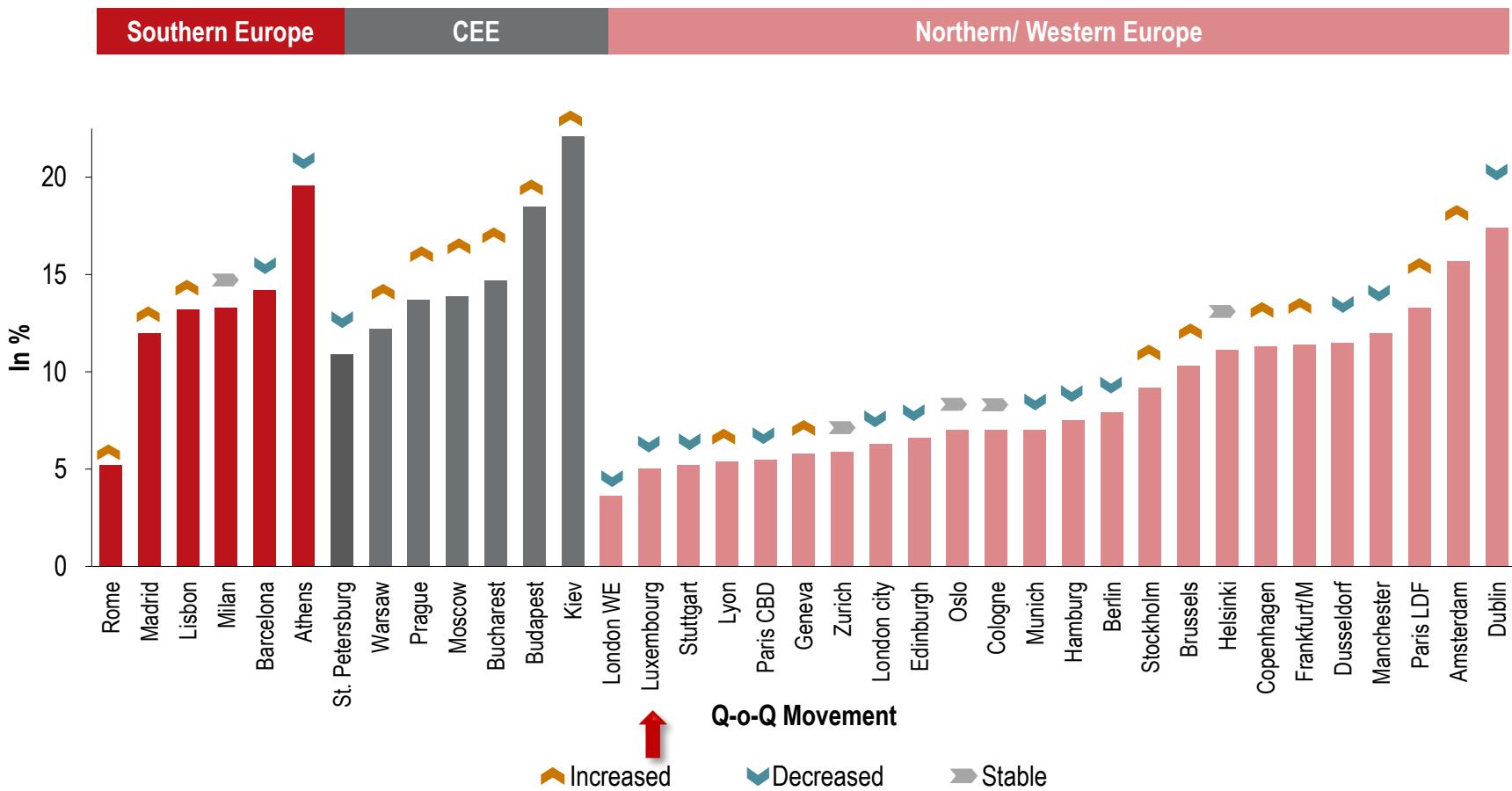
Luxembourg is one of the few countries with *leasing activity* above 10-Yr average

Office Take-up in Q1 2014 vs. 10Yr. Q1 Average (2004-2013)



Source: Jones Lang LaSalle, April 2014

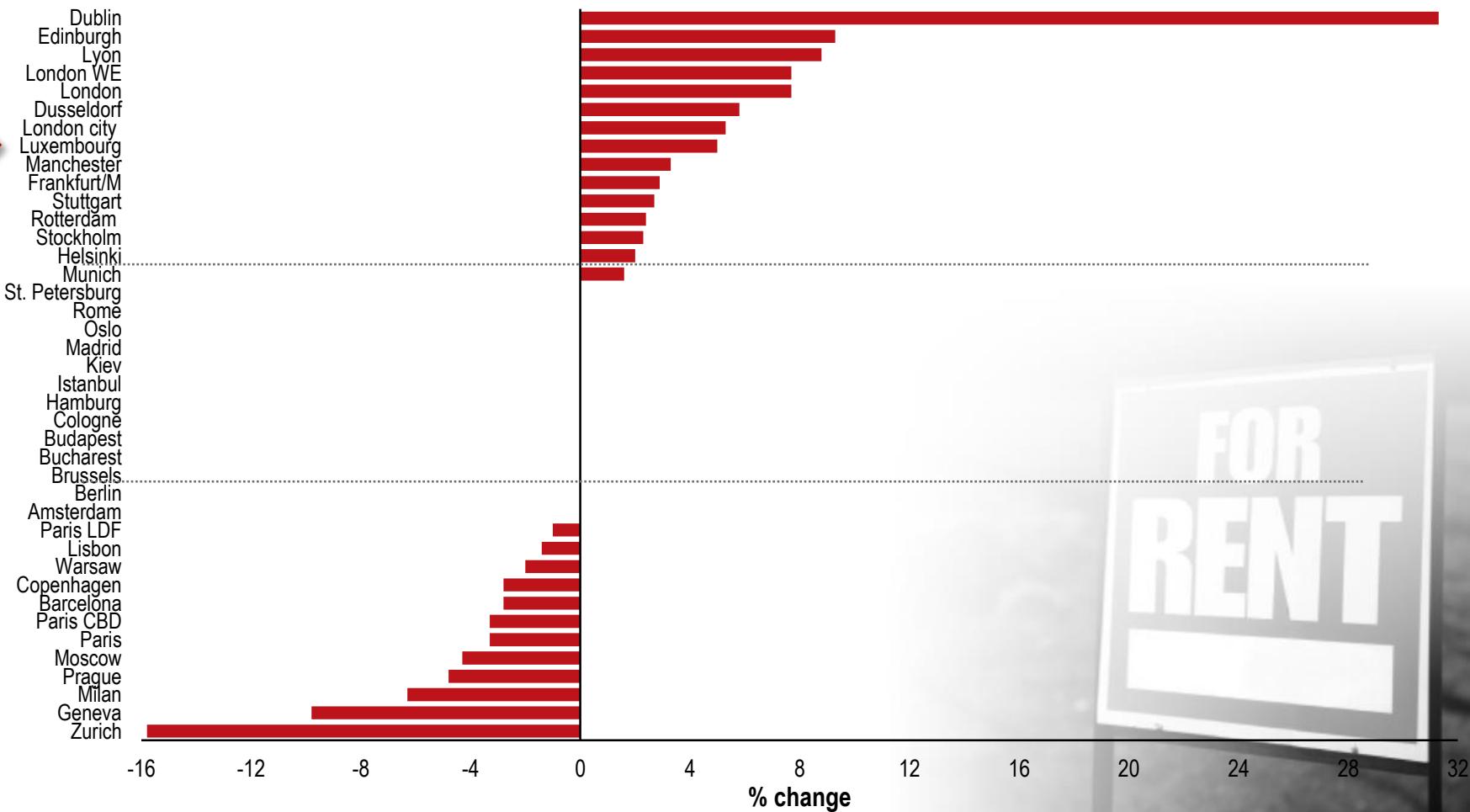
Luxembourg has one of the lowest *vacancy rates* in Europe



Source: Jones Lang LaSalle, April 2014

Rental values in Luxembourg outperform other European cities

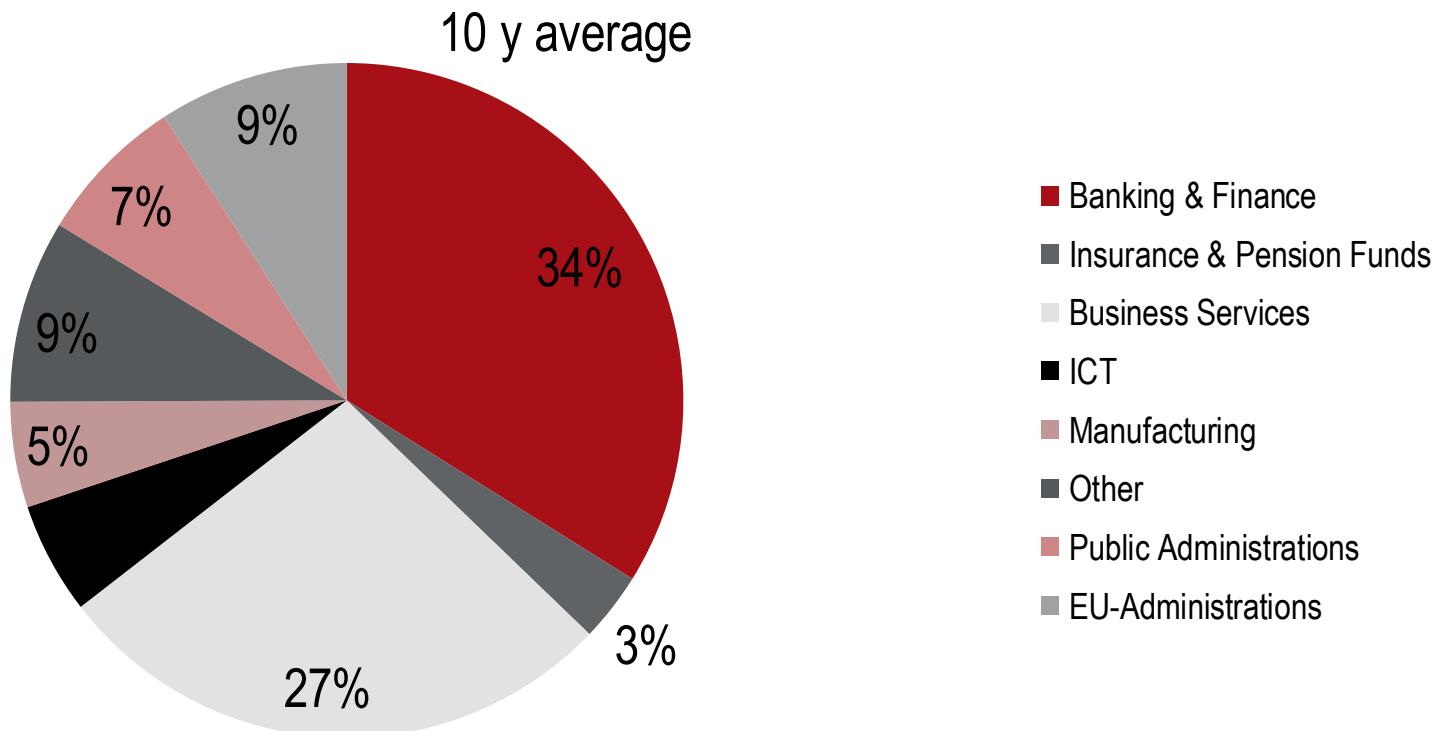
Prime office rental change Q1 2013– Q1 2014



Source: Jones Lang LaSalle, April 2014

Typology of *occupiers activity*: not only banks !

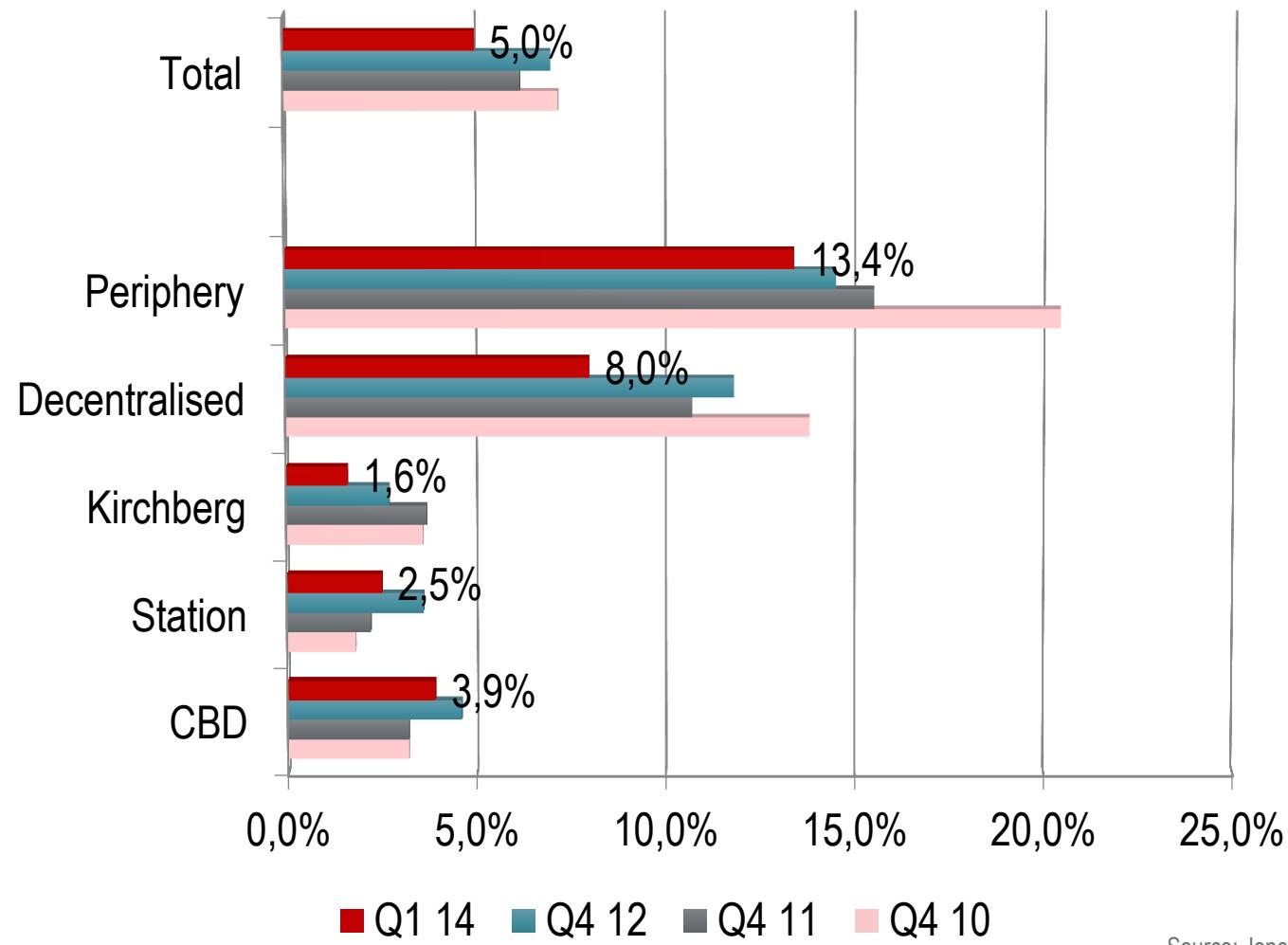
Business services (f.i. KPMG), are key driving players



Not only banks

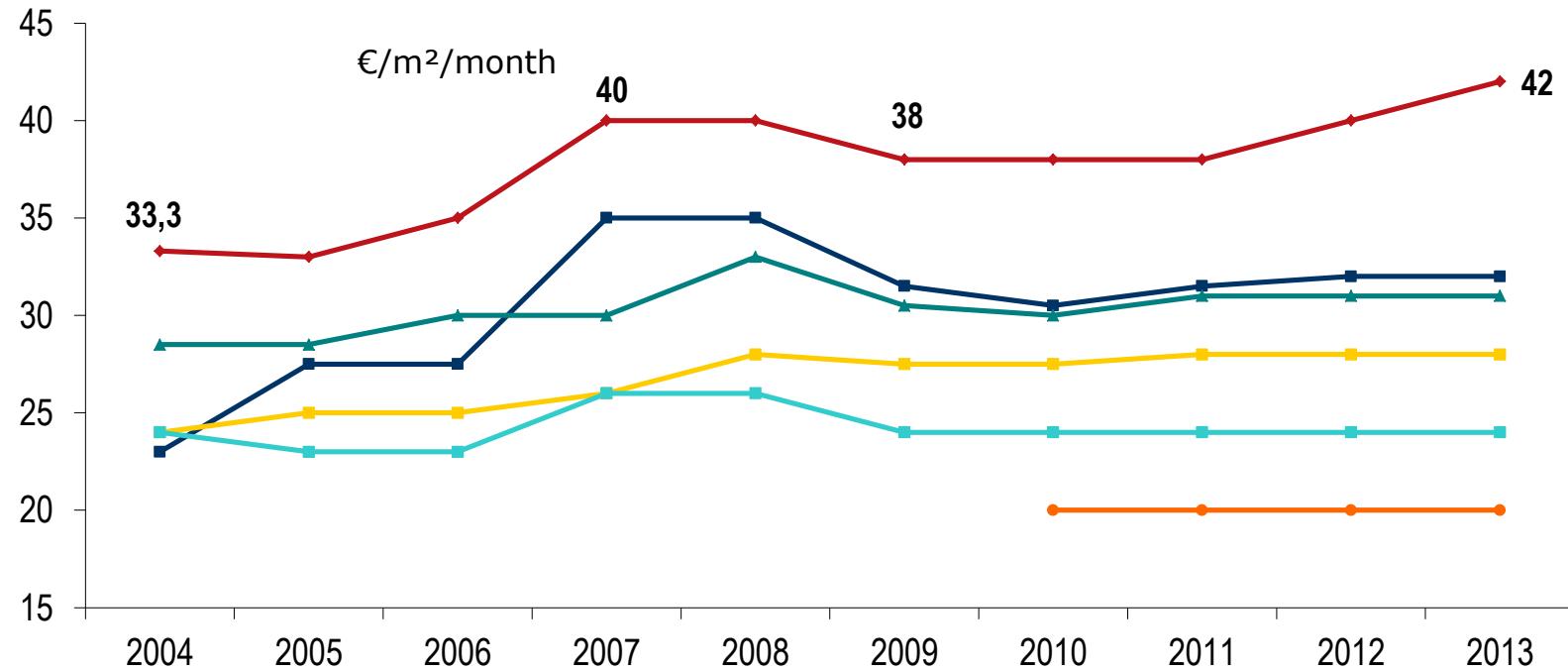
- Luxembourg's commitment towards R&D and Innovation support the development of a series of clusters, such as **Bio medicine, environmental technologies, new materials, information and communication technologies and space technologies.**
- **E-commerce** companies have established their European HQ in Luxembourg thanks to attractive fiscal regime: eBay, Amazon, Skype, iTunes, and more
 - *Amazon established in 2007 in a business center with 5 employees. In 2014 1,200 employees are on the payroll. In 2016/2017, it should rise to 1,600 employees*
- International law firms linked to financial services, intellectual property, European affairs or global business expand
- European institutions have strong foothold in Luxembourg: European Investment Bank , European Commission, European Parliament, Court of Justice, Court of Auditors

Choice is decreasing: *vacancy rate* at a five year low



Source: Jones Lang LaSalle Research

Luxembourg office *prime rents* by district



- CBD
- Station
- Kirchberg
- Decentralised
- Periphery
- Esch & Others



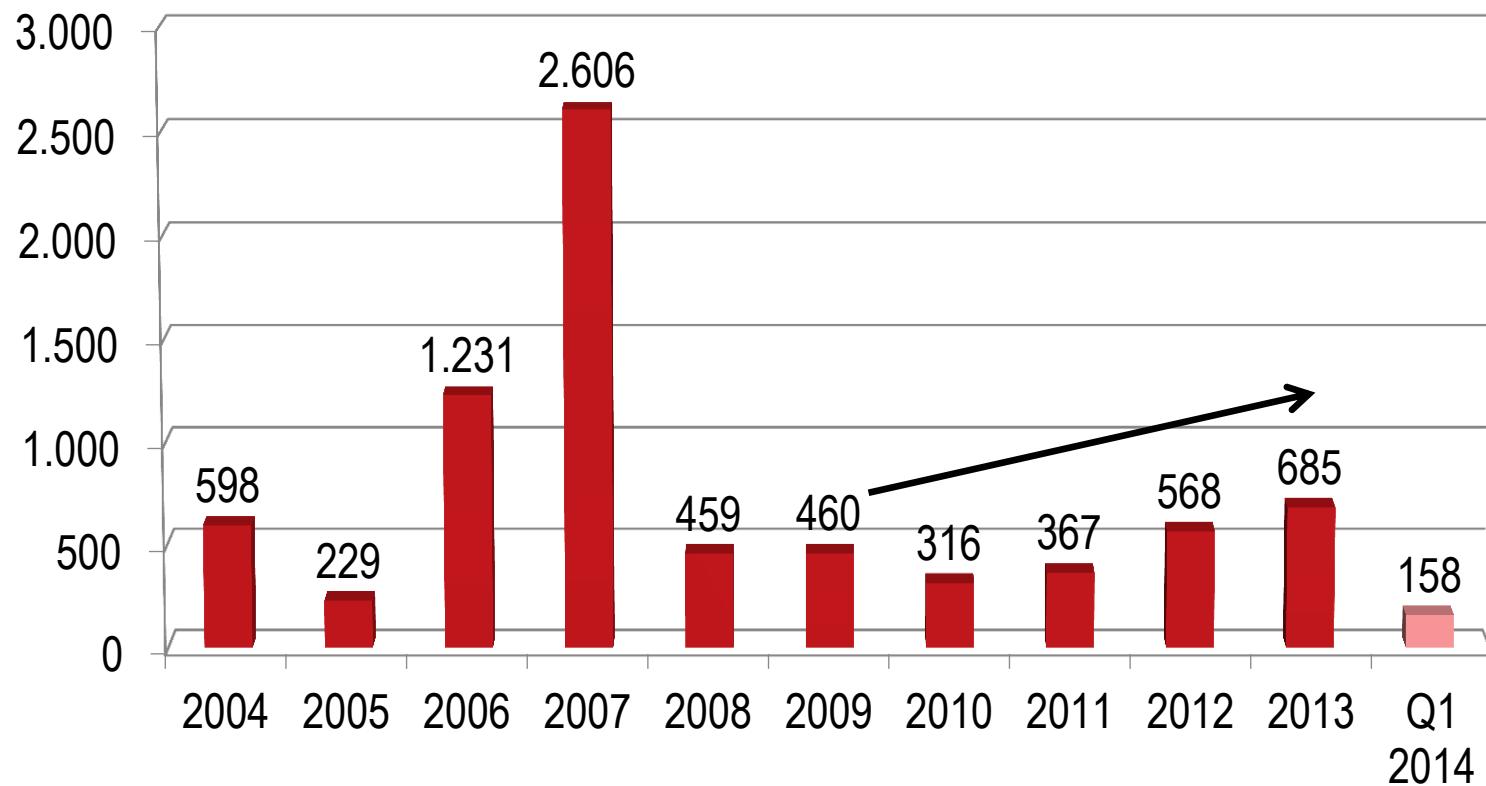
Why invest in Luxembourg?

*The Luxembourg property
investment market*



Liquidity has substantially recovered: volume at a 6 y high

Mln EUR

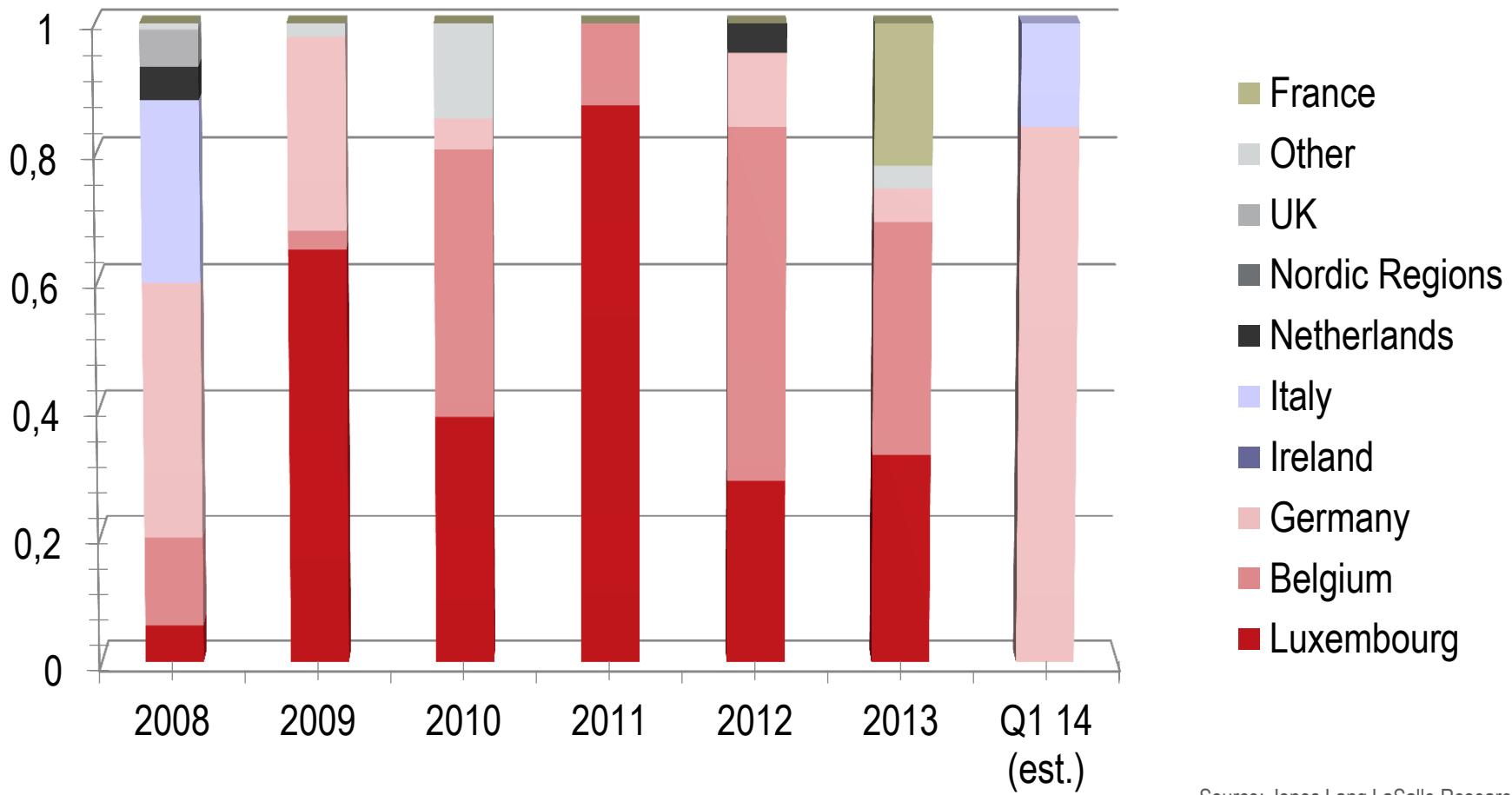


Source: Jones Lang LaSalle Research

Investment volume includes investment, development, own occupation deals and land sales.

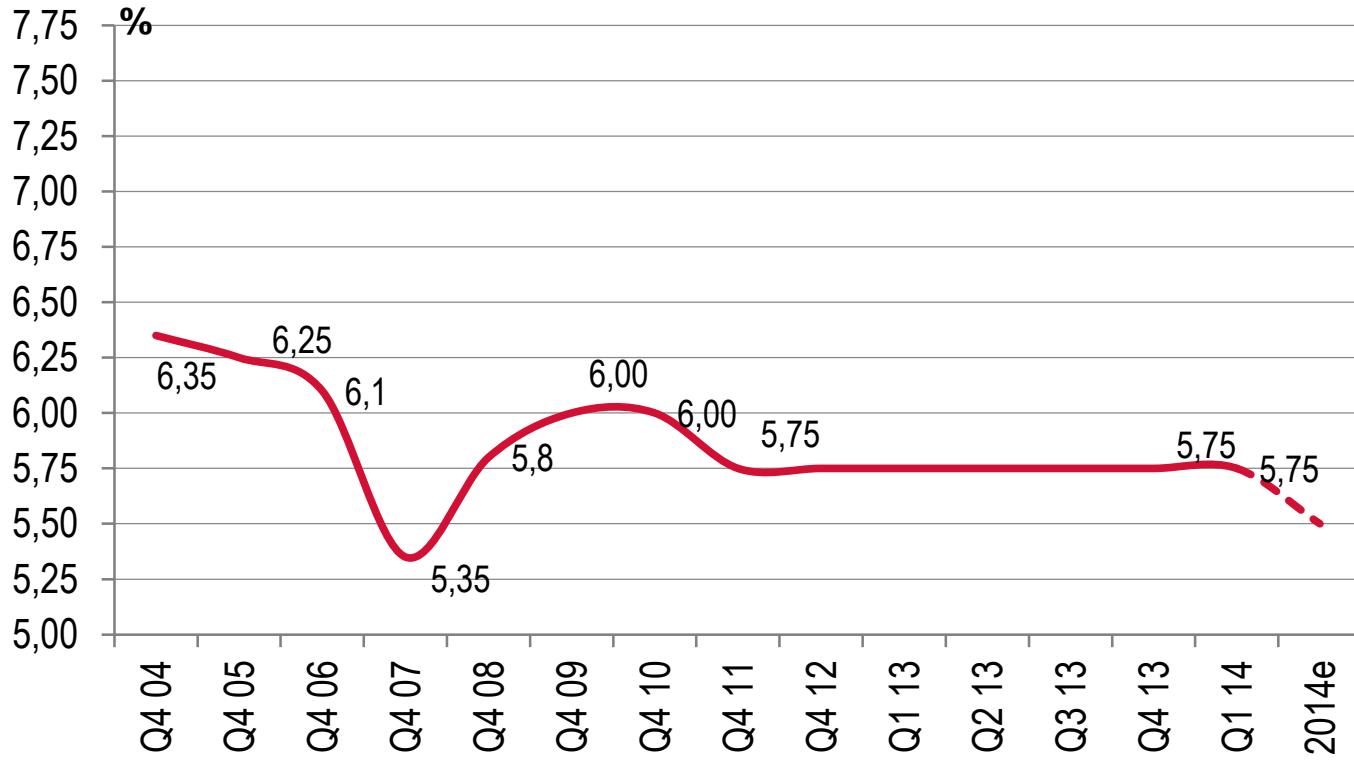
Diversity of *investors origin*

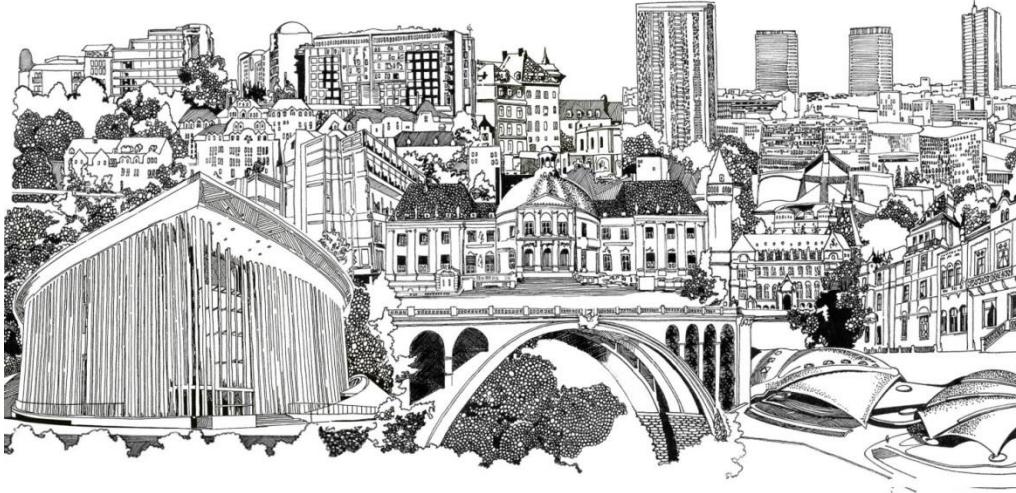
Belgian, French, German, Italian and local investors



Source: Jones Lang LaSalle Research

Prime *office yields* are under pressure





Thank you



Contact:

Jean-Philip Vroninks

Head of Capital Markets BeLux

JLL

Tel. +352 46 45 40

Email: jean-philip.vroninks@eu.jll.com

www.jll.lu