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# Luxembourg's response to Real Estate trends

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- **Market Overview**
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- **Luxembourg positioning and challenges**
- **Real Estate tomorrow**

# Market Overview

- **Appetite for core and core + assets**
- **UK (London), France (Paris), Germany (Frankfurt, Munich, Berlin, Hamburg) are the usual suspects investment location in Europe**
- **Scarcity of this type of assets**
  - **Diversification to more opportunistic projects for example in Southern Europe**
  - **Increasing appetite for investments in Spain**
- **Luxembourg local real estate market dominated by German investors, aside local investors**



# Trends

- **Less “traditional” fund set up, but...**
- **More Joint Venture, Club Deals, segregated accounts**
- **Sovereign Wealth Funds, Pension Funds and Insurance companies increase the size of their investment portfolio in real estate. Look for core assets**
- **Diversification of investments from pure real estate assets to debt products (distressed debt, Mezzanine debt)**
- **Intensification of the use of Real Estate Investment Trusts (REIT)**



# Luxembourg position and challenges

- **Flexible regulatory environment**
- **Broad range of investment platform formats addressing the needs and constraints of investors and investment managers**
- **Degree of regulation can be fine tuned to the needs of the project**
- **Luxembourg eager to address remarks of OECD/G20 and the BEPS debate in a constructive way while promoting an efficient tax environment**



# Luxembourg position and challenges

- Key word is **Substance**
  - Different model can be envisaged
- 1) Onshoring and enhancement of middle office functions in Luxembourg
  - 2) Outsourcing model with senior management having an oversight role from Luxembourg on the conduct of the business



# Real Estate tomorrow

- **More Joint Venture - More Club deals - More REIT**
- **Scarcity of core assets will drive the market to more value added and opportunistic projects**
- **Plan to launch a Luxembourg REIT vehicle**



# Thank you

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