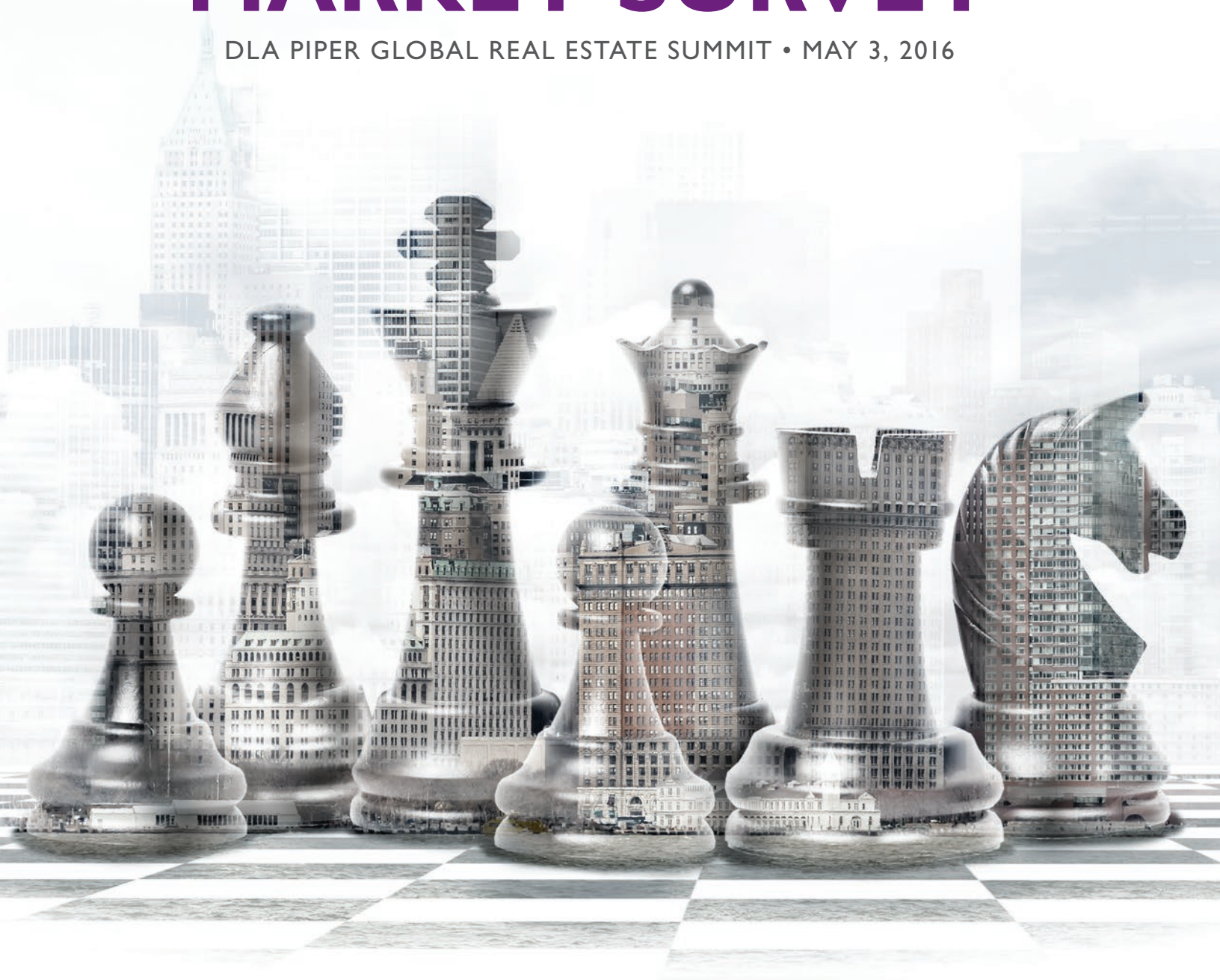




# STATE OF THE MARKET SURVEY

DLA PIPER GLOBAL REAL ESTATE SUMMIT • MAY 3, 2016



# EXECUTIVE SUMMARY

## CRE executives look to 2016 with a cautious outlook

Commercial real estate rebounded from the global financial crisis and its worst downturn in decades with a powerful bull market that tracked the US economic recovery. But now, seven years into that run of growth, industry executives are becoming concerned about how much longer it can last, according to DLA Piper's *State of the Market Survey*.

With the US economy on the upswing, plentiful debt and equity capital, steady interest rates and continued strong job growth, 62 percent of survey respondents said they were bullish about commercial real estate over the next 12 months. Although that is a healthy dose of optimism, it represents a substantial drop from our previous survey in September 2014. Then, 89 percent of respondents said they were bullish, up from 85 percent in 2013.

While the trend lines don't indicate a return to the outright pessimism that pervaded the industry during and immediately after the Great Recession, caution appears to be the watchword of 2016 as continued volatility in domestic and international stock markets reflects an aura of uncertainty that is combining with record prices to dramatically reduce transaction volume. The US saw just \$25.1 billion in commercial property sales in February 2016, down nearly 50 percent from a year earlier.

Of course, today's market is on far stronger ground than in 2008. Commercial real estate analysts have recently noted that rents, occupancies and other fundamentals have been improving for most property types. The strong underlying fundamentals suggest that commercial real estate appears more likely to be headed for a plateau than driving off a cliff.

Indeed, respondents said they expect foreign investors to continue pouring capital into the US in 2016. Respondents said Chinese investors would be the most active, given turmoil in their own country's economy, followed by investors from countries around the Persian Gulf and Canada.

Still, many industry leaders appear to think, or are concerned, that the bull market could be nearing an end. But commercial real estate in the US is viewed by many as a source of strength — or, at least, a place of calm — amid tumultuous global markets. As one respondent noted, "Foreign money seeking a safe haven will continue to pour into overheated gateway markets," while another said, "Core assets will become even more of a safe haven."

Or, as one respondent put it simply, "Real estate fundamentals remain strong in light of market volatility."



## Highlights of DLA Piper's 2016 Survey include:

- Sixty-two percent of respondents said they were bullish about the outlook for commercial real estate over the next 12 months — down from 89 percent in 2014 and 85 percent in 2013.
- Sixty-four percent of respondents said that with a slowing Chinese economy, historically low oil prices and continued global geopolitical instability, foreign direct investment in the US will be stronger than ever during the next 12 months.
- Of the 38 percent of CRE executives who said they were bearish in their 12-month outlook, 48 percent attributed their stance to continued volatility in domestic and international stock markets.
- The vast majority of respondents (71 percent) expected interest rates to increase slightly in the next 12 months. Of that group, 40 percent believed cap rates were headed up, compared with just 3 percent in 2014.
- For the third consecutive survey, respondents predicted that healthcare, multifamily and industrial real estate, in that order, would be the most attractive asset classes over the next 12 months. This shows the continued strength in the healthcare industry, despite some recent signs of slowing in that sector.
- Respondents saw strong opportunities for non-gateway cities in the US, with Austin, Seattle and Miami expected to perform best. These markets are gaining appeal given investors' desire for income, while wanting to avoid the high cost of investing in gateway cities like New York, San Francisco and Chicago.
- Sixty-six percent of respondents said they considered co-working/open-plan space providers to be tenants of traditional landlords rather than competitors.
- Only about a third of respondents said their organizations were increasing efforts to address the sharing economy and broader technology trends, with another 19 percent planning to do so.
- The United Kingdom, Germany, Mexico and India, in that order, were named the top-ranked international markets most attractive for investment during the next 12 months.



# VERBATIMS: A NEW GENERATION

It's been widely reported that Millennials will shape the next generation of commercial real estate, prompting investors to buy, renovate and develop properties with Millennials in mind. Can you provide one example of how your company has evolved or reshaped projects in this regard?

## MILLENNIALS TOP OF MIND:

- Open workspaces with variety of types of work, gathering and collaboration spaces.
- Working with development partners on revamping neglected urban infill locations to create more modern space, amenities and a mixed-use environment.
- Smaller multifamily units.
- Increasing emphasis on creating sustainable buildings.
- Focus on mixed use with retail-centric and entertainment activation. Close to public transit options and urban and emerging districts.

## FOCUS ON AMENITIES:

- We are adding amenities such as rock-climbing walls, lounges, full-scale gyms, yoga studios, dog runs, etc., to make it more attractive for companies looking for young talent.
- More Wi-Fi in multifamily common areas.
- We redesigned office building amenities to cater to the Millennials, but have maintained future usability/flexibility in the space as preferences change down the road.
- More lifestyle-focused; focus on walkability score.

## CHANGING INVESTMENT STRATEGIES:

- We completely changed our thesis on investing in office properties and now solely target creative office or historical buildings with the bones required to be converted to creative office.
- We have targeted multifamily locations that are a fit for Millennials' desire to have walkable amenities.
- We have financed a significant number of purpose-built student-housing projects along with urban high-rise multifamily that includes smaller average unit sizes, open floor plan and social media usage.
- With Millennials focused more on experiences than consuming products, retail investments located in areas with high tourism are increasingly important.

# VERBATIMS: INVESTING OUTLOOK

What impact, if any, will the continued volatility in domestic and international equity markets have on commercial real estate in the next 12 months?

It will attract a larger portion of investment into real estate. We are seeing this already with Chinese investors. They are working to get their money offshore because of the instability of the Chinese economy and into US real estate as long-term holders.

I think we will continue to see cap-rate compression across all asset classes as investors seek a safe haven for their money. A return of capital is acceptable — investors don't seem to care about generating a return.

Lack of confidence in stable currency will cause many US investors to sit on the sidelines but will drive many foreign investors to become more active.

Double-edged sword — more volatility and lower returns from other asset classes will push more equity to property yields. But in the short term, extreme volatility (Brexit in UK) will be a negative.

It will likely constrain investment in CRE from traditional pension fund investors.

Domestic equity will become more expensive and negatively impact cap rates. International real estate markets will continue to soften and negatively impact commercial real estate values abroad, but may positively impact commercial in the US.

Markets hate uncertainty — the CRE markets may flounder in an environment that lacks clear conviction.

Will keep debt markets in check and likely keep REITs on the sidelines.

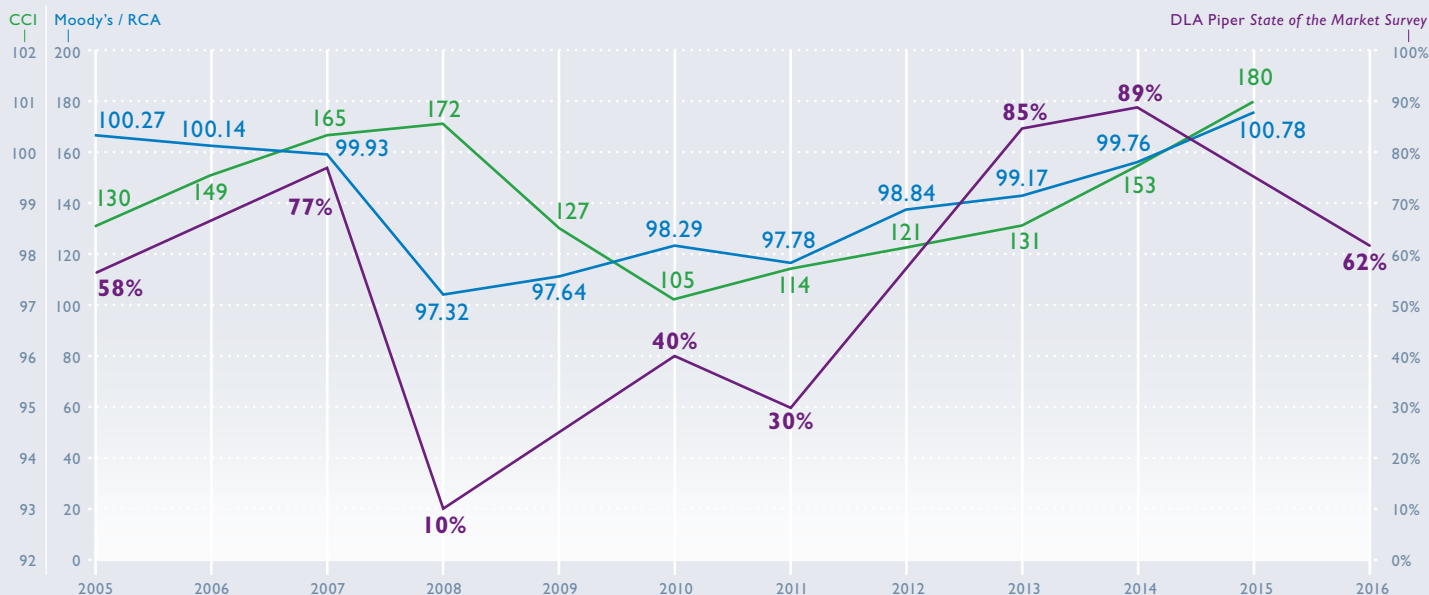
It will compel investors to consider deploying capital to CRE investments, but development will be constrained by construction pricing, and acquisition yields will be difficult to find with slowing rent growth in all sectors besides the heretofore overlooked suburban office submarkets.

## I. How would you describe your 12-month outlook for the US Commercial Real Estate market?



- Confirming general chatter in the industry, optimism was waning among respondents in this year's survey — but CRE executives were still more optimistic than they were during and immediately after the Global Financial Crisis.
- International respondents were slightly more bullish than overall survey respondents, at 68 percent.

### HISTORICAL SNAPSHOT: Percentage of respondents who are bullish on the CRE market



- It's interesting to compare the *State of the Market Survey* respondents' level of bullishness since 2005 with the US Consumer Confidence Index and Moody's / RCA Commercial Property Price Index over that time period. The trend lines were all fairly similar until after the last survey in late 2014.
- Of course, the DLA Piper survey is the only predictive measure of the three, so it won't be known until later this year if falling optimism among commercial real estate executives in this year's survey is a sign that the other indexes are headed down as well.

## 2. What is the primary reason for your confidence?

Continued strengthening of the US economy	40%
Continued foreign investment in the US market	8%
Continued low interest rates	20%
Abundance of debt and equity capital available for investment	25%
Other	7%

- The top two responses to this question were consistent with 2014, but traded places, with continued strength of the US economy moving into the top spot. In 2014, the abundance of debt and equity capital was the top choice, at 45 percent. Obtaining debt has become more difficult as a result of turmoil in global markets, rather than problems stemming from the real estate sector.
- In 2013, respondents' top choice was the continued strength of the US economy.<sup>1</sup>

1. "Turning Point? US Commercial-Property Sales Plunge in February," *The Wall Street Journal*, March 22, 2016

## 3. What is the primary reason for your lack of confidence?

Political uncertainties in the US as a result of upcoming 2016 elections	14%
Low oil prices	2%
Effect of technology trends on commercial real estate (e.g., impact of sharing economy, e-tailing)	2%
Continued volatility in domestic and international stock markets	48%
Other	34%

- The majority of pessimistic respondents cited stock market volatility or general world economic issues. One respondent elaborated by saying, "Worldwide economic climate, including central bank impacts on interest rates, currencies and economic growth." Another said, "Getting toward the top of the cycle."
- Among the darker comments, one respondent cited the "weak USA economy and slow growth across the world" and another simply said: "global recession."
- The pessimism runs counter to a 2015 forecast from the Urban Land Institute that said commercial real estate will remain strong through 2017.<sup>2</sup>
- One respondent pointed to political instability. "Combination of market volatility and uncertainty derived from US presidential elections and Brexit," a reference to the United Kingdom's possible departure from the European Union.

2. "New forecast: Three more years of commercial real estate boom," *The Dallas Morning News*, April 8, 2015

## To what extent do you agree or disagree with the following?

### 4(a). The pendulum on the popularity of open-office plans from a user standpoint is swinging back, reversing the trend in recent years.

Agree	9%
Somewhat agree	29%
Neutral	28%
Somewhat disagree	23%
Disagree	10%

- There was no clear consensus here, but it's apparent that open office spaces are now and will continue to be a part of working life in the US. In 2014, 88 percent of respondents said the trend was moving from entrepreneurial and tech-related businesses to other industries.
- One result of the open-office movement has been less space for individual workers in US offices. The average square footage per worker is predicted to fall from 253 in 2000 to 138 by 2020.<sup>3</sup>

3. "The Top 10 Emerging Trends Shaping Real Estate in 2016," *Curbed*, January 27, 2016

### 4(b). Co-working/open-plan space providers, such as WeWork, are "tenants" of traditional office landlords rather than "competitors."

Agree	24%
Somewhat agree	41%
Neutral	17%
Somewhat disagree	13%
Disagree	4%

- About two-thirds of respondents agreed with the sentiment that co-working/open-plan space providers were tenants rather than competitors of traditional landlords. Only about one in six respondents disagreed.

### 4(c). With a slowing Chinese economy, historically low oil prices and continued global geopolitical instability, foreign direct investment in the US will be stronger than ever during the next 12 months.

Agree	26%
Somewhat agree	38%
Neutral	14%
Somewhat disagree	17%
Disagree	5%

- More than 60 percent of respondents agreed or somewhat agreed that the US will be a safe harbor amid global uncertainties, a major theme in this year's findings.
- As one respondent put it, "We are seeing this already with Chinese investors. They are working to get their money offshore because of the instability of the Chinese economy and into US real estate as long-term holders."
- Another respondent predicted continued strong investment in major American cities. "Foreign money seeking a safe haven will continue to pour into overheated gateway markets."
- Replies from international respondents largely tracked with the overall findings.



## To what extent do you agree or disagree with the following?

**4(d). As investment activity in core assets in the US approached record levels in 2015, institutional buyers will continue to find US property acquisitions that match their investment parameters and yield requirements.**

Agree	20%
Somewhat agree	35%
Neutral	17%
Somewhat disagree	22%
Disagree	5%

- Fifty-five percent agreed or somewhat agreed that commercial property would continue meeting institutional investment parameters and yield requirements, despite 2015's heady pace.
- However, Green Street Advisors LLC noted that cap rates are at about 5 percent, or just above triple-B bond yields. As one Green Street advisor put it, "Real estate is not cheap anymore."<sup>4</sup>

4. "Distorted Markets: Why Banks Are Better off Than You Think, and Real Estate Isn't," *The Wall Street Journal*, March 30, 2016

**4(e). Non-gateway cities (such as Austin, Denver, Portland and Seattle) will become increasingly attractive targets for investors in the next 12 months.**

Agree	33%
Somewhat agree	45%
Neutral	14%
Somewhat disagree	7%
Disagree	2%

- The attractiveness of non-gateway (sometimes called 18-hour) cities might be remembered as one of the major stories in commercial real estate this year, especially as international investors search for good yields in the US.
- Non-gateway cities "benefit from lower costs of living, the increasing ease of staying connected far from main hubs, more upside from affordable and available investment opportunities, and increasing sophistication from realtors and investors."<sup>5</sup>
- Interestingly, international respondents were less bullish about non-gateway cities, though 57 percent of them still agreed or somewhat agreed with the statement. A quarter of international respondents said they were neutral on the topic.

5. "The Top 10 Emerging Trends Shaping Real Estate in 2016," *Curbed*, January 27, 2016

**5. My organization is increasing efforts in 2016 to address the sharing economy and broader technology trends affecting commercial real estate.**

Yes, we are	34%
We are planning to increase efforts	19%
We are considering efforts	26%
No, we are not	21%

- It was somewhat surprising that only about a third of respondents said their organizations were addressing the sharing economy and broader technology trends. But the vast majority of companies were at least considering taking action.
- One respondent whose organization has taken action said, "We completely changed our investment thesis on investing in office properties and now solely target creative office or historical buildings with the bones required to be converted to creative office."

6. Which of the following locations presents the greatest opportunity for CRE investment over the next 12 months? Please rank in order, with 1 being most attractive.



**NON-GATEWAY CITIES**  
(Austin, Denver, Portland, Seattle, etc.)

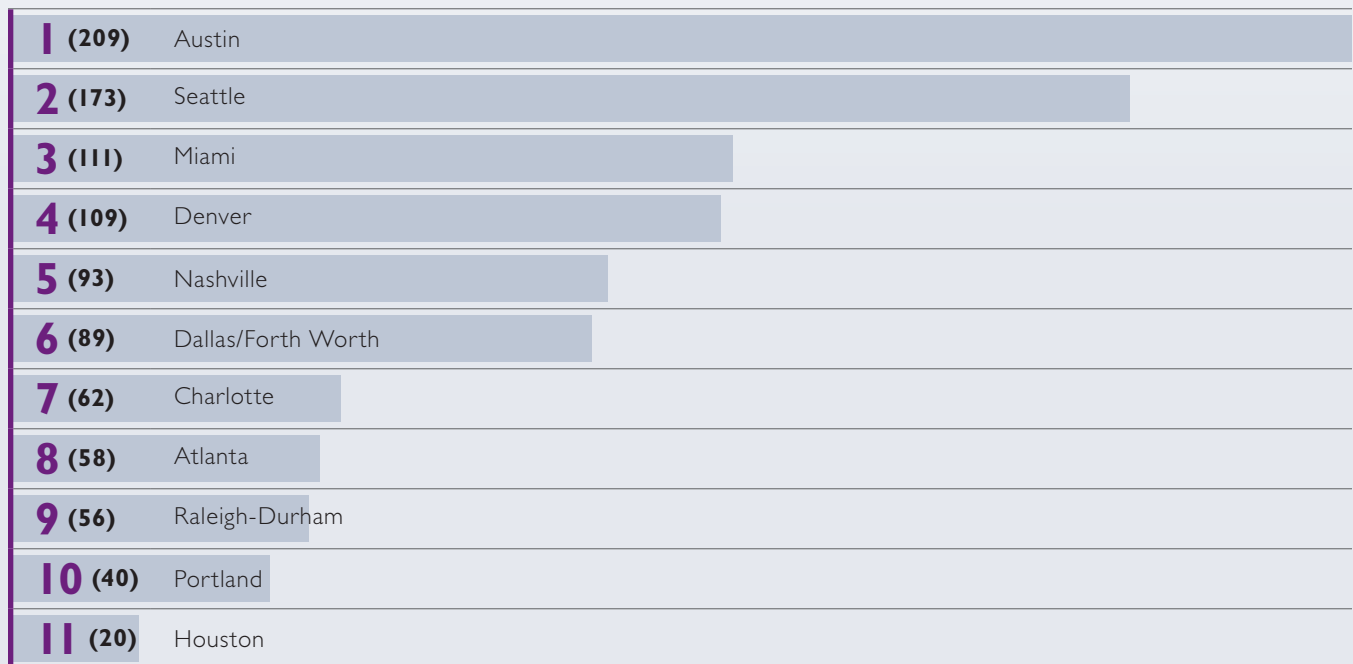


**GATEWAY CITIES**  
(New York, San Francisco, Chicago, etc.)



**LOCATIONS OUTSIDE THE US**

7. Which of the following non-gateway cities do you believe will perform best in the year ahead? Please choose the top three.



- As noted above, non-gateway cities were expected to be a bright spot in 2016 as investments in gateway cities become even more expensive.
- While respondents generally were optimistic about opportunities in the non-gateway cities, international respondents ranked gateway cities first.
- Austin, which has become a tech hub in recent years, topped the list. America's fastest-growing city, the Texas capital is gaining 50 to 100 new residents every day.<sup>6</sup>
- Seattle and Miami, two cities that are attracting major international investments, ranked second and third.

6. "Meet America's Latest Boomtown: Austin, Texas," *Curbed*, November 17, 2015

## 8. Which industry sector presents the most attractive opportunity for real estate investors in the next 12 months?



- Healthcare, multifamily and industrial topped the list for the third consecutive survey. Prior to 2013, multifamily had consistently ranked first.
- However, healthcare bears watching. Real estate investment trusts lost 17.6 percent in that sector in 2015, after strong gains from 2009 to 2014.<sup>7</sup>
- Some analysts are still bullish on the sector, viewing 2015 as a right-sizing in a market that remains stable.<sup>8</sup>

7. "Healthcare real estate investment trusts hope to buck trend of stalling market," *Healthcare Finance*, March 21, 2016

8. Ibid

## 9. Where do you think interest rates are headed in the next 12 months?

Up significantly	1%
Up slightly	71%
No change	24%
Down slightly	3%
Down significantly	0%

- Seventy-two percent of respondents believed interest rates were headed up significantly or slightly in the next 12 months.
- These findings are similar to 2014, when 83 percent expected a slight increase and 13 percent expected no change. Of course, the Federal Reserve raised rates in December 2015 for the first time in nearly a decade.<sup>9</sup>

9. "Fed raises rates by 25 basis points, first since 2006," *CNBC*, December 16, 2015

## 10. If you think interest rates are headed up, where do you think cap rates are headed in the next 12 months?

Up	40%
No significant change	55%
Down	5%

- Of the 72 percent of respondents who believed interest rates would increase or move slightly, 40 percent believed cap rates were headed up.
- But the thinking that cap rates will go up is likely a response to concerns by some that many markets are peaking — and not as a result of modest interest-rate expectations.

## 11. If you think interest rates are headed down, where do you think cap rates are headed in the next 12 months?

Up	17%
No significant change	83%
Down	0%

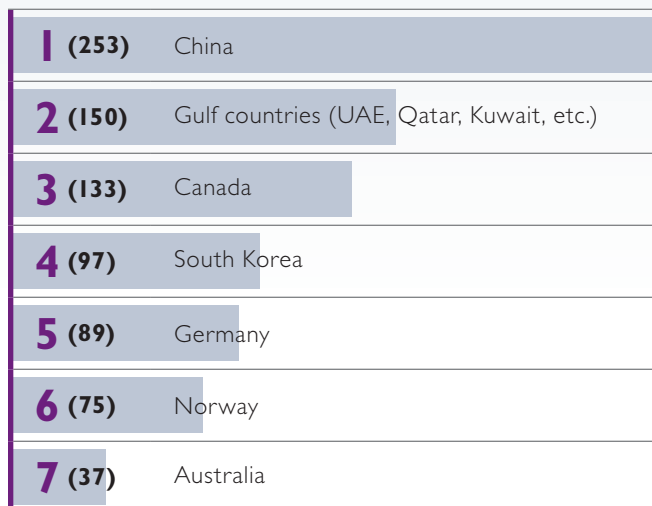
- Of the 3 percent of respondents who predicted that interest rates would move down slightly or significantly, 83 percent believed there would be no significant changes in cap rates over the next 12 months.

## 12. Which of the following international markets/regions are most attractive for investment during the next 12 months?



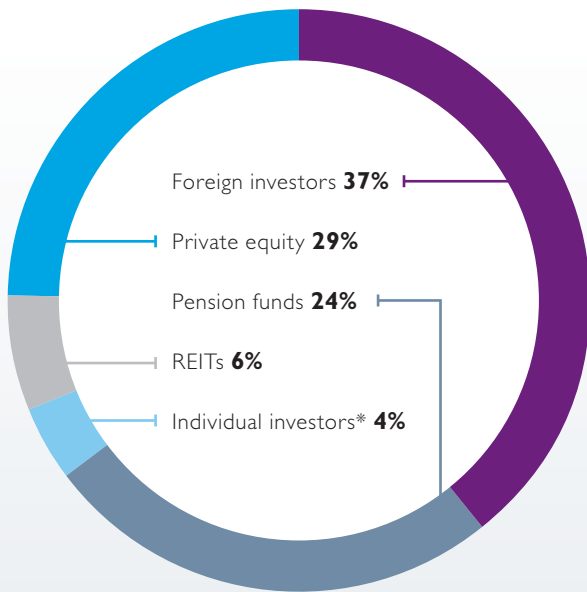
- In one of the biggest changes in this year's survey, the United Kingdom reached the top of this list after not appearing among the top six in 2014. The UK, like the US, is seen as a safe haven amid global uncertainties.
- China, meanwhile, continued to fall in the rankings. It ranked first in 2008, second in 2010 and 2011, third in 2013 and 2014 and fifth this year. Brazil, which had been in the top four since 2010 and was second in 2014, fell to sixth, possibly because of mounting political problems and issues associated with the country's handling of the 2016 Olympics and the Zika virus.
- International respondents placed Germany at the top of the list, just barely ahead of the UK.
- Previous years' breakdown:
  - 2014: Germany, Brazil, China, Mexico
  - 2013: Brazil, Australia, China, India
  - 2011: Brazil, China, India, Eastern Europe
  - 2010: Brazil, China, India, Western Europe
  - 2008: China, India, South America, Middle East

## 13. Investors from which of the following international markets/regions will find the US commercial real estate market most attractive during the next 12 months?



- No surprise that China topped the list, given economic issues in that country and Chinese investors' search for safe havens for investments in the US.
- International respondents picked the same order.

## 14. What types of equity investors do you expect will be most active in the US in the coming year?



\* EB-5, high-net-worth individuals, crowdfunding, etc.

- As in 2014, foreign investors ranked as the top choice in 2016. Private equity rose from third in 2014 to second this year, after being the top choice in 2011 and 2013.

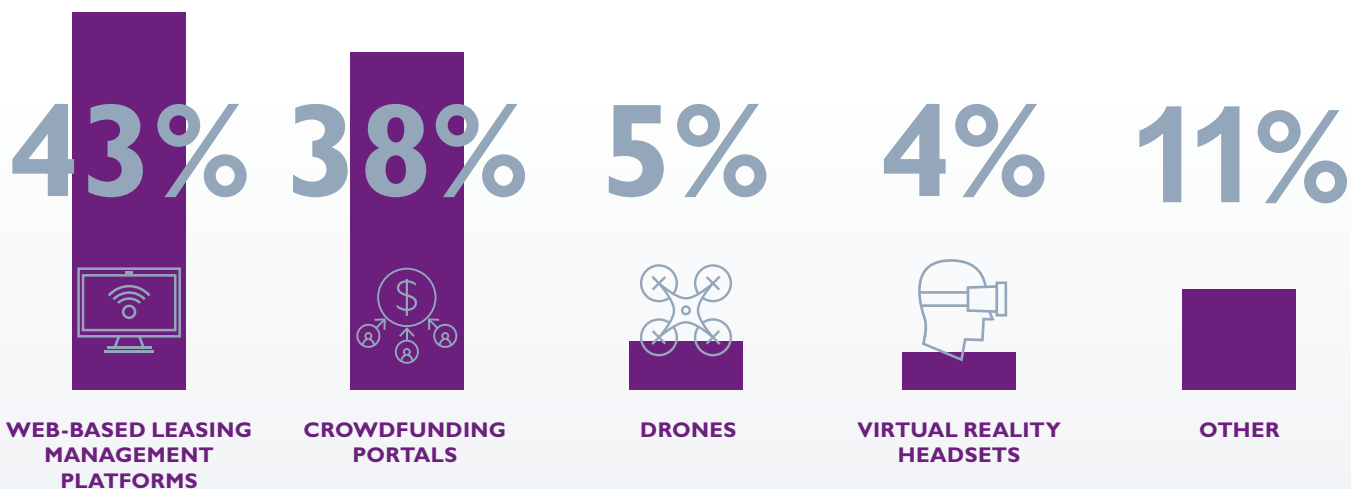
## 15. Which of the following best describes why you believe foreign investors will be most active?

European instability	20%
FIRPTA reforms	11%
Volatile markets in China will inspire investors from there and elsewhere to expand their allocations to the US and other markets	56%
Other	13%

## 16. Which of the following global factors (if they take place in the next 12 months) would have the greatest impact on the global commercial real estate market?

1 (253)	Worsening Chinese economy
2 (150)	Increasing tensions in the Middle East
3 (133)	UK exiting the EU

## 17. Which type of technology will have the greatest impact on commercial real estate in 2016?

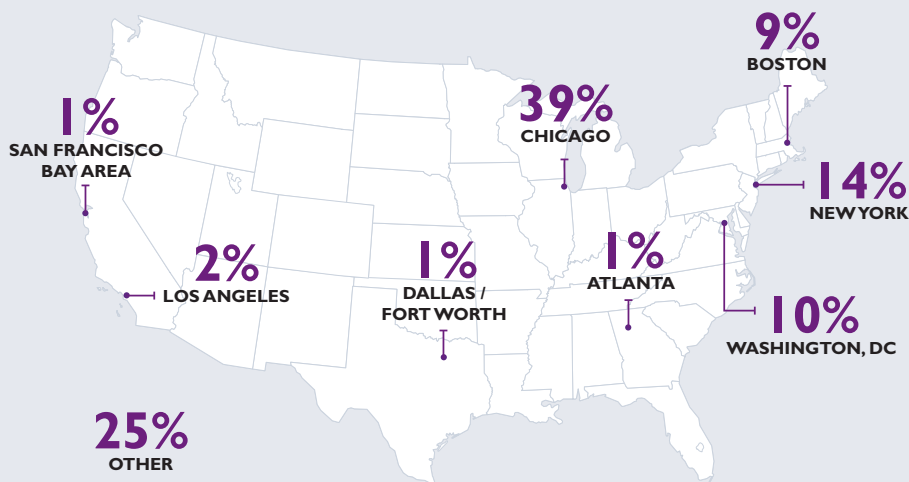


- Rapid advances in technology have had a big impact on the commercial real estate market over the past five years, and investors are taking notice.
- Investors pumped a projected \$1.5 billion into real estate tech startups in 2015, according to venture capital database CB Insights. That's up from \$1.1 billion in venture funding in 2014 and more than a 350 percent increase from 2010.
- Respondents ranked web-based leasing management platforms (43 percent) and crowdfunding portals (38 percent) as the tools that will have the greatest impact on the commercial real estate market in 2016.
- This comes as no surprise, as easy-to-use web-based lease-management and lease-administration systems continue to enable real estate professionals to control, report and make efficient decisions regarding their leases and properties.
- Similarly, crowdfunding portals make it possible for investors to connect with private real estate deals online without running into traditional funding thresholds. No longer does it take \$50,000 or more to invest in a commercial property. Instead, it's possible to participate in deals with as little as \$5,000.

## 18. Which of the following best describes your position?

Real estate debt provider	37%
Third-party brokerage, property or asset manager	13%
Consultant/lawyer	26%
Other	24%

## 19. In which market are you located?



# METHODOLOGY

Between March 10, 2016, and March 25, 2016, DLA Piper distributed a survey via email to top executives within the real estate industry, including CEOs, COOs, CFOs and other senior executives, among them real estate developers; real estate debt providers; real estate investors; and third-party brokerage, property and asset managers and other real estate professionals. The survey was completed by 186 respondents. The survey coincides with DLA Piper's 2016 Global Real Estate Summit held in Chicago on May 3, 2016, which is attended by many of the executives included in the survey.

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- Question No. 6 was calculated by using a weighted rank (score); selections were ranked 1-3 using an inverse weighted scale that valued each response as following:  
1 = 3 points, 2 = 2 points, 3 = 1 point
- Question No. 7 was calculated by using a weighted rank (score); selections were ranked 1-3 using an inverse weighted scale that valued each response as following:  
1 = 3 points, 2 = 2 points, 3 = 1 point
- Question No. 8 was calculated by using a weighted rank (score); selections were ranked 1-7 using an inverse weighted scale that valued each response as following:  
1 = 7 points, 2 = 6 points, 3 = 5 points, 4 = 4 points, 5 = 3 points, 6 = 2 points, 7 = 1 point
- Question No. 12 was calculated by using a weighted rank (score); selections were ranked 1-8 using an inverse weighted scale that valued each response as following:  
1 = 8 points, 2 = 7 points, 3 = 6 points, 4 = 5 points, 5 = 4 points, 6 = 3 points, 7 = 2 points, 8 = 1 point
- Question No. 13 was calculated by using a weighted rank (score); selections were ranked 1-3 using an inverse weighted scale that valued each response as following:  
1 = 3 points, 2 = 2 points, 3 = 1 point
- Question No. 16 was calculated by using a weighted rank (score); selections were ranked 1-3 using an inverse weighted scale that valued each response as following:  
1 = 3 points, 2 = 2 points, 1 = 1 point
- Due to rounding, all percentages used in all questions may not add up to 100 percent

**ABOUT**

**DLA PIPER**



# DLA PIPER AT A GLANCE

Building strong and substantial client relationships is the compass for DLA Piper's business strategy and future development. We are located in more than 30 countries throughout Africa, the Americas, Asia Pacific, Europe and the Middle East, positioning us to help companies with their legal needs around the world.

## OUR CLIENTS

Our clients range from multinational, Global 1000 and Fortune 500 enterprises to emerging companies developing industry-leading technologies. They include more than half of the Fortune 250 and nearly half of the FTSE 350 or their subsidiaries.

At DLA Piper, we focus on the core services that our clients need us to deliver globally. Our diversified practice and sector focus allows us to work for the world's leading mature and emerging companies everywhere in the world.

## OUR SERVICES

Our core practice areas include:

- Corporate
- Employment
- Finance and Projects
- Intellectual Property and Technology
- Litigation and Regulatory
- Real Estate
- Restructuring
- Tax

## GLOBAL SECTOR FOCUS

- Energy
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- Food and Beverage
- Government Contracting
- Healthcare
- Hospitality and Leisure
- Infrastructure, Construction and Transport
- Insurance
- Life Sciences
- Manufacturing
- Media, Sport and Entertainment
- Mining
- Real Estate
- Retail
- Technology

## RANKINGS

Game changer of the past 10 years (*Financial Times* 2015)

#1 in global M&A and middle market deal volume (*mergermarket* and *Thomson Reuters* 2016)

#2 most powerful law firm brand in the United States (*Acritas* 2015)

#2 law firm by revenue (*The Am Law 100* 2016)

#2 most active private equity law firm in the US and globally by deal volume (*Pitchbook* 2014)

Among the most innovative law firms in the US for two consecutive years (*Financial Times*)

# REAL ESTATE AT A GLANCE

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## RECENT US REPRESENTATIVE MATTERS

DLA Piper represented clients in many of the most significant recent US commercial real estate transactions, among them:

- The Sapir Organization in the \$2.6 billion sale of 11 Madison Avenue in New York City
- Oxford Properties Group with respect to the acquisition and financing of numerous investments in New York City, including Olympic Tower, 650 Madison Avenue and the \$575 million acquisition of 450 Park
- Ventas, Inc. in its \$2.3 billion cash and stock acquisition of American Realty Capital Healthcare Trust Inc. and its 152-property portfolio
- Shanghai-based Greenland Holding Group on the acquisition of a 70 percent interest in the \$5 billion Atlantic Yards (now known as Pacific Park) development project in Brooklyn
- The Macerich Co. in the \$2.3 billion sale of significant stakes in eight retail properties across the country and the Macerich Company and GIC (Government of Singapore) in the capitalization of a new joint venture, involving five properties, with a total deal value of \$1.8 billion
- Harrison Street Real Estate Capital, LLC in the \$1.9 billion acquisition of Campus Crest Communities, Inc. (NYSE: CCG), including CCG's portfolio of 60-plus student housing properties throughout the US
- The Prudential Insurance Company of America in the sale of its interest in the \$1.73 billion 28-hotel Highland Hospitality portfolio
- Oxford Properties Group in the acquisition and financing of \$3.4 billion-plus of Class A office buildings in Boston
- Megalith Capital Management in the development of \$1 billion mixed-use project on West 66th Street in Manhattan
- Fosun Group in the \$725 million acquisition and repositioning of 28 Liberty, a Manhattan office building formerly known as One Chase Manhattan Plaza
- The Blackstone Group in the \$700 million acquisition of a parcel of land and entitlements at the Hilton Hawaiian Village in Waikiki
- New York Life as lead lender in the \$507 million first mortgage loan for the refinancing of 11 Times Square in Manhattan
- Korea-based Mirae Asset Global Investments in the \$450 million acquisition of the Fairmont San Francisco and the \$235 million acquisition of the Fairmont Orchid Hotel on the Big Island of Hawaii
- Union Investment Real Estate GmbH in the \$435.5 million acquisition of an office tower in Houston and the \$180 million purchase of the Godfrey Hotel in Boston, Union's first hotel acquisition in the US
- Commerz Real in the \$170 million acquisition and net lease of 11 Howard, a 221-room luxury boutique hotel in New York's SoHo neighborhood
- AmTrust Realty Corp. in the development of a 34-story office building complex in Brooklyn
- Fortis Property Group in the \$240 million acquisition of the Long Island Community Hospital site in Brooklyn

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