

Real Estate

Challenging times, emerging opportunities

Introduction

Deloitte's Real Estate team advises clients on valuations, acquisitions, disposals, due diligence, tax structuring and (re)financing of real estate companies. Our clients range from property developers and real estate funds to property management and construction companies.

Current trends in industry

The real estate market depends heavily on the availability of liquidity and leverage possibilities in the financial markets. The wall of cash has fuelled real estate prices and construction activity over the past decade. This has all changed dramatically since the fall of Lehman Brothers in September 2008. The real estate markets have to deal with a lack of liquidity, difficulties to (re)finance new projects and existing portfolios and deleveraging across the whole sector. Furthermore, property sales have fallen dramatically and the risk to rental income is increasing by the rising tide of company and personal insolvencies. Many real estate companies and banks, as well as construction companies experience liquidity problems. In order to survive the credit crunch real estate companies need to focus heavily on managing cash-flows and the covenants in their financing arrangements and become creative in attracting funding.

The current problems in the real estate markets result in various types of transactions. We see limited sales of distressed companies and portfolios and sales of real estate loan portfolios. Furthermore we see a general tendency of investors and developers to focus on their home markets and spin off foreign assets and projects. Other companies restructure its organisations and portfolios in order to manage cash-flows. Also, the tightened liquidity has developed a greater interest in less traditional types of funding such as mezzanine funding and inflation linked finance. Overall cash preservation will be an important short-term tactic for most real estate companies.

These times are extremely challenging for most real estate companies and at the same time the basis for emerging opportunities. Prices have dropped in all markets and cash rich real estate companies will start to improve their position by acquiring other real estate companies or its assets. A consolidation of businesses has started in the construction, project development and real estate asset management business.

We anticipate significant changes in the challenging real estate markets and emerging opportunities in the real estate industry in 2010. Deloitte is fully equipped with expertise to guide you there.

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Deloitte Financial Advisory Services

[Financial Advisory Services](#)

ABN AMRO

has sold

Bouwfonds Property Finance

to **SNS Reaal**

October 2006

Deloitte Transaction Services

vendor due diligence services

[Financial Advisory Services](#)

Pension Fund ABP

sale of 13.4% of shares in

Vesteda

December 2006

Deloitte Corporate Finance

acted as financial advisor to the vendor

[Financial Advisory Services](#)

ABN AMRO

has sold

Bouwfonds Property Development and

Bouwfonds Asset Management

to **Rabobank**

October 2006

Deloitte Transaction Services

vendor due diligence services

[Financial Advisory Services](#)

Bruil Ede

has sold

Bruil Wegenbouw

to **KWS Infra**

April 2008

Deloitte Corporate Finance

acted as financial advisor to the vendor

[Financial Advisory Services](#)

Morgan Stanley Real Estate

has acquired

AM Development

March 2006

Deloitte Transaction Services

acquisition due diligence services

[Financial Advisory Services](#)

BPF Bouwinvest

has sold a EUR 600 million residential
portfolio to

a joint venture with Urban Interest

and raised EUR 555 million debt

March 2007

Deloitte Corporate Finance

acted as financial advisor to the vendor

[Financial Advisory Services](#)

ING Real Estate

has acquired

KFN Holding

March 2008

Deloitte Transaction Services

acquisition due diligence services

[Financial Advisory Services](#)

ING Real Estate Development

has acquired

Géo-de Group

January 2008

Deloitte Corporate Finance

acted as financial advisor to the acquirer

[Financial Advisory Services](#)

Woningcorporatie Staedion

has acquired

Stedelijk belang

August 2008

Deloitte Transaction Services

acquisition due diligence services

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