

Occupier Perspective Obligations of Occupation 2013 EMEA



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We are pleased to release the 2013 EMEA edition of our 'Obligations of Occupation' report. This edition provides a summary of key cost responsibilities and obligations associated with occupying and purchasing office space in 33 markets across the EMEA region.

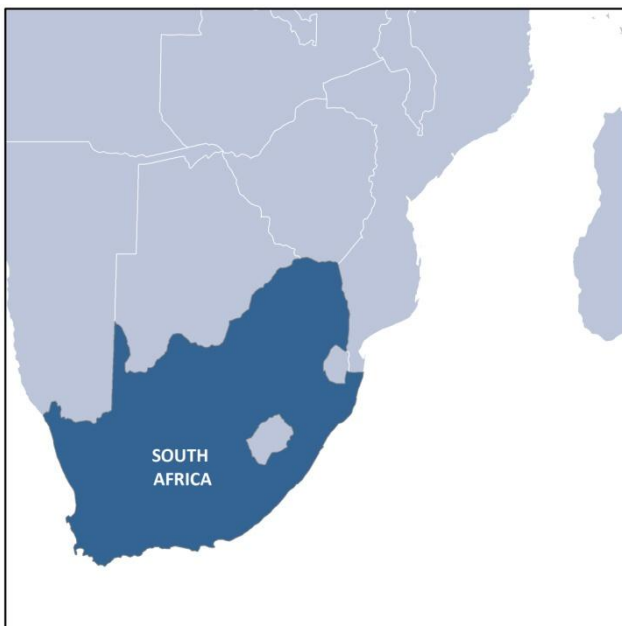
'Obligations of Occupation' is a reference guide to local market conventions as to how key cost responsibilities are shared between owners and occupiers. It is designed as a useful reference document for comparing practices and liabilities across countries and markets.

The report covers:

- Main aspects of lease structures
- Landlord and tenant responsibilities
- Occupier transaction costs
- Taxation liabilities of tenants related to occupancy
- Ownership restrictions
- Purchaser transaction costs
- Key changes in market practice since last year

This guide should be used alongside our yearly 'Global Occupancy Costs - Offices' publication, our occupier flagship report which looks at total occupancy costs per workstation across 126 business districts in 49 countries worldwide.

Report coverage



Source: DTZ Research, ESRI

Definitions

This document is not intended as a comprehensive guide and in a number of cases the information provided should be treated as illustrative of the typical way in which the individual markets work rather than being applicable to all situations.

1B*: In some markets, buildings are delivered in 'bare shell' conditions meaning that only service and common areas are fully finished by the landlord. In others, landlords provide finished ceilings and/or flooring as standard delivery conditions. These have cost implications to the occupier of the space.

Shell and core: *Bare concrete shell (slab to slab), with service capped off at the core. The tenant carries out the interior fit-out of everything within the demised area, delivering floors, ceilings, interior A/C and all M&E work*

Warm shell: *Office building with a minimally finished interior, a heating & cooling system, drop ceilings, plumbing and restrooms, and interior lighting. No partitioning or raised floors*

Category A: *Raised floors and ceilings only. All lighting and A/C delivered for an open plan space. No partitioning provided. The tenant does the rest*

Fully Fitted: *Turnkey fit-out provided by the landlord. The office building is ready for the tenant to move in*

1B1*: In most cases, fit-out costs are paid by tenants. However, there are increasing instances of landlords paying for some of the fit-out costs incurred by tenants.

1C1*: Typical amount of rent used to secure the lease (depending on covenant strength).

1Di*: Typical rent-free months a tenant can obtain from a landlord upon signing a new lease term. The rent-free period takes place at the beginning of a tenancy and throughout its duration no rent is payable by the tenant. It is given either as an inducement to the tenant to enter into a new lease or as recognition of the fact that until the tenant's fit-out work is complete, it cannot use the premises for its business.

1Dii*: Other incentives may include free parking space, cash contributions to tenants' fit-out costs etc.

1F*: Where the tenant's right to renew the lease after expiration is protected by legislation and unless notice is served (by either party), current occupancy terms carry over.

1Ji*: GLA (Gross Lettable Area) is the total area occupied and payable by the tenant. There is no standard global definition of lettable area. Whilst some countries use measurement standards based on BOMA (i.e. most CEE countries), other countries apply RICS Code of Measuring Practice.

1Jiii*: Payments regularly included in the rental charge.

1Jiv*: Regular payments to the landlord not included in the rental charge.

2*: Responsibilities of the landlord and tenant for extraordinary costs (other than those agreed to be paid such as rent, service charge, insurance etc).

2A*: Repairs necessary to the structure of the building itself.

2B*: Repairs to tenant's premises (common areas not included) and often as a result of wear and tear and occupation.

2C*: Maintenance of the space that the tenant has leased (not maintenance of common areas paid through the service charge).

3C*: In some countries it is not a requirement to have leases drafted by lawyers; however, many international clients normally seek legal advice.

	1. Lease structure						
	A Standard lease document	B Standard space delivery conditions*	B1 Standard fit-out costs per sq ft or sq m (local currency)*	C Rent payable every	C1 Rent guarantee period*	D Incentives	
						i Typical rent free period*	ii Other incentives*
Abu Dhabi	No	Shell and core but the market is moving towards Category A	AED 4,000 per sq m	Year but moving towards quarter	1-3 months	1-6 months	None
Bahrain	No	Varies - Shell and core or Warm shell	BD 150-300 per sq m	Month or quarter	1-3 months	1-3 months	None
Belgium	No	Category A	EUR 300 per sq m (excl. furniture)	Quarter	6 months	1 to 1.5 months per year	Negotiable (free parking space, cash contributions to tenant's fit-out costs, etc.)
Czech Republic	No	Category A	EUR 250-550 per sq m	Month or quarter	3-6 months (incl. VAT+ service charges)	3 months. Large requirements with longer lease term: 1 month per year	Contributions to fit-out costs of EUR 40-80 per sq m for large requirements
Denmark	No	Fully fitted	DKK 3,500 per sq m	Quarter	6 months	6-12 months ³	Stepped rents and enhanced fit-out may be negotiated depending on lease length
Dubai	No	Warm shell but the market is moving towards Category A	AED 375 per sq ft	Quarter	1-3 months	1-6 months	None
Estonia	No	Fully fitted	EUR 150-250 per sq m	Month	2 months	Not common	Not common
Finland	No	Fully fitted	EUR 200-400 per sq m	Month	3 months	1-2 months	Contributions to fit-out costs
France	Yes	Warm shell	EUR 250-600 per sq m	Quarter	3 months	1-2 months per year	Contributions to fit-out costs and/or relocation costs on large deals
Germany	No	Fully fitted	Included in rental agreement	Month	3 months	3-6 months	Contributions to relocation costs and fit-out costs (where the fit-out is of a higher standard than usually offered)
Greece	Yes	Warm shell	EUR 250+ per sq m	Month	2 months	Per agreement if at all	Negotiable (free parking space, cash contributions to tenant's fit-out costs, etc.)
Hungary	No	Fully fitted	EUR 80-250 per sq m (depending on existing status) ³	Month or quarter	3-6 months (depending on the credit report of the company) ³	3-10 months (depending on lease term: 3-5 years) ³	Contributions to fit-out costs (occasionally relocation costs) / cash contribution
Ireland	Yes	Shell and core	EUR 500-750 per sq m	Quarter	0-6 months	2-3 months per year	Floor box and carpet allowance
Israel	No	Shell and core with HVAC and electricity to entrance of the unit (raw floor and ceiling)	Landlord contributes EUR 250 to total cost of EUR 750 per sq m	Quarter	6-12 months	None	None
Italy	Yes	Category A	EUR 1,000 per sq m	Quarter	3 months (minimum)	6-12 months	Contributions to fit-out costs, and/or stepped rent, and/or rent free
Latvia	No	Fully fitted	EUR 150-250 per sq m	Month	1-2 months	None	Contributions to fit-out costs; free parking for each 100 sq m
Lithuania	No	Fully fitted	EUR 145-230 per sq m (excl. VAT)	Month	1-2 months	None	Contributions to fit-out costs
Luxembourg	Yes	Category A	EUR 350-540 per sq m (excl. VAT)	Month	3 - 6 or 12 months	1 month per fixed year	Cash contributions: EUR 100-200 per sq m excl. VAT
Netherlands	Yes	Warm Shell	EUR 350-450 per sq m incl. project management (excl. furniture and ICT)	Quarter	3 months	18-25% of lease length	Contributions to fit-out costs
Norway	Yes	Fully fitted for both small and large space users	NOK 2,500-3,000 per sq m (high end)	Quarter	6-12 months	1-3 months ³	Contributions to fit-out costs
Poland	No	Fully fitted	EUR 250-400 per sq m	Month	3 months	3-6 months	Contributions to fit-out costs
Portugal	No	Category A	Eur 300 per sq m (excl. furniture)	Month	6-12 months	2 months	Contributions to fit-out costs
Qatar	No	Shell and core	QR 2,500-3,000 per sq m	Quarter	1-3 months	1-3 months	None
Romania	No	Warm shell	No standard (usually the landlord's contribution covers 20% of the standard partition walls)	Month or quarter	3 months	1-6 months	Contributions to fit-out costs, free parking
Russia	No	Shell and core or Fully fitted	vary from \$600 to \$1000 per sqm	Quarter	2-3 months	3 months for Shell and core 2 weeks for Fully fitted	Fit-out by landlord
Saudi Arabia	No	Shell and core	SAR 2,000 per sq m (incl. furniture)	Quarter	1 month or 10% of lease	2-3 months	None
South Africa	Yes	Varies - Shell and core or Fully fitted	R 1,500-2,000 per sq m	Month	1-5 months	1 month	Contributions to fit-out costs
Spain	No	Category A	EUR 300-550 per sq m	Month	2 months	3-6 months	Contributions to fit-out costs; stepped rent
Sweden	Yes	Fully fitted (excl. IT, telephone cabling and alarm)	Varies, but normally around SEK 2,500-5,000 per sq m paid for by landlord	Quarter	6-12 months	Not common for prime; around 3 months for secondary	Not common, but stepped rents and contributions to fit-out costs exist
Switzerland	No	Warm shell	CHF 750-1,250 per sq m	Month or quarter	3-6 months	3-6 months	Contributions to fit-out costs; stepped rent; exemption from reinstatement, pre-financing of fit-out
Turkey	No	Shell and core	USD 600 per sq m ¹	Month or quarter	1-3 years	1-3 months	Free parking space
UK	No	Category A	London: GBP 70-80 per sq ft Regional cities: GBP 35-50 per sq ft	Quarter	Highly dependant on covenant and lease term- not always applicable	Between 1-3 months per year certain (dependant on market and covenant)	Rent free paid as capital equivalent
Ukraine	Yes (some exceptions)	Varies - Shell and core or Warm shell	USD 200-600 per sq m	Month or quarter	1-3 months	Not common; where used up to 3 months	Not common - some fit-out contributions available

³See comments on pages 9-10

	1. Lease structure						
	E Typical lease length	F Statutory right to renew the lease*	G Frequency of rent reviews	H Frequency and basis of indexation of rent	I Lease disposal		
					i Subletting/ assignment rights	ii Early termination rights	iii Reinstatement to original condition on termination
Abu Dhabi	1-3 years	Yes	Rare (leases brought up to market value upon expiry)	If applicable - fixed uplift or to open market	Subject to landlord's consent - generally no	Via break clause or by mutual consent	Yes
Bahrain	2-5 years	Yes	Once during term of occupation (not lease term) or as per lease	None or as per lease	Subject to landlord's consent	Via break clause or rolling break after an initial fixed period	By agreement but typically no
Belgium	3/6/9 years	No	3 years	Annual (Health Index)	Subject to landlord's consent	Via break clause	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Czech Republic	5 years plus rent free period	Common, but not statutory	None	Annual (based on CPI or HICP index)	Subject to landlord's consent	Via break clause or by mutual consent	Usually requested by landlord, subject to agreement
Denmark	3-5 years then until either party terminates with 6-12 months notice	No. Leases automatically roll on after initial period	No sooner than 4 years unless otherwise agreed	Annual (based on CPI, some leases may be subject to minimum increases)	Subject to landlord's consent	All leases have rolling breaks after an initial fixed period	Yes. Removal of tenant's fixtures & fittings
Dubai	1-3 years	No, only by mutual consent	1-3 years	If applicable - fixed uplift or to open market	Subject to landlord's consent - generally no	Via break clause or mutual consent	Yes
Estonia	3-5 years or up to 10 years for larger and new premises	No	None or yearly fixed uplifts	Annual (fixed index, indexation based on CPI or indexation based on CPI with fixed maximum level)	Subject to landlord's consent	Via break clause only	By agreement. Fair wear & tear exempted
Finland	3-5 years or 5-10 years for a new building	No	None	Annual (based on CPI)	Subject to landlord's consent	Via break clause only	By agreement. Fair wear & tear exempted
France	3/6/9 years or fixed term of 6, 9 years	Yes	None	Annual by agreement (INSEE Cost of Construction index)	Subject to landlord's consent	Via break clause only	By agreement but typically yes
Germany	5+5 years	No	Rare	Annual (based on CPI)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings
Greece	12 years	No	Annually	Annual inflation	Subject to landlord's consent which cannot be unreasonably withheld	Per Law: tenant may terminate early after 12 months providing a 3 month notice and paying 1 month's rent penalty	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Hungary	3-5 years	No	None	Annual (based on Eurozone inflation)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Ireland	10 years with a 5 year break option	Yes (if the lease term exceeds 5 years, unless tenant renounces rights)	5 years - upwards & downwards	None	Legal entitlement to assign subletting subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings
Israel	5 years with tenant option for additional 5 years	No	None	Fully indexed	Subject to landlord's consent	By mutual consent	Yes. Fair wear & tear exempted
Italy	6+6 years	Right to renew after first term, but not subsequently, if given the correct notice by the landlord	None	Annual (75% of ISTAT index)	Subject to landlord's consent	Via break clause only	Yes, unless specific changes agreed in advance. Landlord has the option to ask for reinstatement or accept completed improvements
Latvia	1/3/5 years	No	By agreement	Annual (based on CPI)	Subject to landlords's consent	Via break clause or mutual consent	By agreement but typically yes
Lithuania	5yrs + 5 yrs (according to market situation)	No	By agreement	If applicable - fixed uplift or to open market. The indexation is based on CPI annually	Subject to landlord's consent	Via break clause only	By agreement but typically yes
Luxembourg	3/6/9 years	No	By agreement	Annual (based on CPI)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings. "Pristine state"
Netherlands	5-10 years (trend towards shorter leases)	No	By agreement	Annual (based on CPI)	Subject to landlord's consent (although not typically permitted by standard contract ROZ)	Via break clause only	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Norway	3-10 years. 10 + years for newbuilt	No statutory right, but can be agreed upon in lease agreement	None	Annual (based on CPI)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Poland	5 years	No	Rare	Annual (based on HICP index)	Subject to landlord's consent	Via break clause or lease buy-out	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Portugal	5 years	No	3 years	Annual (based on CPI)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Qatar	3-5 years	No	None or yearly fixed uplifts	2.5-3.5% yearly uplifts	Subject to landlord's consent	Via break clause only	Yes. Fair wear & tear exempted
Romania	3-5 years	No	None	Annual (based on CPI, Eurozone index)	Subject to landlord's consent	Via break clause only	Yes
Russia	3-5 years	No	By agreement (law provision - no more than once a year)	Annual (US CPI, HICP, Russian CPI, fixed percentage)	Subject to landlord's consent	By mutual consent	Not common
Saudi Arabia	2-3 years	No	None or yearly fixed uplifts	None or as per lease	Subject to landlord's consent	Penalty of 1 year rent	Yes. Fair wear & tear exempted
South Africa	3-5 years	No	By agreement	Fixed escalation rate ranging between 8-10% per year	Subject to landlord's consent	By agreement	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Spain	3-5 years	Yes, but the parties always agree to cancel it from the lease contract	3-5 years	Annual (based on CPI)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Sweden	3-5 years	Yes	None	Annual or quarterly (based on CPI, usually 100% indexed) ¹	Subject to landlord's consent	Via break clause only	Yes but only the fixtures & fittings that have been added during the lease period, not the original fit-out
Switzerland	5+5 years	Common but not statutory to renew for a further 5 year period	None	Indexed annually to Swiss Consumer Price Index	Subject to landlord's consent	By mutual consent	By agreement
Turkey	3-5 years ¹	Yes	None	Annual (Turkish CPI or 3%/Libor/Euribor depending on denomination of rent)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
UK	5-15 years	Yes	5 years (upwards only)	Annual RPI linked uplifts (not applicable to all leases)	Subject to landlord's consent	Via break clause only	Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted
Ukraine	3-5 years	Yes (although not frequently exercised)	Rare	Annual (3-5%)	Subject to landlord's consent	Via break clause only	Rare

¹See comments on pages 9-10

	1. Lease structure				2. Landlord and tenant responsibilities*			
	J Rents				A Structural repairs*	B Internal repairs*	C Maintenance of tenant area*	D Landlord insures and recovers cost from tenant
	i Basis of measurement*	ii Unit of measurement	iii Inclusions*	iv Exclusions*				
Abu Dhabi	Gross internal area (excl. the building core)	AED per sq m per year	None	Utilities	Landlord	Tenant	Landlord	No - both landlord and tenant share insurance costs
Bahrain	Gross lettable area but moving towards net lettable area	BD per sq m per month	None	Service charge, utilities, parking, municipality tax	Landlord	Tenant	Tenant	Yes
Belgium	Gross external area	EUR per sq m per year	None	Service charge, utilities, taxes	Landlord	Tenant	Tenant	Yes
Czech Republic	Gross internal area	EUR per sq m per month	None	Service charge, utilities, parking, taxes, VAT	Landlord	Tenant	Tenant	Yes
Denmark	Gross external area	DKK per sq m per year	None	Service charge, utilities, parking, taxes	Landlord	Tenant	Tenant	Yes
Dubai	Gross internal area (excl. the building core) but moving towards net internal area	AED per sq ft per year	Service charge	Utilities, community charge	Landlord	Tenant	Landlord	No - both landlord and tenant share insurance costs
Estonia	Net lettable area	EUR per sq m per month	None	Service charge, utilities, parking	Landlord	Tenant	Tenant	Yes
Finland	Net lettable area	EUR per sq m per month	Service charge	Parking, reception services	Landlord	Tenant	Tenant	Building insurance paid by landlord, tenant insures own equipments and furnishing
France	Gross lettable area	EUR per sq m per year	None	Service charge, utilities, parking, on site corporate restaurant	Landlord	Tenant	Tenant	Yes (apart from when the tenant is the sole occupier in the building)
Germany	Varies with market (gif-standard, Gross lettable area)	EUR per sq m per month	None	Service charge, parking, VAT	Landlord	Tenant	Tenant	Yes
Greece	Gross areas, including common areas	EUR per sq m per month	None	Service charges, utilities, stamp tax, all other taxes	Landlord	Tenant	Tenant	No
Hungary	Gross lettable area	EUR per sq m per month	None	Service charge, utilities, parking, VAT	Landlord	Tenant	Tenant	Yes
Ireland	Net internal area (central locations). Gross internal area (suburban locations)	EUR per sq m per year	None	Service charge, rates, utilities, taxes, car parking	FRI lease = Tenant; IRI lease = Landlord	Tenant	Tenant	Yes
Israel	GLA - NLA plus a portion of shared walls and public space	ILS per sq m per month	None	Service charge, rates, utilities, taxes, car parking	Landlord	Tenant	Tenant	Yes
Italy	Gross lettable area	EUR per sq m per year	None	Service charge, utilities, car parking	Landlord	Tenant	Tenant	Structural building insurance: landlord; tenant insures damage to premises
Latvia	Gross lettable area	EUR per sq m per month	None	Management costs, utilities, VAT, parking	Landlord	Tenant	Tenant	Typically the landlord insures and does not recover cost from tenant
Lithuania	Lettable or gross area (by agreement and size)	LTL per sq m per month	None (occasionally parking)	Service charge, utilities, occasionally parking	Landlord	Tenant	Tenant (sometimes both landlord and tenant)	Landlord
Luxembourg	Gross lettable area	EUR per sq m per month	None	Service charge, utilities	Landlord	Tenant	Tenant	Typically yes - triple net lease
Netherlands	Lettable floor area	EUR per sq m per year	None	Service charge, utilities, VAT, fit-out	Landlord	Tenant	Tenant	Typically the landlord and does not recover cost from tenant
Norway	Gross external area	NOK per sq m per year	None	Service charge, utilities	Landlord	Tenant	Tenant	Landlord insures external building, tenant takes partial insurance
Poland	Gross rentable area (incl. add-on factor)	EUR per sq m per month	None	Service charge, utilities	Landlord	Tenant	Tenant	Yes
Portugal	Gross lettable area	EUR per sq m per month	None	Service charges, utilities, parking and VAT	Landlord	Tenant	Tenant	Landlord: external building, tenant insures their demise
Qatar	Gross lettable area	QAR per sq m per month	None	Service charge, utilities	Landlord	Tenant	Tenant	No - both landlord and tenant share insurance costs
Romania	Gross lettable area	EUR per sq m per month	None	Service charge, utilities	Landlord	Tenant and landlord (costs passed to the tenant via service charge)	Tenant and landlord (costs passed to the tenant via service charge)	Yes
Russia	Gross lettable area (according to BOMA)	USD, consecutive unit, RUB per sq m per year	None	Service charge, utilities, VAT, parking	Landlord	Tenant	Tenant	Yes
Saudi Arabia	Gross lettable area	SAR per sq m per year	None (occasionally parking)	Service charge, utilities	Landlord (unless structurally altered)	Tenant	Tenant	No - both landlord and tenant share insurance costs
South Africa	Gross lettable area	ZAR per sq m per month	Dependant on lease. Usually includes municipal rates, taxes and air-conditioning	Utilities, VAT, parking, increases in assessment rates	Landlord	Tenant	Tenant	Yes
Spain	Gross internal area	EUR per sq m per month	None	Service charge, utilities, property tax	Landlord	Tenant	Tenant	Yes
Sweden	Net lettable area	SEK per sq m per year	Usually none, but sometimes heating/cooling	Service charge, utilities, taxes and in most cases also heating and cooling	Landlord	Tenant	Tenant	Landlord: external building, tenant insures their demise
Switzerland	Net internal area	CHF per sq m per year	None	Service charge, utilities, insurance	Landlord	Tenant	Tenant	Typically the landlord insures the building and does not recover cost from tenant; tenant insures all remaining risks pertaining to the rented area
Turkey	Gross external area	USD/EUR per sq m per month	None	Service charge, rent related taxes	Landlord	Tenant	Tenant	Typically the landlord insures and does not recover cost from tenant
UK	Net internal area	GBP per sq ft/sq m per year	None	Service charge, utilities, taxes	Tenant (some exclusions and other protection for tenant through negotiation)	Tenant	Tenant	Yes
Ukraine	Gross lettable area (according to BOMA)	USD linked per sq m per month, payable in UAH (EUR rare)	None	Service charge, utilities non-coverable by service charge, taxes, parking	Landlord	Tenant	Tenant	By agreement

	3. Occupier transaction costs				4. Ongoing taxation liabilities of tenant	
	A Transfer tax	B Agent's fees	B1 Tenant's agent's fees - responsible party (tenant/landlord)	C Legal fees*	A Local tax (% of annual rent)	B VAT (% of annual rent)
Abu Dhabi	None	5% of annual rent	Tenant	By agreement	No	None
Bahrain	None	5-8.33% of annual rent	Landlord, unless the tenant specifically retains the agent for the acquisition	By agreement	Municipality tax 10% of rent	None
Belgium	Stamp duty (0.2% of NPV of entire lease) - generally paid by the tenant	15% of annual rent (+ performance fees)	Tenant	By agreement	Property tax (variable), municipality tax, regional tax	None
Czech Republic	None	8-15% of annual rent excl. service charge	Tenant	By agreement	No	21% on rent and service charge
Denmark	None	10-15% of annual rent incl. service costs	Tenant	By agreement	Property tax (varies between locations)	25%
Dubai	None - only minimal registration fee	5-8.3% of annual rent	Landlord, unless the tenant specifically retains the agent for the acquisition	By agreement	No	No - planned introduction shelved
Estonia	None	Ca. 8% of annual rent	By agreement (Market practice: Landlord)	By agreement	Land tax (varies between plot sizes, usage and location) typically included in service charge	20%
Finland	None	8-15% of annual rent	By agreement (Market practice: Landlord)	By agreement	No	24% ¹
France	None	8-15% of annual gross rent	Tenant but landlord on larger deals	0.6% (for 3/6/9 year lease)	Property tax (varies between types of premises), extra tax in Ile de France	19.6%
Germany	None	3-4 months rent	Landlord	By agreement	Property tax (variable), typically included in the service charge	19% (where parties opt to tax)
Greece	Stamp Tax 3.6% on monthly rent - generally paid by tenant	1 month rent	Either landlord or tenant or both parties	By agreement	Income tax	23% but applicable only on very special circumstances
Hungary	None	10-16% of annual rent ¹	Tenant representation - tenant Tenant introduction - landlord	By agreement	Property tax (variable)	27%
Ireland	Stamp duty (1% of annual rent and VAT at 23% of annual rent)	10% of annual rent	Tenant	By agreement	Municipal rates	23%
Israel	Not for lease	8-10% annual rent	Both parties	By agreement	Municipal taxes	17% ¹
Italy	1% registry duty paid annually	10-15% of annual rent	Tenant	By agreement	Waste tax (TARSU) - dependent on the size and use of the building and the municipality	21%
Latvia	None	Typically 1 month rent	Landlord	By agreement	Property tax usually included in management costs	21% ¹
Lithuania	None	8-16% of annual rent	By agreement	By agreement	Property tax, rarely included in service charge	21%
Luxembourg	Stamp duty (0.6% of NPV of entire lease if tenant is not liable for VAT; otherwise EUR 12.5)	8-15% of annual rent	Depends on the lease mandate, usually landlord	By agreement (each party can have a lawyer but it varies from one client to the next)	Property tax (variable)	15%
Netherlands	None	8-16% of annual rent (typically 16%, even more when dealing with lower grade buildings) + performance fees	Depending on the lease mandate, can be either tenant or landlord	None	Property tax called OZB (varies between locations)	21% (where parties opt to tax) ¹
Norway	None	10-15% of annual rent	Tenant responsible, but often financed by the landlord.	By agreement	Property tax (varies between locations) typically paid by landlord	25% (where parties opt to tax)
Poland	None	1-2 months rent	Typically the tenant	By agreement	Land tax (varies between plot sizes) typically included in service charge	23%
Portugal	Stamp duty (10% of one month rent) - generally paid by the landlord	15% of the annual rent	Depends on the lease mandate	By agreement	Property tax (landlord obligation)	23% (where applicable)
Qatar	None	5-8% of annual rent	Landlord, unless the tenant specifically retains the agent for the acquisition	By agreement	No	None
Romania	None	12-24% of annual rent	Typically the landlord	By agreement	Property tax, typically included in service charge	24% (where applicable)
Russia	None	8.33% of annual rent	Tenant in case of tenant representation	By agreement	Property tax, typically included in service charge	18% (no VAT on representative offices)
Saudi Arabia	None	5 to 8.33% of annual rent	Landlord and tenant in some instances	By agreement	No	None
South Africa	None - all stamp duty has been waived	5% of first 2 years rent. 2.5% of next 3 years rent. 1% on the remaining lease. Minimum fee of 1 month rent	Landlord	By agreement	No	14%
Spain	Stamp duty (0.5-1.5%)	8.5-12% of annual rent	Landlord in most cases	By agreement	Property tax (landlord obligation but normally passed on to tenant)	21% ¹
Sweden	None	8-15% of annual rent	Tenant	By agreement	Property tax (based on the value of the building in proportion to the space occupied)	25% (where landlord opts to tax)
Switzerland	None	10-15% of annual rent	Tenant	By agreement	No	8% (where landlord opts to tax)
Turkey	Stamp duty (0.98%) ¹	8-10% of annual rent	Tenant	By agreement	Environmental tax (varies between locations and nature of the property)	18% (I/lord=company) or 25% withholding tax (I/lord=individual). Banks & Ins. Co's. Exempt
UK	Stamp duty (1% of NPV of entire lease when > GBP 150,000)	10% of annual rent	Tenant	Paid separately by each party (varies on location and transaction size)	Business Rates (variable- not standardised and subject to discounts for quantum)	20% (where landlord opts to tax)
Ukraine	Stamp duty of 0.01-1% of full contract value is obligatory for contracts of 3 years or longer	8.33-12.5% of annual rent	Depends on the lease mandate	By agreement	No property tax. Repatriation tax of 15% (payable only if rent is paid into an account outside Ukraine)	20%

¹See comments on pages 9-10

	5. Ownership restrictions	6. Purchaser transaction costs				
	A Restriction on ownership of property by foreigners	A Transfer tax	B VAT	C Agent's fees	D Legal fees	E VAT on transaction fees
Abu Dhabi	Yes (foreign ownership (long-leasehold) only permitted in investment zones)	2%	None	1-2%	By agreement	None
Bahrain	Yes (foreign ownership only permitted in selected areas)	1%	None	1-2%	By agreement	None
Belgium	No	12.5% (10% Flanders)	21% (for new buildings)	1.5-3% (normally paid by vendor)	0.5%	21%
Czech Republic	No	4% of the sale or the market value (whichever is higher) ¹	None	1-2%	By agreement	21% ¹
Denmark	Yes (if the purchaser does not intend to occupy the building)	DKK 1,400 (registry) + 0.6% of the sale or the public tax valuation (whichever is higher)	25% (for new buildings)	1-3%	By agreement	25%
Dubai	Yes (foreign ownership only permitted in investment zones)	2%	None	1-2%	By agreement	No
Estonia	No	less than 1% in most cases	20% (for new buildings)	1-3%	By agreement	20%
Finland	No	4% (if a property is acquired); 2.0% (if shares of the property company are acquired) ¹	None	1-3%	By agreement	24% ¹
France	No	6-6.2% incl. legal fees	19.6% (for new buildings)	0.4-2.5%	1-4%	19.6%
Germany	No	Varies between 3.5% and 5.5% depending on the Federal State (Real Estate Transfer tax; RETT)	None in most cases (sometimes 19% in cases where parties opt to tax)	1-3%	1-1.5%	19% (where parties opt to tax)
Greece	Only in areas decreed "border" areas for non EU residents	Variable, starting from 11.5% upwards for older buildings. New buildings subject to VAT	23% when applicable	1-2% (depending on size of transaction - payable by either or both parties)	1-3%	23% when applicable
Hungary	No (only on agricultural land)	4%+2% (4% for the sale price below HUF 1billion, and 2% for the remaining, and the total can not be higher than HUF 200 million/property) ¹	27% (where property is registered for VAT)	0.75-3%	By agreement	27%
Ireland	No	2% stamp duty	13.5% where VAT is applicable	1-2%	1-2%	23%
Israel	Yes. Government land leases are limited to Jews or Israelis except with special permission which is usually granted to foreign companies	5% purchase tax	17% ¹	1-2%	1%	17% ¹
Italy	No	4% tax plus EUR 168 fixed registry duty	21%	0.5-2%	By agreement	21% (where liable for VAT)
Latvia	No	2% but not exceeded 43 000 EUR (LVL 30 000)	21% (if applicable) ¹	2-3%	By agreement	21% ¹
Lithuania	No	Registry fee and notary fee: Registry - up to 900 EUR plus add. fee 0.03%-0.3% (total amount can not exceed 2,300 EUR), notary - 0.45%, but not more than 6,000 EUR	21%, if the building is newly constructed	1-3%	By agreement	21%
Luxembourg	No	10% (Luxembourg-City), 7% (other)	15% (new bldgs, reduced to 0% pro-rata basis over 10 years) (VAT deductible where tenant > 51% liable for VAT)	0.75-3%	None	15%
Netherlands	No	6%	21% (VAT deductible only where tenant is more than 90% liable for VAT) ¹	1-1.5% ¹	0.25-0.5%	21% (VAT deductible only where occupier is more than 90% liable for VAT) ¹
Norway	No	2.5%	25%	1-3% (typically paid by vendor)	Less than 0.5%	25%
Poland	None for EU, Iceland, Norway and Liechtenstein nationals. Others must obtain a permit from the Ministry of Internal Affairs	1% (share) or 2% (asset) of purchase price (unless VAT applicable)	23%. Tax fully refundable	1-2%	By agreement	23%
Portugal	No	7%	23% (where applicable)	1.5-5% (typically paid by the vendor)	By agreement	23%
Qatar	Yes (except for 3 f/hold & 18 resi. l/hold areas available to foreigners on 99-yr leases)	2.5% land tax	None	2% ¹	By agreement	None
Romania	Yes (non-Romanian citizens are required to form a local company to purchase property)	1-2%	24%	1-3%	By agreement	24%
Russia	Yes (partial restriction on land ownership)	None	18% but no VAT is applicable when SPV is purchased	1-3%	By agreement	18%
Saudi Arabia	Yes	2.5% commission and min legal fees	None	2.5%	By agreement	No
South Africa	No	Zero rated between two VAT vendors. Otherwise sliding scale based on value of purchase	14%	5% of 1st million, 3.5% of 2nd & 2.5% of remaining price	By agreement	14%
Spain	No	6-7% (regional variation, not payable for new buildings)	21% (for new buildings) ¹	1.5-3%	0.5-1%	21% ¹
Sweden	No	4.25% (no tax where property is sold as a company)	25% (only on new buildings)	0.25-1% ¹	0.1-1%	25% (no tax where property is sold as a company)
Switzerland	Only for residential properties	Up to 0.35% (varies by canton)	8% where VAT is applicable	0.75-3%	By agreement	8% where applicable
Turkey	Yes	Stamp duty (1.89%) & 2% as 'title deed charge' by both vendor & purchaser paid each (total 4%) ¹	18% (where vendor is a legal entity)	1-3%	By agreement	18%
UK	No	SDLT 4% (where price exceeds GBP 500,000)	20% where applicable	0.5-1.5% of transaction value	Paid separately by each party (varies on location and transaction size)	20%
Ukraine	None for buildings. Yes for land	1% to Pension Fund	20% (not applicable for land purchases or resales of residential properties)	0.7-5%	By agreement	20% (payable only if payment is made into a Ukrainian account)

¹See comments on pages 9-10

Comments

This section highlights changes in market practice since last year.

1B1. Lease Structure - Standard fit-out costs per sq ft or sq m (local currency)		
Country	2012	2013
Hungary	EUR 150-300 per sq m	EUR 80-250 per sq m (depending on existing status)
Turkey	USD 500 per sq m	USD 600 per sq m
1C1. Lease Structure - Rent guarantee period		
Country	2012	2013
Hungary	3 months	3-6 months (depending on the credit report of the company)
1Di. Lease structure - Incentives - Typical rent free period		
Country	2012	2013
Denmark	3-6 months	6-12 months
Hungary	3-7 months	3-10 months (depending on lease term: 3-5 years)
Norway	3-12 months	1-3 months
1E. Lease structure - Typical lease length		
Country	2012	2013
Turkey	3-7 years	3-5 years
1H. Lease structure - Frequency and basis of indexation of rent		
Country	2012	2013
Sweden	Annual (based on CPI, usually 100% indexed)	Annual or quarterly (based on CPI, usually 100% indexed)
3A. Occupier transaction costs - Transfer tax		
Country	2012	2013
Turkey	Stamp duty (0.75%)	Stamp duty (0.98%)
3B. Occupier transaction costs - Agent's fees		
Country	2012	2013
Hungary	8-15% of annual rent	10-16% of annual rent
4B. Ongoing taxation liabilities of tenant - VAT (of annual rent)		
Country	2012	2013
Finland	23%	24%
Israel	16%	17%
Latvia	22%	21%
Netherlands	19% (where parties opt to tax)	21% (where parties opt to tax)
Spain	18%	21%
6A. Purchaser transaction costs - Transfer tax		
Country	2012	2013
Czech Republic	3% of the sale or the market value (whichever is higher)	4% of the sale or the market value (whichever is higher)
Finland	4% (if a property is acquired); 1.6% (if shares of the property company are acquired)	4% (if a property is acquired); 2.0% (if shares of the property company are acquired)
Hungary	2-6%	4%+2% (4% for the sale price below HUF 1billion, and 2% for the remaining, and the total cannot be higher than HUF 200 million/property).

6A. Purchaser transaction costs - Transfer tax		
Country	2012	2013
Turkey	Stamp duty (1.65%) & 1.65% as 'title deed charge' by both vendor & purchaser	Stamp duty (1.89%) & 2% as 'title deed charge' by both vendor & purchaser paid each (total 4%)
6B. Purchaser transaction costs - VAT		
Country	2012	2013
Israel	16%	17%
Latvia	22%	21% (if applicable)
Netherlands	19% (VAT deductible only where tenant is more than 90% liable for VAT)	21% (VAT deductible only where tenant is more than 90% liable for VAT)
Spain	18% (for new buildings)	21% (for new buildings)
6C. Purchaser transaction costs - Agent's fees		
Country	2012	2013
Netherlands	1-2%	1-1.5%
Sweden	0.1-2%	0.25-1%
6E. Purchaser transaction costs - VAT on transaction fees		
Country	2012	2013
Czech Republic	20%	21%
Finland	23%	24%
Israel	16%	17%
Latvia	22%	21%
Netherlands	19% (VAT deductible only where occupier is more than 90% liable for VAT)	21% (VAT deductible only where occupier is more than 90% liable for VAT)
Spain	18%	21%

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Office Occupier Review Asia Pacific H1 2012
Office Occupier Review Europe H1 2012
The European Insurance Sector - June 2012
The TMT Sector - October 2012

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