

# Invest via a Carefree Package

It isn't easy for them: Investors who are not real estate professionals and yet still want to invest in bricks and mortar. A new product offers wealthy individuals a carefree package for commercial properties – something between a fund and an individual investment.



*“Our combined expertise is much more than the sum of its individual parts.”*

**Andreas Maitzen,**  
Partner and Managing Director  
of FALCON Österreich

**The fact remains: Real estate is a sound and popular form of investment** at a time of minimal interest rates and few alternatives. The spread on risk-free government securities is huge and at least real estate generates returns; and, in addition to this, you can touch it - it is a real financial product rather than a virtual one. Investors like this and that is why unbelievable amounts of capital flow into this channel. There are too few objects and last year's institutional investment capital has yet to be fully placed. It is very difficult for those who are not professionals or lack good contacts on the local market. This is exactly the need which is being addressed by a product for which the tax consultancy FALCON has assumed the lead. This offers customers who lack expertise in real estate or the Austrian market a package which selects and then manages (exclusively commercial) properties. In short, FALCON - together with a partner from the area of property and asset management - takes over the property and asset management role. This is also made possible by the intelligent electronic integration of data from both systems.

**How do clients benefit?** Firstly, they can invest in real estate in a stable market – an opportunity that is not open to those who don't know the market and must use a fund or another vehicle. Secondly, they have access to a sort of 'one stop shop', because they have an expert contact person for every question. And thirdly, they enjoy not only the entire range of services offered by the package but also huge transparency, because the smart IT system gives them access to individual documents about their object at any time. "This 'Managed to be Core' product is targeted at wealthy

individuals and trusts which want to invest over three million euros," explains Andreas Maitzen, Partner and Managing Director of FALCON Österreich. According to Maitzen there are three levels: bronze, silver and gold. The latter includes special compliance services (which prevent prohibited outgoing cash flows) while the silver variant offers additional cash management and controlling.

All packages include the following basic services: asset and property management, property accounting with advance turnover tax return, an annual statement, net income method accounting, an annual tax declaration and quarterly reporting.



**Putting it another way:** The investor doesn't really have to do anything. This is made possible not only by the clever product design (the entire organisation is very "lean") but also by the close cooperation between FALCON and the specialised property manager as well as the interface between their respective softwares. "These lead to synergies and our combined expertise is much more than the sum of its individual parts," explains Maitzen.

**Of course the property owner must also pay for this comprehensive package.** The innovative service should cost between 1.5 and 2.5 per cent of the return – depending upon whether the gold, silver or bronze package is chosen. In return, investors are truly spared all operative responsibility. They do not have to deal with tenants, refurbishment work or tax issues, etc. They receive a moderate but sustainable return without having to establish a management operation in Austria. They only retain responsibility for strategic asset management – but that is naturally as it should be.



Owning an office building and receiving a return without having to do anything – this is made possible by the new product.

## AUSTRIA IS ATTRACTIVE FOR INTERNATIONAL INVESTORS

**Demand for good commercial property in Austria remains as high as ever.**

The latest analyses of the Austrian investment market show that the volume of foreign capital flowing into real estate in the Alpine Republic continues to grow. The dominance of German buyers amongst these international investors is even diminishing. Other EU countries, North America and Asia are gaining in importance.

According to CBRE, investment from Austria (47 per cent) is lower than foreign investment (German investment: 29 per cent, other foreign investment: 24 per cent) for the very first time in terms of volume. Whereas Austria used to be a blind spot on the radar of global real estate investors, the market is now scoring points with its calmness – volatility is virtually unknown.

The 3.75 billion euros invested in Austria in 2015 was the highest ever recorded total and the 1.8 billion euros invested in the fourth quarter not only represented almost half of the annual total but was also the highest quarterly total of all time.



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