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The CEL compensation survey indicates that the overall rate of employee turnover remains high, at a rate in excess of 30 percent, and employee turnover costs are on a par with base compensation. Some real estate firms have appointed trained hiring teams to reduce turnover. In addition, many firms are actively recruiting in non-real estate sectors such as the hospitality, retail, military, and consumer product industries.

Currently over 90 per cent of real estate employees are full time. By the 2010, the ratio is expected to shift 60/40, and by 2015, to 40/60

*By Christopher Lee*

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## *How and Why Buy a Property in Europe*

The purchase of a house in Europe from a United States of America citizen can not only be a pleasure to spend a holiday, a reason to change his/her life or just a simple dream which becomes reality.

It could also be viewed as an alternative investment for the money earned during one's life even if the continuing weakness of the U.S. dollar is not an incentive for investors. The European real estate market, after previous problems, is growing in the last few years due to the world crisis of

the stock exchange markets. That's because it's not safe to put our money in non-predictable situations when the investment in a property is generally considered not to be a risk.

However, from this point of view it is necessary to consider taking the right steps when buying a property in Europe especially with the different legal system of civil law in which are almost all based upon the European legal systems (with the important exception of England). Let's see how this works within the most important countries of the old continent.

### **Differences between Common Law and Civil Law**

First of all, it has to be considered, the United States legal system does not draw a distinction between "Lawyers" who plead in court and those who do not, unlike all the civil law jurisdictions such as Germany, France, Spain and Italy, which distinguish between "Lawyers" and "Civil Law Notaries". The "European Civil Law Notaries" may be treated in part as the "Attorneys at Law" of common law systems and not as the "Public Notaries" who are simple authenticator's lack of legal education.

More particularly, it's well known that in the US the Common law refers to law developed by judges through decisions of courts and similar tribunals (called case law), rather than

through legislative statutes or executive action. Therefore, there are no documents with public faith: the documents are authentic to "ruling to the contrary" and citizens to see confirmed their rights must always have recourse to the courts while the principle of civil law is to provide all citizens with an accessible and written collection of the laws which apply to them and which judges must follow.

Overall, looking at this picture, the "*European Civil Law Notaries*" frequently undertake work done in common law countries by the Titles Office and other Government agencies.

Finally if a US citizen wishes to buy property in any of these countries, they require a German "*Notar*", a French "*Notaire*", a Spanish "*Notario*" and an Italian "*Notaio*", who is necessary to authenticate transactions of real estate.

### **The essential role of the European lawyers**

In the European legal system the "*Civil Law Notary*" is a public official who is in a position of neutrality between the buyer and the vendor; this is the reason why he is not a substitute for a "*Lawyer*" who conversely will exclusively look after the interests of his client.

Your "*Lawyer*" will protect your investment, provide you with legal assistance, and act on your behalf and from your side where the civil law notary has to be an impartial and neutral professional. Therefore, processing a purchase of a house in

Europe, beyond the civil notary, is absolutely essential and highly recommended to entrust a "*Lawyer*" to protect your investment and your interests.

In fact, the European conveyancing is surrounded by a lot of steps. To mention the most important to be considered should be the Due diligence service, the purchase proposal, the preliminary agreement, the deed of sale and the taxation of the purchase.

Especially, it has to be noted that in the above mentioned European countries, having signed the preliminary contract requires that the final contract has to be signed as well. This means that the preliminary agreement is binding for both buyer and seller.

For example, if you are going to buy a single unit of a big residential development you should pay attention to all the legal aspects involving the purchase. In this case, European real estate developers (well, their "*Lawyers*") usually prepare a standard contract for all buyers: standard price, standard furniture, standard clauses.

It has to be kept in mind that if you are a purchaser, you can get different conditions because it's in your rights and in this you can be helped by your "*Lawyer*" who can translate for you all the documentation and, being familiar with real estate transactions, can also check the Land Registry Office to see the titles of ownership of a land or a house.

## The purchase of a property in Italy

Last but not least we consider the special case of Italy, touristic destination much sought by many Americans.

The conveyancing, as regulated by the Italian Civil Code, is extremely safe assuming that the buyer will pay normal care and attention as generally required for an investment of this importance. Moreover, Italy is a founding member of the European Union and a member of the Euro zone.

For these reasons the Italian real estate market does not suffer any crisis and in a couple of years many future building developments will be built in particular in southern Italy. On the other hand, it has to be noted that Italian Courts take a long time to reach a decision concerning litigation in real estate transactions. So much time that it can become very frustrating for the private buyer to wait for the sentence of the judge.

Therefore, US citizens who wish to buy property in Italy will need to engage a “*Lawyer*” who will have as goal the realization of contracts that cannot be challenged by anyone and that must be respected in every point.

Your “*Italian Real Estate Lawyer*” will not only take care of the due diligence, but will help in the reservation offer or will draw up the preliminary contract or will advise on the taxi profile. The “*Lawyer*” if provided a power attorney, can also sign the deed of sale on your behalf in

front of the “*Civil law notary*” and will perform all the steps necessary to buy a house in Italy. In particular, the lawyer will give you assistance in opening a bank account, in obtaining a fiscal number, a tax card, and in setting an Italian address.

## The purchase price

Finally, keep in mind that property prices abroad may be significantly higher than property prices in the US. In fact, the extra cost for the property valuation, the translation, the “*Civil Law Notary*” certification, and for the eventual mortgage loan may also be a large sum.

However, from our point of view and according to the above mentioned reasons, there are good reasons to invest in European properties.

*By Paolo Zagami*

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## *Optimistic Outlook on Global Trends*

The idea of real estate as an alternative investment to stocks and bonds is becoming increasingly popular, not only in the United States but throughout the world, says Dale Ann Reiss, Director of Real Estate, Hospitality and Construction at Ernst & Young LLP. Having recently returned from a trip to India and the Middle East, she sees foreign investors

continuing to move into commercial real estate here, as well as worldwide investment opportunities opening for small U.S. investors as U.S. real estate investment techniques spread to other nations.

### **Private Equity Funds**

According to Reiss, U.S. and foreigner-based opportunity funds now hold more than \$100 billion seeking opportunities in large property investments, both here and abroad. Increasing investment activity also is likely in middle markets where industrial and commercial firms are likely to seek to sell excess real estate or enter into sale-leaseback transactions.