



# London vs Zurich / Geneva

*the facts behind the fuss*





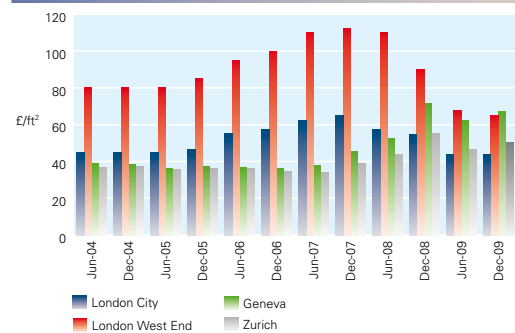
## Why Switzerland?

- Moderate tax system when compared with other European countries (negotiable by Canton)
- Geographically in a strategic position at the centre of Western Europe, with a long history of political and economic stability
- International community – European HQ for the United Nations (Geneva)
- World centre for private banking (Geneva) and major commercial banking centre (Zurich)
- Open, flexible and highly skilled labour market
- Multi-lingual, hard-working, highly skilled staff for the financial, biotechnology/ pharma, chemicals engineering, technology and research sectors, amongst others
- Support for technology start-up businesses building on long standing University spin-offs and very high level of patents gained
- Quick and frequent travel to other European centres by air, road and rail
- Commuting times typically less than 30 minutes and public transport a viable alternative with frequent services and an excellent punctuality record (train, tram, bus)
- Bicycle and “ecological” travel encouraged and often subsidised (e.g. summer free cycle rental and grants to buy electric bikes)
- Quality of life, e.g. skiing within 30 minutes of Geneva city centre and many lakeside activities

### Real estate benefits

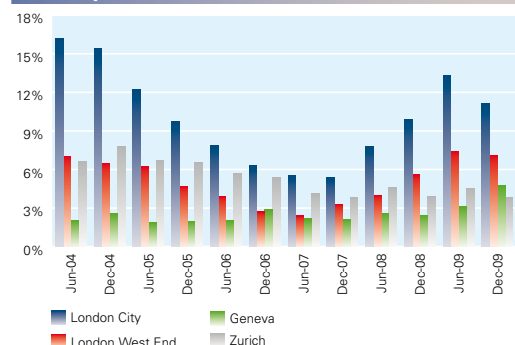
- Standard lease of five years with annual uplifts linked to cpi (average over the last 20 years is approx.. 1% p.a.) – no market rent reviews
- Leases can easily be extended, often passively, unless lease states explicitly that it is subject to agreement by one side or the other
- No occupier taxes (business rates)
- Provision of Europe’s highest density of optical fibre network for business and domestic users
- No acquisition tax (stamp duty equivalent) for buyers in Zurich; total costs in Geneva are normally around 4% excluding advisers and legals

### Prime rents: London / Switzerland



Source: King Sturge, Key Real, X-rates.com

### Vacancy rates: London / Switzerland



Source: King Sturge, Key Real, X-rates.com



## Why London?

- Concentration of international business in a single location
- The world's global financial centre – centre of financial innovation 55 of the “Billion Dollar Club” firms hold offices in London – 15% of global share<sup>1</sup>
- Half of European investment activity conducted through London<sup>2</sup>
- Renowned asset management industry
- Extensive labour pool with approximately 14 million people living within London and the commuter belt
- Gatwick, Heathrow, and Eurostar provide unparalleled international access
- World class amenities, such as theatres, clubs, hotels and restaurants
- Cosmopolitan capital and centre of culture
- No restrictions on home ownership
- Visas for UK still relatively easily attainable

### Real estate benefits

- Five year certainty of rental outgoings (no annual escalation)
- Landlord & Tenant Act 1954 provides security of tenure on expiry of many leases
- London offers the most advanced, highly specified office stock
- Established geographical clusters of business sectors e.g. Private Banking – Core West End. Investment Banking – City / Canary Wharf

### Cost of Living Rankings 2008 / 2009<sup>3</sup>

City	2009 Ranking	2008 Ranking
Tokyo, Japan	1st	2nd
Geneva, Switzerland	4th	8th
Zurich, Switzerland	6th	9th
New York City, US	8th	22nd
Paris, France	13th	12th
London, UK	16th	3rd

<sup>1</sup> HedgeFund Intelligence press release, October 2009

<sup>2</sup> IFSL Banking, 2010

<sup>3</sup> Mercer – Worldwide Cost of Living Survey 2009

### Office Costs – February 2010\*

Area	Current prime rent (ft <sup>2</sup> pa)	Total office occupational costs (ft <sup>2</sup> pa) approx.
London City	£43.50	£69.50
London West End	£65.00	£93.00
Geneva	£67.50	£70.50
Zurich	£50.50	£53.50

\* Assumes 5,000 ft<sup>2</sup> Grade A floorplate. Occupational costs include rent, service charges and rates, where payable.

All data contained in this report has been compiled by King Sturge LLP and is published for general information purposes only. While every effort has been made to ensure the accuracy of the data and other material contained in this report, King Sturge LLP does not accept any liability (whether in contract, tort or otherwise) to any person for any loss or damage suffered as a result of any errors or omissions. The information, opinions and forecasts set out in the report should not be relied upon to replace professional advice on specific matters, and no responsibility for loss occasioned to any person acting, or refraining from acting, as a result of any material in this publication can be accepted by King Sturge LLP.

## What do we think?

There is no doubt that the recent hikes in personal taxation to 50% for high earners and the windfall tax on bankers' bonuses have created a real stir in the London financial community. The current government seems determined to close tax loopholes and is actively considering transactional taxes as a way of recouping some of the enormous fiscal deficit in the UK (albeit the USA is equally open about this prospect).

There is also much focus on hedge fund activity and the ever-present threat of increased regulation, which could make operating anywhere in Europe far more difficult. With the UK General Election only months away, it is unlikely that the current Government would alienate the financial services industry now. Furthermore, The Mayor of London – who has previously supported London's financial services community – would seek to deter a new Government from implementing onerous measures which could ultimately lead to a financial services exodus from London.

There has recently been much press speculation that the financial services sector could leave London, primarily as a result of a new tax regime, and relocate to alternative cities such as Geneva and Zurich. King Sturge has recorded increased levels of client interest in these locations and is now actively acquiring space for those seeking to open new offices.

King Sturge believe that the imminent sharp rise in London Business Rates could make some companies reconsider the size of their London operations; with no Business Rates payable in Switzerland, and lower rates of taxation, the option of opening an office will become even more tempting.

In spite of the media frenzy and numerous headlines, much of the reported financial exodus to Switzerland has in reality been relatively small-scale team movements from larger organisations who still retain a significant London presence.

Likewise, the majority of Swiss office requirements monitored by King Sturge and Key Real have been for additional facilities or representative offices rather than new headquarters premises, and many are in the region of 5,000-7,500 ft<sup>2</sup>. We have yet to see a sizable bank or asset manager announce a relocation of an entire London operation.

Geneva and Zurich offer a alternative lifestyle and environment compared to Central London, but as London continues to vie with New York as the financial capital of the world, many international firms simply cannot risk locating anywhere else. In our opinion, the access to a highly skilled workforce, an ability to interact daily with high net worth clients and a proximity to competitors means that London will remain the Global hub for financial operators.

Finally, there is a limited supply of good quality office space in Geneva and Zurich which could accommodate large-scale relocations. London boasts some of the highest quality offices in Europe with large efficient floor-plates and an attractive working environment. The cost of living in London has fallen dramatically over the last three years and it still has Europe's finest selection of hotels, clubs, theatres, restaurants and schools.

There will undoubtedly be increased leasing activity in Switzerland as some companies and highly driven 'big hitters' are seduced by the prospect of paying as little as 15-20% tax on their income, but the move is not for everybody.

If you would like further information about opportunities in Switzerland please do not hesitate to contact us. Likewise if you would like to talk further about your occupational needs in London we would be delighted to assist.



Clifford Chambers [clifford@keyreal.com](mailto:clifford@keyreal.com)  
Robert Mathieson [robert@keyreal.com](mailto:robert@keyreal.com)  
**+41 (0) 22 545 5100**  
**[www.keyreal.com](http://www.keyreal.com)**



Andrew Barnes [andrew.barnes@kingsturge.com](mailto:andrew.barnes@kingsturge.com)  
James Southey [james.southey@kingsturge.com](mailto:james.southey@kingsturge.com)  
**+44 (0) 20 7493 4933**  
**[www.kingsturge.com](http://www.kingsturge.com)**