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«Politesse_de_lettre»,

For 18 years now, we have taken the initiative of reaching out through an annual letter, which we originally addressed to our inner circle of clients, including owners, co-owners and tenants (a distribution circle that has grown a bit wider over time). It has given us an opportunity, once a year, to synthesise and reflect on what appear to us to be the most important trends and events, primarily regarding the real estate sector, obviously, but also including more general developments related to the economy and the society in which we each play our own individual roles.

In so doing, we have been compelled to express the things that invigorate us as a family-owned service company working in a sector (essentially, lodging and workspaces) that absolutely affects each of us.

This letter may be the last of its kind, as we are questioning the relevance of continuing this tradition. We are reflecting on the matter seriously and would like to share it openly with you.¹ Aren't we already flooded with excessive communications and diverse information on a daily basis? We would not want to worsen this general sense of inundation.

This is also an opportunity for a brief retrospective regarding a topic that will recur at various points in this letter: uncontrolled **monetary growth**, unfettered debt (a form of intergenerational theft!), *irrational market exuberance* and the role of central banks, which were originally supposed to be independent, but have now become “*government affiliates whose goal is to ensure government solvency*”.²

We first mentioned the massive increase in worldwide debt in 2009 (already +45 percent over three years at that time). Then, in 2013, we were stunned by the euphoric values attained by a number of assets (a freshly caught tuna sold for €736,000, a thoroughbred for \$10 million, a New York apartment for \$90 million, a Francis Bacon triptych for \$142 million, a rose diamond for \$83 million, etc.).³ At the same time, interest rates, which should have gone up at some point, have reached a 5,000-year

¹ You are always welcome to email us your comments at direction@spg.ch.

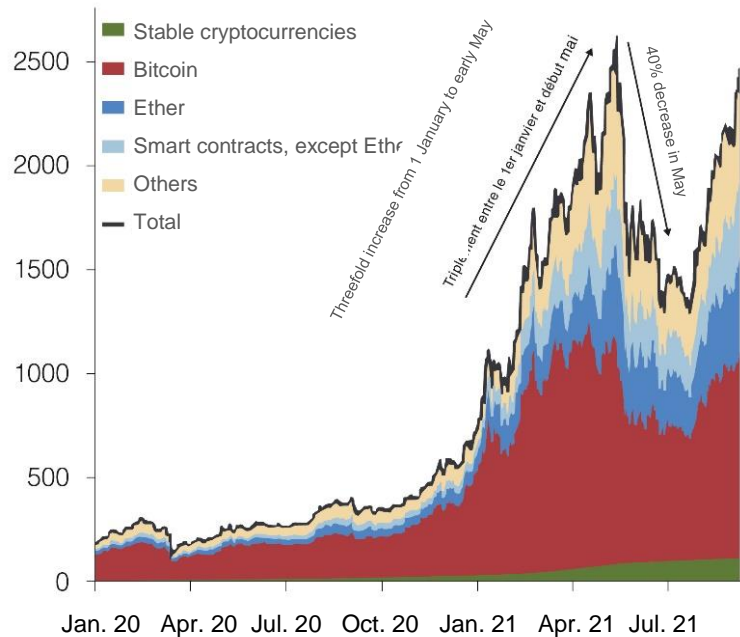
² Patrick Artus.

³ This obviously brings to mind a famous quotation from Keynes: ‘*Markets can stay irrational longer than you can stay solvent.*’



low.⁴ These days, such figures no longer come as a surprise.⁵ The world has since continued on its headlong roll, as currency and assets now exist in digital or virtual form (we will come back to that later), removing the limits that would otherwise be naturally imposed in the real world.

The market value of cryptoassets surpassed \$200 thousand million in September of 2021.
(Market capitalisation of cryptoassets [in thousands of millions of dollars])



Source : Coingecko

IMF

The older we get (and isn't Société Privée de Gérance now in its sixties, whilst Rytz et Cie SA is well into its eighties?), the more **complex every problem and situation** seems to be. There is not (any longer) necessarily a simple solution to all of the major ills and challenges.

The first type of complexity is *classic*: every remedy has inherent side effects. There are numerous examples: the increase in the price of fossil-fuel energy is a good thing, as it certainly encourages conservation, thus making renewable forms of energy relatively more attractive; however, it also makes oil and shale gas more profitable again, thus representing a new harm to the environment. The complexity of the problems also results in a detrimental form of compartmentalisation. As the United States withdraws from Afghanistan, the world essentially views the matter under its geostrategic and military aspects. Meanwhile, the environmental dimension goes largely ignored, despite the fact that thousands of tons of abandoned military materials have been left to slowly rust and decompose,

⁴ www.businessinsider.com/interest-rates-5000-year-history-2017-9?IR=T

⁵ The IMF illustrates the vertiginous increase in the **value of homes** throughout the world in a line graph, which you can consult at the following link: www.imf.org/external/research/housing/index.htm.



creating mountains of toxic waste. This will surely have a significant impact on the environment (yet two months later, the US president is lecturing everyone else at COP26 in Glasgow...)⁶

The second type of complexity is the result of one of the dark sides of human '*genius*', excessive control and the **illusion of omnipotence** expressed through a tendency to bureaucratise, manage and regulate relentlessly and senselessly. '*Nobody is presumed to be ignorant of the law.*' Really? Who is capable of managing even a micro-enterprise without legal counsel, an expert in pension funds, a tax advisor, a conflict mediator and a safety manager (who now has the added responsibility of monitoring COVID certificates)?

However, in all fairness, what politician would stand a chance of being elected or re-elected if, when confronted with a problem or an accident that wounds the sensibilities of the public (or simply the media), he or she said, '*Accidents happen; there's no reason to legislate every time*'?⁷ Although it is true that societal, economic and other changes justify new laws and regulations, what is missing now is a corresponding body or assembly exclusively tasked with de-legislating: repealing unnecessary laws and lifting restrictions that have proven to be overly complex or that have brought about disproportionate, unforeseen, adverse consequences. This counter-power does not exist and yet its existence is indispensable. It is not normal that the average person is no longer able to navigate the legislative and regulatory jungle without one or more advisors capable of mastering thousand-page legislation with an ever-increasing number of layers. Therefore, several years ago, the Grand Council of Geneva adopted the principle of repealing an outdated law every time it enacted a new one. Of course, this brilliant idea has yet to come to fruition.

Finally, the complexity of today's world is also a result of the emergence of new concepts and new realities, a **virtual and intangible** universe in which we have difficulty making out the contours and boundaries (do such limits even exist?) and in which, evidently, we cannot even discern the future. For example, who can claim with certainty whether cryptocurrencies are a scam (a sort of Ponzi scheme) or simply a passing fad, the result of speculative hype that correlates in a certain way with out-of-control monetary growth and human irrationality and that is ultimately destined to fail? On the other hand, who can claim with certainty whether one cryptocurrency or another, as an asset of a finite, limited quantity, does not constitute a *hard asset* destined to take on a fair value, considering the depreciation of classic currency?

The same goes for **blockchain**: several years ago, this technology was presented as revolutionary and beyond promising, with a virtually unlimited number of applications. Today, however, this does not seem to be as certain.⁸ Whilst we are on the subject of complexity, we should make a brief mention

⁶ We could easily multiply the examples of this complexity or these paradoxes, especially in the environmental sphere, which has now taken centre stage. Globalisation is beneficial in that it helps distribute wealth and employment, lifting emerging nations out of poverty. However, importing an Australian chardonnay in Switzerland (at CHF 12.95 a bottle) is problematic from the perspective of CO² emissions, which are ten times higher than those of a chardonnay from Burgundy. (For more on this example and many others, visit <https://www.alpeninitiative.ch/en/>, a website you will surely find very interesting). With regard to the automotive industry, it is not entirely certain that electric vehicles have an overall environmental impact that is more favourable than that of traditional internal combustion vehicles; in all likelihood, the vehicle with the best environmental profile will be the one that is kept the longest (15 years?) or the one the owner refuses to replace (see the *Journal of Industrial Ecology*, www.doi.org/10.1111/jiec.13190 for more information on the topic); however, this then works to the detriment of our economic activity, employment, etc.

⁷ A quote from Daniel Kahneman also comes to mind: '*The issue becomes politically important because it is on everyone's mind, and the response of the political system is guided by the intensity of public sentiment.*'

⁸ For example, see www.medium.com/@kaistinchcombe/ten-years-in-nobody-has-come-up-with-a-use-case-for-blockchain-ee98c180100 and www.medium.com/@kaistinchcombe/decentralized-and-trustless-crypto-paradise-is-actually-a-medieval-hellhole-c1ca122efdec.



of the substantial—even phenomenal—costs of energy (and thus its ecological footprint) induced by cryptocurrency mining. As a result, we have an intangible, virtual asset whose ecological footprint, however, is quite tangible.

This is a fitting place to reflect for a moment on non-fungible tokens (NFTs), an improved version of cryptocurrency. We were talking about the gigantic supply of money (a phenomenon that is undoubtedly unprecedented in our history) created by the central banks: today the increase in the prices of tangible, physical assets (stocks, real estate, works of art, etc.) no longer suffices to *accommodate* all of these liquidities, which, however, only require movement within the intangible, virtual, digital realm. What a lucky coincidence since, in this domain, unlike the ‘finite’ physical world, the possibilities for the creation of assets are quite simply infinite! This naturally leads us to cryptocurrencies, more specifically to NFTs, which are virtual, digital assets that the human imagination creates using blockchain technology.⁹

A few examples? The very first tweet from Twitter founder Jack Dorsey transformed into a digital file and sold at auction for \$2.9 million (and in fact, the buyer paid using virtual currency, specifically Ethers). Then there is a physical work by the artist Banksy, which was officially destroyed in public to be transformed into a digital asset in a digital file, which sold for the sum of approximately \$380,000 (also paid in Ethers). The most spectacular (or is it the most grotesque?) example is a digital image created by Beeple (*a digital artist*) and presented as the first ‘*purely digital work with a unique NFT*’, sold at auction by Christie’s for the unbelievable sum of \$69 million.

This raises a fundamental question: doesn’t one sense intuitively that there might be something odd—even absurd—about paying hundreds of thousands or even millions of francs to hold something so abstract (ephemeral?) as a computer file incorporating data that is unfalsifiable because it is encoded and blocked by blockchain? Hasn’t this festival of speculative or recreational investment taken on orgiastic dimensions? Is this situation so different from the famous tulip mania of the seventeenth century?¹⁰

With regard to Switzerland, let’s limit ourselves to a few major matters and events. We will not linger on the topic of the pandemic, which has already been debated and commented on extensively (excessively?), except to observe that macroeconomic conditions remain favourable in our country, not to downplay the horrible suffering endured by certain sectors of the economy that were deeply and lastingly affected (notably, restaurants, live entertainment and the hospitality industry).

In the **real estate industry**, as we all know, the abundant money supply and low interest rates have powerfully sustained the prices of assets and even driven them to increase, and it does not appear that this will change anytime soon. However, it is true that the overall volume and growth of mortgages (total mortgage credits have, in fact, gone from 110 percent of the GDP to more than 150 percent of

⁹ Moreover, there is a certain irony in the fact that new technologies, including blockchain, are supposed to offer a particularly high level of security and yet this ‘new world’ is regularly the site of a variety of fraudulent activity: cryptocurrency fraud (www.businessinsider.fr/les-piratages-et-fraudes-a-la-cryptomonnaie-atteignent-deja-un-niveau-record-en-2021-188550) and NFT fraud (www.theverge.com/2021/8/31/22650594/banksy-nft-scam-pranksy-ethereum-returned-duplicates-art). The day may come when the pure materiality of a data point, i.e. its absence of digitalisation and the guarantee that it exists solely in the form of a physical document (on paper, for example), will be considered a ‘premium’ service. In other words, would it be absurd to imagine that someday we might pay for the guarantee that some of our data will only be stored in one or two well-defined places and only in a non-hackable physical format?

¹⁰ Another speculative dimension that we will not address here for lack of space is the emergence of trading platforms like Robinhood, which heavily exploit gamification, a technique that is very powerful and effective with younger audiences. In other words, these platforms present investing in an excessively entertaining way, spurring users to indulge in compulsive behaviours that are completely void of any rational grounds.



the GDP in a period of fifteen years) should be cause for reflection (or concern). On the other hand, the *'architecture'* of the world economy (at the foreign level more than in Switzerland), the valorisation of assets (not only in real estate), today rests on the assumption that interest rates will remain persistently (eternally?) low and that the money supply will remain high. We know intuitively that, like a rubber band, this situation cannot stretch out indefinitely, yet the damage caused by a break would be extensive. Everything (primarily the decisions of our central banks) would compete to prolong the current situation and defy the laws of gravity.

Somewhat surprisingly and, on the face of it, counterintuitively, if the pandemic has broken the economic momentum in Switzerland with a severe downturn in the GDP (-2.4 percent in 2020, although the State Secretariat for Economic Affairs anticipates a 3.6-percent rebound for 2021), the growth in the volume of outstanding mortgages has continued in 2020 with 37 thousand million Swiss francs in new mortgages, representing a 3.4-percent increase. In 2021, the **growth in outstanding mortgages** appears to be just as extensive, and it is certain that the current level of mortgage debt is historically high and constantly growing.¹¹

With regard to public safety in Switzerland, who would tolerate bands of hooligans attacking pedestrians, bystanders or travellers at random in public spaces? Who would accept a police force that is non-existent or systematically overwhelmed and unable to protect the citizens each day? Yet, this is exactly what is occurring in the digital realm: the huge increase in large-scale hacking operations against companies, individuals and public entities makes it impossible to ignore the essential, vital importance of cybersecurity. This is ultimately the responsibility of the government, as is public order in the streets, protection of the integrity of individuals and property, etc. From this perspective, the creation of a **Secretary of Cybersecurity** makes perfect sense, and the sooner, the better. Since we have created an immense virtual universe, full of valuable assets, it is entirely appropriate to impose the same kind of order and security that we enjoy (generally) in the real, *physical* world.

To talk about cybersecurity in Switzerland and then consider storing the Swiss Confederation's data with Alibaba...can they be serious? To recap: the federal administration has decided to contract various foreign IT service providers, particularly for cloud services and data storage. These providers include Alibaba. At first glance, it is difficult to **imagine more naïveté** on the part of our federal authorities: does the Swiss Confederation really want to entrust storage of its data to a company located in one of the most powerful dictatorships on the planet? A regime whose design could not be further from ours with regard to respect for both private and public property and the protection of human rights and individual rights. Can we truly believe that our data could ever be completely and lastingly secure? Why not store the Swiss National Bank's gold in China, as well? An iconic Swiss company recently had to make formal apologies to China for its *'inappropriate'* remarks regarding Taiwan (so is it truly necessary to point out that they could hold the Confederation's data hostage in the future?) This decision to store data abroad is incomprehensible. It makes no sense, and we can

¹¹ At the end of 2020, the total amount of mortgages in Switzerland came to 1,138 thousand million francs, as compared with 1,250 thousand million in Germany, a country with 10 times as many people. In Switzerland, outstanding mortgages represent 30 percent of banking system assets, and up to 70 percent if we only consider banks focused on the domestic market (www.snb.ch/fr/mmr/speeches/id/ref_20210831_zur/source/ref_20210831_zur.fr.pdf).



hardly conceive that it could materialise; however, it does raise fundamental concerns as to the common sense of those governing us.

Whilst we are on the topic of the digital domain, we should also mention an equally significant national development, as it represents a **monopolistic ambition**. We are referring here to the reorganisation of real estate listing platforms Homegate (belonging to TX Group, formerly Tamedia) and Immoscout 24 (belonging to Ringier and La Mobilière) into a common entity. According to certain estimates, the new entity would consolidate more than 80 percent (yes, you read correctly!) of the volume of real estate searches for potential tenants and owners in Switzerland (essentially, the entire German-speaking region). In other words, this new actor will enjoy a more-than-dominant, nearly monopolistic market share.

This goes to show the point at which real estate service providers in French-speaking Switzerland had foreknowledge, since several years ago, they regrouped (more than 110 of them from all of the cantons in Romandy) to create the *immobilier.ch* website, which largely consolidates the listings of available properties in the area (both for sale and for lease). In so doing, these real estate service providers acted not only in their own interests but also in the interests of their clients (who are usually the ones who ultimately pay for real estate listings) and even owners who manage their assets themselves. The goal is to maintain control of the data and avoid subjugation by a third-party monopoly that avails of an overly powerful mechanism for fixing the price of listings in the absence of competition. This strategy has been successful, as it has patently enabled maintaining online real estate listings at a reasonable, competitive price (which otherwise would have increased) by placing *immobilier.ch* amongst the top two real estate portals in French-speaking Switzerland.¹²

This also makes it possible to continue with the relatively new trend amongst real estate service providers to engage in diversification for various motives (to offset the erosion of their margins, a euphoric effect related to the abundant money supply?). At first glance, we can distinguish three specific cases. We have already mentioned the first of these, which is the most obvious (and undeniably legitimate). It is an obvious strategic necessity for real estate agencies to maintain control of their data and avoid subjugation by a third-party monopoly. The advantage being that, in this case, **there is no conflict of interests** between the real estate agencies and their clients. To the contrary.

There is a second less clear and more arguable case: the example of surety companies for tenants. For a number of years, Swisscaution was notorious for monopolising this niche, so there was interest in favouring the emergence of competition in this area to guarantee a healthy rivalry and stimulate a qualitative approach that would also be in the best interests of property owners. However, let's be clear: at this time, in which various companies are fighting for the **rental deposit market**, there is no strategic interest for an agency to be present, unless it is to make money. Evidently, this creates a conflict of interests: the more restrictive the surety company is in managing losses caused by building tenants (to the detriment of property owners), the more profitable they will be, but in detriment to the interests of the landlord. This conflict of interests seems problematic to us because it is **structural**,

¹² With **1.1 million** visits per **month** and more than 25,000 properties listed, *immobilier.ch* has effectively achieved a leading position in the French-speaking Swiss market. Moreover, the **price of listings** there is **40 percent lower** than on Immoscout 24.



and it is what has led us—contrary to other agencies—to refrain from pursuing our commitment in this sector (as our original commitment, as mentioned previously, was to prevent a monopolistic situation).

We can briefly cite a third specific case having to do with diversifications in emerging sectors (for example, energy-efficient building renovations and related technologies) that most of the time are aimed at stimulating the development of new solutions and advancing the technology and expertise in this sector. As long as profitability is not the predominant goal, why not?

Above, we mentioned the evolution of our contemporary world towards gruelling complexity. Consequently, let's not remain silent regarding another phenomenon that complicates the task of real estate professionals, besides that of many other citizens: **government overreach** (principally in Geneva and the canton of Vaud) in the domain of real estate acquisition (especially land for development) through exercise of the right of first refusal.¹³ This right enables a public body, upon conclusion of a transaction, to take the place of the buyer chosen by the seller of a property, under the conditions to which the parties have agreed.

This legal right of first refusal has existed in various communes and cantons (particularly Geneva and Vaud) for some time now, but it was always understood that it should be exercised with some restraint. There had to be a strong preponderance of public interest, the public entity exercising its right of first refusal had to have a specific, concrete project in the public interests in order to utilise the pre-empted property, and the entity had to demonstrate that it could make better (or different) use of the property than a private buyer would. However, today, this right of first refusal has been perverted. Certain communities are beginning to exercise this right indiscriminately (the abundant money supply and zero interest rates are obviously stimulating this buying frenzy; furthermore, real estate now appears to be an absolutely risk-free investment!). There is no longer a balance between private and public interests. Even elected officials are stating that *private project owners are not the only ones who can offer commonholds or condominiums*. As if real estate development could be the role of a community.

This ignores the fact that private developers are the ones who most often trigger the implementation of construction and major renovation operations and invest in feasibility studies, etc. The right of first refusal becomes a **form of violence and expropriation**, as the public body usurps the buyer at the last minute in a transactional process that has been patiently orchestrated over the course of several years. Therefore, if it is legal for a right of first refusal to exist in favour of the community when there is a pronounced public interest, the fact remains that the exercise of this right should be carefully weighed after deep reflection and analysis, in accordance with rules that are predefined, clear-cut and transparent.

With regard to our company, we have been content to reap the fruits of our commitment for several years in the **environmental domain and the field of energy conservation**. No delayed trend effect concerns us, as we have been emphasising the priority we have given to this field for a long time through the existence of an *Energy and Environment Department*, groomed by an experienced, specialised engineer in direct line with our general management. Its purpose? To analyse the energy-

¹³ The municipality of Lausanne committed 38 million francs in 2020 to pre-emption rights and hopes to earmark 80 million for the years to come.



efficient performance of the real estate we manage; to study and propose measures to streamline and improve efficiency; to coordinate studies and multidisciplinary involvement; to analyse the financial impact of any possible interventions, as well as the available mechanisms; and, of course, to aid property owners in distinguishing gimmicky measures that are simply ‘*window dressing*’ (a risk that is always present when a credo such as ‘*conserve energy*’ becomes ubiquitous¹⁴) from measures that are truly effective.

Some amongst you undoubtedly know that Geneva will soon lower the regulatory threshold at which action must be undertaken from heating energy consumption of 600 MJ/m²/yr. to 450 MJ/m²/yr. In the properties under our management, the constant, multiple proactive interventions we have made in recent years will result in an appreciable decrease in average consumption, thus limiting the number of buildings affected by this lower threshold. However, with regard to Geneva real estate as a whole, a significant number of buildings whose owners believed they were covered will be affected (many buildings constructed before the year 2000, in fact, exhibit heating energy consumption levels between 560 and 480 MJ/m²/yr., which would previously be considered acceptable). This is also an appropriate time to mention that the experience and expertise we have gained in this field are not reserved solely for properties managed by the SPG-Rytz Group.

This year, our *Real Estate Development Department* presented, amongst others, a building that, because of its particular purpose, is especially meaningful to us. It is a 29-unit residential building in Lancy, exclusively for women who are facing instability or significant difficulties in their current living situation. The goal is to offer them a framework in which to stabilise their situation and get back on their feet or reorient the course of their lives. This project is the result of an initiative by the Association Les Vernets d’Arve, which has been actively **supporting women** since the sixties by providing them with housing.

Another area that is very important to us is **greening the exterior spaces** of buildings (true, it is a fashionable topic right now, but our actions in this area are meant to be durable and have been underway for many years!). To be honest, we have never understood why other real estate developers focus all their attention on the buildings under construction, whilst largely ignoring the surrounding exterior landscaping. This is why, in the process of developing an important project involving approximately 150 apartments on Plateau de Frontenex in Geneva, we held a private landscape architecture competition. The winner was Michel Desvigne, a well-known French landscaper who, over the course of his career, has collaborated with such architects as Renzo Piano and Rem Koolhaas and taught at various world-class institutions, including the Swiss Federal Institute of Technology Lausanne (EPFL), l’Accademia di Architettura di Mendrisio and Harvard.

¹⁴ A great example of a gimmicky measure with regard to energy is the very recent decision in Geneva to turn off all lights between 1:00 and 6:00 a.m. This measure promises energy savings of *one percent*, except that conserving energy at night (during the aptly named ‘*off-peak hours*’) serves no purpose (even to the contrary, as those who use electricity at night help maintain the production and distribution network). On the other hand, it is possible that the measure is positive from the perspective of reducing light pollution. However, this must be balanced with security (which, in principle, is improved by increased nocturnal illumination).



In addition to the aesthetic aspect (which will benefit not only the residents but also the general public, as a pedestrian path links Plateau de Frontenex to the green lane and ultimately to the Eaux-Vives Transit Station), the project will also entail planting **more than 200 trees**. We should point out that we aim to plant **high-quality trees** under conditions that will enable them to thrive! This may seem obvious, but in Geneva, people all too often plant ‘*alibi-trees*’ that remain stunted.

We have never failed to denounce this practice, which is largely attributable to public authorities. We will limit ourselves to a concrete example: the row of trees on the southwest side of Route de Chêne (around numbers 30 to 40), starting at Avenue de l’Amandolier (heading to the right toward Annemasse). These trees were planted a good fifteen years ago (*see the photo on the left*) and are still difficult to see! One can easily compare them with the trees we planted ourselves 30 metres away (*see the photo on the right*) in the Amandolier Park around the building at 30 Route de Chêne, which have grown magnificently simply because we planted them in accordance with best practices.



Briefly returning to the topic of the apartments on Plateau de Frontenex, these high-quality apartments were built in an equally high-quality landscaping environment. Nevertheless, the rents will be very affordable. For purposes of comparison, non-subsidised units go for CHF 1,000 per month for a two-bedroom apartment and CHF 1,500 per month for a three-bedroom apartment, whilst public housing (not necessarily subsidised) units go for CHF 850 per month for a two-bedroom apartment and CHF 1,350 per month for a three-bedroom apartment. Private project owners constructed and rented out these apartments, which obviously demonstrates that public project owners are not the only ones to make apartments available at affordable rents (even though it is true that Genevan development zone regulations also contribute to this favourable result).



With regard to the matter of greening, we wish to point out that, for several years now, we have contributed within our means (even if this is no more than a drop in the bucket) to worldwide reforestation efforts with a simple, concrete action called '*One contract, one tree.*' We started with the Amazon Rainforest, but then we became aware that, closer to home, the **Ivorian Forest**, which we almost never hear about, has been **devastated**, with a more than 90-percent reduction in area in a matter of a few decades! The consequences are obviously dramatic, not only for animal species but also for human living conditions. Beyond the planting of 2,400 trees that our initiative finances each year, our activity also aims to highlight an all-too-unknown situation just a few thousand miles away from us.

A few topics come up again each year because they relate to key areas that are fundamental to us, as they constitute our core values. One of these is **training**, to which we have been resolutely and consistently committed. Up until now, as a rule, we have trained six apprentices. There are now seven in our group working on their Federal Certificate of Proficiency as commercial employees, accompanied by four trainers. Furthermore, our personnel have pursued 74 ongoing education or accreditation programs. Finally, throughout the year, our company has responded positively to initiatives (guided visits and introductory courses) enabling young people to discover, over the course of a few days or a few months, the various facets of the property management profession or other real-estate-related professions. The Swiss Union of Real Estate Professionals (USPI) officially validates these efforts through recognised accreditation of the companies or employers concerned. In all honesty and without being diplomatic: the intensity of the efforts and commitment in terms of training programs is extremely variable in our industry: some real estate agencies commit intensely and generously, whilst others...not at all! **We hope that clients are attentive to this dimension and aware of it, for example, during the tendering process**, as training is a significant investment not only for the key players in the domain but also for the community, especially for our youths.

Our '*professional DNA*' also includes the specialisation we have acquired in the area of **property sales**, especially (but not exclusively) investment properties and iconic buildings. As a result, over the years, we have had the privilege of marketing and selling rare items like the historical complex of commercial buildings on Place du Molard (currently occupied by Globus), the administrative buildings located at 43 Rue du Rhône, as well as 8 Rue de Rive, in the heart of the Rues-Basses, the vintage building located at 37 Quai Wilson, which was recently renovated to house The Woodward Hotel, the Genevan headquarters of the Swiss National Bank and the exceptional Saint-Georges Center office building. More often than not, it is a matter of getting the best price the market can offer, but in the context of an approach combining ethics and transparency (that does not impede discretion), which is formalised by updating documentation that was previously irreproachably complete.

This year, we had the pleasure of being contracted for the marketing and sale of three commercial buildings located at 30–32–34–36 Rue du Marché, housing the venerable Bongénie Department Store. Throughout the process, we maintained complete confidentiality, in accordance with a vow we were able to uphold up until we closed the sale (which is now a matter of public record, as all real estate transactions must be published in Geneva; therefore, the information was available to the press for publication). It was one of the largest real estate transactions of the year in Geneva, with a sales price of CHF 220,000,000. We are obviously proud that our *Property Sales and Valuations Department* successfully concluded this transaction under the best possible conditions (by which a



long-term lease agreement enabled securing the presence of this historical, prestigious brand in the heart of Geneva).

Whilst we are on the topic of brokering, we would like to say a few words about the emergence of *digital* (automated, so to speak) and **low-cost** brokering. Indeed, we have witnessed the appearance of brands offering to manage real estate sales transactions at reduced fixed rates. Why not? In the food service industry, there are fast food restaurants and traditional restaurants. Everyone understands that these have different offerings and services, which justify the difference in price. The same principle applies to the real estate service industry. Certain companies choose to position themselves in the market with low-priced offers, for example, by employing workers who are low-paid (or that work on a commission-only basis, often tempting them to close sales by taking risky shortcuts) or, when the ‘sticker price’ is low, by adding a number of supplemental services, which are subject to surcharges. Some perhaps only carry a limited amount of civil liability coverage; others may save money by not investing in any sort of training...or perhaps they reduce their marketing expenses to a bare minimum (which is not in the best interests of the seller). In the case of fixed remuneration that is de-correlated from the sales price, the interests of the broker are no longer in line with those of the owner-seller. A low-cost broker working at a fixed rate is motivated to close the sale as quickly as possible (even at a lower sales price), whilst a ‘premium’ broker interested in performance is motivated to maximise the price of the transaction.

That is the challenge: **to work quickly in the interests of increased volume or to emphasise quality** (even if it means working a little longer) and maximise added value. We will not elaborate further on this topic but, instead, will conclude simply with the observation that the nominal percentage of a commission depends on a whole host of elements, whilst a higher commission can usually be made cost-effective by means of commanding a higher sales price. For our part, in this industry as in others, we always choose to maximise added value for our clients.¹⁵

We will close this letter by mentioning another distinctive feature of our *company DNA*: the love of paper, printing, tangible elements, but also the pleasure of exploring the world of words and ideas. This takes various forms, for example, the *SPG Literary Prize for a First French-Language Novel*, but also our periodic publications, including *L’Information Immobilière* and *Immorama*. The most recent edition devoted its cover story to low-profile and obscure personalities from the distant or recent past who contributed in their own ways to *making a difference* in relation to the course of events within their grasp.¹⁶

¹⁵ Many low-cost brokers also bill their fees at the time they accept the contract, regardless of the outcome of the sale, whilst we always take a risk: if we do not get results, we do not charge a fee. This translates into a fundamental guarantee of a higher level of service!

¹⁶ www.immorama.ch/articles/anonymes



In closing, it is a worthy ambition for all of us, in our own way, to *make a difference* in our sphere of influence, at the very least, in our immediate environment.

Now, all that remains is to thank you for taking the time to read this and to express our gratitude for the trust you have placed in us. We would also like to extend our best wishes to you and your loved ones for the upcoming holiday celebrations.

SOCIÉTÉ PRIVÉE DE GÉRANCE

T. Barbier-Mueller
Chief Executive Officer

M. Barbier-Mueller
Member of the General Management