



REQUEST FOR INFORMATION (RFI)

for

International Office and Commercial
Brokerage and Advisory Services

A1. TITLE International Commercial Brokerage Services
A2. SOLICITATION NUMBER ARA-INTL-BRKLOI-00001
A3. DATE July 18, 2013
A4. RESPONSE DELIVERY Organizations interested in providing a response must do so by no later than 1400 h on August 5, 2013 (Ottawa, Ontario time) . Electronic responses must be entitled: ARA-INTL-BRKLOI-00001 Email file size cannot exceed 3MB. Proponents must not submit more than one email. Electronic responses must be sent only to the following email address: Email: aaqr-contracts@international.gc.ca Please note: Electronic responses must not be copied to any other address or individual. Requests for confirmation of receipt of responses must be sent to: Attention: Brianne Leach Email: brianne.leach@international.gc.ca Telephone: (613) 960-2771
A5. ENQUIRIES All enquiries or issues concerning this RFI must be submitted in writing to aaqr-contracts@international.gc.ca no later than three (3) calendar days prior to the Closing Date and Time in order to allow sufficient time to provide a response.
A6. LANGUAGE Responses shall be submitted in English.

SECTION I – BACKGROUND AND SUBMISSION INFORMATION**SR1 INTRODUCTION**

- 1.1** Her Majesty the Queen in Right of Canada, represented by the Minister of Foreign Affairs, is seeking information from the commercial and office real estate brokerage industry with respect to the provision of international real estate transactional and advisory services for office and commercial space.

SR2 OBJECTIVES

- 2.1** This Request for Information (RFI) is an inquiry for general information regarding the provision of possible solutions for the acquisition and disposal as well as related services office and commercial real property managed by the Department of Foreign Affairs, Trade and Development (DFATD).

The purpose of the RFI is to better understand the market for real estate broker services.

Proponents may submit commercial-in-confidence documents/information/data which Her Majesty reserves the right to use to assist in preparation of the resulting RFP for Brokerage Services.

2.2 The key objectives of the RFI include:

- 2.2.1** Determining industry interest in the provision of specific described services.
- 2.2.2** Understanding the nature and types of contracts that the industry might propose for the provision of the described services, including compensation and gainsharing models.
- 2.2.3** Understanding special considerations related to DFATD's unique portfolio and transaction volume that may have bearing on the provision of these services and potential contract structures.
- 2.2.4** Identifying gaps where the industry may not be able to offer services.
- 2.2.5** Obtaining ideas from the industry related to opportunities for the provision of related services that DFATD may not have yet contemplated or beyond which DFATD had requested information.

SR3 Nature of this Request for Information

- 3.1** This RFI is not a call for tender, bid solicitation, or a Request for Proposal (RFP) and no agreement or contract for the procurement of possible products and/or solutions will be awarded as a result of this RFI. This RFI will not result in the creation of any source list. As a result, potential suppliers of any services described in this RFI should not allocate resources as a result of any information contained in this RFI.
- 3.2** This RFI does not constitute a commitment by Her Majesty. Her Majesty does not intend to award a contract on the basis of this notice or otherwise pay for the information solicited.
- 3.3** The issuance of this RFI does not create an obligation for Her Majesty to issue a draft or final RFP, and does not bind Her Majesty legally or otherwise, to enter into any agreement or to accept or reject any suggestions.
- 3.4** The procurement of any of the services described in this RFI will not necessarily follow this RFI. This RFI is simply intended to solicit feedback from industry with respect to the matters described within.
- 3.5** Whether or not any potential supplier responds to this RFI will not preclude that supplier from participating in any possible future procurement process.

3.6 Nature and Format of Responses Requested

Respondents are requested to provide their comments, concerns and, where applicable, alternative recommendations regarding how the requirements or objectives described in this RFI could be satisfied. Respondents are also invited to provide comments regarding the content, format and/or organization of any draft documents included in this RFI. Respondents should explain any assumptions they make in their responses.

3.7 Response Costs

Her Majesty will not reimburse any respondent for expenses incurred in responding to this RFI.

3.8 Treatment of Responses

3.8.1 Use of Responses: Responses will not be formally evaluated. However, the responses may be used by Her Majesty in the development of a competitive RFP. Her Majesty will review all responses received by the RFI closing date.

3.8.2 Review Team: A review team composed of representatives of DFATD will review the responses. Her Majesty reserves the right to hire any independent consultant, or use any Government resources that it considers necessary to review any response. Not all members of the review team will necessarily review all responses.

3.8.3 Confidentiality: Respondents should mark any portions of their response that they consider proprietary or confidential. Her Majesty will handle the responses in accordance with the *Access to Information Act*. Information provided in response to this RFI will be divulged only to government officials authorized to participate in this pre-procurement activity. However, respondents must be aware that aspects of their response may be used as a basis for modifying the draft documents, as any future procurement requirement is prepared.

3.8.4 Follow-up Activity: Her Majesty may, in its discretion, contact any respondents to follow up with additional questions or for clarification of any aspect of a response.

3.9 Contents of this RFI

This RFI contains specific questions addressed to the industry.

3.10 Format of Responses

Numbering System: Respondents are requested to prepare their response using a numbering system corresponding to the one in this RFI. All references to descriptive material, technical manuals and brochures included as part of the response should be referenced accordingly.

3.11 Submission of Responses

3.11.1 Time and Place for Submission of Responses: Suppliers interested in providing a response shall do so in accordance with A4 Response Delivery.

3.11.2 Responsibility for Timely Delivery: Each respondent is solely responsible for ensuring its response is delivered on time to the correct location.

3.11.3 Identification of Response: Each respondent should ensure that its name, contact information and solicitation number **appear** in their response.

SECTION II – QUESTIONS TO INDUSTRY**Core Services of interest**

DFATD is contemplating contracting structures related to office and commercial real estate transactional and advisory services.

1. Market consulting services of interest:
 - a. Regular market reporting to establish market trends and clearing prices, independent or in advance of specific transactions in on regions, major markets, and submarkets of interest.
2. Tenant representation services of interest:
 - a. Specific market reporting to establish market trends and clearing prices.
 - b. Acquisition or renewal by lease or sublease.
 - c. Disposal by early termination, exercise of option, sublease or assignment, including the obtaining of landlord consents where applicable.
 - d. Negotiation of restoration obligation on termination or expiration.
 - e. Representation by chartered surveyor in rent review processes where applicable.
 - f. Blended services (sale leasebacks, P3, synthetic leases, connection or introduction to capital or investor markets, and other development instruments).
 - g. Strategy, marketing, negotiation, and investment analysis related to options evaluation on transactions.
3. Purchaser representation services of interest:
 - a. Specific market reporting to establish market trends and clearing prices.
 - b. Acquisition by purchase, including purchases of “virtual freehold” long-term leases.
 - c. Conversion by purchase, of “virtual freehold” long-term leases to true freehold.
 - d. Strategy, marketing, negotiation, and investment analysis related to options evaluation on transactions.
4. Vendor representation services of interest:
 - a. Vendor representation (disposal by sale, including sales of “virtual freehold” long-term leases.
 - b. Development or investment augmented services (sale-leasebacks, P3, synthetic leases, connection to capital or investor markets, highest and best use development, development tied to regulatory approvals, and other development vehicles).
 - c. Strategy, marketing, negotiation, and investment analysis related to options evaluation on transactions.
5. Advisory services of interest:
 - a. Portfolio management reviews and advice (mapping DFATD portfolio to market trends and opportunities)
 - b. Asset management advice
 - c. Long term capital planning.
 - d. Policy and standards development related to property ownership and investment.
 - e. Advice in the evaluation of unique transactional, development, or public-private partnership alternatives.
 - f. Provision of risk management and business continuity planning advice as it relates to the real property portfolio.

6. DFATD would require certain reporting and support related to the administration of the relationship and the individual transactions therein, including:
 - a. Individual transactional project planning and reporting, including marketing plan.
 - b. Transactional financial and investment analyses using partner and DFATD templates.
 - c. The supplier's management or support of required DFATD internal approvals.
 - d. Delivery of these services in the context of a broader team of comprised of employees and other consultants and service providers.
 - e. Process compliance reporting with Government of Canada and DFATD legislation, regulations, policies, standards and guidelines.
 - f. Support for DFATD and Government of Canada business reviews and audits.
 - g. Support for and preparation of accounting entries required by the activities under the relationship.
7. In any services relationship, DFATD would require significant and liberal audit rights, commensurate with the parties' level of partnership and integration, making transparent not only the details of each transaction, but also the supplier's financials, quality policy, business practices and processes related to the relationship and as set out in the agreed instrument of relationship.

Additional Services of interest

DFATD is also seeking information on contracting structures related to other possible real estate services to be provided in a team environment comprised of employees and other consultants and service providers.

1. Rent and lease administration:
 - a. The management of contracts and deeds where DFATD is owner, tenant, subtenant, landlord or sublandlord, and the notices and payments and collection of rents thereof. The management of landlord or tenant communication (in conjunction with DFATD property operator).
 - b. The abstraction and retention of new occupancy instruments and legal documents.
 - c. The tracking of critical dates, and notification of DFATD staff or suppliers of these dates to facilitate real estate planning decisions.
 - d. The tracking of building occupancy and tenant complement in properties leased by DFATD, noting specifically tenants of possible concern or pending low or zero-occupancy situations. The flagging of potential landlord or tenant solvency issues.
2. Valuation:
 - a. The provision of individual valuation and appraisal services related to buildings, land, and condominiums to inform acquisition and disposal transactions on as as-required basis.
 - b. The provision of portfolio-wide desktop valuations on a cyclic basis to assist DFATD planning and recapitalization activities.
3. Advocacy
 - a. The representation of DFATD before owners, neighboring property-owners and authorities having jurisdiction in commercial issues related to eminent domain / expropriations / easements and rights of way.
4. Credit evaluation
 - a. The credit or solvency evaluation of potential tenants, subtenants or any counterparty to an instrument to which DFATD is a party. Recommendations on the amounts or nature of contract security where applicable.

DFATD is asking vendors to provide answers to the following questions:

Relationship Structure

1. What kinds of contract structure might work for a client with a portfolio of the type and size as ours?
2. Would a partner be able to provide in-house representation in the countries in which DFATD operates? Which countries would not fall within your firm's in-house representation umbrella? What countries in the DFATD scope would a proponent foresee it being impossible for any firm to provide services?
3. If a proponent firm does not have in-house reach to certain countries in which DFATD operates, how would it provide representation? Would it use a consortium partner? Would it conduct a market search for local representation at the time of the instruction and, if so, how long might that take?
4. DFATD assumes that a partner would indemnify DFATD against all 3rd party fee claims related to transactions in scope. Would a proponent agree to these terms? Would it limit that indemnification?
5. DFATD would prefer an exclusive, but non-obligatory relationship structure where a partner has exclusivity in its region, and where the majority of transactions would likely be undertaken by that partner, but where DFATD reserves the right to exclude certain transactions due to their scale or nature (while still allowing the partner an opportunity to bid for the excluded transaction). Would this assumption be difficult a proponent to accept or unduly limit the interest of proponents in bidding?
6. DFATD is trying to determine an optimal strategy for having as few contracts as possible to simplify administration, and aggregate the volume of work to maximize discounting. At the same time, it recognizes that certain proponents may have strength in particular markets, and that a single global vendor may not be able to provide this specialization. How would a proponent reconcile these objectives? Are they mutually exclusive?
7. DFATD assumes that its relationship partner would provide a single point of contact (SPOC) for liaison and conduit between DFATD and partner. This role would translate agreed DFATD requirements for the benefit of partner offices or consortium partners that may only rarely provide service to DFATD. AS well, all reporting and issues management would flow through the partner SPOC to the DFATD SPOC. The SPOC would invest time in integrating into DFATD's processes, meetings, and culture, while directing the partner's local efforts and meeting reporting obligations to DFATD.
8. What role would a partner assume the DFATD SPOC (DFATD's counterpart to the partner's SPOC) would play? What would the partner require from the DFATD SPOC?
9. As regards audit rights, would a proponent balk at such an "open book" relationship? What areas of business practice might a partner want to exclude from audit?
10. What role would a partner visualize for DFATD's realty managers in the direct negotiation of transactional work? At what points might a partner want to leverage the direct participation of DFATD employees with a counterparty?
11. What term of contract might be a suggested effective minimum to permit learning and maturation of the relationship? Under what terms and notice might the parties be able to unwind the agreement?
12. One advantage DFATD sees with a regional or global relationship rests in leveraging the local presence of a partner. How much information could a local office provide to assist DFATD in the shortlisting of possibilities and "coarse filtering" due-diligence?
13. How might a partner envisage DFATD individual scopes of work would be instructed by DFATD?
14. How might a partner foresee fulfilling what it perceives as the unique requirements of DFATD as a public sector property holder of an international portfolio of unique properties, and unique legal requirements? How would a partner understand and balance the need to bring best value to the Crown with DFATD's transparency and policy compliance obligations?

Fee Structure

1. Would a proponent be able to generate a country-based fee schedule (for those countries in which DFATD operates) that would reflect locally-accepted market norms? Are there countries in DFATD's network where this would be impossible?
2. Are the estimated DFATD transaction volumes sufficient to make a relationship-based contract viable for a partner?
3. DFATD may desire, by virtue of estimated (but not guaranteed) transaction volume, a contracting model including fixed or progressive discounting or "gainsharing" / "feebating" from established and generally locally agreed market rates. The feebate (a credit representing a portion of fees received from 3rd parties for transactions concluded by DFATD) could be applicable to other services normally paid by DFATD to its partner, including disposals, advisory services or acquisitions (in countries where acquirer pays for their acquisition representation). How might a proponent structure such an agreement?
4. If DFATD elected to break the scope of work into two or three regionally-based contracts, would that materially affect the viability of the work or the feebating regimen?
5. Are there countries where it would be impossible or unattractive for a partner to provide services?
6. How might a proponent propose to handle marketing expenses related to transactional work? Would there be a basic level of marketing provided included in the transactional fee. What marketing activities would a proponent provide without any charge beyond the fee? What marketing services or activities would typically be available for additional fees?
7. DFATD assumes that all activities undertaken by a partner in support of the transaction and included in a contingent fee, would not be indemnified by DFATD should a transaction not take place. Is this a reasonable assumption?
8. What methodology might a proponent propose to be compensated for surrender, early termination, sublease, assignment, and rent review scopes (i.e. those which generate savings to DFATD but may fall out of a generally-accepted local fee structure)?
9. What methodology would a proponent propose for the compensation of advisory services?
10. A relationship agreement may include a bonusing scheme contingent on the achievement of certain mutually agreed key performance indicators (e.g. customer satisfaction indices). Can you provide examples of KPIs which may be commonly used in the market for brokerage relationships like the one envisaged?
11. How might a partner propose that the SPOC's services be compensated? Would SPOC cost be loaded into fee proposal? Would DFATD indemnify partner for SPOC's cost? Could recovery of SCOP's cost be offset from any feebate credit (before other use of that credit)? Are there other recovery models that a partner could suggest?
12. What evidence or benchmarks might a partner provide as evidence of the relationship's continuing cost competitiveness, especially for longer-lived relationships?

Additional Services

1. Other than transaction and advisory services, what other services closely related to transactions could be cost-effectively provided by a proponent (i.e. rent and lease administration)?
2. Would it be possible for a proponent to bundle and subcontract related real property operations, design, project management, or asset management services, providing "one-stop-shopping" for DFATD?
3. What informatics tools could a supplier offer and bundle with a service contract (CAFM or rent and lease / critical dates administration databases)? How might the contract contemplate integration costs? Could integration costs be amortized over the life of the contract?

Table 1
Office Property Statistics

Number of office locations: 243 (excludes parking and vacant land)

Size of office portfolio: 470,000 m² gross

Crown leased:

- 168 properties
- Total 175,000 m² gross
- Largest property: 7,300 m² gross
- Smallest property: serviced office suite
- Average size: 1,050 m² gross

Crown owned:

- 75 properties
- Total 295,000 m² gross
- Largest property: 27,900 m² gross
- Smallest property: 150m² gross
- Average size: 3,920 m² gross

Table 2
Location of Canadian Offices Abroad

Afghanistan	Kuwait
Algeria	Latvia
Argentina	Lebanon
Australia	Libya
Austria	Malaysia
Bangladesh	Mali
Barbados	Mexico
Belgium	Mongolia
Brazil	Morocco
Brunei Darussalam	Mozambique
Burkina Faso	Netherlands
Cameroon	New Zealand
Chile	Nigeria
China	North Atlantic Treaty Organisation (NATO)
Colombia	Norway
Congo, Democratic Republic of	Organization for Economic Co-operation and Development (OECD)
Costa Rica	Organization of American States (OAS)
Côte d'Ivoire	Pakistan
Croatia	Panama
Cuba	Peru
Czech Republic	Philippines
Denmark	Poland
Dominican Republic	Portugal
Ecuador	Romania
Egypt	Russia
El Salvador	Saudi Arabia
Ethiopia	Senegal
European Union (EU)	Serbia
Finland	Singapore
France	South Africa
Germany	Spain
Ghana	Sri Lanka
Greece	Sudan
Guatemala	Sweden
Guyana	Switzerland
Haiti	Syria
Holy See	Taiwan
Hungary	Tanzania
Iceland	Thailand
India	Trinidad and Tobago
Indonesia	Tunisia
Iran	Turkey
Ireland	Ukraine
Israel	United Arab Emirates
Italy	United Kingdom
Jamaica	United Nations (UN)
Japan	United States of America
Nagoya	Uruguay
Jordan	Venezuela
Kazakhstan	Vietnam
Kenya	Zimbabwe
Korea, Republic of	

Table 3
Recent Office Changes

Office openings

2012-13	1
2011-12	4
2010-11	4
2009-10	7
2008-09	5
2007-08	0
2006-07	0
2005-06	1
2004-05	8
2003-04	3

Office closings

2012-13	8
2011-12	0
2010-11	1
2009-10	7
2008-09	0
2007-08	4
2006-07	1
2005-06	1
2004-05	2
2003-04	1

Table 4
Recent Property Disposals
Office and large residential / land

Crown Leased (includes expirations and terminations)

2012-13	11
2011-12	11
2010-11	17
2009-10	23
2008-09	5
2007-08	22
2006-07	8

Crown Owned (sales)

2012-13	0
2011-12	4
2010-11	0
2009-10	1
2008-09	7
2007-08	2
2006-07	1