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Jones Lang LaSalle, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. Your first question comes from the line of Jeff Kessler.

Jeffrey Kessler - Lehman Brothers

Thank you. Hi Colin and hi Lauralee.

Colin Dyer - President and Chief Executive Officer

Hi Jeff.

Jeffrey Kessler - Lehman Brothers

Firstly, congratulations on a good quarter in a challenging environment. The first question I have is the margin... your margin in EMEA clearly was higher than what we or I think any other analyst had and I guess my question is what were the components of that margin increase and are those sustainable given the amount of investment... new investments that you want to make in those areas.

Lauralee E. Martin - Chief Operating and Financial Officer

I think there are a couple of components Jeff. First of all as you know it's been our strategy to raise the margin in the region and so we have been working hard in a number of different funds do that. I talked about the very successful growth of our advisory business which now is about 40% of the size of our capital market business in EMEA. That is the business that has a very high margin. It's a business that performs in a relatively consistent even through cycles and I think is a demonstration of really the expertise and advise that Jones Lang LaSalle can be to clients and we expect we will continue to grow that.

We also talked to you about the leasing markets in Europe had lagged a little bit to recovery in some of the other areas, again a very high margin business. I talked to you about the growth in leasing and the predictions that leasing will continue to grow in EMEA throughout the year as Colin talked about the fundamentals of real estate across the board being very good. Additionally, we have obviously done a number of acquisitions. Those today are clearly leveraging our platform which is our infrastructure cost. We are not getting the margin yet off of those but those are the piece that would get us into the... solidly into the margin that we want because they actually knocked the margin down about 1.5 percentage point.

The last piece I would say is just the footprint of Europe gets bigger, and typically the market that you play in; you play with the growth in those markets. In Europe, and in Asia and hopefully in the Americas as we have the service lines and the other geographies into South America and Canada

more robustly. All these markets give us a bigger footprint, but the growth in Russia, Eastern Europe, the additions of the Nordic, Turkey all of which are markets where we can sell a high margin business into very successfully... contributed very strongly. So, a theme we have been emphasizing and will continue to emphasize is that the platform that we have today is a very different platform than what I think many of our investors are judging upon, and therefore expect new platform that gives us the margin and the growth.

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