

TRAMMELL CROW CO
Form 10-K
March 29, 2002

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-13531

Trammell Crow Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

75-2721454
(IRS Employer
Identification Number)

2001 Ross Avenue
Suite 3400
Dallas, Texas

75201
(Zip Code)

(Address of principal executive offices)

(214) 863-3000

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, \$.01 par value

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

At March 15, 2002, there were 35,794,130 shares of Common Stock outstanding with an aggregate market value on that date of \$467,471,338, based upon the average of the low bid and high-asked price of Common Stock on the New York Stock Exchange on such date. As of the same date 33,158,404 shares of Common Stock were held by non-affiliates of the Company, having an aggregate market value on that date of \$433,048,756.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement to be furnished to stockholders in connection with its 2002 Annual Meeting of Stockholders are incorporated by reference in Part III of this Report.

PART I

ITEM 1. BUSINESS

Company Overview

Trammell Crow Company (the "Company") is one of the largest diversified commercial real estate service companies in North America. Through its offices throughout the United States and Canada, the Company delivers a comprehensive range of services to leading multinational corporations, institutional investors and other users of real estate services. In the United States, the Company is a leading provider of commercial property and facilities management services, commercial property brokerage and transaction management services, commercial property development and construction services and project management services. The Company, which is headquartered in Dallas, Texas, was founded in 1948 by Mr. Trammell Crow. From its founding through the 1980's, the Company's primary business was the development, ownership and management of industrial, office and retail projects. In 1991, the Company was reconstituted as a real estate services company. This reconstitution entailed the separation of the Company's commercial real estate asset base and related operations from its real estate services business. The Company continued to operate the real estate services business while ownership of the commercial real estate asset base was segregated into a large number of separate entities distinct from the Company, with independent management and operations. Many of these entities are managed by subsidiaries of Crow Realty Investors, L.P. d/b/a Crow Holdings ("Crow Holdings"), which is wholly owned by certain affiliates and descendants of Mr. Trammell Crow.

The Company delivers three core services management services, transaction services and development and project management services to both corporate and institutional customers. The Company reorganized its business effective January 1, 2001. Consequently, two of the reportable segments in 2000 and 1999, Corporate and Institutional, were reorganized into two new segments, Global Services and Development and Investment, in 2001. This reorganization was designed to consolidate all of the property and facilities management, brokerage and corporate advisory, and project management services delivered to both corporate and institutional customers under a single leadership infrastructure referred to as the Global Services Group. The reorganization also creates a national organization focused solely on the Company's development and investment activities referred to as the Development and Investment Group. In the second quarter of 2000, as the Company increased its activities in and assigned more dedicated resources to e-commerce, the Company began reporting these activities, including related overhead, in its third segment.

Within the Global Services segment, with approximately 6,700 full-time equivalent ("FTE") employees, the Company provides services to institutional customers (investors that are not typically the primary occupants of the commercial properties with respect to which services are performed) and corporate customers (users of space who are typically the primary occupants of commercial properties, including multinational corporations, hospitals and universities). Management services provided to institutional customers include property management services relating to all aspects of building operations, tenant relations and oversight of building improvement processes. Transaction services provided to institutional customers include brokerage services such as project leasing and investment sales whereby the Company advises buyers, sellers and landlords in connection with the sale and leasing of office, industrial and retail space and land. The management services provided to corporate customers consist primarily of facilities management, which entails providing comprehensive day-to-day occupancy related services, principally to large corporations that occupy commercial facilities in multiple locations. These services include administration and day-to-day maintenance and repair of client-occupied facilities. Transaction services provided to corporate customers include corporate advisory services such as

portfolio management and tenant representation. Project management services provided to corporate customers include functions such as space planning and relocation coordination. Through the Global Services segment, the Company is continuing to focus on opportunities for growth

in the service business and is focusing on opportunities to achieve operating efficiencies associated with the delivery of similar services (for example, property management for institutional customers and facilities management for corporate customers) through a consolidated services organization. From a domestic geographic perspective, the Global Services group is organized into 14 different customer-centric "mega-markets," many of which are multi-city. The Company's focus on establishing itself as a dominant brand facilitates the accumulation of strong resources within the "mega-markets."

Within the Development and Investment segment, encompassing approximately 200 FTE employees, the Company provides development activities and services to both institutional and corporate customers both those pursuant to which the Company takes an ownership position and those pursuant to which the Company provides development services for others on a fee basis. The Company provides comprehensive project development and construction services and acquires and disposes of commercial real estate projects. The development services provided include financial planning, site acquisition, procurement of approvals and permits, design and engineering coordination, construction bidding and management, tenant finish coordination, project closeout and project finance coordination. The Company will continue to focus its efforts in this area on risk-mitigated opportunities for institutional customers and fee development and build-to-suit projects for corporate customers, including those in higher education and healthcare. With an organization comprised of professionals dedicated fully to development and investment activities, the Company is better positioned to pursue and execute new development business, particularly programmatic business with the Company's large customers, and exploit niche market opportunities.

The Company's activities related to e-commerce, including related overhead, are captured in the E-Commerce segment. The E-Commerce segment also includes the Company's investments in e-commerce-related companies. In 2000, the Company entered into an alliance with other leading real estate service companies to develop e-commerce initiatives that leverage the collective experience and delivery capabilities of the alliance members to benefit their customers. The alliance and its members have invested in SiteStuff, Inc., a company that offers on-line procurement of products and services geared towards the management of real estate properties, and invested in a web-based transaction platform, including an Internet listing site for properties available for sale or lease. The Company has participated in these initiatives primarily to gain efficiency, and thereby reduce costs, in other parts of its business and to be more competitive with other real estate service providers in its services businesses. Effective January 1, 2002, the Company transferred operational responsibility for its e-commerce initiatives to management of the Global Services group, as it views these initiatives as integral parts of its service platform, not as separate businesses. The Company will continue to pursue e-commerce initiatives that are capable of integration with its services platform, and only those which it believes will benefit or directly advantage its services business. Accordingly, the Company will begin to report its e-commerce activities within its Global Services segment in 2002.

Competitive Advantages

The Company believes that it has the following important competitive advantages:

Comprehensive Service Offerings. The Company's comprehensive menu of services provides clients with single-point solutions to all of their commercial real estate services needs. The Company is focused on growing its business with large customers with long-term contracts, and often commences client relationships by providing a single service and later expands these relationships by anticipating and satisfying the client's other specific service requirements. By offering a full array of services, the Company is able to maximize the effect it has on its clients' businesses while becoming highly integrated into its clients' operations. The Company's extensive management business mitigates, to a certain extent, the sensitivity of its transaction-based business activities to economic cycles.

Development Expertise. The Company has the capability to implement active and sizeable development programs, primarily on behalf of its clients. The Company's development activities generate business revenue for its other service lines, which contribute to the Company's earnings. Because the Company provides development and construction management services to corporate customers with needs for build-to-suit projects, as well as to institutional investors, the Company can mitigate a portion of the adverse effect on its revenues when speculative development activities by or for institutional investors are curtailed in a market downturn. The Company is focused on growing its development business with corporate customers.

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Geographic Scope. In offices located throughout the United States and Canada and organized into 14 "mega-markets," the Company develops and maintains extensive knowledge of local real estate markets. Approximately 83% of the Company's employees are based in markets other than Dallas, Texas, where its executive offices are located. In 2000, the Company formed a joint venture with Savills plc ("Savills"), headquartered in London, to expand its geographic scope to Europe, Asia-Pacific and Australia ("Trammell Crow Savills"). Through Trammell Crow Savills, and the Company's own network of professionals in Latin America, the Company has an international delivery platform to provide services to its U.S.-based multi-national corporate customers and to add new customers with international requirements. In addition, the Company also has a strategic alliance with Savills to meet the international real estate needs of its institutional customers. This broad geographic scope allows the Company to serve as a single-source, full service provider to multinational corporations and institutional investors with real estate interests that span regional and national boundaries.

Management/Personnel. The Company has a highly qualified management team. Its 23-member operating committee has an average of approximately 14 years of experience with the Company. Eight members of the operating committee also comprise the executive committee and have an average of 16 years of experience with the Company. The Company believes the lengthy tenure of its senior management group is linked to its collegial internal culture and its history of promoting talented individuals from within. The Company's growth strategy, incentive-based compensation and the level of ownership by Company officers and employees provide further motivation to achieve a high level of performance.

Competitive Environment

Outsourcing. Outsourcing is a rapidly growing trend in the United States. Through outsourcing, organizations seek to reduce costs, improve profitability and refocus management and other resources on core competencies. This trend has resulted in the development of well-established providers offering an expanding range of outsourced services, including information processing, teleservicing and flexible staffing. Increasingly, organizations are also seeking outside providers for efficient and expert delivery of real estate services.

Consolidation. The traditionally fragmented real estate services industry is witnessing consolidation in customers' selection of service providers. When outsourcing real estate services, corporations and institutions have increasingly sought to consolidate the number of providers used and engage firms that can offer a full range of services across a wide geographic area. In the Company's view, the competitive imperatives presented by this consolidation trend include the need to maintain comprehensive service offerings, serve an expansive geographic area and achieve significant cost efficiencies. As the industry becomes more sophisticated, customers require the flexibility, multi-market perspective and technological and physical resources that large firms possess.

As the real estate services industry has grown, it has been accompanied by downward pressure on fees and the increased use of fee structures that reflect shared risk and emphasize the achievement of performance targets. These trends benefit firms with significant scale and the ability to spread fixed

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costs over a larger revenue base. The Company believes that few real estate services providers can meet the demands of large corporate and institutional customers.

Long-Term Growth Strategy

The Company's long-term growth strategy is centered around taking advantage of its geographic scope, its large existing customer base, its development capabilities, its strong brand name and the significant opportunity that exists in the corporate outsourcing arena. The key components of this overall growth strategy are:

Capitalize on Outsourcing Opportunity. The corporate outsourcing component of the Company's business represents a large and relatively untapped opportunity. As an outsourcing industry leader, the Company will continue to focus its resources, primarily in the U.S. and in Europe, on adding new customers and growing its substantial relationships with its approximately 99 existing corporate outsourcing customers. The Company intends to reinvent the way it delivers its outsourcing services with improved products and technological resources, with the overall focus on providing superior customer service.

Focus on Development Opportunities. With a national organization comprised of professionals dedicated fully to development and investment activities, the Company pursues and executes new development business, particularly programmatic business with the Company's large institutional customers and, increasingly, build-to-suit projects for corporate customers, including those in higher education and healthcare.

In addition, during development down cycles, the Company uses professionals in its development and investment organization to pursue opportunistic property acquisitions with its established capital partners.

Focus on Large Markets and Large Customers. The Company is focused on building large markets and serving large customers. The Company has organized its Global Services group into 14 different "mega-markets" and believes that this structure will allow the Company to achieve the critical mass that fuels growth with its larger customers. The Company believes that expanding its presence in these markets will create key hubs of growth, enabling the Company to more easily shift resources as needed, establish brand dominance and recruit top talent. The Company intends to maintain its focus on larger customers (which have historically fueled much of the Company's revenue growth) as it enters into long-term relationships that leverage its international full-service delivery capabilities. The Company believes this focus on large customers will also benefit the Company as the trend continues for both institutional investors and corporate users of space to consolidate the number of service providers they engage. The Company has benefited from this trend of consolidation in the past, and seeks to position itself to continue to benefit from this trend.

Take Advantage of Scale. With approximately 7,100 employees in offices throughout the United States and Canada, 99 corporate outsourcing customers, 570 investor/owner customers, relationships with approximately 17,000 tenants and almost 540 million square feet of managed space, the Company is well positioned to take advantage of its scale. The Company's scale positions it to apply technology to its internal operations both to better serve its customers and to achieve cost economies. In addition, the breadth and depth of the Company's operations and customer relationships provide opportunities to pursue various e-commerce initiatives, including the procurement of goods and brokerage transaction processing with commercial real estate or facilities orientations.

Global Services Segment

The Company provides services to both corporate and institutional customers through its Global Services segment. Global Services segment revenues grew from \$280.7 million in 1997 to \$660.8 million in 2001 (85.8% of 2001 revenues).

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Corporate

The Company provides outsourcing services, including facilities management services, corporate advisory services and project management services, to corporate clients. The goal of the Company's corporate services business is to align the facilities and support services of its clients with their operational and strategic business objectives. Occupancy-related costs frequently represent the largest corporate expense item after compensation and benefits. The Company believes that organizations are increasingly outsourcing their infrastructure management functions to reduce costs, improve profitability and refocus management and other resources on core competencies. The Company has developed expertise in providing real estate outsourcing services to clients in the financial services, healthcare, higher education, automotive, oil and gas and technology/communications industries. The growth, consolidation and regulatory changes taking place in these industries have increased the importance of outsourcing solutions to these corporations and have caused them to seek to improve productivity by rationalizing facilities organization and eliminating redundant assets. The Company believes that its expertise in servicing clients within these industries creates additional growth opportunities.

The Company administers outsourcing services using a centralized administrative, marketing and leadership organization combined with client-based delivery systems. The Company offers the following outsourcing service delivery options: (i) dedicated Company employees located at a client site; (ii) a team of Company employees dedicated to a client but located at Company offices; and (iii) a flexible, nationwide network of Company personnel providing the full menu of the Company's real estate services from the Company's local offices. Most of the Company's outsourcing engagements provide for on-site presence of Company employees, which the Company believes enhances client communication, provides focused personal service, protects the proprietary information of the client and enables the Company to monitor client satisfaction on an ongoing basis.

The Company seeks to enter into multi-year, full-service outsourcing contracts with its clients. Most contracts are structured so the Company receives a monthly base fee and annual incentives if certain agreed-upon performance targets are satisfied. Most contracts also provide for the reimbursement of client-dedicated personnel costs and associated overhead expenses. In many cases, these revenue sources are augmented by variable revenues from transaction services and project management services.

The five largest customers for the Company's outsourcing services business, measured in 2001 revenues from such customers, collectively represented 13.4% of the Company's total revenues in 2001. The Company believes that significant growth opportunity exists within its existing customer base, as only 39 out of its 99 customers purchase three or more types of services from the Company.

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In addition to the services described below, the Company also offers strategic services, such as consulting, development, properties portfolio management, real estate asset management, management of accounting and information systems, and organizational and process strategies.

Facilities Management Services

Facilities management services includes the day-to-day maintenance and repair of facilities, office services (such as security, reprographics, mail, cafeteria, shipping and receiving, and reception services) and call center services (including work-order, dispatch, vendor management and emergency response), which are provided 24 hours a day through the Company's centralized call center. As of December 31, 2001, the Company utilized approximately 3,200 employees to service 99 corporate outsourcing clients. For these clients, the Company managed approximately 32,000 properties encompassing approximately 247.7 million square feet. Revenues from facilities management services were \$186.4 million in 2001 (24.2% of 2001 revenues), up from \$50.1 million in 1997. The growth in revenues is due to: (i) the addition of new customers; (ii) the expansion of services provided to existing customers; and (iii) the Company's 1999 acquisition of Phoenix Corporate Services, LLC (the "Phoenix Acquisition").

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Corporate Advisory Services

Corporate advisory services include tenant representation and other transaction services such as acquisitions, dispositions, lease administration and lease audits. The Company seeks to manage a client's entire firm-wide property acquisition and divestiture program, but provides services to many customers on a transaction-by-transaction basis. As of December 31, 2001, 228 FTE brokers performed tenant representation services for corporate clients (including retail clients). Revenues from corporate advisory services were \$114.6 million in 2001 (14.9% of 2001 revenues), up from \$35.7 million in 1997. A substantial portion of the growth in revenues is due to an increase in the number of brokers, coupled with a focus on larger transactions and expansion of services provided to existing customers. During 2001, the Company's corporate advisory services business was adversely impacted by deterioration of the economy as a whole, with revenues decreasing \$28.2 million from their peak in 2000. The downturn in the economy has had a negative impact on the timing and amount of tenant representation and other corporate advisory revenues earned by the Company. The Company believes that this deterioration in the economy will continue to impact its corporate advisory services business in 2002.

Project Management Services

Project management services include facility planning and project management (such as construction, space planning, site consolidations, facilities design, workspace moves, adds and changes, and management of furniture, signage and cabling requirements). Revenues from project management services were \$52.0 million in 2001 (6.7% of 2001 revenues), up from \$7.3 million in 1997. A substantial portion of the growth in revenues is due to (i) the addition of new customers, (ii) the expansion of services provided to existing customers and (iii) the Phoenix Acquisition. Although these revenues increased slightly in 2001 from 2000, during 2001, the growth of the Company's project management services business was adversely impacted by deterioration of the economy as a whole. The downturn in the economy has had a negative impact on corporate customers' project spending, and hence on the timing and amount of project management revenues earned by the Company. The Company believes that this deterioration in the economy will continue to impact its project management service business in 2002.

Institutional

The Company provides property management, brokerage, and development and construction services to investors in commercial properties.

Property Management Services

As of December 31, 2001, the Company managed approximately 291.7 million square feet of commercial property (excluding facilities occupied by corporate customers) and served approximately 570 clients and 17,000 tenants nationwide through its locally based property management teams. The Company managed 204.4 million, 273.0 million, 282.3 million and 312.7 million square feet of commercial property at the end of 1997, 1998, 1999 and 2000, respectively. Revenues in 2001 from property management services were \$173.6 million (22.5% of 2001 revenues), up from \$91.9 million in 1997. A substantial portion of the growth in revenues is due to acquisitions. In 1998, the Company acquired: (i) The Norman Company, a real estate services firm with operations concentrated in Seattle's central business district office and retail markets; (ii) Tooley & Company, Inc. ("Tooley"), a California real estate services company primarily engaged in office management and leasing; and (iii) a portion of the businesses of Faison & Associates ("Faison") and Faison Enterprises, Inc. ("Faison Enterprises") that develop, lease and manage office and retail properties located primarily in the Midatlantic and Southeast regions of the United States (the "Faison Acquisition"). As a result of these acquisitions, the Company added approximately 41.5 million square feet to its property management portfolio in 1998.

The objective of the Company's property management business is to enhance its clients' investment values by maintaining high levels of occupancy and lowering property operating costs by offering a wide range of property management services. The property management services offered by the Company consist of (i) building management services such as maintenance, landscaping, security, energy management, owner's insurance, life safety, environmental risk management and capital repairs; (ii) tenant relations services such as promotional activities, processing tenant work orders and lease administration services; (iii) coordinating tenant finish; and (iv) related financial management services including financial reporting and analysis.

The Company expects that most of its new property management engagements will result from (i) contract wins resulting from customers' consolidation of service providers; (ii) property transfers; and (iii) projects that the Company develops for institutional investors. To the extent that institutional investors continue to make direct investments in real estate, the Company believes that it will be in an advantageous position to win new property management engagements due to its existing relationships with large institutional investors and its ability to provide single-source solutions for their multi-market and multi-functional requirements.

The properties managed by the Company are typically served by locally-based teams of property managers and maintenance personnel supported by various corporate level service functions, including technology support and purchasing. Large client accounts are typically managed at the Company's national office to ensure consistency of quality and to ensure that all customer real estate service requirements are appropriately addressed.

The Company typically receives monthly management fees for the property management services it provides, based upon a specified percentage of the monthly gross income generated from the property under management. In certain cases, the Company's property management agreements entitle it to receive the greater of a minimum agreed-upon base fee or a fee based upon monthly gross income as described above. The amount of the management fee varies depending upon local market conditions, the leasing engagement, arrangements for expense reimbursements and specific services required. Incentive fees are sometimes negotiated in turnaround or other unusual circumstances. The Company also may be reimbursed for a portion of its administrative and payroll costs directly attributable to the properties under management.

A typical property management agreement of the Company provides for an indefinite term, but permits the property owner or the Company to terminate the agreement upon thirty days prior written notice. The Company believes that these are customary termination provisions in the industry. The Company historically has been successful in retaining property management assignments, but does lose assignments from time to time, most frequently in circumstances where a property has been sold and the new property owner assumes direct responsibility for managing the property or retains one of the Company's competitors to manage the property. The Company focuses on establishing alliance relationships with certain of its institutional customers in an effort to obtain longer-term management contracts across multiple cities and to provide other services.

Brokerage Services

Brokerage services are primarily comprised of project leasing (leasing space in real estate owned by investor clients) and investment sales (representing clients buying or selling land or income producing real estate). While, particularly in larger markets, some of the Company's brokers may specialize in specific types of transaction services (including tenant representation activities, which are included in Corporate Advisory Services), in many cases a broker may facilitate some combination of project leasing, investment sales and tenant representations transactions.

As of December 31, 2001, the Company employed approximately 280 FTE project leasing and investment sales brokers. Revenues from institutional brokerage services have increased from

\$70.0 million in 1997 to \$119.5 million in 2001 (15.5% of 2001 revenues). A substantial portion of this growth in revenues is due to the increase in the number of brokers coupled with an increasing focus on larger transactions. The Company employed approximately 350, 500, 579, 574 and 515 total brokers (including tenant representation brokers facilitating transactions for corporate clients) at the end of 1997, 1998, 1999, 2000 and 2001, respectively.

The Company typically receives fees for brokerage services based on a percentage of the value of the lease or sale transaction. Some transactions may stipulate a fixed fee or include an incentive bonus component based on the performance of the brokerage professional or client satisfaction. Although transaction volume, rental rates and sales prices are influenced by economic conditions (thus impacting total brokerage

revenues, including tenant representation), brokerage fee structures have remained relatively constant through both economic upswings and downturns.

Project leasing revenues are derived from the steady turnover of tenants in the Company's property management and leasing portfolio of approximately 387.5 million square feet at December 31, 2001. As space "rolls" each year, the Company has the opportunity to earn a commission paid by the owner of the property for renewing the existing tenant's lease or releasing the space to a new tenant. Investment sales revenues generally increase in economic upswings as available capital drives the trading of income producing properties and corporate demand for additional space drives the purchase of land for new development. Investment sales revenues generally decline in economic downturns as capital sources are more cautious in purchasing income producing properties and corporate demand for new space slackens. During 2001, the Company's brokerage services business was adversely impacted by deterioration of the economy as a whole. The downturn in the economy has had a negative impact on the timing and amount of project leasing and investment sales revenues earned by the Company, with revenues decreasing \$30.5 million from their peak in 2000. The Company believes that this deterioration in the economy will continue to impact its brokerage services business in 2002.

The Company regards its brokerage force as an integral part of its delivery system for the broad services the Company provides to its client base. The Company's large network of experienced brokers is a valuable asset when seeking new facilities and property management, project management and development services business. The presence of its brokers in on-site project leasing offices can provide the Company with insights into its customers' non-brokerage real estate needs and early opportunities to capture the client's real estate services business. The sheer number of transactions in which its brokers are involved can also be a source of information from which the Company can seek to identify business opportunities in specific local or regional markets.

The Company actively engages its brokerage force in the execution of its marketing strategy. Brokerage personnel often work in close concert with leaders of the Company's local offices. Through this arrangement, key personnel are kept abreast of national trends and of the full range of services provided to customers in other areas in the United States. The ongoing dialogue among these professionals serves to increase their level of expertise, and is supplemented by other more formal education such as that provided at "Trammell Crow University," which offers sales and motivational training as well as direct exposure to personnel from the Company's other lines of business.

Brokerage personnel earn commissions and are eligible to receive other forms of incentive compensation including financial rewards for cross-selling efforts that result in new engagements for the Company, such as a development project or the acquisition of a new outsourcing account, which in turn enable the Company to acquire additional brokerage business. These incentives are designed to underscore the Company's belief that the brokerage business is often a key point of entry for new clients, and is thus integral to firm wide efforts to cross-sell a full range of services.

The Company believes that the quality brand identification of its name, its large customer base, the full range of services it offers clients, the overall breadth and scope of the Company's real estate

activities and the Company's incentive-based compensation system create an environment conducive to attracting the most experienced and capable brokerage professionals.

Construction Management

Construction management services primarily include space planning and tenant finish coordination for institutional customers in conjunction with property management and leasing assignments. These fees are typically based on a percentage of project construction costs. In 2001, construction management revenues were \$13.1 million (1.7% of 2001 revenues) as compared to \$22.2 million in 1997. During 2001, the timing and amount of construction management revenues earned by the Company was adversely impacted by the deterioration of the economy as a whole, with revenues decreasing \$9.6 million from 2000. The Company believes that this deterioration in the economy will continue to impact its construction management business in 2002.

Development and Investment

Revenues in the Company's Development and Investment segment consist of development and construction fees, income from investments in unconsolidated subsidiaries and gain on disposition of real estate. Historically, the Company has focused its commercial real estate development business on investors in office, industrial and retail projects. The Company has the capability to implement active and sizeable development programs, primarily on behalf of its clients. With its new Development and Investment organization, the Company has maintained development efforts on behalf of its institutional customers and has increased its focus on development for corporate customers, including those

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in the areas of higher education and healthcare. In 2001, revenues from development and investment activities were \$109.7 million (14.2% of 2001 revenues) as compared to \$32.9 million in 1997. From January 1, 1997 through December 31, 2001, the Company commenced development of approximately 80.2 million square feet of projects with aggregate project costs of approximately \$6.8 billion.

The Company provides its clients with services that are vital in all stages of the development and construction process, including: (i) evaluating project feasibility, budgeting, scheduling and cash flow analysis; (ii) site identification, due diligence and acquisition; (iii) procurement of approvals and permits, including zoning and other entitlements; (iv) coordination of project design and engineering; (v) construction bidding and management and tenant finish coordination; (vi) project close-out and user move coordination; and (vii) project finance advisory services.

The Company typically receives a fee for its development services that is based on a negotiated percentage of a project's budgeted construction and development cost. Incentive bonuses may be received for completing a project under budget and within certain critical time deadlines. The Company has also been aggressive in negotiating other incentive compensation arrangements that allow the Company to participate in the investment returns on projects it develops for its clients. The Company may make a co-investment with its clients (typically no more than 5% of a project's full construction and development cost), receive its pro rata return on its investment in the project and also receive an incentive participation in the project because of the Company's role in sourcing the development project and/or executing a variety of services in the development process. The Company's investments or co-investments in real estate projects typically result in an upside economic interest substantially greater than the co-investment percentage. To facilitate this activity and to further mitigate risk, the Company established four discretionary development and investment funds, which through December 31, 2001, had received funding commitments of \$104.0 million, including \$69.3 million from outside parties. Of the total funding commitments, \$74.0 million had been invested through December 31, 2001, in projects with an aggregate construction cost of approximately \$520.8 million.

The market for development and investment services is cyclical and is driven by various economic conditions. The demand for commercial real estate properties in the suburban office, downtown office

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and industrial markets increased in the late 1990's and into 2000, driven primarily by the strong domestic economy and the resulting job growth. During 2001, the Company's development and investment business was adversely impacted by deterioration of the economy as a whole. The downturn in the economy has had a negative impact on transaction volume, rental rates, sales prices and the availability of development capital. These factors have negatively impacted the timing and amount of development and investment revenues (including incentive development fees) and profits earned by the Company, with revenues decreasing \$31.6 million from their peak in 2000.

The Company's development activities generate business opportunities for the Company's other service lines, which contribute to the Company's earnings. The Company believes that its increased focus on development for corporate customers, including those in the areas of higher education and healthcare, can mitigate a portion of the adverse effect on its revenues when speculative development activities are curtailed in a market down cycle. In addition, when development activity enters a down cycle, the Company utilizes professionals from its development and investment business to pursue opportunistic property acquisitions with its established capital partners.

Competition

The Company competes in several market segments within the commercial real estate industry, each of which is highly competitive on a national and a local level. The Company faces competition from other real estate services providers, consulting firms and in-house corporate real estate and infrastructure management departments. Some of the Company's principal competitors in certain of these segments have capabilities and financial resources equal to or greater than those of the Company and a more substantial global presence. Many of the Company's competitors are local or regional firms, which are smaller than the Company on an overall basis, but may be substantially larger than the Company on a local or regional basis. While the Company does not believe that any of its competitors are dominant in the business lines in which the Company operates, the providers of real estate services that compete with the Company on a national level include Jones Lang LaSalle Incorporated, CB Richard Ellis, Cushman & Wakefield, Inc., Grubb & Ellis and Insignia Financial Group. The Company has faced increased competition in recent years, which has, in some cases, resulted in lower service fees, or compensation arrangements more closely aligned with the Company's performance in rendering services to its clients. In recent years, there has been a significant increase in real estate ownership by REITs that self-manage their real estate assets. Continuation of this trend could shrink the asset base available to be managed by third party service providers, decrease the demand for the Company's services and thereby significantly increase its competition. In general, the Company expects the industry to become increasingly competitive in the future. There can be no assurance that such competition will not have a material adverse effect on the Company's business, financial condition or results of operations.

Employees

As of March 15, 2002, the Company had approximately 7,100 employees. Employees of the Company at certain properties located in Reno, Nevada, New York, New York and Naperville, Illinois are currently represented by a labor union. The unions represented at the respective locations are: Southern California Nevada Regional Council of Carpenters, Local #971; Operating Engineers Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO; and Laborers' International Union of North America-AFL-CIO Local No. 169 (Reno, Nevada); International Union of Operating Engineers Local Union #94-94A-94B AFL-CIO (New York, New York); and International Union of Operating Engineers (Naperville, Illinois).

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Insurance

The Company has the types of insurance coverage, including comprehensive general liability and excess umbrella liability insurance that it believes are appropriate for a company in the lines of business in which it operates. The Company's management will use its discretion in determining the amounts, coverage limits and deductibility provisions of appropriate insurance coverage on the Company's properties and operations at a reasonable cost and on suitable terms. This might result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full value of the damages suffered by the Company.

Trademarks

The trade name "Trammell Crow" is material to the Company's business. The Company is party to a license agreement (the "License Agreement") with CF98, L.P., ("CF98"), an affiliate of Crow Holdings, with respect to such business and trade names. See *Item 13. Certain Relationships and Related Transactions.*

Environmental Liability

Various international, federal, state and local laws and regulations impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. In the Company's role as a property manager, it could be held liable as an operator for such costs. Such liability may be imposed without regard to the legality of the original actions and without regard to whether the Company knew of, or was responsible for, the presence of such hazardous or toxic substances, and such liability may be joint and several with other parties. If the liability is joint and several, the Company could be responsible for payment of the full amount of the liability, whether or not any other responsible party is also liable. Further, any failure by the Company to disclose environmental issues could subject the Company to liability to a buyer or lessee of the property. In addition, some environmental laws create a lien on the contaminated site in favor of the applicable governmental entity for damages and costs it incurs in connection with the contamination. The operator of a site also may be liable under common law to third parties for damages and injuries resulting from hazardous substances or environmental contamination at a site, including liabilities relating to the presence of asbestos-containing materials. There can be no assurance that any of such liabilities to which the Company or any of its affiliates may become subject will not have a material adverse effect on the Company's business and results of operations.

Some of the properties owned, operated or managed by the Company are on, adjacent to or near properties that have contained in the past, or currently contain, underground and/or above-ground storage tanks used to store regulated substances such as petroleum products or other hazardous or toxic substances. Some of the properties owned, operated or managed by the Company are in the vicinity of properties which are currently, or have been, subject to releases of regulated substances and remediation activity, and the Company is currently aware of several properties owned, operated or managed by the Company which may be impacted by regulated substances which may have migrated from adjacent or nearby properties or which may be within the borders of areas suspected to be impacted by regional groundwater contamination. In addition, the Company is aware of the presence or the potential presence of regulated substances at several properties owned, operated or managed by it, which may have resulted from historical or ongoing soil or groundwater activities on those properties. Based on the information available to date, the Company believes that the environmental issues described above are being or have been appropriately managed and will not have a material adverse effect on the Company.

There can be no assurance that environmental liabilities or claims will not adversely affect the Company in the future.

Government Regulation

The Company and its brokers, salespersons and, in some instances, property managers are regulated by the states in which they do business. These regulations include licensing procedures, prescribed fiduciary responsibilities and anti-fraud prohibitions. The Company's activities are also subject to various local, state, national and international jurisdictions, fair advertising, trade, housing and real estate settlement laws and regulations and are affected by laws and regulations relating to real estate and real estate finance and development. In particular, a number of jurisdictions have imposed environmental controls, permitting requirements and zoning restrictions on the development of real estate.

The Company is subject to laws governing its relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. The Company believes that it has the necessary permits and approvals to operate each of its properties and their respective businesses.

Under the Americans with Disabilities Act of 1990 ("ADA"), all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. While the Company believes that its properties in which it holds an equity interest are substantially in compliance with these requirements, a determination that such properties are not in compliance with the ADA could result in the imposition of fines or an award of damages to private litigants.

Risk Factors

An investment in the Company involves certain risks. Readers should read this entire report carefully and should consider among other things, the risks described below.

Trade Name License. The Company has entered into a License Agreement with an affiliate of Crow Holdings that allows it to use the name "Trammell Crow" perpetually throughout the world in any business except the residential real estate business. This license can be revoked if the Company fails to maintain certain quality standards or infringes upon certain of such affiliate's intellectual property rights.

If the Company loses the right to use the Trammell Crow name, the Company's business could suffer significantly. The License Agreement permits certain existing uses of this name by affiliates of Crow Holdings. The use of the Trammell Crow name or other similar names by third parties may create confusion in the market place or reduce the value associated with the Trammell Crow name.

Economic Uncertainty/Deterioration of the Economy. During 2001, the Company's business was adversely impacted by deterioration of the economy as a whole. The Company believes that, due to this deterioration:

transaction volume, rental rates and sales prices may continue to be adversely impacted;

corporate customers' project spending may continue to be negatively impacted; and

the availability of development capital may be further restricted.

These factors have had a negative impact on the timing and amount of the Company's revenues and profits generated from several of its services, including project leasing, investment sales, tenant representation, project management, construction management and development and investment activities. The Company believes that these factors, and the deterioration in the economy generally, will continue to impact its business in 2002.

Long-Term Growth. The Company has grown significantly in recent years, and will continue to focus on additions to its base business that should be less impacted by economic down cycles over time

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and are expected to create long-term growth. The Company's historical growth and any significant future growth will continue to place demands on the Company's resources. The Company's future success and profitability will depend, in part, on its ability to enhance its management and operating systems, manage and adapt to rapid changes in technology, obtain financing for capital expenditures or strategic acquisitions and retain employees and customers through periods of internal changes. The Company may not be able to successfully manage any significant expansion or obtain adequate financing for such expansion on favorable terms, if at all. In addition, the Company is impacted by cycles in the general economy and the commercial real estate industry and, as a result, its growth strategy is directly impacted by those economic cycles. While the Company intends to focus on increasing earnings quickly when the economic cycles improve, it hopes to mitigate the impact of down cycles in the economy by focusing on providing outstanding customer service, growing its base business and becoming more programmatic in its development business, in addition to maintaining a strong balance sheet, controlling costs and recruiting and retaining top personnel to maintain long-term growth.

Acquisitions. A portion of the Company's growth since 1997 has been achieved through strategic acquisitions, and the Company may pursue other acquisitions in the future. However, the Company may not be able to acquire businesses on favorable terms, and may have to use a substantial portion of its capital resources for any such acquisitions. Challenges and issues commonly encountered in strategic acquisitions include:

- diversion of management's attention to assimilating the acquired business;
- maintaining employment relationships with the Company's employees and employees of an acquired business;
- adverse short-term effects on operating results;
- integrating financial and other administrative systems;
- amortization of any acquired intangible assets; and
- maintaining uniform standards, controls, procedures and policies.

In addition, the acquired businesses' customers could cease to do business with the Company. Potential conflicts between the Company's customers and those of an acquired business could threaten its business relationships. Furthermore, if the performance of the acquired business is less than expected, which could be impacted by the resignation of key employees, goodwill recorded in connection with the acquisition could be written off, having a negative impact on the Company's earnings. If the Company is not able to manage these risks, its business could suffer significantly. In December 2001 and 2000, the Company recorded writedowns of \$28.5 million, offset by \$2.3 million of minority interest, and \$25.3 million, respectively, due to impairment of goodwill and intangibles connected to certain of its acquisitions. See "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*" for further information.

International Operations. The Company, directly and indirectly through Trammell Crow Savills or other related parties, operates in several markets outside the United States and is subject to the risks common for international operations and investments in foreign countries. These risks include:

- difficulties in staffing and managing geographically and culturally diverse, multinational operations;
- lack of familiarity with local business customs and operating environments;
- changes in foreign tax laws;
- changes in currency exchange rates;

limitations on repatriation of earnings;

restrictive actions by local governments;

nationalization and expropriation; and

war and civil disturbances.

Real Estate Investment and Co-investment Activities. Selective investment in real estate projects is an important part of the Company's strategy. These activities involve the inherent risk of loss of the Company's investment. As of December 31, 2001, the Company was involved as a principal (generally, co-investing with one of its customers) in 102 "in process" real estate development projects with an estimated aggregate cost of approximately \$827.3 million. As of December 31, 2001, the Company had invested approximately \$78.0 million and had assumed approximately \$48.9 million in recourse obligations with respect to those projects in which it was involved as a principal. With respect to two of the projects for which the Company has recourse obligations, the Company either has agreements with institutional or investment grade investors to purchase the project and repay the related debt upon completion of the project or has long-term leases with or guaranteed by investment grade companies, which management believes mitigates the Company's risk of incurring any future liability under these recourse obligations. The aggregate amount that is recourse to the Company with respect to these two projects totaled \$26.7 million at December 31, 2001.

In addition to the recourse obligations described above, as of December 31, 2001, the Company had guaranteed approximately \$96.5 million of debt of its unconsolidated subsidiaries. With respect to three of the projects to which these guarantees relate, the Company either has agreements with institutional or investment grade investors to purchase the project and repay the related debt upon completion of the project or has long-term leases with or guaranteed by investment grade companies, which management believes mitigates its risk of incurring any future liability under the guarantees. The aggregate amount the Company has guaranteed with respect to these three projects totals \$73.0 million at December 31, 2001.

Because the disposition of a single significant investment can impact the Company's financial performance in any period, its real estate investment activities could increase (and have historically increased) fluctuations in the Company's net earnings and cash flow. The Company has limited control over the timing of the disposition of these investments and the recognition of any related gain or loss.

The commercial real estate market is cyclical and depends on the perceptions of real estate investors as to general economic conditions. Because the Company's investment strategy typically entails making relatively modest investments alongside its corporate and institutional clients, its ability to conduct these activities depends in part on the supply of investment capital for commercial real estate and related assets. Furthermore, in real estate down-cycles, economic conditions may make certain development project pursuits less viable, and the Company may decide not to continue pursuing such projects. Consequently, the Company's financial results in down cycles may be (and have been) adversely impacted by increased write-offs of pursuit costs that have been capitalized in connection with potential development projects that the Company has determined not to pursue.

As availability of capital decreases in a down economy, it may take longer for the Company to dispose of real estate investments or the selling prices may be lower than originally anticipated. As a result, the carrying value of the Company's real estate investments may become impaired and the Company could record losses as a result of such impairment.

Recruiting and Retention of Qualified Personnel. The Company's continued success is highly dependent upon the efforts of its executive officers and key employees. If any of the Company's key employees leave, its business may suffer. The growth of the Company's business is also largely dependent upon its ability to attract and retain qualified personnel in all areas of its business,

particularly management. If the Company is unable to attract and retain such qualified personnel, it may be forced to limit its growth, and its business and operating results could suffer. Organizational changes within the Company could impact its ability to retain personnel.

Reliance on Major Clients and Contract Retention. A relatively small number of the Company's clients generate a significant portion of its revenues. The Company's ten largest clients accounted for approximately 22.8% of its total 2001 revenues. The loss of one or more of its

major clients could have a material adverse effect on the Company's business.

In 2001, revenue from property management and from corporate customers with whom the Company has outsourcing contracts constituted approximately 22.5% and 38.4%, respectively, of the Company's total revenues. The Company's property management contracts can generally be cancelled upon 30 days notice by either party, and its outsourcing services contracts are typically for multi-year terms with options to renew. Accordingly, contracts representing a significant percentage of the Company's revenues are terminable on short notice or may be scheduled to expire in any one year. The Company has been successful in retaining and renewing a significant portion of its contracts but may not be able to do so in the future. Moreover, increased competition may force the Company to renew such contracts on less favorable terms.

Dealings with and Reliance on Affiliates. Entities affiliated with Mr. Henry Faison, a stockholder and director of the Company, are collectively the Company's second largest customer, accounting for approximately 3.3% of 2001 revenues. There can be no assurance that these entities will continue to transact business with the Company. Effective March 1, 2002, the Company sold its retail center development and mall management business to an entity affiliated with Mr. Faison. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Impairment of Goodwill and Other Intangibles" for further discussion.

Fluctuations in Quarterly Operating Results. In recent years, the Company's revenues have been lower in each of the first three quarters than in the fourth quarter because its clients tend to close transactions toward the end of their fiscal years (typically the calendar year). This causes the Company to earn a significant portion of its revenues under transaction-oriented service contracts in the fourth quarter. In addition, a growing portion of the Company's outsourcing contracts provide for bonus payments if it achieves certain performance targets. These incentive payments are generally earned in the fourth quarter. Furthermore, revenues can be influenced by the timing of significant individual transactions. The Company plans its capital and operating expenditures based on its expectations of future revenues. If revenues are below expectations in any given quarter, the Company may be unable to adjust expenditures to compensate for any unexpected revenue shortfall. The Company's business could suffer as a consequence.

Competition. The Company competes in several market segments within the commercial real estate industry, each of which is highly competitive on an international, national and local level. The Company faces competition from other real estate services providers, consulting firms and in-house corporate real estate and outsourcing services departments. In recent years, there has been a significant increase in real estate ownership by REITs that self-manage their real estate assets. Continuation of this trend could shrink the asset base available to be managed by third party service providers, decrease the demand for the Company's services and thereby significantly increase its competition.

Environmental Liability. Various laws and regulations impose liability on real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. In the Company's role as a property manager, the Company could be held liable as an operator for such costs. This liability may be imposed without regard to the legality of the original actions and without regard to whether the Company knew of, or was responsible for, the presence of the hazardous or toxic substances. If the Company fails to disclose environmental issues,

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the Company could also be liable to a buyer or lessee of the property. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs incurred in connection with the contamination. If the Company incurs any such liability, its business could suffer significantly.

Anti-takeover Considerations. Some provisions of the Company's certificate of incorporation and certain provisions of Delaware law may deter or prevent a takeover attempt, including an attempt that might result in a premium over the market price for its common stock. These provisions include:

Staggered Board of Directors. The Company's Board of Directors is divided into three classes serving terms currently expiring in 2002, 2003 and 2004. Because the Company's Board of Directors is divided into classes, members of its Board of Directors may only be removed from office prior to the expiration of their terms if such removal is for "cause." Therefore, the staggered terms of directors may limit the ability of holders of common stock to complete a change of control.

Stockholder Proposals. The Company's stockholders must follow an advance notification procedure for certain stockholder nominations of candidates for the Company's Board of Directors and for certain other business to be conducted at any stockholders' meeting. This limitation on stockholder proposals could inhibit a change of control.

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Preferred Stock. The Company's certificate of incorporation authorizes the Company's Board of Directors to issue up to 30,000,000 shares of preferred stock having such rights as may be designated by the Company's Board of Directors, without stockholder approval. The issuance of such preferred stock could inhibit a change of control.

Delaware Anti-takeover Statute. Section 203 of the Delaware General Corporation Law restricts certain business combinations with interested stockholders upon their acquiring 15% or more of the Company's common stock. This statute may have the effect of inhibiting a non-negotiated merger or other business combination.

ITEM 2. PROPERTIES

The Company's executive offices are located at 2001 Ross Avenue, 3400 Trammell Crow Center, Dallas, Texas 75201 and consist of approximately 46,898 square feet of leased office space. The Company's telephone number at such address is (214) 863-3000. The Company's lease at its executive offices will expire on December 31, 2004.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation incidental to its business. In the Company's opinion, no litigation to which the Company is currently a party, if decided adversely to the Company, is likely to have a material adverse effect on the Company's results of operations or financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of stockholders, through the solicitation of proxies or otherwise, during the quarter ended December 31, 2001.

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PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock is listed on the New York Stock Exchange ("NYSE") and trades under the symbol "TCC." At March 15, 2002, 35,794,130 shares were held by approximately 482 stockholders of record. The following table sets forth the high and low sales prices per share of Common Stock as reported on the NYSE Composite Transaction Tape on a quarterly basis for the last two fiscal years.

	<u>High</u>	<u>Low</u>
2000		
First Quarter	\$ 13.19	\$ 10.56
Second Quarter	\$ 13.44	\$ 10.50
Third Quarter	\$ 15.31	\$ 10.31
Fourth Quarter	\$ 15.00	\$ 11.19
2001		
First Quarter	\$ 14.00	\$ 10.90
Second Quarter	\$ 12.17	\$ 9.30
Third Quarter	\$ 11.45	\$ 8.60
Fourth Quarter	\$ 11.75	\$ 9.30

The Company does not anticipate paying dividends in the foreseeable future. Any future payment of dividends will be at the discretion of the Board of Directors and will depend upon the Company's results of operations, financial condition, cash requirements and other factors

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deemed relevant by the Board of Directors, including the terms of the Company's indebtedness. Provisions in agreements governing the Company's long-term indebtedness limit the amount of dividends that the Company may pay to its stockholders. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

In November 1999, the Company announced that its Board of Directors had approved a stock repurchase program. The repurchase program authorized the repurchase of up to \$10.0 million of the Company's common stock from time to time in open market purchases or through privately negotiated transactions. Under this program, which has been concluded, the Company repurchased 830,700 shares at an average cost of \$11.57 per share with funds generated from operations and existing cash. The Company placed the repurchased shares in treasury. In May 2001, the Company announced that its Board of Directors had approved another stock repurchase program. The repurchase program authorized the repurchase of up to \$15.0 million of the Company's common stock from time to time in open market purchases or through privately negotiated transactions. Through December 31, 2001, the Company had repurchased 459,500 shares at an average cost of \$10.11 per share with funds generated from operations and existing cash. The Company placed the repurchased shares in treasury. The Company has reissued shares (and expects to reissue additional shares) in connection with the Company's employee stock purchase plan and option exercises or restricted stock grants under the Company's long-term incentive plan and other equity-based incentive plans, as well as for other corporate purposes.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial data set forth below have been derived from the consolidated financial statements of the Company. The consolidated financial statements of the Company as of December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, have been audited by Ernst & Young LLP, independent auditors, whose report thereon appears elsewhere herein.

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The selected financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and notes thereto contained elsewhere in this report.

Year Ended December 31

	1997	1998	1999	2000	2001
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(in thousands, except share and per share data)

Statement of Operations Data:

REVENUES:

Global Services:

Corporate:

Facilities management	\$ 50,112	\$ 71,635	\$ 99,008	\$ 139,435	\$ 186,391
Corporate advisory services	35,681	69,878	104,058	142,850	114,641
Project management services	7,324	13,631	27,492	49,223	51,987
	93,117	155,144	230,558	331,508	353,019

Institutional:

Property management	91,936	127,952	155,425	164,521	173,558
Brokerage	70,012	105,421	141,356	150,001	119,472
Construction management	22,185	25,795	24,860	22,672	13,082
	184,133	259,168	321,641	337,194	306,112
Income from investments in unconsolidated subsidiaries				1,147	951
Other	3,504	2,939	886	555	674
	280,754	417,251	553,085	670,404	660,756

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Year Ended December 31

Development and Investment:					
Development and construction fees	19,830	49,420	76,376	92,360	77,482
Income from investments in unconsolidated subsidiaries	512	18,438	23,338	5,918	7,386
Gain on disposition of real estate	10,241	31,658	33,246	41,804	23,902
Other	2,302	756	1,398	1,183	922
	<u>32,885</u>	<u>100,272</u>	<u>134,358</u>	<u>141,265</u>	<u>109,692</u>
	313,639	517,523	687,443	811,669	770,448
COST AND EXPENSES:					
Salaries, wages and benefits	161,425	269,780	356,849	434,379	473,440
Non-recurring compensation costs	33,085				
Commissions	39,121	67,508	97,838	119,702	94,655
General and administrative	55,884	78,344	97,530	112,184	117,696