

GELDERMALSEN CASE STUDY >

The Netherlands



DE PANOVEN, GELDERMALSEN



Location

- This asset is located in Geldermalsen, a small town in the centre of the Netherlands, with a population of approximately 27,000 people. Geldermalsen is approximately 70km south-east of Amsterdam.
- The subject property is located in the north western most corner of the “Panoven/Chamotte” business estate. This estate is located on the south-east side of Geldermalsen and is the largest business estate within the city boundaries. The business estate is surrounded by residential property and farmland on all four sides.

Asset Overview

- A flexible office building with identifiable wings with separate entrances offering multiple options for leasing.
- Each wing is rectangular in shape providing good levels of natural light with the capability of allowing open plan or cellular office arrangements.

Key Management Issues at Purchase

- The building was set to see the departure of the two key tenants at lease expiry, leaving a significant vacancy of 80%. Whilst Hamburg-Mannheimer were yet to formally serve notice, they had discussed downsizing their accommodation which they occupied on three separate leases and had stated that they would vacate at lease expiry. Heinz only occupied their kitchen facility; the remainder of their accommodation was vacant.
- The building was not air-conditioned and a recent letting in the property had required the installation of air-conditioning at the landlord’s cost (€35,000).

Key Statistics

Floor Area	1,635m ²
No. of Tenants	4
Passing Gross Rent per Year:	€92,058 (€112,962 in June 2011)
Rent per occupied m ² pa	€116 (€115 in June 2011)

Progress Since Purchase

- An intensive marketing campaign targeting local healthcare professionals is being implemented to rebrand the property within the local letting market.
- In January 2011 Rynda signed a two-year lease with a doctor for 190m² of accommodation at this property. The lease will start on 1st June 2011 at a rent of €110/m² (€20,904 pa). No rent free period or tenant incentive was given. This signing is a direct result of the intensive marketing campaign mentioned above.
- In June 2010 Rynda signed three new tenants, a midwife, a dentist and a lawyer. The midwife has taken 115m² of office accommodation on a new three-year lease with 3 months’ rent-free for a rent of €115/m² (€13,200). The dentist and lawyer have taken a total of 361m² on a 10-year lease at a rent of €114/m² (€41,154). The landlord has contributed a total investment of €120,000 to the improvement of this space. This letting activity materially enhanced the prospects at this asset.
- Rynda received €38,000 from Hamburg-Mannheimer for ending their lease early and for dilapidations. This money has helped to fund the €120,000 investment discussed above.
- Rynda created 13 additional parking spaces to satisfy the new tenants requirements by better utilisation of the existing car park and open spaces.
- Rynda negotiated and have now received a €25,000 dilapidations settlement from Heinz. Heinz vacated their accommodation on lease expiry in October 2009.