



Case Study: Sale of a vacant office building

Initial situation, task, goal setting:

As part of the strategic realignment of an indirect property investment, a pension fund gave the mandate to sell a vacant office building in Frankfurt Bockenheim. Due to different estimates of the achievable sales price it was agreed with the client to put the object on the market with his asking price of € 6.75 million. In return, it was assured that the consultants' assessment of € 4.35 million would be accepted in case the market would not accept a higher price. The common goal was to successfully accomplish the transaction within a period of 6 months.

Responsibilities: Project Manager

Responsibilities included the coordination of all relevant property documents, the creation of a meaningful sales memorandum and the identification of potential buyers as well as approaching them. During the project, client was regularly informed orally and in writing and supported until the successful sale to a local private investor.

Procedure:

In order to get a first impression of the property, it was visited and subsequently the provided information and documents were summarized in a sales memorandum. Most important parameters are as follows:

- Completion: 1970
- Office space, approximately: 2,450 square meters
- Archive, approximately: 80 square meters
- Parking: 23 underground and 13 outdoor parking
- Flexible designable layout on each floor

Because of age, high maintenance and modernization requirements of the property and a positively evolving office leasing market, it was decided to go for local project developers as a core target group of potential buyers. After approval of the sales memorandum and the investor list by the client, the offer was initially presented by telephone. Those interested were given the sales memorandum, sent by post. Three days later follow up calls started. The property was met with great interest, and after 9 viewings 6 purchase offers between € 3.35 million and € 4.2 million were passed to the seller with the recommendation to further negotiating with the three potential buyers who had offered above € 4 million. However, their interest of acquisition was not significant and so the client was recommended to speak with the fourth-highest bidder: in the meantime it came out, that a purchase he was interested in had broken away and now had some pressure to buy anything. In the course of the negotiations with that interested party, it became clear that his rental figures were well below market levels. This meant that his original offer of € 3.8 million was raised to € 4.3 million, and thus he got the necessary exclusivity period to inspect and re-check the property with his partners. Since this was a sale of a vacant property without leases, the parallel contract negotiations essentially just involved to clarify, what assurances were to be made (e.g. owing to soil contamination due to contaminated sites, warranty made for contract-free transfer of the object) by the seller.

Current status:

After selling at a price of € 4.3 million, within a year the investor had the property restored, fully leased, and resold to a successful institutional investor.