

NBR Property

More Manson developments coming to fruition

Chris Hutching

More businesses have taken out leases in Mansons-developed buildings in central Auckland.

Mansons TCLM is one of the few companies to have developed significant commercial buildings in Auckland over the past couple of years on a speculative basis.

Although embarking on major projects in a moribund market has had its risks, it also means that Mansons is one of the few companies marketing new office space.

One of the recently completed buildings – the GHD Building in 27 Napier St overlooking Freemans Bay – is for sale now that it is fully leased.

The anchor tenant, engineering consultancy GHD, moved in last October, taking 3000sq m out of 8303sq m in the building on the top two levels on a 12 year lease.

The marketing agent is Bayleys broker, Paul Hain, who has been negotiating leasing for the Mansons buildings.



FULLY LEASED: Mansons TCLM's GHD Building

The final agreement that completes the leasing in the GHD building was with Lion NZ, which has taken 5139sq m. Lion will occupy the lower levels of the building on a 10-year lease and will move in when the fitout of its floors is complete. The beer, spirits and wine division will relocate sales, marketing and administrative staff from its Newmarket premises to the Napier St building in June.

The property will produce total net annual rental

income of \$4,413,606, with annual rental increases of 3% a year.

Mr Hain says investors prefer guaranteed annual rental growth, compared with the uncertainty of market value rent reviews. The 3% annual increments have potential to significantly increase the property's capital value, he says.

Design features that increased the building's appeal include seismic rating higher than 100% of New

Building Standard, a four-green-star rating by the NZ Green Build Council for both design and construction, and a higher car parking ratio than normal for the central business district. The three main office floors range from 2435sq m to 2704sq m.

The property is for sale by deadline private treaty closing April 24. Mr Hain says local and offshore corporate buyers have expressed interest so far as well some wealthy individual buyers.

Meanwhile, Mr Hain has signed up Oracle NZ for the top floor at the Mansons' 162 Victoria St in the CBD, opposite another Mansons development over the road, the Telecom campus at 167 Victoria St West.

Other high-profile leases brokered by Mr Hain recently include 6000sq m of offices to Watercare Services in the Nuffield Corporate Centre in Remuera Rd, Newmarket, another speculative development built by Mansons that is due for completion later this year and is now half pre-leased.

Mr Hain says the balance of power is shifting back to landlords in the leasing market, with leasing incentives on the wane. Colliers researches have also noted the trend, which is leading to real net rental growth after several years following the global financial crash of late 2007.

He attributes it to greater confidence generally and expects leasing activity to increase from businesses

seeking the limited amount of office space available.

The recovery of the market generally bodes well for a new Mansons venture launched recently – New Zealand Mortgages & Securities fronted by James Kellow.

Mr Kellow teamed up with *NBR* Rich Lister Ted Manson, patriarch of Mansons, where his sons Culum and Mac work.

The financial power behind NZMS is the long standing Manson Equity, which has a general security agreement over NZMS.

Mr Kellow recently announced the new venture had \$1200 million available to lend and had already funded some developers.

A market player who preferred to remain unnamed says NZMS fills a segment of the developer market, for a higher fee, that banks are proving reluctant to fund. NZMS obtains security over the properties in question at an attractive price in the case of any default, he says.