JR Capital Purchases UK HQ of Zumtobel

15-02-2015 | Editor

The risk of losing the 2022 World Cup could burst the local property market

JR Capital has purchased for £5 million the UK headquarters of Zumtobel, the world's leading lighting designer and maker, on a net initial yield of 5.65%.

The Buckinghamshire office investment marks the latest in a series of purchases by JR Capital in the South-East of England, as the firm continues with the execution of its chosen strategy of securing strong income streams from assets let on long leases to prime tenants in prime locations.

The Zumtobel headquarters' building, completed in 2012, is one of only four high specification buildings within the central business park just off the high street in Chalfont St Peter which is in strong demand among businesses as a thriving upmarket market town in close proximity to the M25. Zumtobel, an Austrian-listed company with a 600 million market capitalisation and a global leader in lighting manufacturing, has another 12 years to run on the lease.

JR Capital intends to hold the property as a medium to long term investment on behalf of its overseas investors seeking secure income streams with greater returns than may be found for comparable prime commercial offices located in central London.

JR Capital secured finance to complete the purchase from the London offices of Allied Irish Bank. Cyril Leonard acted for the purchaser, JR Capital. The vendor, a private family trust was represented by ADS Real Estate.

John Collier-Wright, founder and chief executive of JR Capital said: "This is just the sort of prime real estate investment we aim for when going off-market to complete the right purchase to suit our investors' needs. The South-East investment provides secure long term income with 12 more years to run on the Zumtobel lease, all underpinned by a guarantee from by the tenant's group parent and with the added bonus of strong vacant possession value thanks to its high specification and good location. The 11,500 sq ft building, has 40 onsite car parking spaces providing an ideal size and location for a regional headquarter building, allowing for strong re-letting according to needs to any future owner-occupier. The other three buildings on the same Buckinghamshire business-park are all owner occupied".

"The 18-24 month outlook for UK commercial property remains robust. With no significant rises in base rates expected over the next two years and overall bank lending rates still at record lows, with a continued flight to safety from overseas investors UK commercial property remains an attractive asset class. We expect to see further yield compression, particularly in the South- East of England where supply of grade A office space close to the M25 is still in short supply and private and institutional investors seek good quality investments. We continue to see value outside of London where properties offer more attractive yields and which have not yet come in to pre-2008 levels".

"We expect transaction volumes overall however the early part of 2015 to be quieter than the same period last year due to uncertainties surrounding the forthcoming General Election in May. There was a rush to bring stock to the market during the last quarter of 2014 as landlords looked to dispose of assets before the year end, resulting in a temporary surplus of stock on the market relative to the past two years, prompting opportunities for us to make selective investments over the next few months provided they meet with our strict criteria for investment returns."

JR Capital secured finance to complete the purchase from the London offices of Allied Irish Bank. Cyril Leonard acted for the purchaser, JR Capital. The vendor, a private family trust was represented by ADS Real Estate.