

To move or not to move

Automotive supplier Tenneco was approaching a lease-break in its Brussels premises. 'Stay or Leave' was the question, and real estate advisors Colliers carried out the analysis... Colliers Real Estate Services Senior Director Jeroen Govers explains what was at stake, and what the final decision was.



Like all well-managed companies, Tenneco is always looking to be as cost-efficient as possible. This is especially true in the automotive sector, which is facing constant challenges. So when Tenneco realised that they probably had more space than they required, it was a logical step to consider what to do next. Part of the whole reflection also involved how the people work, whether the company needs visibility from its building, could the activities evolve...?

Three way decision

Tenneco started with Colliers' help on a completely open reflection about what was best, they had no preference for any specific scenario, stay or leave. The current building is close to NATO on the way to Brussels airport. They used to lease the entire building at first, but over time reduced their space, and now have a little over 3,000 m² with ample parking. The reflection on what was the best way forward involved more than just a simple decision. Their current building straddles the Brussels Region and the Flemish Region, so if they were

to move, a decision as to which region to opt for (with lease price and tax differences), had to be considered. On top of this, they also have premises in St. Truiden, around 50 km to the east of Brussels, so an 'internal move' was also a possibility. They own the site there, which is mostly warehousing and production, and there is enough space on the site to build an extra office building. Or, of course, they could go somewhere new...

The current scenario

Colliers took a closer look at their future requirements, and compared these with what was possible in the existing building, at St. Truiden or elsewhere. With regard to the current Brussels building, Tenneco occupied three floors – ground floor plus two – and would have enough space with just two of these. So relinquishing the ground floor, which was largely made up of a vast entrance hall, meeting rooms and other facilities – was an option. Colliers therefore renegotiated the running lease with the landlord and looked at how Tenneco could reorganise within the building. Following the negotiations, it was possible to compare the 'stay' option with what was possible at St. Truiden or in a totally different building.

There is more involved than finance alone, however. Moving a population from Brussels to St. Truiden is not an easy task, and has social repercussions too. Despite the fact that the space was there to build, the final decision not to go to their own site at St. Truiden was, therefore, also based on a human, not only an economic, issue.

Renegotiation

Where 'staying' is concerned, the landlord agreed that if Tenneco decided to stay, they would take back the ground floor and leave them with the two other floors. And the landlord was also willing to improve the general lease conditions for the remaining space.

“The whole ‘Stay or leave’ analysis imply of course cost-efficiency but also involved how the people work, whether the company needs visibility from its building, could the activities evolve...”

Another option discussed, and within a context of looking forward towards other needs at a later date, Colliers also discussed with the landlord the possibility of once more increasing the space rented in the building, if this should become necessary. So an improvement of costs and a reduction in space, along with flexibility, was what was on the table.

In terms of moving to a completely different building, Colliers clearly knows and investigated the market very well. The conclusion was that a deal as well-suited to Tenneco’s needs, and at a better price, as the one on the table in their current building, would not be easy to find.

So following a close look at all options, the decision was taken to stay, with the financial and non-financial conditions of the lease contract renegotiated.

Tim HARRUP

Space layout

Part of the reflection involved re-laying the remaining interior space. Colliers interviewed members of staff to challenge them about the future requirements and work concepts. There was an openness towards ‘New Ways of Working’, but for the time being the areas will not be redesigned in this way.

Tenneco knows this is an option, however, and they know the budget involved. If extra space is taken in the future, Tenneco may well decide to move in this direction for that area, however.



The building partially occupied by Tenneco is well located in Evere, Avenue du Bourget, close to NATO on the way to Brussels airport.

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