

Fact sheet

Real estate and vacant property management

The UvA is working to scale back its accommodations for education and research from a total of around 85 buildings to four core campuses in Amsterdam. Why is the UvA doing this?

The reason for these plans is the increasing unsuitability of some buildings for teaching and research purposes, the poor state of many of the buildings, the difficulty in managing the properties due to their extremely scattered locations, and the resulting lack of space for collaboration between the various disciplines. Many UvA buildings were not built with the purpose of accommodating teaching and research. What's more: in traditional academia, the divide between the various academic disciplines was significant (whereas most of today's academics work in interdisciplinary fashion). Furthermore, the fragmented nature of all these various locations also yields high costs because each separate location requires its own concierges, systems administration and the installation of reception desks and cafeterias. The maintenance of the old and outdated buildings is relatively expensive, as is the necessary modernisation.

How is the UvA approaching investment in its buildings?

Renovating old buildings and building new ones entails significant investments. The UvA is bound by a hard rule that accommodation costs (rent, interest, depreciation and major maintenance) may never exceed 12% of its total expenditures. Loans have been secured which specifically

include long-term fixed interest rates, to allow the UvA to avoid any potentially high-risk fluctuations.

How was the 12% rule established?

During the financial review of the Accommodations Plan in 2005, the UvA studied an analysis of the average accommodation costs among universities in the UK (www.smg.ac.uk). This revealed that the average 'burden of ownership' for buildings there is equal to 11% of the annual turnover. This served as the basis for policy, formulated and approved within the UvA, which states that the rent (exclusive of services and utilities) paid by joint faculties and service units should be within the range of 10-12% of their total turnover. The current level is 10.6% (2018 budget). The policy also states that additional accommodations costs must be averaged across multiple years to ensure a positive balance for the Plan when its financial term ends in 2035.

Will deficits in the real estate budget come at the expense of funding for teaching and research?

The UvA maintains a strict separation between its resources for real estate development and the funding for teaching and research. Any real estate-related deficits will be compensated within the accommodations budget rather than supplemented from our budgets for research and education.

Because faculties are moving into accommodations at the new campuses, the UvA portfolio now includes vacant spaces. What type of vacancy does this entail?

This vacancy is, to a significant degree, strategic and expected, resulting as it does from the implementation of the Accommodations Plan. With the completion of the new construction at Amsterdam Science Park, the Faculty of Science was able to relocate and vacancy at the Roeterseiland Campus (REC) ensued. Now that the Faculty of Social and Behavioural Sciences and the Faculty of Law have moved from the city centre to the REC, there are vacant facilities in the city centre. Following renovation work there, the Faculty of Humanities will be concentrated in the University Quarter. This will ultimately result in strategic vacancy in the peripheral buildings, which will be managed in accordance with the Accommodations Plan.

Will such vacant space be used exclusively for internal purposes?

Fluctuations in enrolment and a shortage of space may result in facilities being left vacant and/or used very infrequently. This type of vacancy can occur in rooms and buildings used by service units such as Facility Services as well. At the University Library, vacant space may be the result of further optimisation in collection management. As such, for large portions of the real estate portfolio, this means the duration and scope of vacancy is quite diverse but also prone to change, which places limitations on the possibilities for both temporary internal use and temporary rental to external parties.

What is the UvA doing with this vacant space?

The first step is to explore whether these vacant facilities can be used to meet an internal demand, even perhaps a temporary one. If no demand for internal use exists, the UvA will look into possibilities for attracting an external user. Contracts, terms and conditions will be drawn up through a process of commercial decision-making. In such cases, first preference will go to a party that can strengthen the campus in a programmatic sense and contribute to the liveliness and appeal of the campus itself. This might be a company that provides space to start-ups and scale-ups, for instance – a situation which could offer opportunities for co-developing new initiatives. Other parties are also feasible. The guiding principle will be the availability of the building (or section of a building) ‘as is’; the aim is not for

the UvA itself to invest in the space.

What steps is the UvA taking to achieve this?

Through more intensive management of the vacant facilities and a pro-active approach, the UvA is attempting to realise occupancy of the vacant space (either temporary or long-term) as quickly and effectively as possible. In order to facilitate internal use of vacant space, Facility Services has established a central point for cataloguing the demand for space within the university. The UvA is also actively seeking external parties who can make use of the vacant space on a temporary basis and whose purpose contributes to the UvA's core responsibilities of research, teaching and valorisation. To that end, the university is cooperating with student housing provider DUWO and vacant property manager Ad Hoc in order to realise temporary accommodations for students. Examples of this include the Oudemanhuispoort and Euclides buildings (REC P). Via Ad Hoc, the UvA has also facilitated temporary accommodations for start-ups in REC P.

At what point will the UvA divest itself of empty buildings?

Some buildings may be candidates for divestment if they meet the following requirements:

- the entire building is vacant and unused;
- the building does not occupy a strategic location on or near a UvA campus;
- no prospective internal users (or future users) exist;
- no prospective affiliated users exist;
- continued operation of the building would increase management risks;
- leasing to third parties would require ineffective spending by the UvA in order to render the building suitable.

The UvA also leases space to commercial parties, for example at the REC campus? Why? And how does the UvA choose its tenants?

A number of UvA buildings have space on the ground floor that can be used for commercial purposes, for example as a shop or catering facility. The commercial objectives align with the character of the campus and are determined in consultation with its users. A lively interpretation of 'the plinth' (the bottom layer of a building) contributes to an attractive campus.

A vacant space is first offered internally to the users of the campus. If staff or students wish to use a space in the plinth because of a public function or because of its central location and accessibility, this request will take precedence. An example of this is the Law Hub at the entrance of REC A. If there are no internal requests, the space will be made available through UvA Holding BV for external leasing. After all, a business-minded approach is needed for attracting parties and contracting leases. Conditions apply. For example, the final proposal must be approved by the Executive Board and the proposal must be coordinated with the faculties beforehand.

If the UvA were to sell, will it always choose the highest bidder?

A building should command a price in line with the prevailing market, taking the current state of repair and current designated use into account. The UvA will select the most advantageous offer (as determined by the combination of price and potential terms and conditions). The income generated by the sale of a building will be added to the UvA's general funds (and may be used for investment in accommodations on the UvA campuses). In connection with the potential sale of a building or buildings, the UvA carefully considers the land-use plan and conducts intensive consultation with the city and surrounding residents.

A potential buyer could, after purchasing a building from the UvA, apply to have it re-zoned and turn it into yet another hotel or luxury apartment complex. This would (yet again) mean one less building for public interest use in the city centre. What is the UvA's position on this?

Such matters are for the city to decide; municipal authorities are responsible for all changes in zoning and designated use. In connection with the Public Administration Act (Bibob)/Van Traa provisions, the UvA will arrange for extensive screening of all potential buyers and inquire as to the intended use. This is how the UvA ensures the prospective buyer is a bona fide party. Applications for a change of designated use are subject to the approval of municipal authorities. This is beyond the control of the UvA.

Buildings owned by the UvA are typically zoned for public interest use. Will the UvA arrange for the designated use to be changed prior to the sale in order to sell the building at a higher price?

Any building divested by the UvA will be sold in the current state and with the current designated use. The UvA does not view itself as a developer when divesting itself of real estate; the university does not actively apply for zoning changes. This in no way precludes the new owner from applying to the city for a change in designated use of the building.