

REFERENCE CASE REAL ESTATE



Technical Due Diligence for High-Rise Building in Germany

Before investing in a 24-storey high-rise in a major city in Western Germany, an investor wanted to make sure that there were no hidden damages or potential risks that could lead to higher costs and other problems. That is why they turned to TÜV Rheinland to provide technical due diligence for the building.

Basic Facts

Client	Investor
Timeframe	June – September 2014
Project location	Western Germany
Main services	<ul style="list-style-type: none">▪ Review and evaluation of technically relevant information and documentation▪ Registration of structural and technical defects▪ Presentation of required investment costs

Initial situation and requirements

An investor was interested in investing in a 24-storey high-rise building in a major city in Western Germany. Built in 1978, the object has an office space of 31,500 square meters. However, in 2014, there was no data related to the structural and technical condition of the building available. In order to make an informed business decision, the investor asked TÜV Rheinland to perform technical due diligence services. These services included checking for risks, evaluating costs for technical installations and reviewing the maintenance backlog.

Solutions, results

To deem the investment free of hidden problems or potential cost drivers, our experts conducted an initial review and evaluation of the structural engineering and technical installations by examining existing documentations, taking part in meetings, conducting extensive building inspections and interviewing accompanying property managers. Our building inspections checked the structural shell, the façade and the roof as well as the windows, outside facilities, traffic routes and the main system. In addition, we examined several technical installations such as doors, elevators, building automation, exterior lighting and the heating system. To provide complete technical due diligence, our experts also inspected the fire prevention system. We then created a bilingual report in German and English documenting the monetary assessment of the reported deficiencies and risks.

The technical due diligence of the high-rise indicated that the building services were in good condition because of previous partial modernizations. The inspection revealed that the elevators had only a short residual life and that there was a high maintenance backlog concerning structure-related issues. Deficiencies included fire safety risks and problems with the façade and windows. Overall, more than 10.0 million EUR would have to be spent on the building structure and technical installations in order to ensure safety and protect the future of the investment.

The complete report enabled the investor to make an informed decision by increasing the certainty about the genuine value of the building and allowing for the calculation and planning of future costs for the maintenance and repair of the property.

Did you know?

Our experts provide technical and environmental due diligence for commercial and residential properties.

Benefits for the client

We supported the investor for the high-rise building by providing:

- Extensive documentation of the object and thus knowledge of existing technical and structural conditions.
- Appropriate assessment of the current investment cost in order to determine an appropriate purchase price.
- An understanding of both opportunities and risks to strengthen informed decision-making.
- Strong arguments for the contractual regulatory and safety requirements.
- A complete technical due diligence report with high recognition value thanks to the TÜV Rheinland brand.

About TÜV Rheinland:

Founded more than 140 years ago, TÜV Rheinland is a global leader in independent inspection services ensuring quality and safety for people, the environment and technology in nearly all aspects of life.

We inspect technical equipment, products and services, oversee projects and help to shape processes for companies around the world. Since 2006, we have been a member of the United Nations Global Compact to promote sustainability and combat corruption.

Providing technical and environmental due diligence for real estate, our experts make sure that your investment in an individual property or a real estate portfolio is safe and promising, informing you about potential cost drivers and other problems. We also support you with technical assistance throughout the entire life cycle of your buildings and structures – from planning and construction to operation and the sale or conversion of the property.