THE **TRIANGLE** AREA PROPERTY MARKET 2002

Sadolin | ALBÆK

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THE TRIANGLE AREA

PROPERTY MARKET 2002

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THE TRIANGLE AREA IN GENERAL

- *Steady increase in job recruiment base*
- *Optimal logistics business location*
- *Catchment area with approx. 390,000*
- *Massive investments in infrastructure*

The Triangle Area comprises 8 local areas, of which the 4 largest are the towns of Kolding, Fredericia and Vejle, all located in Vejle Amt.

The location is principal for the attraction and promotion of business in the area. First of all, the area is centrally located in Denmark. Secondly, the area is centrally located for all important means of transportation, i.e. road, rail, sea and air.

According to Swiss IMD International, Denmark is the country with the best infrastructure and distribution efficiency in Europe. The most recent report suggests that Denmark is second in the world only to Singapore with respect to these parameters. Especially the Triangle Area can take credit for this nomination, as the area constitutes the geographical hub of the distribution system, nationally as well as internationally.

Comparing parameters as operating environment, infrastructure, human resources, political and macroeconomic factors, Andersen Business Location Service's found the Triangle Area to be the best place to locate logistics and distributional facilities in Northern Europe.

Via the E45 it is easy to reach Germany and southern Europe by road. From the port of Esbjerg Great Britain may be reached by direct sealink in only 18 hours. Norway can be reached by sealink via the port of Hirtshals and Sweden via the E20 (across the new Øresund fixed link).

Vejle, which is the most important town in the region, has had a positive development trend in recent years. In Vejle a number of development projects are being completed, i.e. *Tulip*'s former production site has been converted to 45,000 sqm of office and residential space, which primarily has been let to knowledge-based businesses. The second stage of the project involves the renovation of the existing administration buildings on the site, which mainly will be used for residential purposes. There are plans to develop the 20,000 sqm *Kvickly*-site into a combination of retail shopping centre, office- and residential space, thus improving the conditions of the retail business in the city centre.

Also the town of Kolding records a positive development in the area. Knowledge-based companies have been given particularly good conditions in *Kolding Business Park*, which is gradually expanding. There are a great many ongoing projects, particularly along the harbour where the Municipality of Kolding is building 7,000 sqm for a designer school, Kolding Designskole, and for other educational purposes. Furthermore *KPC Byg* is building 8,000 sqm for the use of tenants like *Nykredit*.

The town of Fredericia has not experienced quite the same favourable development as Vejle and Kolding. However, the area offers many well located commercial development sites, e.g. near Erritsø and Snoghøj. In Taulov areas for production and warehouse use are continuously being added and vast space is prepared for new construction.

The wide representation of all major developers in Denmark, i.e. *Skanska*, *NCC*, *Pihl & Søn* and *MT Højgaard* indicates that the strong development is expected to continue for some time ahead.

- *Demand for office premises focused on peripheral areas*
- *Gross profit margins for retail trade are developing faster than national average*
- *Demand for logistics and industrial properties from 4,000 sqm to 6,000 sqm*

Office

The office market has been expanding at a steady pace. In recent years there has been a significant demand for office premises ranging from 1,500 sqm to 3,500 sqm. There are two main components in relation to the demand for office space in the Triangle Area. Firstly, the market has been focused on head-office premises for large-scale industrial corporations, wholesalers and liberal professions. In this respect the Triangle Area offers a wide range of possibilities with regards to location.

In particular, liberal professions have welcomed the development of the harbour areas and the city centres in general. The location possibilities in the more peripheral areas dominated by industry, are in demand by businesses utilizing the immediate proximity to their business activities in these areas and increasingly so facilitating easy access for employees avoiding rush hour traffic in city centres.

Secondly, the increase in knowledge-based companies has created an entirely different type of demand in the area. Smaller and medium-sized professional firms have requested an increase in the use of the synergies created by occupying offices in the same building and/or area as other related businesses. This is in evident Kolding Business Park and in the area of the former *Tulip*-site in the city centre of Vejle.

Retail

Developments in both income level and the size of the catchment area have had a positive effect on retail developments. The turnover of the retail trade in the area is somewhat below the national average. In 2000, retail turnover in the County of Vejle performed a good deal below average even in comparison to other counties in Jutland.

Retail turnover figures alone, however, do not paint a full picture of the retail market in the region. The development in gross profit margins has thus been more favourable in the County of Vejle than in the rest of Denmark in general and has outperformed developments in other provincial areas.

The interest of well-known international retailers in the region has been boosted by the regions relative prosperity and potential profit-

Indices for retail trade turnover

Area	1995	1996	1997	1998	1999	2000
Denmark	100	106	107	111	117	122
Vejle Amt	100	104	102	106	108	108

Indices for retail gross profit

Area	1995	1996	1997	1998	1999	2000
Denmark	100	105	106	115	118	126
Vejle Amt	100	104	106	116	117	128

ability. Retail premises ranging up to 2,500 sqm have been in high demand by these retailers. Developments in new retail premises, particularly around *Kolding Storcenter*, have increased retail space in the area in recent years. The latest being in *Kolding Butikstorv* where they expanded with 5,500 sqm.

Existing retailers have further consolidated their position in the market by locating in the main shopping streets, with shop sizes ranging from 100 to 800 sqm. At the moment, however, the major retail outlets at decentral locations in the area seem to dominate the retail market making vacancy rates in city centres increase.

Vacancy rates in retail outlets will not reach the levels of the city centres, however, they will be higher than seen in recent years. The present economic environment combined with the expansion of retail space has left a surplus supply of retail premises in the short term.

Industrial

The Triangle Area's industrial business community is gradually expanding. The area has continuously experienced a growth in the number of foreign international production and warehouse corporations based there. The strength of the Triangle Area lies in its central location in Denmark. The area has developed into a North European logistics centre as a result of its central location for the most important means of transport by road, rail, sea and air.

The area enjoys easy access to transport corridors. Here the east-to-westbound motorway E20 and the north-to-southbound E45 meet. The E45 runs through Jutland and provides direct access to southern Europe. The E20 links Copenhagen and Esbjerg.

The region has 4 commercial ports, i.e. in Middelfart, Kolding, Vejle and Fredericia. The port of the latter is in terms of freight volume one of the largest in Denmark, and with a depth of 15 metres alongside quay it is also among the deepest ports in Denmark.

In Vejle Nord (northern Vejle) and Taulov by Fredericia two of the largest transport centres in Denmark are located. In Taulov, for instance, large general goods and international mixed-goods terminals of *Railion Denmark* are situated.

The second largest airport in Denmark - Billund Lufthavn – is located within approx. 45 minutes by car from the region.

The central geographical location of the area makes it attractive for companies that give high priority to logistics. The considerable demand has caused a short supply in the order of 4,000 sqm to 6,000 sqm as far as logistics and industrial properties ready for occupancy are concerned. But also larger premises are in demand. Rich opportunities for new constructions have to some extent compensated for this. Particularly in Fredericia near Taulov there is amble space for new constructions with considerable area requirements.

THE INVESTMENT MARKET

- *Secondary yield requirements on the rise, prime rates are stable*
- *Office demand focused on new properties*
- *Retail properties affected by vacancy*

The investment market in the Triangle Area has not been unaffected by the historically low interest rate seen in recent years. Thus investors have benefited from inexpensive financing. As stock markets in particular have been volatile, the demand for investment properties has been further stimulated, offering stable cash flows reducing investors' exposure to risks.

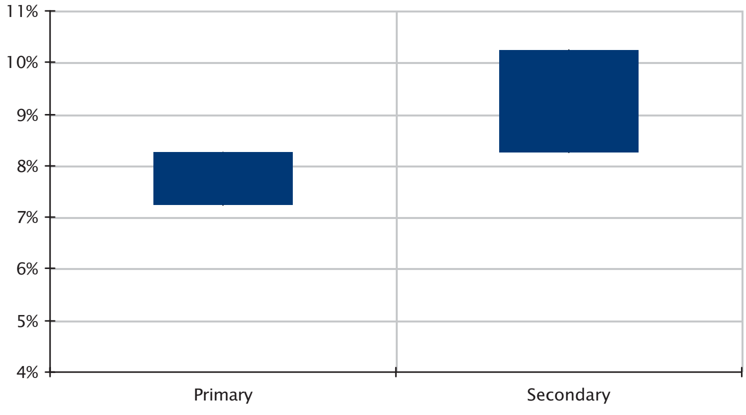
The relocation of traditional office premises from the city centres to more peripheral sites near major traffic arteries and the harbour areas, is also affecting the investment market in the Triangle Area. Here, demand for new properties is high.

The process of re-allocating space is leaving vacancy rates in city centres at an elevated level, making investor yield requirements increase in these areas. Thus, the development in the office property investment market is a mixed one.

Gradually, some city locations are being considered secondary and yield require-ments in these cases are increasing, whereas new primary locations are holding ground. For the secondary located properties, the opportunities for development are a focal point, increasing the option value of the property and helping to secure investor cash flows.

Net initial yields for office properties at secondary locations range from approx. 8.25 per cent to approx. 10.25 per cent. For offices at prime locations the margin constitutes 100 bp - from approx. 7.25 per cent to approx. 8.25 per cent.

Yield, Office

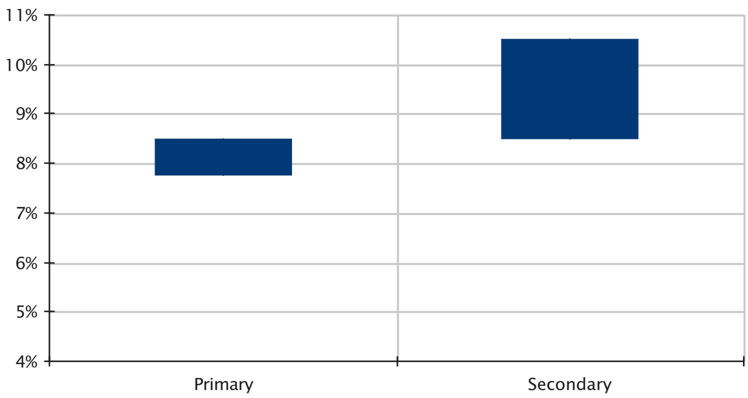


Net initial yield requirements for production and warehouse facilities at prime locations range from approx. 8 per cent to approx. 8.5 per cent. Secondary locations are presently not developed at the same pace as prime locations. Secondary net initial yields for warehouse and production facilities range from approx. 8.5 per cent to approx. 10.5 per cent.

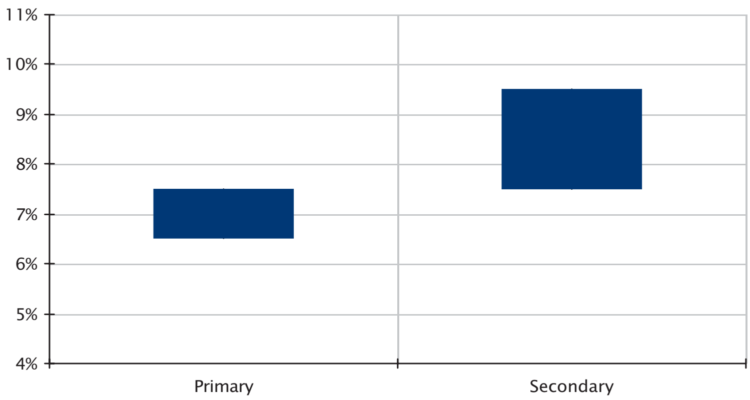
The development potential is a key element in the retail property investment market, reducing the importance of the lease term for the investors. Changes in the retail market in the Triangle Area are unfolding gradually, moving the location of consumer demand from traditional areas. Investors are thus inclined to opt for flexibility. New construction of retail premises has been extensive in recent years, which has affected vacancy rates even for prime locations. Prime locations for retail properties – "high-street" properties – normally has a yield that ranges from 6.5 per cent to 7.5, whereas secondary locations range from 7.5 to 9.5 per cent.

Investment rates are on the rise. This will have an affect on the prospects for the investment market in general. Demand for prime locations in the Triangle Area will help reduce the impact of rising interest rates but secondary locations will suffer. Development potential for office and retail property, is important for yield levels.

Yield, Industrial



Yield, Retail



GENERAL RENT LEVELS

- *Developments in general rent levels continue to be stagnant*
- *Prime locations will increase moderately and secondary locations will fall*

The cities of Kolding and Vejle are somewhat similar in general business community size. As far as industrial corporations are concerned, Vejle can still be considered leader. As a result of its sheer market size and the potential synergies this offers, this is reflected in somewhat higher market rent levels in Vejle.

Both Kolding and Vejle record higher rent levels than Fredericia. This is partly due to the fact that Kolding and Vejle are better at attracting new business.

The considerable new construction activity that has characterised the property market in the area has reduced demand for secondary locations. Thus, partly due to satiated demand and partly as a result of the current export market's reluctance to exhibit betterments, market expectations concerning rent levels continue to be stagnant. The demand for prime locations will in some areas pull rent levels upwards, but only enough to compensate for the fall in secondary locations and some general areas. However, considering the areas provincial status rent level performance in the present market can be considered superior.

Although the Triangle Area has always been and continue to be associated with heavy industry and production and warehouse facilities the office markets materiality is constantly being endorsed. The developments of the harbour areas in particular is of grave importance for this segment, as they offer alternative central and more easily accessible locations than traditional city centres sites. Thus, office markets in these areas will continue to thrive, on behalf of alternative city locations. Other locations facilitating easy access and close proximity to the additional business community will, as the harbour areas, be able to sustain and in some cases even increase the rent levels.

The retail market in the area has also been characterised by quite considerable refurbishment and extension of projects in recent years. The extension of retail outlet premises combined with low consumption increases have resulted in some vacancy in the area, leaving some new retail outlet premises vacant, and thus rent levels will be stagnant. Secondary locations for retail outlets will, however, experience falling rent levels as prime locations become considerably more available.

In favour of a continued increase in rent levels for warehouse and production premises are the necessity for companies to consolidate their business activities and rationalize their distributional facilities. The result is a demand for ever-larger distributional premises. However, this will render existing facilities into obsolescence more rapidly and create a more excruciating gap between secondary and primary industrial premises, thus reducing rent levels in the secondary market.

Rent levels in DKK (sqm/year), 2002

Area	Office		Industrial		Retail	
Kolding	350-875	↗	225-400	→	950-2100	↘
Vejle	400-875	→	225-375	→	600-2200	→
Fredericia	425-800	→	250-350	→	600-1050	↘
Middelfart			250-325	→		


COMPASS
HUMAN RESOURCES GROUP

THE LABOUR MARKET

- *Employment in service sectors will increase*
- *IT employment still going strong as companies concentrate their activities in the Triangle Area*
- *Unemployment at 5.3 per cent*
- *Growth in personal income level significantly higher than national average*

Employment

The employment situation for the Triangle Area is still very good despite an already high degree of capacity utilization. In general, the trend in the area largely follows the national business cycle.

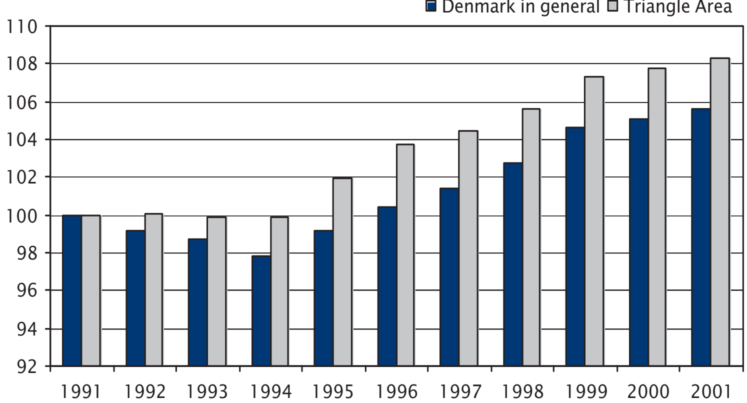
The area as a whole has showed a stronger resistance to the general slump of the beginning of the 90's than was the case for the national average. From 1991 – 1994 - when the low of the period hit - national employment fell by 2,2 per cent in comparison with a fall of mere 0.1 per cent for the Triangle area. Since then the Triangle Area has showed a strong growth in employment, with employment rising by approx. 8 per cent in the period 1994 – 2001, in comparison to the national growth rate of 7 per cent for the same period.

Together with Vejle, Kolding, which has the largest employment rate, has experienced the largest increase in employment totalling approx. 9 per cent each since 1994. Fredericia, however have shown a more moderate increase in the employment level from 1994 and since 1999 the levels have been stagnant, with the employment figures turning slightly downwards.

Especially knowledge related businesses have experienced tremendous growth in the area. In spite of the present situation in the IT-related businesses, the Triangle Area has increased the number of people employed in knowledge-based businesses by approx. 20 per cent. The recent crisis in the IT-related businesses has been somewhat accommodated by the regions continuous success in attracting these companies as they choose to concentrate their activities in particularly Kolding and Vejle as they downsize their businesses.

Employment in the Triangle Area is expected to increase only moderately in the medium term and the increase will be accredited to the business activity in the service sector. This can be seen as a consequence of the relatively large proportion of employment in the industrial sector, which has a dominant position in the area. Especially the export oriented traditional industry that suffers from the economic slump and this affects the sectors recruitment rate, and thus the aggregate level of employment in the Triangle area will increase less than will be the case for Denmark in general.

Employment in the Triangle Area



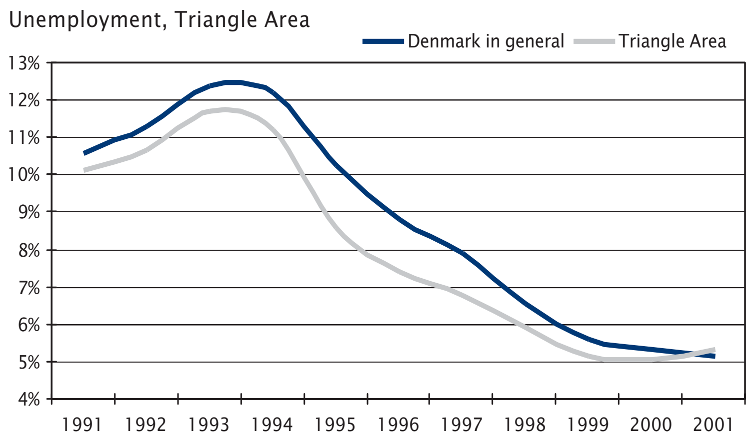
Unemployment

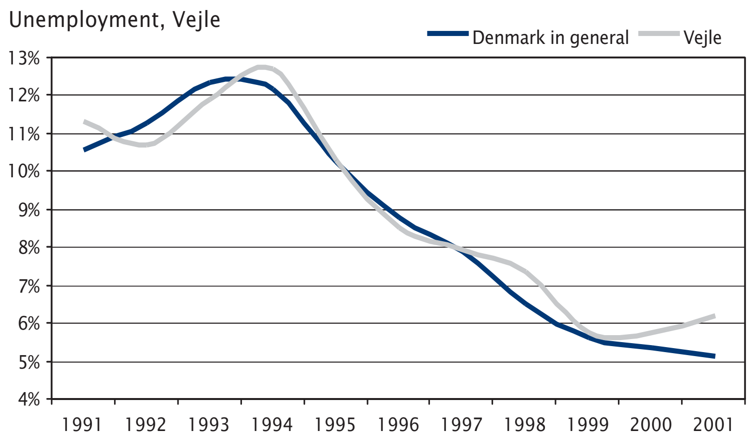
The Triangle Area has an excellent track record regarding unemployment performance in comparison to the national average. It has been below the national average for the last decade. In 2001, however, the unemployment rate crept 20 bp above the national average to 5.3 per cent. The figures of the large cities pull the average up, thus the County of Vejle, which is the geographical catchment area as well as the chief job recruitment base for the towns, has a rate just 10 bp below the national average.

Though unemployment in the area in general equals the national average, Fredericia and Vejle have experienced an increase in the unemployment rate since 1999, while the rate of Kolding has been stagnant since 2000.

For the City of Vejle the unemployment rate has been falling from 1994 to 1999, where the level stagnated. In 2001 the figure turned slightly upwards with 40 bp, reaching a level of 6.1 per cent of the workforce being unemployed.

Although Fredericia has succeeded in keeping unemployment under control for most of the last decade, unemployment has been rising significantly since the low in 1999 where the rate was 5.4 per cent. Through 2000 unemployment has increased by 100 bp to 7.3 per

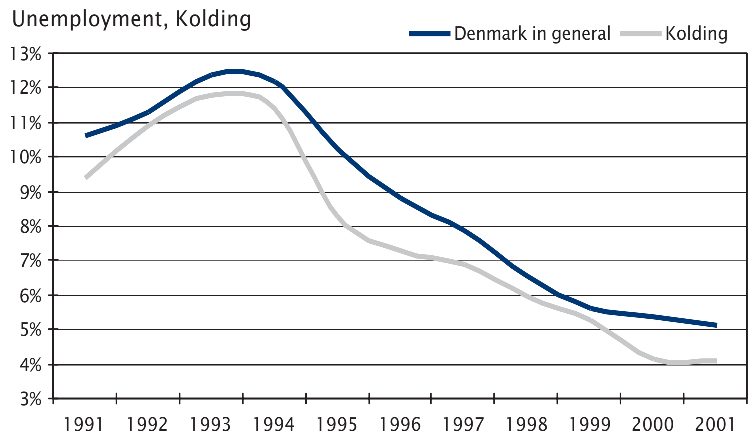


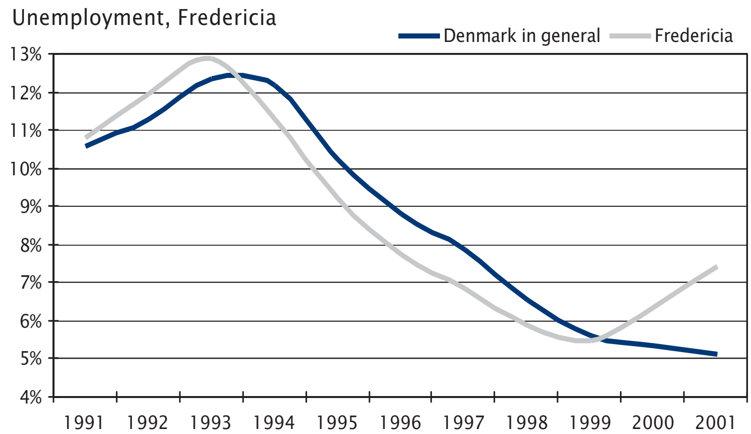


cent in 2001. The “wait-and-see” attitude characterizing the large industrial corporations of the business community of Fredericia has thus been relaxed somewhat increasing unemployment slightly. Industrial companies seem to acknowledge the present situation as a more prolonged slump than previously assumed.

Aside from the excellent performance with regards to employment, Kolding also shows remarkable results in terms of keeping unemployment low. The unemployment rate has been falling from 1993 to 2001 and now stands at a mere 4 per cent, which is more than 100 bp below the national average.

On a medium term, the economic activity in the Triangle Area is affected by the uncertain prospects of the exports markets. Even if export markets begin to grow again, there will be no significant need for additional workers, as the “wait-and-see” attitude has left industries with a surplus of employees Thus it is most likely that unemployment will increase moderately. Unemployment will only be reduced significantly if growth catches hold on a longer term.





Personal income

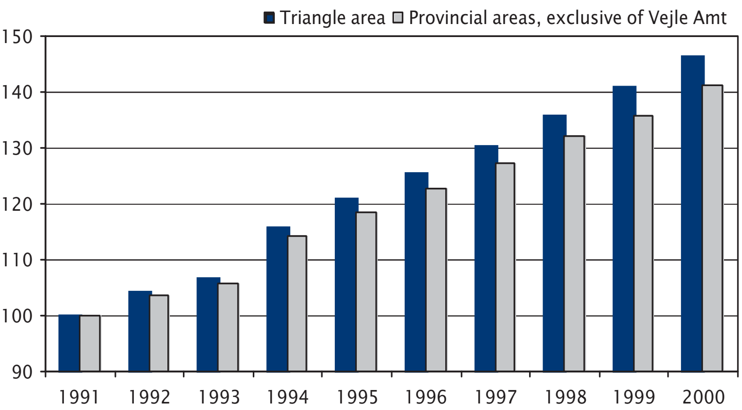
Business activity will tend to elevate income levels. Indeed, the income level in the Triangle Area reflects the success of the business community. Thus the Triangle Area is considered an affluent part of Denmark.

All data concerning the area must be viewed in light of the fact that Copenhagen as the country's capital in general pushes up the national average levels of income and turnover, respectively. Nevertheless, even when considering this, the growth in personal income exceeds the national average. From 1991 to 2000 the increase was 3.9 per cent p.a. for the Triangle area, compared to 3.6 per cent p.a. for Denmark as a whole.

The income level in the area not only reflects the business activity, but also constitutes an important factor for the retail trade in the area as it indicates a substantial purchasing power.

From 1999 to 2000, wages and salaries increased 4.2 per cent nationally and 3.9 per cent in the Triangle Area. For most of the previous ten years, the trend has been the opposite. Here growth in wages and salaries in the Triangle Area has been exceeding that of the national level through 2001. With a growth rate of 4,8 per cent in the 4th quarter of 2001, the growth rate of the area has again moved above the national level. This could indicate that in some businesses and local areas, it can be hard to avoid the tendency of bottlenecks. For the Triangle Area in general, bottlenecks cannot be expected to cause a major threat to the business community.

Personal income




XYRON

GENERAL NEW CONSTRUCTION

NEW CONSTRUCTION
OFFICE
RETAIL
INDUSTRIAL
VEJLE
KOLDING
FREDERICIA

- *Persistantly high new construction activity*
- *New construction primarily for office purposes in Vejle and Kolding, whereas fredericia is still dominated by industrial new construction*

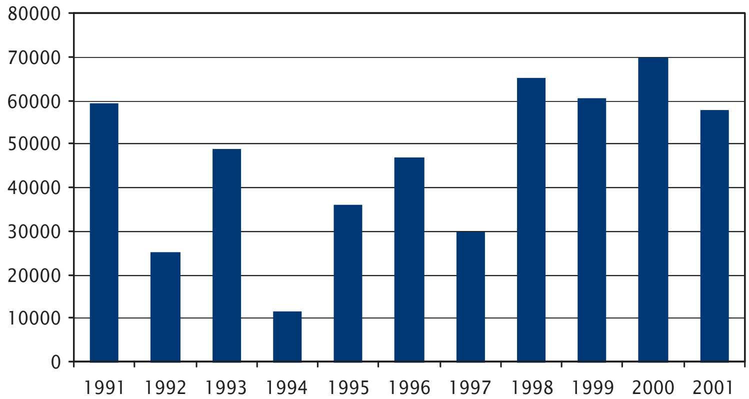
In general new construction has been high throughout the 1990s. Following a brief period of recession during 1992-1994 commercial new construction picked up again resulting in high average construction levels overall.

A major reason for this is the reputation of the area, both nationally and internationally, of being a successful and dynamic growth area. The area has enjoyed a much more stable development than Denmark in general, a trend most likely to continue. An indication of this is the fact that all major developers by now are represented in the area.

In 2001 the total national completed commercial new construction was 26 per cent above the average new construction level compared with the average new construction level in the ten years before that - whereas new construction in the triangle area was almost 50 per cent above the average level from 1990-2000. However, generally new construction suffered a set back in activity in 2001 compared to 2000 but activity can still be described as high for the area as a whole.

As concerns the larger cities of the area the picture is a mixed one. Kolding's new construction level was moderate in 2001 compared to the other cities with a new construction activity 30 per cent above the cities

Commercial new construction in Vejle (Space in sqm)



average level since 1990. Fredericia's new construction activity soared again in 2001, exceeding the record-breaking year of 2000. Thus Fredericia had 158 per cent higher activity in 2001 compared with the average during the past ten years. As concerns Vejle the new construction in 2001 fell by 18 per cent in comparison with the 2000 level, but activity was still 25 per cent higher than the average of the last decade.

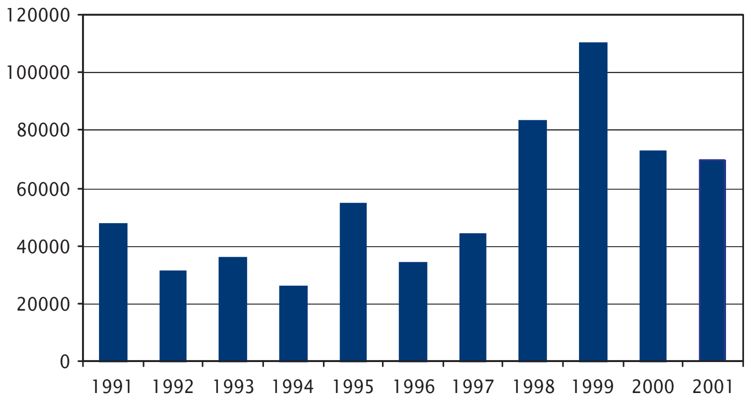
The dramatic increase in Fredericia can partly be ascribed to a relatively low activity level in the 1990s, but also a very high level of activity in 2000 and 2001.

Since 1993 the development concerning Fredericia has been stable and almost entirely, whereas the towns of Vejle and Kolding have experienced larger fluctuations in completed commercial constructions in the last decade.

The latest decade's average annual volume of commercial new construction in Vejle was approx. 46,000 sqm. For a couple of years the level of activity was very low, but for most years the new construction rate has generally followed the trend and overall evolution of the total national level. In 2001 almost 80 per cent of new construction was designated for office use reflecting the increasing business activity of this segment in the area.

Kolding recorded an average annual volume of commercial new construction in the order of 55,000 sqm in the last decade. The level is, however, boosted substantially by the very high activity level since 1998 with an average annual volume of 84,000 sqm in comparison with the annual average of 39,000 sqm for the period 1991-1997. The bulk of this new construction has been for office space during recent years. This is attributed to Kolding Business Park.

Commercial new construction in Kolding (Space in sqm)

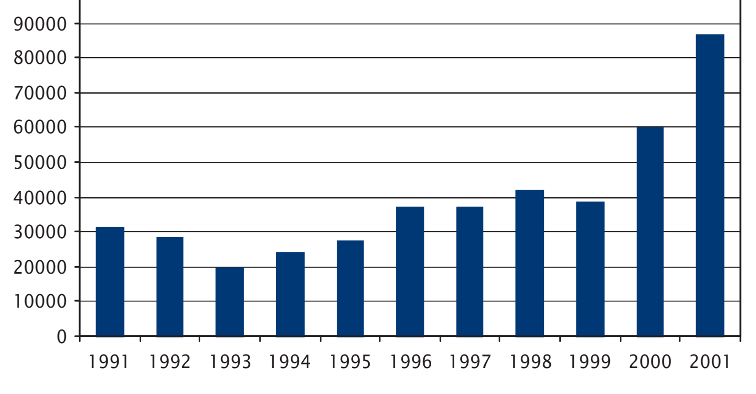


NEW CONSTRUCTION
OFFICE
RETAIL
INDUSTRIAL
VEJLE
KOLDING
FREDERICIA

The equivalent annual average for Fredericia was viz. 39,000 sqm. Like in the other towns Fredericia's average is boosted mainly by construction activity in the last part of the decade, especially 2000 and 2001. However, the volatility of the construction rate has been very low in comparison with the cities mentioned above. Construction is still primarily for industrial purposes.

Considering the high activity Fredericia has experienced during recent years and the fact that prime locations are still available, makes it likely that Fredericia in the years to come will be the leader in new construction, especially in regard to production and warehouse premises.

Commercial new construction in Fredericia (Space in sqm)



OFFICE MARKET TRENDS

- *Overall high increases in office stock*
- *Vacancy rates in city centres are rising, as harbour areas become increasingly attractive*
- *Office stock of 340,000 sqm, 330,000 sqm and 260,000 sqm for Vejle, Kolding and Fredericia, respectively*

The increase in the office stock is historically high and is an indication of the areas potential in this market. From 2000 to 2001 Kolding thus experienced an increase of approx. 12 per cent in office space, Vejle approx. 20 per cent and Fredericia approx. 13 per cent. Increases in the office stock will continue, as liberal professions are increasing an integrate part of the business sector.

Developments are focused around the north-eastern part of Kolding and the harbour areas in Vejle where new office construction has been substantial. In Fredericia developments are most predominant in Snoghøj.

Vejle has recorded a higher increase in the office stock than Kolding. This can partly be ascribed to the development in knowledge-based companies. Both cities, however, are not suffering to the same extent from the current downturn in the IT-sector as the rest of the country.

Vejle and Kolding both record the highest office stock. Although there are developments in Fredericia, the office stock is still the lowest of the three towns. The office stock in Vejle, Kolding and Fredericia, respectively, is as at year 2001 estimated at 340,000 sqm, 330,000 sqm and 260,000 sqm. Vacancy rates are rising, as new developments are ongoing. Presently vacancy is estimated at 12 per cent, 7 per cent and 9 percent, respectively. For Vejle and Fredericia this is an increase of 200 bp in comparison to last year. Vejle's increase is connected to the fast developments in the office stock. For Kolding the increase is only 100 bp compared to 2001.

In any case the Triangle Area continuously seem to attract business from the surrounding region, as liberal professions acknowledge the region's strength in creating a healthy business environment, as they can benefit heavily from a thriving industrial sector.

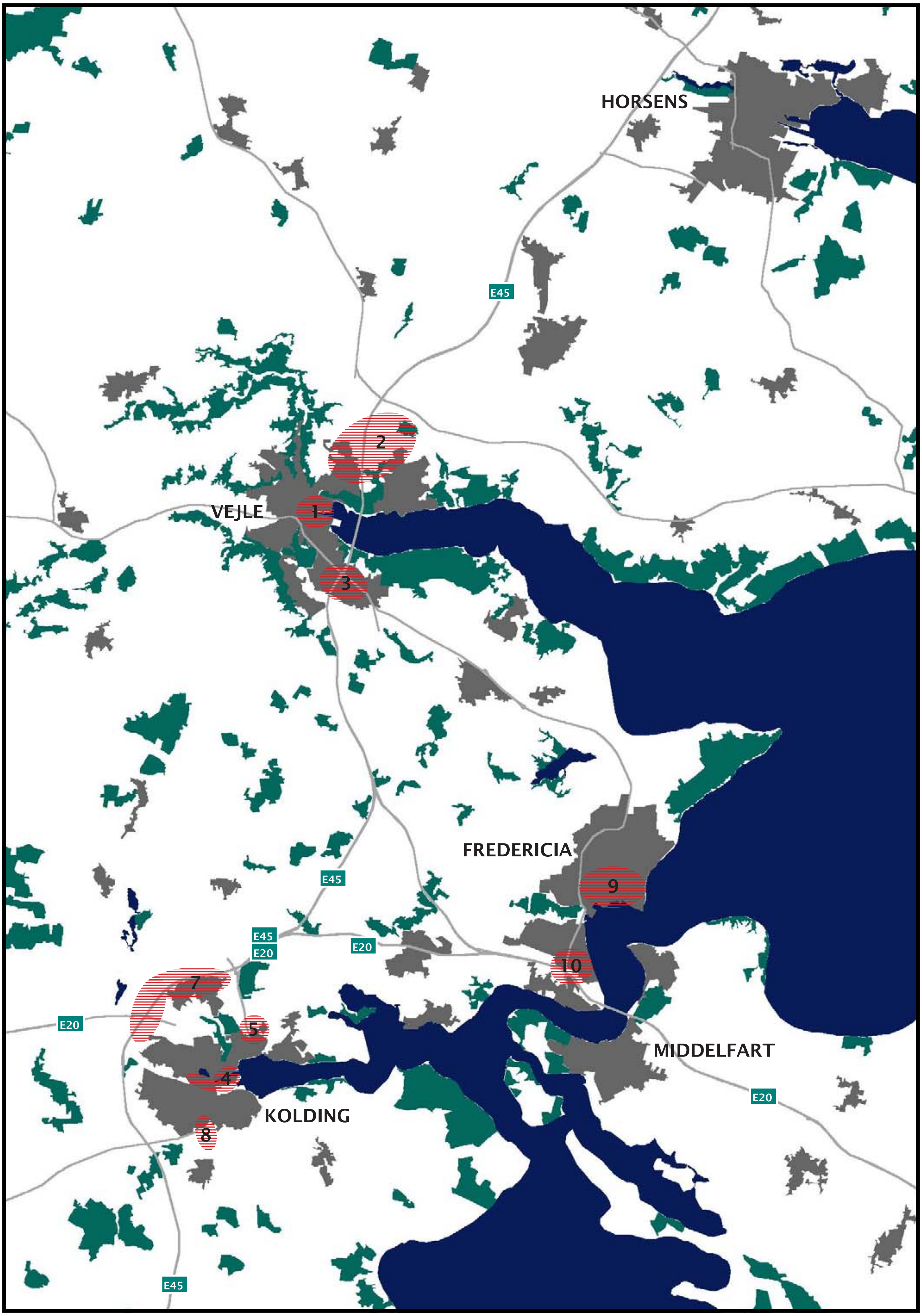
As demand is increasingly coming from knowledge based companies, the expanding office market will affect the demand for secondary office premises that is presently vacated in favour of the new space which is more suited for the present demand. In areas surrounding the city centre it will be profitable to develop premises of secondary nature into residential areas as demographic developments continuously call for new residential buildings in the cities.

Demand for primary locations will, in spite of the present economic environment, be in line with the continuous graduate growth of the business community in the Triangle Area, however more moderately than seen in recent years, as demand for office premises from existing Triangle Area residents is somewhat saturated at the moment.

RENT LEVELS

Office		DKK / sqm / year			
		Prime		Secondary	
	Vejle				
(1)	Vejle Centrum	875	↗	550	→
(2)	Vejle Nord	775	→	400	↘
(3)	Vejle Syd	750	↗	400	↘
	Kolding				
(4)	Kolding Centrum	875	↗	550	→
(5)	Kolding Øst	800	↗	450	↗
(7)	Harte-Munkebo and Bramdrup	700	↗	375	→
(8)	Kolding Syd	500	↘	350	↘
	Fredericia				
(9)	Fredericia Centrum	800	→	450	↘
(10)	Erritsø og Snoghøj	700	↗	425	→

Retail		DKK / sqm / year			
		Prime		Secondary	
	Vejle				
(1)	Vejle Centrum	2,200	↗	1,000	↘
(2)	Vejle Nord	875	→	600	↘
	Kolding				
(4)	Kolding Centrum	2,100	→	950	↘
(5)	Kolding Øst	1,650	→	750	↘
	Fredericia				
(9)	Fredericia Centrum	1,050	↘	600	↘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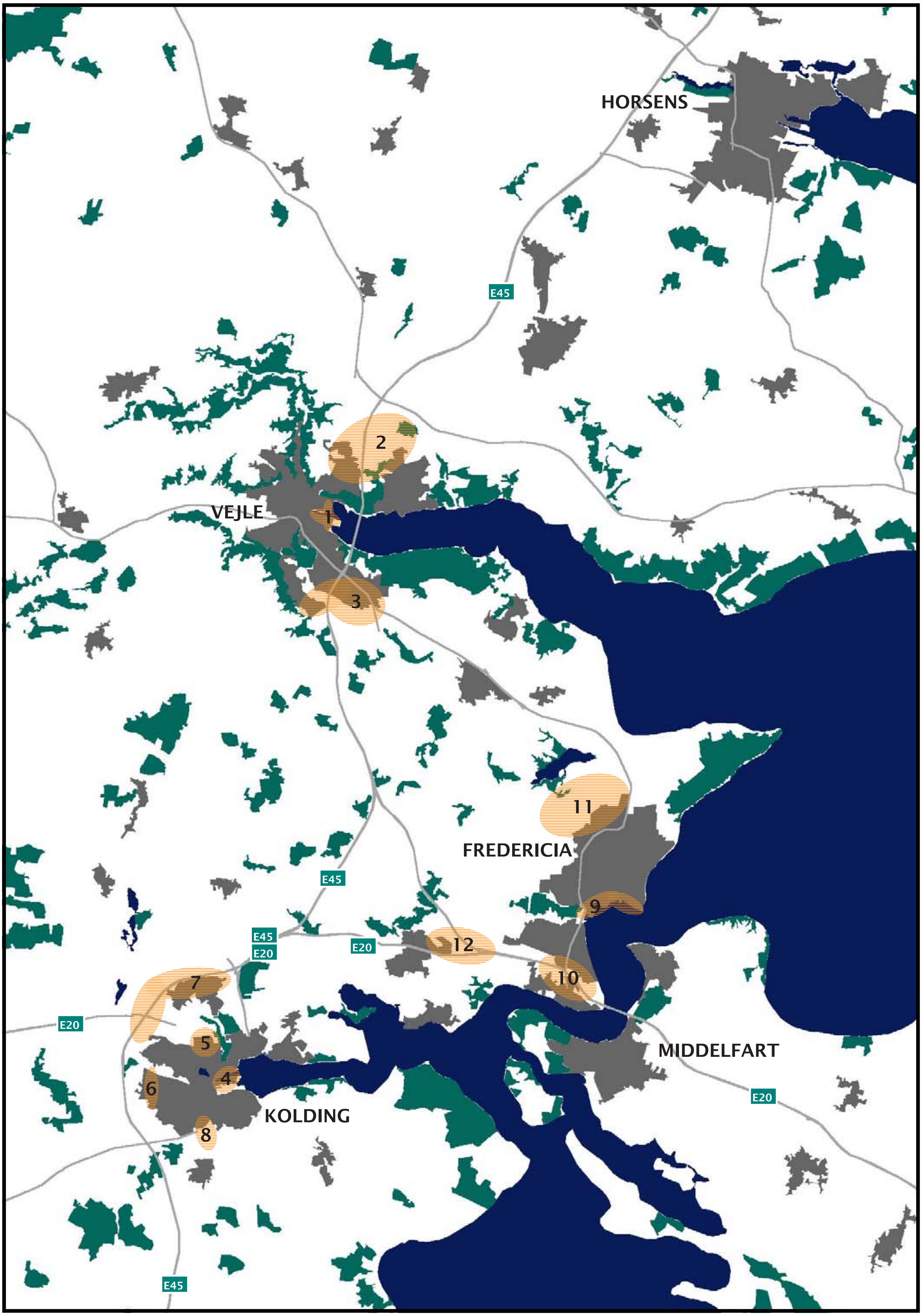
Industrial		DKK / sqm / year			
		Prime		Secondary	
Vejle					
(1)	Harbour area	300	→	225	↘
(2)	Vejle Nord	375	→	250	→
(3)	Vejle Syd	375	→	275	↘
Kolding					
(4)	Harbour area	325	→	225	→
(5)	Kolding Øst	400	↘	300	↘
(6)	Seest	300	↘	250	↘
(7)	Harte-Munkebo and Bramdrup	400	↗	300	→
(8)	Kolding Syd	325	↘	250	↘
Fredericia					
(9)	Harbour area	350	→	275	↗
(10)	Erritsø og Snoghøj	350	↘	275	↘
(11)	Fredericia Nord	350	→	275	↘
(12)	Taulov	325	→	250	→


HORSENS
E45
2
VEJLE
1
3
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FREDERICIA
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E20
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MIDDELFART
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E20
KOLDING
8
E45

Vejle

- *Pedestrian streets have recently undergone comprehensive refurbishment*
- *Industrial properties increasingly converted into office premises in harbour areas*
- *Vejle Nord houses some of the largest companies in Denmark*

Vejle Centrum

In the town centre of Vejle, Vejle Centrum, there are several minor office units, which typically are let by banks and e.g. law firms, accountancy firms, general practitioner's surgeries and estate agencies.

The area located immediately west of Vejle town centre is a mixed-use area with minor workshops, major retail units and rather new office buildings occupied by e.g. *Told & Skat* (Danish Customs & Tax Authorities), *Nykredit* and lawyers *Zacho, Rehling & Heilesen*. The areas professional space is closely interwoven with the residential space. By way of example may be quoted *Graintec*'s new 2,500 sqm domicile neighbouring a newly constructed apartment building with the retail bank, *Jyske Bank*, in the floor area and further vacant areas for office use.

Here the largest office user by far is the County of Vejle, *Vejle Amt*, with several independent office locations. The office space is expected to increase during the coming years, as workshops and larger retail outlets will relocate to Vejle Nord with ample possibilities of sightings with road frontage and thereby greater exposure opportunities.

The annual retail turnover of Vejle amounts to approximately 3 billion for the market as a whole with the main market concentrated around the pedestrian streets in Vejle. The pedestrian area comprises the streets of Torvegade, Søndergade and Nørregade which run end to end. The pedestrian streets have recently been undergoing comprehensive refurbishment helping the city centre to present itself discerningly. However, to consolidate the centre of Vejle's status further as a local centre in competition with the regional centre, *Kolding Storcenter*, it is necessary to establish a more cohesive and versatile retail city core. One possibility lies in the development of the 20.000 sqm *Kvickly* site located at the end of the pedestrian area. The ample space combined with the formidable location creates the potential for an indoor centre which will help strengthen the appeal of the city centre to the nearby residential areas.

After a few years with a high retail tenant replacement rate the number of new stores seems to have fallen. Vacancy has risen in the centrally located retail premises in Vejle as a consequence. Market exits are simply not followed up by new entries. Among retailers in the pedestrian area are e.g. *Bahne, Føtex, Vero Moda* and *Hennes & Mauritz*.

The port in Vejle is a conventional harbour area with port-related industries and a yearly freight traffic of 1million tons. In recent years there has been a trend towards converting industrial properties in the harbour area into office use. An example of this is *KPC Byg*'s comprehensive project of 45,000 sqm mixed commercial and residential space on the former *Tulip* site in Vejle. The renovated former Tulip administration buildings house a range of IT-related businesses, which wants to harvest the potential in sharing office buildings with other knowledge, based companies. Also on the Tulip site a modern office building, facing the harbour, has been completed of which tenants include *BDO* and *COWI*, and further along the harbour the ongoing development will result in additional office space for e.g. *Danske Bank, Danica* and *Realkredit Danmark.*

Vejle Nord

Northern Vejle, Vejle Nord, is the largest industrial area in Vejle, comprising mainly manufacturing–orientated industry with units ranging from approx. 5,000 sqm to 10,000 sqm. Traditional companies such as *Dandy, Phønix* and *Egetæpper* are well-established typical occupiers in the area, and more recently *Lyreco Denmark, Uni-Chains* and *Blend* have located here. In addition, *Dandy* has expanded with the building of 8,000 sqm to host subsidiary company *Fertin Pharma* that produces pharmaceutical chewing gum. Another new construction in the area includes 16,200 sqm for *Euro Mannequins & Interieur*.

Furthermore, the food industry is heavily represented with companies such as *Schulstad*, *Karup Brød* (*Cerealia Unibake*) and *Arla Foods* which beyond accommodating production facilities in the area have moved their national customer service centre to Vejle - and *Tulip* - all with units of up to 20,000 sqm.

In recent years the logistics industry has shown a growing demand for premises in the area. This is due to the area's central location in relation to the motorway system. Major transport centres such as "*Danmarks Transport Center*" with a site area of 320,000 sqm and logistics companies such as Supergros and "*Vejle Frysehus*", occupied by *Claus Sørensen A/S*, are situated in the area.

In the area there is also a cluster of retail outlets, e.g. *Bilka, Skousen Hvidevarer, Harald Nyborg* and *Jem & Fix*. Similarly, in the predominant industrial area a number of car dealers and other retailers with considerable area requirements are located.

Vejle Syd

Southern Vejle, Vejle Syd/Vinding, is a large modern logistics and industrial area developed in the early 1980s. Units ranging from 3,000 sqm to 6,000 sqm characterize the area. In addition, the area houses several prominent logistics properties, comprising from 10,000 sqm to 15,000 sqm occupied by e.g. P*apyrus, Louis Poulsen* and *Fakta*.

Moreover there is a great number of head office buildings in the area, e.g. occupied by *Jyske Bank, Novenco* and *Arbejdstilsynet* (The Danish Working Environment Service), and also a few retailers with major area requirements are situated at this location.

The area is expanding gradually and has many new developments. Recently *Lessor* has constructed 1,000 sqm of space in the area, which is approx. the same production space by which *Elmer Print* expanded recently. Europark has also moved to the area in a newly constructed 500 sqm headquarter. Additionally *TS Inventar* has constructed a new production building of 3,000 sqm and finally *Bee Fashion* is constructing 1,000 sqm of office space for their new headquarter.


bahne
bahne


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Kolding

- *More and more of the Harbour areas are converted into office space*
- *Relatively new commercial areas*
- *Kolding Storcenter manifests Kolding as the retail centre of the Triangle Area*

Kolding Centrum

The town centre of Kolding, Kolding Centrum, immediately north of the railway station and west of Slotssøen, houses several office buildings. Typical office tenants are law firms, accountancy firms and similar professional tenants. The properties in central Kolding are typically mixed-use properties with office, retail and residential space.

The most important retail location in Kolding Centrum is the pedestrian area, comprising the streets of Søndergade, Østergade, Torvegade and Helligkorsgade. *B-young, Orange* and a retail outlet of *Højgaard Design* have set up business in the area in recent years, despite knowledge of strong competition from Kolding Storcenter. An ongoing development of specialized shops and new concept stores, such as *Optikjær* - a mixed *B&O, Phillip Starck* and optician's shop - will help the city centre's retail community to prevent turnover falling by more than the 3 per cent already lost since the inauguration of *Kolding Storcenter*. Furthermore a renovation of the old Kino building in Søndergade will help strengthen the areas appearance.

The harbour area in central Kolding is characterised by traditional port-related industries with considerable area requirements, e.g. *Aalborg Portland* and *4K. Gimbel* is set to vacate its harbour premises consisting of 9,000 sqm in the spring. Presently, the southern part of the harbour is being expanded by 75 metres and 2,500 sqm along the quay. In the northern harbour areas there are several large ongoing development projects. The largest project is by the Municipality of Kolding, erecting some 7,000 sqm for a designer school, Kolding Designskole, and for other educational purposes. Even closer to the harbour *KPC Byg* is constructing a mixed parking and office building comprising 8,000 sqm in total, with *Nykredit* among the tenants.

Kolding, with its favourable position with regards to infrastructure, is also known as a national, and to some extent, an international centre for hosting conferences. The city has a large number of hotels that offer modern facilities and professional services to both participants and hosts of national- as well as international - conferences. When the hotel market speeds up again, there will most likely be some developments in this segment increasing the city's hotel capacity.

Kolding Øst

Eastern Kolding, Kolding Øst, is a newly developed area, which is dominated by the *Dyrups* and *APC* head offices. The area is one of the very few typical office locations in the Triangle Area.

The *Pyramid* and *Kolding Business Park,* which opened in 1999, have contributed notably to the success of this office location. In the already completed buildings tenants include *Skanska, Danfoss Solutions, Dublyooh* and the IT-company *EDS*. New developments continue to increase the area's occupational space. In the recent year domiciles for *BDO* and *Compass* have been constructed next to the characteristic *Pyramid*.

The area around *Kolding business Park* and near Bramdrup will also host the new *Research- and development park Kolding*, which will accommodate a variety of companies within design, communication and IT.

The idea is that both existing and new businesses will locate to the park and work together as an overall power centre of innovation.

The park will work to further strengthen growth of trade and industries in Kolding in general, but especially with respect to manifesting Kolding as a national design and innovation centre. Design is important since Kolding accommodates the designer school, Designskolen Kolding and the art museum, Kunstmuseet Trapholt, but also design businesses such as *Georg Jensen Damaskvæveriet*. Furthermore, the park will assist in consolidating Kolding's position with regards to knowledge-based industries.

Seest

The industrial area of Seest is situated west of Kolding. The area is an old industrial area with minor workshop-like businesses.

Industri Nord: Harte-Munkebo and Bramdrup

Harte-Munkebo and Bramdrup are two industrial areas situated quite near each other and bordering on the E20/E45. The areas are predominated by occupiers with considerable area requirements and labour intensive activities that also demand good logistics opportunities.

The location of both areas near residential areas provides easy access for employees to and from work. Furthermore, the areas enjoy easy access to Kolding Centrum.

Bramdrup enjoys an excellent access to the overall road grid as the area is bordering on the E20/E45. Thus the 370,000 sqm zoned for occupational use near Bramdrupdam is an attractive location, and thus the area is presently experiencing a fast paced development in new locations and new constructions.

In the northern part of Bramdrup lies *Hesselly Erhvervspark*. Most of the companies in the area are occupying mixed office- and warehouse facilities and most of these companies have smaller area requirements. Within the last year *Kokken & Jomfruen* has build a new 1,500 sqm domicile for its catering services, and also *Pharmalett* has moved here. Currently *Brdr. Daugard Pedersen* is constructing 3,000 sqm next to *Pharmalett*.

Bramdrup is a rather new commercial area with a high proportion of logistics buildings, occupied by *TNT, LMG, Pakketrans* and *Würth*. *LMG*'s central storage facility was recently constructed and comprises 21,500 sqm. *TNT* is presently expanding its premises by almost 5,000 sqm in the area neighbouring *Pakketrans*' new facilities. In addition several head office properties have emerged in the area as both *B-Young* and *Carl Bro* have constructed new domiciles on Kokbjerg within the last year, comprising 9,000 and 3,500 sqm respectively.

NCC has recently purchased an 80,000 sqm site on Bramdrup Mark and will shortly start building office space comprising over 30,000 sqm. The site is expected to be completed in 2007, and *NCC Byg* themselves will occupy approx. 2,000 sqm. The remainder of the site is to be used for liberal professions comprising minimum 1,000 sqm each.

The Harte-Munkebo area is predominated by production companies and some heavy industry, and the area hosts major companies such as *Velux, Decra* and *APV*.

Harte-Munkebo also accommodates the shopping centre of *Kolding Storcenter* with an annual customer flow of approx. 5.4 million. The centre comprises approx. 90 retail units and in 2001 generated a turnover of DKK 1,462 million, an increase of 5.3 per cent since 2000. *Kolding Storcenter* has 97 shops and an area of 57,000 sqm. The centre is anchored by e.g. *Magasin, Hennes & Mauritz* and *Bilka*.

In the area around *Kolding Storcenter* there are retail outlets such as *Toys'R'us, Electronic World, Bauhaus* and *Harald Nyborg* who moved in to the 2,000 sqm previous location of Idémøbler, as Idemøbler vacated the premises to take over *B-Young*'s former location on Vejlevej. In addition, *Skanska* has recently developed *Kolding Butikstorv* which comprises 5,500 sqm and retailers such as *El-giganten, HTH* and *Tæppeland*.

Kolding Syd

The southern part of Kolding, Kolding Syd, is designated for workshop-like industry and appeals to craftsmen-like businesses with modest area requirements.

Fredericia

- *Largest industrial harbour in Denmark*
- *Accommodation of heavy industry with some of Denmark's most noteworthy companies*
- *Excellent logistics location in Taulov*

Fredericia Centrum and the port of Fredericia

The largest office units are situated in central Fredericia, Fredericia Centrum, west of the harbour area. Central Fredericia is a typical town centre characterised by mixed-use properties of retail, office and residential. The most important retail location is around the pedestrian streets of Gothersgade, Vendersgade and Jyllandsgade. The shops are subject to a low tenant replacement rate and vacancy is very low. Most recently *Vero Moda* and *Only* opened in Gothersgade. Converting Danmarksgade into a pedestrian street has strengthened local trade.

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The retail culture is most pronounced in the town centre. Most of the industrial areas prohibit retail trade, thus limiting the possibilities of establishing large-scale units. In the western part of the area the shopping centre Vest Centret is situated. The centre comprises 11 retail units and generated a turnover of approx. DKK 101 million in 2001.

The port of Fredericia is the largest industrial harbour in Denmark. From Fredericia most importantly consignments of liquid bulk, dry bulk, containers and fish are shipped. Moreover, the harbour area accommodates some heavy industry where *KFK Salt*, *DFDS* and *Fredericia Shipping* are among the most significant examples.

Fredericia Nord

Northern Fredericia, Fredericia Nord, is primarily dominated by heavy industry and enjoys easy access to the motorway system via the ring roads. *Shell Oil-Refinery* dominates the northwest of the area, but other major companies in the area are such as *Tuborg Breweries, Coca Cola, ABB* and *Fredericia Cellulose.*

The eastern part of the area, which is adjacent to a housing area, mainly houses lighter industry, liberal occupiers and showroom- and warehouse facilities. Companies in the area include *Fredericia Stolefabrik.*

Erritsø and Snoghøj

There is also a little light industry in the area around Erritsø and Snoghøj, which is located in the southern part of Fredericia, with very easy access to the motorway corridor of the E20 and within short distance from the fixed link across the Little Belt, Lillebæltsbroen.

The area is divided into a sub area at Snaremosevej, which is mainly zoned for industrial- and warehousing businesses and accommodates companies such as *Monberg & Thorsen, Tarco, ABB Energi og Industri* and *Post Danmark* - Sydjylland postalcenter.

In Snoghøj near Kolding- and Snoghøj Landevej there are plans to expand the area further in order to strengthen the small liberal professions and the existing business community by increasing the number of companies wanting to utilize the exposure to the traffic arteries surrounding the area which the motorway to the Lillebælt fixed link provide. Among present occupiers are *KIA Motors, Compaction* and *Jørgensens Møbelproduktion.* There are also some office properties in the area around Snoghøj and the area is in continuing gradual-

ly expansion. *NCC* is presently building a new domicile for *PriceWaterhouseCoopers* facing the motorway and they will be joining e.g. *Xyron* and *Flextronics.*

Taulov

Taulov is located in the southeastern part of Fredericia municipality, with essay access to the well-developed infrastructual possibilities of the area. *Railion Denmark* has a large goods terminal in the area, which the E20 runs through, and so the area attracts mainly transport business, e.g. B*øje Andersen Speditions, Kombiterminal Taulov, Fredericia Havn* and *Schulstad Brød.* The development of Taulov into regional logistics-centre meets great support from the municipality.

Skærbækvej divides the area, with the area to the east mainly dominated by larger industry, e.g. *Veksoe*, and storage companies as well as more space demanding retail shops, while the area to the west - where no retailing is allowed - attracts industries of a lighter dimension as well as businesses of a more liberal- and public oriented character such as shipping firms i.e. *Danske Fragtmænd, Netmark* and *Inreco*, as well as motels and the customs department.

In Taulov there exist vast possibilities for new logistics and industrial locations along the motorways going north/south and east/west. The sites facilitate potential access to the railway connected to the harbour.

Page	*4*	*Tulip site, Vejle Centrum*
Page	*7*	*COWI & PriceWaterhouseCoopers, Kolding Centrum*
Page	*12*	*Compass, Kolding Business Park*
Page	*17*	*Xyron, Snoghøj*
Page	*26*	*Aston & Minolta, Vejle Syd*
Page	*29*	*Bahne, Vejle Centrum*
Page	*30*	*Kokken & Jomfruen, Bramdrup*
Page	*33*	*Arla Foods, Taulov*
Page	*35*	*Inreco, Taulov*

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- Investment strategies and portfolio analyses.
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