

COTTON MEDICAL CENTER



50 ALESSANDRO PLACE AND 50 BELLEFONTAINE STREET PASADENA, CA

Unique Value-Add Opportunity Results in Expertly Renovated Medical Complex

Meridian acquired a 115,000 SF two-building medical office complex adjacent to Huntington Hospital in Pasadena, CA. The building was 71% occupied upon acquisition and in desperate need of some major renovations. Meridian spent \$5M in building improvements, transforming the dated 1970s and 1980s buildings into state-of-the-art patient-friendly modern facilities that would attract top-notch medical talent in the area.

Client Driven Real Estate Solutions

Challenges

Meridian acquired a well-located two building complex in Pasadena, CA, directly from a group of physicians that were part of the ownership that developed the two towers in the late 1970s and mid-1980s as a unique value-add opportunity for their Southern California team. Upon acquisition the buildings were only 71% occupied due to a variety of reasons. Some of the major needs identified were the extremely dated interiors, ADA compliance issues regarding the path of travel, no sprinkler system in place in the North Tower (which limited the uses of the building), outdoor space that was underutilized, and poor wayfinding signage throughout the buildings. Furthermore, the interiors of both buildings and the amenities did not keep pace with the marketplace and the building's occupancy reflected that difference upon purchase.

Meridian saw this as an opportunity to answer today's tenant demands for high-quality facilities that increase efficiency and improve the patient experience. This acquisition was also designed to open the door to a much larger pool of potential acquisition targets and tenants for Meridian.

Solutions

Meridian embraced these challenges with the goal of making Cotton Medical Center one of the prime and most sought-after medical facilities in Pasadena. The goal was to offer well-designed, energy-efficient space with healthy tenant improvement allowances at affordable rental rates. Meridian's capital plans included spending more than \$5 million in modernization, energy efficiency upgrades, signage, ADA upgrades, Title 24 upgrades, roof replacement, and building system improvements. Scope of work for the project included installing new wayfinding signage throughout both the interior and exterior of the buildings, updating all common areas with new modern finishes, elevator modernization, installing fire sprinklers in the North Tower, installing an ADA compliant Path of Travel, performing Title 24 upgrades, new automated parking equipment, a new Café, electric car charging stations, and installing high efficiency BMS, HVAC, and lighting systems throughout the building.

Results

This renovation was Meridian's first ambulatory out-patient value-add medical office acquisition in Southern California. Meridian wanted to make sure they capitalized on this opportunity by not only modernizing the buildings, but also improving the patient experience. The outdated 1970/1980's building interiors and common waiting areas were upgraded to more contemporary finishes with more patient-friendly wayfinding signage. The upgrades have provided hospital-affiliated doctors an upscale environment for easier physician recruiting and overall patient experience. The addition of fire sprinklers now allows for additional uses in the building, such as dialysis, sleep centers and surgery centers. The energy-efficient upgrades have resulted in 15% lower operating expenses and a more environmentally-friendly building. Meridian is currently on track to increase occupancy from 71% at acquisition to 95% by offering attractive lease deals and generous tenant improvement allowances to expanding doctor groups.

