

GRUNOW MEMORIAL MEDICAL CENTER



926 EAST McDOWELL ROAD, PHOENIX, AZ 85006

Meridian modernizes well-known medical office building in the historic Phoenix district

Meridian was hired to identify a location in a very specific area in the Coronado Historic District of Phoenix, Arizona. Meridian located and purchased a largely vacant, historic, two-story medical office building where the client would occupy approximately 25% of the building. Well versed in adaptive re-use projects, Meridian was prepared to handle the extensive renovations the building needed to meet the requirements of today's providers. Meridian worked closely with the City's historic agency and the tenants to improve the building while staying true to its historic character. Meridian completed the project on time and on budget while performing the improvements in an open/operating medical facility.

Client Driven Real Estate Solutions

Challenges

Our client asked us to help them locate a clinic near Banner University Medical Center in Phoenix. The lower acuity buildings in the submarket in the area had a lot of vacancy with stagnant absorption and rental rates the past several years. There were no buildings that offered a large block of contiguous space, which was necessary so that we could provide adequate bay depth and lines of sight for nurses and doctors.



Solutions

Our solution was to purchase a largely vacant, historic, two-story medical office building where our client would occupy approximately 25% of the building. We are well versed in adaptive re-use, having completed numerous repurposing projects in the past. This building required extensive renovations to meet the requirements of today's providers. Our capital expenditure improvements included abating all known hazardous materials, completing a historic review process to add an ADA compliant access ramp, adding fire sprinklers, a new fire alarm panel, fixing structural deficiencies, replacing outdated domestic water and sanitary sewer piping, adding new HVAC units, replacing the exterior glazing, updating all lighting to energy efficient fixtures, resurfacing the parking lot, and installing drought tolerant landscaping. All of this was completed on time and on budget in an open/operating medical facility.

Results

The building was 25% occupied at acquisition. This was a high-risk acquisition due to the low occupancy and extensive improvements that would be needed. After completing the capital improvements and successfully signing seven new leases over twelve months, the building is largely stable and 77% occupied within 12 months. A key to Meridian's success is knowing how to judiciously deploy capital improvement dollars to the amenities and building systems that make a building functional and attractive to today's healthcare providers. Additionally, we focus on energy efficiency and creating a better patient experience that will help physician groups recruit doctors, retain staff, and gain market share of patients. Meridian worked very closely with the City's historic agency and our tenants to improve the building and solve a need for our client while staying true to the building's historic character.

