

SUTTER SQUARE



1800 SUTTER SQUARE, CONCORD, CA 94520

Meridian Repositions General Office Building in Vibrant Concord, California

Meridian purchased a 176,000 SF multi-tenant general office building as part of its value-add business line. Located in downtown Concord, the building sits near restaurants, shopping and nightlife. Meridian's plan was to upgrade the building in order to lower operating costs, meet ADA requirements and increase leasing velocity. Meridian worked hard to determine the best solutions for both interior and exterior space and worked closely with its vendors to fulfill its vision. The result is a modern, state-of-the-art building.

Client Driven Real Estate Solutions

Challenges

Meridian acquired the 176,600 SF office building in 2018 as part of its value-add office investment strategy. The building is in vibrant downtown Concord, California. The property sits near BART, an abundance of restaurant and shopping options, and a lively downtown area featuring year-round farmers markets, live music and events.

At the time of acquisition, the building was 78% leased with below market rents. Meridian's plan was to use its management expertise to create additional value by repositioning the property. This would include renovating common areas, addressing ADA issues, and reducing operating costs to increase leasing velocity.

Solutions

Meridian's renovations focused on giving the building a more modern look and feel. Renovations included upgrades of the lobby, hallways, fitness room and conference area. Regarding ADA issues, Meridian's goal is to remove accessibility barriers from their assets. Determining the best solution for both interior and exterior work had a lot of challenges due to code interpretations, cost and other factors, but working as a team with its valued vendors Meridian focused on making the project barrier free. Meridian seized the opportunity to reduce operating costs by eliminating third-party management with heavy overhead, and self-managing the project providing a savings of 21% annually. New chillers and a new roof were installed, which in turn reduced overall electrical consumption and cost. Additionally, the garage doors received new motors to accommodate additional exit/entry use brought on by having the doors close earlier in the evening.

Results

Meridian's renovations resulted in a modern, state-of-the-art office building that is ADA compliant with low operating costs. Uptick in rental rates and new leases were slower than expected; however, Meridian was able to secure over 106,300 SF of new/renewed lease deals during its ownership. Furthermore, Meridian had the building remeasured which resulted in a larger building and the opportunity to obtain more revenue on each lease. At the conclusion of the project, occupancy rates were higher than anticipated, with the average occupancy leased only 3% below acquisition projections, 1.6% below acquisition calendar year-to-date projections and 8.1% above acquisition projections. Meridian sold the building in January 2019, successfully fulfilling its value-add strategy for this building.

