

THE ATRIUM



5776 STONERIDGE MALL ROAD, PLEASANTON, CA 94588

Acquisition of Well-Located General Office Building Results in New Value-Add Business Line

Meridian located and acquired a well-located 74,000 square foot general office building in Pleasanton, California. The building was home to nearly 50 tenants and benefited from nearby retail amenities, public transportation / BART and both were within walking distance and easy access to two major freeways. Built in 1982, the building was in desperate need of a face lift and was not in compliance with a multitude of ADA requirements. Meridian saw the project as an opportunity to make improvements to the building, increase rents which were already well below market, and dispose quickly for a strong return on the investment. Meridian completed renovations swiftly and successfully and was able to put the building on the market a full year sooner than anticipated. This successful project officially launched Meridian's new value-add business line.

Client Driven Real Estate Solutions

Challenges

Meridian's strong relationship with its broker allowed them to locate and acquire a well located 74,000 SF general office building in Pleasanton, CA, The Atrium. The building sits on the I-680 & I-580 corridors providing easy access to the Tri-Cities and San Francisco and is in a strong position for use of public transportation and BART. Surrounding the site itself are other office buildings, perfect for creating synergy with the smaller businesses housed at The Atrium.

Meridian saw The Atrium as an excellent value-add opportunity to make improvements to a well-located commercial building, turn it into a desirable space in the market, and quickly sell for a strong return on the investment. Though this wouldn't come without a challenge as the property had two main issues. One was that the property was not in compliance with many ADA codes posing an incredible risk not only for its tenants but for potential investors/buyers as well. Secondly, rents were under market and to fulfill its strategy of selling for a profit, Meridian had to work with the tenants that were renewing and bring rents up to market. This required a careful threading of the needle. The building contained smaller "mom and pop" businesses so we knew this would not be an easy task and needed to be able to show them the value.

Solutions

Meridian dove in right away to address the ADA issues. The ADA site work was by far the largest construction project for the building. Meridian was able to complete the work quickly and effectively due in large part to its ability to retain the onsite Property Manager who was viewed as a vital asset to the property. Not only did he have great relationships with the tenants, but he also developed the property in 1982 and was an expert on the building mechanics, structure and design. Our correction of the ADA issues ensured that we could use this as a selling point to the next buyer.

To address rents Meridian provided the tenants with an upgraded environment with new lighting, building-wide WiFi, a new common area conference facility, a more contemporary exterior paint scheme, and upgraded common areas and restrooms. Meridian was able to retain almost all tenants during its hold period, so bringing rents to market was a success.

Results

The ADA site work resulted in a building that is now substantially ADA compliant making it safe for all tenants and visitors to the building while simultaneously eliminating any risk a buyer might see when evaluating the property. Meridian also performed a variety of aesthetic upgrades to the building including new paint, signage, flooring and more. The renovation to The Atrium was the start of the value-add business line for Meridian. Traditionally Meridian focused on ground-up construction and build-to-suit projects; however, The Atrium's success opened a whole new door for Meridian's capabilities. The project was such a great achievement that Meridian was able to put the property back on the market one year sooner than anticipated. The building sold within three months bringing Meridian's business plan to fruition and providing the next buyer with a great investment where substantially all the heavy lifting had been done.

