

## 380 MACARTHUR, OAKLAND



## 380 WEST MACARTHUR BLVD., OAKLAND, CA 94609

*Meridian repositions 20,600 SF office building to healthcare*

Meridian sourced an off-market, two-story, 20,600 SF general office building that sat in a prime location for an outpatient healthcare facility. Meridian acquired the building with the intent to reposition it into a medical office building that would serve the surrounding community. Meridian performed a variety of upgrades to the building, increased the rentable square footage, and created ample parking space necessary for healthcare providers. Meridian successfully repurposed the building that was ultimately leased to a Behavioral Healthcare provider, bring Meridian's value-add strategy to fruition.

**Client Driven Real Estate Solutions**

## Challenges

Meridian identified a 20,600 SF, two-story general office building located in a desirable Oakland neighborhood near Kaiser and Sutter Oakland hospitals. Meridian purchased the building as part of its Value-Add business line with the intent to reposition the space for medical use due to its exceptional outpatient location for specialty services.

The existing building was listed on the City of Oakland historic registry, so Meridian was limited in scope regarding what could be done to the exterior of the building. It had formerly been occupied by AAA and was zoned exclusively for general office use. Meridian was faced with the task of fully converting the building to healthcare by upgrading the infrastructure and parking, and getting a Conditional Use Permit for medical. The building was also vacant upon acquisition so Meridian had to get to work right away to find a viable tenant in order to fulfill its investment strategy.

## Solutions

Meridian upgraded the ADA path of travel, resurfaced the parking lot, installed new landscaping, added an elevator to serve the 2<sup>nd</sup> floor, replaced the roof, installed new HVAC, and added a fire sprinkler and alarm system to the building. Meridian needed to solve for an ADA path of travel and create an accessible route for patients and employees for the 2<sup>nd</sup> floor. Meridian creatively designed and constructed an elevator and lobby that at the rear of the building. The rear of the building became the new main entrance to the building and solved the accessibility issue while increasing rentable square footage. Three residences in the rear were demolished to create the necessary 5/1000 parking that most healthcare providers desire, despite a lower parking requirement by the City..

During escrow Meridian marketed the building to a select group of medical users that we knew would likely have an interest in the property. Meridian immediately had tours and interest from two major users, which saw the building as a prime site for their ambulatory outpatient strategy. Ultimately, Meridian had to select a user that we felt would be a good fit for the building and community, and structured a deal that was mutually agreeable to both parties.

## Results

Meridian leased the building to a Behavioral Health user for chemical dependency rehab and gave them an option to purchase the property.

This is a wonderful example of adaptive re-use, where older and defunct buildings can be transformed into a higher and better use by thinking creatively. Gaining additional parking was the key to attracting medical users to this site. Once this was accomplished, the site fit quite nicely into the hub and spoke model of the Affordable Care Act (ACA), where specialty outpatient clinics are located near hospitals and out in the community. Meridian will continue to look at sites and buildings that weren't otherwise looked at as medical in the past, and try to create opportunities for our clients with well located buildings.