

STANFORD CASTRO VALLEY



20642 JOHN DRIVE, CASTRO VALLEY, CA 94546

Meridian establishes partnership with leading Bay Area healthcare provider

Meridian was hired to fulfill a requirement for Stanford Health Care in the Castro Valley/Hayward submarket. Meridian quickly identified a suitable site located on a major street with good frontage in a desirable area of the unincorporated portion of Castro Valley. Meridian collaborated with Stanford to create a flexible design that would suit the uncertainty surrounding the various purposes the new medical office building would serve, and to come up with a deal structure that was agreeable to all stakeholders. The building is now complete and schedule to open for patients in September 2021.

Client Driven Real Estate Solutions

Challenges

Since 2016, Stanford Healthcare had been utilizing its internal real estate team, along with a preferred broker, to identify and secure potential sites in Castro Valley, CA where they were looking to expand their services. The requirement went unfulfilled for several years. In early 2018, Stanford reached out to Meridian for assistance and Meridian was able to find a suitable, off-market parcel assemblage for Stanford just a few weeks after.

While the task of medical office ground-up construction is nothing new to Meridian, this particular project provided new challenges for Meridian to overcome. This was the first time Stanford planned to use a 3rd party outside developer for their outpatient services. Meridian collaborated with Stanford to come up with new processes and procedures that would streamline the project, and create a first class, high quality, medical office building that could be constructed quickly and at an affordable cost.

Solutions

Meridian used its medical development expertise to design the building for flexibility. Meridian partnered with its design team and Stanford's internal team to create a flexible building and site that could accommodate a variety of specialties in the building, including imaging, infusion, urgent care, and other miscellaneous primary care services. This design allowed the client to defer finalizing their programming to when they were ready and confident with their plans. In the middle of design, the COVID pandemic shocked the world, and caused further modification to the design. The future of healthcare was uncertain, and the building needed to be redesigned with more multi-functional rooms that would allow for the greatest flexibility in the future. With regards to cost, Meridian provided a variety of different deal structure options so that Stanford had multiple scenarios to present to their board. Ultimately, Stanford signed a lease that shifted the development risk to Meridian and had a fixed price purchase option at completion that allowed them to defer their capital decision until the end of the project.

Results

Outside-the-box thinking, flexibility, transparency, and collaboration enabled Meridian to secure the opportunity to develop a ground-up medical office building for a client that they had been looking forward to working with for years. Overall, the project was very successful, and Stanford now has a beautiful first class medical office building for their patients. Meridian is looking forward to collaborating again with one of the Bay Area's largest and most prestigious healthcare providers.

