CASE STUDY

16752 Millikan Avenue, Irvine, CA 92606

BACKGROUND

A protein bar food manufacturing company, occupied and leased this 15,000 square foot freestanding industrial building for over nine years. The company was acquired and decided not to renew the lease at expiration.

OBJECTIVE

Return this food production facility back to core and attract a new high-credit tenant at a market lease rate.

ASSESSMENT

Tidemark determined that the lease rate was under market, so there was significant upside. To realize upside the building needed to be brought back to core. There was prior tenant specific improvements, deferred maintenance and cap ex needed. Various office floor and renovations plans were considered with related estimated costs.

PROCESS

Prior to marketing the space for lease, Tidemark worked through the move out with the tenant to ensure that the improvements previously made by the tenant were removed and the building was prepared for marketing. Next, we evaluated the market conditions and lease rates to determine potential TI investment for the tenant turn.

We considered the options and marketed the space prior to the current lease expiration both in an "as-is" condition and, alternatively, with new high-end office space. Utilizing various floor plans and design mock-ups, we were able to show prospective tenants how the building could be configured as needed for their use.

BUILDING SIZE:	±14,887 SF
OFFICE SIZE:	±3,954 SF
LOADING DOORS:	Two (2) Ground Level
POWER:	1,800 Amps 120/208 Volt
WAREHOUSE CLEAR:	22'
PARKING:	2:1000

RESULT

The current tenant removed their use-specific improvements and, in addition we negotiated at $50,000 walkout payment for some deferred maintenance which was utilized to facilitate repairs. A new lease was negotiated with a high-end custom car manufacturer for their showroom. The landlord repaired the roof and parking lot, but the new tenant otherwise took the property in "as-is" condition and is making significant high-end improvements to the facility. In return, the landlord provided the tenant with half rent for 7 months for their expenditure.

The strong result was no down time for the landlord, continued cash flow and increase in lease revenue of 58% from prior tenant 's contract and limited outlay.

TIDEMARK
Real Estate Services