

425 NORTH DRIVE

425 North Drive
Melbourne, FL

MC ASSEMBLY

REPRESENTATION

Tenant Representation



ASSIGNMENT SUMMARY

The Client was located in a 265,000 square foot manufacturing building located in Melbourne, FL where it had grown from 20,000 square feet only 20 years prior and had actually added on an additional 100,000 square feet to the existing building 10 years ago. Their business had changed over the last 10 years and the building layout was hampering the clients production efficiency; however, there were many improvements to the building that would cause a relocation to potentially be very costly. The building was U-shaped and the current rental rate was over market. The client came to the CFI team looking for guidance on how to help reduce occupancy costs and become more efficient. The client had approximately 18 months left in their lease so we got started immediately in order to make sure time was not a constraint. The client didn't need all of the space they were currently occupying, in fact they thought that they could fit in about 160,000 square feet if it were a square. The current building was not energy efficient, was 100% air conditioned, and had inefficient office layouts. The rental rate was over market, there were numerous capital improvements that were needed over the next 5 to 10 years, and the existing Landlord did not seem interested in negotiating a market based renewal.

NOTABLE DETAILS

- 134,900 SF
- \$1 million per year in occupancy cost savings
- Upgraded image
- \$2 million in economic incentives
- Significantly increased efficiencies

CHALLENGES

- Need to increase operational efficiencies
- Reduce occupancy costs
- Limited capital requirement of the client

RESULTS

The CFI team immediately began scouring the market for alternative opportunities for the client. It was determined that there were three options: renew in place and have the LL pay for upgrades, relocate to another existing building or conduct a build to suit. Unfortunately it became clear that there were no existing options available in the market that for their original size criteria of approximately 160,000 to 200,000 SF. The CFI team immediately engaged the Landlord to determine their interest in negotiating a renewal and extension while also begin looking for sites to build a new building. During the land search the CFI team was able to identify several land sites and developers that might be interested in the BTS, however after several months of negotiations, the discussions broke down and timing was such that the Client had to either renew in place or find an existing facility to relocate. During the BTS process it was determined that the client could fit into about 120,000 SF if it was designed properly so with that, the CFI team located a neighboring building that could fit the requirement. There was only one available building with a two county area that could have worked. The CFI team was able to secure a developer that put the building under contract and began getting hard construction pricing for the build out. During the same time period the CFI team was negotiating with the local city, county and state for available incentives to keep the client in the same county, as there was another option to expand their operation in Mexico which would have moved some 1,200-1,500 jobs overseas. The CFI team was able to finalize an incentive package of over \$2M for the client while also negotiating a new long term term lease in a much more efficient building that lead to over \$1M per year in occupancy cost savings.

TEAM MEMBERS

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