



Strategic Occupancy Study:

- 1) Subleasing/Relocation vs. Long Term 'Blend and Extend'
- 2) Eventual Long Term Renewal

FEDERAL HOME LOAN BANK

600 California Street, San Francisco



PROJECT DIRECTOR

Kirk Usher, Jr., SIOR

SITUATION

- In 2004 with rental rates falling and record high SF CBD class A vacancies, and 5 years remaining lease term, our team was engaged to assess the strategic occupancy opportunities for FHLB management.
- We completed a comprehensive analysis of subleasing the existing space and relocating south of Market vs. various long term renewal and extension options.

ACTION

- We evaluated our clients targeted goals compared with market conditions then and in the future, with current availabilities. Delivered surveyed opportunities for consideration by client (operational and financial factors).
- Comprehensive financial modeling of sublease/relocation vs. various long term existing lease options.
- Created realistic and believable persuasive rationale and financial model to prove to existing landlord that a reduced rental rate "blend and extend" was a "win-win" for both parties rather than a likely non-renewal of the lease by our client in 5 years.

RESULT

- After extensive and persistent back and forth negotiations with existing landlord, we achieved an immediate rental rate reduction for the remaining lease term and lease term extension at what was believed to be under market.
- Avoided giving up 600 California Street premier facility in first class building in 100% location, and created a stable fixed rent opportunity for our client in place of prior long term occupancy cost uncertainty.
- **Awarded 2005 SIOR NorCal "Office Transaction of the Year"**

