

Plaza at Yarrow Bay

22,000 SQUARE FOOT NEW LEASE

Challenge

The client, a London based marketing and technology services company, was in the early stages of aggressive and sustainable growth which would require new facilities. Because of the relatively young age and early revenue ramp of the company, the client needed to maintain strong fiscal constraints but yet wanted the new office to be within a quality institutional office product. With the client's requirement to recruit, hire, and retain the best talent possible in a very competitive industry employment pool the office space would also become a key hiring and retention tool.

Strategy

The strategy was to locate suitable institutional office grade product that required limited improvements, yet the space would need to show a strong creative voice and would therefore become an integral part of the client's brand. The ideal space would offer a lively, progressive, and cutting edge work environment. Jason retained a construction management consultant to oversee the client's technology and infrastructure needs and to assist in negotiating the most cost effective tenant improvement schedule so that both parties would minimize their capital contribution. The minimized tenant improvement contribution would solve two challenges: 1. A reduced landlord requirement to securitize and underwrite the lease guarantee and 2. A lower effective occupancy cost. Since the client was on a month to month lease in its current space, tremendous leverage could be utilized since any similar sized tenant would need close to twelve (12) months to relocate. This allowed the client to provide an attractive near term cash flow proposition to the landlord.

Result

22,000 square foot new lease at Plaza at Yarrow Bay, with no out of pocket contribution by the client toward the tenant improvements. The complex has been home to many successful technology companies including the initial headquarters for McCaw Cellular (fka AT&T Wireless), and currently the regional office of BEA Systems- one of the client's customers. The client received prominent building signage visible from SR-520, and capitalized on



"From start to finish Jason made us feel like we were the only client he had. He not only introduced us to the best architect on the Eastside but also to the leading construction management person. Jason then went on to negotiate with the landlord to pay both of these provider's costs.

I felt that Jason and his team were firmly on our side when it came to landlord negotiations and did not accept what was traditional or expected, but rather what was right for us. This set them apart from the other brokers we have worked with.

Jason was also instrumental in the site selection process. It was clear he had a deep understanding of the history and nuances of each building and owner. With this he let us know which owners would be the right fit for us and which we should hold reservations about.

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the enormous existing infrastructure as a result of the previous high flying technology company's occupancy. The rent schedule provided extended free rent upfront together with a "space pocket" allowing the client to control a large block of space but only having to pay for what they actually occupy, thereby mirroring the client's future revenue stream with future increased occupancy costs. The security deposit was artificially low as the level of landlord improvement contribution was minimal and also provided for a reduction schedule allowing the client to free up additional working capital over a short period of time. Jason also recognized the velocity at which the suburban Bellevue class A office market was consolidating during these negotiations, and knew this type of product would soon become a limited option. With this knowledge Jason was able to lock up the deal points and subsequent lease signing before the landlord raised their rent structure. Six months after the client's occupancy, rental rates in the complex had increased more than \$3 per square foot, a savings to the client of \$66,000 in the first year alone.



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His negotiation skills and awareness of the market also proved valuable. Halfway through our transaction Jason mentioned to me that the Eastside office market was beginning to get tighter (and provided examples to support this). We accelerated our negotiations through Jason in order to lock up the deal points and negotiate the lease.

Only a few months into our lease we were already well below market with the savings growing every month, not to mention the first four months of free rent he negotiated."