



CASE STUDY:

**300
Brannan
Street**

San Francisco, CA



The repositioning of a 67,700 s.f. Class C South of Market including re-tenanting, cash flow stability and a - \$2.5 million construction revitalizing project.

- Investment Advisory
- Construction/Project Management
- Asset/Property Management
- Sales/Leasing Transaction Management

The Client.

MKEG was engaged by this family partnership to assist in the rehabilitation and repositioning of this historic SOMA building.

The Challenge.

The property is owned by families who inherited the asset from first generation partners who were the previous owner/occupant. The building is concrete construction, utilized in its earlier life as a paper printing/warehouse. The absentee ownership determined the best way to “mind” the asset was to enter into a 25 year long term master lease, leaving the day to day operations to the master lessee. During the 2000 dot.com boom when any asset in the City was remotely suitable for occupancy, this property became a cool haven for start up technology companies. The master lessee invested little in maintenance or infrastructure during the 25 year term of the lease. In 2003, just as the master lease was expiring, the tech boom turned into a bust, leaving the asset significantly vacant and in varying degrees of disrepair. Without tenants and a manager, the family looked to MKEG (UREE) to put the property back on track.

The Solution

The road to rehabilitation of not only the physical condition of the asset, but the cash flow from the asset took approximately 4 years, as MKEG (UREE) managed the property out of the tech bust. All illegal occupants were removed, and the tenant roster was improved with “rent paying” tenancy. A strategic lease for the ground floor was concluded, luring the “hip factor” restaurant operation of PlumpJack to the property. Their Jack Falstaff Restaurant created a buzz around the project – adding to the building’s “cool-ness” attributes. The stage was set for increasing rents and the property is now 100% occupied with an improved allocation of operating expenses and professional management. In addition, MKEG brought the property back into code compliance, and renovated outdated building systems including a new 2400 AMP electrical transformer, passenger elevator modernization, new lobby and common area upgrades. The property has historical building issues and other conditions that have been worked through planning, zoning and building department.

The Results.

Professional management and property oversight has greatly improved not only the appearance, maintenance and re-birth of the property, but the financial return to the family has improved by 280% since the time MKEG has been involved with the asset.