



"Given this was a deed-in-lieu of foreclosure, the property was in poor physical condition with significant vacancy. DRI offered a multi-disciplined approach by providing property management, coordination of leasing activities and renovation of the property. DRI's experience enabled them to identify the appropriate level of renovations to reposition the asset. And it was their hands-on approach in all these facets of real estate that resulted in a successful re-introduction of the property to the marketplace."

Judith McMahan
Mutual of New York

OPPORTUNITY/CHALLENGE

Mutual of New York, ("MONY"), the lender on the 14-story Ford Building in suburban Alexandria, Virginia, took possession of the property through a deed-in-lieu of foreclosure. The property suffered from the following:

- Deferred maintenance
- Chronic HVAC problems preventing leasing to GSA tenants
- A "tired" reputation in the marketplace
- A 12% vacancy rate, with 80% of the tenants on month-to-month leases

DRI, a wholly-owned subsidiary of Transwestern, was called upon to analyze the situation and devise a plan to optimize the owner's position. DRI/Transwestern advised MONY that it could not maximize the property's value and the owner's return, without correcting the property's condition and deficient rent roll.

SOLUTION

DRI/Transwestern coordinated an in-depth market study, survey of existing tenants and physical assessment through a multi-disciplined approach that included property, asset, project, construction and leasing management professionals. Then DRI/Transwestern developed and executed a plan to renovate and reposition the property that had a market-wide reputation for being out-of-date, poorly maintained and plagued with substandard systems. The plan included the following:

- Upgrade the HVAC system with a larger chilled water unit
- Bring all systems up to code
- Renovate and upgrade common areas, including the restrooms and elevator cabs
- Sell the plan and the upgraded property to new and existing tenants
- Minimize disruption of existing tenants
- Extensive marketing plan to reposition the property in the marketplace

VALUE ADDED BY TRANSWESTERN

The success of the renovation and the extensive marketing program to reposition the Ford Building were demonstrated by the following results:

- The building was upgraded, repositioned and re-leased in less than one year.
- The repositioned building was able to generate increased rents of as much as 25% to 50%.
- Net cash flow was further enhanced by the installation of a new energy management system.
- The owner was able to sell the property for an amount that exceeded their initial projections by over \$5 million.