COMMERCIAL ADVISORS

$12.75 MILLION

PRIMACY I OFFICE BUILDING
MEMPHIS, TN

RECENT CLIENT SUCCESS

MAXIMIZING VALUE THROUGH STRATEGIC POSITIONING

CHALLENGE

Armstrong Relocation is recognized as one of the top residential and commercial moving companies in the U.S. as the company is in its third generation of a family business. For over a decade, the Primacy I office building served as headquarters for one of the Armstrong Relocation subsidiaries. The 124,000 SF, Class B building is located just two blocks from the center of the most thriving office submarket in Memphis. After selling the subsidiary business, Armstrong maintained ownership of the building with strong occupancy for years until a few key tenants vacated the building, leaving it 45% occupied with an ongoing net loss in cash flow. Since real estate investment isn't Armstrong's primary course of business, the ownership group desired to exit this investment. How would they maximize value in an investment exit of an office building with deferred maintenance and a negative cash flow in 2020, at the height of the Covid-19 pandemic?

ACTION

As Armstrong sought expertise on the disposition of Primacy I, they engaged Landon Williams and his team at Commercial Advisors. Armstrong followed the guidance of Landon's team of investment advisors to postpone the disposition while Landon's leasing teammates implemented a new leasing strategy to increase occupancy and weighted average lease term (WALT). On a parallel track, Armstrong engaged Landon's property management teammates to create operating expense efficiencies and develop a capital improvement schedule to address deferred maintenance. Meanwhile, Landon's investment advisors continued to run sophisticated financial analyses to display how different leasing and management decisions impacted ultimate disposition value.

Within just 16 months of being hired, the efforts and expertise of Landon Williams and his team at Commercial Advisors resulted in the following:

RESULT

- Increased occupancy from 45% to 96%
- Increased Weighted Average Lease Term from 1.99 years to 8.50 years
- Right-sized operating expenses
- After multiple rounds of competitive bidding, a contract was executed at $5.25 million and closed prior to needing additional debt to cover negative cash flows
- The purchase price of $5.25 million was in addition to $7.50 million worth of contractual obligations the Buyer inherited from the Seller for Capital and Tenant Improvements
- The successful purchaser was an unknown entity in the office investment market but was comfortable with Landon's process and guidance to get the deal over the finish line

TESTIMONIAL

"The Primacy I asset served my company and investment partners well for years until we experienced headwinds after key tenants vacated. We considered multiple investment advisors as we sought disposition, but we were initially impressed with the steadfast hustle of Landon Williams during a pandemic when most were not hustling. It quickly became obvious that Landon's team included a deep bench of experts in different areas of investment real estate, and they worked together seamlessly to collectively guide our group through the process which ultimately led us to maximizing our investment; this outcome wasn't initially possible. Our company actively continues to use Landon and his team as a resource for other opportunities."

- Tom Watson, Armstrong Relocation

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