



COMMERCIAL REAL ESTATE SOLUTIONS

Cole Clarkson | Principal | cole@7hillscre.com | 804.288.1780

CASE STUDY

Client Since: 2007

Services

Tenant Representation

Scope

55,000 RSF Office Lease Renewal
(Corporate Headquarters)

Geography

Richmond, VA



Tredegar Corporation

Summary

In February 2007, Cole Clarkson was engaged by Tredegar Corporation (“Tredegar”), a publically traded global manufacturer of plastic films and aluminum extrusions, to assist them in the evaluation of their Corporate Headquarters lease in Richmond, VA. Tredegar was paying above market rents and was located in a submarket which was experiencing historically low occupancy rates. Given the environment, Cole was advising all clients and prospects to conduct lease reviews to identify opportunities for improvement. After reviewing the Tredegar lease, gaining a full understanding of Tredegar’s goals and objectives, and conducting a thorough financial analysis, Cole determined that the time was right to “go to market” and leverage their position for either a renewal or relocation.

With a project schedule in place and the entire project team on board, Cole and Tredegar conducted building tours and created a short list of three viable alternatives, including a renewal in their existing property, Boulders III. RFP’s were issued and each alternative was evaluated.

Cole and Tredegar made the decision to approach their existing Landlord by issuing an aggressive Letter of Intent. By negotiating from a position of strength, terms satisfactory to Tredegar were agreed upon.

Value Creation

- Achieved overall initial quantifiable savings in excess of \$1,000,000.
- Secured a tenant improvement allowance of \$279,000 as well as swing space, at no cost, providing Tredegar with a better working environment during construction.
- Negotiated nine months of free rent (via tenant improvement allowance reimbursement) commencing nine months prior to previous termination date resulting in Time Value of Money savings to Tredegar in excess of \$50,000.
- Negotiated an on-going Right of First Refusal on any vacant space in the building as well as a termination option, providing Tredegar with expansion and overall lease flexibility.
- Cole was heavily involved in lease negotiations w/ Tredegar’s attorney and the Landlord, allowing management to focus on its core capabilities during lease negotiations. Significant attorney’s fees were also avoided as a result of Cole’s involvement.
- Negotiated a “95% of market” renewal option strengthening Tredegar’s overall lease position. **In 2010, leveraged favorable renewal option terms to extend lease and achieve additional savings in excess of \$1,000,000.**

