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THE UNIVERSITY OF UTAH

The University of Utah is a long-time client of Barb Johnson and Vic Galanis, but the relationship is not exclusive. In this case, the University had been working with another team of agents in the hopes of securing a new location for its clinical facility, but after nearly three years they had not been able to find the right fit.

Transaction Type & Details

Date:
June 8, 2017

Type:
Build-to-Suit Lease

Building Type:
Medical Office

Building Size:
170,000 SF

Rent Price:
\$89,000,000

The University brought Barb and Vic into the transaction in the hopes of reaching a successful solution. They reviewed the preferred area and identified a hidden opportunity—an off-market existing retail center that would be ideal for redevelopment as an office project—ultimately resulting in meeting and exceeding the University's needs.

By thinking creatively, looking at what could happen and not just what has happened in the past, and constantly communicating with the client, Barb and Vic were able to build significant advantage for the University of Utah.

Client Objectives

- The University of Utah was outgrowing its existing clinical facility and needed to have a larger clinic up and running by 2019.
- To continue providing care for its existing clients, the new clinic needed to be in the same neighborhood as the existing facility.
- Due to the volume of patients, physicians, and staff, it was essential that the new location offer a high parking ratio.
- The University of Utah prefers to own the properties which they occupy.
- The client required an above-market TI allowance.



Solution

- A former retail pad in the Sugar House neighborhood was purchased by a developer for conversion to a higher and better mixed-use project. In terms of use and availability, this was a hidden opportunity as this was a former retail site that was not yet on the market. Barb and Vic informed their client of the proposed project and contacted the developer to discuss the opportunity.

- The Team negotiated a letter of intent within two months. Additionally, they worked with the developer to complete a design for a build-to-suit space, and executed a lease within six months for a dedicated 170,000-square-foot ambulatory medical office building with sufficient surface and structured garage parking.

- They also negotiated a purchase option favorable to the University's timing while satisfying the need of receiving substantially above-market tenant improvement allowances.

Transaction Profile

- After three years of negotiations with a different brokerage, the University of Utah was unable to reach a lease and purchase agreement.
- Due to Barb and Vic's long-standing relationship with the University, they were brought in to assist with the transaction

and partnered with the existing brokers to achieve success for the client.

- The Sugar House market, where the clinic was to be located, proved difficult when it came to finding space. There were no vacant parcels or office spaces that could meet the University's size requirement.
- An infill location was the best option.

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