

# Vornado Realty Trust and Microsoft – Santa Monica

## Redevelopment & Repositioning Case Study

### Challenge

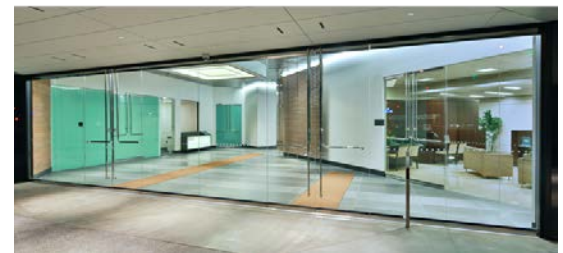
Vornado Realty Trust recognized the emerging “Silicon Beach” and seized on an opportunity to convert a low appeal, high vacancy suburban office building into a high tech center at 520 Broadway in Santa Monica. The \$61M cash and \$30M mortgage deal included from the start a plan for repositioning the building. Vornado aimed at getting their cash out by enticing high tech (and high rent paying) tenants to the building. Not long after construction started Vornado made a deal with a flagship tenant in Microsoft who took most of the vacant space in the building. Jack Kozakar competed and won the Project Management Assignment for the building repositioning and was charged with working in Microsoft’s schedule and technology requirements.

### Solution

Once taking on the role of project manager, Jack worked with Vornado’s C-suite to vision the project and with Vornado and Microsoft’s brokerage teams to work-in Microsoft’s must-haves to the project plan. In order to help generate excitement about the project, Jack created a design competition ultimately won by Wolcott and Associates. The repositioning plan included exterior architectural retrofits, a dynamic lobby, structural retrofits, all together over 25 sub-projects (including the Microsoft deal and other suites) valued at over \$9M which changed the appearance, circulation, amenities, and functions of the entire building. Jack rounded out the team with engineers and to compress the construction schedule developed a GMP contract allowing the contractor chosen to assist with the completion of planning and then implementation.

### Results

In 2016, after 4 years, Vornado sold the building to Tishman Speyer for \$91.65M with Microsoft committing to take much more space in the building. Vornado cashed out with approximately \$17M profit. It was Jack Kozakar’s vision, dedication and organizational skills that made Vornado’s investment potential possible. Just blocks away from the 3<sup>rd</sup> st. corridor, the repositioned building not only adds the high end office space desired by tech companies, but opens what was a defensively designed building to the neighborhood, blending the interior spaces with trending indoor/outdoor lounge spaces and a sublime courtyard enjoyed by the entire community.



### Project Profile

**Square Footage: 112,987 building + 75,000 effected and site totaling 188,000 RSF**

**Design and Const.: \$9,000,000**

**Project Duration: 19 Months**

**Financial Savings: \$3,625,000**  
**Contract Negotiations, Value Engineering, Schedule Advancement, Cost Avoidance & Bid leveling**

**Project Savings over PM fees: 25x**

#### Services Provided

- Reporting to East Coast Management
- Lease Negotiations
- Tenant Negotiations
- Design Competition
- Project Visioning
- Project Planning
- Project Phasing
- Technical Expert
- Contract Writing
- Private Contract Negotiations
- Government Relations
- RFP Process Management
- Team Selection
- Value Engineering
- Construction Management
- Move Support

For more information, contact

Jack Kozakar  
+ 1 213 215 3605  
jack@johnmarkre.com

