

OFFICE TENANT IMPROVEMENT

HGA Architects
and Engineers

Sure, the brick exterior and five-foot-high loading dock at the old Capitol Wholesale Electric building presented a gritty but approachable façade that could be refashioned for office use. And the R Street location presented an intriguing redevelopment opportunity in an area that's emerging as a creative-services hub.

But the triple-bow wooden trusses supporting the 41-year-old warehouse's ceiling were what ultimately sealed the deal for developer Mike Heller.

"That roof system is very dramatic and grand," said Heller, principal at Heller Pacific Inc., which, along with Ridge Capital, redeveloped the 24,000-square-foot building at 12th and R streets. "I knew quickly that this would appeal to any kind of creative tenant."

Naturally, the building's largest tenant would be an architect. In this case, HGA Architects and Engineers, which had been aiming to move from its longtime Roseville location to Sacramento. The company had been growing steadily, having acquired a San Jose-based architecture firm about two years ago and boosting its local headcount to about 60 from 45.

And with the technology and health care industries feeding steady growth in HGA's local billings, the firm was looking to be geographically closer to other design firms while securing a better, more central location in order to attract younger associates.

"Not only did HGA want to be closer to the conversation in the community, but they also wanted space that reflected their brand aesthetic," said Chris Strain, Sacramento-based executive director with Cushman & Wakefield, who represented the tenant. "It almost became like a three-dimensional brochure for HGA's services."

Looks wise, that meant taking advantage of the exposed brick walls and wooden trusses to create an industrial-chic vibe. Orange accents were added in some of the furnishings and on the mezzanine to brighten up the space. And the building's street-side loading dock gives tenants a social area to view activity along R Street.

The property was a rarity in the area, with its access to about 60 parking spaces.

HGA took about 11,500 square feet, or about half the floor space at 1200 R St. Additionally, the firm built out a mezzanine level of about 2,000 square feet.

HGA moved into the space in early November under a 10-year lease with the developers. The firm had the chance to showcase its sustainability efforts by installing energy-efficient mechanical systems and LED lighting while using reclaimed walnut from California orchards.

HGA's goal for the space is to be certified as LEED Platinum, said Creed Kampa, associate vice president at HGA.



HGA's reception area, with its exposed brick and bowed ceiling trusses, exudes an industrial-chic vibe.

The building height was especially valuable – it's 17 feet to the underside of the trusses and as much as another eight feet to the roofline – for building out the mezzanine level, Kampa said.

HGA also built out a folding glass wall between the company's conference room and event space. In addition to providing flexibility, the folding wall is allowing the company to ingratiate itself to the R Street corridor by hosting local community events.

"Everybody fell in love with the raw quality of the exposed brick and trusses," Kampa said.

Meanwhile, Ridge Capital and Heller Pacific did their part by punching out eight new windows and adding skylights to let in more light. The lumber pieces that were attached to parts of the ceiling to address leaks were pulled off, and the ceiling was sandblasted.

"We had the contractor create a stain to match the patina, so the roof looks like it's been there for 100 years," Kampa said.

Heller, whose company also is developing the Ice Blocks project nearby, said the developers undertook the relatively expensive effort of insu-

STORY BY
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Above: Orange accents liven up the office's resource library.

Right: The lobby extends 120 feet into the office, creating a large gathering space.



lating the roof from the outside of the building in order to keep the bow trusses that support the ceiling and walls clear and exposed.

Inside, the office has a variety of work spaces: a large multi-disciplinary open studio, open workstations and collaborative areas to foster an environment where employees can interact easily. Work stations include ergonomic seating and adjustable-height work tables.

Since moving in, HGA has had an easier time recruiting new associates because of its attractive location, Kampa said. The company also has received additional business from the state Department of General Services, in addition to its core health care and technology tenants.

HGA is just one of at least a handful of creative-services firms that have moved to the area in recent years in older warehouse-type buildings. Drawn by the area's vibe, the

opportunity to reshape industrial spaces, and the nearby light-rail service, companies such as Arch Nexus Sacramento, DGA Architects, Williams and Paddon Architects, and Miles Treaster & Associates have joined HGA and 1200 R St. co-tenant MarketOne Builders as recent arrivals.

The increase in the area's popularity, especially among creative professionals, has driven up local rents and encouraged other developers to rehab older buildings as well. Strain calls the neighborhood "our equivalent to China Basin in San Francisco."

"The rents on R Street are pretty much equivalent to Class A office space on Capitol Mall," said Strain, who declined to disclose the financial terms of HGA's lease. "Just because you lease adaptive-reuse warehouse space doesn't mean it's cheap, because it's very expensive to do correctly."

Heller allows that there was some "dumb luck" involved in signing HGA as a tenant, noting that he had letters of intent with HGA, MarketOne and fellow tenant Old Soul Coffee even before closing escrow on the property's acquisition.

"We're really happy with the way the space turned out," Kampa said.

Heller, who grew up in the Sacramento area, also credits the city of Sacramento for following through with its master plan to make the most of R Street's width by spurring mixed-use development and a pedestrian-friendly layout.

"The visionaries really nailed it, because they saw the history of railroad commerce coming down this street," he added. "There were times in the history of R Street where it could've morphed into a series of staid office buildings. That would've been a buzzkill."

FAST FACTS

Location: 1200 R St., Sacramento

Size: 13,783 square feet (including mezzanine)

Completion date: October 2015

Total cost: \$1.3 million

Developer: Ridge Capital Inc., Heller Pacific Inc.

General contractor: MarketOne Builders

Architect/engineer: HGA Architects and Engineers



Left: A collaboration booth for brainstorming. Right: The conference room's folding glass doors provide much-needed flexibility.