

# TREND report



## New Updates at One South Church

Zach Fenton and Matt Thrasher • published in the October 2016 issue

October marks the first anniversary of 1SC Partners LLC's acquisition of Tucson's tallest building, One South Church. As the first local owner of the tower, we feel uniquely positioned to bring the building into the 21st century, while retaining some of its original identity. Our vision was to bring the building back into the spotlight as a hub of activity amidst the renaissance taking place in downtown Tucson. With more people across the country wanting to take part in a "live-work-play" downtown community, we feel a renovated and repositioned One South Church will play an integral role in the city's growth.



As a quick background, 1SC Partners acquired the tower and the adjacent pad for \$32 million in October 2015. Our strategy for the acquisition was threefold: (i) acquire a "crown jewel" Tucson real estate asset at an opportunistic value, (ii) make capital and other improvements in order to increase occupancy levels over the next 5-7 years, and (iii) seek an exit for the repositioned property. The 240,000 square foot tower has undergone a myriad of improvements since our acquisition, with many more in the works. To that end, our initial focus has been implementing strategic improvements to make the tower more attractive to high-quality office tenants. The building, now 28 years old, was in need of important infrastructure repairs. We have initiated a multi-million dollar renovation and replacement of the building's mechanical systems to include new chillers and cooling towers. We have also begun installing brand new roofs across the tower. The tower consists of roofs on multiple floors. Besides the top roof, the tower has smaller roofs on the 16th, 20th and 23rd floors. The job poses unique logistical hurdles since some areas can only be accessed by removing window panels. Additionally, because elevator service stops on the 22nd floor, the roofing materials must be hauled up (and down) several flights of stairs.

Besides the larger infrastructure improvements, we have also been working to improve the overall experience visitors and tenants have with the building. Creating a welcoming environment has been an undertaking we have thoroughly enjoyed. This work includes major upgrades to the general aesthetics of the tower, such as improving garage lighting by replacing every fixture with energy efficient LED lights. The garage elevator lobby is also undergoing modernization as we replace the tile, paint and flooring. The exterior signage has been given a facelift and the old, heavy front doors have been replaced with automatic sliders. We are also in the final stages of updating the atmosphere of the lobby. New furniture and plants for the lobby renovation have been delivered and we have plans to commence additional granite and metal work, which should be completed prior to unveiling the new look later in October. The design for the lobby is a blend of new and old; playing off some of the existing 80's design elements, while giving the space an overall modern and contemporary look. This style has been adopted in other major markets with high millennial populations. The goal has been to capture the character of the "old" while tastefully bringing the lobby current from an overall design perspective. Last but not least, we are making

numerous improvements to the safety features of the building. New lighting systems and a state-of-the-art surveillance system will enhance the security and comfort of the building. We believe these improvements will enhance the building experience for our existing tenants, and will go a long way in attracting new tenants who want to work in a safe, modern and premier downtown office building.



In addition to the building improvements, we are also positioning One South Church as a contemporary building to attract tenants looking for non-traditional style space. With the influx of millennials and growing start-up scene, there is a need for space with an open, inclusive and modern feel. The main lobby, which previously was just a pass-through for tenants, is now bustling with energy. For the first time in the building's history there is a food element present in the main lobby. Coffee XChange opened in July to great success. National Bank of Arizona also opened earlier this year in its current prominent space adjoining the lobby. We are also trying to cater to the needs of our tenants' busy schedules by adding other in-building amenities such as car wash service, available weekly on Fridays. Further, we have begun repurposing existing office space to accommodate the need for more non-traditional space. The 5th floor, formerly occupied by a government tenant, has been completely opened up to create a more industrial tone and now serves as a blank canvas for potential full-floor tenants. This goes hand in hand with our marketing effort to promote the building as being available to larger tenants.

In the first year of our ownership, leasing activity at the tower has been strong. We are currently negotiating with several exciting new tenants, and anticipate signing at least 2 new leases before publication of this article. We attribute this, in part to the growing appeal of doing business in downtown Tucson relative to suburban markets but also think that our extensive renovation program has played a key role in sparking new interest in One South Church. We look forward to the ongoing revitalization of this Tucson landmark, and the role it will play in Tucson's continued growth.

Zach Fenton has over 15 years of real estate experience, and through his company ZFI Holdings LLC co-manages a portfolio of over 700,000 square feet in the Tucson area. Zach is a graduate of the University of Arizona Eller School. Zach can be reached via email at [zach@zfiholdings.com](mailto:zach@zfiholdings.com).

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