

Woodmont Plaza

8120 Woodmont Avenue
Bethesda, MD 20814

Statistics

Location – Downtown Bethesda, MD

Property – 140,000-- foot office

Occupancy – 85-percent leased to 35 tenants

Rents – \$29 per square foot; full service

Current Value – Approximately \$42 million



Summary

In 2003 Triumph acquired and repositioned this 150,000-square-foot office building at 8120 Woodmont Avenue in downtown Bethesda. In six months, Triumph renovated and filled a building that had been institutionally managed and 35-percent vacant for several years.

Transaction Structure

Triumph acquired a 50-percent stake in the property and assumed primary decision-making and control; the original owners maintained a passive 50 percent interest in the property. We then established a fair market valuation of \$24 million for the building at the time of the transaction and established a capital account for the prior owners (equal to their net equity balance). Operating cash flow pays a preferred return on capital accounts prior to a 50-50 split among property owners. Cash proceeds from any capital events pay down capital accounts prior to any Triumph split.

Value-add Strategy

Triumph assumed control, refinancing the property with conservative leverage and then using refinance proceeds to buy out some existing partners, renovate the property, and re-tenant the building. Because the building's unique layout lent itself to smaller users, Triumph lowered the risk profile of the building by targeting smaller businesses. We provided hands-on owner involvement with all lease negotiations, and facilitated turnkey design and construction management to cater to the new smaller tenants. Triumph filled the property, taking it from 65 percent occupancy to 95-percent occupancy during the first six months. The entire ownership group views the property as a long-term hold.

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Photo Gallery

