



World Headquarters; 400,00 RSF Strategic Occupancy Study and two 200,000 RSF Renewal/Relocation Transactions

MCKESSON

1 Post Street, San Francisco



PROJECT DIRECTOR

Kirk Usher, Jr., SIOR

SITUATION

- Advise McKesson Corporation in renewing its 200,000 s.f. 1 Post Street San Francisco headquarters lease in 1986.
- Again in 1990-1992 retained as real estate advisor and broker on behalf of McKesson in a two-phase strategic planning and transaction assignment.
Phase 1 consisted of a strategic assessment of various San Francisco Bay Area-wide locational, operational alternatives, as well as ownership versus lease opportunity scenarios in 400,000 square foot One Post headquarters building-50% owned by McKesson-the 200,000 square foot 50% “anchor” tenant as well.
Phase 2 involved leading a comprehensive process resulting in negotiating a new 15-year, 200,000 square foot headquarters lease commitment.

ACTION

- Numerous project team presentations to McKesson Chairman, CEO and CFO.
- Created effective management decision-making tools, comprehensive financial analysis and modeling used by project team.
- Involved a Bay Area-wide demographic assessment of facilities, transportation, labor force, housing and general business factors.

RESULT

- After 6 rounds of counter proposals, the final occupancy cost negotiated by project team was approximately 17% below the original McKesson target, resulting in a better-than-expected savings projected to exceed \$10 million over the new lease term.

