

HEADQUARTERS RELOCATION & CONSOLIDATION WEB SITE: WWW.SEGA.COM

Sega is an entertainment company that specializes in video games. An industry pioneer in the 80's, the firm now is primarily focused on delivering electronic game content (games, etc.) rather than hardware. Founded in 1951 and incorporated in 1960, Sega Corporation manufactures and sells consumer product, amusement machine sales, and Amusement Center Operations.

CHALLENGE

Sega occupied office and R&D space in four different locations in Redwood City and the East Bay. This dispersal of facilities, people and functional departments was inefficient but, more importantly, creating challenges for how people worked and how quickly they could implement new strategies. Accordingly, Sega interviewed the leading Bay Area commercial real estate firms and eventually selected NAI BT Commercial to handle the strategic real estate dimension to a planned corporate relocation and consolidation. Further, because this was a major decision that involved broad implications for the firm, Sega charged NAI BT Commercial will doing a comprehensive survey of other markets (including Seattle, Los Angeles and Boston) around the country that could be suitable relocation sites. Timing was not a pivotal issue but finding a superior long-term solution was.

SOLUTION

NAI BT Commercial commenced the engagement with a comprehensive needs analysis phase that included a review of their present facilities and the underlying leases as well as a thorough definition of their future needs. This macro analysis considered both real estate and operating needs (geographic and transportation issues, impact on recruiting, impact on customers, expense impact, etc.). With this analysis completed and after a thorough review of alternative cities, Sega made the decision to stay in Northern California and instructed the NAI BT Commercial team to proceed with the implementation/space acquisition phase. Ultimately, NAI BT Commercial presented a broad range of alternatives, commenced parallel negotiations on several alternatives and successfully negotiated attractive business terms for a long-term lease. Sega executed the lease for the project that was their first choice: a unique facility in a "multi media" neighborhood of downtown San Francisco. The facility, a renovated apparel mart, had a 100,000 square foot floor plate and a large atrium that would work extremely well with the vision Sega leadership had for the working environment for their operating business.

RESULTS

Sega achieved the following:

- An excellent facility in a good neighborhood environment for a media business.
- A highly function working environment with above market standard backup power and communication capacity.
- Excellent lease economics – with rents estimated to be 12-14% below market and locked in just before rents spiked up substantially.
- Beyond this headquarter lease, NAI BT Commercial also arranged for different tenants to sublease all of the spaces that Sega was vacating in the 4 existing facilities – thus minimizing total rental obligations.

Note: since this engagement, Sega has engaged NAI BT Commercial to handle other assignments for the firm.