



New Digs for Downtown's Next Big Employer

June C. Hussey • published in the May 2014 issue

Nothing says “sustainable” like adaptive re-use, urban infill developments. A Tucson team, with help from the City of Tucson, completely transformed a 60-year-old education building into the newest—and perhaps coolest—corporate headquarters yet to grace Tucson’s urban landscape.



Rendering of Mister Car Wash Headquarters at 222 E. Fifth St.

222 E. Fifth St. Born Again

The partially demolished structure at the corner of Fifth Street and Sixth Avenue resembled a bombed out building in Beirut before its renaissance began to take shape late last year. Now, just six months later, flooring is in, accent colors are on and a new elevator is operating to all three floors. This month, 222 East Fifth Street will become the corporate headquarters of Mister Car Wash, America’s largest and fastest growing car wash owner operator.

Before construction began, Mister Car Wash CEO John Lai signed a long-term lease with veteran Tucson build-to-suit developer

Michael R. Wattis, Inc. to occupy 100% of the building. Lai plans to relocate all 75 corporate employees from outgrown offices at La Paloma Corporate Center by June 1. Within a few years, he plans to add 40 more.

The vacant Baptist Church Education Annex had been an eyesore for the West University Neighborhood for seven years before Wattis and his experienced local team converted it to Class A office space for Mister Car Wash. W.E. O’Neil Construction (Ritz Carlton, Arizona Cancer Center, La Encantada) kept to an air tight schedule in order to meet the tenant’s move-in timeframe, carefully executing every design nuance articulated for the client by the creative minds at Rob Paulus Architects Ltd. (Ice House Lofts, One North Fifth).

The dynamic, modern, open office environment comes complete with breakout rooms, a training space, a workout area with showers, and a sizable lounge that spills out to a shaded, landscaped entry courtyard. The integrity of the existing structure is brought to the forefront with exposed brick walls and open steel trusses that contrast with vibrant modern colors, materials, and floor coverings on the interior. A new entry canopy and courtyard at the east façade continues the structural grid of the building to the outside, creating a welcoming shaded oasis for the office users and the neighborhood.

“The transformation of this building is another great example in the shift of businesses away from the generic suburban-style office complex to the dynamic offerings in and around downtown,” said architect Rob Paulus. “The

building represents not only a cultural shift for a company with national reach to attract top talent, but also a community-wide shift in mindset to the positive value of living, working and playing in a desert urban environment.”

Breaking New Ground on Old Turf

Following in the footsteps of other pioneering enterprises like Madden Media, Providence Service Corporation and Tucson Electric Power, Mister Car Wash will be the latest in a string of major Tucson employers to contribute to—and benefit from—downtown revitalization by relocating its headquarters to an urban infill site.

Incentives offered by the City were not the only compelling factors that drew Mister Car Wash owners out of the foothills. Easily accessible from the new building by foot, two wheels and modern street car are the university campus, suitable housing options, thriving retail shops and two dozen or more restaurants. With 127 hosted parking spaces, the new headquarters will also conveniently accommodate car commuters.



East Patio

Art of the Deal

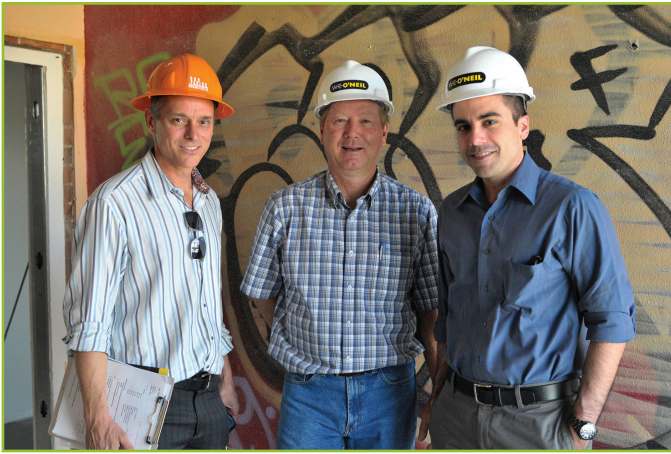
Representing Mister Car Wash, CBRE’s Buzz Isaacson brought the potential transaction to Wattis in the fall of 2013, after a citywide hunt for office space suitable for Mister Car Wash’s expansion came up short, according to Wattis.

“They looked at everything from 5151 East Broadway to other downtown opportunities, but I guess nothing really jelled until they got to 222 East Fifth,” Wattis said.

It wasn’t exactly love at first sight. Wattis indicates it took several visits and a few meetings between Isaacson, Wattis, Lai and Paulus before the light bulb really turned on for Lai. When it did, there was no turning back.

“What made the building click for me,” said Lai, “is that it was something different for Tucson—not your standard office park environment. We had a vision that is reflective of our culture—grounded in the past with an eye for future development. I love the open collaborative workspace that fosters a team environment, it’s reminiscent of a Brooklyn style warehouse.”

“I think once John visualized the bold statement he could make for his growing brand with an adaptive re-use building located smack between downtown and the University, he wanted in,” Wattis said. With more than 30 successful projects under his belt, Wattis was able to call on solid relationships with investors and lenders for capitalization. From there the deal came together very quickly.



Mike Wattis (middle) with architect Rob Paulus (left) and Felipe Valenzuela, director of operations for Mister Car Wash

The Case for Economic Development

Mister Car Wash was founded in 1996 by Brown, McMillan & Co. to “roll up” the fragmented car wash industry through acquisitions and create a national company. In 1999 it leased space at La Paloma Corporate Center and in 2007 the company was acquired by ONCAP, a mid-market private equity firm, which allowed the company to double in size. Today it operates 128 car washes (eight in Tucson) and 32 lube centers in the U.S. and employs 4,500 men and women.

“With our recent and anticipated growth, we felt the time was right to position Mister Car Wash in a high profile, urban location in order to strengthen the brand and help recruit top talent,” Lai said. “222 East

Fifth presented a truly unique opportunity to customize the entire space in a way that would appeal to current and future employees for years to come.”

The economic impact of having a thriving employer headquartered at 222 East Fifth will not go unnoticed. Mister Car Wash’s move downtown is expected to generate \$2.9 million in direct and indirect new tax revenues over eight years, according to an economic analysis prepared for the City. In anticipation of these economic benefits, the City has granted Mister Car Wash a city property tax exemption through the Government Property Lease Excise Tax (GPLET) program, which will provide an eight-year reduction in property taxes on the new office building. The City also waived impact fees and some permit fees. Mister Car Wash also expects to qualify for the Primary Jobs economic development incentive, which provides a credit of construction sales tax.

The finished office building will add 25,350 square feet of 100% occupied Class A office space to Tucson’s urban core.

History at a Glance

- 222 East Fifth Street was built in 1952 by the First Baptist Church as an education annex.
- The annex closed in 2007 and sat dormant for seven years.
- A re-use plan for high-end condos got as far as completing asbestos abatement before the housing market went bust in 2008.
- Another plan to repurpose the building for self storage is said to have been in the works when Mister Car Wash came along in October, 2013.
- CBRE negotiated the building sale and lease while Michael R. Wattis, Inc. completed the acquisition, retained the architect and contractor and commenced construction before the end of 2013.
- Construction is expected to be completed on schedule and on budget in May of 2014.

City's Sweet Spot

"I think this project is a perfect example of what the City of Tucson is trying to encourage in this area. It required no rezoning or utility work and the economic impact will be significantly felt. We had the full support of the Mayor and Councilman Steve Kozachik and we experienced positive support from City staffers. They were on our side the whole way to bring the first major employer to the West University Neighborhood. The building's completion is also timed perfectly with the start up of the modern streetcar, which is a major milestone for the City—a symbol of a significant redevelopment effort that will attract more employers to this area. All in all, this building and the process we took to get it done are proof that downtown Tucson is back and here to stay." — Mike Wattis, developer



First Floor Reception

Contributing Value to the Community

"222 East Fifth is really a legacy project for me. It's been fun and I'm proud to be a part of it. I like to bring forth projects that contribute value to the community. Tucson has been my home for 35 years. Employers love it for the same reasons I do. We have great weather, the University of Arizona, great golf, PAC-12 sports and 30 minutes from downtown, my wife and I can be on horseback in complete solitude. — Mike Wattis, developer

Keeping it Green

- A highly insulated roof system and energy efficient windows will provide maximum comfort for office users while lowering energy consumption.
- A rainwater harvesting system will collect precipitation from the roof into a tank for subsequent landscape irrigation.
- 43 shaded parking spaces will reduce heat island effect and provide comfort to car commuters during the warmest times of the year.
- Trees planted along Sixth Avenue and Fifth Street will provide shade to pedestrians while adding a literal touch of green to the neighborhood.

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