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[REAL ESTATE](#)

[WESTCHESTER](#)

New owners sell a lifestyle when seeking tenants at former PepsiCo campus in Somers

By **Ryan Deffenbaugh** - February 2, 2018



The front of the building belies the massiveness of the structure in Somers. Photo by Bob Rozycki

Sitting in the recently renovated lobby of One Pepsi Way, the near-vacant 540,000-square-foot office building in Somers, Roxana Q. Girand said the goal for leasing up the property is selling tenants on a lifestyle.

The 200-acre property in northern Westchester, once home to about 1,200 employees as the corporate headquarters of PepsiCo's bottling division, will be marketed to tenants as "not only a corporate solution, but a lifestyle solution," Girand said. "We have tennis courts, we have basketball courts, softball fields, running trails, bicycle trails, hiking trails."

Girand described the plans of the building's new ownership and management to restore life and tenants to the building, which PepsiCo vacated in 2016.

Girand is president and CEO of Sebastian Capital Inc., a Manhattan real estate firm that specializes in representing wealthy families in Latin America with real estate assets in the U.S. market. Girand represents what she described as a group of Mexican investors that purchased the PepsiCo building for \$87 million in 2015.

Her company also represents the same ownership at the 1.2 million-square-foot former IBM campus in Somers, which IBM sold in 2016 after the company announced it would relocate its employees there to other offices.

Girand's job puts her in charge of finding new businesses to occupy the large footprint left behind by the two Fortune 500 companies. The two properties together total about 1.6 million square feet of office space.

While Girand said plans are still being finalized for the IBM campus, the company is moving forward with a multi-tenant leasing strategy at the former PepsiCo campus, which it re-branded as the Urban Campus. And while the nine-story building is in a submarket with already high vacancy rates, Girand was confident in describing the building's attraction to businesses.



The back of the building shows the three, 8-story segments of the building. Photo by Bob Rozycki

She pointed to the new security desk as an example. In renovating the lobby, the desk was moved to the side of the main entrance to allow employees and visitors a clear view of the Muscote Reservoir as they walk in.

“Your focus is now completely directed to the reservoir, toward seeing what we are, which is an amazing building that is never going to be built again, in an area that is unique,” she said. “Give me three buildings in Westchester where you have water views, open skies and a Class A building. There are not too many.”

She said that repositioning such a large asset “takes time and takes work to make sure that everybody is comfortable. You only really need one or two tenants and it’s a domino effect, and we’re seeing that right now.”

The building served for more than 30 years as headquarters for the Pepsi Bottling Co., a spinoff of PepsiCo. PepsiCo reacquired the company in 2010 and renewed its lease at the Somers facility one year later. In 2015, the company announced it would consolidate its operations and relocate employees to its offices in White Plains and headquarters in Purchase. The last employees in Somers left in 2016.

The group of investors that Girand represents purchased the building under the company name 1 P Way LLC. While Girand declined to characterize the ownership group, the Business Journal reported following the sale that the purchaser was an affiliate company in Mexico City of Mexican business magnate Carlos Slim Helu. A Slim spokesperson later confirmed to Forbes magazine that a real estate company affiliated with the billionaire was behind the deal.

Girand declined to disclose how much the new owners have invested in the property, but detailed a number of recent facility updates.

Part of the focus, she said, was shifting the building’s interior from something that was designed “by Pepsi, for Pepsi” to a more community-oriented and collaborative environment.

“Right now the model of having this enormous space for large companies isn’t totally there,” Girand said. “People want more space efficiency and more of that urban feeling in a serene environment.”

To attract a range of tenants, Girand said she needed a design that was “nice and modern, nothing too big or over the top.”



A side view of the building with the Muscoot Reservoir to the right. Photo by Bob Rozycki

That included removing the Pepsi memorabilia that once greeted visitors. The lobby has been renovated with new furniture and a coat of paint and offers free Wi-Fi access. It features a 24-hour grab-and-go station for employees working odd hours to grab a sandwich or coffee.

A health club run by a third party is on the way and will be open to both office tenants and the community. A renovated restaurant and cafeteria will open this summer on the fifth floor, which also offers conference and meeting space for tenants.

In about a month, Girand said, a pinball machine, arcade games and a pool table will be added to the main lobby, where a ping pong table is already in place.

“What I want people to see is that yes, you are working in a corporate environment... but you want to give employees a way of life,” Girand said. “That lifestyle component is something that was missing back in the ‘80s, ‘90s, where everything was so compact. Now people want interaction.”

Toward that end, the company converted part of the sixth floor of the building into a co-working space of about 10,000 square feet for smaller

companies. The space has proved popular, Girand said, and is already near capacity. Those co-working tenants, she said, could eventually lease full office spaces.

"So that's what we are looking to create," she said, "that hybrid model with a co-working area that enables that company to expand into a larger space into the building."

Girand aims to have the building fully stabilized within five years. It is being marketed to everything "from small businesses to Fortune 500s" at a wide range of square footage options. She said she's heard from architects, engineers, consultants, law firms, web designers and biotech companies interested in space. Girand expects about 70,000 square feet will be leased by the end of spring.

The wooded property in Somers could be a tough sell in today's office market, where companies have sought downtown spaces in White Plains and souther Westchester said to appeal more to millennial workers. But Girand countered that that the Somers property is not "in the wilderness." Recognizing the importance of connecting commuting tenants to mass transit, she has tried and recorded the travel time for every form of transportation between the Urban Campus and Katonah's Metro-North train station.

"Three minutes by car, seven minutes by bicycle and 20 minutes walking," she said.

The company is also exploring adding a shuttle service from the Katonah or Goldens Bridge Metro-North stops once it attracts a larger volume of tenants with workers who commute by train.

"I'm not trying to compete with Manhattan, I'm not trying to compete with White Plains," Girand said. Instead she's offering an alternative for companies that want both a downtown office environment and open space in the norther part of the county.

"I can give you a Class A space, a Class A-run building, at a third of the price of Manhattan and with all the amenities," she said.