



## Corporate Office Perspectives

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“Cafeterias. Fitness centers. Covered parking. Proximity to a highway. The things that draw prospective tenants to a building are also the things that help keep them there ... amenities play a big role in employee recruitment and retention ... they are keyed in to attracting highly skilled and in-demand employees ... what does it take to get them here and, once they are here, how do you make them more productive?” *Buildings* (March 2006)

Central Valley cities such as Stockton, Lodi, Tracy, Manteca and Modesto “have become bedroom communities for the employment centers of the East Bay,” said Keitaro Matsuda, an economist with San Francisco-based Union Bank. “Only a couple of decades ago, it was the East Bay that was pigeon-holed as a bedroom community for San Francisco and Silicon Valley... the East Bay is the Bay Area’s only million-job economy.” *San Ramon Valley Times* (3/13/06) “The East Bay is in the driver’s seat when it comes to the region’s economy. In 2005, 18,300 jobs were created, an increase of 1.8 percent – more robust job growth than the United States, California and the rest of the Bay Area.” *Contra Costa Times* (3/12/06) “In the East Bay, 41 percent of Alameda County companies surveyed intended to increase staffing, while 1 percent planned a reduction. About 38 percent of the companies polled in Contra Costa-Solano Counties planned additional hiring while 7 percent intended to reduce jobs.” *San Ramon Valley Times* (2/8/06) Regarding the entire Bay Area, according to a survey released by the Bay Area Council, “The group surveyed 549 CEO’s and other top executives in January. Fifty-six percent of them said they think the Bay Area economy will improve in the next six months while 9 percent predicted worse conditions ... 42 percent planning to increase their Bay Area workforces during the next six months and 5 percent planning reductions,” *San Francisco Chronicle* (2/8/06). For a conflicting survey on a national basis, “Only 4 percent of corporate respondents plan significant hiring in 2006, down from 10 percent in last year’s study.” *National Real Estate Investor* (February 2006)

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If you are considering going to a wireless networking system at your office, here are considerations: 1) Do a needs assessment; 2) Get the right equipment; 3) Develop a plan for managing your networks, including security and backup; 4) Check into whether your database applications are cost-effective to work real time wireless; 5) Make sure your network is secure; 6) Develop a wireless policy

for individual users; 7) Review your security programs and protocols regularly *East Bay Business Times* (1/20/06)

Scott Hume, executive managing director of *Restaurants & Institutions*, the weekly food service trade magazine, stated, "Where you see the best food now is in colleges and in Silicon Valley employee cafeterias," he says. "The availability of a top-notch cafeteria can be an amazingly effective draw." At the Google campus, Googlers (employees) have a choice of more than 200 different recipes daily at the six on-site cafeterias. The fact that all employees eat for free is "beyond the stratosphere," Hume says. "Google employees already live in a kind of post-grad paradise. Dogs prance on leashes, free electric-charged scooters zoom around, shouts emanate from the volleyball court, and signs pointing to haircuts, dental clinics and car maintenance abound on the campus. "The idea is, we take care of the everyday details and stresses for these engineers so they can be free to be productive," says Food Services Director Dickman, echoing the philosophy of some other large technology companies. *San Francisco Chronicle* (3/1/06)

According to our San Francisco Colliers office San Francisco has experienced six consecutive quarters of net absorption; 1.7 million square feet of net office absorption in 2005; the vacancy rate in one year has dropped from 15 percent to 13 percent; Class A (where most of the absorption has been) has had a 13.5 percent rent increase; and between 800,000 sf to 1 million sf of office buildings are being converted to residential per year.

"Dell tried it, then reversed course. Capital One gave up as well, and so did JP Morgan Chase. All came to the same conclusion about their attempts to farm out front-line customer-service jobs to outside contractors. The hidden costs far outweighed the potential savings in labor expenses." *Business 2.0* (March 2006) My opinion? The opposite continues to be true. Every time I call Dell for customer service, I'm connected to India ... "Dell plans to double the number of its employees in India to 20,000 in three years. Although most of the new hiring will be made at the company's call centers, there will also be substantial recruiting at its product testing center and a possible manufacturing plant." *Tri-Valley Herald* (3/21/06)

Going full-circle ... AT&T's reemergence with the recent SBC \$16 billion acquisition ... it seems like yesterday when back in 1982 I represented AT&T in the 'baby-bell breakup', leasing them 700,000 sf of office space in Pleasanton ...

"San Francisco boasts more wireless Internet hot spots than any city in America and has the highest concentration of Wi-Fi connections of any major metropolis in the world. San Francisco also has the most free Wi-Fi hot spots, 368, compared with No. 2 Austin, Texas, with just 97. Among the top 20 cities internationally, San Francisco had the highest number of hot spots per capita, at about 1 public access point for every 1,000 residents." *San Francisco Chronicle* (1/24/06) Too bad downtown parking rates are \$2.75 every 20 minutes ...

Workplace violence: "There is strong evidence that guns and offices do not mix. Indeed, a recent study by a professor at the University of North Carolina found that homicides were about five times more likely to occur in workplaces where guns were permitted than in those that prohibited them.

Overall, firearms were used in three-quarters of the workplace homicides that occurred in the United States in 2004.” *CFO* (January 2006)

*Deals & Rumors:* In **Concord**, Wells Fargo leased 14,000 sf at 1000 Burnett and I represented Pacific Gas and Electric Company in a 165,000 sf lease at 1850 Gateway Blvd. Nearby in **Pleasant Hill**, Eskanos & Adler purchased the 60,000 sf former Safeco building at 400 Taylor Blvd. and plan to occupy in early-2007. In **Walnut Creek**, HDR Engineers leased 15,000 sf at 2121 N. Calif. Blvd. and McDonalds Corp. took 16,000 sf at 2999 Oak Rd. Over in **Antioch**, Sutter Regional Medical Foundation leased 25,000 sf of office space on Lone Tree. In **Fairfield** West-Com Nurse Call Systems took 13,594 sf in the Solano Commerce Center. Down in **San Ramon**, Sprint will be moving into 40,000 sf at Bishop Ranch 15, vacating 78,000 sf in Walnut Creek. Standard Pacific expanded to 25,000 sf at 3825 Hopyard Rd. in **Pleasanton**, and the big news down there was State Fund purchasing 322,000 sf of vacant, Class A office buildings from Cisco at the Pleasanton BART Station. In **Dublin** at 4160 Dublin Blvd. I leased DDI 10,000 sf of office space. In **Emeryville**, Leapfrog might be expanding by 34,000 sf at Hollis Business Center. In **Alameda**, Advanced Cell Technology leased 15,000 sf for lab space at 1201 Harbor Bay Parkway. Clif Bar & Co. is reportedly looking throughout the East Bay for 100,000 sf. In **Fremont**, Logitech Inc. leased 24,000 sf for R&D at 6504 Kaiser Drive. In **Milpitas**, Aperto Networks signed for 45,000 sf at 598 Gibraltar Drive. Up in **Santa Rosa**, Liberty Title took 43,000 sf at 3569 Round Barn and the Institute of Reading Development leased 10,000 sf at 131 Stony Circle. Down on the **Peninsula**, Cytac leased 62,000 sf on East Evelyn Ave. at the Mountain View Corporate Center. Health Hero took 35,000 sf at 2000 Seaport in **Redwood City**, and in the same city, Threshold Pharmaceuticals expanded to 68,000 sf. In **Foster City**, Honeywell International Inc. leased 10,000 sf at 353 Vintage Park Drive. Further north in **San Mateo**, Coen Company leased 22,000 sf at 100 Foster City and Gemini Mobile Technologies leased 15,000 sf at 2600 Campus Drive. In **South San Francisco**, Amgen might be building 500,000 sf and adding 1,000 employees during the next three years. **San Francisco** continued to lead the pack, with Salesforce rumored to be looking for 150,000 sf; Esurance leased 50,000 sf at 650 Davis St.; Nixon Peabody signed a LOI for 75,000 sf at One Embarcadero and Wachovia Securities leased 20,000 sf at the same building. MarketTools will occupy 30,000 sf at 150 Spear Street; Sirna Therapeutics leased 40,000 at 1700 Owens St. in Mission Bay; UCSF is rumored to be searching for 80-100,000 sf outside of Mission Bay; MacFarlane Partners expanded to 35,000 sf at 201 Spear St.; Fenwick & West sublet 58,000 sf at 555 Calif. St.; Monitor Group leased 30,000 sf at 101 Market St.; Glass, Lewis & Co. took 15,000 sf at One Sansome St.; Integro sublet 25,000 sf at 101 Calif. St.; Visage Mobile took 15,000 sf at 300 Calif. St. and Morrison & Foerster consolidated into 48,000 sf at 555 Market St. and Blade Network Technologies leased 23,000 sf at 2350 Mission College Blvd.

Outsourcing benefits, or not: In the *San Ramon Valley Times* (2/23/06) “Bush touts outsourcing’s benefits,” Bush said the benefits from globalization more than offset the damage from lost jobs due to outsourcing. Then on March 4, 2006, *San Francisco Chronicle* headlined, Bush concedes outsourcing hurts. “It’s painful for those who lose jobs,” Bush said. “... let’s make sure people are educated so they can find-fill the jobs of the 21<sup>st</sup> century” ... In 2004, China graduated about 500,000 engineers; India, 200,000; and the United States, 70,000, according to a report called “Rising Above the Gathering Storm,” issued last fall by an advisory panel of the National

Academies.” Enrollment in undergraduate computer science programs has declined by 7 percent in each of the past two years, according to the Computing Research Association. “The deans and the department chairs are absolutely panicked because enrollment is plummeting,” said Norman Matloff, a professor of computer science at UC Davis who is a well-known critic of visa worker programs and offshoring in the technology industry. *San Francisco Chronicle* (2/24/06)

“The high cost of housing and a low tolerance for traffic has caused 40 percent of Bay Area residents to seriously consider a move, according to a new study by the Bay Area Council, which represents major employers in the region. The mid-January random survey of 600 residents is equivalent to 2.7 million people, according to the Council, whose membership represents 490,000 workers – one out of every six private sector employees in the Bay Area ... 74 percent of respondents think a greater supply of affordable housing is ‘very important’ to the overall health of the Bay Area economy.” *CityFeet* (3/1/06) Just think if by magic we could create a huge supply of great, centrally located homes for only \$250,000? A miracle or a curse? This would cause an instant people-influx resulting in major traffic, water supply and related problems ... just like you can’t buy a new Porsche for \$10,000, capitalistic supply and demand is the reason for our insane housing prices.

“Vietnam’s Ministry of Planning and Investment has approved Intel Corp.’s application for a license to build a \$605 million chip and computer-parts factory in Ho Chi Minh City, an official said ... The factory, which would employ about 2,000 people, is a key component of the Santa Clara chip maker’s plan to expand in Asia. In December, Intel said it will invest more than \$1 billion in India and \$230 million in Malaysia.” *San Francisco Chronicle* (2/24/06) Meanwhile, the San Francisco Bay Area office and flex vacancy rates continue to decline, rental rates in a number of submarkets are going up, and if we weren’t offshoring the past five years we would have completely run out of space by now ...

One of the six new policy positions BOMA (Building Owners and Managers Association) added to its advocacy agenda is the support of the metric system. It makes sense when you consider how global business is today and we should consider ourselves lucky enough that English is the international business language (thank you, Bill Gates). We may be one of the last major countries not to use square meters in our office and industrial space vocabulary.

Workplace disaster planning: Business continuity plans, fire safety programs, mock drills, emergency scenario planning and training, disaster management, tenant security and life safety, risk management, EHS, and more ... “Some of the best information of this kind for facility managers can be found at <http://www.fema.gov/library/prepandprev.shtm>. This portion of the site covers preparation and prevention, disasters and emergencies, and response and recovery.” *Today’s Facility Manager* (January 2006) The U.S. Department of Homeland Security advises businesses at its site [www.ready.gov/business](http://www.ready.gov/business). For other site links please go to [www.officetimes.com/disasterplanning\\_websites.htm](http://www.officetimes.com/disasterplanning_websites.htm).

“In 2005, the San Francisco Bay Area attracted 35 percent of the venture capital dollars spent in the United States.” *San Ramon Valley Times* (3/24/06)

“Bay Area workers drive less as more jobs move to suburbs” ... more commuters in the Bay Area and

California are spending less time getting to and from work because of the growth of jobs in the suburbs, according to a study released today by the Public Policy Institute of California. “We are increasingly seeing the suburbanization of jobs,” said the report’s author, Elisa Barbour. “It has been even more rapid than residences. That job decentralization has a moderating impact on commute times.” *San Francisco Chronicle* (2/28/06)

“West Coast office-building hybrids use natural light to cut costs, inspire workers ... achieving energy savings through the use of ‘high-mass’ walls and raised floors, the walls absorb the cool, night-time temperatures, which helps chill the interior of the building during the warm days on the central California coast. To keep the sun from becoming too intense inside, the architects used horizontal screens that deflect direct sunlight into the interiors.” Another building in San Luis Obispo uses a sun scoop, with “vertical louvers shielding the building and its inhabitants from direct sunlight ... the ceiling height rises from about 8 feet at the elevator core to about 14 feet at the window wall. It’s a shape that literally scoops sunlight into the 45-foot bay depth of the office floors.” *National Real Estate Investor* (January 2006)

Madison, our little girl who turns 4 at the end of August, and our son Jordan, who turns 9 next month continue to reign supreme in my life’s blessings along with my wife and family. The first week of February we took both kids to Taos, New Mexico which has one of the best ski instruction programs of any resort in the country. Madison, whom I had on skis at 18 months, was totally captivated by the program and within days could ski down the bunny slope by herself. Jordan, who has been taking lessons since he was 3 is now a level 8/9 skier and was lucky to be in a six-day group lesson with just his 12-year-old cousin Josh. Jordan can now ski most runs at Squaw and Alpine and even loves hiking to the tippy-tops where the powder is fresher. A few weeks ago we took Jordan to Maui, Hawaii, and he learned to Snuba (like scuba but the regulator is attached to a twenty-foot hose to the tank which floats overhead in a raft). He saw giant sea turtles, moray eels and even an octopus. His dad is helping coach his little league team, but with the rain we’ve had, all of the practices have been on blacktop as the fields have remained closed. Photo’s of Jordan and Madison’s recent adventures can be seen at [www.officetimes.com/JMApr2006.htm](http://www.officetimes.com/JMApr2006.htm).

I recently went to an advanced Squaw Valley ski clinic and my ski instructor, Kemp, was one of the most energetic, talented and enthusiastic teachers I have ever met. His joy and passion for his profession was over the top, but what hit me while watching him is most of the time (and those of you who know about commercial real estate understand the peaks and valleys and occasional frustrations), I feel the same about my job! Representing office users in their facility requirements and selling commercial property is a blast, and for this I know I am blessed to have been fortunate to have spent my entire career doing what I love to do. Spring is here, and ads of snowshoes and skis are being replaced by barbecue grills and camping equipment as the seasons continue onward. My father, Arthur, who will be 81 this September is in his third career as a published poet and is completing his 10<sup>th</sup> book. I toast my dad, mom and all of our parents for creating our foundation by raising us, educating us, and giving us their guidance and understanding to make our “today, here and now” possible! One of my lifetime goals is to have done whatever I could with my own children so they could offer this same toast when they are grown up. Take care!

Sincerely,

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