



## Corporate Office Perspectives

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Green Building Update: “LEED buildings use 20-50 percent less energy and cut carbon emission by as much as 40 percent more than conventional buildings,” according to Taryn Holowka, spokeswoman for the U.S. Green Building Council, *Contra Costa Times* (5/31/07). “Silver-level LEED certification is believed to add roughly 2-3 percentage points to total construction costs, with LEED gold adding 2-3 more and LEED platinum remaining expensive,” *San Francisco Business Times* (6/22/07). “Wells Fargo recently announced its loan offering for commercial projects that implement solar energy,” *Today’s Facility Manager* (May 2007). ECO-tough San Francisco code proposed for buildings – “the task-force is suggesting that private commercial developers meet the gold LEED Standard by 2012 ... a key feature of the task force report is the recommendation that the standards be phased in between 2008 and 2012, becoming more stringent each year. For instance, new large commercial buildings in San Francisco would have to meet the most basic LEED standard in 2008. Gold certifications would be required in such buildings starting in 2012,” *San Francisco Chronicle* (7/11/07). Has there been any dramatic increase in tenant desire to be in a LEED-certified building versus one that isn’t? Not yet, but I agree with a number of experts who predict that at some point in the future it may be a requirement of Fortune 1000 to be in a LEED-certified project, the same as we experienced back in the 1980s when asbestos-free office buildings became mandated by Corporate America. Better employee working environment, sustainability of our natural resources and on top of that, significantly lower energy costs ... not a bad package of benefits to offer up to tenants!

Office building replacement values: For Central Business District (CBD) high-rise, the most expensive U.S. city in New York with Manhattan replacement costs ranging from \$650 psf to \$750 psf (excluding land which can be \$300-\$500 psf), and at the other end of the spectrum is Memphis, with a low of \$145 psf and a high of \$170 psf. San Francisco averages \$625 psf, and the entire report can be found at <http://officetimes.com/Aug2007/ResearchBlast.htm>.

Office worker stress reduction 101 ... “Working at Clif Bar & Co., the Berkeley energy bar and drink company, may be the closest thing to corporate Utopia. Employees can bring their dogs and babies to work, get a haircut or massage or have their car detailed at work, and they can even throw a load of laundry in the employee washing machine. At Clif Bar, the 194 workers can exercise 30 minutes a day in the company gym, have a personal training session or take one of a suite of classes – from boot camp to swing dancing – offered on site. How about a life coaching session or a spin on one of the company’s shiny red Schwinn bicycles? .... Clif says

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it spends an estimated \$1,000 per employee per year on its wellness program ... In general, companies can expect to see at least a \$3 return after three years for every \$1 they spend on workplace wellness, says health promotion guru Dr. Ron Goetzel, director of the Institute for Health and Productivity Studies at Cornell University,” *East Bay Business Times* (June 8, 2007). What’s Cool – stuff that makes the job less of a chore: “Long workweeks – up to 120 hours – are common at the Boulder, Colo. offices of Crispin Porter & Bogusky. So the award-winning ad agency, known for incentive campaigns like Burger King’s Subservient Chicken website and Virgin Atlantic’s mock flight-safety cards, decided to look for an equally creative way to help employees with their work/life balance. The solution: hiring 44-year-old adventure junkie Kevin Mullen. Stop by Mullen’s 1,440-square-foot ‘office’ and you’ll find him tuning up a Harley or replacing the wheels on some inline skates. He also helps organize snowshoe excursions and motorcycle camping trips, takes employees shopping to advise them on major gear purchases, and stocks loaners of snowboards, camping gear and bikes. ‘I view myself as a facilitator of fun,’ he explains. ‘I’m here to break down any barriers that would impede anyone from having a good time,’” *Business 2.0* (July 2007).

According to *Bus 2.0* (June 2007), out of the 100 Fastest-Growing Technology Companies in the U.S., “only” 29 are based in California. And, according to the *San Francisco Chronicle* (5/18/07), “The Bay Area is the nation’s leading nanotechnology center, according to a new study, setting the stage for the region to lead the way in developing yet another crucial technology sector with a potentially huge upside. San Jose was the No. 1 city in the report, as measured by how many nanotech companies, universities, government labs and non-businesses organizations are working on nanotechnology and call it home.” Boston was in second place, while San Francisco came in third and Oakland, fourth place.

Offshoring ... in a recent article titled “Help Wanted,” *Today’s Facility Manager* (June 2007), Bob Woolley of Lee Technologies based out of Fairfax, VA states, “Any company that does not leverage international labor will be at a distinct competitive disadvantage because the global talent pool, combined with global communications, makes it almost incumbent upon American businesses to find ways to be the most efficient.”

*Deals & Rumors:* In Redwood Shores, Shutterfly leased 12,000 sf at 3000 Bridge Parkway, and at 201 Marshall in **Redwood City**, Moteiv took 15,000 sf. **Foster City** had a lot of activity with Axiom Corp. leasing 52,000 sf at Parkside Towers, 1001-1051 East Hillsdale Blvd., where Reardon Commerce took 42,000 sf.; Sling Media leased 25,000 sf and Pacific Partners signed for 19,000 sf. In **San Mateo**, U.I. Pacific Games leased 10,000 sf at 1820 Gateway Drive, and Sterling Commerce took 39,000 sf at 800 Concar Drive. Farther North in **San Francisco**, Soma Networks leased 16,000 sf at 650 Townsend St.; Markmonitor took 18,000 sf at 303 Second St.; EF International Language Schools signed for 12,000 sf at 2748 Hyde St.; Salesforce.com expanded once again by 20,000 sf at One Market St., and in the same building Autodesk leased 46,000 sf.; Godfrey Q. and Partners took 20,000 sf at 100 California St.; at Westfield San Francisco Centre, San Francisco State expanded by 18,000 sf to 125,000 sf.; Pacific Fertility Center leased 21,000 sf at 55 Francisco St.; at 71 Stevenson Place, Bare Escentuals expanded by 24,000 sf.; VMWare expanded by 14,000 sf and Regus leased 18,000.; Second Life, Linden Research, Inc. leased 28,000 sf at 945 Battery St., and at 4 Embarcadero Center, Stockbridge Capital Partners leased 44,000 sf and Marsh & McLennan is reportedly looking at 64,000 sf. Up in Marin County, Activision Publishing leased 12,000 sf at Hamilton Landing in **Novato**. Across and down the Bay in **Fremont**, Macroflux Corp. took 55,000 sf at 34790 Ardentech Court, further up in **Alameda**, Concise/ABB Optical leased 48,000 sf of office/flex at 1740 N. Loop Rd., and in **San Ramon**, Chevron sublet two spaces, one 55,000 sf, and the other 52,000 sf and also leased 30,000 sf. The big news for **Walnut Creek** was the 250,000 sf lease signed by CSAA for an office project to be built near the PH BART Station, and AXA is reportedly out in the East Bay looking for 90 to 120,000 sf of office space.

I'm not quite sure how this will affect our future usage of corporate office space, but there is a new and rapidly growing online management software that shows managers at a glance who's productive and who's not. "Today, thanks to a new executive team and a new breed of management software from Authoria, Aetna believes it has turned things around. Supervisors across the 30,000 employee company can pull up a secure online dashboard to read employee skills and competency, assess career growth and training needs and even pinpoint key players who need an incentive to stay. 'It gives us a lot more data to manage our workforce,'" says Deborah Kelly, head of learning services at Aetna, who developed Aetna's performance strategy and pushed for the software. *Business 2.0* (July 2007) This management transformation could cross-over to telecommuting, outsourcing, offshoring and may have major implications for future office usage and layout. Before you continue with this next quote, think about the possible impact if, for some industries, online management software was so effective both management and employees did not have to physically be in the same place to get their respective jobs done. "Home is where the work is – for some employees. In a nationwide survey this spring of 150 senior executives who work at the nation's largest companies by OfficeTeam – the Menlo Park temporary staffing service of Robert Half – 43 percent said they feel telecommuting is an effective option for staff-level employees, whose tasks can often be performed more autonomously than those of managers or support personnel. However, that figure dropped to 18 percent and 14 percent when they were asked the same question about management employees and senior executives, respectively, and 11 percent for administrative support workers. Managers equate quality with how often workers are seen," *East Bay Business Times* (5/18/07).

San Francisco Bay Area office development update: In San Francisco, about 2.5 million square feet of new office projects are under construction, and an additional 8 million square feet in various stages in the development pipeline. In Oakland, one new office project will be completed this October with several additional projects in entitlement process. Emeryville has 250,000 sf of bio-office under construction, and entitlements are underway for new office projects in Pleasanton and San Ramon.

Tips for keeping your office environment more safe and secure: "The following top 10 tips may help facility professionals to keep the 'office creeper' at bay and protect the working environment:

1. Office Creeper 101 – An office creeper may skulk into your office dressed in uniform like a building engineer or suit and tie – try to become familiar with all of the coworkers in your immediate area
2. Flag and tag the wanderer
3. Honor your access control policy
4. Sharing Isn't Always Caring – Never share keys or access codes with anyone and never leave your office keys unattended
5. Don't hide valuables in plain sight – the first place an office creeper looks for purses and wallets is in unlocked drawers or under desks
6. Lock and mute – when you leave the office, lock the door and mute the telephone ringer so there aren't clues your office is empty
7. Secure the ties that bind – use security cables for laptops
8. Maintain up to date inventory logs – and keep in locked, fireproof cabinet or outside location – mark PDA's and cell phones
9. Laptop awareness – Lock it up after-hours (3,000 computers are stolen each day ...) Invest in laptop data security tools, and never leave your laptop in full view in your car, never check-in as luggage at the airport," *Today's Facility Manager* (May 2007).

At a recent SIOR event at Sacramento's Capital Club, we heard a presentation from Roy McBrayer, deputy to the State Architect and manager of Governor Arnold Schwarzenegger's Green Building Initiative on what California is doing to "green" their office buildings. All new state buildings will be built to LEED Silver. All existing office buildings 50,000 sf and larger are being "retrocommissioned"

and the state is discovering that even well-maintained buildings are still showing 15 percent or greater utility savings after retrocommissioning. Most older buildings have a cost savings potential of 30 to 50 percent. They are benchmarking all 16,000 buildings for energy usage and plan to retune buildings in excess of 50,000 sf every five years.

Summertime reminds me of how great we had it as kids but we had no idea at the time. Going to the county fairs, summer camp, hanging out with friends at the pool for hours at a time ... meanwhile us worker bees grab a day off here or there to maintain balance, and look wistfully out the office window as children bicycle by ... Jordan and Madison jumped right into summer school, with 10-year old Jordan focusing on math and reading and 4 ½ and ¾ (her birthday is August 23 and this is always the response to “How old are you?”) Madison doing art and crafts. Jordan will then head off for a two-week stay-away camp, his first, and even though he hasn’t left yet, I am already dreading the “I miss my child not being home” feeling those of you with older children have already experienced.

To see Jordan and Madison’s summer highlights go to [www.officetimes.com/JMAug2007.htm](http://www.officetimes.com/JMAug2007.htm).

Have a terrific summer and we will be back to you October 1<sup>st</sup>!

Sincerely,

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