

COMMERCIAL INVESTMENT

Real Estate

November | December | 2013

Magnetic Attraction

Investors remain drawn to multifamily assets.

Fast Casual
Feeds
Restaurant
Growth

SEC Rulings
Change
the Game
for Group
Investing

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by Donald Cartwright

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Much is written in the media on how today's workplace has changed, becoming a hub for collaboration and socialization, but there has been little focus on how this affects the office building. Thinking has shifted away from the traditional paradigm of office design — corner offices, dark wood, and separation following organizational hierarchy — to a more modern concept that includes clustered conference rooms, open workstations, and an increased focus on amenities.

Furthermore, companies are realizing that environmental aesthetics, flexibility, and convenience are often important to motivate and drive innovation, as well as to retain talented employees. By implementing interior design elements reflective of hotels, companies create purposeful in-house workplace amenities, such as cafeterias, lounges with baristas and TV monitors, and Wi-Fi throughout the space.

In keeping with the trends that are driving innovation in office design, buildings can benefit from an allotment of capital improve-

ments to modernize and create efficiencies in common areas such as lobbies, which ultimately can help retain and attract office tenants.

The Modern Building

Even the most iconic of buildings benefit from meaningful upgrades that are attuned to tenant perspectives — a worthwhile investment in terms of differentiation. Tenants are paying closer attention to what a building has to offer employees and clients and weighing those factors just as heavily

as curb appeal and prominence when it comes to representing their brand.

For example, an “at home” feeling at the job can help to reduce stress and give employees a sense of improved work/life quality. As such, the incorporation of residential design elements such as luxurious yet durable upholsteries, wood, or marble details; interior landscaping; and modern art throughout common areas is popular among office spaces, although still a fairly new concept in office buildings.

Lobbies are generally perceived and treated as mere “walk-through” areas. However, buildings that offer more contemporary designs, utilize hospitality characteristics, and incorporate architectural elements appeal to tenants and building visitors. In demand by tenants are a greater variety of meeting spaces, mobile technology supports, increased use of video and teleconferencing due to dispersed work groups, as well as use of the facilities beyond normal working hours. With tactical lobby redesign and technological advancements, commercial buildings can assist with meeting tenant pressures for communication and information flow.

Providing spaces to interact or enjoy meals is very much inspired by the residential elements of dining and living rooms, traditionally places where people gather and enjoy time together the most. The goal in office buildings is to achieve flexible, adaptable, multipurpose spaces for the use of tenants and the local professional community.

In urban areas, in addition to technology and modern interiors, amenities that further allow for social interaction and a balance of work and play are in demand. Capital improvements of office buildings attract com-

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plementary businesses to the area. In some cases these businesses — such as restaurants, coffee shops, and gyms — can locate within the building as retail tenants, increasing a building's amenities and its bottom line.

Planning for the Future

The best time for commercial building owners and property managers to invest in capital improvement trends is during an economic recovery phase. Planning for such changes with the goal of retaining and attracting quality tenants requires investing in improvements that are modern, convenient, and flexible.

For example, Southeast Financial Center, a 1.2-million-square-foot office tower located in Miami's central business district, recently executed an extensive renovation of the building's three major lobbies totaling 17,632 sf. The lobby designs now incorporate adaptable architectural elements such as potted trees and strategic furniture placement, creating cloistered spaces where tenants can conduct

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semi-private meetings. In addition, technological advancements implemented include unlimited fiber-optic broadband connectivity, video-conferencing stations, common-area Wi-Fi, and a 700-sf video conference wall showcasing community-focused information of interest and breaking news. Energy-efficient lighting fixtures and the use of sustainable materials such as wool carpet and recycled glass on tabletops enhance the building's relevance to environmentally conscious tenants and help create a comfortable indoor atmosphere for the modern professional.

An investment of more than \$5 million, the renovation was part of Southeast Financial Center's ongoing commitment to retain its landmark structure and better serve the

needs of its tenants. The building's value has increased in the marketplace, making it more appealing to the professional community at large as the city's downtown business hub.

More than an investment to increase property value, capital improvements express ownership's recognition of the value of tenants and appreciation for their continued commitment. Owners and commercial building managers who plan for the future with tenants in mind ultimately achieve the desired result of significant returns to the bottom line.

Donald Cartwright is senior vice president for Jones Lang LaSalle and the exclusive leasing agent for Southeast Financial Center in Miami. Contact him at don.cartwright@am.jll.com.