

WORK+SPACE®

REAL-TIME PRACTICAL SOLUTIONS FOR BUSINESS LEADERS NAVIGATING TODAY'S ENVIRONMENT

ISSUE NO. 16

The Mindset Issue



**Cultivating a
High-Performing
Team Mindset**

PUBLISHER'S NOTE

Mindset *Drives Success*

Whether it's on the field with Coach Prime or with your employees in the office, mindset is a critical ingredient for any high performing team, which is why we wanted to dedicate this issue of Work+Space® Magazine to this topic. For many, a positive, focused mindset comes naturally (see our feature article on page 11 that highlights some of our own teammates who also happen to be stellar athletes outside of the office). For others, it may take a little extra effort—but regardless, when a strong and positive mindset is embraced, the end results are well worth the reward, both personally and professionally.

In determining content for this issue, we wanted to share the ideas and practices that we've implemented at Hughes Marino to help nurture a positive mindset, that can be just as effective for other businesses as they work to build strong teams. We also tried to address current topics that are on the minds of our clients as well as business leaders across the nation and globe. One topic in particular—"How do I get my team back to the office?"—comes up often, and we are happy to provide our take on the challenge in the coming pages. Strengthening in-office endurance is a lot like building up muscle, and over time and with a positive mindset, teams are beginning to remember the true value (and fun!) of working together in the same office. This issue is also filled with creative ways businesses can engage their teams and make going into the office an enriching experience—from building company culture amidst growth, to applying the art of color psychology in the workspace.

From a commercial office space aspect, we provide an inside perspective on how we handle our own real estate decisions on page 17. We also share insights on the national industrial market, as well as ways tenants can immediately save money through downsizing. Lastly, we are proud to announce the opening of our latest office in Dallas, Texas, which you can read more about on page 23. Joining Hughes Marino Dallas are some of the most experienced and dedicated brokers in the region, who all share that same positive mindset that permeates every aspect of our company's DNA.

We hope you enjoy this Mindset issue, and wish you continued success and a bright future ahead!



Jason Hughes
Founder
Hughes Marino



Shay Hughes
President & COO
Hughes Marino

On the cover: Hughes Marino vice president, Anna Quattlebaum, leaps over a fire obstacle at a Spartan race, executive vice president, Owen Rice, builds resilience by regularly challenging himself to 50 and 100 mile races with 15-20k feet of elevation gain, executive vice president, John Jarvis, goes big on an epic recent father-son surf trip in Peru.

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About Hughes Marino

We are a global corporate real estate advisory firm representing companies on tens of thousands of projects, helping develop and execute on winning strategies. Our team specializes in all aspects from negotiations, construction and capital markets, to facilities and portfolio management. We are proud to be one of the most award-winning companies in the country.

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Building Back

OFFICE ENDURANCE

By Jason Hughes



Endurance is built by continuous repetition. Over time, muscles become stronger. The heart pumps blood more efficiently. Stamina increases, and once difficult challenges can be easily overcome. Conversely, atrophy occurs when a muscle, heart or mind isn't used as often. America's commercial tenants are experiencing something similar—an atrophy of office use. And just as muscles need regular use to develop—building back a strong in-office workplace will take time and steady effort.

But this atrophied state is not a permanent condition. In fact, all signs point to a resurgence of the in-person office—albeit, with a focus on flexibility. As with any new regimen, this shift will require positive, motivating leadership that provides rationale and leads by example, teamwork and clear messaging that this will be a gradual process done for everyone's benefit, and with everyone's input.

For centuries, businesses operated in offices—with few exceptions. Before the COVID-19 pandemic hit in 2020, just 5% of office workers were remote, according to the U.S. Bureau of Labor Statistics. As of September 2023, according to *Forbes*, 12.7% of workers are doing their jobs remotely and another 28.2% work a hybrid schedule, with a majority of these workers expressing little interest in returning to full return-to-office life.

The pandemic changed the status quo and brought about an employee revolution. The forced three-year atrophy from commuting and office life changed the way companies function and has led to real repercussions for business leaders. There is compelling research showing that productivity declines with remote versus in-office work. Multiple studies have found that remote workers are more sedentary, which can lead to a number of health problems, from weight gain to cardiovascular issues. And remote workers often feel isolated and disconnected from their colleagues, which can lead to a breakdown in company culture.

Still, change is hard, and short of a job-loss causing recession, many employees threaten that they'd "rather quit than commute."

Despite the resistance, companies are beginning to realize that there's incredible benefit to be found in office conversations, in-person

meetings, brainstorming sessions and face-to-face feedback. Many tech companies, including Google, Apple, X (formerly Twitter) and Meta, have set stricter in-office requirements. Financial institutions have done the same, with Bank of America, Goldman Sachs, Morgan Stanley and JPMorgan Chase all mandating regular in-office presence. "We firmly believe that working together in person is important for our culture, clients, businesses and teams," said JPMorgan executives.

Rather than call workers' collective bluff, we've found through first-hand experience that it's possible to build back our team's office endurance over time. By using those office muscles, employees begin to regain soft skills in communication, persuasion, presentation and collaboration that are so essential to productive work and a positive culture—skills that can only be developed in person.

It's a gradual process. Just as it's impossible to get back into shape overnight, rebuilding office endurance requires practice over months.

And just like committing to a new fitness program—while the build-up is hard, the regular maintenance once you get there is easy. If your team is out-of-shape, office-wise, and you need to help them build back their office endurance, remember a few key points:

START SMALL - provide flexible work options and engage employees on these efforts.

ADVANCE SLOWLY - give it time before adding additional in-office requirements.

FOCUS ON CULTURE - celebrate wins, set group goals and provide meaningful perks (think healthy experiences).

When returning to the office is approached with focus, consistency and patience, you'll lay the groundwork for outstanding long-term results. □



Jason Hughes
Founder
Hughes Marino

Jason Hughes founded Hughes Marino in 2011, an award-winning global real estate advisory firm that specializes in representing tenants and buyers. A pioneer in the field of tenant representation, Jason has specialized in representing tenants and buyers for more than 30 years. Contact Jason at 1-844-662-6635 or jason@hughesmarino.com to learn more about Hughes Marino.

Maintaining Company Culture While

NAVIGATING CHANGE AND GROWING

the Company Footprint

Ideas for Bringing Teams Together & Rekindling Company Culture

BY SHAY HUGHES



With new team members joining, new offices opening and navigating a WFH/RTO transitional workforce, most leaders today are challenged by how to maintain, and in some cases, rebuild their company culture. Here's how we've navigated the last few years and some simple, proven tips any organization can implement to bring their team together and build team chemistry.

I'm happy to report that the last three years have been filled with incredible growth for Hughes Marino. While most commercial real estate companies have been contracting, we've opened four more offices across the country and our team has grown substantially. What's come with that growth is an interesting fact: Over 60% of our current team members have joined us since March 2020. While that is great news for our business, it presents a unique opportunity: How to ensure our award-winning company culture continues to flourish, while integrating all of our new team members so that they carry on the traditions that formed our "high-performing and high-nurturing" culture to begin with.

Having been recognized as a "Best Place to Work" numerous times through the years, including being named *Fortune* magazine's #1 Best Workplace Culture in the nation, we have high expectations for our ethos. We know from experience that creating a work environment that promotes innovation, creativity and connection generates team chemistry, and team chemistry propels high performance. To build and nurture that kind of environment in a workplace requires a consistent, intentional and multi-faceted approach.

At Hughes Marino, we've developed such an approach over the years by incorporating a number of traditions and activities that foster community and make coming to work a joyful experience. At a time when returning to office is becoming more and more prevalent, businesses are finding the most success with their in-office teams by creating a rewarding community and culture that just can't be attained working from home. Here are 11 easy ways to implement ideas that have united our team in various locations around the country, which can help your company create an environment your team is excited to come into the office for.



11 Ideas That Have United Our Team That Can Be Utilized By Any Company

01



All-Hands Team Meetings

Held quarterly, the all-hands meetings with all of our offices are one of the cornerstones of our team's success, and a key element in uniting our offices across the country. After much evolution and experimentation, we've found the best way to conduct these meetings is to have every office gather together in-person in their office living rooms or conference rooms, and then bring all offices together over video. This way, we have the in-person connectedness locally, and the entire team connected nationally over video. And it wouldn't be a team meeting without some good food to share! We cater breakfast or lunch in each locale, so our team can eat together around the farm tables at each of our offices. One critical aspect to note—these are not “business” meetings in the traditional sense. In fact, an observer might not even know what business we're in from the conversations that happen. We talk about living our best lives, what's important to us on a human level and overcoming challenges with positive thought leadership. Very rarely do we talk commercial real estate! At every meeting we always discuss our ten core values, like always do the right thing, enjoy the journey and deliver excellence in everything we do, and share our “HM-isms,” which are principles we live by at Hughes Marino. You can see our latest HM-isms on page 38!

02

AMA (Ask Me Anything!)

We got this idea from tech company CEOs who hold informal gatherings where their team can ask any questions and have direct access to the company's leadership. Held twice a year, the whole team is invited to join via video, and in-person for those in our headquarters, and Jason and I will answer everybody's questions. It's a great way for us to connect in a more informal way with our team and it gives everyone an opportunity to ask things that typical meetings might not provide for. Topics range from our personal journey, to where the company is headed, to advice on buying a first home or raising children—anything that helps enrich and connect the team at a higher level.

03

The “Good News” Internal Email

Compiled monthly, this newsletter covers team member updates and important milestones across the company, including weddings and new babies, company anniversaries, birthdays, travel plans and personal accomplishments. It also serves as a fun place to share photos of team members wearing their HM gear out in the world, like on an African safari or when running a marathon. With so many common interests throughout our offices, our Good News Email has been a great way to keep a thread of unity and connection among the teams, and an appreciation of what great teammates we have on our team.



04

Internal Email Groups

This is almost like a Hughes Marino version of Facebook! Team members can opt in to different groups and share ideas between offices. Subjects include pets, recipes, fitness, big life events and so much more. We started this during the pandemic to help people stay connected and it's carried on as an easy way to share fun personal things with team members across all of our offices.

05

Quarterly Birthday Announcements

A simple cake, cupcakes or smoothies create a fun tradition that brings the team together to sing happy birthday, enjoy a treat, pose for a birthday photo and have a few laughs in the middle of the day! In our smaller offices, we celebrate each person's special day, and in larger offices like our headquarters, we do a quarterly celebration for all the birthdays!

06

WOW Cards

This is a long-standing tradition of ours and even as we've grown, we've kept giving out WOW Cards, and team members love the tradition. Here's how it works: At the beginning of each year, every team member gets five WOW Cards to give to other team members who have “wowed” them with an idea, activity, service or accomplishment. Every quarter, we gather the cards from each office and share them with everybody in the company. Public recognition and appreciation are two of the founding pillars of our special culture, and while it might seem like a small gesture, giving WOW cards consistently for years has made a huge impact on our team.

07

Introduction Emails

We like to give everyone that joins Hughes Marino a warm welcome by sending a personalized welcome email for every new team member. On the surface, it's a quick "bio" of the person that goes to everyone in all the offices—but what makes these special is that we share the unique things they enjoy in their free time and what makes them tick on a personal level. It's nice for everyone to know who's joining the team, and invariably the new member gets dozens of enthusiastic emails on their first day welcoming them to the company and noting that they went to the same college or have the favorite same sport or hobby. It helps the "newbie" feel part of the team from Day One!



08

A Great Onboarding Program

As the saying goes, you only get one chance to make a first impression, and that's especially true with new team members. We put a lot of thought into how we welcome new members to our team, including the way we announce them to our team on their first day. We introduce them to the Hughes Marino culture, putting an emphasis on our very personal communication style with one another. They get to experience the care and detail with which we welcome them, and quickly learn that this level of connectedness and attention to detail is what they can expect from our whole team.



09

Fun Creative Events

Who can say no to an in-office build-your-own ice cream sundae bar or a chili cook off? From "crafternoons," ice cream sundae parties and cooking contests, we like to host as many creative, fun office events as possible to bring our teammates together to enjoy the journey. We even host monthly billiards and shuffleboard tournaments at each office, complete with a rotating trophy for the winner to proudly showcase on their desk! Best of all, these events can be easily implemented at any company, on any budget!

10

Social Media

Just one look at our Instagram page and you'll see that our social media is for our team! It's full of photos of our team members at work and play, wearing HM gear as they travel around the world, work out, volunteer, enjoy office holiday events and more. We love that our team's parents and family members follow along, too! It tells a story about what special people our company is comprised of, and is a great place for everyone to celebrate our community at Hughes Marino!

11

Group Exercises

Studies show that it is important to stay active and move around during the workdays, and some of our teammates took it upon themselves to develop fun traditions to encourage exercise and fun. Once a month, our teams meet at the reception area for "Walking Wednesdays" to take a 15-minute stroll outside. And at 4:00pm on certain days of the week, we invite our teams to gather in our living rooms for a stretch break! It's a fun way to stay active together and doesn't have to cost a dime.

These cherished traditions have grown slowly through the years, changing with us as our team has evolved and expanded. Every year, we re-evaluate the best ways to continue these activities with more teammates and new offices. Individually, they might not seem that substantial, but the cumulative effect is truly powerful. Each one of these activities contribute to the overall team chemistry, and a robust team chemistry is often the difference between good and great. Connectedness, team chemistry and company culture is that "something extra" that inspires everyone's commitment to the company's and each other's success, and ultimately helps the team knock it out of the park every time. □



Shay Hughes
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Cultivating a High-Performing Team Mindset



PUSHING THE LIMITS:

TOP LEFT Hughes Marino teammates take to the slopes.

TOP RIGHT Executive vice president, Owen Rice, pushing himself to the extremes while competing in the Sawtooth Ridge 50 miler in North Cascades in Washington State.

BOTTOM RIGHT Office manager, Valencia Howard, completed two races in two weeks, including the NCAA Men's Final Four 4 miler in Houston, Texas.

BOTTOM LEFT Senior Vice president, Derek Pedersen, competing in a challenging 55K through various rocky and remote terrain.

Challenge Accepted:

At Hughes Marino, Exceeding Limits is Part of the DNA

Even coming face-to-face with a moose on a wooded trail while out on a winter run in Park City didn't deter Owen Rice, executive vice president at Hughes Marino, from planning even more challenging and remote adventures.

He'll soon head to north central Washington to traverse 30 miles, summit two peaks within a 24-hour span and ride 50 miles with a friend to Mt. Timpanogos, for a 12,000-foot climb followed by another 50-mile bike ride home.

Rice is an experienced mountain climber and an ultra-endurance trail runner. He typically places among the top 10 for races like the recent Sawtooth Ridge 50 miler in Washington, where he ran up 16,000 feet of elevation gain in over 90-degree heat.

"It was insanely remote," notes Rice, who is based in the company's Seattle office. And he wouldn't have it any other way. "I don't listen to music when I run," he says. "I get out in the mountains—I love being on a trail in the Cascades totally off the grid. That's where I de-stress."

For Rice, ultra runs on difficult mountain trails has nothing to do with collecting "likes" on social media or tracking his stats, and everything to do with pushing himself beyond his limits. It is about building his physical and mental resilience so he's able to withstand any challenge.

It's a mindset he shares with numerous team members at Hughes Marino, who say that pushing their physical limits makes them a more focused and driven team. In fact, there are so many Hughes Marino super athletes, it has become an intrinsic part of the company's DNA.

They include among their ranks several world-class skiers; a former pro golfer and football player; several former collegiate baseball, football, basketball and tennis players and

an all-American swimmer; ultra marathoners; triathletes and Ironman competitors; and a race car driver.

The Mental Toughness Mindset

"There's definitely an association," says Shay Hughes, president and COO of Hughes Marino. "Our team is high performing. They really thrive on extreme challenges and mental toughness."

"Whenever you're doing hard things, part of your brain wants to quit," says Rice. "It's easy to say 'I'm done.' Once you've completed it, the feeling of accomplishment transcends to the following weeks, months and years. Anytime you are faced with challenges, you can draw on these experiences, and say 'I did that 50 miler or 100 miler, I can certainly do this.'"

Working alongside Rice in Hughes Marino's Seattle office, senior vice president Derek Pedersen shares a similar desire to push himself to new physical feats. He is drawn to ultra competitive challenges—activities that, as he describes, "few people can or will do" and trains seven days a week, as much as 20 hours a week.

As with Rice, Pedersen says that his ability to endure challenges—which have included a 100-mile run over 25 non-stop hours, three 50K races with two top-five finishes and a full Ironman (140.6 miles) where he placed 274th out of 1,171—has given him incredible focus and a winning mindset. "An easy life fashions a mind that can only handle ease," Pedersen says. "A challenging life builds a mind that can handle challenge. Sometimes you have to force the suffering to create a hardened mind."

Inspiration Creates Motivation

Anna Quattlebaum, vice president of Hughes Marino in the Denver office, is a lifetime athlete and soccer player. In addition to competing in three different co-ed soccer leagues, she's ran a marathon, a 10K, two Spartan obstacle races and is training for a half marathon in Moab, Utah, this fall with friends and coworkers. "Staying active and feeling physically strong is really important to me," Quattlebaum says. She says the Hughes Marino team's commitment to health and fitness contributes to a culture driven toward personal and professional success.

"It's inspiring to be around a group of people who genuinely want to continue to be even just 1% better in every aspect of their lives," she says. "I think having my own fitness goals, whether that's through soccer, summiting a new tough hike or completing a race or obstacle competition, always feeds into my desire to be better in my professional role. Being surrounded by people who want to achieve only motivates me more."

All that collective energy among offices, teams and cities at Hughes Marino is a constant motivator, agrees Greg Paugh, a senior advisor in Hughes Marino's Denver office. "It's something you can't fake," he says. "It's ingrained in our company culture, and you can see that all the way down to our core values."

Those ten core values are: always do the right thing, deliver excellence in everything we do, enjoy the journey, embrace the family spirit, build lasting relationships built on trust, nurture your personal and professional life, pursue growth and learning, generously give to others, proactively communicate and be authentic, grateful and humble. "I've never been a part of such a collaborative and encouraging group of people and that energy is contagious," he says.

Support Comes From Everywhere

In June, Paugh completed the Lead Challenge—a daunting multi-day endurance race performed at 10,000-foot elevation in the Rocky Mountains that covers 282.4 miles and includes a trail marathon, a 50-mile run, a 100-mile mountain bike race, a 10K trail run and a 100-mile trail run. Less than half the participants even finish the race.

Paugh said the intense training and racing logistics—including planning for travel, food and aid stations—made him truly appreciate the importance of a supportive team. "My wife, Schuyler, took on a lot to be crew captain," he said. "There's no way I would have been able to do this without her help and support at every step along the way."

Paugh has a long bucket list of other strenuous races he'd like to tackle, including the Steamboat gravel bike race, Ironman triathlons, the Rut 50K in Montana and the Pikes Peak ascent and marathon combo. But he also takes the time to physically and emotionally shift gears and enjoy backpacking, bike riding and less strenuous hikes before ski season starts.

It's not about the specific practice, says Rice, but about setting a challenge—maybe even one that seems

unattainable—and making a dedicated effort. It could be climbing a mountain, or doing a cold plunge every morning, or reading 100 books.

"Even if you don't succeed, the fact that you tried is an accomplishment in and of itself," he says.

Enjoying the Journey

It's a mindset shared by competitive runner Kevin Hogan, vice president in the Los Angeles office, who says his favorite Hughes Marino core value is "enjoy the journey."

"Races are exhilarating and an incredible opportunity to test the limits of your physical and mental endurance, but my true love and obsession lies with the daily grind that gets you there," says Hogan. "From the 4am alarm, to the pitch-black runs, to the empty gym in the morning, to all of the effort and focus around strength training, stretching, recovery, sleep and nutrition—I love it all. Eventually, when I do cross a finish line, I think back to all the workouts and sacrifices I made along the way when nobody was watching, and how the journey was more rewarding than the destination."

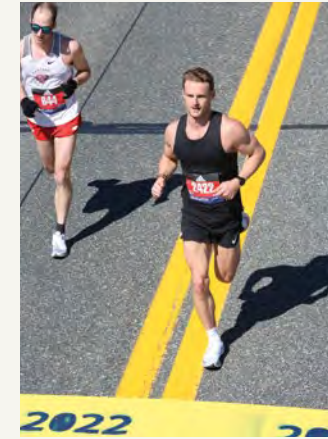
A lifelong athlete, Hogan realized the true potential of his running ability during the pandemic, quickly escalating from eight miles, to half marathons, to marathons. He's now raced two of the six major world marathons—NYC and Boston—and ran Boston at an impressively fast 2:43, placing 700th out of 30,000 runners. This race was even more memorable as Hogan competed alongside his brother, who placed 70th with a time of 2:27. Being able to share this experience is one he will never forget.

"There is an ever-present need for improvement, breaking through to the next level and accomplishment. What you see with our team is that success builds momentum—they draft and push each other to great things."

Hogan plans to run the Chicago marathon in October. But with a new baby in the family, Hogan says he's not sure exactly how he'll juggle training and sleeping to get prepared. His ability to share these big life moments with his family and the larger Hughes Marino team has been an incredible experience.

"There are a lot of parallels between running and our professional careers," Hogan says, "and I'm very fortunate to work for a company that recognizes that and celebrates it, and to work alongside colleagues who share the same passion and values."

John Jarvis, executive vice president in the Hughes Marino San Diego office, recently lived out a lifelong surfing dream with his son—catching a wave that lasted 2km—or 1.2 miles—



CROSSING THE FINISH LINE:

ABOVE Vice president, Kevin Hogan, seen finishing the 2022 Boston Marathon with an incredible time of 2:43.

RIGHT Senior advisor, Greg Paugh, finished the daunting multi-day endurance race, the Lead Challenge, "one of the toughest, grimmest, gnarliest endurance challenges we could throw together."



on a surfing trip in Puerto Malabrigo, Peru, on a famous surf break known as Chicama. Jarvis explains that Chicama is what's known as a surf point left, which means that he and his son who both ride "goofy foot," or standing with the left foot back, can face the wave as they ride.

It was the "trip of a lifetime" to experience the ultimate wave with his son, says Jarvis, who adds that surfing also connects him to the broader professional community and offers a way both to unwind and give back.

"The only way to make the kind of hard work we do sustainable is to balance it with an equally intense unplugged experience, which is what surfing does for me," Jarvis says. "And in Southern California, there are a surprising number of professionals who surf." He mentions the Luau and Legends of Surfing Invitational benefiting Moores Cancer Center at UC San Diego Health, which brings together life science executives who surf.

While there are a number of athletes looking to test their physical limits at Hughes Marino, there are many others who are just starting their fitness journeys, training for their first 10K race, heading out for their longest bike ride or joining colleagues for a challenging evening mountain hike to see the sunset.

Across the company, colleagues are inspired by their teammates' stories, and feel supported by a company that celebrates one another for taking steps outside their comfort zone. Regardless of the scale of the physical feat, they feel emboldened to take a risk, to learn something new about themselves and to turn to colleagues for motivation, knowing that it's not the medal, but the journey and the relationships along the way that really matter. □

DON'T WAIT FOR YOUR LEASE TO END— DOWNSIZE NOW & SAVE MONEY



Now over three years after the pandemic began, most companies have settled into the new reality of remote/hybrid working, finding themselves with excess office space. If magic wands existed, most business owners and executive teams would end their lease tomorrow and shed 20% to 80% of their space. But short of that, many companies are just perplexed by how to deal with the problem. For any company that could shed at least 50% to 80% of their current footprint, the answer lies with subleasing the entire space and downsizing elsewhere, thereby lowering the overall cost structure.

A Cost Reduction Case Study

How does it work? Envision a company that takes a sublease loss of 30% of their remaining lease obligation, but is able to shed 60% of their space. Using a quantitative example, assume a 20,000 SF tenant paying \$50 per SF per year under their lease could downsize to 8,000 SF, and they sublease their space with three years left on their lease. With the market softened, assume the tenant recovers a net after concessions/commissions sublease income of \$35 per SF, for a net loss of \$15 per SF per year. Over three years, that's a total loss of \$900,000 (3 years x \$15/SF x 20,000 SF), but that tenant eliminates \$3 million in rent obligation. Rightsizing elsewhere to 8,000 SF at \$35 per SF over those same three years is a total new lease cost of \$840,000. So, the new lease cost of \$840,000 plus the \$900,000 sublease loss is a total of \$1,740,000 in total cost, in contrast to writing \$3 million of rent checks for the oversized space. The total savings is \$1,260,000!

The savings are even more compelling to the extent companies can get even smaller. In remote/hybrid working dominant downtown office markets like Seattle, San Francisco, Denver, New York and Chicago where rents are in freefall, you can take a loss of 35% or 45% on your remaining lease

obligation, if you can downsize by 70% or 80%. The math still works if the square footage reduction percentage is materially more than the sublease loss percentage.

“There could be other benefits like changing submarkets and moving to a new more preferred location, or moving to a building with better amenities to help bring your team back to the office.”

Other Qualitative Aspects of Downsizing Now

Beyond the real financial savings, there could be other benefits like changing submarkets and moving to a new more preferred location, or moving to a building with better amenities to help bring your team back to the office. Getting smaller could bring your team together with closer physical proximity between team members, whom are currently spread out across floors or across big open spaces with a lot of empty offices and workstations, killing morale.

Many commercial real estate tenants are unaware of the magnitude of savings that can be created by successfully subleasing their current space, and certainly landlords and landlord listing brokers don't want to talk about strategies like this. Many companies that have their space on the market for sublease today have landlord listing brokers/agents doing the marketing at “withheld” pricing, because the brokers are afraid to offend the landlords who are their bread-and-butter

Case Study Demonstrating Potential Qualified Savings

Summary of Costs & Savings

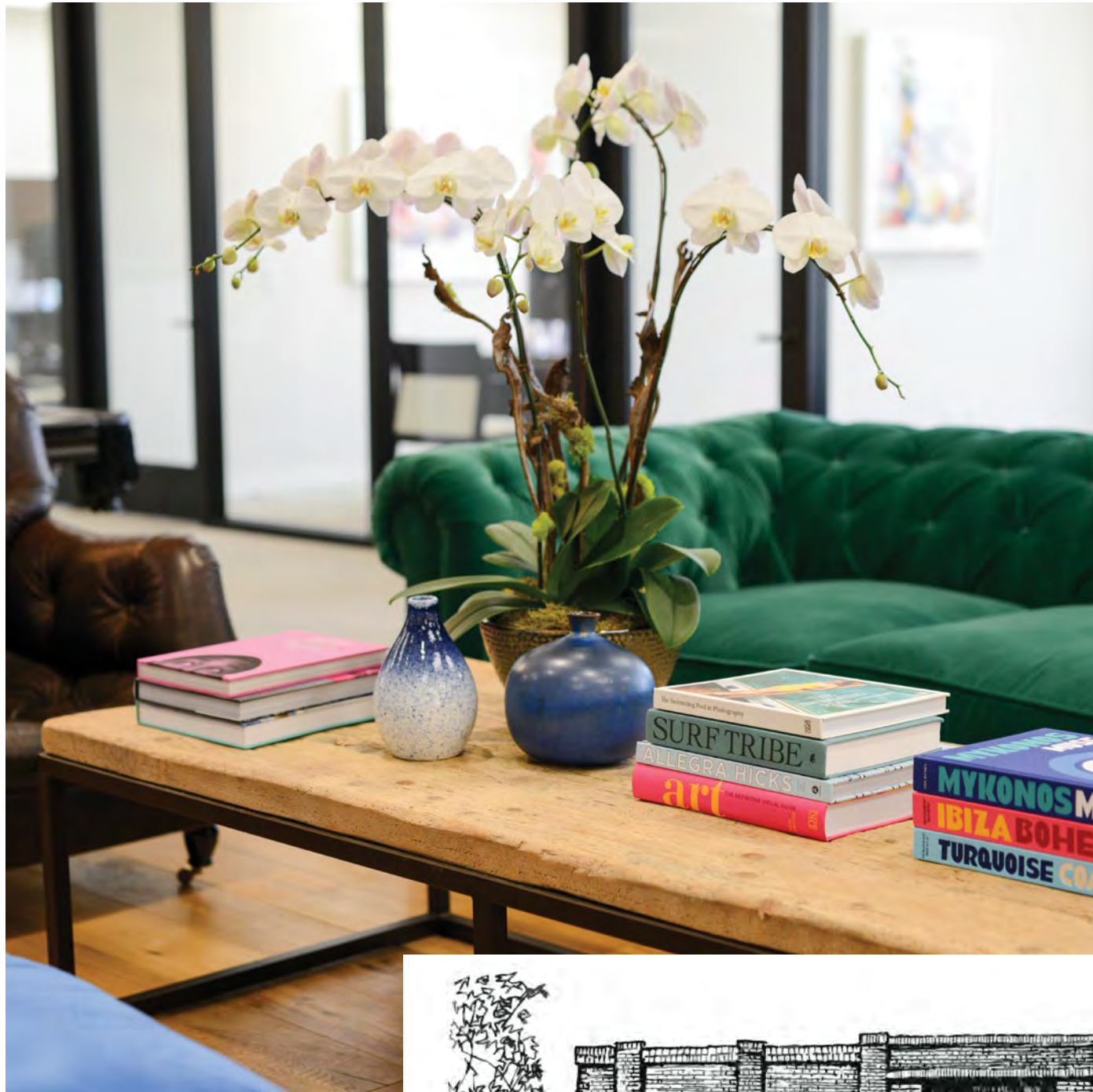
Former Rent Costs	3 years x \$50/SF x 20,000 SF	\$3,000,000
Loss on Sublease of Former Space	3 years x \$15/SF x 20,000 SF	\$900,000
Rent on New Space	3 years x \$35/SF x 8,000 SF	\$840,000
	Total New Costs:	\$1,740,000
	Total Savings Over 3 Years:	\$1,260,000

customers. Subleases that are priced to show motivation at market clearing prices are coming off the market first. Given the plethora of options that tenants have today, if you're in the sublease business, you need to price it to move it.

Time is of the Essence

The sooner you get the space on the market and the more aggressively you price it, the sooner you're going to get rid of it and be able to exploit the opportunity to downsize this year, rather than writing rent checks for the next two to five years—the potential for savings are slipping through your fingers every month you delay the inevitable.

The opportunity's financial analysis will be different for every tenant, depending on local office market conditions, the time remaining on the existing lease and the percentage by which that company can downsize. Hughes Marino has created a simple one-page financial analysis to assess the potential savings under all of these dynamics. With no upfront cost, Hughes Marino can help a tenant determine whether they're a candidate to take advantage of this savings opportunity and estimate with the magnitude of the financial impact to your bottom line, and also turnkey the process to shed the old obligation and get into a much more favorable one. Contact our team today to get in touch with a broker. □



TOP The vibrant and colorful décor inside our Orange County and Los Angeles offices.

RIGHT The original rendering of our Headquarters in Downtown San Diego.



“WHAT would you do if you were *me*?”



What one commercial real estate company is doing with their own real estate decisions.

No one knows how to balance the competing concerns of a fluctuating market, future expansion needs and securing a favorable lease like a global commercial real estate advisory firm that has been actively navigating their own space needs for over 30 years throughout multiple commercial real estate cycles.

Since its original founding in San Diego, Hughes Marino has been steadily expanding, adding new offices across the country and securing office space—from Orange County to San Francisco, Seattle to Denver, Los Angeles to Boston and Dallas to Raleigh-Durham. In each location, the company has had to consider the best approach—owning versus leasing versus subleasing; evaluating opportunities for improvements, flexibility and expansion—and can share those lessons directly with business leaders looking to secure their own prime office space in various cities.

“Our company’s real estate commitments cross the entire spectrum. We understand the benefits and drawbacks for every option, and we share our experiences with our clients.”



Owning One-of-a-Kind Property

“Being in the real estate space business, we’ve experienced the whole gamut ourselves,” says Hughes Marino founder Jason Hughes. “There are benefits and drawbacks to everything. You have to think about the ‘what ifs.’ How do you account for growth, flexibility and rental protection?”

Every office space Hughes Marino occupies tells a story, says Hughes, and each one contains valuable lessons. In the upscale neighborhood of Little Italy in downtown San Diego, they own the company’s award-winning headquarters building, a modernized, artistic 12,500-square-foot office space that was originally an auto mechanic shop in the early 1900’s before becoming the former home of *San Diego Magazine*. After undergoing a floor-to-ceiling overhaul, it’s now LEED certified and includes welcoming living spaces, a gourmet kitchen, a game room, an atrium, an outdoor sitting area and skylights to let in San Diego’s frequent sunshine.

Long-Term Leasing Has Its Benefits

Next up is the company’s Seattle office, sitting atop one of downtown Seattle’s most impressive Class A buildings, with spectacular views of the Puget Sound, Olympic Mountains and Mt. Rainier. While the tenant improvements are impressive and a major perk for the Seattle team, Hughes says the space was ultimately a bit larger than they needed for the first few years. The improvements were costly for a space that they lease, but they’ve grown into the space over time, and one of the benefits is that the Seattle team has been able to stay put over the years and enjoy a beautiful space from day one.

Conversely, in San Francisco, Hughes Marino was able to capitalize on a favorable sublease market, securing a prime space on the 16th floor of the Embarcadero Skyscraper which they brought to life with playful art, bright photographs, artistically arranged books and plush, colorful furniture. “A very large multinational tenant took over a full floor of the building and segregated a quarter to be sublet to someone else,” says Hughes. After taking on the available space, Hughes Marino’s San Francisco business continued to grow—bringing on new brokers and requiring more space. In the meantime, the city’s commercial real estate market was deteriorating. “San Francisco has never had as many subleasing options as it does now,” Hughes said. Rather than sign with a direct landlord when the market was in freefall, the company took on another sublease. “We ended up with double the space, triple the private offices and our rent only increased by 20%,” Hughes says. “It was a huge win from an economic standpoint and gives us flexibility as we continue to expand in that market.”

They fared similarly well in Oakland, another city where the commercial real estate market has taken a hit, securing a welcoming, panoramic space on the waterfront designed



TOP Our Seattle conference room showcases breathtaking views of the Puget Sound.

LEFT & BOTTOM More vibrant, playful décor in the reception area of our Los Angeles office.



TOP LEFT *One of the conference rooms in our Los Angeles office.*



TOP RIGHT *The bright reception area at our San Francisco office.*



BOTTOM RIGHT *The gourmet kitchen at our San Diego Headquarters.*

drawbacks of various lease and ownership options across the country, as well as providing valuable insights into where these unique markets are headed to secure the most advantageous deals.

“Do they need more flexibility? Is it important to avoid tying up capital? What other options are there to securitize a lease as a tenant besides a guarantee? There are a tremendous amount of ingredients to consider before deciding on the right commercial real estate space for your business,” says Hughes. “We’ve secured amazing opportunities for our clients, including keeping companies solvent because of the way we structured their lease obligations.”

By serving as a case study for various space options and leasing options and their outcomes, Hughes Marino can both help companies make the right choices for their business and avoid potential pitfalls.

Making decisions in a vacuum means business leaders will miss out on prime opportunities.

“Our job is to create opportunities for decision makers to help them determine the best choice for their particular company,” says Hughes. “We present good, viable options and share best practices to thousands of clients, educating our clients so they have optionality when making the best possible real estate decisions given their immediate business needs and long-term objectives.” □

with colorful graphic artwork and comfortable living areas. “We got a very attractive deal,” Hughes says.

Evolving with Growth

The firm has occupied their Orange County and Los Angeles offices for many years and with long-term leases, have invested heavily in tenant improvements, multiple expansions and a build-out that suits their tenured teams there perfectly. With views to the Pacific Ocean and east to the mountains, the Southern California offices are eye candy for office design, with beautiful finishes, luxurious furnishings, an array of games and eye-catching art at every turn.

Taking Advantage of Unique Subleases

In a similarly styled office, with high-end build-out and jaw dropping views from The Hancock Tower, one of the most premier buildings in the Back Bay area of Boston, they were able to secure an incredible sublease opportunity when a glut of sublease space came on the market in early 2023. Taking advantage of the different dynamics in each market is complicated and nearly impossible for tenants to navigate on their own, as there are countless variables at play from market to market,

building to building and ownership to ownership. Knowing where the opportunities lie, and equally as important, avoiding the pitfalls by not leasing from the wrong landlord or sublandlord, navigating the current market is a challenge for the uninformed real estate advisor or tenant.

Understanding when subleasing is the best option, versus leasing or buying, and finding the right space to meet a commercial real estate office’s changing needs, comes with having established operations in various cities, and knowing those markets intimately.

There are huge fluctuations in cost, space availability and lease obligations, depending on industry and geography—even in cities that are relatively close. San Francisco’s office vacancy rate is up by nearly 20 percentage points since 2019. New York City’s Midtown and Austin’s vacancy rates are up by over 14 percentage points for the same period. And office vacancy rates have climbed over 13 points since 2019 in both Seattle and Salt Lake City. Submarkets can differ dramatically from those of nearby larger cities, with higher desirability and lower availability. Torrey Pines versus San Diego; Cambridge versus Boston; Palo Alto versus San Francisco.

Businesses looking to expand their operations need a trusted advisor who knows the nuances of these markets and submarkets. Hughes Marino serves as an experienced guide to the benefits and

*Unique Company Culture Brought Seasoned
Corporate Real Estate Professionals to*

HUGHES MARINO DALLAS

“I thought the conversation would be 20 minutes,” says Art Green, executive vice president and founding member of the new Dallas location of commercial real estate advisory firm Hughes Marino. “We talked for an hour, and I was like, ‘Wow!’”

Green is referring to his first conversation with the firm’s managing director, Tucker Hughes. “He explained the company culture, the platform, the strategic nature about the way they do business. I was so impressed. Then I found out Mike was interested, and the rest is history.”

“Mike” is Mike McElwee, also now a Hughes Marino executive vice president who—together with Green—launched the Dallas office, located in the heart of the Downtown Arts District.

“Everything everybody does here is very intentional,” says McElwee. “I’ve been overwhelmed with the resources we have, the people who know their role in helping us. Most big firms put their shareholders first, then the clients and way down the list are the brokers. But it’s the broker’s responsibility to provide best-in-class service to the clients, and here, everything is centered around supporting brokers to do exactly that.”





Our Dallas office sits just above the Arts District.

The San Diego-headquartered Hughes Marino—named a best workplace by *Fortune* magazine for their award-winning company culture—is currently in “growth mode,” opening four new offices in the last four years, for a total of ten locations across the country. They specialize in representing tenants, owners and occupiers, believing it to be a conflict of interest to represent both tenants and landlords. Providing a wide range of services—including tenant representation, lease audit, administration and portfolio management, capital markets and corporate finance advisory, planning and design, project and construction management, culture consulting and more—the experienced team works with organizations in a variety of businesses and industries, from office and industrial occupiers to life science and healthcare companies.

Plans for the Dallas Venture

“We’ve been in Dallas for our entire careers and have never been as passionate about the level of service, and the service offerings we are able to provide our tenant clients as we are now,” McElwee says.



Mike McElwee
Executive Vice President



Art Green
Executive Vice President

“
YOU JUST DON’T SEE THIS COMBINATION OF
INNOVATION AND POSITIVE COMPANY CULTURE IN THE
CORPORATE REAL ESTATE WORLD. HUGHES MARINO
IS CHANGING THE GAME OF TENANT REPRESENTATION,
ALLOWING US TO ACHIEVE UNPRECEDENTED
LEVELS OF SERVICE FOR OUR CLIENTS.
— ASHLEY WANG, VICE PRESIDENT

“We’re looking to grow this office, spread the word about Hughes Marino’s highly specialized business model and bring Hughes Marino’s bespoke services to the Dallas community we call home.”

However, Green is quick to add that their clients’ real estate decisions won’t be trumpeted on the pages of local media.

“Another great thing about Hughes Marino is that we’re private about our clients’ business dealings,” he says. “Client confidentiality comes first, as it should.”

With decades of DFW real estate experience between them, Green and McElwee are very optimistic about the current market.

“We’re sold on North Texas,” says McElwee. “There are hundreds of people moving to this region every day. We’re in the center of the country—great for accessibility, highways and air travel. We have a low cost of living and a healthy business climate. People talk about headwinds and yes, that’s happening. But because of all the rock-solid fundamentals here in Texas, the impact is dramatically less.”

McElwee, who specializes in Texas’ industrial sector and is one of the region’s most prolific industrial real estate experts, is also optimistic about that sector’s outlook. While building was in overdrive a year ago, he says, “Things have cooled down a bit. And that’s a good thing.”

“Certain areas were overbuilt,” he explains. “South Dallas has a few bigger properties—a million square feet plus—that are sitting vacant right now. But in many submarkets, it’s fairly tight, with four or five percent vacancy. That’s a healthy, more sustainable pace.”

Green, whose focus is on the office market, talks about the changes he’s seen because of the pandemic.

“Companies have figured out they can work remotely but are trying to navigate the demands of their business with the desires of their team,” he says. “That may change, but they are trying to accommodate their workforce who want the flexibility to work from home or only come to the office a few days a week. That’s impacting the amount of space that companies are taking, but companies still need an office for their team to come together and collaborate in.”

He’s found, however, that even though a company might be taking 20% less square footage on their next space, they are upgrading that space so that it’s attractive to top talent and welcoming for those team members who want to return to the office.

“Eventually, most people are coming back to the office,” says Green. “As that happens, the higher quality buildings and spaces will remain leased and the lower quality assets will be challenged.”

New Faces. Diverse Talents.

With all the new team members at Hughes Marino’s Dallas office, they’re still looking for more. Green is confident that the Texas tenant market is growing, and confident that there is no better firm to serve those tenants than Hughes Marino. Some of the newer team members feel the same way.

“Joining Hughes Marino has been a completely eye-opening experience for me,” says vice president Ashley Wang. “You just don’t see this combination of innovation and positive company culture in the corporate real estate world. Hughes Marino is changing the game of tenant representation, allowing us to achieve unprecedented levels of service for our clients.”

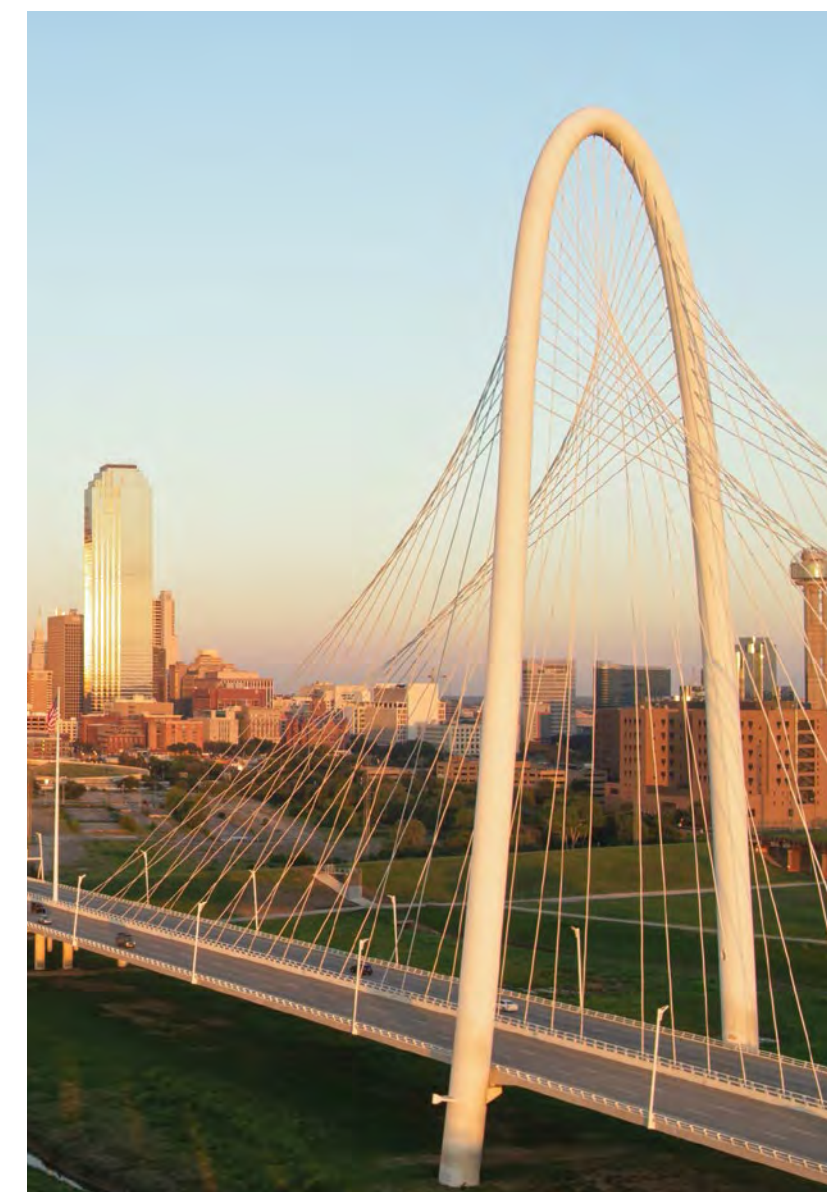
Berkley Baker, another vice president at the firm, offers this observation. “This is a complete mental shift in how the traditional brokerage firm views each individual broker. Hughes Marino sees its brokers as clients and gives them tools and support unparalleled in the industry to allow them to service their clients at the highest level.”

Partners in Business Strategy Far Beyond Real Estate

The expansion of Hughes Marino into Dallas, and more cities in the future, is a win for tenants looking to partner with companies who prioritize their best interests on multiple

levels. “Hughes Marino understands firsthand what companies are challenged by, from real estate strategy to day-to-day operations, to the recovery from the pandemic and how that impacts culture. It’s another level of service that is a big differentiator. We aren’t just advising on real estate, but serve as a partner on business strategy, whether it’s on a local or national perspective. Having endured the challenges all business leaders face ourselves, as well as advising thousands of companies over the years, we are able to walk the walk and put ourselves in the position of our clients, and we put a great value on culture and creating a workplace for teams to thrive in,” says Shay Hughes.

Hughes Marino’s executive team is constantly meeting with brokers across the country who are interested in opening offices in their cities. “When we find best-in-class advisors who share our same values and have the ability to bring the exceptional service and results that we have become known for as a company, we jump at the opportunity to welcome those new team members,” says Hughes. □



FALL 2023

National Industrial *Market Outlook*

While all the national news has focused on the glut of office space resulting from remote and hybrid working, the commercial real estate industry has been noticeably quiet about the state of affairs for the industrial market. The industrial markets throughout the United States have shifted in 2023 and are not as tight as landlords and the full service brokerage community would like you to believe.

A leading indicator of the health of the commercial real estate market is the amount of sublease space on the market, as that tells you how Corporate America is behaving relative to their current occupancy requirements. Shockingly, the total amount of sublease space on the market throughout the

United States is at a level not seen since 2010, as shown on the chart below, totaling 156M SF today—doubling in the last year. E-commerce companies are trying to unload space that they committed to back during the feeding frenzy in 2021 and 2022, where big e-commerce companies had an insatiable appetite for expansion space, particularly in buildings over 100,000 SF. Now those same companies are going through a cooling off and rationalization around these over commitments, sliding more and more buildings on the market for sublease throughout 2023.

To further dissect this macroeconomic trend, it's useful to look at each major metro market to understand how

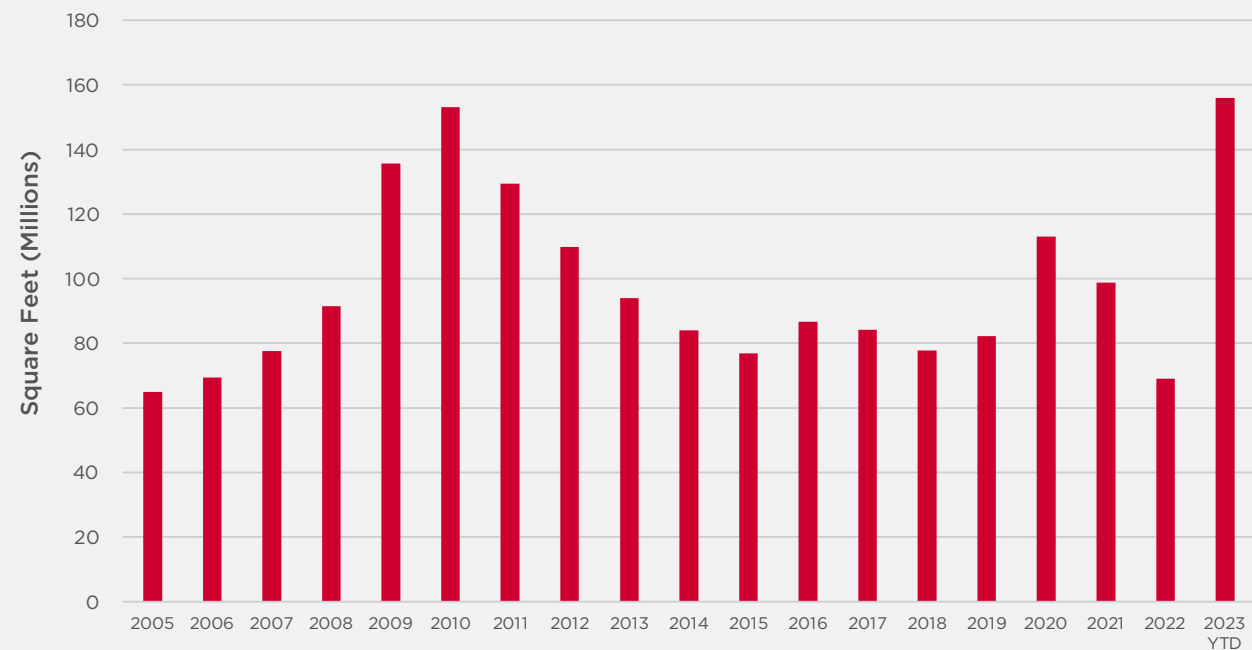
concentrated these sublease opportunities are. 34% of all of the sublease space in the entire United States is concentrated in the six major markets of Los Angeles and the Inland Empire in Southern California, Dallas/Fort Worth and Houston in Texas, Atlanta and Chicago. In 2022, most of these markets had cut sublease inventory in half from the pre-COVID conditions, and this spiking has all occurred in the last year. What is so startling about the Inland Empire, Houston and Atlanta is that total sublease inventory for industrial space has doubled as compared to pre-COVID conditions. We're talking about surge conditions.

Increases in sublease inventory are always the leading edge

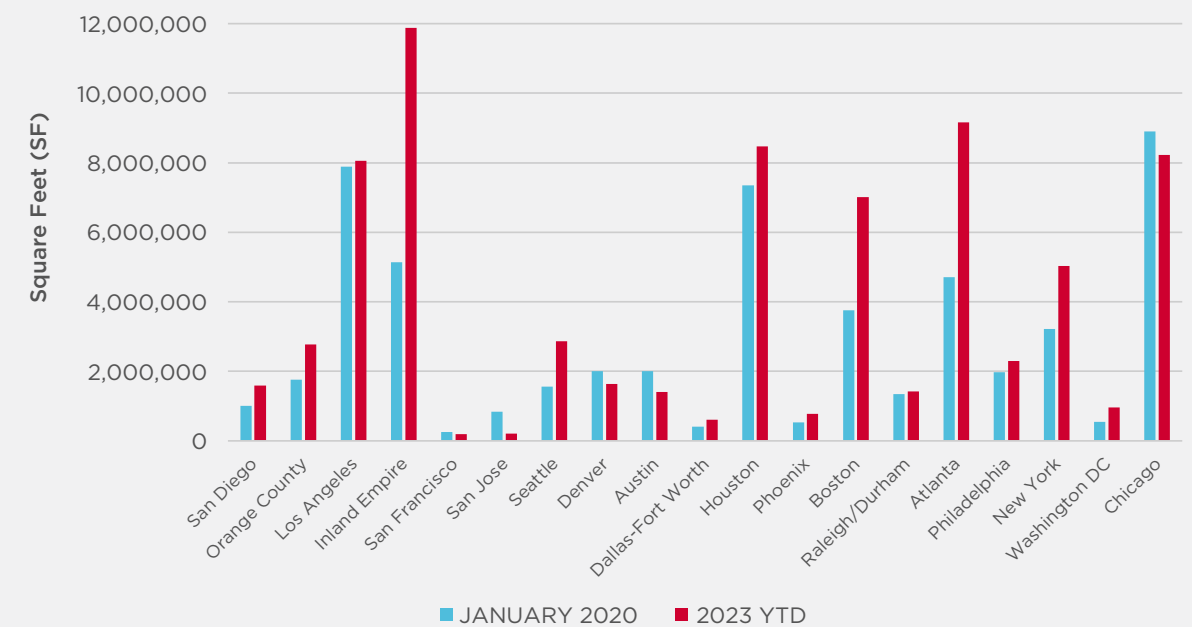
of a softening market. This increase in sublease inventory is also a landlord's worst nightmare as landlords and their promoting full-service dual agent brokers try to collectively keep a floor on prices. The reality is that there are major cracks in the dam, and that tenants in some markets today can get better deals on subleases than they'll ever get from landlords—often with the space being delivered with racking and technology infrastructure in place, potentially saving tenants hundreds of thousands, if not millions of dollars to fit up a new facility.

This sublease inventory has influenced overall availability rates as well. Note that we are measuring "availability" not "vacancy." Availability captures all of the collective space that's

AVAILABLE INDUSTRIAL SUBLEASE SPACE—2005 TO PRESENT



TOTAL AVAILABLE INDUSTRIAL SUBLEASE SPACE BY METRO MARKET



on the market for lease and sublease in existing buildings, as well as those under construction, whereas “vacancy” measures only space for lease or sublease that is “vacant” in existing buildings. The brokerage industry considers most of the 156M SF of sublease space as not vacant, and when you add in another 558M SF under construction around the country that is not captured in “vacancy,” it’s easy to understand how overstated the health of the market is when commercial real estate agents start talking around vacancy statistics—the conventional measure of the strength of the commercial market.

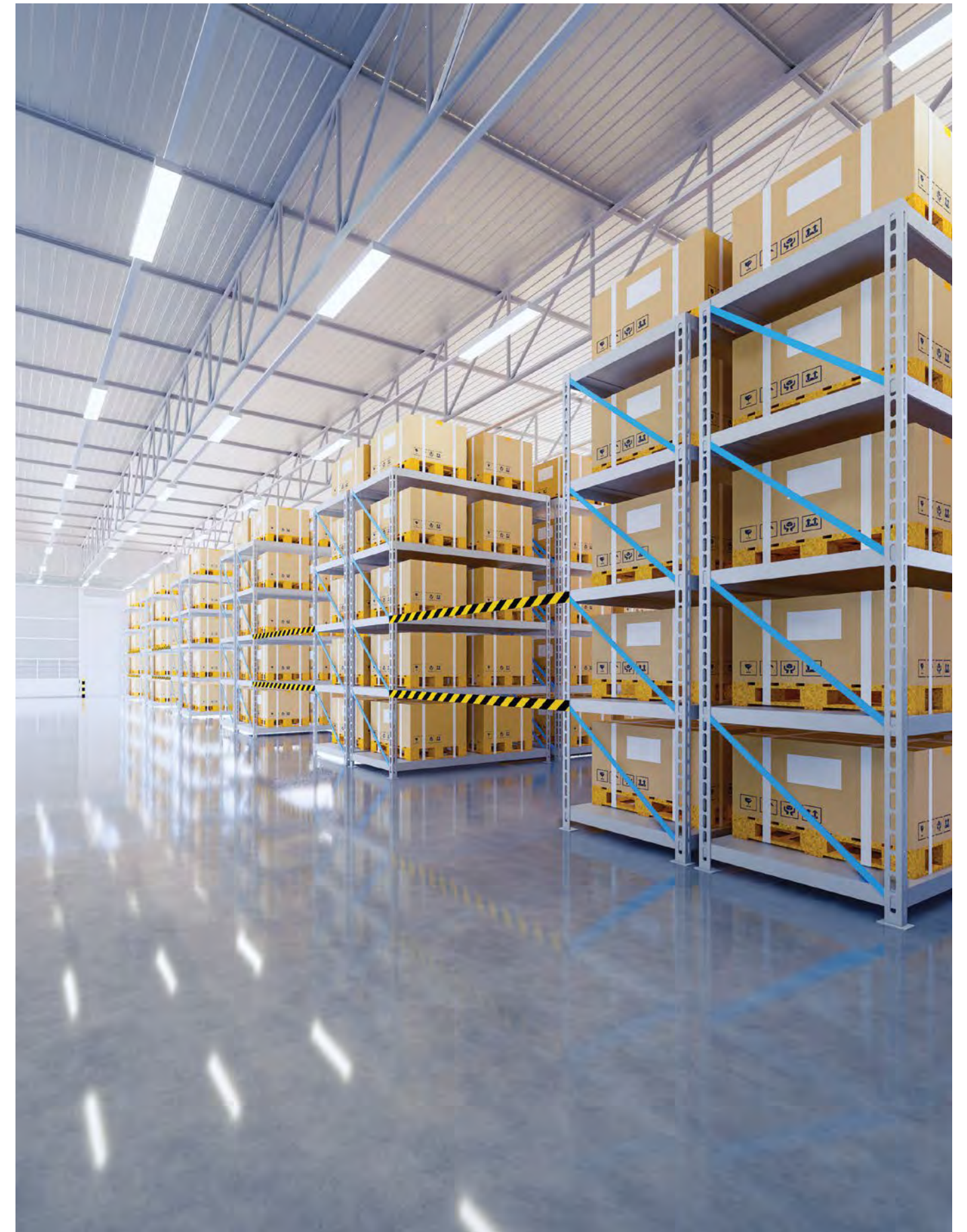
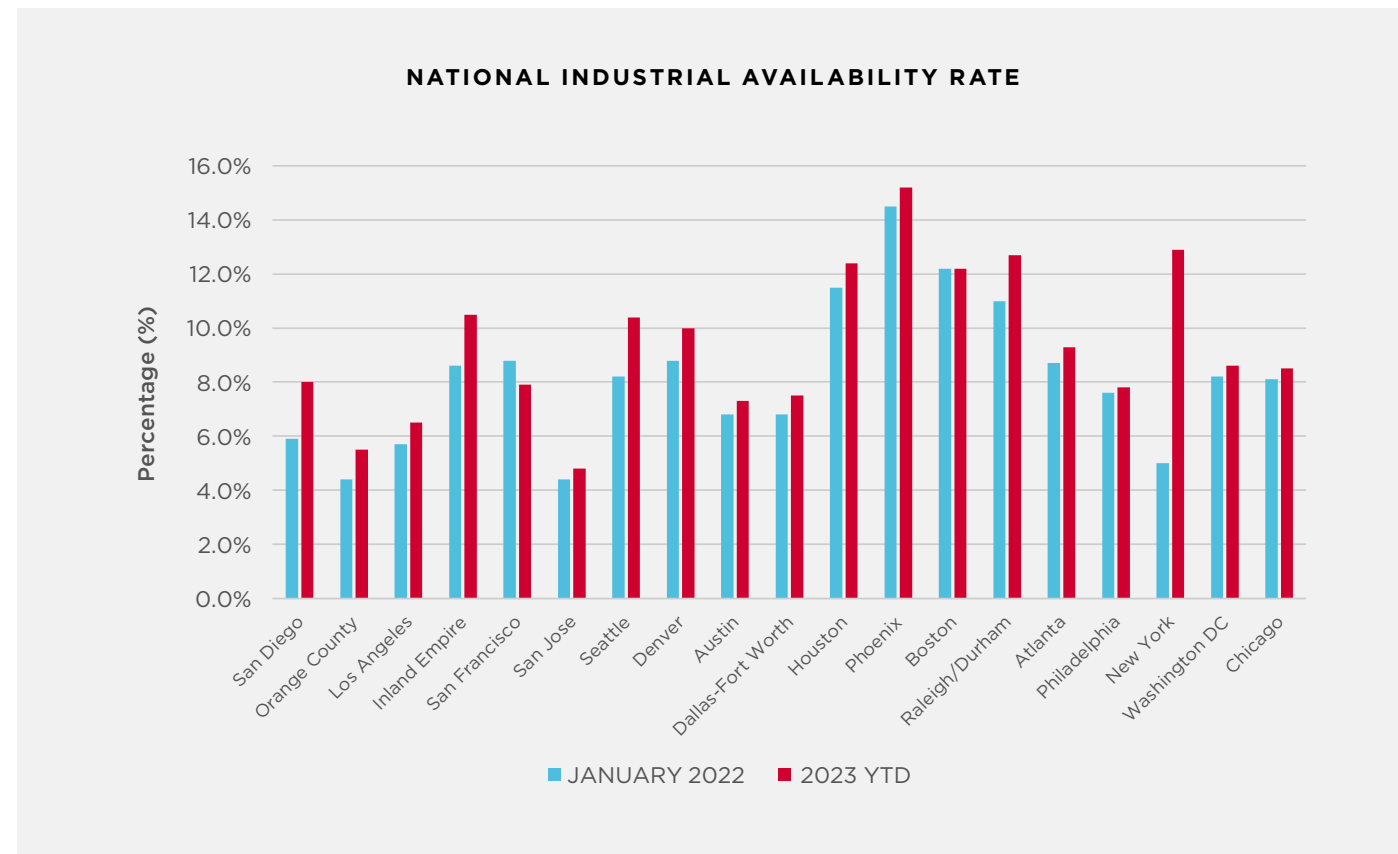
When you think critically, “vacancy” as used by landlords and their brokers looking to prop up the market, is a gross mismeasurement of the available space market. When a tenant is looking to lease space, they don’t just look at vacant space—they look at all space that meets their requirements, whether for sublease, lease, in existing buildings or those under construction.

If you are a business owner, executive team member or corporate real estate executive that leased industrial space in 2021 and 2022, you obviously felt the effects of a hyper-inflating rental market that was driven by historically unprecedented demand from e-commerce and other supply chain related companies. Southern California markets saw some of the highest rental rates in the country where lease rates in 2022 peaked from \$1.75 to \$2 triple net. These high prices were caused by the fundamental interaction of supply and demand where there were literal bidding wars by tenants over new warehouse buildings—new buildings were often pre-leased before they broke ground. Demand was so frothy in 2021 and 2022 that landlords could not build buildings

fast enough for the exploding flow of products and materials coming in through the ports of Long Beach and Los Angeles to support e-commerce demand resulting from the 2020 COVID shutdown—but all that is over.

While this extreme demand caused availability rates to fall to the low- to mid-single digits in 2022 in most metro areas, all markets have rebounded now in 2023, where availability rates are back to their pre-COVID levels. In the Inland Empire, Seattle, Denver, Austin and New York, availability rates are materially higher than their pre-COVID levels, yet landlords and the brokerage community are still trying to charge 2022 prices because they are still anchored on vacancy rates and have groupthink around the belief that the market is tighter than it actually is. These gains in the market are not going to be given away easily, and that is where we come in.

The truth is that these industrial markets are changing in real-time, and there is no longer any basis in the supply and demand equation for any more inflation of rents. In fact, the opposite should be occurring by 2024, as landlords find themselves sitting on their empty building for more than a year and look for an explanation. Rents in these major metro areas with more than 10% availability will start trending back down, and we are already seeing signs of it. Tenants today must be cautious in how and when they engage the market, particularly when talking directly to their landlord or working through their dual agent listing broker on a renewal. They are not going to understand how robust their options today really are, and what deals someone else is really willing to do. Doing the hard work of going to market and establishing your value is essential to becoming a market maker, and not a market taker. □



Injecting

COLOR

Into The Office

Here are a few great examples Ingrid shares:

01

Wearing Red

Studies have shown that seeing the color red can increase heart rate, which correlates to alertness.

02

Lighten Up

One consistent finding from color psychology is that light colors are more associated with happiness and excitement, while dark colors bring up negative emotions like sadness and anger. So, to boost the mood, choose a lighter or brighter color!

03

Team Spirit

Color can build harmony and unity. Think about it: You wear your favorite sport team's colors to feel like a fan. Graduates wear the same color cap and gown. So, the next time you organize a team-building exercise, encourage everyone to wear a hat, scarf or shirt in the same bright color.

04

Surround Yourself

Studies have shown that people working in more colorful environments feel increased alertness and joy than people working in more colorless, desolate surroundings.

05

Color & Create

Think wearing bright colors in the office is not serious enough? Think again! Color can help break down barriers and promote more creativity.

The Art of Color Psychology

BY SHAY HUGHES

In a previous article, I discussed our commitment to making our offices places of joy, inclusivity, comfort and inspiration for all of our team members, and offered a few ideas that could be implemented at any company. These elements included incorporating family photographs, encouraging quotes, outdoor settings and, most of all, the broad use of color. This last idea—incorporating color into the office—is not just something we like to do just because it's fun. It's backed by science—studied on college campuses, and by scientists, and marketing and business experts around the world.

Color plays a large, yet subliminal role on human behavior—inside our homes, our workspaces and in all aspects of the outside world. With teams back in the office, it's important for companies to understand and harness the impactful psychology of color within the workplace. By revisiting this powerful concept, businesses can successfully create stimulating environments for their teams to thrive and collaborate in together.

Ingrid Fetell Lee is the founder of The Aesthetics of Joy—a resource for finding more joy in life and work backed by scientific research—and a constant source of inspiration to me. She's a recognized "color expert," and in a recent article, "Does Wearing Colored Clothes Change our Feelings?," Ingrid cited several studies that reveal the positive effects of color on the human psyche, from what we wear, to what we see others wear, to what colors we surround ourselves with.





“

After all, few things can bring a smile to your face faster than a picture of a giant donut—with sprinkles!”

At Hughes Marino, we've truly taken the happiness-inducing science of color to heart, and have created work environments that use color in a variety of ways that help energize our team members whenever they are in the office. The beauty of this is that these ideas can be implemented with any team, in any business, in any industry. The following examples are not complicated or costly. Plus, they can be incorporated into your office a little at a time, giving you the opportunity to see how much color fits your comfort level!

01

Artful Color

All of our offices feature artwork that is colorful, playful and fun. After all, few things can bring a smile to your face faster than a picture of a giant donut—with sprinkles! The art on display ranges from professional artists and photographers, to framed prints from Etsy, Minted and Amazon. As long as the pieces that are paired together have a similar theme or color scheme, the options are endless to adding personality, positivity and color to your office walls!

02

Comfortable Color

When it comes to office furnishings, we've left gray and black behind for comfy couches in emerald green, royal blue and pink. They make us feel happy right when we walk in the door! For offices that are feeling a little on the sterile side, I suggest walking around the space to make a quick assessment—is there any opportunity for a fun pop of color to be added? Maybe a rug, a lamp or an accent chair? If so, this might be a great way to implement color, no matter if your budget is large or small.

03

Wearable Color

We've created an extensive line of Hughes Marino "gear"—hats, t-shirts, sweatshirts and more. Our gear is colorful and features phrases that reflect our core values and other phrases that exude positivity. Team members are welcome to wear our HM gear at the office, especially during our all-team meetings, normally paired with their favorite fun sneakers. Does your company have any team gear? If not, it might be a fun, lighthearted item to invest in. As Ingrid noted, wearing the same color can increase trust and connectivity within a group, like wearing the colors to support the home team! If you aren't sure about creating company tees, another fun idea could be to designate a specific color (or your company colors) for your team to wear on Fridays. You can up the ante by hosting a gift card raffle for participants!

04

Environmental Color

As discussed in my first article, there are so many ways you can bring color into the office beyond furniture. Fresh or faux flowers, colorful books, brightly colored prints, colorful wall murals and whimsical trinkets are just a few fun ideas and ways we like to decorate our spaces. A quick trip to a local farmers market or grocery store for a few bouquets can brighten up the office week in a snap. A fun collection of bright coffee table books strategically placed through the workplace can add fun and color at unexpected turns. Once again, the options are limitless!



05

Empowering Color

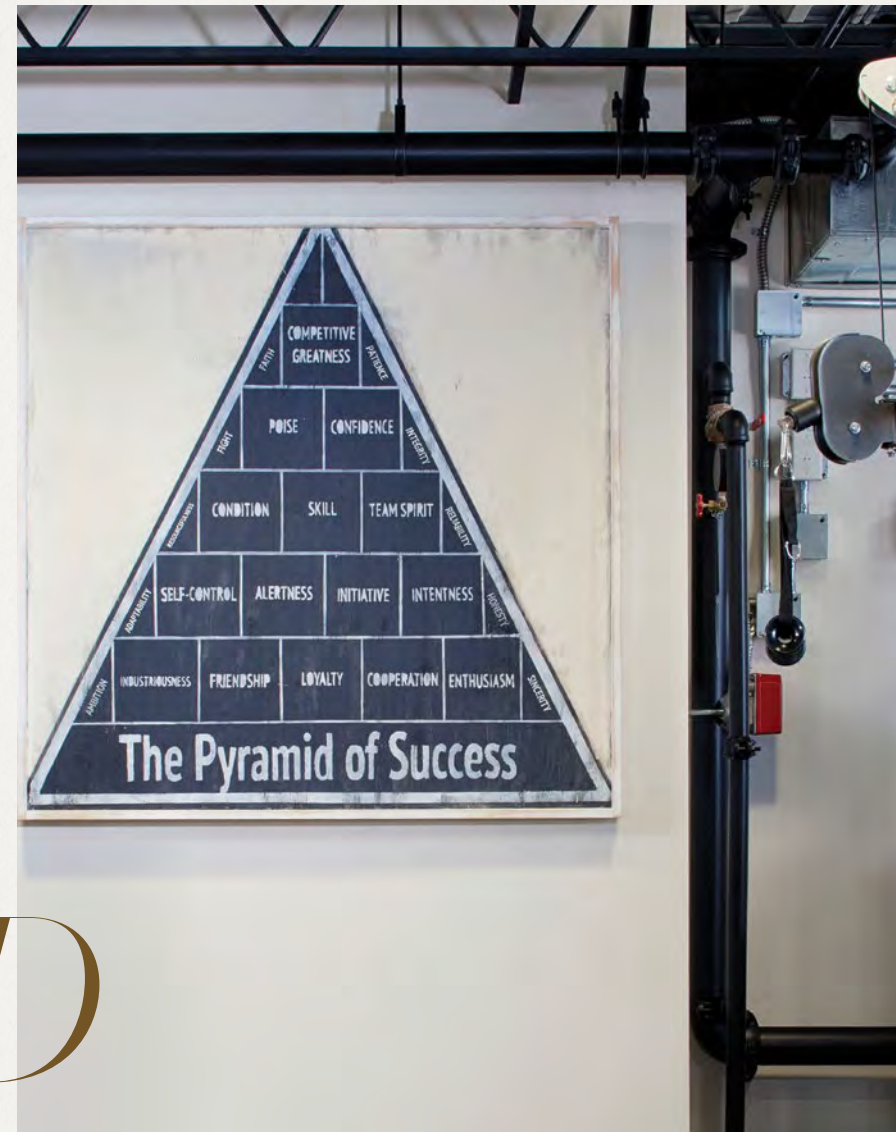
Even after you've brought color into the workplace, there's no better way for your team to enjoy their surroundings than to empower them to create an environment at their desk that brings them happiness. As the end of each year approaches, we encourage our team to take stock of their desk and immediate surroundings, purge things they don't need any more and create a microenvironment that brings them happiness. Whether it's photos of family, friends or pets, to bringing in fun prints, quotes and books that inspire, we encourage our team to surround themselves with a joyful, personal atmosphere.

Even if you don't adopt all the ideas above, by applying a few aspects of the psychology of color, you will witness the difference it can make in your team's attitude about being back in the office. Science says so, as does years of colorful experimentation in our own Hughes Marino locations. My guess is that even just a few pops of color throughout your office environment will bring your organization a brighter future—in more ways than one. □



Shay Hughes
President & COO
Hughes Marino

“The high-NURTURING, high-PERFORMING principles that Wooden espoused to his championship teams is what DRIVES THE SUCCESS of organizations of all types.”



By Shay Hughes

INSPIRED BY THE PYRAMID OF SUCCESS

Hughes Marino is one of the fastest growing commercial real estate brokerage firms in the country. We specialize in representing companies in their real estate needs rather than professional landlords, and that hyper-focus and mitigation of the rampant conflict of interest inherent in firms that represent both landlords and tenants has spring boarded our national growth. Founded in 2011 in San Diego, we now have ten offices, including Orange County, Los Angeles, Oakland, San Francisco, Seattle, Denver, Dallas, Boston and Raleigh-Durham.

Nationally acclaimed for our outstanding culture (*Fortune* magazine ranked us #1 in the nation) and recognized for our beautiful, welcoming offices and hospitality-centered culture, we continue to draw top talent to our ranks.

This kind of success rarely happens by accident. It's purposeful, built by high-performing teams and inspired by shared values. Such was the case with Hughes Marino, where our unique ethos had beginnings in a set of life practices created by one of the most winning college basketball coaches in history, UCLA's legendary John Wooden.

Building a Strong Foundation

Coach Wooden drew up his "Pyramid of Success" in 1948 after spending decades determining the traits and characteristics of a successful person. He shared it with his players to instill in them a drive to excellence and it quickly went beyond the locker room. Wooden's Pyramid of Success is now considered a classic framework for both individual and team success.

The first time I saw the Pyramid of Success was when my dad brought it home from his office. My dad, Shawn Holder, was then president of Chart House, the nationwide chain of upscale restaurants.

The Pyramid artwork hung in our house throughout my childhood. Of course, the words had already permeated the fabric of Chart House, which is what created the feeling of family and a high-performer mindset that the company was known for.

I remember how everyone at the restaurants respected each other, always strived to do their best and brought their enthusiasm and team spirit to work with them every day. As part of the

Chart House family, I absorbed those same qualities, so when my dad brought the Pyramid home, it just made sense. He hung the framed print on our wall, and it became a backdrop for our lives, always reminding me to do the right thing and strive to be all of those qualities I looked at daily on the Pyramid.

So, when Jason and I started Hughes Marino, the Pyramid's influence came through as a part of the company's foundation.

I just didn't realize how true that was until our first company retreat.

Synergy at an Off-site Retreat

Early on in the evolution of Hughes Marino, we held our first off-site retreat at Pelican Hill Resort in Newport Beach, CA, to brainstorm ideas about how to make this new venture a success. One team member brought a "show & tell"—John Wooden's Pyramid of Success.

He had been introduced to the poster by a coach. The winning mindset extolled in the Pyramid had taken hold, and helped him excel through college and into his personal and professional life, and thought it would be an inspirational model to share with the team at the retreat.

Of course, the minute I saw it I knew exactly what it was. Hearing his enthusiasm for these 25 traits I'd grown up with just reinforced the powerful impact those values can have on an organization, including the impact they would have while growing Hughes Marino.

Pyramid, The Next Generation

After we talked about the Pyramid at the retreat, Jason and I decided to ask our team members what their most important values for a successful life might be. The answers that came back were nothing short of astonishing, not only in their insight but in their similarities. In fact, many of the suggestions included the same words and phrases.

Using those responses—and keeping the Pyramid in mind as inspiration—we created our own guidelines for success, which have come to be known as Hughes Marino's ten core values. They include things like "always do the right thing," "embrace the family spirit," "enjoy the journey" and "give generously to others."

Outlier or Innovator?

I understand that talking about generosity, joy and family spirit in a corporate environment may be too “warm and fuzzy” for most commercial real estate firms, but the proven value of doing so has become all too apparent to ignore. As I said, Hughes Marino has been celebrated again and again for our company culture.

In many cases, it’s our emphasis on the core values that draws top real estate advisors and talent to Hughes Marino nationally. It’s what enables us to provide such a high level of bespoke service to our clients.

The high-nurturing, high-performing principles that Wooden espoused to his championship teams is what drives the success of organizations of all types, whether it be a basketball team or a business, and that type of leadership is very often the difference maker when it comes to winning and delivering results. □

SHAY’S MICRO-DOCUMENTARY: *In case you missed it, our last issue of Work+Space featured the inspiring story of Shay’s family’s growing the Chart House restaurant chain, with her dad rising from a dishwasher, to driving to New England to open the first Chart House outside of California, to becoming the President of the NYSE public company. Shay documented this inspirational story as a three-part micro-documentary series, in which she details how her unique upbringing and her father’s leadership influenced the growth of Hughes Marino. For more, visit hughesmarino.com/shaysstory.*



ABOVE Shay’s dad, Shawn, and young Shay enjoying a day at the beach.



LEFT The Chart House in Chester, CT, which was formally a brushmill. Shay’s dad, Shawn, opened and managed this location, which led to him opening dozens more!



ABOVE A rendition of the Pyramid of Success by artist Randy Enos, that was featured on the cover of *The New York Times Magazine* in 1973, and hung on the wall of Shay’s childhood home.

OUR LATEST HM-isms

We maintain a strong bond by constantly finding ways to enrich our company culture and make new memories through shared experiences, challenges and opportunities, both in and out of the office. A lot of these memories have transformed into valuable life lessons, and if you’ve followed us for a while, you know that we affectionately coined these phrases our “HM-isms.”

Here are a few of our newest additions to our ever-growing list:

Slow is smooth. Smooth is fast.

In today’s fast-paced world, who doesn’t want to accomplish more, faster? While it’s easy to get caught up in moving as quickly as possible, that doesn’t always get the best results, as noted by nine-time Olympic gold medalist, and one of the fastest humans to ever live, Carl Lewis. During an interview, the track and field Olympian referenced the powerful and thought-provoking statement, “Slow is smooth. Smooth is fast.” In other words, in order to go fast, you must be smooth, and in order to be smooth, you must go slow at times. While counterintuitive, working slowly can be a great advantage, as it allows time to fine-tune every detail and be meticulous with the task at hand. That precision allows for a smooth outcome, and ultimately allows things to flow faster.

You are so much stronger than you think you are.

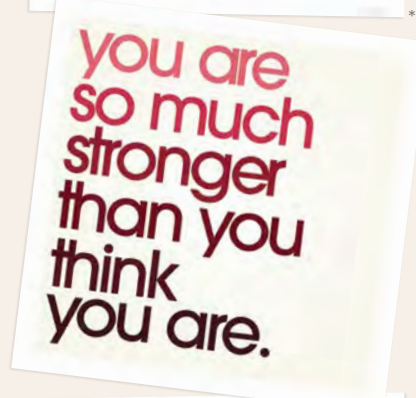
In 2015, Shay went through a scary and challenging time where she was uncertain of her future—you can read more about Shay’s story on her blog at hughesmarino.com/news. Years prior, her daughter, Star, shared inspirational quotes that resonated with Shay, including one in particular that Shay clung to during this difficult time. “You are so much stronger than you think you are” repeated in Shay’s mind, helping her shift her perspective and keep her thoughts grounded in the truth, and not in the uncertainty of the unknown. When she got to the other side, she reflected on how true it is that you never know how strong you are until being strong is the only choice you have. By reminding ourselves just how strong we are and that we have the power to control our thoughts, we can train our minds to focus on the positive, even in the face of adversity.

Round up.

One of our Dallas brokers recently shared inspiration from entrepreneur and Hughes Marino business coach, Jesse Itzler, that really resonated with our hardworking and high-performing team. Jesse shared, “What I love about most runners and cyclists is we round. If we get to 3.8 miles on a run, we always do the extra .2 to make it an even 4-mile run on our watch. What that does is creates a mindset of being a finisher, of doing more and never shortchanging yourself.” At the end of the day, if you don’t push yourself to exceed your goals, the only one you are shortchanging is yourself. Rounding up is a simple practice to always put in that little bit of extra effort.

Be so good at the basics that you’re cutting edge.

International Speakers Hall of Fame inductee and best-selling author, Joe Calloway, has been coaching businesses for over 30 years, working with thousands of companies to help them create and sustain success—including our amazing team at Hughes Marino. Joe is known for his winning perspective and insightful observations, including one of our favorites, “Be so good at the basics that you’re cutting edge. Look at the basics in your business, i.e., product quality, customer experience, delivery, culture, etc. I’m not saying ‘be competitive’ at the basics. I’m saying WIN at the basics. That’s very hard to do. But if you do it, success is assured.” We always love when Joe visits Hughes Marino because we glean so much knowledge and wisdom from him, and we are sure you will too! □



* Carl Lewis during the 1984 U.S. Olympic trials at the Coliseum in Los Angeles, Calif. by Joe Kennedy and is licensed under CC BY 4.0 / Added border around the image and text “Slow is smooth. Smooth is fast.” Carl Lewis Image: <https://digital.library.ucla.edu/catalog/ark:/21198/zz0002sh0q> | CC License: <https://creativecommons.org/licenses/by/4.0/>

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