

# WORK+SPACE®

## BACK TO THE WORKPLACE

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



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BUSINESS + REAL ESTATE + DESIGN + CULTURE + CONSTRUCTION

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PUBLISHER'S NOTE

# Positive Momentum

To say we have all been through a lot over the past 14 months would be a tremendous understatement. We've weathered the tumultuous ups and downs of the pandemic and scrambled to keep our companies' afloat as we figured out how to manage our teams remotely, all while putting on a brave face for our constituents. With each new day, vaccinations are on the rise, case counts are declining and businesses are returning to the office. We got through the unthinkable, and we are so eager to experience the return to normalcy and return to the workplace.

Looking back on the past year, I have never been more proud of the fantastic people that make up our team at Hughes Marino. In a moment when nobody knew what was happening with commercial real estate, it was our job to step in and do what we do best: have difficult conversations with landlords in order to deliver solutions and savings across the board for our corporate clients. The truth is, we were built for this. Our team has answered the call, and I couldn't be more proud. We've had the privilege to help hundreds of companies navigate their real estate dilemmas during this past year, and in the recent months, a positive change has been slowly building momentum, and that momentum feels *good!*

In this issue of *Work+Space* Magazine, we tried to include as much information as we could to help business leaders navigate this new normal together, from the keys to restructuring leases, to items businesses need to watch out for when performing a lease audit, to strategically planning for the return to the workplace. It's all very encouraging information, and we hope it brings some guidance to you during this time.

If we can be of service to you and your company with regards to your corporate space needs, it would be our honor and pleasure to do so. We wish you positive momentum forward and the best of luck. Until then, onward!

Sincerely,

**Jason Hughes**  
Chairman & CEO  
Hughes Marino

**Shay Hughes**  
President & COO  
Hughes Marino

## WORK+SPACE®

A publication of Hughes Marino

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### About Hughes Marino

Hughes Marino is an award-winning commercial real estate firm that was founded on the belief that it is impossible to represent both tenants and landlords without a conflict of interest. Our team has been exclusively representing tenants and buyers for more than 30 years, delivering best-in-class service and unmatched expertise to companies across the nation.

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**HUGHES MARINO**



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*the new*

# NORMAL:



## How to Welcome Your Team Back to the Office

By Shay Hughes

As the COVID-19 vaccine is more readily available to the population by each and every day, and as more states begin to reopen, the world is beginning to get back to a new normal. With that new normal, one conversation comes



**Shay Hughes**  
President & COO  
Hughes Marino

to the forefront for businesses across the country and around the world: when should our teams return to the office, and how do we make them feel safe (and happy) to return? Here are five thoughts for businesses to consider to help their teams feel safe, welcomed and happy to emerge from their year of working from home and returning to the workplace.



### Provide Ample Notice and Transparency About Your Return-to-Work Strategy

In March 2020, we all went home with the expectation that we would be back in the office within a few weeks. A lot has changed over the course of a year, including childcare (and pet care!) arrangements, and work and personal schedules. This tip is short and sweet: provide as much notice to your team as you can, so they can get all of their affairs in order before they physically return to the workplace. You may even consider developing a questionnaire for your team, which can open up conversations for families who may need a hybrid schedule, or for teammates who are still weary of being around others not in their own household. In addition to the notice, provide your team with the steps you will be taking to ensure their health is the #1 priority.

### Make Health and Safety the #1 Priority

Over the past year, each person has been affected very differently from this unsettling pandemic—both physically and mentally. Above all, business leaders need to recognize this and be extremely sensitive toward each and every situation to make the transition back to the workplace as seamless and stress free as possible. The most important way for a business to show their team they care is by making health and safety their #1 priority. Since scheduling to get vaccinated can often be in tricky time windows, offer extra flexibility to help accommodate your teammates or provide additional sick time specifically for vaccinations. Be sure to supply your office with plenty of easily accessible necessities including hand sanitizer, soap, masks and antibacterial wipes. In addition to providing ample sanitizing supplies, you can also insist that team members wash their hands upon return from outside the office, and place signage around the workplace as reminders for everyone to regularly wash their

hands. Businesses can minimize outside guests from visiting, unless previously approved by the company.

To help make your team members feel heard and validated, offer an open forum or a virtual suggestion box via email, where team members feel safe to express any concerns. Even more importantly, take your teammates concerns into serious consideration, and take action or change protocols if needed. This will let your team know their opinions are valued and that the company is taking proactive measures to protect everyone's well-being. These are all small and easily achievable measures companies can take to help ease the anxiety and worries of the pandemic to ensure that health and safety is the top priority.

### Implement Physical Distancing Practices

For over a year, social distancing has been critical to help slow the spread of COVID-19. It's only natural for team members to be weary of coming back to an environment of many people together in a confined space, especially if they work in open office floorplans that have become so popular in the past decade. While this may take a degree of reconfiguration, there are actions businesses can take to spread out their team to ease concern. If possible, situate people so they are stationed at every other desk, configure desks so that teammates face the same direction (and not each other) and utilize desk dividers if necessary. Have access to windows? Open them up to circulate fresh air or invest in an air purification machine. Communication is another important factor to consider. Encourage calls instead of face-to-face conversations and host virtual meetings instead of gathering in conference rooms. If possible, limit the amount of people in a meeting and provide plenty of space in between everyone for ease of mind.

Our in-house Planning + Design team offers physical distancing analysis services, and have already helped hundreds of businesses navigate this new normal. Our team helps to identify social distance pinch points, suggested paths of travel throughout the workplace, opportunities to spread out, potential furniture reconfigurations, plan dimensions implementing social distancing guidelines and ways to communicate strategy with your team. Our team specializes in space planning of all types and densities, and we are here to help.

### Mitigate Traffic Concerns by Offering a Flexible or Hybrid Schedule

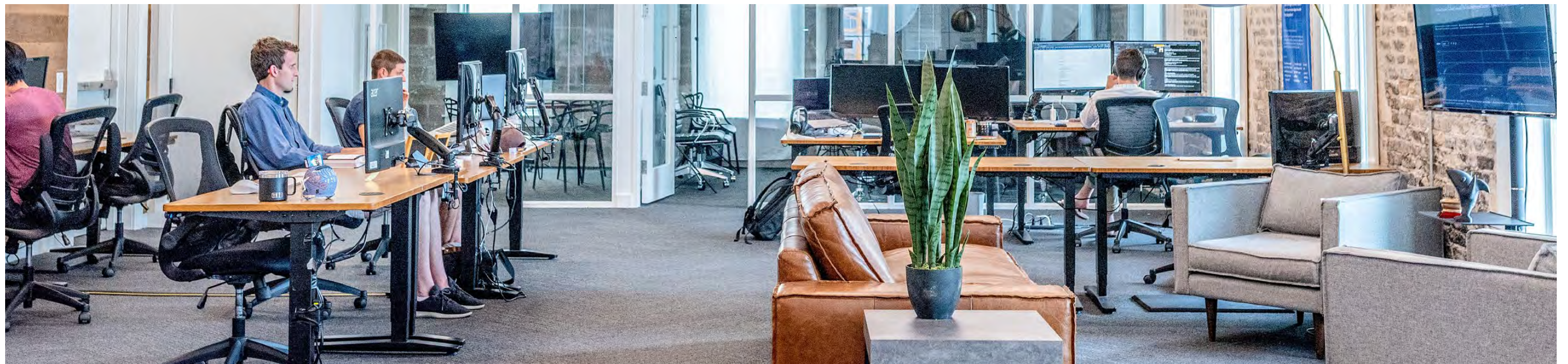
From nationwide polls to our own personal experiences, let's face it: long commutes are often the #1 reason that the population is less eager to return to the office. While rush hour traffic situations are out of employers' hands, they can provide a few options to mitigate the stress of it all. If your company is able to, offer alternative work schedules for your teammates to choose from. Even a shift of 30 minutes can make the difference that cuts a commute time in half, offering your team members less stressful mornings of battling traffic, more time to happily focus in the office, and more time at home with their families. If your company cannot accommodate a daily 30 minute shift (which is the case for a lot of businesses!), you might consider early Fridays to get a jump start on the weekends (and traffic) or offer a hybrid schedule of working from home and work. Either way, your team will notice and appreciate your efforts to make the transition back to the workplace a positive one!

### Make Returning to Work a Fun Experience

Returning to work will take a lot of adjusting, and businesses should make extra efforts to let everyone feel comfortable and appreciated as they welcome their teams back into a safe workplace environment. During the return-to-work transition period, plan a time to reunite the team they had missed seeing every day while maintaining recommended social distancing, either in a large room or outdoor space with ample room to spread out to encourage connection with your team. You could even provide thoughtful return to work incentives like gas cards, child and pet-care stipends, or celebrate the return with boxed lunches, mini care packages, and play fun music, plan activities and offer fun email chains throughout the day to reignite the office culture we have all missed so much while working from home!

The return to the workplace will be a time of great adjustment and also great joy as life begins to return to a new normal, when we can all be together again. While every business will have their own strategies and approaches, when it comes down to it, business leaders know what will be right for their own companies and teams. We truly hope these five tips helped you to begin the conversation, and we are here to help in any way possible as you begin your journey back to the office! □

*Shay Hughes is president, COO and owner of Hughes Marino, an award-winning commercial real estate company specializing in tenant representation and building purchases with offices across the nation. Shay writes about business leadership and company culture on her blog, Lead from Within. Contact Shay at 1-844-662-6635 or shay.hughes@hughesmarino.com to learn more.*



# REDUCING REAL ESTATE EXPENSES

by

## *“Restructuring” a Commercial Lease*

By David Marino

### THE WINDOW FOR LOWERING YOUR RENT WILL BE OPENING SOON, AND HERE ARE THE KEYS TO GETTING IT RIGHT

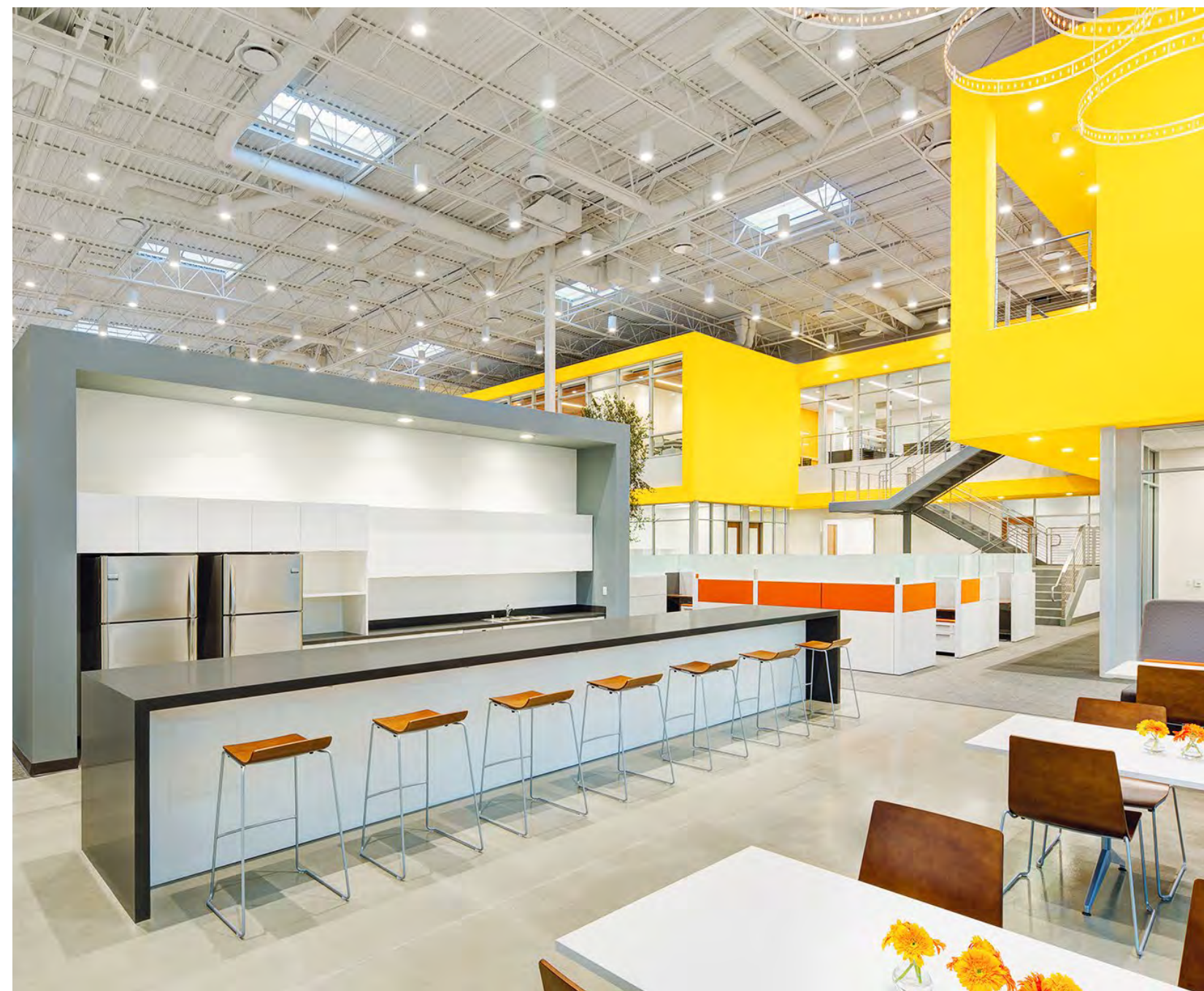
As the business community endeavors to return to the office this year (or the office portion of their space for biotech and industrial companies), many business owners and executive teams will quickly realize that the office space they vacated in 2020 has become misaligned with their post-COVID requirements. Full-time or part-time remote work strategies, or reductions in headcount that have occurred as a result of economic declines in some companies, have left most office tenants with more office space than they anticipate needing for the future. Many companies fortunate enough to have leases expiring in 2021 are considering moving to less space. But what about a company with a lease expiring in 2022 or 2023 that finds a way to work with the space it has?

For certain office tenants under the right conditions, “restructuring” of a commercial lease will become a strategy to lower a tenant’s rent, shrink the size of the premises, or even “swap” into a more fitting space with the same landlord years prior to the natural lease expiration.

Having engineered countless projects of this nature over several decades, the basics of such a transaction involve the landlord providing rent reductions over the remaining lease term in exchange for an extension to the existing lease term. Imagine getting a 20-30% reduction in remaining rent in exchange for extending your lease 5 years. Or imagine giving back one of your three floors in exchange for a 5-year extension of your lease. While these outcomes might appear compelling to a tenant, this doesn’t happen by just picking up the phone and making such a proposal to the landlord—it all has to be flawlessly executed and communicated. Here are the three factors that simultaneously must exist for a successful lease restructure to reduce the tenant’s rent expense.



**David Marino**  
Executive  
Vice President  
Hughes Marino





### Market Decline

In order to complete a successful lease restructuring, market rent conditions must have deteriorated substantially such that the rent the tenant currently pays is universally agreed to be well above market. We aren't there yet as some landlords are still having a tough time understanding how bad the damage is to their tenant base and to the broader market. Also, landlords and their promoting listing brokers are seeing that other landlords are still maintaining their pre-COVID asking rents, and while vacancy is down, the vacancy rate doesn't include all of the sublease space on the market and space where tenants aren't renewing but where the space isn't vacant yet, and the "availability rate" is 40% higher than the technical vacancy rate. There is a general "failure to get it" throughout the landlord and brokerage community. But all office tenants are paying above market right now, and it's just a question of by how much. Worse yet, the annual rent increases in commercial lease contracts will be going up 3-4% for every tenant in the next year, while the market rents will be going down 10-20% annually at this same time. The challenge will be determining what the new market rate should be at the time a tenant engages with a landlord, as assessments and negotiations are sure to vary widely! The old method of looking at recent past market

comparables, or "comps," is utterly useless and deceptive on the way down, as from a tenant's perspective, yesterday's good deal will be tomorrow's bad deal. The best deals will be cut when the market hits bottom, but a tenant might not be able to wait that long due to an expiring lease, but waiting is in the tenant's interest—there should be no rushing into this too early.

### Remaining Lease Term

Most companies today would love the opportunity to simply tear up their current office lease and negotiate new terms, but it doesn't work that way. The tenants that are the strongest candidates for a lease restructuring are those with two years or less of the remaining term. If your lease doesn't expire for three years or more, you unfortunately are not likely in a position to restructure your lease until time passes to burn off more of your lease term. Landlords do these restructurings to eliminate the vacancy risk and related costs, which can include a year or two of vacancy, extensive tenant improvements and even demising costs. In a declining market such as today's, landlords reasonably assume that deteriorating market conditions will persist for a year or two, and the risk of losing the tenant is within their risk intolerant time horizon. But three years or more into the

future, landlords and their brokers might feel more bullish about a mid-term market recovery and unlikely to give concessions now for an extension that doesn't even start for three years or longer in the future.

### Credit of the Tenant

The hard truth is that no landlord will consider a lease restructuring unless they believe that the tenant's business is going to be around to pay rent for the extended term. In order to successfully restructure a lease, your company must have "decent" credit. While "decent" isn't a very technical term, it's chosen intentionally. You do not need to have investment grade credit or be a Fortune 1000 company to be successful in getting these done. Rather, the tenant needs to be able to demonstrate how it is going to be a survivor, which means being transparent with the landlord about the future financials, the longer-range business plan and the management team's qualifications to lead it.

These lease restructurings work when there is a win-win for both the landlord and the tenant. We engineer a way for the tenant to creatively reduce their real estate expenses, while at the same time shoring up the landlord's long-term stability and eliminating their vacancy risk. To be clear, this is not a "blend and extend" as some brokers are referring to them. Rather, consider a lease restructuring more like

refinancing your home mortgage. You don't blend your current home loan rate into a new rate, rather you simply replace the old rate with a new rate and reset the term.

Your landlord is not the enemy, but they aren't going to voluntarily adjust your rent to market—they are going to have to be pushed and persuaded, and that likely includes going to the market. A properly negotiated result is a complex combination of creating leverage, having the right market information, understanding the lease expirations of other major tenants in the landlord's building or portfolio, assessing the financial scenarios, optimizing the timing and excellent communication skills. As a firm that represents tenants only, and with our expertise in navigating these storms before, we were built for this. Talk to us and we'll get through this together. □

**David Marino** is executive vice president of Hughes Marino, an award-winning commercial real estate company with offices across the nation. One of the top commercial brokers in all of Southern California, David possesses unrivaled, comprehensive market knowledge, and writes regularly about commercial real estate on his blog, *Suburban Scoop*. Contact David at 1-844-662-6635 or [david@hughesmarino.com](mailto:david@hughesmarino.com) to learn more.

SPACES  
WE

# Mindgruve's Historic & Eclectic Headquarters

BY STAR HUGHES-GORUP





With the extremely important role that marketing plays for businesses, we know firsthand that companies have to get it right when trying to reach and engage potential clients. Mindgruve, a full-service marketing agency, is the perfect example that creative ideas can take companies to



**Star Hughes**  
Senior Vice President  
& Director  
Hughes Marino

new heights, and their headquarters located in the heart of Downtown San Diego perfectly showcases their motto, “Ideas connecting brands to people.” Their space exudes this philosophy and we absolutely love every single detail of their impressive office!

With clients such as Proctor & Gamble, Colgate-Palmolive, Sony, Petco, Boot Barn, LiveNation, Qualcomm, the San Diego Zoo and other notable companies, Mindgruve is driven by

their one common purpose—to create groundbreaking work to help brands drive business growth. Mindgruve’s headquarters is located in a historic building in East Village and occupies a 4-story brick and wood structure, which also accommodates the newly opened Bay City Brewing Tasting Room and event space, along with a rooftop bar.

Every single detail was thought out in Mindgruve’s space, which pays homage to previous building owners of the historic space. Fun fact—the historic San Diego building was once the original Showley Brothers Confectionary factory and then home to the Pacific Parachute Co. Mindgruve features colorful murals of the Pacific Parachute Co. founders Eddie Anderson and Skippy Smith inside phone rooms that are used by team members daily. Co-Founder and CEO Chad Robley felt it was important to highlight these entrepreneurs and we think he did an excellent job!

Another detail that perfectly complements the historic vibe of the office? Some of the original rafters and brick walls

were kept from the original building! In some areas, charred wood rafters are exposed, which was caused by a fire in the 1900s. Beautiful pendant lights cast a warm glow to the space and plenty of greenery is abound that adds to the modern, historic flair that makes the space welcoming and interesting to guests.

Wood accents and leather furniture found throughout the floors make the common spaces feel like a unique home away from home for Mindgruve’s team members. My favorite spot in the space is the reception area which features a living green wall, sleek steel staircase, vibrant art, modern furniture and a red metal M sculpture for Mindgruve!

Their office’s kitchen area is not only beautiful, but also serves as the perfect spot to relax and catch up with one another throughout the day. Every team member is issued a laptop, allowing everyone the liberty to work away from their desks and experience new surroundings every now and then, because you never know when (or how!) inspiration will strike!

Mindgruve definitely has cultivated an environment where team members can develop amazing work for their clients and the perfect spot for creativity to thrive. Congratulations Mindgruve on your amazing headquarters! □

**Star Hughes-Gorup** is a senior vice president and director at Hughes Marino, an award-winning commercial real estate firm with offices across the nation. Star is a key member of Hughes Marino’s brokerage team, where she specializes in tenant representation and building purchases. Star also makes frequent media appearances to speak on business issues from a millennial perspective, and regularly writes for Hughes Marino’s “Spaces We Love” blog. Contact Star at 1-844-662-6635, or [star@hughesmarino.com](mailto:star@hughesmarino.com).



PLANNING FOR A

# RETURN TO OFFICE

By Nicholas Willis

**R**eturning to the workplace is a topic that is discussed now more than ever, and one that Hughes Marino and our Planning + Design team addresses every day. We've had the opportunity to communicate with many of our clients through the various stages of the pandemic, and our most recent conversations are (finally!) focused on what a RTO (Return-To-Office) looks like.

With vaccinations on the rise and case rates declining there is much to look forward to as we tentatively open our workplaces and welcome teams back into collaborative, engaging environments.

Almost a year ago when we wrote *8 Practical Steps for a Safer Office Environment*, there was uncertainty whether many companies would return in the short-

term and benefit from those tips. As we begin to move beyond workplace safety and start to optimize our space for the new normal, those prior thoughts resonate, while new ideas emerge.

The objective remains to keep our teams safe, while also recognizing and solving for the effects the pandemic has had on our routines, lifestyles and comfort levels, and how the resulting adaptation in behaviors impact the function of the workplace. Here are eight things for businesses to consider when creating a successful return to office strategy.



**Nicholas Willis**  
Interior Planning  
Director  
Hughes Marino

01

*Continue a flexible approach with re-entry policies and timelines.*

A return to office does not need to be an all-or-nothing approach. Experimenting with strategies as protocols and recommendations continue to evolve could be an investment in discovering the right balance for the future. Health and safety recommendations are constantly and rapidly changing, and an agile approach allows companies to respond in kind. With all of the changes we have all experienced within the last year, teammates should be understanding of the fact that the return-to-office situation will remain fluid for some time, however the initial decisions made could be the foundation for future guidelines!

02

*Reinforce commitments to employee health and well-being.*

There will be significant hurdles to everyone immediately returning to a full time in-office schedule. Even in a fully vaccinated office, some team members will continue to be concerned about transmission. For working parents, school closures will impact schedules. Wellness policies and flexible sick leave for caregiving, where not mandated, will be helpful in giving everyone a sense of security and stability.

03

*Survey your team.*

Continuously and anonymously gauge your team's comfort level in the office to determine where policies should be reinforced, but also where they can be relaxed. If you need any ideas on how to craft an employee survey, our team has developed an example that we would be happy to share!

04

*Know that planning a Return-to-Office is industry specific.*

Many companies never fully left the office due to the essential nature of their business, or because their offices provide functional resources that were necessary for day-to-day work. Companies that were able to go fully remote can now learn about successful strategies from the former who had to implement safety procedures and policies early in the pandemic and find a way to stay safe in the office.

# 05

*Acknowledge that some members of your team have gotten used to more privacy and will need more time to adapt.*

There have been many jokes about how socially awkward some of us have become resulting from limited interaction. An abrupt return to the hum of a full office will be jarring to some and returning to a more public forum could take getting used to! Try to find options within the space or in team member's schedules to carve out quieter places and moments to allow for an easier transition from home back to the workplace.

# 06

*Examine the density of your current environment and create more physical separation if necessary.*

Not coincidentally, the industries we've seen most eager to return full time to the office have office space designed with a high concentration of individual offices and lower densities. We still recommend checking in on your current office density and mitigating overpopulation of your space, and offer our physical distancing analysis services to companies who need assistance with navigating this new normal.

# 07

*Set up the "Zoom Room."*

At least in the short term, many meetings will include both in-person and remote participants. It's important for meetings of over two to three people that the right resources are in place to make them efficient so teammates aren't left scrambling to set up technology. With travel restrictions still occurring and offices limiting visitor access, video conferencing will continue to be a viable alternative for a broader population than prior to the pandemic. We highly encourage businesses to make sure all technology is flawlessly up and running before teams return to the office, including implementing training procedures with proper documentation in place to save time (and avoid as much confusion as possible!) with this new normal of hybrid communication.

# 08

*Consider the collaboration zones.*

All research repeats that what people miss most about the office are their teams, so be sure to get your space ready for more open dialogue! One watercooler is not going to suffice for the number of staff eager to engage with each other. Some of our clients are even abandoning individual desks and adding soft seating groups or breakout high tables to create more areas for cross collaboration and team communication.



We're excited for the potential opening of more offices and eager to see our clients succeed with their RTO strategies. For strategies on organizing your space for a new normal, please get in touch as we have already helped many clients return to work and are more than happy to help your company too! □

**Nicholas Willis** is interior planning director at Hughes Marino, an award-winning commercial real estate company specializing in tenant representation and building purchases with offices across the nation. Contact Nicholas at 1-844-662-6635 or [nicholas.willis@hughesmarino.com](mailto:nicholas.willis@hughesmarino.com) to learn more.

# Landlord OPEX/CAM Reconciliation Time is Here—

*HERE'S HOW BUSINESSES  
CAN GET PREPARED*

By Carmela Roco & Michael Cavell



**O**n top of all the responsibilities a business has to juggle, a major item that often gets overlooked are commercial landlord billing errors, resulting in thousands (or even millions) of dollars in unnecessary payments by a tenant each and every year. The right team can help your business identify and recover erroneous charges that may also be retroactive for years. Reviewing or auditing your annual billings should be considered a “best practice,” and we’ll share the reasons why, along with some factors that businesses need to consider when it comes time to review their leases.

## *Why Should Businesses Conduct Lease Reviews and Lease Audits?*

### **Thousands, and even millions of dollars in recoveries can be achieved.**

With a lease audit expert conducting a thorough examination of pass-through and other occupancy related expenses, you will not pay for expenses that are not required by the lease or leave valuable savings on the table.

### **Conducting a lease audit is cost effective.**

Typically lease audits result in enough overcharges that a small portion of the savings can be used to cover your costs.

### **Time is of the essence.**

You may have a limited amount of time to notify your landlord of your intent to dispute your billing or to exercise your lease audit rights.

### **Lease auditing is a real estate function, not an accounting issue.**

You need the knowledge and experience necessary to uncover and successfully recover variances from real estate industry standards.

## THE TOP FIVE COMMONLY MISSED ERRORS

### 1. Tenant Reimbursements

In a multi-tenant building, you could be paying for above standard services directly. Costs that the landlord incurs to provide after-hours services like utilities, heating and air conditioning, repairs, security and any other after-hours related expenses should never be included in operating expenses, and if they are, these should be backed out of the operating expenses immediately.

### 2. Gross Up Errors

Office leases often contain a provision allowing the landlord to bill operating expenses based on expenses as if 95% or 100% of the building is occupied, even when occupancy is less than that. This adjustment is called a gross up, and is a calculation that frequently contains errors, which requires a detailed review of the landlord's gross up calculation to identify these errors. Often times also looking at the gross up for the base year reveals errors, resulting in a potential savings for businesses when discovered.

### 3. Capital Expenditures

A lease may allow for the amortization of capital expenditures based on certain requirements and methodology. However, this expense may be buried in a repair and maintenance account that can easily be missed. The capital expenditure must be reviewed, if it is allowed, and a thorough review of the amortization calculations are necessary to ensure compliance with the requirements stated in the lease.

### 4. Ownership Expenses

Landlords may pass through certain expenses like refurbishments which consist of upgrades of lobbies, parking entrances, exterior facades of buildings, new trees and bushes that are considered ownership expenses or improvements as they enhance the value and marketability of the building. Other expenses which landlords sometimes fail to carve out of operating expenses are preparation of spaces for new tenants, tenant relations costs, and ownership legal and tax preparation fees.

### 5. Controllable Operating Expenses and their Caps

These are generally all operating expenses other than taxes, insurance, utility costs and snow removal charges. Leases may have caps on these controllable expenses, and it may be cumulative, compounded and even cumulative *and* compounded. These caps are often confusing and difficult to calculate or administer, let alone challenging to decipher which costs are truly controllable based on the definitions in the lease. Other increases may be based on a Consumer Price Index (CPI) and also can be confusing or difficult to calculate.



## FIVE SIGNS YOU MAY NEED AN AUDIT ON YOUR COMMERCIAL LEASE

### 1. You Notice a Significant Increase in Expenses

An annual increase of more than 5%-10% in total Common Area Maintenance (CAM) or your total operating expenses should be investigated as it may indicate an overcharge in your billing.

### 2. There are Fluctuations or Changes in Expense Categories

Significant year-over-year variations in expense category totals and/or changes in the title of expense categories could signal a change in the accounting treatment of expenses and/or the inclusion of ineligible expenses. Changes like these also make it difficult to compare year-over-year expenses and should be reviewed as soon as this happens.

### 3. Initial Base Year, or a Change in Base Year

A base year audit is critical because it documents the billing methodologies and expense inclusions/exclusions that you're starting with. A review ensures that the base year accurately reflects a full year of expenditures, ensures the same gross up allowed for in the lease was used, and ensures compliance with all other terms and conditions of the lease.

### 4. The Ownership/Building Management Changes

A change in building ownership and/or even building management may result in a change in billing methodology and expense line items. Expenses that were previously not passed through to tenants could be included by the new ownership, like increased management fees as well as the costs of the transfer to the new ownership/management.

### 5. There is Increased Building Activity

Large changes in your building's occupancy, major renovations, improvements, equipment or other large replacements, and/or weather damage could result in expenses not permitted by your lease. The addition of space or building square footage is a signal that something changed and should be reviewed.

The lease audit experts on our Hughes Marino Portfolio Lease Administration & Advisory team are here for the sole purpose of helping to protect tenants from erroneous charges billed by landlords. By reviewing lease documents, supporting information and detailed operating expense statements, we are able to uncover any red flags or possible areas of concern that might otherwise go undetected. We encourage you to be proactive in reviewing your charges and our team can assist you every step of the way. □



*Carmela Roco is vice president of lease audit at Hughes Marino, an award-winning commercial real estate firm with offices across the nation. Carmela is a part of Hughes Marino's Portfolio Lease Administration and Advisory team and helps tenants address issues that arise during their occupancy. Contact Carmela at 1-844-662-6635 or [carmela.roco@hughesmarino.com](mailto:carmela.roco@hughesmarino.com) to learn more.*

*Michael Cavell is senior vice president of lease administration & audit at Hughes Marino, an award-winning commercial real estate firm with offices across the nation. Michael is a part of Hughes Marino's Portfolio Lease Administration and Advisory team and helps tenants address issues that arise during their occupancy. Contact Michael at 1-844-662-6635 or [michael.cavell@hughesmarino.com](mailto:michael.cavell@hughesmarino.com) to learn more.*



**Carmela Roco**  
Vice President of  
Lease Audit  
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**Michael Cavell**  
Senior Vice President of  
Lease Admin & Audit  
Hughes Marino

*A look inside:*

# four

PROJECTS

Our Team Has in the Works

**HUGHES MARINO PROJECT MANAGEMENT**



**W**e believe a business' commercial real estate provides the foundation on which it will build its future success. That's why we make it our priority to clearly understand the expectations of each client, and hold ourselves accountable for delivering on that vision. From life science facilities to nonprofit headquarters, our program, project and construction management team has completed a variety of exciting projects over the past year. Here is an inside look at some of the projects we are honored to be a part of.

## *01 Cue Health*

Hughes Marino represented Cue Health in the leasing of two new facilities in 2020, giving the Program, Project and Construction Management team the ability to continue working alongside Cue Health as they maintain steady growth due to exciting achievements. In March, Cue Health received Emergency Use Authorization from the FDA for its COVID-19 test for home and over-the-counter use, making it the first ever molecular diagnostic test available to consumers in the U.S. without a prescription. Prior to that, in October 2020, Cue Health received a \$481 million reward from the Department of Defense, on behalf of the U.S. Department of Health and Human Services, to expand and scale up production of its point-of-care COVID-19 test kits.

Cue's new 65,000 square foot facility houses several manufacturing cells, production and plating lines, warehouse and private and open offices. The second facility houses nearly 200,000 square feet of manufacturing cells that will allow Cue Health to increase production of its COVID-19 test kits per day, to get them on their way to deliver six million tests to the US Government.

The Hughes Marino Program, Project and Construction Management team, alongside McFarlane Architects and Burger Construction, were instrumental in the planning, design, permitting and construction of these facilities at a rapid pace.



## *02 Quidel Corporation*

As the world continues to fight through the challenges posed by the global pandemic, Hughes Marino is proud to be able to partner with Quidel Corporation in delivering projects that help contribute to the fight against COVID-19 and other infectious diseases. These new projects will be used as a response to the increased demand for rapid diagnostic tests.

Hughes Marino worked very closely with Quidel and the general contractor to deliver a 106,500 square foot distribution center, which allows Quidel the ability to expand its network of distribution facilities. This distribution center comes equipped with ample storage and a state-of-the-art cold storage space that is needed to support the technologies created by Quidel.

Because of the successful delivery of the new distribution center, Hughes Marino is very proud to announce that they will be working with Quidel on an additional facility to expand Quidel's manufacturing capabilities. This project will transform an existing 115,000 square foot facility into a state-of-the-art manufacturing center, fully equipped with advanced temperature-controlled environments.

Hughes Marino partnered with the Quidel project team, which includes Prevost Construction as the general contractor, McFarlane Architects as the architect, J & R Engineering as the mechanical/plumbing engineer, RB Consulting Engineers as the electrical engineer, Pacific Rim as the mechanical contractor, and Neal Electric as the electrical contractor.

**LEFT** Pushback and traditional racking at Feeding San Diego's new headquarters.

### 03 Fish & Richardson

Intellectual property law firm Fish & Richardson relocated to their brand new, highly progressive office on one and a half floors of a newly constructed Class-A 4-story building. The eye-catching curved ceilings, glass office fronts, outdoor terrace with a fire pit and floor to ceiling windows achieved Fish's important goal of brightening the space and bringing the thoughts and benefits of the region's nature, waves and sun into the space for all to enjoy. A new showcase staircase with all glass paneling connecting the third and fourth floors was installed to encourage individuals to interact with each other as part of a big collaborative workspace. Flexible spaces include

small and medium conference rooms, however more notably are two large conference rooms, divided by a Skyfold retractable wall, allowing the rooms to convert into a larger conference room or training room. Additionally, a NanaWall glass front folding system can be fully open for events and access to the terrace. The space also consists of high-end finishes throughout, three types and sizes of private offices with custom furniture and adjustable sit stand desks, and a centralized spacious administrative hub with several workstations. Pacific Building Group was the General Contractor for the project designed by ID Studios.

### 04 Feeding San Diego

We are grateful and honored to have provided brokerage and project management services in the recent relocation of Feeding San Diego to their new 40,000 square foot headquarters in Sorrento Valley. As the leading hunger-relief charity and food rescue organization serving San Diego County, the relocation was a mission in and of itself, especially during a pandemic, when community needs and hunger were at an all-time high. The project utilized pushback racking that allows for 2-deep pallet storage in order to increase space efficiency. Also included in the warehouse is a new large walk-in refrigerator and freezer, both with racking, to store valuable perishable goods. The

addition of new dock levelers, bug screens and in floor sunken scales has increased productivity and the flow of goods in and out of the space. The other half of the suite consists of two stories of refreshed office space that can house more employees than before, break rooms, large and small conference rooms, a new and spacious volunteer center and a large welcoming reception/lobby area. Burger Construction was the General Contractor for the project designed by Ware Malcomb.

We thank Feeding San Diego for all that they do for the community and encourage everyone to donate or volunteer for their cause at [feedingsandiego.org](http://feedingsandiego.org).



**WE UNDERSTAND FIRSTHAND THAT CONSTRUCTION MANAGEMENT FOR ANY PROJECT OFTEN LOOKS LIKE A JUGGLING ACT BETWEEN ARCHITECTS, ENGINEERS, CONTRACTORS, VENDORS AND CONSULTANTS, AND WITH EACH CLIENT, WE SET A CLEAR PATH FORWARD, KEEPING THEIR PROJECT ON TIME AND ON BUDGET AT EVERY PHASE.**

Our program, project and construction management team has extensive experience orchestrating the design and construction of virtually all types of projects—corporate, life science, residential, nonprofit, education, health services and much more. Need an honest opinion or would like to get our insights on your upcoming project? Just reach out, and we'll be happy to help.

LEFT Fish & Richardson's brand new Class A office space.

# *POST COVID STRESS SYNDROME*

AS WE BEGIN TO CONTEMPLATE  
WHEN WE WILL GO BACK,  
LET'S TALK BRIEFLY ABOUT  
HOW WE WILL GO BACK.

BY JOHN JARVIS



This prolonged work-from-home, physical distancing experience has been hard. I think we all need to acknowledge that. Undoubtedly there is a spectrum, from hard to harder to hardest, and I believe we all fall somewhere on that continuum. And now that case counts are declining and vaccinations are increasing there is growing dialogue about when we will return to work, when we will return to in-person



**John Jarvis**  
Senior Vice President  
Hughes Marino

social interaction and when we will return to some modified version of what we used to consider normal. As part of that conversation, I believe it is important that we consider how we will go back. Like atmospheric re-entry, or rising up from the ocean floor, avoiding injury requires some prior planning.

I spend a fair amount of time adventuring outdoors and sleeping in tents, and so for me, this shelter-in-place experience has reminded me of the times I have been trapped in my tent

due to extreme weather, sometimes for hours and sometimes for days. It takes effort to keep your wits about you while time simply passes. It helps to stay busy in some fashion, to keep your mind engaged and to keep your spirit from languishing. It is best to take it one moment at a time, and not to get drawn into worry or remorse. Moment to moment, each moment a victory. I have felt this at various times over the last year.

And now it appears the storm may be lifting. We may soon be able to emerge from this tent of isolation to breathe deeply the fresh air without fear of infectious particles, and to feel the cleansing sun on our fully exposed, unmasked face. Man, that is going to feel so good.

But it is important, I think, to acknowledge what we have been through. I fear that we are all going to slingshot back out into the world and suddenly find ourselves busier than ever trying to catch up and make up for lost time. So I propose a few notions that we might hold in our thoughts during this transition back, to keep us from burning up or suffering from the bends, so to speak.

“  
*...and to feel the cleansing sun on our fully exposed, unmasked face. Man, that is going to feel so good.*  
”



#### **Acknowledge the Reality**

Let's acknowledge that we have all been through something really hard. Much harder for some, but hard for everyone. To ignore trauma is to invite it to stick around in some lingering fashion. Repeat after me—this has been hard.

#### **Celebrate the Victory**

Let's celebrate, when we can, the fact that we have made it through this extreme challenge to fight another day. Not everyone made it, that is brutal and sad, but we did. Don't feel guilty about this. Celebrate it. Well done. One day at a time, moment by moment, 365 damn days (and counting) trapped in our little tent, and soon we will be able to say we made it. Congratulations will definitely be in order.

#### **Double Up on Compassion**

We all know what we have been through. But we have no idea what others have been through. Low points, hard times, loss and regrets. As things ramp back up to full speed, if something or someone causes us to become upset, can we add a two count before we respond? They might need it. We might need it. Let's do this for one another.

#### **Appreciate One Another**

Lastly, let's appreciate one another. I suspect this one will come naturally for most. I am an introvert, and I miss people. I miss sitting down with you over a cup of coffee and hearing what is going on in your life. I miss gathering as a team and going around the room with banter and laughter. I miss breakfasts and lunches and dinners where we talk and share and laugh and fight over the bill. I know I took this for granted before, but not anymore.

So let's get back to work soon, and let's do it in a way that shows we have learned the lessons of the last twelve months. I look forward to seeing you soon. □

*John Jarvis is a senior vice president of Hughes Marino, an award-winning commercial real estate company specializing in tenant representation and building purchases with offices across the nation. Contact John at 1-844-662-6635 or [john@hughesmarino.com](mailto:john@hughesmarino.com) to learn more.*



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# *How We Can* **HELP**

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**PROGRAM, PROJECT & CONSTRUCTION MANAGEMENT**

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