

WORK+SPACE®

BUSINESS + REAL ESTATE + DESIGN + CULTURE + CONSTRUCTION



IN THIS ISSUE

How Culture Drives Success
in Business: Hughes Marino
Featured in New Leadership Book

Anduril Industries Moves into
New Headquarters with the
Help of Hughes Marino

Understanding the
Sale-Leaseback Market

Before & After: How a
Design Refresh Can Make
an Office Feel New Again

Spaces We Love: Smashtech's
Top of the World Headquarters

5 Common Mistakes
Commercial Landlords Make
When Preparing CAM Statements

8 Solutions to Open Office Issues

A Waiting Game in the
Land of the Midnight Sun

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PUBLISHER'S NOTE

Informed, Confident & *Appreciated*

This simple, yet powerful phrase is what we discuss at every team meeting. It's what we strive to help our clients feel with every interaction they have when working with our company. This sentiment is a goal we work toward each and every day, and just another way we serve as a differentiator in the commercial real estate industry.

Within this issue of Work+Space®, you'll have an inside look into just how much focus we place on keeping our clients and readers informed on a variety of aspects of business operations. From the critical importance of a thriving company culture, to the complexities of a sale-leaseback transaction, solutions to the challenges of open office floor plans and ways to make an office feel new again—the depth of knowledge our experienced team offers is second to none. This knowledge, paired with the priority we place on conflict-free representation by representing only commercial tenants, never landlords, is a major reason why our clients know they can confidently trust us to make the most optimal, informed decisions with their best interests at heart.

This year has been incredibly rewarding for our team as a whole. We've vastly expanded our operations in San Francisco and East Bay, and we've been humbled to be cited as an example of how culture drives success in best-selling author Joe Calloway's latest book, *The Leadership Mindset*, which you can read about in the coming pages. We can't wait to see what the future holds, and we sincerely appreciate every one of our clients, and each of our amazing team members, for instilling their trust in Hughes Marino.

We hope you enjoy our October issue of Work+Space®. We look forward to working with you and showing you how we aim to make everyone in our sphere feel informed, confident and appreciated.

Jason Hughes
Chairman & CEO
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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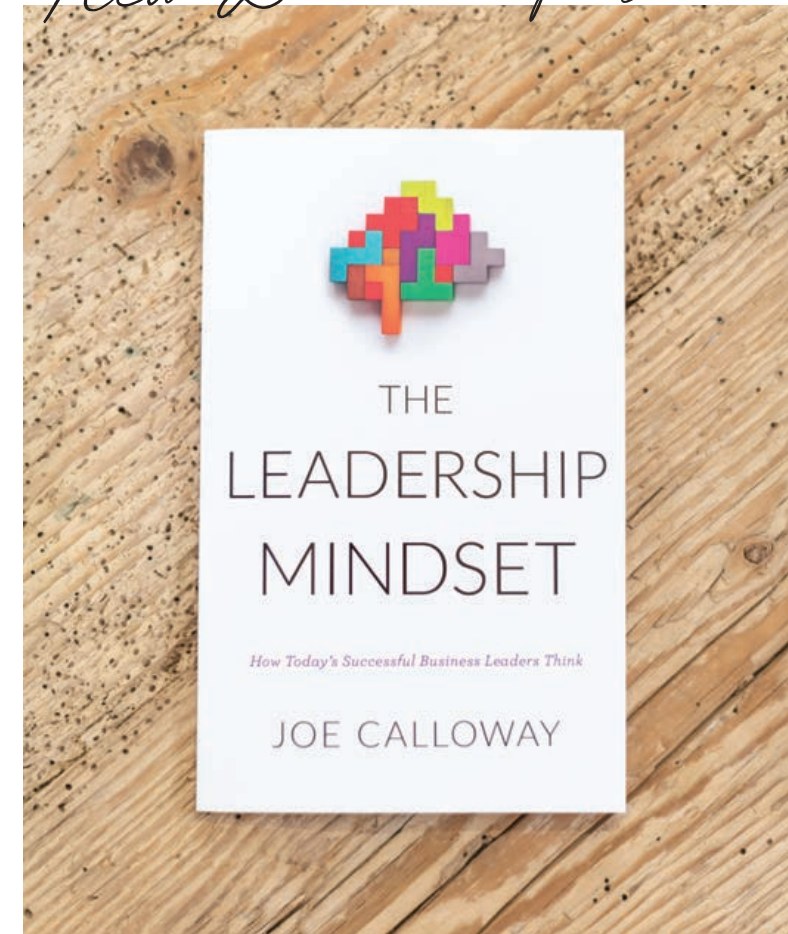
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HUGHES MARINO

HOW CULTURE DRIVES SUCCESS IN BUSINESS:

*Hughes Marino Featured in
New Leadership Book*



By Shay Hughes

Before we even opened our doors, Chairman & CEO Jason Hughes and I always knew we wanted to place company culture and the happiness of our team as a top priority. We wanted to develop an environment where our team members would feel more like family than co-workers, where our offices felt more like homes than cold office spaces, and where our teams would be committed to deliver hard work and excellence to clients. We have learned so much over the years and are constantly finding new ways to enhance

our culture, which has definitely paid off in so many ways. We are honored to share that Hughes Marino's culture was recently featured in an entire chapter of world-renowned author and business coach Joe Calloway's latest book, *The Leadership Mindset*, as a prime example of how culture drives success. Here are three key insights that I shared with Joe about how our continuous commitment to company culture has completely revolutionized our company and the commercial real estate industry.



1. How Culture Has Been Vital to our Success

Our company has been completely transformed by our culture, positioning Hughes Marino as a standout in the highly competitive commercial real estate industry, while also revolutionizing how the industry will operate in the future. While most brokers unfortunately have to compete against each other within their own company, our brokers and entire team of subject matter experts work together in a collaborative and non-competitive environment with unprecedented operational support. Not only do we provide a unique suite



Shay Hughes
President & COO
Hughes Marino

of services tailored to only representing commercial tenants, we make a commitment to operate ethically and with integrity, keen attention to detail, respect and authenticity. While we provide an incredible service experience and outcome for our clients, many companies are eager to work with us solely because of our ten Core Values, nationally-recognized culture and our outstanding professional team.

2. How We Keep Positive Culture Thriving

Maintaining our tight-knit culture always begins with hiring the right team members. No matter how much we need to fill a new position, or how long it takes to find that right person, we know we can never compromise on hiring, because that is our first defense to protecting the environment we love so much. During our extensive interview process, we look for people that embody our Core Values and have standout character who will fit right in and thrive with our friendly team.

Another way we keep our positive culture thriving is by embracing appreciation and gratitude. By providing our team members with plenty of recognition for a job well done, they feel fulfilled and appreciated in their roles, and strive to work even harder. One of the most enjoyable ways we encourage appreciation is through our WOW cards, where everyone has the opportunity to recognize their teammates for going above and beyond in front of the entire company, which really keeps the positivity and gratitude flowing.

We also do our very best to enrich the lives of our team in any way we can, both personally and professionally. In addition to the monthly birthday celebrations, fun tournaments in our



game rooms and other contests, we bring in admired business coaches including Joe Calloway, Mike Robbins and Jesse Itzler to inspire our team. We also provide top-of-the-line healthcare benefits, student loan assistance and provide our team with plenty of extra time off around the holidays (in addition to allocated vacation days) to spend with family and recharge.

We do everything in our power to make sure all of our amazing team members feel valued, fulfilled and happy to come to work every day with people who care about each other like a family, and that commitment to our team has kept our culture alive and well.

3. Why Culture Matters in Business

Culture makes an incredibly dramatic difference in the business world. To have the opportunity to work amongst truly kind-hearted, driven and intelligent people while revolutionizing the industry is a rewarding opportunity for all of us, Jason and myself included. Our company culture is what has attracted some of the most talented, sought-after candidates from across the country to Hughes Marino. Each team member has added so much to our company, from their cultural contributions, to their talent, intelligence and grit, all of which have played a major part in our success and national expansion. Our brokers are supported by the entire team—

from our deep operational support to project and construction management, planning and design, culture consulting, portfolio lease administration and advisory, and our in-house legal team—which sets them up for success right out of the gates.

Culture also provides our team with a competitive advantage, setting us apart from other commercial real estate firms. Companies come to us to utilize our expertise in order to enhance their own offices and company culture so they can attract and retain top talent. Nothing is more rewarding than helping others succeed alongside us and positively impacting workplaces and people's lives every day.

As Joe highlights in *The Leadership Mindset*, culture is a critical factor that drives success in business, and we are completely honored to be featured in his book. It has been a truly rewarding experience watching our company and clients thrive and the lives of our team members flourish, and we can't wait to see what's in store for the future. Onward! □

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@hughesmarino.com to learn more.



ANDURIL INDUSTRIES

Moves into New Headquarters with the Help of Hughes Marino

By Tucker Hughes & Zane Keith

Anduril Industries is a different kind of defense technology company. Anduril builds creative cost-effective technology that aids those who serve on the front lines defending the nation and its interests. The company's approach is to innovate fast, with the best talent, funding their own product development, and only sell it when it's ready. Anduril's core technology includes artificial intelligence, autonomous systems, sensor fusion and the application at the front lines of operations. They focus on applying their technology to defense, law enforcement and the securing of critical infrastructure.

Founded by Palmer Luckey, who previously founded and sold Oculus to Facebook for \$2 billion, and joined by co-founders Brian Schimpf, Trae Stephens, and Matt Grimm, who



Tucker Hughes
Managing Director
Hughes Marino



Zane Keith
Senior Project Manager
Hughes Marino

come from senior positions at Palantir, and Joe Chen, who previously was product lead at Oculus, Anduril's team has grown into a 100+ person organization with offices both in Orange County, CA,

and Washington, D.C.

Earlier this summer, Anduril moved into its brand new 155,000 square foot corporate headquarters, located in Irvine at 2722 Michelson.

Anduril's move into their new home marked the conclusion of over a year-long process of securing the perfect building to support their growing team of technologists, and the final space is one of the most cutting-edge and innovative workspaces in the region.

Reportedly the largest office lease signed in 2018 county-wide, a project of this scale requires a massive amount of strategy, design and coordination, which Hughes Marino was proud to lead.

The project kickoff began with a thorough quantification of Anduril's space needs, followed by identifying the prospective buildings that could be modified to fit the company's very specialized space requirements. Thereafter, complex economic and legal negotiations ensued with a number of different property owners that were vying for Anduril's tenancy at their respective buildings. Once terms were agreed upon, the parties worked through lease document negotiations, and then ultimately into design, permitting, construction, and finally, with the move into the completed space.

The new workspace features a large "mess hall" where the team gathers for meals, plus a virtual reality room, gym,

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—Matt Grimm, COO, Anduril Industries

showers and plenty of outdoor work areas. Throughout the space one can see Anduril's creative mindset in physical form with an aesthetic that encourages collaboration and workplace efficiency that fits their unique needs.

“Our goal was to find a space in Orange County that would allow us to house all facets of our company with space to grow,” said Matt Grimm, Anduril Industries' COO. “The blank slate allowed us to create a space that is both functional and attractive to today's tech talent.”

Prior to being transformed by LBA Realty into a state-of-the-art creative office building, the space was formerly occupied by St. John Knits.

Given Anduril's unique operation, we knew at the onset of the project that one of the challenges would be blending the creative office components with functional work areas for technology development. A project like this one would not have come together so successfully without the help of many world-class consultants, which we helped hire and manage to ensure Anduril's space was delivered on time and on budget.

As more high-growth companies select Orange County as their home, Anduril's presence will undoubtedly serve as an additional catalyst to attracting world-class businesses and entrepreneurs to the area.

Congratulations to Anduril Industries and their team on all of their success, as well as on their amazing new corporate headquarters! □

Architect & Designer: IA Interior Architects

Contractor: Driver SPG

Furniture: Catalyst Office, Steelcase

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UNDERSTANDING *the Sale-Leaseback Market*

By Matt Geist & Riley Hillis

Something happened in July 2019 that warrants considerable attention. The U.S. economy pushed through 120 months to reach the nation's longest ever economic expansion. This phenomenal economic story demonstrates the resilience of American businesses and the consumer. Along the way, equity markets as measured by the Dow Jones and S&P 500 have more than quadrupled, while commercial real estate values have concurrently skyrocketed.

As compared to the peak of 2007, commercial real estate prices in 2019 are 30 percent higher as measured by Costar. That is quite a remarkable run and represents a sizable appreciation in value. The question is...what comes next? Let's look at this through the eyes of a business leader.



Matt Geist
Associate Vice
President
Hughes Marino

A property/business owner-user CEO with a flourishing operation in the Greater Seattle or San Francisco metro is no doubt pondering the numbers and considering her options. As CEO, she has expansion plans, wants to commit more capital to the business, hire more employees and expand the company's product offerings. Borrowing is always an option however, she is concerned about adding debt to the balance sheet and siphoning away valuable cash flow. While she has seen a tremendous boost in the company's asset value from the property appreciation, the capital is tied-up and unable to be put to use in ways that could create robust long-term financial returns. If only there was an alternative...



Riley Hillis
Tenant Advisor
Hughes Marino

The Sale-Leaseback Option

A very common, yet not well understood commercial real estate transaction is the

sale-leaseback, which involves an owner-user selling their real estate asset to an institutional purchaser, and then leasing back the property as a tenant.

In this case, the CEO owns a manufacturing facility, which based on recent market sales is worth \$10 million against a mortgage obligation of \$3 million. The \$7 million in potential equity could go a long way towards pursuing her expansion plans. By conducting the sale-leaseback, the CEO unlocks this frozen capital, which in most cases is not generating the return it otherwise could.

Advantages

In addition to turning illiquid equity into deployable capital, a sale-leaseback carries a number of additional benefits.

- In most cases, business rent is fully deductible for tax purposes.
- There are no interest costs associated with borrowing against the property's equity.
- A lease offers future cash flow visibility.
- There may be ways to minimize capital gains liabilities through a 1031 Exchange or Opportunity Zone investments.

Sale-leasebacks are not complicated in theory, but as with all commercial real estate transactions, the complexity is in the details.

A Little Math

The CEO is intrigued by the sale-leaseback idea but would like to understand the financial elements in more detail. Let's work through an example:

In 2011, the CEO purchased the property for \$5 million with a Capitalization Rate (Cap Rate) of 6 percent.

Cap Rate = Net Operating Income (NOI) / Property Value
NOI = Gross Operating Income - Operating Expenses

From this one Cap Rate equation, the CEO can determine any figure, provided she has two data points.

In this case, the NOI of the property in 2011 was \$300,000.

Fast forward to 2019...

NOI now stands at \$600,000 and the Cap Rate is 6% percent. As such the value of the property is: \$10,000,000.

These are simplistic examples of course, and there are multiple methods to valuing a commercial real estate asset including among others: gross rent multiplier, sales comparison and cost approach.

Context

The numbers are one piece of the puzzle, but must be examined in the context of the economic environment, and the fundamentals of the market where the property is situated.

The economic expansion of the last decade may still have room to run, with months or perhaps a few years of growth still attainable. Unquestionably though the pace of expansion is weakening and the astronomical rise of property values in hot markets is also softening. Over the last years, cap rates have compressed—moved lower—substantially and this could be a point where that trajectory stalls or even reverses.

All of which leads to the CEO thinking that perhaps the time may be now to act and tap the equity value of the property.

Professionals examine the company's numbers and believe the market price of \$12 million based on comparable sales is far too low. Reaching out to a number of institutional investors who have been gobbling up well positioned and profitable properties, the team negotiates on behalf of the business owner to secure the best lease terms, rate and sale price for the property.

One year later, the CEO has expanded operations in a new metro with her unlocked capital, her lease is locked in for 10 years at a terrific rate and she took advantage of an Opportunity Zone investment to mitigate the capital gains impact.

If a sale-leaseback is something you'd like to consider, reach out to our team and we'll be happy to explain this option in much greater detail! □

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BEFORE & AFTER:

*how a design refresh can make
an office feel new again*

By Shay Hughes

Office design has an enormous impact on company culture, team morale and the overall energy of the space, which is why we put so much thought into the design and décor of our own homes away from home. From the selection of each piece of furniture, to the vibrant art hanging on our walls, to the playful décor that can be found around every turn, every detail matters when cultivating spaces to inspire our teams and leave lasting impressions on our clients.

While we go to great lengths to maintain our beautiful offices, I was longing to give them a bit of a refresh to renew our mindsets, spark creativity and keep everything feeling new and inspiring. After brainstorming about potential new looks, sourcing new materials that would work well with our existing art and furnishings and ensuring a cohesive, unique vibe for each office, we're excited to share with you not only the end result, but some tips for doing this yourself if you're interested in giving it a try!



Embrace the Power of Slipcovers & Pillow Shams

We have always loved our plush, comfy couches, so instead of the unnecessary investment of purchasing all new furniture, we simply bought new slipcovers for our existing couches and recovered a few of our upholstered pieces with new fabrics. By covering our couches with new vibrant, jewel toned velvet slipcovers, the vibes of our living rooms were instantly updated and dramatically transformed! We also added new pillows and shams to complement our revitalized looks, while adding an extra layer of welcoming comfort for our visitors. Colorful new fabrics alone were a key element to the transformation of our living rooms, and an easy way for any business to refresh their space!



Illuminate with New Light Fixtures

We love incorporating unique lighting—like neon signage, chandeliers, sconces and spotlights—into our spaces wherever possible! By swapping out our glittering glass-beaded chandeliers over our family farm table at our headquarters with bold, brass fixtures, we were able to transform the feel of our headquarters, cultivating a more regal look that is unique to our San Diego office. In our other offices, we replaced older light fixtures with more modern designs from Circa Lighting, Lambert & Fils, Kate Spade and Rejuvenation, giving the spaces an immediate update. What's great about changing out existing lights is that you can spend your budget on new fixtures themselves, and don't need to spend extra dollars on wiring when it is already in place.



Incorporate a Focal Point of Bright, Inspiring Books

Fun coffee table books have always been a signature element of our décor throughout our offices. When we set out to revitalize the built-in bookshelves at our headquarters, I saw it as a perfect opportunity to inject vibrant pops of color that incorporate the beautiful rainbow of elements from our surrounding art pieces, and also to double as a library jam-packed with fun and inspiration for our team!

The end result was a colorfully pleasing new focal point, displaying hundreds of hardcover books and fun knick-knacks. Our new library is home to a variety of topics, from travel books on Iceland, Greece and Tuscany, to hobby books on electric guitars, floral and interior design, to even the most whimsical topics: Harry Potter, impressionist art and the power of sprinkles! This is definitely one of the most achievable refresh projects for any office, which can be based on color or book topic!

Whether it's bringing together the bright blue and emerald green velvet couches in our Orange County office, or complementing the soft pink, creams and muted gray in our Downtown San Francisco office, using books to play off of and unite fabric choices and art is an easy and affordable design tip that anyone can employ.

Spark Imagination with Bold & Fun Art

We make a point to have fun eye-catching art on display in every office, and we are always looking to add more to our collections. Changing up the look could be as simple as rearranging pieces, or replacing prints to form a fun, fresh gallery wall!

In our recent office refresh, we purchased a few new pieces for key areas like conference rooms and open spaces, and then moved existing art from one office to another where it would feel new again.

The latest art in our collection includes bright and happy prints by Gray Malin, whimsical and dramatic photography by Greg Lotus, playful multimedia sculptures by Gary Polonsky, and colorful paintings by Ryan Jones and James Wolanin.

A tradition in every office is our family photo wall, where we arrange simple Pottery Barn frames, showcasing black and white photos of our team's families, friends and pups too, as a reminder of what motivates us throughout the day. For us, that is taking care of our families, and our Core Value #4, embrace the family spirit. By incorporating a mix of color, fun subjects and whatever is most near and dear to your team's heart (for us, that's our families), any company can add interest and spark creativity in their workspace!



We thoroughly enjoyed every step of our refresh process, and we hope you're inspired, too! For any company looking to freshen up the look of a space, it's amazing what can be achieved by adding new light fixtures, cultivating a new focal point and having fun with new fabrics to make an office feel fresh and exciting again! □



SPACES WE LOVE

SMASHTECH'S

TOP OF THE WORLD HEADQUARTERS

By Star Hughes-Gorup



One of the most rewarding parts of helping businesses find the perfect space for their teams is watching them progress and grow over the years, and Smashtech is the perfect example! We first showcased their imaginative office in 2017. Fast forward to 2019, when they recently relocated their headquarters to the 33rd floor of a high-rise, and it turned out fantastic. All I can say is WOW!

Smashtech creates ecommerce health and wellness brands, with a mission to provide world-class products and customer experiences to consumers online. They focus on their customers, provide real value, foster relationships and put their customers' needs first. Not only is their office innovative in itself, but it is one of the most detailed, modern, wow-worthy spaces I have ever seen!

When you first step off the elevator, you feel as though you are transported to a red-carpet affair. The pink neon lights add a fun pop of color as you enter the reception area, which also illuminate Smashtech's logo that is proudly displayed behind the front desk. Talk about first impressions!



Star Hughes-Gorup
Senior Vice President
& Director
Hughes Marino

Fun pendant lights hang from the ceiling and gold accents are featured throughout the space. Modern, black and brown furniture adds the perfect touch to complement the polished concrete floors and plays off of the industrial yet sleek feel throughout the office.

And can we talk about the view?! The space is lined with windows that have views that span from the mountains to the ocean. Breathtaking views are also seen from their glass enclosed conference room. It's the perfect spot for their team to be inspired!

The office has open workstations, allowing departments to collaborate on new ideas. An open kitchen also acts as a space where the team can take a break and engage in some friendly games of foosball, ping pong or billiards.

Smashtech knows the key to success is a happy team, and we are proud of them for being named a Top Company Culture by *Entrepreneur* and a Best Place to Work by the *San Diego Business Journal*, along with many other accolades from local and national publications.

Their space definitely exudes their appreciation for their team, and in their own words, their team is the best reflection of their culture.

Congratulations to Smashtech for their amazing space! We cannot wait to see where the future takes you! □

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 blogs about life as a woman in a male-dominated industry at starhughesgorup.com. Contact Star at 1-844-662-6635 or by email at star@hughesmarino.com.

5 Common Mistakes Commercial Landlords Make When Preparing CAM Statements

By Michael Muna

Whether you are a tenant in an office, industrial or retail building, you are likely familiar with the CAM or operating expense charges passed on to you by your landlord. In a triple net lease, tenants are responsible for 100% of their proportionate share of these expenses on top of their rent. In a gross lease, tenants pay for their proportionate share that is in excess of the Base Year amount. These charges are above and beyond the base rent that is stipulated in the lease document and their unpredictability make them a sore spot for many businesses. Tenants receive these operating expense statements from their landlord's property manager, but how can they know that they are accurately calculated?

At Hughes Marino, we audit hundreds of leases each year and have identified millions of dollars in erroneous charges. These savings would not have been achieved if not brought to our attention, so tenants need to be proactive in validating these charges or face the reality that they may be paying expenses that could be avoided.

Lease language pertaining to operating expenses is often heavily negotiated when signing a lease and vary from tenant



Michael Muna
Associate Vice
President, PLA
Hughes Marino

to tenant based on their leverage during negotiations and the strength of their tenant representative broker. However, what the attorneys and brokers negotiate in the lease and to what extent they are conveyed to the property managers and accountants is where many errors can occur.

While the list is endless, here are five common issues that we see when reviewing our client's operating expense statements.

1. Ignoring Operating Expense Caps

Negotiating caps on the operating expense increases in a lease is a big win, and not always easy to achieve. This protection limits the tenant's exposure when the landlord is unable to keep increases within a reasonable range but is commonly overlooked by the managers and accountants that handle the day-to-day accounting at a property. Because caps are not standard to most tenants, the burden may be on the tenant to ensure property managers are aware of these caps and properly applying them.

2. Excessive Management Fees

Unlike most expenses, the management fee is a somewhat arbitrary figure agreed upon by the building owner and property manager, and in many cases, the owner acts as its own property manager. Like the above-mentioned cap on operating expenses, some leases limit management fees to 2 to 3% of the rent. This one is a little more difficult to spot because it often requires calculating the building's approximate gross rent, however, it is important to check as a 1 to 2% change in the management fee can prove costly to tenants.

3. Inconsistently Applied Costs

It's important that the management style of a building stay consistent from year-to-year. Adding certain expense categories such as security, earthquake insurance or administration overhead can spike operating expense costs. This is especially common when a building is sold, and the new ownership applies their own management style. When a building sells, tenants should compare expenses presented



by the new owner against prior year statements and question categories that appear to have incurred unreasonable increases.

4. Capital Passed Through or Not Amortized

Many leases have protections against landlord capital expenses. This means that the landlord cannot make improvements to the building that increase its value and pass those expenses on to tenants. These costs are sometimes hidden in other expense categories such as repairs and maintenance, so tenants must pay attention to this detail and challenge when necessary.

5. Base Year Issues

In a gross lease with a Base Year for expenses, that Base Year needs to be correct, as this will be a critical factor in future operating expense costs. Since this is the basis of future years' expenses, the higher the amount the better. Landlords will sometimes underestimate this number or not use the proper

Base Year amount in future years, and it can end up being costly in the long run.

The key to limiting bad operating expenses management by a landlord is an expertly negotiated lease. The reality is, if there are no operating expense protections in the lease, a landlord could pass on any and all expenses to their tenants.

If you feel your operating expenses may be incorrect or just want some peace of mind that you are being correctly billed, our lease audit experts on our Portfolio Lease Administration & Advisory team at Hughes Marino can provide a complimentary review. With a commitment to our clients that goes well beyond the signing of the lease, our experts can help you navigate through these charges to ensure you achieve significant savings. □

Michael Muna is associate vice president of Hughes Marino's Portfolio Lease Administration and Advisory team, an award-winning commercial real estate company specializing in tenant representation and building purchases with offices across the nation. Contact Michael at michael.muna@hughesmarino.com or 1-844-662-6635 to learn more.

8 SOLUTIONS

to Open Office Issues

Improving on a Polarizing Trend

By Nicholas Willis

Noise. Lack of privacy. No sense of personal space. No ability to focus. Funny smells. Messy colleagues and their trinkets. Co-workers with quirky tendencies. Trending viral videos. Headphones and Slack. “Open office” planning has been getting a bad rap these days, as public opinion and sensationalized news stories emphasize negative aspects of the design. While there are many challenges that come with the open office concept, there are also many solutions that can be implemented to help your team maximize the benefits that the open office layout has to offer!

Current Issues and Ways to Alleviate Them

1. High Density

By far, the biggest enemy the open plan faces is density. To be clear, open plans naturally promote densification and efficiency, and have been utilized to serve exactly those purposes. When the desired outcome of open office design is to get team members in seats in the smallest footprint possible, problems will develop. A smart solution is simply to allow more space between people. While team members in today’s office rarely need the space that an 8 x 8 desk or cubicle offers, giving people the same footprint of space with a smaller desk might be one way to make the open office more accommodating.



Nicholas Willis
Interior Planning
Director
Hughes Marino

2. Workstation Sizes

We regularly see growing technology firms use the Ikea Bekant desk. It’s a desk that is affordable, simple, clean, sturdy (enough) that offers sit-to-stand as well as other custom options. But take note!

These desks measure just under 4 feet wide by 31 inches deep, with a larger version being 5 feet wide. This can quickly feel too constrained for day-to-day work, especially if placed side-by-side with seven other desks in a traditional bench format. We like to propose workstation solutions that provide at least a minimum sense of “territory,” with a panel or barrier between workstations facing each other, or with a file/drawer return surface perpendicular to the main worksurface to provide separation from adjacent desks.

3. Workstation Orientation

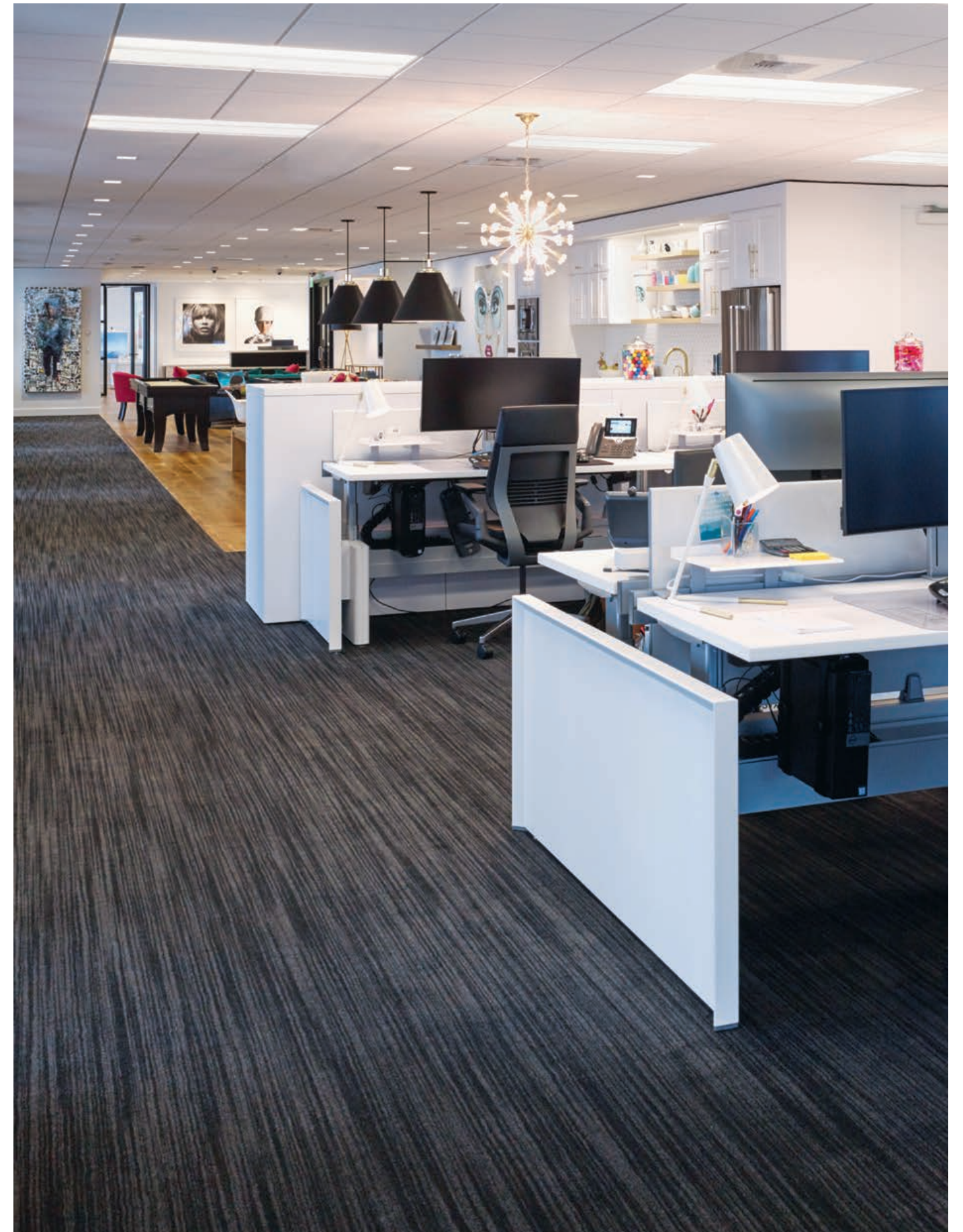
Whether people consciously know it or not, there is a certain level of discomfort in having your back to your boss or coworkers, and having your screen exposed. A sense of territory and privacy will go a long way in mitigating that stress. Orient people so that they face common aisles and walkways, and/or provide privacy from the back.

4. Lack of Focus Space

The traditional open office model—the one that is referenced and complained about most frequently—separates managers from staff. Managers are in offices, and staff are at workstations. While not necessary to eliminate this hierarchy completely, consider the privacy needs of the open office team, and place small, 2-4 people rooms nearby the open areas, with technology capable of handling the same needs that a workstation would. This will allow team members in open office settings to escape when they need to concentrate—and conversely, allow small groups to move into a closed space where they don’t disturb others while they collaborate!

5. Inappropriate Adjacencies

Putting your team right next to an open break room is a recipe for disaster. To the extent possible, we like to group “public” spaces and private spaces. So, if you have that large (open) all-hands area, make sure it is buffered by other





public areas—reception areas, conference rooms, lounges—or separated from work areas with functional rooms, server rooms, copy rooms, etc., to ensure that disturbances at team members' desks are minimized as much as possible. This planning separates work from play, allows private spaces to be free from distractions, and gives team members more freedom to have fun without worry of disturbance.

6. Noise

The trending open offices today come with architectural design that does next to nothing to mitigate noise. While firms stretch their tenant improvement budgets to deconstruct the traditional office with concrete or hard surface floors and open ceilings, the acoustic issues that come out of these designs need to be addressed. Acoustic panels, carpeting and sound masking (white noise machines for the office) are great ways to resolve noise transfer.

7. Team Separation

We always advocate for your staff to be together, but breaking up your workstation groupings with physical barriers or even lounge areas is a great way to quiet local areas.

8. One Size Fits All

Designing your office requires knowledge of how your teams function, how they work, the tools they require

and the space they need. An office that employs multiple professions under one roof will need different solutions. The sales team will be mobile and noisy, with work-anywhere freedom. Your developers are going to be plugged in, producing and engaged but susceptible to distraction. We often consider spaces being too noisy as problematic, but a sales or marketing team may thrive on the energy and excitement of constant communication! Make sure your teams have the space they need to do their best work.

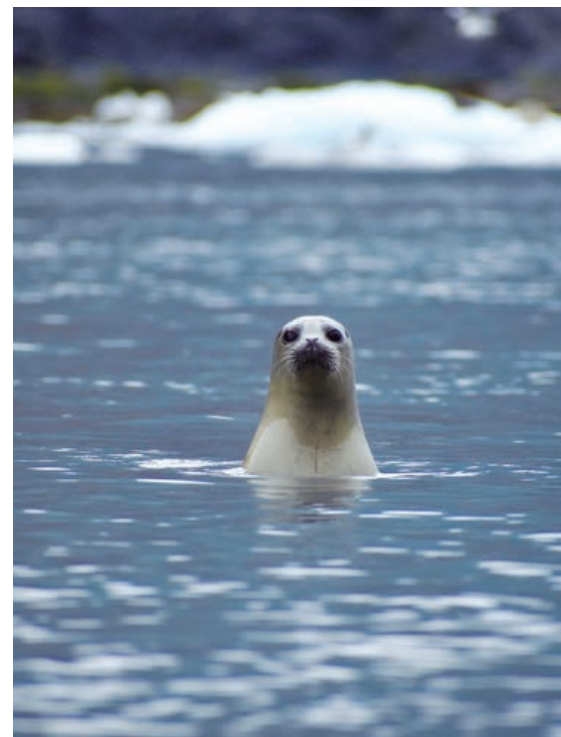
With extensive experience in open office plan strategy, our Planning + Design and Program, Project and Construction Management teams at Hughes Marino can help clients create dream spaces that cultivate and nurture their unique company cultures. By paying attention to these critical factors during the design process, you will help ensure that you're doing everything to make your open office environment as comfortable (and desirable) as possible. □

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A WAITING GAME *in the land of the* MIDNIGHT SUN

By John Jarvis



Photos courtesy of Lynn Petzold & John Jarvis

Every year for the last four years I have taken a trip into wilderness with the National Outdoor Leadership School (NOLS). Each and every time it has been rich, relaxing and rewarding. And each time I try to capture some essence of the experience that I can share with my team and my family and friends back home in the front-country. But this year's trip was different in a number of ways. First, I planned my own "custom" NOLS course. Then I personally invited the crew. It's a pretty big ask—hey, in addition to your own summer family plans, want to spend a week with me in Alaska paddling around glaciers? They all knew me, mostly, but they wouldn't know each other at all, so how was that going to work out? Eight interesting, willing and wonderful human beings said yes quickly, ready-fire-aim (love that) and the trip was on.

One of the cool things NOLS does on some of their trips is encourage participants to share their Leadership Journey with the group, ten minutes telling the story of "who am I?" I was slated to go first, and then I remembered something my oldest daughter Nicole recently taught me. It is called the "WAIT" method, and it stands for "Why Am I Talking?" Yep, she thinks I talk a bit too much. And I expect she isn't wrong. I shared this with the crew, and when they were done laughing, I explained that I would go last, that I wanted to practice talking less and hearing more. It was a great experience. Thank you, Nicole.



John Jarvis
Senior Vice President
Hughes Marino

And as I flew back to civilization, thinking about what I had learned and

what I might write about the experience, I thought again about sweet Nicole, and what a great idea it was for her to encourage me to "wait." So, in keeping with that theme, and in continuing the practice, I share with you instead the musings of our crew.

Sam

Spending the last week in the Alaskan wilderness with a group of virtual strangers was an incredibly profound experience. The landscape, the scenery and the wildlife were awe-inspiring. But what I will take away from the experience, and what has left me feeling so fulfilled, was the human experience. For various reasons, 10 people made the decision, independent of one another to take on the challenge, to put ourselves in an uncomfortable position that we knew would challenge us physically and mentally. We all agreed to hit the pause button on life: work, family, friends, summer activities, etc. in order to make ourselves vulnerable to unforeseen challenges. What I learned is that we are all hungry for a deeper connection with other people, whether it be the people we are closest to, or complete strangers. And we yearn to be in an environment that offers a degree of solace, but one that also offers a support system for us to draw upon when we need help or a dose of empathy. When we share an experience, it creates a bond. We should embrace making ourselves vulnerable to new experiences and new people. With empathy, teamwork and connection, we are stronger together—the sum is greater than the parts. Acknowledging the need for connection with one another, and sharing the experience while paddling under glaciers that have been around for tens of thousands of years lends us the perspective we need to live healthy, balanced lives.

Bill M.

Prior to embarking on the JJ wilderness experience, I had the pleasure of having lunch with John to catch up and learn a little bit more about what was in store...after all I had said "yes" with precious little information other than kayaks, Alaska and NOLS (hell ya, I am in!). During the course of our lunch, John mentioned the term "Expedition Behavior." I wasn't familiar with the term and therefore clearly had no idea what good expedition behavior might involve. Wanting to be sure I was meeting the guidelines and might then earn a second invitation, I went into the adventure with a few self-imposed guiding principles which turned out to be reasonably on target:

Own your own preparations:

Come to the party prepared and on-time. Read the advanced material, procure what you think you will need and be flexible in its use. In short, take this preparatory work seriously.

In the field, manage your gear and yourself in a quietly competent manner:

Be organized, don't take up a lot of room and be ready to switch gears to the next activity smoothly.

The unexpected will occur:

Be ready to pitch-in when the unexpected occurs. Having managed your own gear/self competently you will be allowed the time and attention to help and be productive in the unexpected crisis. If you aren't part of the problem, then be an active part of the solution.

Be looking around corners:

Think about the next 24 hours. What can I do to be out in front

of a potential issue...how can I make this experience easier and more enjoyable for myself and the team as a whole?

Be open, honest and an active listener:

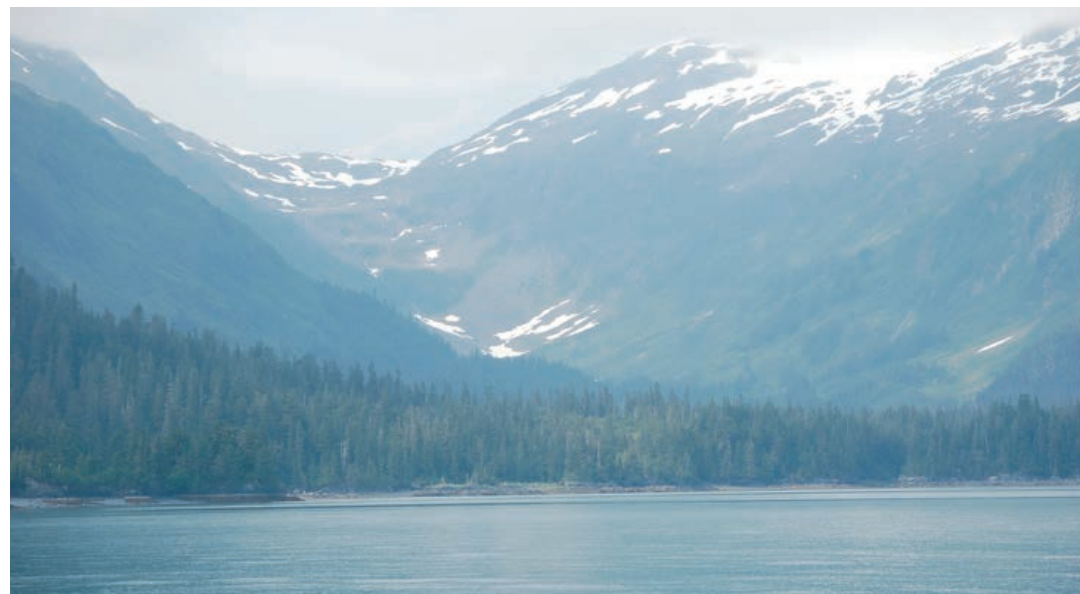
Be on "receive" more than you are on "send." Listen, watch, ask questions and when appropriate...be quiet.

OK, these guiding principles weren't perfect, but they were pretty close. And from what I could tease out of the NOLS Instructors, they did seem to reflect a pretty solid basis for good "expedition behavior." The now obvious question is under what circumstances are the above behaviors inappropriate? I would submit not many.

Susan

Leading up to the trip I was excited about the idea of kayaking and camping in the Prince William Sound. Nothing about the trip made me nervous or anxious, until I watched two video clips our instructors shared to familiarize ourselves with the area in Alaska where we would be paddling. After watching one video that captured the largest-ever glacier calving event, which was fascinating, and then a 2nd video showing a tiny kayak amidst massive ice floes, my mind went to the worst case scenario: "What if a glacier calves right in front us when we're in our kayaks? What kind of waves would that generate and how would we fare if that happened?" I remembered how cold the water would be and the idea of capsizing in frigid water added to this story in my head. Then I remembered that NOLS is well known for wilderness safety and I decided to push that story into a small corner of my mind.

Over the course of the five-day trip, I had many situations that in my mind were daunting. Ironically, after putting out of



mind my fear of rolling the kayak into chilly water, it was, of course, the first thing we did, as a “safety test,” and yes it was cold, but we all handled it just fine. We were introduced to a new term, “relaxed efficiency,” which was the attitude we were encouraged to maintain over the course of our week in the Alaskan wilderness. And attitude was important as we covered over 50 miles of paddling, and as I figured out if my body would agree that going to the bathroom with a shovel was possible, and whether I would be able to sleep with daylight all night long. Turns out, I had no issue whatsoever with any of my concerns. Which for me means, stop letting my mind be a mental barrier to both fully enjoying what I commit to doing—aka saying “yes” to John—AND to believing that I can create what I really want in my next career chapter. I plan to use my mind as a magnet to attract what I’m seeking for, interesting and gainful work that will be the most rewarding chapter of my career yet.

Mary Beth

Could I do this? Could I carry my own weight? Did I trust myself? I was scared, as my shoulder and arm were really sore. I have never kayaked for more than a few hours and never sea kayaked—where you have to carry all your own gear? Sitting for hours on end with legs straight out. A friend said she wouldn’t do it, and this gave me more self-doubt. And on day one, we had to roll the kayak into the freezing water of Prince William Sound and get out. This really scared me!

I did it! STEP ONE! Packed all my items in the kayak and then paddled 14 miles on day one. Once I figured out how to paddle efficiently, I felt better and more successful and more part of the team. I was never made to feel less as all were valued and made to feel important. NOLS really facilitates group bonding and lifelong friendships.

This was God’s beautiful part of the world and I felt blessed to experience the quiet, the peace, and the beauty. Awe is the word that comes to mind. No noises, no music, no

cars, just nature. I realize now that I need this in my life much more frequently.

To hear a baby otter cry for its mommy and see their reunion, to see seals lounging on ice floes and humpback whales spouting then diving with their massive fluke the last part to go down, to see glaciers calving; back home now I just close my eyes and thank God for this AWE-inspiring trip. Yep, I need more time in nature, and I’m even considering doing it alone!

Dave

Choice:

The experience is what we make it—we have choice. Although our weather was agreeable and the natural beauty was breathtaking, this is not what generated the strong outcomes and bonding of this group. It was the collective decision of the group to choose their individual attitude and behavior—how they were going to show up. If we had rain and inclement weather, poor visibility, etc., the outcomes, the bonding and growth could still be substantial. I constantly remind myself that we don’t have control over much, yet we have choice in just about everything.

Pace:

Life can be busy, hectic and distracting. I am reminded of that in the field and remember that pace can be what we practiced in the kayak and at camp. We can take that pace and thoughtful approach back with us to our lives.

Simplicity:

We pare down what we bring when we go in the wilderness and we pare down what we do. We eliminate a lot of clutter and distraction. We only have a few responsibilities yet they are important ones. If you are cold, you put on another layer, if hot you take one off. If someone needs assistance with gear you jump in and lend a hand. We paddle, camp, eat, look for

beauty, and analyze risk and have time to learn about others, learn about ourselves. If we are disciplined we can bring this simplicity back to our busy world. I find this very challenging at times. I like to institute a “pause” sometimes—to regroup myself, refocus and remember what is important. In the wilderness this comes easily to me, but when I am faced with numerous distractions, tasks and “life,” I find it more challenging. This is a constant reminder for me, and the pause helps.

Bill B.

Back at home now, sitting on a milk crate in my plank-board study wedged between the noisy fridge and the backdoor, I could smell the mellowing cukes in the make-shift picklery in the back-porch closet as the mosquitos hummed, searching for a screen door opening. Surrounded by post-it notes full of ideas for a post-trip remembrance, but at a loss for where to start, I remembered that Robert Louis Stevenson had a penchant for stringing together contrary adjectives...

On a recent kayaking trip to Alaska’s Prince William Sound in mid-July, I found threatening, hospitable, stormy, sunny weather as I kayaked with a seasoned, inexperienced, hard-hosed, vulnerable group of determined individuals. Never have I been with such a disparate collection of intrepid souls that were able to coalesce into a group so quickly with nary an ounce of drama nor smidgen of contention—was it age, experience or both?

As was bound to happen on an outing of this caliber, robust members of this group of eight found themselves challenged and strained after many days of grueling kayaking. On the final day, two august yet physically compromised individuals ended up in the same boat when glaciers loomed, mini-icebergs seasoned the water, and currents threatened. Our guides quickly and astutely determined that an on-the-water crew rebalancing was necessary. The enlightened eight, initially startled at the possibility, surveyed the water’s

edge—a nonexistent shore—and then absorbed the balmy morning’s fate; we were going to need to switch out paddlers between kayaks on the frigid open water. Quickly, two boats were positioned alongside each other and the stern paddlers were deftly exchanged, coaching provided by the guides, the other boats providing direct or moral support. This seemingly outrageous maneuver, executed without incident, was emblematic of the experience we shared over five days—growing together and forever joined by a deep commitment to teamwork.

Russ

It has taken me some time to allow the ticker tape of emotions, memories and personal achievements from our Alaska journey to settle on the street below so I could take better stock of this adventure. It has dawned on me that, as I spend more time looking at the trip photos with friends and family, my longing to return to the breathtaking views of Prince William Sound is actually being driven by my desire to reconnect with my fellow Soldiers of the Sound. I went north to find the most beautiful part of America and did just that when I met the amazing people who came with me from the lower 48. This is the core of my adventure, the memory I will have decades from now when asked what I thought about my trip to Alaska. My seven fellow explorers and our two guides, (now better referred to as 10 friends) will forever be the reason why Alaska is about discovering the world’s real beauty.

I couldn’t have said it better myself. □

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 john@hughesmarino.com or 1-844-662-6635 to learn more.

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