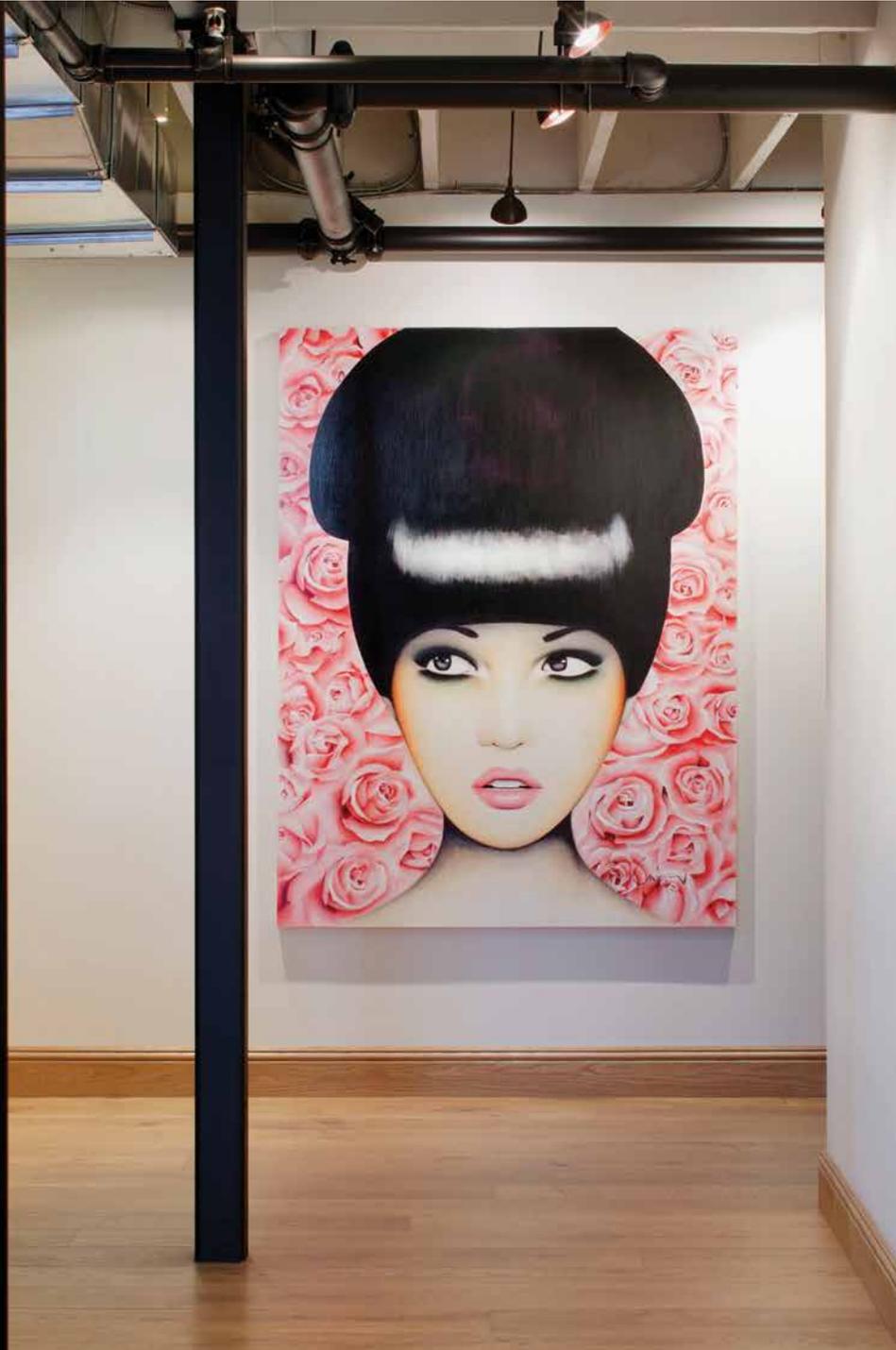


WORK+SPACE®

BUSINESS + REAL ESTATE + DESIGN + CONSTRUCTION



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First Impressions Matter

We hold first impressions in the highest regard at Hughes Marino, which is why we place so much emphasis on our award-winning team and workspaces. A great first impression is a basic human instinct that can bring a wild amount of success in the world of business if done right, and it is what our company strives for each and every day.

In this issue of WORK+SPACE®, we highlight the many ways in which the elements of culture and design can enhance the success of any business. A tight-knit culture can breed an atmosphere of love, positivity and success, and is a critical element of our own company that has helped us to succeed past our wildest dreams. A beautiful office can have a dramatic effect on its team members and customers, as well as the community it serves. We constantly utilize our office to inspire our team and clients through colorful works of art, as well as empower others by lending our space to local nonprofits.

One of our biggest projects this year was the opening of our newest office in Seattle this past July. We set out to design a workspace to house an outstanding team and carry on the Hughes Marino brand of excellence, and the results were incredible. Our company also underwent a drastic rebrand, which perfectly reflects our unending commitment to innovation and creativity—be sure to read about both projects in the pages ahead!

These little details all contribute to our best-in-class service, award-winning culture and outstanding first impression that we uphold—as a company and as a team—on a daily basis. We want everyone we come in contact with to feel informed and confident when utilizing our services, uplifted by our outstanding team and inspired by our beautiful offices. We look forward to continually making a great first impression and enhancing our company to remain as the thought leader in the industry.

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 25 years, delivering best-in-class service and unmatched expertise to companies across the nation.

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HUGHES MARINO

Lessons Learned From Our Morning with Starbucks Chairman Howard Schultz

By Jason Hughes

I've been fortunate to have many very special experiences, both personal and professional, with my family. But the morning of June 12, 2017 certainly ranks as one of the top professional experiences I can think of. Many months ago, I was the high bidder for a charity



Jason Hughes
Chairman & CEO
Hughes Marino

firm handshake and a genuine hello. And I'm not just a fan...I've read and re-read his books, *Pour Your Heart Into It* (1999) and *Onward* (2012) many times. I've annotated and highlighted a majority of the pages and reference them regularly for guidance and inspiration. So, to see my business idol in

auction to benefit Robert F. Kennedy Human Rights—and the prize was a coffee tasting with Howard Schultz, Chairman of Starbucks, at the Starbucks Reserve Roastery & Tasting Room in Seattle, WA. After coordinating schedules, my family and I arranged to meet Howard for what was to be a rare coffee tasting session.

As a long-time fan of Mr. Schultz, it was quite a treat to see him walk into the crowded Roastery in casual clothes and come right up to us with a big smile, a

person—being so authentic and interested in my family—was almost surreal.

After ordering us a new Starbucks cold brew drink called the Melrose (which was fantastic!), we went into the private “Library” at the Roastery for some personal time to hear about Howard's experience growing Starbucks, along with his thoughts and advice on growing our business. After all, we recently expanded to our first out-of-state Hughes Marino office in Seattle that opened this past July!

Our daughter, Star, took voracious notes. We all rapid-fired questions about maintaining culture while growing; methods and tips for team communication; transparency and honesty with our team and clients; ideas for advisory help for guidance; contacts for professional assistance in multiple industries, and the list went on and on. Howard answered them all! Not only did he answer our questions—he gave specifics. He gave names and phone numbers. He told us to use his name for intros. It was amazing!

One thing that Howard said that really stood out was that everything he (and Starbucks) considers is viewed from a lens of “Will it make our Team proud?” I know that all of our collective decisions to date have inadvertently been made with this in mind, but not in such a clear and decisive way.



What a great way to view decision-making—whether it be for our company, children, spouses, friends, etc.

Another point that resonated with me was that all of his decisions have been focused on “enduring long-term wins—never short-term gains.” So many of the ultra-successful companies, like Amazon, Google, Apple, etc., have the same mindset.

Howard says that “A well-built brand is the culmination of intangibles that do not directly flow to the revenue or profitability of a company, but contribute to its texture. Forsaking them can take a subtle, collective toll.” I love that!

Another quote of his that really resonated with me was that “Starbucks has always been about so much more than coffee. But without great coffee, we have no reason to exist.”

“IT REMINDED ME THAT WE ARE MAKING A DIFFERENCE, AND WE’RE CHANGING LIVES AS A RESULT.”

That’s what we’ve been doing at Hughes Marino. Our team, our culture—it’s so much more than commercial real estate services. Sure, without our real estate services our company would have no reason to exist. But what an incredible improvement! Just like Starbucks changed Folger’s coffee (anyone under 40 probably doesn’t even know what Folger’s is!), we’re changing our industry.

In 1986, Howard tried to buy the original Starbucks stores (only a few were in existence at the time) but the founders wouldn’t sell. He then started his own coffee company called Il Giornale in Columbia Center, (the tallest building in Seattle), a 710 SF space where Howard often worked behind the

counter pulling shots. It was then when he wrote his first memo to his team of two other people. He outlined the company’s mission and the goals he expected to achieve. He explained his memo in *Onward*:

“Il Giornale will strive to be the best coffee bar company on earth. We will offer superior coffee and related products that will help our customers start and continue their work day. We will not compromise our ethics or integrity in the name of profits. Our coffee bars will change the way people perceive the beverage, and we will build into each Il Giornale coffee bar a level of quality, performance and value that will earn the respect and loyalty of our customers.” At the end of the memo, above my signature and in lieu of a traditional “Thank you” or “Sincerely,” I wrote “Onward.” I had never used that word before, but it felt right, like a call to arms that seemed to fit the daunting yet exciting adventure my little company was embarking on. Forward leaning. Nimble. Scrappy. An unquenchable desire to succeed, but always with heads held high.”

What a journey he had. And while we are not Starbucks, Howard and the company are huge inspirations for me—and I hope for all of you. He was someone who really did it right, and I hope that Shay and I can be a fraction of the leader that he has been. *It’s daunting, yet exciting.* But we are committed to changing our industry for the better. And somehow, we’re going to make it happen!

What I found so foundationally moving for me was that WE, our company, our team, our family, our Hughes Marino leaders, are doing so much right! I felt even more inspired than I already was—which was SUPER inspired! It was an additional adrenaline shot in the arm that despite being a minuscule company of nearly 100 teammates (compared to Starbucks’ 350,000 employees—whom Howard refers to as “partners”), we stand for something important. It reminded me that we are making a difference, and we’re changing lives as a result. In an industry that is largely homogeneous, we’re a standout. In an industry fraught with conflict, we’re a beacon of honesty and transparency. In an antiquated, old-school service sector business, we’re a fresh, transformative leader of value-added service, quality and guarantees.

I’ll have so much more to say and do over the days, weeks and months as a result of our truly special morning with Howard. But for now, I want to reflect on the wonderful morning spent with a very generous and gifted man—Howard Schultz. *Onward!* □

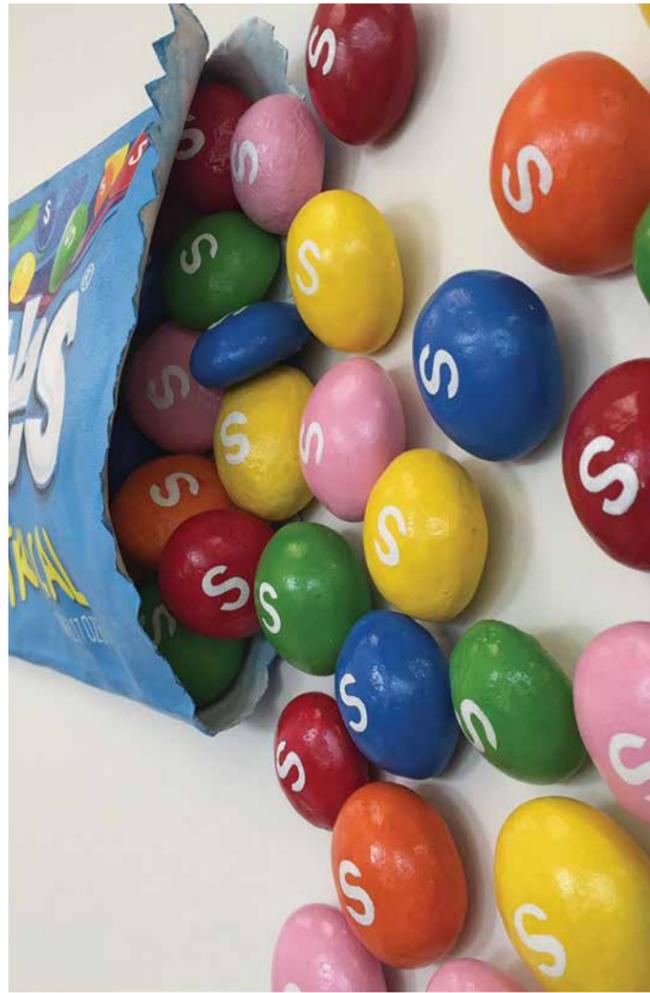
Jason Hughes is chairman, CEO and owner of Hughes Marino. A pioneer in the field of tenant representation, Jason has exclusively represented tenants and buyers for more than 25 years. Contact Jason at 1-844-NO-CONFLICT or jason@hughesmarino.com to learn more.



CREATING A CONSCIOUS SPACE
Five Tips to Utilize Your Office as an Opportunity to Inspire and Give Back
By Shay Hughes | CSQ Magazine

Much more than a collaborative place to conduct business, our offices are where we spend thousands of hours each year, and they become a home away from home for many. Within that second home lies a great opportunity—the opportunity to develop a rich company culture that attracts and retains team members, and also inspires and enriches the lives of

anyone you come in contact with. As president and COO of Hughes Marino, I have had the rewarding chance to create our award-winning workspaces and transform our culture, which has resulted in success beyond our wildest dreams—for our team members, our clients and our communities. Here are five surefire tips to utilize your office as an opportunity to positively impact your team members and your community.



Install Eye-Catching Art

A piece of beautiful art has the ability to inspire, invoke emotion and spur creativity—all amazing qualities that can encourage innovation. You can also support your community by purchasing work from local artists, who reflect the vibrant culture and vibes of the neighborhood of your own office. At Hughes Marino, we make a point to install a variety of interesting pieces of art at every turn of our offices, from neon signage, to larger-than-life multimedia candy installations, to sculptures to keep things interesting and inspiring for our team. We also pick each individual piece to match the unique city characteristics of each office.



Shay Hughes
President & COO
Hughes Marino

Share Your Space with the Community

Lend your space to nonprofit organizations for meetings or events,

or offer your space to clients to use for an off-site retreat or seminar. I cannot tell you how much this gesture has meant to our local nonprofits in the past. Sometimes one of the hardest tasks for an organization is finding an engaging event site, especially without having to pay a high premium for it. By donating your space, you can help a nonprofit continue to support their own cause monetarily, while also getting the word out about your own mission by bringing new people in to see what your company is all about.

Support Local Events that Enrich Lives

Is there a fundraising event for a school that provides music therapy to children? Is a local dance studio hosting a recital? Or is there an opportunity to support our armed forces? Never pass up an opportunity to support a local cause that you are passionate about that can positively impact lives. Our company as a whole—and our team members as individuals—are committed to giving back to the communities that nurture us. With our clients as part of our extended family, we seek to

contribute to causes that mean the most to them as well. We are proud to collectively log thousands of hours and hundreds of thousands of dollars in charitable contributions.

Provide Volunteer Time Off

Volunteering has proven to enrich both the lives of the recipients as well as the contributors, so why not encourage a healthy life habit that benefits everyone? By letting your team support their own causes, they will in turn support the causes your company cares deeply about. Hughes Marino provides volunteer time off for our team members to play an active part in helping our communities.

Encourage Health, Balance and Personal Growth

If you truly invest in the well-being of your team, I can guarantee you will see positive results in terms of productivity, customer service and can-do attitudes. Provide a gym where team members can work out together, or bring in a trainer to

teach a group fitness class. Hire a massage therapist for office massage day or invite business coaches to share successful tips with your team. Happy people make happy team members, and if they feel supported, they will support your company right back.

These five points are things that I take into consideration on a daily basis for our company. We've found that if your heart is in the right place, and if your team members are devoted to doing the right thing, a company has the ability to move mountains and have a powerful and positive impact on its team, clients and community. □

This article first appeared in CSQ Magazine.

Shay Hughes is president, COO and owner of Hughes Marino, where she plays a key role in all aspects of the company, including internal operations, marketing, business strategy and end-to-end management. Contact Shay at 1-844-NO-CONFLICT or shay@hughesmarino.com to learn more.

Lease Accounting Changes & How the Renewal Option Became Your Latest Liability

By Ed Muna

The Financial Accounting Standards Board (FASB) recently issued an update (ASC 842) that will require businesses to rethink how they structure real estate leases going forward. The code change, which will be implemented in 2019 (2020 for private companies), requires companies to put the capitalized value of their lease obligations on the balance sheet as a liability and asset ("Lease Liability" and "Right of Use Asset"). As it currently stands, almost all lease costs are limited to the income statement and might only appear on the balance sheet as a footnote. Because there is no grandfathering for existing

leases and financial statements include a two-year look back, the decisions being made today will impact the financial statements of the future. This has many decision-makers taking a closer look at leasing transactions to see how this liability can be reduced.



Ed Muna
Senior Vice President
Hughes Marino

The renewal option in a lease is one area getting a lot of attention and causing confusion. The new standard requires the calculation of the lease liability to include rent payments over a future renewal option term if the tenant is reasonably certain to exercise the option. This could potentially double the lease liability for a tenant entering into a 5-year lease with a 5-year renewal option. As a result, companies are beginning to scrutinize and weigh the benefit of seeking a renewal option during lease negotiations against the impact it will have on the balance sheet. However, this exercise may be both unnecessary and risky if the inclusion of the option does not meet the threshold required to be included in the determination of the capitalized value.

The determination of whether the renewal option needs to be included on the balance sheet depends on several factors, but can mainly be directed at economic incentives and the business's dependence on the location.

Economic Incentives

From a traditional sense, renewal options were negotiated to establish economic incentives (i.e. 95% of market) for the

tenant on a future extension to take into consideration the benefits the landlord receives by avoiding future vacancy. This economic benefit is one of the benchmarks that could be used to determine if a capitalized value of the lease should include a renewal option term.

The reality is most renewal options are now tied to market rent, and those supposedly offering below market economic terms include burdensome processes that make them unlikely to be exercised since they put the landlord in a strong negotiating position by forcing the tenant to commit to the extension before the economic terms are determined. Instead of exercising what options they might have, smart tenants are retaining a real estate broker to help them negotiate and get the best terms possible. Knowing this, the question then becomes should the renewal option be avoided altogether so the liability does not need to appear on the company's balance sheet? Unless the economic incentive is clearly spelled out, such as stipulating the exact rent, the better approach might be to accept a fair market rent option and use the option as a fallback if good faith negotiations fail.

Site Specific Factors

While the perceived economic incentive on the rental rate might be avoided by going with a fair market rent option, another factor that needs to be considered when determining if it is reasonably certain a tenant will exercise a renewal option is their investment and dependence on the location. While every business needs to properly evaluate their situation with the accounting and audit team, there are some general assumptions and considerations to be made based on the type of user.

1. Office Users

For traditional office users entering into 3 to 10-year leases, there is very little tying you to your current location at the expiration of the initial term other than the inconvenience of a move. Your clients likely will not mind if you move down the street, and your landlord probably provided most of the funds needed to get the premises ready for your initial occupancy. Because of this, it seems fair to say you truly do become a free agent at the end

of each contract term, and there is not reasonable certainty you will renew. Office users are therefore the least likely to be required to include a renewal option term in the calculation of the lease liability. The decision still needs to be evaluated on a case-by-case basis. For example, if the option is represented to be below market or the tenant invested significant money in the initial improvements, they may be more likely to exercise the renewal option.

2. Manufacturing and Lab Users

For laboratory, industrial or manufacturing users, your investment in the facility will factor into the likelihood of renewing. If the facility is being used for warehousing and did not require an extraordinary investment, you may be likely to choose to relocate for better terms or location at the end of the lease term. The situation may become stickier if you have made an investment in the facility with the intent that they will last beyond your initial lease term. This is not always easy to predict, but if it is reasonable to say you will strongly favor a renewal because of the dollars spent, you are probably looking at including the renewal option term in the determination of the capitalized lease value. Of course, the initial term of the lease will come into play here. If your investment in the facility has a 10-year life, the likelihood of exercising a renewal option is greater on initial lease term of five years than if your initial term was 10 years, since the argument can be made that in 10 years the value of your investment has been received.

3. Retail Users

On the opposite end of the office user spectrum is the retail user. While many tenants in retail are mobile, most are dependent on the location for customer loyalty and have made a significant investment in the improvements. Given this, it is unlikely they will move down the street after the initial term to

save a few dollars on the rent. For these users, it would be hard to argue there is not reasonable certainty they would renew, and therefore, options are more likely to be factored into the calculation of lease liability.

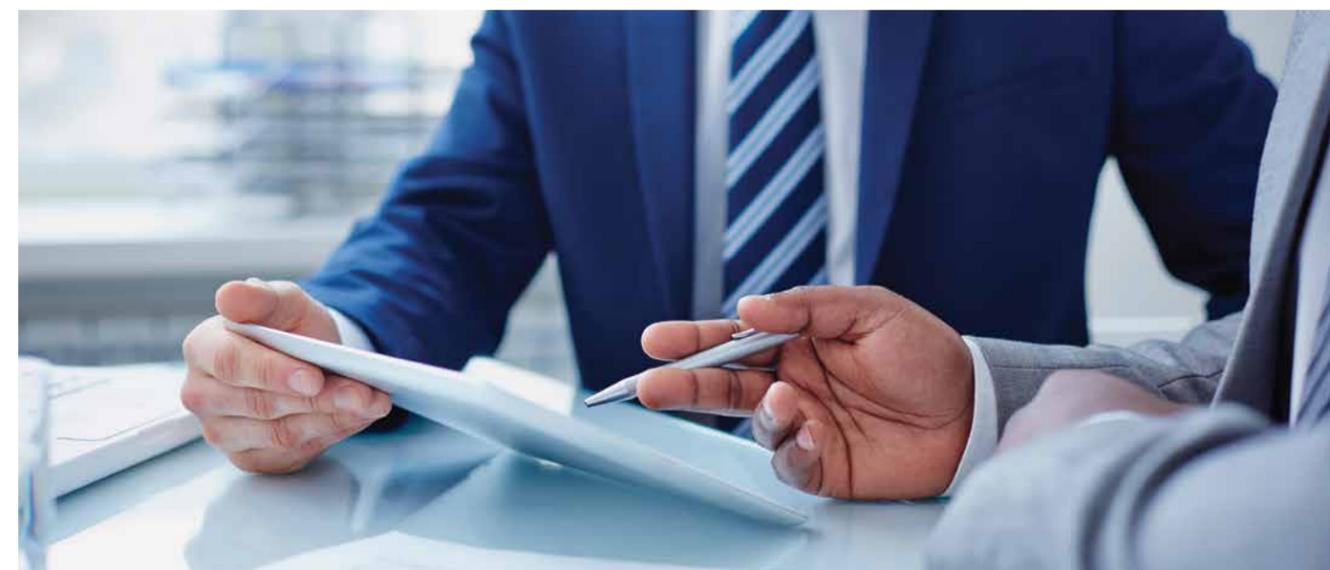
It is important to note that extended terms only need to be included in the lease liability if you have an option to renew. If an option doesn't exist and you are very likely to occupy the premises long term, you still only need to use the current term to determine the lease liability.

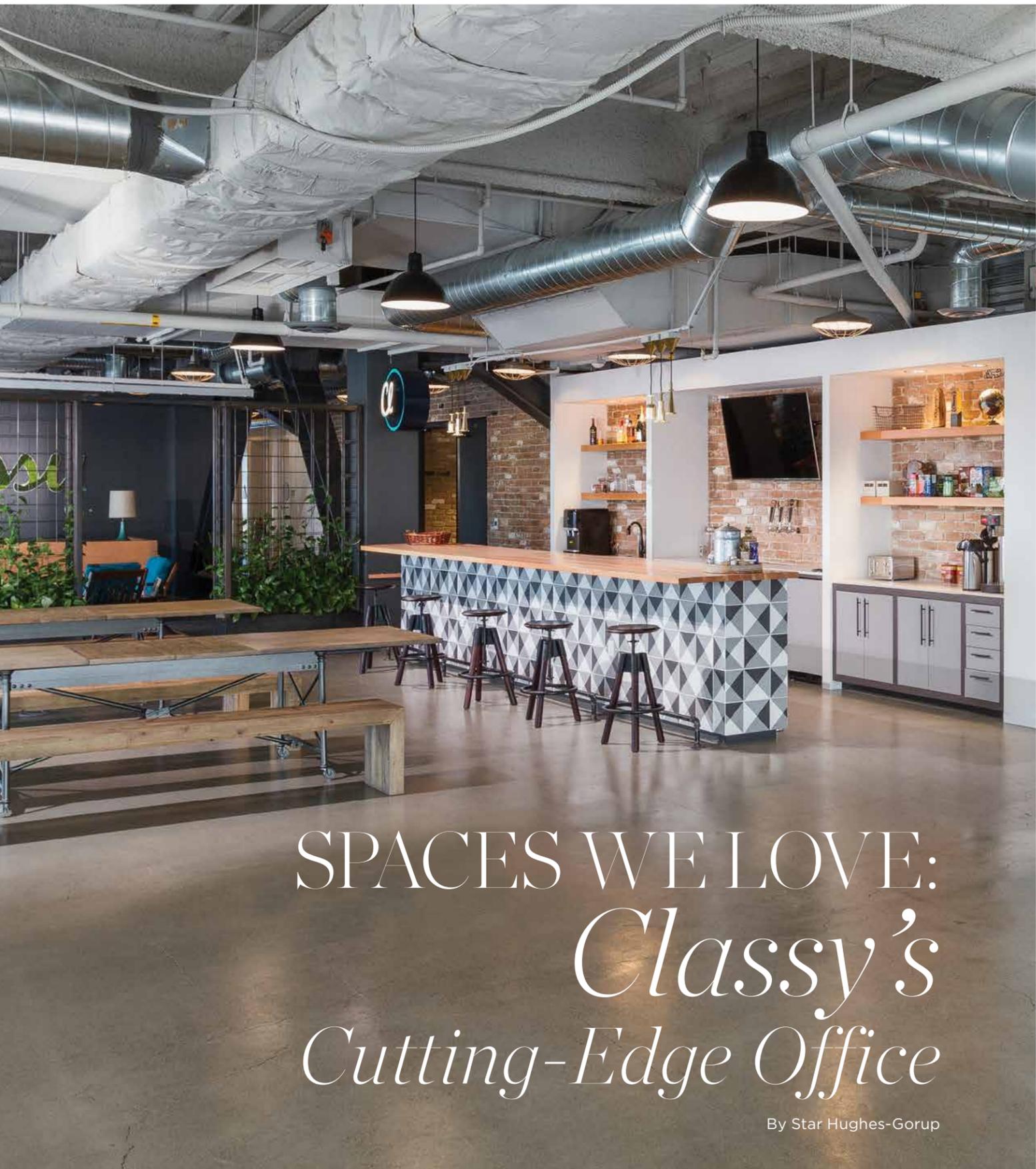
The Risk of Forgoing a Renewal Option

So why not forgo the renewal option all-together and what are the risks of doing so? While landlords are normally happy to accommodate tenant extensions, the future is unpredictable. We have seen landlords refuse to extend tenants for a number of reasons, from wanting to accommodate a larger adjacent tenant to desiring to reposition the space for better long-term success (i.e. remodel and/or combine spaces). Without a renewal option, the landlord will be able to boot the tenant at the end of the term.

The bottom line is the decision to pursue or avoid a renewal option is one that should be done carefully and with input from your real estate advisor, accounting team and auditors. Short-term decisions can prove to be long-term disasters if not done properly. At Hughes Marino, we are helping companies better understand this risk and the impact it has on their bottom line, and we would love the chance to assist you during this complex decision. □

Ed Muna is senior vice president of Hughes Marino's Lease Administration and Audit Services, where he helps tenants address issues that arise during their occupancy. Contact Ed at 1-844-NO-CONFLICT or ed@hughesmarino.com to learn more.





SPACES WE LOVE: *Classy's* Cutting-Edge Office

By Star Hughes-Gorup



If you've ever participated in a fundraising event or donated to a nonprofit, chances are you have used Classy's amazing online fundraising platform. Classy is San Diego's start-up sweetheart—and in many



Star Hughes-Gorup
Senior Vice President
& Director
Hughes Marino

ways, they have paved the way for more investment and have drawn attention to the San Diego start-up scene. Since 2011, Classy has helped thousands of organizations raise over half a billion dollars, with fundraising doubling on the platform every year since launch—and we couldn't be more honored to call their team our clients and friends.

Classy is known for being one of the best places to work in the country—and their space reflects it. Located in the coveted East Village area of Downtown San Diego, Classy's space features floor-to-ceiling glass, historic brick walls and a view into San Diego's iconic baseball stadium, Petco Park.

Classy's space is raw and authentic, and if you didn't know better by the incredible 360-degree city and water views, you'd think you were in a historic warehouse on the

outskirts of Boston. With polished concrete floors and exposed, open ceilings, the space is sleek and modern, showcasing the raw character of the building.

Classy chose to wrap the interior of the building in historic brick, and they installed metal and glass storefront systems for conference rooms, phone rooms and offices (you'd never guess the walls are furniture—they are demountable walls!). The kitchen is a focal point, with a restaurant-style bar, a colorful backsplash and industrial-glam farm tables.

Classy's home is one of my favorite offices I've ever been in—and I can't applaud them enough for building not only an amazing company with a remarkable culture, but also a workplace to inspire and invigorate both their team and the community. Congratulations, Classy! □

Star Hughes-Gorup is senior vice president and director at Hughes Marino. As a key member of Hughes Marino's industry-leading brokerage team, she specializes in tenant representation and building purchases. Star makes frequent media appearances to speak on business issues from a millennial perspective and blogs at starhughesgorup.com. Contact Star at 1-844-NO-CONFLICT or star@hughesmarino.com.

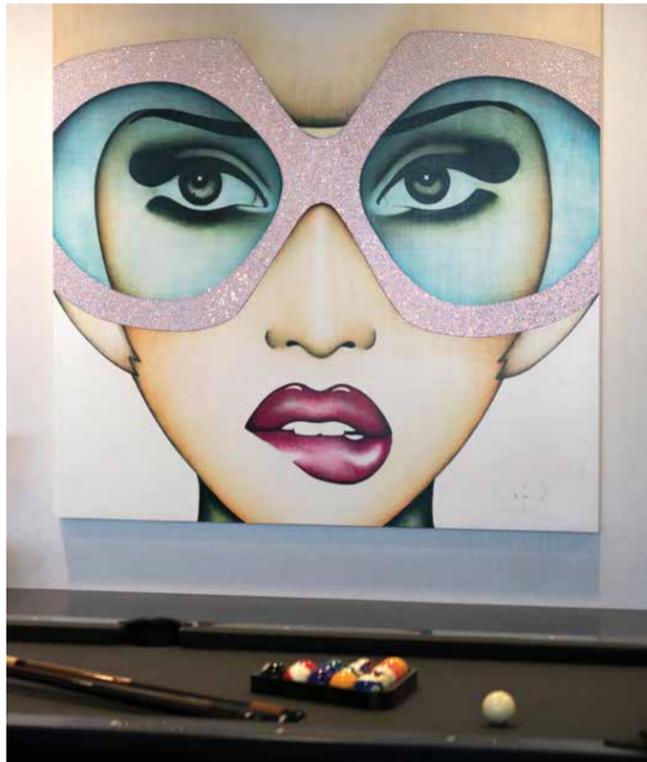


Hughes Marino

SEATTLE

Inside the Inspiration & Design of Our Newest Office

BY SHAY HUGHES





In any interaction, the power of a first impression can go a long way. The day we decided to open our first office outside of California, I knew we needed to make a stunning first impression on Seattle's bustling business world. In addition to hiring amazing team members, we needed a beautiful workspace that would wow both our team and our clients. Since Hughes Marino's beginnings, we have received national and local recognition as a Best Place to Work and a Top Company Culture, so if anyone knew how to create an award-winning space that a team will love and thrive in, it would be us. As with every office, I wanted the interior design to portray a comfortable home away from home, while also reflecting the persona of the city. Seattle's hip and spunky personality provided plenty of inspiration for me to get started.

Located on the 25th story of the Russell Investments Center, it's impossible not to be mesmerized by the most stunning of views that cannot be found anywhere else in downtown Seattle. Guests can soak in breathtaking scenery from Mt. Rainier to the Olympic Mountains, while overlooking the Puget Sound and the energetic Seattle waterfront down below. Our next step was to pair these unbelievable views with show-stopping décor.

One of our top priorities was to ensure that everyone felt welcome and right at home amongst the warm and charming décor in our newest chic space, complete with a living area, gourmet kitchen, glass-walled offices, two conference rooms and a game area. My initial inspiration was drawn from a 1960's *Vogue Magazine* cover, which epitomized vintage beauty with

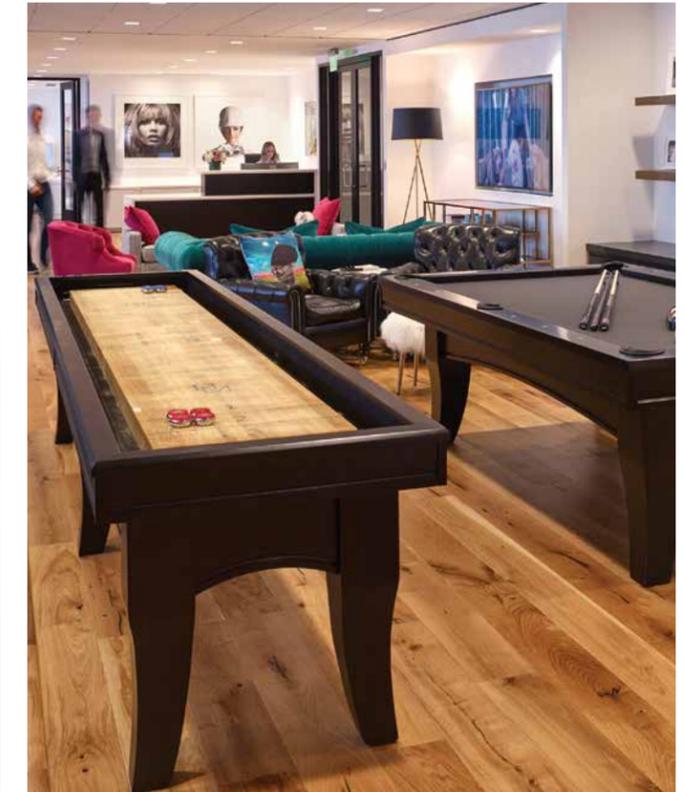
bright pink and emerald green accents—the perfect aesthetic for our Seattle office. That same cover is showcased in the reception area of our office as a reminder of the inspiration that sparked it all.

With a color scheme in mind, we set out to select key pieces of furniture to incorporate all the stylish elements of home. Our cozy living area features an emerald green couture velvet sofa by Shabby Chic, paired with vibrant pink tufted chairs and an oversized black and white ottoman from Room and Board. A brass and black étagère by Kelly Hoppen gives room for playful accessories and fashion books for guests to thumb through. Vintage Scrabble pieces, whimsical animal accents and coffee trays with clever quotations are sprinkled throughout our space to portray the feel of a five-star hotel, rather than an office. The 25-foot kitchen features an oversized family farm table by Restoration Hardware, a staple at every Hughes Marino office, complete with a vintage wood bench and white Herman Miller dining chairs—perfect for our team to share meals together.

Guests also have their choice of masculine or feminine conference rooms to meet in. One room hosts a 21' black marble conference table, and the other an all-white Ice Cube marble table, complete with Lambert and Fils chandeliers and separated by glass storefronts with automatic Mecho shades for privacy. Our team members are suited with Steelcase office furniture, height adjustable desks, leather chairs and state-of-the-art technology, including extra large monitors and video phones to connect everyone in the company with face-to-face calls—think Facetime, but better!



Left: Our gourmet kitchen is another way to add a family element to our office. Middle: Limited edition photograph by celebrity photographer Douglas Kirkland. Right: Our game area features billiards, shuffleboard and arcade tables.



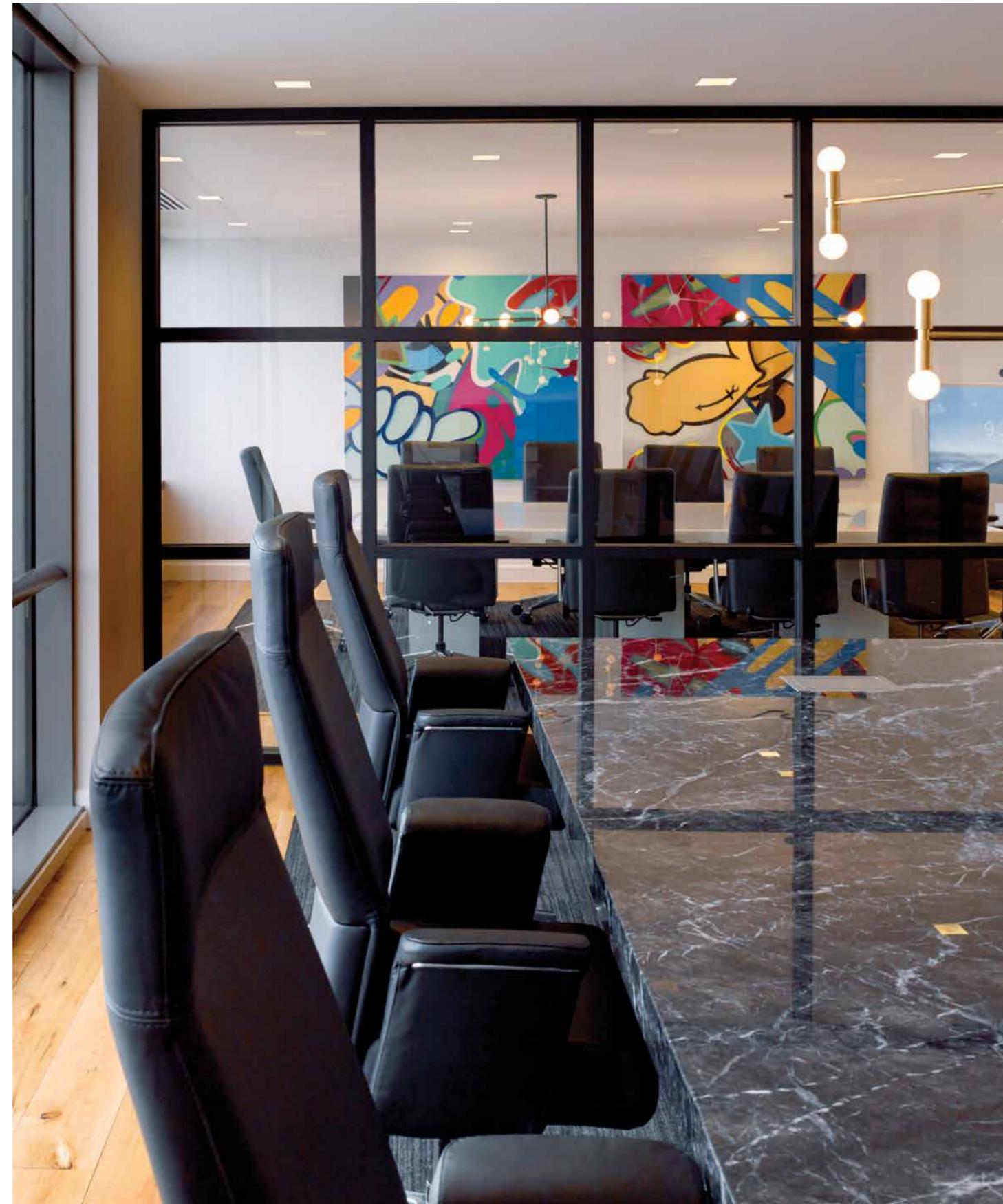
After sourcing the furniture, we spared no expense when selecting the art pieces to add personality and pops of color to our workspace. Showcased in the middle of our living room between shelves of cherished family photos is a 60" x 60" specially-commissioned piece by Anja Van Herle with over 8,000 Swarovski crystals. Our front reception area features a vibrant Audrey Hepburn Givenchy piece by Robert Mars, as well as limited edition 1965 photography of Brigitte Bardot and Audrey Hepburn by famous celebrity photographer Douglas Kirkland, whose work has been exhibited across the globe. One conference room is home to two large graffiti pieces by world-renowned artist Crash. A series of four vintage Barbie prints by Beau Dunn dresses up our Operations area, along with an imaginative Neon Space Girl piece to inspire in our collaboration office. Tasteful and fun gallery walls display a mix of inspirational quotes, vintage photography and iconic architecture, adding personality to individual offices. Speaking of personality...no Hughes Marino office would be complete without a playful larger-than-life piece by Gary Polonsky, and the oversized Starbucks coffee cup with sleeve perfectly complements our kitchen and highlights one of Seattle's most successful companies.

As an added touch of home and as one of the center points for our team, we made sure our gourmet kitchen was extra welcoming, bright and cheerful. White kitchen cabinetry provides a home away from home with brass pulls, an oblong hexagon white backsplash and floating shelves to display colorfully fun kitchen finds from Anthropologie and Crate &

Barrel. Next to our kitchen is our fully stocked game area—complete with billiards, shuffleboard and video gaming tables, where we encourage our team to enjoy friendly competition.

Perhaps one of the most unassuming rooms in our office is our storage and copy room. Any guest will be mesmerized by this sweet surprise—which looks more like a stylish feminine closet than a copy room—with its brass wardrobe rack and hangers for storing guests' coats during the rainy season. The muted glow of the overhead custom brass fixtures provides the perfect light to showcase the bright pink peony wallpaper on the walls. Some say this "pretty in pink" room is their favorite spot in the entire office!

It's incredibly rewarding to see our finished product that will have a lasting first impression on everyone who steps foot into Hughes Marino's Seattle office. From the vintage feminine figures and the eclectic mix of antiques and modern finishes, to the playful accessories at every turn, our newest location is impressive, yet comfortable, inviting and unpretentious. By reflecting our cherished ten Core Values and family atmosphere, our Seattle workspace will continue to cultivate an award-winning culture for our team members to be proud of and enjoy, and I look forward to watching them succeed and thrive in their new home. By adding pops of color, unique furniture and elements of home, we've witnessed firsthand how little details can go a long way to re-energize any team and office. It is my sincere hope that our newest office will inspire businesses in Seattle and across the nation to reimagine their workspace as a way to revitalize their own company culture! □



Top: "Neon Space Girl" sparks inspiration in our collaboration room. Bottom: The copy room—a hidden gem in our office! Right: Each conference room provides breathtaking views of the Puget Sound.



Why I Left the World's Largest Commercial Real Estate Brokerage Company to Join Hughes Marino

By Owen Rice

In 2005 I joined, what was then and is still today, the world's largest commercial real estate brokerage company. For 12 years, I built my portfolio of clients providing them the best service I was capable of providing. During my tenure, I was consistently recognized as a top performer, both within my former organization and industry-wide. In 2015, I was recognized as one of the top 225 professionals in the company which included 70,000 colleagues. When I announced my departure from CBRE, some colleagues were confused and some thought I was crazy. During my tenure, I went from a recruit with promise to be a leader in the organization, to one who was on the proverbial "top." Why depart?



Owen Rice
Executive
Vice President
Hughes Marino

Happiness and fulfillment in my professional life doesn't come from compensation or accolades. Rather, job satisfaction and pride of accomplishment

comes from success I achieve on behalf of my clients, something I must earn every single day.

The commercial real estate brokerage industry is considered by many to be flat and uniform among the majority of service providers. Very little has changed in the last 25 years. The way brokerage companies serve their tenant-clients is antiquated and is largely unchanged since the real estate industry adopted the use of the internet in the mid '90s. Conversely, landlords have become much more astute at managing their portfolios. Landlords today follow a more sophisticated approach toward asset management, much like the way hedge fund managers proactively manage their investments. With that in mind, and in the spirit of earning my success every single day, I yearned for an organization whose mission is to provide independent, conflict-free advice to its clients, not one where the primary focus is to represent landlords—the approach taken by every large commercial real estate organization.

Seattle is no stranger to commercial real estate firms who exclusively represent tenants, but those firms lack a complete range of core services, and some have since sold to larger firms in an attempt to provide those services. However, in doing so, they've lost their ability to provide unbiased, conflict-free counsel to their clients.

In late 2015, I was introduced to a company in California who is disrupting the commercial real estate industry in Los Angeles, San Diego, Orange County, Silicon Valley and San Francisco. They are creating a new market and greater value for tenants. That company is Hughes Marino. I knew that if I was to continue earning success, I needed the ability to provide my clients with exclusive, conflict-free tenant representation. I needed the best program, project and construction management team in the region, in-house legal support to review lease and purchase agreements, a lease audit service team to review operating expenses and identify any erroneous charges, and a lease administration service team to help our clients manage multiple locations. Hughes Marino enables me to provide my clients this suite of services.

Hughes Marino was not only founded on the principles of providing excellence to their clients and tenant-centered approach to commercial real estate, but they live by their Core Values that are self-evident in their daily life and service to their clients. They are a company known as much for their culture as they are for their overwhelming success serving their clients. They embody family spirit and empower each and every team member to make every effort possible to achieve the impossible and deliver terrific results.

In an industry that favors tenure over talent, Hughes Marino embraces the next generation of professionals who demonstrate innovation and a desire to improve upon best practices. Every person at Hughes Marino approaches their work with zest and passion, giving their work personal meaning

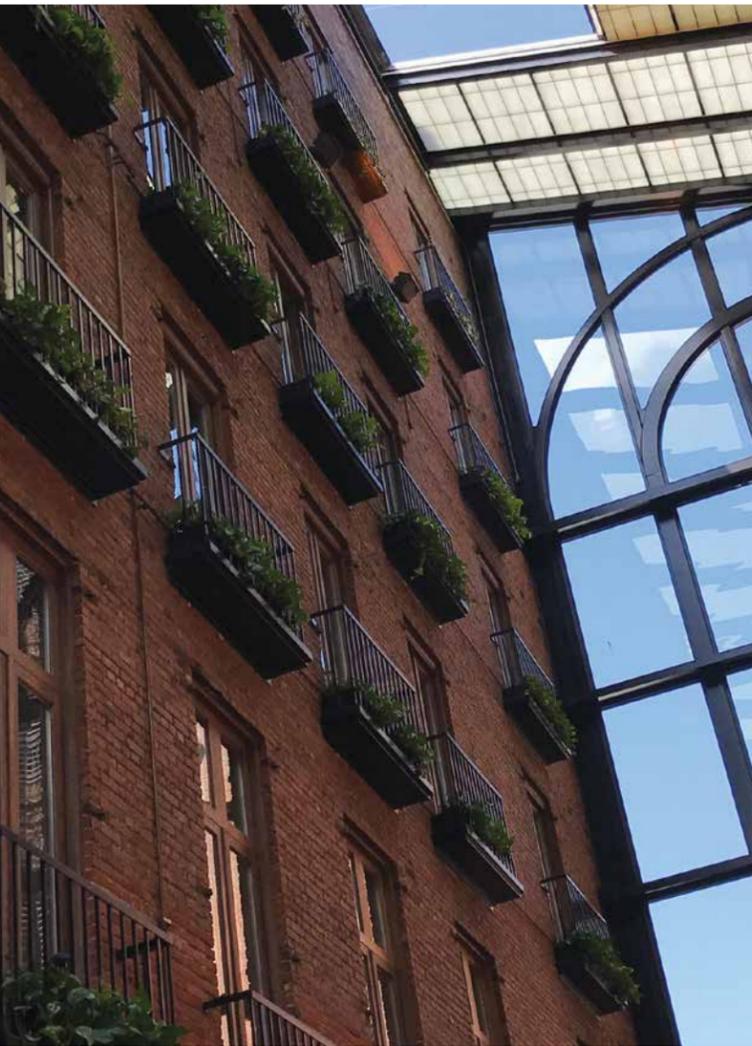
which is evidenced in their work product and interactions with clients. It's a place where people are inspired to go beyond what's required, and to take risks and give their best.

Hughes Marino's culture is all about substance, not appearances. As a privately held, family-owned company with no fiduciary obligation to Wall Street, they are free from the restrictions of formality. Unlike typical environments found at commercial real estate companies where each broker is competing against their own colleagues for business, at Hughes Marino, each member works together to achieve incredible outcomes for their clients. I encourage you to read some of the biographies of our professionals on our website; they are my partners. In the words of Aristotle, "Together we are greater than the sum of our parts."

There's no wonder why *Fortune Magazine* ranks Hughes Marino #7 in the nation among the country's best workplaces and is the only commercial real estate company to place in the top ten of best-rated U.S. companies of any size. Hughes Marino's strong sense of purpose, unrelenting focus and commitment to their Core Values had a profound effect on me, so profound that I chose to leave the world's largest commercial real estate brokerage company to join Hughes Marino. □

Owen Rice is executive vice president of Hughes Marino's Seattle office. Contact Owen at 1-844-NO-CONFLICT or owen@hughesmarino.com to learn more.





Neighborhood Spotlight:

PIONEER SQUARE

By Chad Blenz



Take a stroll through Seattle's oldest neighborhood and you'll notice the new layers of intriguing restaurants and new retail unfolding in Pioneer Square, contributing to the economic vitality and liveliness of this unique neighborhood.

Pioneer Square is making big strides in building an ideal future thanks to the unparalleled change the historic district has seen recently. The neighborhood has welcomed over 50 restaurants and retailers over the course of the last three years. This developmental proliferation and subsequent shift in Pioneer Square's personality and essence have

revitalized business in the area. As companies continue to recognize all that the district has to offer for its employees and those benefits that increased business presence offers nearby residents, the advocacy and support for both Pioneer Square and its local businesses is on the rise.

For years now, Pioneer Square has been a home base to innovative workspaces, fostering creativity,



Chad Blenz
Hughes Marino

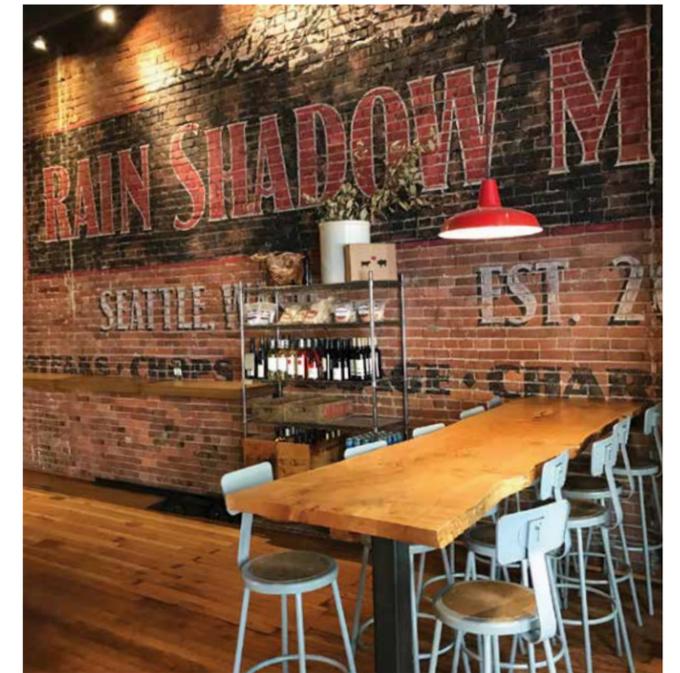
nurturing culture and propelling growth for tech, design, architectural firms and numerous independent retailers. The historic buildings offer unique office spaces that feature high ceilings, loft spaces, exposed beams, brick and plenty of natural light. These spaces are steeped in history and innovation, and repurposing such incredible spaces fosters a robust, cultural atmosphere—helping any company to cultivate a more creative workspace. The redbrick and cobblestone neighborhood is currently home to over 852 businesses employing over 14,000 people and raking in well over one billion dollars in annual revenue.

Today, Pioneer Square is considered the country's first historic preservation district and is protected by both federal and local historic preservation districts. I had the chance to sit down with Karen True, the nonprofit's director of Business Development for Alliance of Pioneer Square to get an inside understanding of the role played by the nonprofit over the last five years. Alliance has devoted its time and resources to better Pioneer Square through targeted advocacy efforts, programming, marketing and community action. As Director of Business Development, Karen acts as the dedicated middleman, helping companies connect with one another, partaking in preservation board meetings and advocating for company financing.

Alliance is writing a new story for this historic neighborhood, and it starts with the investment and dedicated efforts of countless community members. Alliance is actively engaging businesses and property owners in supporting economic growth, building the neighborhood's organizational development and advocacy capacity, focusing on the district's historic building assets, continually enhancing the architectural environment and effectively marketing, branding and promoting Pioneer Square. The neighborhood continues to transform, integrating the rich diversity embedded in the community. New housing, renovated and already available public spaces, revived alleyways and other developmental undertakings such as the 23-story Embassy Suites and 200 Occidental project—which now houses Weyerhaeuser's new in-city world headquarters—are all positive consequences of their efforts.

Pioneer Square is the ideal location for forward-looking companies, retailers and restaurants. It offers an unparalleled blend of past and future, tradition and innovation. The modern architectural fusion into the neighborhood's signature Richardsonian Romanesque style perfectly embodies the character of Pioneer Square. Community leaders, local organizations and businesses support this thriving neighborhood on its transformation to one of Seattle's most promising economic sectors. □

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5 WAYS TO KEEP & ATTRACT MILLENNIALS *in the workplace*

By Sean Spear

There is a shift happening in the office environment—millennials are taking over. At 92 million strong, they make up the largest generation in American history. By 2020, millennials (anyone born between 1980 and 2000, 17-37 in age) will make up roughly 50% of the working population. They're different from most generations—they've grown up with technology and complete access to goods, services and information at the click of a button. As a millennial that has spent the past few years representing some of the most innovative companies, here are five key takeaways I've observed from "millennial-friendly" office environments, my company included!



Sean Spear
Hughes Marino

Up-to-Date Technology

Access to updated technology is a high priority for millennials in the workplace. They've grown up in a world where the internet has always been accessible and where things can get quickly accomplished with a simple email, text or tweet. They understand that technology can improve systems to help them work faster, eliminate menial tasks and create better communication with coworkers. If you're using outdated software and technologies, or your website isn't mobile-friendly, this could be a huge red flag. Invest in the appropriate tech, because the millennial workforce will notice.

Collaboration at the Office

Aim for a collaborative, creative space that inspires. Millennials desire an office environment that fosters community, where all employees can easily contribute. They enjoy working in pods, having impromptu meetings on the stairs (I've actually done this before), talking over ping-pong matches, hanging out at team lunches and brainstorming on the building roof. Most

prefer not being separated in cubicles, and would rather have the opportunity to freely collaborate with other employees in an open office concept. If you're having trouble wrapping your mind around this notion, request a tour at your local co-working space. To give some context, WeWork is the largest co-working company in the world, with an \$18 billion-dollar valuation. Every WeWork space is designed with community and collaboration as their inspiration and focus. The bottom line: millennials understand that better, more creative ideas flow in collaborative spaces.

Work/Life Integration

The millennial generation truly values offices that feel like a home away from home. Keep in mind; they seamlessly integrate work with life. Due to technology, they have the ability to work wherever and whenever they want. They aren't confined to 9-5 office productivity. They can work out of their homes, coffee shops, parks, wine bars, etc. Millennials don't want to feel constrained at work and desire an office environment that provides a sense of comfort and looks more like a living environment. An increasing amount of offices are now outfitted with comfy sofas, game rooms, open kitchens, gyms, meditation rooms, and some even have beer on tap. Red Ventures' takes it to a whole different level—their North Carolina headquarters comes equipped with a 6-lane bowling alley. Riot Games' office in Los Angeles has a game room packed with computers and arcade games to keep the creative energy flowing. Hughes Marino makes it a top priority to provide outstanding spaces to make our teams as welcome and comfortable as possible. As workplace amenities have almost become expected, it's important to invest in your employees' happiness by investing in your office.

Health and Wellness

Health is a top priority for most of the millennial generation. Many are willing to pay \$5 for coffee, shop at Whole Foods and Trader Joe's, spend a high premium on their monthly gym

membership and go for walks during conference calls or meetings. They watch health documentaries and read the effects nutrition, lack of exercise, stress or bad habits play on well-being. Therefore, they understand the importance of healthy eating and exercising often. Having healthy food options in the office and encouraging an active lifestyle will draw millennials to any business, and major companies have taken note. Apple incorporated a two-story yoga room along with a combination wellness and fitness center for its employees in their new campus. I've seen companies with rock climbing clubs, yoga sessions and monthly hikes. Hughes Marino has a fully equipped gym at every office and provides weekly grocery deliveries with healthy snacks. Other companies encourage their employees to go work out in the middle of the day or provide a monthly gym stipend. Eating healthy and working out helps cope with stress and has been proven to help increase focus. By embracing health and wellness, employees will have even more reason to love where they work.

Social Impact

The "why" matters. To millennials, social impact plays a big part in feeling fulfilled at work. Does your company have a mission statement or core values that all employees embrace? The Los Angeles-based company SnackNation is a company I really

admire; they display their mission statement in the kitchen for everyone to see daily. It reads, "We help people become better versions of themselves by serving as a catalyst for increased health, productivity and happiness." How cool is that? Their employees get a constant reminder of why the company exists, and how the company is impacting the community. We discuss our Core Values regularly at Hughes Marino, and have a colorful mural of them on display at our headquarters. Maybe your company doesn't have a strong "why" (yet). If that's the case, I would recommend spending time thinking about your company's purpose. Take time to serve the community by volunteering with your team. This is a great way to bring everyone together for a phenomenal cause—helping others.

There isn't one perfect office environment, but there are ways to enhance your own. I've seen firsthand how embracing these ideas can transform your working space. If you invest in your technology, create collaborative spaces, have an office that feels like home, focus on health and wellness AND have a reason why, you'll see top talent knocking on your door, productivity increasing and happiness being spread throughout your company. □

Sean Spear is a tenant advisor at Hughes Marino. Contact Sean at 1-844-NO-CONFLICT or sean@hughesmarino.com to learn more.





Hughes Marino's New Brand Identity Reflects Commitment to Excellence, Innovation & Creativity

By Briana Waris

While 2017 was a year packed with exciting changes for Hughes Marino as a whole, it also marked a monumental year of growth and creativity for our marketing team. Tasked with the exciting challenge to develop an entirely new brand identity, we knew we needed to highlight Hughes Marino's elevated sense of style, attention to detail and unique culture. Led by president and COO Shay Hughes' clear vision, keen sense of design and determined confidence, our lean team of five "Marketing Mavens" were able to accomplish what many companies could only dream about in just six months' time.



Briana Waris
Senior Marketing Manager
Hughes Marino

From the beginning, we understood that developing a new brand identity was going to be so much more complex than choosing new fonts and colors. We needed to develop an identity that echoed our Core Values, our sophisticated style and our steadfast integrity—everything that encompassed the Hughes Marino brand of excellence. We wanted a look to reflect our vibrant company that treats teammates and clients as family members. We had to represent our ever-growing team of diverse individuals, all bringing their own unique talents, interests and ideas that have made Hughes Marino the dynamic company that it is today. We needed our identity to continue to instill our status as the thought-leader of our industry. As you can see, this was no simple task!

Beginning in January, we dedicated months to meeting, brainstorming and fine-tuning countless ideas until we pinpointed exactly what we wanted to achieve. The process involved extensive research with inspiration drawn from a

variety of outside influences—from the creative worlds of art, fashion and technology, to our own personal Pinterest boards.

From a design aspect, we underwent numerous rounds analyzing variations of our new logo and icon, weights of paper, color palette development, and defining layout styles, design aesthetics and typefaces. Once established, we focused on incorporating our new look onto every single Hughes Marino piece to ensure we kept a consistent identity across all locations and platforms. We designed ads for our new advertising campaigns, ordered new apparel and accessories, rebranded our commercials and gave our website a facelift. We designed show-stopping brochures packed with beautiful typography, an abundance of white space, artistic photography and revitalized copy. In a nutshell, we touched every aspect of our company.

Going forward, our print collateral and marketing materials will reflect our beautiful new editorial-inspired branding, which is just one more way to showcase our attention to detail, our specialized service and the Hughes Marino brand of excellence. I would be lying if I didn't say it was a challenging process, but it was one that we are all so grateful to have experienced—and we had the opportunity to bond together in a way that could have only resulted from a task as large as successfully pulling off a company rebrand. I am so grateful to be in the presence of such amazingly talented teammates on a daily basis and am so proud of the work we accomplished in such a short amount of time. We hope you enjoy our new look as much as we all do! □

Briana Waris is senior marketing manager at Hughes Marino. Contact Briana at 1-844-NO-CONFLICT or briana@hughesmarino.com to learn more.



Hughes Marino Clinches Unprecedented Hat Trick: Named #1 Best Place to Work in Three Regions

By Elizabeth Carvalho

It's been an exciting year for Hughes Marino! Yet again, we were pleased to be recognized as a Best Place to Work by the *Los Angeles*, *Orange County* and *San Diego Business Journals*. These recent accolades come with even more significance—Hughes Marino is the first company to clinch the #1 spot as a Best Place to Work in the medium company category for all three regions in the same year!



Elizabeth Carvalho
Marketing Manager
Hughes Marino

We attribute this monumental achievement to our dedicated team who embodies our ten Core Values that guide everything we do as a company and as individuals. We can truly say that we are a family that supports one another on a daily basis. The anonymous surveys conducted for the awards covered topics ranging from company practices, to leadership and communication. We are enthused to know that our team members are happy to come to work each and every day and work hard to deliver top-notch service to our clients—all while being happy and motivated by one another. We could not have achieved this honor without

the incredible leadership, support and love of Hughes Marino owners, Jason and Shay Hughes. They have continued to lead our team with the idea that each team member is an extension of their family, and have created a company where we can succeed in a positive, supportive environment.

From monthly birthday celebrations, to fun Friday theme days, to inspiring team meetings and workouts, we make time to enjoy the journey (Core Value #3) together whenever possible. Our tight-knit culture is unique and continues to be the guiding force in how we treat our clients and each other.

We are beyond excited to be recognized amongst so many phenomenal companies in the communities that we serve. Speaking for myself and my teammates, we are so fortunate to have an opportunity at Hughes Marino that is unlike any other—to be happy, fulfilled and wildly successful—in both our personal and professional lives (Core Value #6). We look forward to seeing what 2018 holds for our remarkable team, including our newest location in Seattle, Washington! □

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