

# COOL SPACES

*The Creative Work Environment*



Presented by





## A Better Work Lifestyle

Last month, Karma Automotive signed one of the largest leases in Orange County in 2016, taking 262,000 square feet and signaling that Orange County is in fact a market for large blocks of creative space.

Kawasaki USA, the former tenant, had just vacated 9950 Jeronimo in Irvine, and Bixby was set to begin construction on a \$30-million redesign by IA Interior Architects. Plans called for a spacious, high-volume interior amenities area; state-of-the-art fitness center with a swimming pool; a sand volleyball court; and multiple outdoor amenities areas, both public and private.



Bixby's inspiring design for the interior atrium at Habitat, in Irvine.

The vision for that redevelopment, rebranded as Habitat and our most ambitious to date, was a contributing factor in Karma's interest in the project. Our redesign paved the way for a far more expansive view of how the project could best be utilized.

Today's progressive companies want more than a granite lobby and functional interiors. Highly amenitized outdoor spaces provide employers with an effective tool with which to attract and retain top talent. Sure, you can work inside all day, but why?

Some have called it an amenities arms race. We see it as a more productive, much more enjoyable work environment, and a better work lifestyle. It's time we escaped the vertical prisons that define the last generation of office development.



Bixby's The Quad at Tasman features a two-acre amenities area.

The Karma lease affirmed what we believed when we began designing contemporary work environments in Silicon Valley back in 2009. Since then, Bixby has developed 28 redesigned buildings, now valued at more than \$1 billion, as we followed the economic recovery from Northern California to Los Angeles, Orange County and San Diego.

Our approach has been to deliver work environments that offer a seamless connection between interior work areas and outdoor spaces, and to design those exterior gathering points with a style reminiscent of a boutique luxury hotel. We've done this to varying degrees depending on the market position of each project, but always with an eye toward space that we'd be proud to call our own.

In fact, in the case of Avalon, a 46,000-square-foot project in Newport Beach that we developed in 2015, we chose to relocate our company headquarters and bring this same work experience to our people.



Avalon, at 1501 Quail in Newport Beach, offers a second floor outdoor atrium for tenants.

The demand component for creative office buildings is here to stay, and is increasingly appealing to a more diverse group of tenants than we had first thought. Ironically, we're in lease negotiations right now with an infrastructure contractor to take a 9,800-square-foot suite in Avalon: ours.

### Industrial Investments

Bixby continues to be an active investor in core industrial projects, an asset class that comprises two-thirds of its six-million-square-foot portfolio.

Fully leased industrial investments provide reliable yields and low volatility, balance the risk component inherent in value-add investments, and allow us to gain more yield on the margin.

We've purchased four industrial buildings this year, with the focus of our investing in California and select West Coast markets. While we consider investments from \$5 million to \$50 million, we have found the best opportunities in the \$20 million to \$25 million range.

Core industrial investing is a growth area for us as we realize the gains made in office repositioning and deploy new investment capital. We're very bullish on the long-term investment horizon for industrial.

*Bill Halford is President and CEO of Bixby Land Company in Newport Beach, Calif. For more information, please contact Bixby Land Company at 949.336.7000.*



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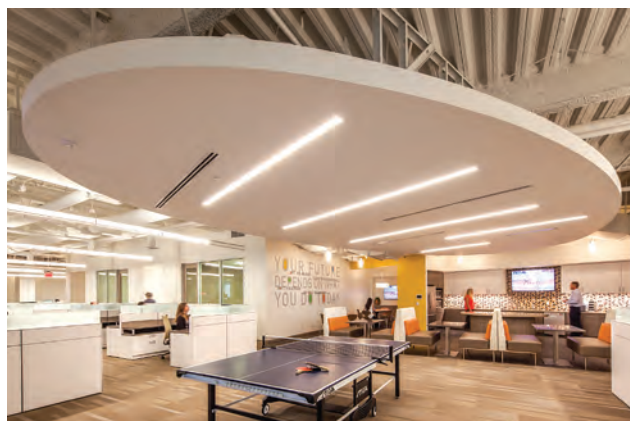


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**REDEFINING WORK ENVIRONMENTS**



## 7 Questions Leadership Is Asking About Office Space

Cool office looks great, make sure it works great. In creating a workplace environment, one principle cannot be underestimated: business is about people and how they create and produce. Great design works when its foundational elements – business objectives, cultural leadership style and organizational processes – are keenly webbed into an awe-inspiring workspace. This is the new dawn of the workplace.

There have been many reports about the “failure” of open office, naming it as an unhealthy stress violator, hostile to productivity and an enemy of privacy. All of those statements can be true in a poorly executed and planned workplace. However, implementing a new way of working can be successful, given the right methods and approach. A truly well-balanced space is founded in performance-based design and an organization’s operational processes.

The following questions are frequently asked by Hendy’s clients who, in today’s business world, continually analyze the pros and cons of finding a new way of working.

### When should a company rethink the way they are working?

Leaders should view their company’s office space as a powerful tool for their business success. When an office space stops offering the company an edge over its competition, it is time for a change. Oftentimes a space has simply lost its vibe due to outdated design, but sometimes the problem has more to do with the way the organization uses the space and the way in which the organization works. There has been an intelligent shift in priority from legacy layouts that have conventional, dedicated personal space to the need for more on-demand, activity-oriented spaces. Companies and office design used to focus heavily on the personal space that employees use for 30% to 40% of the day, versus the shared spaces that they use during the 60% to 70% of the time that they are away from their desks. By shifting the focus and implementing process-oriented design and programming throughout these more highly used on-demand spaces, Hendy clients are finding unexpected increases in productivity and speed to market that result from increased collaboration and availability of technology. Designed and implemented correctly, tailored on-demand space can offer the competitive edge that companies should expect from their office space, both in terms of the bottom line, as well as recruitment and retention.

### Forbes and Fortune say that open office design doesn’t work.

The concerns around the risks of open office space are legitimate. Problems with privacy and distraction are a big issue, and when office space is not designed, planned and programed to meet the needs of the specific company it will serve, it can result in problems related to workflow, productivity and employee morale. In today’s workplace, it is unacceptable to have to hunt for a conference room or place to focus, and that’s a big problem that organizations encounter in poorly designed and executed open office work environments.

At Hendy, we advocate for companies to seek and implement new ways of working, not just jump to the conclusion of open office space. For some teams opening up their workspace is part of the effective measures that we recommend for matching the company’s space to its process. At the same time, for those that choose to make that change, we implement a specific method to determine how a company utilizes its current space and what new workplace solutions will contribute to increased productivity and engagement in their new space.

### So, how can a company make a new work environment for them?

A new workplace design must always support the company’s business objectives first. This will bring the space to life using awe-inspiring design that will breathe life into the space. Very simply, the transition process to a new workplace environment (whether it’s an open office or not) and a new way of working is about asking,

observing and designing with performance-based solutions. The Hendy team always starts with inspiration sessions. This is when we get a chance to conduct our interviewing process to develop our understanding of the way this particular organization works together as a team. Next, we tackle workflow programming to confirm how work moves through the organization and how employees work and communicate to get the job done.

# Hendy

We also focus on evolving the company’s connectivity capabilities through integrated technology solutions. This is a crucial piece to an office design that will truly improve internal and external communications. Improved technology that works hand-in-hand with deliberate design is proven to increase speed to market. The next step of this performance-based design process is the piece that most companies that are currently struggling with ineffective open offices have overlooked: change management. It is crucial for leadership to invest in the professional introduction of their new space to the team.

A well-thought-out aesthetic can enhance creative thinking. But, this is only the starting point of a sustained catalyst of a company’s realignment of new work place processes. When employees are brought into the organizational realignment from the beginning and are able to see how and why leadership has invested in a new way of working, it is easy to gain support and attract advocates for the progress and growth that comes with these improvements. Hendy’s change management process also includes an employee satisfaction analysis. This ensures that continued programming addresses organizations’ ongoing needs and that the new space continues to serve as a tool for companies’ business success over time.

### What is the real cost of a new workplace environment?

While this question may seem straightforward, it actually is quite complicated, as there are many factors – both tangible and intangible – that affect the cost and value of a workplace environment. Typically, when people are asking this question, they’re trying to figure out how much the full invoice will be for making this transition. Historically, if an organization is looking at relocating to a second generation space and wants to convert that space into a creative loft look with concrete floors, open ceiling, and ample meeting and focus rooms, the total cost will be between \$65 and \$85 per square foot in construction and \$20 and \$25 per square foot in furniture.

While the out-of-pocket cost is an important and often large factor to consider, there are also many other intangible factors that can contribute to the value of your workplace environment, and these factors often have a cost to the business if they are not addressed. Nationally, the largest cost to an organization is its people, which account for roughly 70% of a company’s expense. Other major costs include technology (10%), space (8%) and other miscellaneous costs of doing business (12%). If a new workplace environment can help to improve employee productivity and speed to market by just 8% to 10%, rent will be “free.” Because people are typically the expensive asset an organization has, exploring how to optimize their performance and interactivity can yield results that go straight to the bottom line.

Consider how much thought and engineering goes into the design of a factory to ensure that all the sophisticated machinery within it are working together optimally. Employees and their work environments should be considered in the same light, creating an environment where science and design can intersect to make office space a real investment for a company, not just an expense.

Ultimately, the motivation behind pursuing and selecting an advanced workplace environment should be focused around its effectiveness in reaching your goals, allowing you to evaluate the options that fit your business and select the one with the benefit-cost ratio that makes the most sense.

*continued on page B-48*

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# Coming Summer '17



## IT'S *Cooler* IN COSTA MESA

**McCarthy Cook & Co.** (in a joint venture with PGIM Real Estate) is proud to present their newest office project in Orange County...The MET, a completely re-imagined office campus for today's diverse and innovative workforce.

The project is a first-class, collaborative, amenity-rich workplace both indoors and out. The transformed office project offers a differentiated tenant experience and creates a sense of place. With meticulously planned amenities and project-wide enhancements, The MET will offer an all-in-one office experience, truly enhancing the daily lives of tenants and guests.

Located in Costa Mesa, The MET is integrated into one of Orange County's most authentic urban environments. Costa Mesa is re-establishing itself as the coolest place to live, work and play. With numerous artisan restaurants, art galleries, shops and entertainment options, Costa Mesa is the cultural hub of Orange County.

The MET offers community, and an unmatched level of service for today's forward-thinking businesses featuring McCarthy Cook's newly minted MC+ program. MC+ is a tenant concierge service that caters to tenant requests of all kinds. From walking a dog, to helping with a move-in, the MC+ team is dedicated to enhancing the tenant experience at The MET for all of its customers.

The MET's major transformation is currently underway and will be completed by summer of 2017. Some of the exciting features our tenants can expect at the new office campus, are...

- ▶ **Food-Truck Runway** – Providing a constant rotation of three different culinary options each day on campus with three designated outdoor eating and social lounge areas.
- ▶ **SmartFood Café** – Daily healthy farm-to-fork menu items, as well as craft beer and wine, other various healthy food choices and a unique outdoor garden patio.
- ▶ **Tenant Conference Center** – Offering state-of-the-art conference facilities, training rooms, full kitchen and lounge for client entertaining or business events.
- ▶ **Clubhouse Lounge, Showers and Locker Room** – Offering tenants both a business workspace lounge, and an exclusive country-club level locker and shower facility.
- ▶ **Event Green** – Offering athletic boot-camps, yoga classes, guest speakers, team-building events, and tenant social events with a stage and grass meadow.
- ▶ **Outdoor Lounge** – Available for tenant daily common use or social catered events, offering outdoor covered lounge areas for working and socializing with fire pits, TVs and lounge seating.
- ▶ **Recreation and Gaming Area** – Offering outdoor commons next to bocce ball courts, foosball, ping pong, corn hole and a shaded social retreat.

- ▶ **1-Mile Fitness Loop** – Measuring your steps on FitBit with purified water stations and exercise equipment wrapping around the entire campus at 2/3 of a mile per lap.
- ▶ **Bike-Sharing Program** – Allowing our tenants to grab a bike to ride to any one of Costa Mesa's hip restaurants or shopping centers like The Lab, The Camp, SOCO's Mix or South Coast Plaza.

### McCarthy Cook & Co.

Founded in 1995, McCarthy Cook & Co. is an entrepreneurial real estate investment company with institutional backing and a proven operating platform. To date, MCC has completed over \$4.8 billion of office and mixed-use asset transactions encompassing over 11.2 million square feet. Current assets under management comprise 5.4 million square feet with approximately 1.5 million square feet of additional development potential. MCC's disciplined investment underwriting, along with its ability to leverage its property management, leasing, entitlement, development and construction management experience have enabled the firm to create outsized, risk-adjusted returns for the firm and its institutional partners. Its development philosophy remains centered around a focus on environmentally friendly, transit-oriented opportunities in its core markets. The firm's executives have over 80 years of combined real estate experience.

The Firm's Southern California offices are located in Los Angeles and Orange County, while MCC maintains a Northern California office in San Francisco as well. McCarthy Cook is proud of its hard earned reputation as an upstanding corporate citizen and continues to dedicate resources to numerous local and global philanthropic organizations.

McCarthy Cook's newly formed MC+ service program is a branded representation of the values and initiatives that are at the root of the company's success. These values center around developing relationships and providing an unmatched level of service to all partners, tenants and vendors. MC+ ensures that every tenant and visitor to one of McCarthy Cook's projects receives the attention they deserve.



For more information on McCarthy Cook please visit [www.mccarthycook.com](http://www.mccarthycook.com).

For more information on The MET please visit [www.TheMETcostamesa.com](http://www.TheMETcostamesa.com) or contact:

**MICHAEL R. COPPIN**  
Vice President, Leasing - Southern California  
714.427.1861  
mrc@McCarthyCook.com

**BRIAN M. HARNETIAUX**  
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714.427.1852  
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## The Jetty - Newport Beach Creative Office Condos for Sale

Overlooking the Newport Beach Golf Course, and situated behind John Wayne Airport in the heart of Newport Beach, The Jetty is an 87,340-square-foot creative office campus with newly renovated condominiums and golf course views. Formerly known as Workscapes, the six-building project was acquired by Buchanan Street Partners in 2014. With plans to participate in the improving market fundamentals, the new ownership set out to convert the last traditional office building to creative use, lease and stabilize the asset, and place a condo map on the project.

For the first time ever, The Jetty office condos are individually for sale ranging from 1,091 to 6,312 square feet and present a rare opportunity to own a high-profile office condominium in Newport Beach, one of the most sought-after office markets in the entire country.



The project is exclusively represented for sale by Michael Hartel and Joe Winkelmann of Colliers International. The brokers are specialized in small building project sales with more than 44 years of combined experience in the Orange County Airport Area, totaling over 500 building sales since the year 2000.

“The Jetty office project is one of the most desirable locations in the Airport Area, providing immediate access to coastal communities, as well as nearby amenities. As office rents continue to rise, we anticipate that many users and businesses in the office market will look to The Jetty as a rare opportunity for ownership,” said Joe Winkelmann.

For more information, please contact Joe Winkelmann at 949.724.5704 or [joe.winkelmann@colliers.com](mailto:joe.winkelmann@colliers.com).

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 626.232.8212  
[aespinoza@prescompanies.com](mailto:aespinoza@prescompanies.com)  
 BRE #01499903

Morgan Casey, Senior Associate  
 949.442.5977  
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# Bridging the Gap Between Ideal and the Real



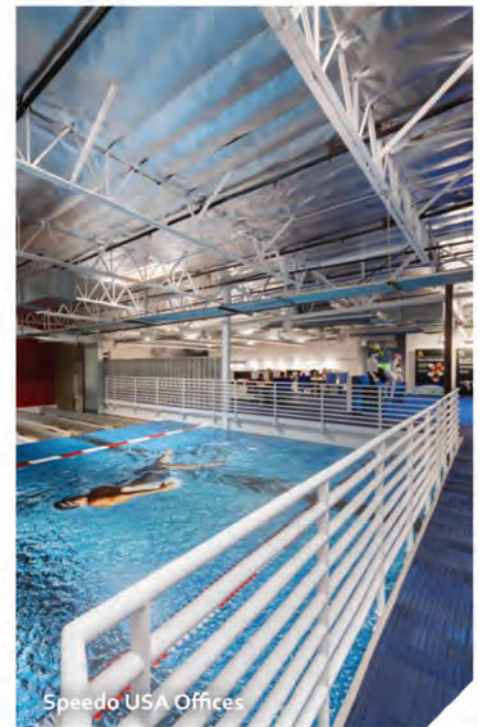
Vans Headquarters



Curse Headquarters

**Vans** At this 110,000 sf office space, finished within four weeks of permitting, creative features like a skate bowl, inspiration boards and action murals embolden staff to thrive. This "beyond creative" campus allows their staff to easily meet and gives the company with "off the wall" spirit a competitive advantage.

**Speedo** If creative spaces inspire people to come to work, Caliber's transformation of Speedo's 64,000 sf space from a high-tech data center to an imaginative powerhouse with indoor pool is categorically motivating. With a raised access floor for easy reconfigurations and a mix of collaborative clusters, offices and vast gathering areas, it meets wide ranging needs and is an icon for contemporary office flexibility.



Speedo USA Offices

**Murad** Murad's 41,400 sf corporate headquarters is a nod to the human side of the people who work there and a setting for these skincare innovators to "help everyone achieve a happier, healthier, rewarding lifestyle." The open floor plan, with vivid sub brand colors, includes a running track and exercise equipment and reflects the ethos that it's not life vs work, it is life and work.

**Curse** Irvine Spectrum's 20-story high-rise now hosts Caliber's finished space for gaming leader Curse and gives them a space with the "right aesthetics and function that reflect a healthy work-life balance." With contemporary design and vibrant colors, their headquarters allows them to recruit and retain a workforce that reflects their culture and passions.



Murad Corporate Offices

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## Leading the Creative Spaces Charge with 'Collaborative Open Spaces' that Bring a Company's 'Brand DNA' to Life



**Siemens** Raised flooring and collaborative workspaces bundle with traditional features to accommodate all working styles.



**Czarnowski** 45,000 sq ft space producing daily inspiration for creators of interactive exhibits and marketing events who "love what they do."



**Curse** Irvine Spectrum's new 20-story high-rise hosts a space with the "right aesthetics and function that reflect a healthy work-life balance."



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## Radius - This Isn't Your Parents' Office

### CapRock Partners Goes Beyond "Creative" to Ignite an Office Revolution

The concept of office has come a long way from the cubicles, conference rooms and break rooms of yore. Breaking with tradition, office developers are working to construct spaces that are "creative," allowing for more open collaboration and blurring the line between work-style and lifestyle.

Along with its northern neighbors – Silicon Valley and Silicon Beach – Orange County ("The Tech Coast") ranks high among the nation's most innovative and robust office markets, helping to set new standards for how people work today. One commercial real estate development and investment firm, Irvine-based CapRock Partners, is helping to lead the office revolution. CapRock's team of experts are leveraging more than 100 years of collective experience – and an entrepreneurial hunger for innovation – to push the conceptual envelope and create a new working reality. The result is Radius ([www.RadiusOC.com](http://www.RadiusOC.com)), a cutting-edge, high concept-meets-high function modern work space in Tustin, offering 70,000 square feet designed for a visionary tenant.

"It's misleading to use the old 'office' vernacular to describe Radius," says Jon Pharris, President and Co-Founder of CapRock Partners. "Radius transcends conventional office space and eclipses the idea of how office space is viewed and used. We believe Radius reflects the future of work environments in Orange County – and a future time in which we will no doubt have a different lexicon to describe where and how companies and their teams pursue their collective goals. The team at CapRock is proud to be pioneering the evolution of office."

**RADIUS**  
14191 MYFORD RD TUSTIN, CA 92780

"Radius represents both a natural evolution, and a firebrand revolution, of the office market in Orange County," said Jake Loughridge, Vice President of CapRock Partners, who served as the lead on the project.

"Over the past decade, we've seen a

massive movement away from traditional office space and toward modern work spaces with collaborative areas and indoor/outdoor connective spaces; spaces where you want to go to work. We've also seen companies yearning for a better way to work, in an environment that is in line with their corporate culture and with the major cultural shift toward a better work/life balance. Radius is the first asset in its market to deliver on these desires."

Located at 14191 Myford Road in Tustin, Radius encompasses 7.4 acres and a total of 110,000 square feet that was originally designed as premium industrial space. Befitting its premier location within the amenities-rich Jamboree Road/5 Freeway/261 Toll Road corridor and abundant surface parking and outdoor spaces, CapRock Partners invested \$2.5+ million to redevelop the asset, re-positioning the building and creating its own identity in a contemporary office environment.

"As Orange County increasingly becomes known as the 'Tech Coast,' we are seeing a heightened demand for 'what's new and next' in office space," says Scott Read of Newmark Grubb Knight Frank and the broker of record for Radius. "CapRock's Q2 2016 completion of Radius changed the ecosystem of the office market in Orange County, and we anticipate that it will command a lease price above the market's premium for traditional office as a result."

*Highlights of CapRock's completed Radius project – in addition to its strategic location with close proximity to the 5, 55, 405 and 261 – include:*

- ▶ Truly unique office space designed for a single tenant seeking a work ecosystem to match their company's culture and DNA
- ▶ Conceived and built for tomorrow's work/life desires and demands, with meeting and gathering spaces and an open, collaborative office floor plan
- ▶ More than a half-acre of outdoor amenity space – more per rentable square foot than any other OC office project – encompassing sport courts, a dog park, fire pit/BBQ and meeting areas
- ▶ Designed for efficiency with a unique layout to maximize space utilization, resulting in a load factor of less than 4%, and indoor/outdoor work areas to increase productivity and employee satisfaction and retention



*For more information on Radius, please visit [www.RadiusOC.com](http://www.RadiusOC.com). For more information on CapRock Partners, please visit [www.CapRock-Partners.com](http://www.CapRock-Partners.com).*

#### CapRock Partners

Headquartered in Irvine, California, CapRock Partners is a fast-growing private commercial real estate investment firm focused on investing in value-add office and industrial assets throughout California and developing Class A industrial buildings in Southern California. The firm, which launched CapRock Partners Fund I in 2010, CapRock Partners Fund II in 2012 and CapRock Land & Development Fund I in 2013, has acquired a portfolio of assets throughout Southern California and the greater Silicon Valley. In addition, the firm has a pipeline of more than 6 million square feet of Class A industrial development, including more than 1 million square feet completed in 2015 and more than 2 million square feet slated for 2016.





## Creative Offices Showcase Character & Opportunity

While Orange County is seeing exciting growth in the construction of creative offices, the movement toward this concept remains open-ended with many unique possibilities and potential. Traditional materials and the typical perception of an office environment have evolved with the enterprise of creative office projects. It's taking a valued property, often with a storied past, and keeping beloved elements at the core. It means growing it into a lively, modern site, and drawing attention to many distinctive details. As **KPRS Construction** joined with **BKM Capital Partners**, this is precisely what took place for the redevelopment of **1701 Quail in Newport Beach**.

As the former University Athletic Club remained vacant, the property was acquired by BKM who joined with **Ware Malcomb** to redesign the 40-year-old site. It was the perfect challenge for **Brian Malliet**, co-founder of BKM, who has a visionary knack for generating a creative, flexible and engaging space. To retain its originality, the former slab and racquetball courts remain as the basis for the new structure's footprint. This opportunity to transform its prior use and invoke a fresh, urban setting makes use of resources that naturally add character over time.

Industrial sensibilities are seen throughout the project. The building's exterior showcases several striking features such as the structural steel canopy at the entrance, and a metal-paneled façade that will progressively rust over time. The use of drywall and other traditional office building materials are kept to a minimum. Balcony spaces are constructed to encourage outdoor collaboration.

Once inside the building, other unique details immediately stand out – reclaimed skateboard tile will greet visitors in the lobby, and offices will be framed with raw plywood and custom sliding doors. Exposed ceilings are seen above, and the original textured slab is showcased through polished concrete below. Clear story roofing allows sunlight to naturally brighten the interior.

The two-level patio hardscape is accessed through sectional garage doors off the employee lounge, providing a transitional outdoor space and a seamless entertainment setting. Rarely seen are the stacked storage containers on the patio, offering additional seating next to the outdoor furniture and barbeque island.

The ultimate benefit of this construction is what it promotes: further interaction among team members and an intentional atmosphere that employees want to arrive to each day. It's known to attract new talent and aids in retaining your current workforce. What began as a trend for tech and media companies can translate to any industry. Every creative office has its own rhythm and beat, but it's the opportunities it provides for an impactful and well-appreciated work environment.

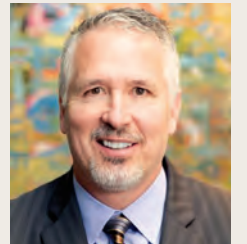
### Paul Kristedja

With more than 35 years' experience in multiple market sectors, Paul Kristedja has become known as one of the leading experts in the construction industry. As Vice President and Co-Founder of KPRS Construction Services, Inc., he maintains a philosophy focused on exceptional client service. His continuous leadership in the oversight of company policies and procedures supports this philosophy. In providing constructability reviews on everything KPRS builds, he works to safeguard the integrity of each project. His emphasis on employee training and mentoring have fostered a strong, team-oriented environment throughout the KPRS organization. Contact Paul at 714.672.0800 or paulk@kprsync.com.



### Brian K. Malliet

As Co-Founder and Chief Executive Officer of BKM Capital Partners, Brian K. Malliet leverages a vast knowledge of commercial real estate and capital market relationships to provide the strategic direction of the firm. With more than 25 years of proven experience, Malliet has facilitated commercial real estate transactions of more than 154 million square feet, valued in excess of \$750 million, and invested an additional \$800 million in over 51 properties acquired in the western United States, realizing an average annual return of over 42%. Contact Brian at 949.566.8800 or bmalliet@bkmcapitalpartners.com.



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## What Is Creative Office and Does It “Work?”

“Creative office” has become quite an overused and undefined term in the Orange County office market today. To some, it means the physical style of a property – exposed ceilings, concrete floors, open kitchens, pops of color, roll up doors and contemporary furniture. To others, it means style + amenities – game rooms, conference centers, fitness facilities, tenant lounge areas, communal workspace, fire pits and outdoor lounge areas. Still to others, it means the services and on-site offerings – food trucks, yoga classes, concierge service and outdoor WiFi. And to the savvy investor, it may mean higher rental rates and the best exit strategy to realize maximum value.

So, with all the concepts, ideas, interpretations and value-creation strategies, is it really working? Is “creative office” the answer to attract millennial and progressive decision makers, enhance the value of generic low-rise office space and/or achieve unprecedented rental rates? I offer in some cases, yes, and in others, no.

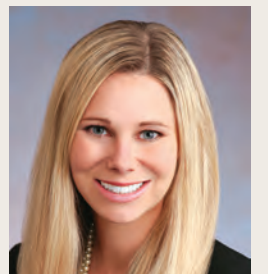


There are many factors to consider when contemplating creative office as “the answer.” Important items to analyze include: The *submarket* – will the envisioned concept blend in an authentic way with surrounding properties? Is the area evolving in such a way that a major capital investment will be realized in the form of desirable returns? Another consideration is the *target audience* – will the evolved property and offerings appeal to the natural and/or desired tenants? Will the project have enough of a draw to attract companies away from already known, quality properties? Yet other considerations are the *amount of land and layout of the parcel* – is there enough land massing and is it situated in such a way to truly create an environment – one with natural flow, communal spaces, adequate parking and ability to add outdoor amenities if this is an attractive feature? And the list could go on and on. Certainly one conclusion that can be drawn is that “creative office” is not a one-size-fits-all solution.

In fact, maybe the overused term is not the solution at all. What “works” may simply be the creation of reimagined, authentic work environments that offer more than just space for desks, phones and computers. Environments with opportunities to collaborate and create, that are adaptable – for example transitioning an energizing brainstorming area in the morning to a company event space for client entertaining in the afternoon, that create opportunities for community, a real sense of belonging and connection in the workplace and that allows for enhanced productivity given by unique health and wellness amenities, as well as fun and nourishing food just a few steps from your office. At the end of the day, people are what drive company cultures and their office space, so instead of attempting to define “creative office” and if it “works,” the opportunity may simply lay in understanding the real estate, understanding the consumer, and delivering unique and innovative environments that allow companies to grow and succeed at their highest levels.

### Allison Schneider Kelly

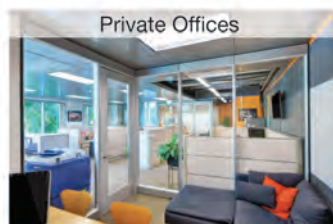
Allison Schneider Kelly is a First Vice President at CBRE, Inc. in the Newport Beach office. She specializes in the leasing and sales of office properties, and has completed transactions in excess of 4.5 million square feet with more than \$1 billion in consideration. She can be reached at 949.725.8474 or allison.kelly@cbre.com.




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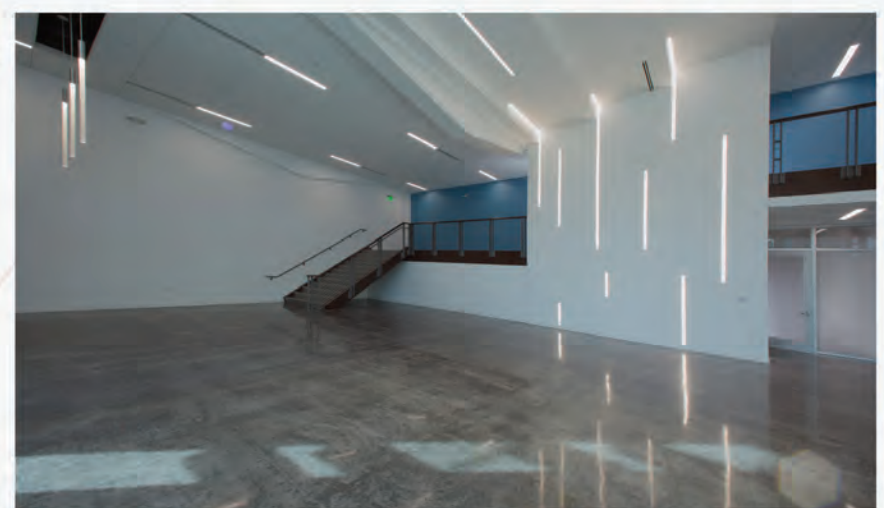
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**7 QUESTIONS LEADERSHIP IS ASKING ABOUT OFFICE SPACE**

*continued from page B-38*

**How much space per employee do we actually need?**

There are varying schools of thought on this issue. Many companies' main concern still lies in reducing square footage, which may ultimately be counterproductive to bottom line profit. At Hendy, we believe that the goal of looking at a new way of working should not be just reducing square footage. Our main concern for our clients is always about developing a space that works best for employees and optimizing business operations.

That said, exploring new ways of working can often result in a need for less space. For example, many newer buildings have shifted cores that allow flexible layouts, which result in increased occupancy and more productive space utilization. Exploring dual utilization of space – or looking at how a lunch room might also serve as an ad hoc meeting room, casual client presentation area or all-hands engagement hall – can also open up opportunities for square footage reduction without losing productivity. Many buildings offer a variety of free amenities ranging from large conferencing centers, gyms and open landscape meeting areas, enabling tenants to reduce their square footage.

Over time, the long-term trend will continue to be a decline in space requirements. In fact, new leases are averaging an 8% reduction in square footage. CoreNet's most recent estimate is that work spaces need approximately 150 square feet per person. At Hendy, in Orange County we have observed that the best results occur at between 170 and 180 square feet per person.

Additionally, the increase in the mobile workforce and "work anywhere" policies has resulted in more employees who work away from the office for at least part of the work week. As these programs are becoming more formalized, we are seeing less need for dedicated employee space, and a larger need for flexible shared space, which can also result in the need for less square footage.

**There's also recently been a lot of talk about wellness in the workplace.**

Today companies and employees now demand even more and look for offices that not only create better work environments, but healthier workforces. As a culture, we spend nearly 90% of our time indoors, and our surroundings have a significant impact on our health, happiness, productivity and well-being. Our predominantly indoor lifestyle results in the need to create a built environment that responds to human needs.

The WELL Building Standard, a comprehensive approach to human health and

wellness related to the built environment, looks at seven different categories – including air quality, fitness, nourishment and comfort, among others – and assesses the impact of each category on the space's users. For example, a WELL-certified space examines how lighting affects the users' circadian rhythms and adjusts the lighting structures to maximize health benefits, such as improved sleep patterns, which ultimately influence productivity. By taking a holistic view of the workspace – from its environmental impact to its business impact to its health impact – a company can create a more effective, engaging and fulfilling environment for its employees.

According to the numbers, office wellness initiatives are working. A recent study conducted by CBRE reports that 92% of employees reported that their WELL-certified workspace has created a positive effect on their health and well-being, and 94% reported a positive impact on their business performance. And, the number that is most telling is that 90% of those surveyed say they would not go back to their old ways of working.

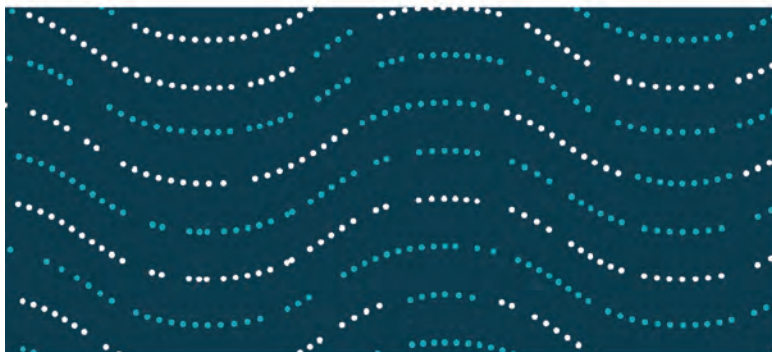
**What's your prediction about the office of the future?**

The office of the future will be heavily focused on two main factors: the increased integration technology and the needs of an increasingly mobile workforce. Moving forward, the workplace will be fully enabled by technology, and that transition will be championed by individuals – Millennials and Gen Y – who have only ever lived in a world where technology is seamlessly integrated into their lives. Physical spaces will need to mirror the flexibility and power of digital spaces. Technology integration is about building simple portals connecting the two, so your employees can flow between them.

Studies have repeatedly shown that work location flexibility and "cave days" where employees work from home or another secluded area for a day to create heads down focus time, result in increased productivity. Leadership can no longer ignore this benefit to its bottom line.

As a result, work anywhere environments and formalized work-from-home policies will be the norm, which will have a huge impact on the way that offices are designed and utilized. Instead of serving as home bases, office environments will take on a more "urban central" role, making them a space where employees can come to meet as teams or directly serve the organization in another role. To that end, future office design will feature a wide variety of conferencing and meeting rooms and flexible space to accommodate those needs.

*For more information, please call H. Hendy Associates at 949.851.3080 or visit [www.hhendy.com](http://www.hhendy.com).*



**PLEASE CONTACT:**

Allison Schneider Kelly  
Lic. 01417664  
+1 949 725 8474  
allison.schneider@cbre.com

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