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No Longer One Size Fits All

By **Natalie Dolce** | National

"This era [15 years ago] was the start of the idea that creative types of tenants wanted a different kind of workplace experience," says Strickfaden.

As 2001 was approaching, **the equity markets showed signs of a soft landing**, a hard landing or perhaps an outright recession, but the market for office space remained positive. That was according to one GlobeSt.com article at the time.

In New York City, for example, the booming job market, (7,800 jobs were added in the private sector just in November 2000) was one of the drivers of the office market. During 2000, available space fell by about half to 3.5% in Midtown, to 4.3% Downtown and slightly (to 5.3%) in Midtown, according to the article. Average asking rents rose to an all-time high in Downtown, dipped slightly in Midtown, and came near an all-time high in Midtown after a small slump that October.

New companies were also entering the market and the demand for office space by current tenants in Orlando, for example, saw net absorption in the third quarter of the year 2000 with more than 623,000 square feet, and a decline in the vacancy rate from 10.2% to 9.9% in the second quarter. Downtown, where about one million square feet of class A space came to market, saw over 252,000 square feet of net absorption in a single quarter, the largest since 1990.

Fast forward to today and, as recently **reported on GlobeSt.com**, **JLL's 2015 Digital Skyline** report showed that the **gap in rental rates** between the top office properties in the US and everything else had widened to historic proportions. And although the premier spaces in many markets still has some room for even more rent growth, the tremendous expense has also helped push a growing segment of tenants away from trophy buildings in favor of non-core class A and class B buildings, inside and outside of traditional CBDs.

Julie Kilpatrick, senior manager at JLL project and developer services, tells GlobeSt.com that the office environment has come a long way; "from the steno pool and the standard secretary desk to the large corner office, Corporate America is shaking things up. They are responding to our younger workforce and the healthy 'greening' of the office interior."

Fifteen years ago, we were at the peak of the dot-com era, adds El Segundo, CA-based **Chris Strickfaden**, senior managing director at **Newmark Grubb Knight Frank**. "This era was the start of the idea that creative types of tenants wanted a different kind of workplace experience. While many dot-com firms did not survive this era, the creative office trend did survive—it started a movement that never went away."

Tall private cubicles, Kilpatrick says, are being torn down “to promote collaborative open plan ‘workstations’ or work areas that are defined by how we work - collaboration, conference and private or quite zones where heads-down work prevails.”

The amount of square feet allocated per employee, Kilpatrick adds, used to be north of 250 square feet and now it’s closer to 150 square feet. “Natural light and height-adjustable workstations are not just a fad; they are realizing productivity gains and keeping employees happier and healthier in the office,” she says. “Out of the office/remote workers make up almost 20% of our work force and allow those with long commutes and other barriers to ‘getting in’ to the office for a standard eight hour work day the opportunity to still contribute and continue in their career paths.”

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According to **Paul Komadina**, managing director of **CBRE**’s San Diego region, the use of space has changed and continues to evolve. Like other sources, he says that the days of everyone in a company getting private offices is over and the majority of firms are moving to a more open and collaborative environment. “Companies are realizing they need different types of space for different types of work throughout the day. This has led to additional team/huddle rooms for brainstorming, call rooms for privacy and open bistro style break rooms for relaxation and fun.”

Jacqueline Barr, design principal at **Ted Moudis Associates**, adds that the driving force 15 years ago was the “one size fits all” premise. Even six to eight years ago, the concept seemed to make sense, she says. “‘Generic’ was a buzzword, as companies strived to minimize customization within a floor plan. The opposite is now true.” What ended up happening, Barr tells GlobeSt.com, is that more variety started to become essential in workplace solutions.

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“Firms wanted the ability to customize their workplace to fit their corporate culture or brand,” Barr says. “A ‘flexible kit of part’ became the norm and still holds true today. The user has much more power to move through space and define their work style and needs. The space no longer defines how and where the user works.”

Joaquin de Monet, founder and managing principal of **Palisades Capital Realty Advisors**, tells GlobeSt.com that, looking back 15 years ago, occupancy was primarily driven by the familiar marketing mantra of “location, location, location” and the tipping points of a good rate and TI allowance. “Today, the required design and performance of a business address—both the space and the building it’s in—have become much more complex and more interesting.”