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Los Angeles Office Market

The New Era of Office Space

By Sheryl L. Mazirow, CCIM
 Mazirow Commercial, Inc.
 Los Angeles, California USA

Welcome to the brave new world of office space in the Los Angeles market. It is comprised of neighborhoods, communities, huddle spaces, hoteling, benching, pathways, and—above all collaborative space. Let’s not forget the ability to bring man’s best friend, our beloved dog, to work.

Today’s office space landscape is far different than it was just a few years ago. The driver in the Los Angeles area is tenants’ desire to secure what is called “creative” office space. Although originally sought only by technology firms, this trend has gone mainstream with law firms, real estate companies, accounting organizations, and insurance companies now demanding corporate office space that is 180-degrees opposite of “our father’s office space.”

New Must-Haves

Often the creative office environment includes an “open ceiling” exposed plenum, which is the area between the structural floor and the dropped ceilings—the location of air conditioning, heating ducts, and insulation. Although the plenum is typically unattractive in appearance, landlords claim it is expensive to convert traditional drop ceilings into creative interiors. Clusters of open areas are the hallmark of creative office space replacing a row of offices along the window line with secretarial or staff bays on the interior, which are characteristic in traditional corporate space.



This open landscape is designed to promote interaction and collaboration among employees or departments, known as “neighborhoods,” within an organization. Often there are no specific offices assigned to particular individuals. Employees “plug-in” and “logon” and perform their work tasks at different areas within the premises.

Private conversations take place in a “huddle” area, which is often simply an alcove. Off-site employees that drop into the office as well as visitors are said

to be “hotelng.”

Creative office space has an absence of walls. This seems like an easy, efficient way to provide workspace. Unfortunately, it isn’t. Tenant improvement costs are incurred by opening up the ceiling to expose the plenum areas and by demolishing previously designed traditional offices. Core drilling into concrete floors for electrical and data drops can get expensive, according to landlords, but is critical in these open landscape plans. Often “soft walls” made of fabric can be decorative to enhance the atmosphere

but may or may not be portable and used within the premises to define a specific area.

Generally, creative office space in Los Angeles is notorious for high staff counts. Therefore, density has become a major topic of discussion during lease negotiations, and the usage of electricity is a hot button issue due to the number and variety of gadgets that employees use daily.

Parking, Kitchens, Dogs, and Bikes

Parking is another important issue that must be addressed in lease negotiations. Often, the standard of three parking spaces for each thousand square feet leased, or a 3/1,000 ratio, is no longer adequate and was established when the building was planned and constructed. Landlords can later go back to the city and request a modification, but this often is difficult to achieve. There are other options to ease parking shortages such as re-stripping the parking lot to include more spaces, providing a valet service to jockey cars elsewhere around the building, or converting reserved parking spaces—especially those that are unused the majority of time—into unreserved ones to accommodate employee and visitor demand.

Kitchens no longer only satisfy the need for food in creative office space, they have replaced conference rooms as significant topics of negotiation. The “style” and “brand” that the organization wishes to display to the world are now imprinted in the kitchen area. Often the kitchen will be the central point within the premises, no longer relegated to an interior windowless room. It has become the premier lounge location. Kitchens are now gathering areas to work, create, and collaborate.

In the Rules and Regulations section of a lease, tenants will normally see the prohibition of dogs, but creative office users are big on dogs. This can be a difficult but humorous negotiation. We just completed a lease that hinged on how many dogs are allowed into the building, how many times per week one dog can enter

the office, and how much they can weigh. There is usually a prohibition on bicycles—the transportation mode of choice for the creative office user—inside the building. Institutional ownership of buildings is more challenged to achieve a comfort level with permitting dogs versus bicycles, where the landlord provides racks, and bikers provide the locks. These days we’re also seeing new buildings featuring restrooms with lockers and showers.

Window lines are also critical because users want to be as close as possible to the outside environment and natural light. Tenants want easy access to parking and amenities. Restaurants within walking distance are a must. These features drive company morale, which generally results in a more productive workforce.

Multi-story buildings constructed in the 1970s are inherently challenged to accommodate creative office space given the architectural design that was popular then and their location in “concrete jungles,” but we are seeing large, single story industrial buildings redesigned for creative office space. Additional parking and exterior green areas for gathering are also being incorporated into these projects, but they are priced at considerably higher rental rates.

Conclusion

The world of corporate office space continues to evolve, but a few years ago it was hard to imagine that a transaction would come down to how many dogs may visit your office per week and how much they are permitted to weigh. While it sounds like this “could only happen in Los Angeles,” the trend of creative office space has spread to San Francisco, Seattle, Houston, Chicago, New York City, and Miami—so get ready for a new and fascinating era of office life.

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