An estimated 700 million square feet of office was built just between 2017 and 2019 around the world, with roughly 55 million square feet in new construction projected for the United States just in 2019. At the same time, the overall trend is for U.S. employers to give just 151 square feet per employee, down from 225 square feet at the beginning of the decade.

It is far from clear what the longer-term impacts of the COVID-19 pandemic will be on office and the future of work. According to Emerging Trends in Real Estate®: Global Outlook 2021, “The future of work and how it affects the office sector are arguably the most fascinating unknowns in real estate as corporate occupiers continue to focus on managing through the pandemic rather than taking long-term decisions. ... Though the early, extreme ‘end of the office’ pronouncements have subsided, COVID-19 nonetheless means that owning and managing an office building is a far more challenging proposition than before – especially around the health and wellbeing of occupiers. ... If there is a consensus on offices, it is from a capital markets perspective – that investors will want to go with perceived high-quality buildings – modern and adaptable.”

The Gensler U.S. Workplace Survey 2020 goes on to state, “U.S. workers want to return to the workplace while keeping the benefits of flexibility and access to privacy they’ve enjoyed while working from home.”

Here are some recent Urban Land features on this topic.
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Development, architects, engineers, and scientists are blending design and technological innovations to transform buildings into enduring lines of defense against disease.

In San Francisco, 30 Van Ness—a 47-story mixed-use tower with 333 condominiums and 270,000 square feet (25,000 sq m) of office space—already had been in the planning stages for several years in spring 2020. That is when the COVID-19 pandemic and resulting shutdown of many businesses abruptly forced the commercial real estate sector to confront a stark new reality: congregating in close quarters was now seen as a potential public health hazard.

The 30 Van Ness project is not scheduled for completion until 2024, long after vaccines are expected to have brought the pandemic to an end. Even so, the building’s developer, international real estate firm Lendlease, recognized that the terrifying toll inflicted by the coronavirus may have permanently shifted prospective tenants’ priorities and made health an ongoing focus.

In response, the developer went back to the drawing board and added numerous features intended to protect future occupants and visitors, not just against the coronavirus, but against future disease threats as well.

Those changes included a redesigned heating, ventilation, and air-conditioning system for the commercial space, with better-than-MERV 15 filtration capable of catching smaller disease-carrying particles and droplets of moisture that might get through many existing buildings’ filtration, as well as greater access to fresh outdoor air. Automation activated by workers’ mobile phones...
enables them to get from the lobby entrance to their desks without touching any surfaces. Lendlease even upgraded its stairwells, increasing ventilation and access to natural light to enable building occupants to avoid elevators and engage in some healthy walking in the process.

The modifications added at least $10 million to the project, the overall cost of which has not been disclosed. But Arden Hearing, Lendlease’s executive general manager for development for the West Coast, sees the additional money as well spent. He foresees a trend toward “next-generation, future-proofed, wellness-oriented commercial office buildings” that will have a competitive advantage over traditional buildings.

Already, “there are some tenants who wouldn’t consider space that is not next generation,” Hearing says. “We’ve heard from some investors who want to focus on next-gen, future-proofed, wellness-oriented office space, as well. It’s not just about COVID. I describe it as future-proofing, not COVID-proofing, because if COVID goes away tomorrow, this all still makes sense. It’s the right thing to do.”

Others in the commercial real estate sector have similarly shifted focus. Developers, architects, engineers, and scientists are working to develop design and technological innovations to protect building occupants and users from the coronavirus and future disease threats as well. They are attacking the problem from multiple angles, ranging from improving air quality inside buildings and creating touchless entry systems to exploring the use of mobile apps, smart building technology, and big data. They also are aiming to make building operations and environmental conditions more transparent so occupiers can feel greater confidence.

Experts say that these efforts could have a transformative impact, even after COVID-19 eventually is brought under control, by establishing that health- and wellness-promoting design and technology can create value and a competitive advantage for developers and building owners. Beyond that, some can even envision buildings as a crucial line of defense against future disease outbreaks in the decades ahead. Clearing the Air

The pandemic forced many companies to allow employees to work remotely, a shift that 78 percent of CEOs expect will continue even after the health threat subsides, according to an August 2020 survey by business services and advisory firm PwC. But virtual workplaces also bring added stresses as employees struggle with work/life balance and the difficulty of collaborating over online video. An April 2020 poll released by Smartsheet, an enterprise platform firm, found that three-quarters of office workers who had to switch to working from home felt less connected to the business. As a consequence, it can be expected that workers, in some number, will be returning to offices.

“Gathering and working together indoors is a huge piece of human existence,” says Kevin Van Den Wymelenberg, an architecture professor and director of the University of Oregon’s Institute for Health in the Built Environment. “We simply have to figure this out.”

He thinks the answer is to harden buildings against large-scale disease outbreaks, similar to the way they are designed to withstand floods and other natural disasters. For airborne pathogens such as the one that causes COVID-19, that means controlling the air inside buildings to prevent the pathogens’ spread.

Some considerations are fairly basic—using an HVAC system that maintains 40 to 60 percent humidity, which hinders the spread of aerosols carrying the coronavirus, and providing access to sunlight, which can make the coronavirus inactive, Van Den Wymelenberg says. Those conditions also happen to be beneficial to natural protections against pathogens.

URBAN LAND READING LIST: RESHAPING THE MODERN WORKPLACE
“Abundant sunlight, for example, helps the circadian system regulate the healthy sleep cycle,” he explains. “That leads to a more robust immune system.”

Another key is upgrading filtration to remove aerosols, although in existing buildings that must be balanced against the ventilation system’s ability to move air or the resulting energy penalty may be too great. “We need to keep in mind the climate change problem at the same time that we’re managing the pandemic, because it also kills people,” Van Den Wymelenberg says.

Another promising strategy is to change how filtered air is moved through a room. In traditional systems, filtered air is pushed down from overhead ducts, which often means it has to travel through a cloud of warm, rising, exhaled air, which can contaminate the filtered air before it reaches a person’s desk.

Van Den Wymelenberg advocates an alternative approach in which filtered air is released from vents along the floor and the exhaled air is drawn out through vents at the top of the room. “I think it can be significant,” he says, though studies to validate the technology are still underway.

This approach is easier to execute in new construction, but it can also be implemented through a retrofit of an existing structure, Van Den Wymelenberg says.

Monitoring is another key tool. Because air samples in buildings can be subjected to the same tests for the coronavirus that people receive, testing building spaces regularly could make contact tracing more efficient. “You can’t test every person every day, but you could test every building every day,” Van Den Wymelenberg says. “I’d like to recategorize buildings as part of our public health strategy.”

Whereas efforts to stop COVID-19 increasingly focus on the air, hindering surface contamination by microbes also can play a role in fighting disease outbreaks.

Corning, for example, has developed Guardiant technology, through which a glass-ceramic material is mixed into paint for application to walls, metal fixtures, and other surfaces. In laboratory tests, such paints have been able to kill 99.9 percent of viruses—including ones most resistant to disinfectants—as well as bacteria in less than two hours, according to Joydeep Lahiri, a division vice president and program director of specialty services at Corning. The paints retained their antimicrobial properties even after the simulated equivalent of six years’ worth of scrubbing.

“We imagine a world in which all the coated surfaces around us—in our homes or in any of the public areas where we spend time—could be coated with an antimicrobial paint,” Lahiri says.

Another strategy is to reduce the number of surfaces people touch.

For new buildings, “the number-one change we’re adding is touchless access,” says Don Powell, a founding partner and design principal at Texas-based architecture firm BOKA Powell. Smartphone apps or card readers can enable occupants to get from the garage to the ground floor and pass through sliding doors, then instruct an elevator to take them to their offices, all without requiring them to grasp a door handle or push a button. “We can get people to their desks without touching anything that’s considered public,” Powell says.

BOKA Powell also has designed what Powell describes as a healthy restroom, with individual toilets and sinks in private compartments, each with its own separate ventilation system. Though users will be provided with disinfectant wipes, there also is the option of using UVC light to sterilize units between uses, Powell says.
Other design details could make offices safer. Powell likes the idea of separating desks with high glass partitions that would block one person from breathing on another, and a higher ratio of enclosed private offices than is now typical. Increasing access to outdoor space and fresh air is another plus. BOKA Powell’s design for Christus Health’s 15-story headquarters building in Irving, Texas, which Powell says is scheduled to break ground this year, will have step-out balconies and roof terraces on the conference center floor. “There is some sense of separation and social distancing in outdoor spaces,” Powell says.

The redesign of building lobbies, which are heavily used areas, is another strategy for protecting health. In addition to incorporating touchless technology, J. Kevin Heinly, a principal and managing director in the San Diego office of the Gensler design firm, has advocated maintaining healthy air quality with features such as living walls, which use plants to organically filter air and add oxygen to indoor spaces. Since Heinly wrote an article on this topic for the Gensler website in March 2020, “the application of many of these ideas has evolved and become part of the overall building COVID design strategies,” he says.

Touchless concepts can be used in multifamily residential projects. In Rockville, Maryland, the 238-unit Kanso Twinbrook apartment community recently opened by AvalonBay Communities is designed to test a new model for highly automated apartment complexes that provide high-quality housing at a lower price by reducing staffing costs. Karen Hollinger, the firm’s senior vice president of strategic initiatives, says no leasing agent is on the premises; instead, when potential renters come for a tour, the company office in Virginia Beach can open doors remotely and digitally process the applications.

Although Kanso Twinbrook was designed before the pandemic, it includes numerous features that could be advantageous during a disease outbreak. Bucking the recent trend of smaller units and large common areas, AvalonBay opted to create bigger apartments, which make it easier for residents to work from home and have room to exercise. The building also is optimized for handling e-commerce deliveries, which have soared since the start of the pandemic, and has bigger storage lockers for delivery companies, which can access the building with latch codes. In addition, instead of a central air compressor for the building, each unit has a separate HVAC system, and residents can reach their units via an open-air stairwell so they do not have to share an elevator.

Major West Coast developer Hudson Pacific Properties recently revamped its design for Washington 1000, a 16-story office tower on Olive Way in Seattle that is scheduled for completion in the first quarter of 2023.

In addition to upgrading to a more advanced HVAC system, Hudson Pacific plans to incorporate antimicrobial copper-alloy door handles, handrails, and other touch points to help reduce transmission of disease, though the company has not yet selected a brand. On other surfaces, the company will use Sherwin-Williams Paint Shield, a mixture added to latex paint to kill and reduce buildup of bacteria. Hudson Pacific also will use a UVC device built into the escalator—it has not yet chosen a specific vendor—to sanitize the handrail surface. In restrooms, space has been increased to make it easier to practice social distancing, and fixtures are touchless.

To help protect the health of building occupants, Hudson Pacific also will use a mobile building wellness app, My HPP Office, which it has developed in collaboration with tenant experience platform vendor HqO, says Natalie Teear, company vice president for sustainability and social impact. The app will enable the company to transmit health-related bulletins in real time to building occupants—letting them know, for example, when...
it is necessary to institute a new health precaution, such as tightening occupancy limits in elevators.

“Typically in the past there would be an email to key contacts, and you’d have to hope they would forward the memo to employees,” Teear notes. Instead, the app allows Hudson Pacific to reach out directly.

Apps can be leveraged in other ways to protect against disease. To assist workers returning to buildings after the easing of shutdown orders, engineering firm Thornton Tomasetti devised Healthy Reentry, an app for smartphones and computers that it is giving to other companies without charge.

Workers who opt to use the app check in to report their work location and provide updates on their health status—green for symptom-free, orange for some symptoms, and red for those who have tested positive for COVID-19. Access to that personal data is restricted to a few designated individuals in the company’s human resources department who can use the app to inform other workers who may have had contact with an infected colleague, explains Robert Otani, Thornton Tomasetti’s chief technology officer and a senior principal at the firm. In addition, “If you go to orange or red, you get an automated notice from the app telling you to either quarantine or isolate,” he says.

In the near future, automated building management systems could use artificial intelligence (AI) to fight disease threats. Engineering and design firm Arup, for example, is working to develop AI-powered modeling and simulation software to augment Neuron, the state-of-the-art building management system already being used in buildings in Hong Kong and Beijing.

The modeling and simulation would help the understanding of the air movement and distribution within the area so as to predict the flow of pollutants, Tony Lam, Arup’s building performance and system leader in east Asia, and his team explain via email.

As building sensors gather data on factors ranging from the body temperature of visitors and occupants to the concentration of particles in the building’s air, AI would compare it to historical data and predict emerging problems. The building then would make subtle adjustments to ventilation or air purification, or use microbe-killing UVC light to counter the threat, according to an article by Lam on the Arup website.

While scientists elsewhere reportedly are working on sensing technology to detect virus concentrations in the air, Lam and his team say, Arup is collaborating with university researchers on studies that may reveal whether other indoor pollutants can be correlated with the presence of viruses in interior air. “From that, we can possibly deduce whether there are any potential risks in that area,” they say.

Another innovation developed by Arup, MassMotion crowd and pedestrian simulation software, can use data from sensors and video to understand how people use public spaces—a capability that could help building operators figure out how to maintain social distancing protocols. “We can also explore what happens in a building when someone waiting to come inside refuses to wear a mask and violates that building’s COVID rules,” says Trent Lethco, Arup’s leader of transport consulting in the Americas.

Jason de Chambeau, a design principal for Perkins&Will, envisions such systems eventually interacting directly with building occupants. “AI can anticipate the load the workers will put on the office at any given moment and prepare the space for their occupancy,” he says. “AI can also be monitoring when areas are vacated, restrict access, flush and replenish the air, and initiate a UV or other to-be-developed sanitization processes.”

A Future Focus on Healthy Buildings

Despina Katsikakis, U.K.-based global lead for total workplace for real estate firm Cushman & Wakefield, says she has spent many years trying
to convince clients that spending to make building environments healthier will have a positive effect on worker productivity, citing research that shows higher cognitive performance in buildings with healthier air.

“I think it’s a bigger social issue as well,” she says. “What would it feel like if we left work each evening feeling better than when we arrive? What would that mean to employers in terms of value?”

But because the pandemic has provided an example of how health affects companies’ bottom lines, it is a lot easier to make the case that healthier buildings generate economic value. Suddenly clients are interested in the nuances of air filtration systems, Katsikakis notes. By necessity, “everyone is becoming an air quality expert,” she says. “I don’t think that is going away.”

The Center for Active Design, which operates the Fitwel program for certifying healthy buildings, has worked with researchers to develop a new Viral Response Module certification, which sets minimum indoor environmental standards and other requirements, but also looks for company policies that support behavioral change and build trust among staff and tenants.

“The trust piece is really important,” says Joanna Frank, the center’s founding president and chief executive officer. “You need to understand how to communicate with tenants and residents about how you are operating mechanical systems and upgrading cleaning protocols.”

With scientists predicting more pandemics in the future, having a credential that shows a building has been optimized to protect against disease outbreaks may become more important in the marketplace.

John Macomber, a senior lecturer in business administration at the Harvard Business School and coauthor with Joseph G. Allen of the book Healthy Buildings: How Indoor Spaces Drive Performance and Productivity (Harvard University Press, 2020), envisions a near future when landlords will provide tenants with real-time dashboards viewable on their smartphones and other devices. These dashboards will display everything from real-time air-quality measures to the results of the latest scans for pathogens. The cost of building upgrades might even be financed by insurance and health care companies that would benefit from the downstream savings.

After the pandemic, “people aren’t going to forget this,” Macomber predicts. “They’re going to have health on their minds for a long time.”
TRENDS AND OUTLOOKS: WHERE ARE WE NOW AND WHAT’S NEXT FOR OFFICE DEVELOPMENT?

BY ELIZABETH RAZZI
MAY 12, 2021

To win the war for talent in a post-pandemic environment, employers and landlords will seek to provide highly amenitized spaces that will lure workers away from their homes. But it remains to be seen how that expense will be paid for—and whether lenders will give due credit to those amenities when determining property values, a panel of four experts in U.S. office markets concluded during the ULI Virtual Spring Meeting.

Jonathan Brinsden, ULI Americas chairman and president of Irvine Company Office Properties, based in the Los Angeles metropolitan area, led the discussion. He was joined by Clare De Briere, executive vice president of Skanska USA Commercial Development; Neville Rhone, managing partner of Los Angeles–based Arc Capital Partners; and Daniel Ismail, senior analyst for office at Green Street, a commercial real estate research and consulting firm.

Rhone said he knows who will bear the increased cost of tenant improvements: “Without a doubt, the landlord is paying for it. The tenant has all the negotiating power.” Panelists noted that equity investors may better understand the value of these improvements than lenders will.

De Briere says she anticipates that tenants will want to lease the same amount of space, or more, to allow for increased amenities. But tenants may seek those larger footprints in smaller properties, which allow a single occupier to control the entire work environment, especially if it provides health-related amenities such as indoor/outdoor access and operable windows. The new office building might be 300 square feet (28 sq m) instead of 1 million square feet (93,000 sq m), she speculated.

Popularity of highly amenitized spaces raises other questions. Are rents in the suburbs, which attracted increased attention during the pandemic, high enough to recoup the investment in amenities? Brinsden asked whether suburban office nodes extending along spokes from the central business district hub can be developed in a way that replicates the attractions already found in downtown urban cores. And how will the role of transit and commute times play into employee and employer decisions about where to work? Brinsden noted that one reason workers often cite for not wanting to work in an office is the commute involved. They like being in the office, but they also like getting that commuting time back for other uses, he said.

Ismail agreed about the perceived value of commute time, adding that “proximity to transit will be viewed as an asset.”

But Rhone warned that transit facilities need to be managed so they do not attract problems, such as homeless encampments, that can turn facilities into a liability. He said that as soon as urban cores are perceived as affordable, safe, and healthy, “people move back in droves.” When that happens, he asked, “what happens to the spoke?”

Nationally, office prices are down about 10 percent from pre-pandemic levels, Ismail noted. But he said very high-quality core buildings, trophy buildings, have retained their values.
ULI/EY SURVEY ANTICIPATES CHANGING WORK PATTERNS, RESULTING IN LOWER OFFICE DEMAND AND FLIGHT TO QUALITY IN MANY CITIES

BY CHRIS HARRIS
NOVEMBER 2, 2020

For Future of Work 2020: A Global Real Estate Player’s Point of View, ULI and EY surveyed 555 real estate professionals worldwide. The broad range of respondents included investors, developers, architects, planners, and other service providers. The research focused on a time horizon of three to five years, going beyond the immediate short-term impact of the COVID-19 pandemic.

Real estate professionals overwhelmingly expect increased remote working, including more working from home (96 percent), more remote working away from the home (72 percent), and more use of satellite offices at the edge of cities (67 percent).

The resulting ecosystem of workplaces will accelerate a blending of uses among residential, hospitality, and office spaces, and a shift in language from “office” to “workspace.” This increased flexibility is likely to lead to a flight to quality over quantity of office space and a move toward flexible and tailor-made leasing models.

The majority of real estate professionals feel that more than 60 percent of employees may be spending more than 40 percent of their time working remotely, in comparison to 20 percent of staff working 20 percent of their time remotely pre-COVID-19. Nonetheless, respondents continue to see a key role for physical office space in creating a corporate culture (96 percent) and recruiting and retaining employees (93 percent).

Expected impacts on the real estate industry include increased demand for flexible office footprints (96 percent), flexible lease contracts (66 percent), and more widespread use of coworking facilities by large corporate occupiers (60 percent).

Fifty-three percent of respondents anticipate a decrease in the office space needed by their organization, and only 37 percent envisage no change, while increasing the demands for healthy building amenities (94 percent) and more space designed for collaborative work (81 percent). This all may lead to a much faster obsolescence of buildings and future significant repurposing of office buildings.

CEO of ULI Europe Lisette van Doorn assesses the impact on the real estate industry of a significant shift in working patterns. “Flexibility is the consistent demand we are hearing. Employees expect it from their employers and corporates from their landlords. Especially over the shorter term, this focus is accompanied with a drive by corporates to save costs, as many try to cope with the negative economic impacts deriving from the pandemic.

“At the same time, there is a strong focus on the quality and location of the physical space as a key element to attract and retain talent and expression of a corporate’s culture. This is also closely connected to an increasing focus on environmental, Social, and governance both by citizens and corporates. This provides opportunities for real estate players who have embedded these elements in their corporate strategies and buildings,
for their branding and to build stronger, longer-lasting relationships with tenants and users.”

According to EY Consulting associate partner Vincent Raufast, remote work makes real estate more critical. “While the total office space is likely to decrease, the quality of real estate will be even more critical. The physical office space will play a key role in preventing a loss of corporate culture, less effective talent management, a higher staff turnover, and a loss of creativity. It will need to meet new demands, including healthy building amenities and more space designed for collaborative work, as well as formal and informal meetings with colleagues.”

The report notes that the impact of the future of work will reach beyond buildings and work activity to communities and cities more broadly. Key changes expected relate to easier access to online public services (93 percent), the need to develop more efficient local supply chains (92 percent), less need to commute (91 percent), and an increasing pressure to focus on social impact, inclusiveness, and health for businesses and people (91 percent).

OFFICE LANDLORDS INCREASE FOCUS ON ENHANCED WORKPLACE EXPERIENCE TO RETAIN TENANTS

BY MICHAEL HOBAN  
MAY 21, 2018

A sea change is taking place in the way companies use office space design, amenities, and location to attract the most-talented employees to their firms. Speaking at a ULI Boston event in May, panelists said that while lease flexibility is key to attracting desirable tenants, so is the user experience of the building itself.

Moderated by Douglas Gensler, managing director and principal of architecture firm Gensler, the panel featured John Lynch, vice president, Reebok, which relocated its headquarters last fall from the suburbs to downtown Boston’s Seaport District; Sam Schaefer, managing director, Tishman Speyer, which owns and operates 111 million square feet (10.3 million sq m) of office space around the globe; Ryan Simonetti, cofounder and chief executive officer, Convene, which applies a “workplace-as-a-service” platform to manage amenities and event space for large landlords; and Chris Smith, sales manager and director, WeWork.

The change in the approach to office space is being driven by a series of influences, Gensler said, including the impacts of the shared economy and the migration to the cities by companies angling to be nearer to talent, particularly millennials. Organizations are no longer looked at in terms of five- to ten-year projections, but in six- to 12-month business cycles because companies now seek greater flexibility in their portfolio, he said. Companies are also seeking an “enhanced experience” within the building to help attract talent, he said.

Smith said this is what WeWork offers to large corporate space users, which he terms
“enterprise customers.” His company offers these tenants three primary benefits, he said. “For us, the one-, two-, or three-year terms that we can offer an enterprise customer are significantly more agile than the historic five-year lease,” he said. “Second is the speed of sale: we can have you up and running within a month. And third: talent.” Enterprise customers constitute one of the fastest-growing segments of WeWork’s business, taking space at WeWork to attract and retain millennial talent. “Fundamentally when you really strip it back, our company is built on three key pillars: our space, community, and services.” Smith said. “And our belief is that mix is critical to the movement and trends that business is moving toward.”

Convene was founded on the idea of running an office building like a hotel from a human-experience perspective, Simonetti said. Landlords must respond to two things in the current market, he said—flexibility and human experience in the building. Rather than try to undertake that physical and cultural transformation on their own, building owners—including major players such as Brookfield, BlackRock, and the Durst Organization—are partnering with Convene, which implements the “next-generation operating system for a building,” Simonetti said.

Convene designs the meeting, hospitality, and event spaces and the flexible workspaces in the building, “and infuses the building with a technology-enabled hospitality services offering which brings that experience to life for the people in the building,” he said. Creating such an environment increases a firm’s ability to attract and retain employees and reduces turnover, thereby making lease renewals more likely, he said. “What we’re saying is, let us help you solve flexibility and human experience in the building—to ultimately do one thing, which in the landlord business is to increase returns to [limited partnership] investors.”

Schaefer said Tishman Speyer has learned a lot from market disruptors such as WeWork and Convene about the importance of amenities and the level of service the firms offer. In response, Tishman has increased the amount of amenities it offers in order to enhance the experience tenants and their employees have in the company’s buildings, he said. The firm actively engages with tenants to more fully understand what is driving their decisions, how they are using space, and what new markets they are considering.

“The metric for us right now that we’re really thinking about is enhancing the experience in our buildings, and that’s a big strategic and cultural shift that I’ve recognized at Tishman Speyer,” Schaefer said. “We’ve always been governed by the almighty square foot, . . . and the big shift for us is moving away from the square foot metric and [becoming] more about people.” Though it is expensive to add fitness centers and amenity spaces and increase services, he conceded, “at the end of the day, if we’re able to retain our tenants and do business with them in multiple markets, then it’s a relatively cheap investment.”

Companies also increasingly recognize the importance of being where the talent wants to be—in the cities. Boston has seen a steady stream of large corporations moving in, from the GE move from Fairfield, Connecticut, to the recent relocation to Cambridge of Dutch health care technology company Philips and its 2,000 employees from Andover, Massachusetts.

Reebok decided to move from its corporate campus in Canton, Massachusetts, to the Seaport District in December 2016 and began to occupy its new world headquarters in September 2017. The move was driven by the need to appeal to prospective employees, Lynch said—“not just millennial talent, but talent of all ages that wants to be part of the energy
of the city, and that was really important for us. It was the energy, the innovation, and the creativity of the city that we really wanted to attach ourselves to."

Because a high percentage of Reebok employees live in the suburbs, Lynch said he expected to lose a significant percentage of the workforce as the company moved downtown, about 13 miles (21 km) from its suburban location. Instead, he said he was shocked by the lack of attrition, which was the lowest in years, he said. He was also surprised by the number of employees willing to take public transportation for the commute. Reebok negotiated with the city for additional parking spots at the new headquarters, but found they were not needed. Of the 750 employees who made the move, only 140 now drive—less than 20 percent—compared with 95 percent who drove when the company was in Canton.

Reebok also radically altered the interior design of its new office space, eliminating traditional offices and dedicated workspaces, even for the company president. The result has been a dramatic increase in the level of cooperation, Lynch said. "Informal meetings are way, way up and formal meetings are way, way down," he said.

The transformation in the industry is designed to enhance the experience for all the people who spend a significant portion of their lives in office buildings, which also increases the ability of landlords to attract and retain tenants, Schaefer said. "And if you distill it down, that is ultimately what our strategy is all about," he said.

HOW COWORKING IS TRANSFORMING THE OFFICE

BY PATRICK J. KIGER
JUNE 2, 2014

In Washington D.C.’s Chinatown neighborhood, a stately 133-year-old building that once housed a furniture store has been transformed into what may be the workspace of the future.

Upstairs, within a sprawling expanse of exposed brick capped by a high ceiling of exposed steel I-beams, sunlight floods through windows as rows of knowledge workers sit at long tables and stare intently into their computer screens; others labor at standing desks in glass-enclosed offices along the periphery or hold phone conferences in special booths tucked into hallways. Others are chatting in a kitchen alcove next to a supply of gourmet coffee and a cooler filled with cucumber-flavored filtered water. Around the reception area, whimsical furnishings—including golden lawn-gnome end tables and a Rock ‘Em Sock ‘Em Robots game—further signify the departure from corporate staidness.

Coworking spaces typically offer a range of options, from desk space in a bullpen area to enclosed spaces for small-business people who want a quieter atmosphere. (Photo Courtesy of WeWork)
But the salient feature of this office space—one of more than two dozen buildings in U.S. cities operated by the New York City–based company WeWork—is that all its workers do not have the same employer. Instead, this is a coworking environment, where individual tech entrepreneurs may be sitting alongside professionals such as attorneys and interior designers. The clientele runs the gamut from Crowdskout, a tech startup that is building a data and analytics platform to help publishers and marketers connect with their audiences, to workers for the fashion retail website Gilt. It even includes a traveling magician, Max Major, who uses the space to manage his business when in town.

For as little as $325 a month for table space to $3,600 for a six-person enclosed office, WeWork seems to cater particularly—though not exclusively—to young members of the millennial generation, who have grown accustomed to starting and running their own businesses on a shoestring.

“There’s been this generation of people who came out of the Ivies and elite schools during the recession when there weren’t any jobs,” says WeWork city lead Carl Pierre, age 25. “So they stayed at home with their parents and started companies on their living room couches. But now they’ve grown and they need to move their companies into real spaces, but they don’t have the capital or access for conventional commercial space.” Or they may simply prefer a working environment that, in addition to providing an internet connection and printing services, offers both a meditation room and free beer on tap.

Welcome to the world of coworking, a rapidly growing phenomenon that seems likely to have a significant impact on both the economy and development of urban and suburban cores where such spaces tend to be located. Since its beginnings in the mid-2000s in San Francisco, coworking has spread to the point where there are probably more than 1,000 coworking spaces across the United States, according to Steve King of Emergent Research, a Lafayette, California–based analytical firm, who was one of the first to study the nascent trend. Deskwanted.com, a website devoted to coworking, reports it has outposts as far away as Japan and Brazil. “It’s grown at a faster pace than anyone had anticipated,” King says. “It’s become hard to count them.”

Whereas the earliest coworking spaces were barely a step up from a table at Starbucks, larger providers have emerged to offer more sophisticated infrastructure and amenities, from event space and child care to smartphone apps that notify clients that their appointments have arrived. Coworking also has diversified, with a dizzying array of options and hybrids, ranging from spaces such as San Diego’s Hera Hub, which serves women entrepreneurs, to buildings that cater to specific industries or to nonprofits and environment-focused businesses. And they have grown beyond office work to include “maker spaces,” where tenants may share tools, industrial machines, or even commercial kitchens.

“The spaces all have their own unique culture and vibe,” King notes. “And they attract people who fit.”

But they all provide at least a few of the same benefits. Coworking spaces, which are usually based in renovated former industrial or retail buildings, have the potential to stimulate local economic growth by providing employment and by serving as anchors for development near the buildings. And because coworking providers tend to pick locations in or close to mixed-use neighborhoods that are accessible by walking, biking, or public transit, the concept is a good fit with the movement for revitalizing communities.

**A Flexible Infrastructure**

Most credit the concept of coworking to a software coder named Brad Neuberg. In 2005, he put up $300 a month to rent a space from a feminist collective in San Francisco’s Mission District, provided card tables to serve as desks, and then put a notice on Craigslist...
to invite others to work alongside him. His goal, as he later recalled in a blog post, was to find “the freedom and independence of working for myself along with the structure and community of working with others.” To his chagrin, no one showed up for the first month. But eventually other entrepreneurs trickled in, and within a few years a handful of other coworking spaces existed with names such as Citizen Space and Sandbox Suites. They mostly catered to what a 2008 San Francisco Chronicle article called “laptop nomads”—freelance graphic designers, writers, artists, and tech entrepreneurs who had grown weary of searching for seats in coffee shops with free wireless internet access.

The economic downturn of the late 2000s, which accelerated the shift toward a free-agent economy, gave coworking a shot of adrenaline. Among those who decided to capitalize on the nascent trend was Liz Elam, a former sales executive for Dell, who founded Austin-based Link Coworking—in part, she says, because “I wanted to be in a space like this instead of in the basement with my cat.”

These days, coworking’s explosive growth has being driven not by whimsy, Elam says, but by entrepreneurs who need to be mobile and independent and who want to choose where they work. The phenomenon has mushroomed to the point where well-established tech hubs such as Austin may have 40 to 50 such buildings, King says.

At the same time, coworking has fragmented into subsectors. At the top, outfits such as WeWork, which builds large urban office spaces with high-end amenities, and Santa Cruz, California–based NextSpace, which has expanded to cities such as Chicago and Dallas, have become dominant. But plenty of opportunity remains for smaller operations such as Cove, a Washington, D.C.–based coworking company that rents to clients by the hour instead of month and builds its spaces in converted townhouses rather than old office or industrial buildings in order to give them a casual, quirky feel, cofounder Adam Segal says.

“We’re promoting ourselves as an alternative to the coffee shop or your living room rather than as a dedicated office solution,” Segal explains. “You can work here for the price of a latte for a couple of hours, and we’ll give you the coffee.”

But beneath the ambience, Cove’s decor is optimized for productivity, Segal says. His spaces feature seven different kinds of seating, ranging from couches to standing desks, to allow workers a change of pace. The spaces also have commercial-grade printers and internet access from multiple providers, giving clients options if one provider experiences an outage.

**Locating and Designing a Space**

Most providers say location is a critical aspect of a successful coworking space, even more so than it is for traditional corporate office developments. WeWork, which employs its own in-house real estate team, focuses on finding buildings that, in addition to being architecturally distinctive, are close to transit routes and modestly priced housing. “If you’re a small businessperson in Washington, you’ll be living in Petworth or Columbia Heights,” says WeWork’s Pierre. “So we want to be accessible to those neighborhoods.” The company also does extensive market research, which includes sending interviewers to local bars and other hangouts to talk to residents about a neighborhood’s pluses and minuses.

Whereas urban cores seem like a natural environment for coworking, other providers have been successful in suburban locations. When sisters Tammy Magney and Peggy Stefan decided to open a coworking space, the Commons, they settled on Excelsior, Minnesota, about a 20-minute drive from Minneapolis. “It’s a really interesting small town, with restaurants that people pull their boats up to and local mom-and-pop retail; there aren’t any chains or franchises,” Stefan says.
That might not be the most attractive neighborhood for millennial laptop nomads, but it is a prime location for what Magney and Stefan saw as an underserved market—middle-aged professionals and regional executives for big companies who needed a place to work when they were not on the road. “We have a Realtor, a medical insurance broker, a general contractor, four architects, and a person who does background checks,” Stefan says.

Magney, an architect who spent 30 years designing schools, supervised the conversion of what had been a bicycle repair workshop. Rather than put up new walls or barriers, she painted the existing walls different colors and arranged the furniture to create zones within the space, plus installed a white-noise system to muffle sound. For a common area where workers could interact, she created a library space filled with reference books as well as samples of products that manufacturers provided in hopes that the space’s users might purchase them. She managed to complete the project for the modest cost of $26 per square foot ($280 per sq m).

In Austin, Elam, who operates two coworking spaces in addition to consulting for other providers, has a different formula that is tailored to sun-drenched, car-dependent Texas. She looks for first-floor locations on streets bookended by major thoroughfares and providing ample parking and covered outdoor seating. “But I always look for proximity to retail and restaurants, close to where people live,” she adds. “I like being out on the edge rather than at the city core.”

But coworking spaces also have the potential to be anchors that attract development nearby—restaurants, coffee shops, and retailers that set up shop to cater to the infusion of office workers. Elam, who developed one of her coworking spaces in a shopping center, notes, “When I signed my lease, the center was at 20 percent occupancy. Now it’s at 90 percent. I’d say that we helped that.” Similarly, Pierre expects WeWork’s new location in the old Wonder Bread factory in Washington’s Shaw neighborhood to provide economic stimulus there. “We’ll have 550 entrepreneurs working in Shaw,” he says. “It’s going to drive more businesses to stay open during the day and get people to reassess the neighborhood. When clients come by, they’re going to see it. I think it’s one of the coolest neighborhoods—the kind of place where you would find someone like me on a Friday night.” Coworking is becoming such an attractive option that big companies such as American Express are now placing some of their small teams off site in coworking spaces in order to develop contacts and potential clients and gather business intelligence. Other companies, King notes, are redesigning their offices to feature open spaces that foster more interaction, in the fashion of coworking.

But everyone seems to agree that coworking is a trend on the rise. Elam cites a 2013 study by Intuit that predicts that by 2020 more than 40 percent of the U.S. workforce—about 60 million people—will be freelancers, contractors, or temp workers. “Coworking really dovetails with that,” she says. “It’s got nowhere to go but up.”
Living above the shop is updated for 21st-century entrepreneurs.

With the advance of technology allowing people to work from anywhere and the rise of commute times and energy expenditures, working from home is becoming an increasingly desirable practice. But one of the main problems with working at home persists: a home is not an office. The character of the space is noticeably different. Home furnishings tend to be ergonomically incorrect for productivity and lacking in conveniences associated with office furniture. Lighting is designed to enhance the functions of a home—dining, conversation, watching television. And typical home offices are too directly connected physically and psychologically to the living space to provide the separation needed to work productively.

These issues could be addressed by a new type of hybrid, the home-office building, combining residential and commercial uses. In addition to serving the needs of telecommuters and independent contractors, these hybrid buildings would be particularly well-suited to entrepreneurs and small-business owners, many of whom work extremely long hours and would benefit from the proximity of home to workplace. The office space would provide an appropriate setting for occasional meetings with subcontractors, suppliers, and other professionals.

The home-office building combines the best aspects of a residential structure with the best aspects of an office structure to form a new type of building that responds more directly to the way people actually live.

A home-office building functions as two buildings tied together. Residents are also tenants of office space directly or indirectly attached to their dwelling. Office visitors and employees use an entrance separate from that for residence owners and social visitors. Office and residential floors share common amenities such as building services and maintenance, freight elevators, stairwells, and loading areas. They also share building mechanical systems.

The sizes of dwellings and offices vary, as do their adjacencies. The character of the spaces varies as well, with finishes that are appropriate for the activities taking place inside.

**Building Design**

The design of a home-office building is similar to that of a residential building but also incorporates strategies from commercial design. To be successful, the design must accommodate the appropriate mix of studios, one- and two-bedroom units, and other unit sizes to appeal to the demographic while also meeting the criteria for office space.

Commercial design is based on established modules that form the baseline for office layouts, furniture design, building systems, lighting criteria, and other elements. The office component in a home-office building must be designed in accordance with these principles. This means establishing a commercial building module as the basis for the office space.

It is crucial to differentiate between the office and residential spaces while also unifying them into a single hub. The office space must have a connection to the residence, but it also must be distinct from it. As a place of work, it needs to accommodate...
typical office functions—business visits, conference calls, interviews, meetings, and conversations.

Once the unit and office mix has been established, adjacencies between them must be determined. One method of organization is an office zone side by side with a residential zone—office space located across the hall from residential space, separated by a service core. This approach allows flexibility in the depth of the office space compared with the residential space and gives tenants the ability to link multiple office units together according to their needs.

A second option is to place office space adjacent to the residential space, allowing direct connection between the two, while each has an independent entrance from the public corridor.

A third concept is to have office floors stacked on top of residential floors and connected by an internal stairway. In this method, office users enter an office lobby at the ground floor and take dedicated elevators to the office floors; residential users reach residential floors from a separate lobby. Residents can use the internal stairs to reach their office space.

Work and living spaces could take various configurations, but would have separate access for residents and office visitors.

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**Energy Savings and Tradeoffs**

Traditional office buildings require a lot of energy
to function at a time of day when residential buildings are sitting more or less idle. In 2009, commercial structures accounted for 18 percent of total demand from major energy sources such as fossil fuels, nuclear power, and renewable resources, the U.S. Department of Energy reports. Residential buildings accounted for 21 percent. Combining office and residential spaces in a home-office building conserves energy, reducing both the number of commutes and the number of office buildings per capita. Though slightly larger dwelling units are needed to accommodate the office space, a home-office building capitalizes on the efficiencies gained by using the same mechanical plant to serve both home and office.

The mechanical system of a home-office building must take advantage of the way the building is to be used. On weekdays the majority of the building would function in office mode, while the residential mode would prevail in the evenings and on weekends. The zone with the most activity uses the most energy and generates the most heat, which can be stored and reused to benefit the opposite zone. The energy-sharing nature of a home-office building is one of its most appealing aspects. Electric sub-metering should foster the two-zone character of the building, allowing energy to flow to where it is most needed according to space use data.

**Structural System**

Whether the structure is steel or reinforced concrete, the critical structural consideration in home-office buildings is the bay spacing. Dwelling units and office spaces have different needs in terms of planning grids, so a happy medium must be determined allowing both zones to function effectively and permitting organizational flexibility for office and residence to coexist above, below, and beside one another. Structural considerations also include optimization of floor-to-ceiling heights and clear floor area between columns.

Efficient high-rise design demands that plumbing risers run continuously straight up through the building to the extent possible. The residence requires numerous plumbing lines while the office requires few. It is imperative that the building be organized to eliminate multiple transfers of the plumbing stacks while leaving a clean, open plan for the office space.

Given the philosophy behind the building, the technological aspects are extremely important. The highest capacity of wireless and hard-wired connectivity must be accommodated, and future improvements must be planned for. Teledata rooms that are larger than typically provided in residential planning will be necessary to foster seamless virtual access to the units.

**Elevators and Security**

Depending on how it is used, it is possible that nonresidents would visit the building on business and for errands. For a residential building, a typical security system uses a doorman allowing access to the residential units through a secure door that also allows access by key fob if the doorman is away. For an office building, a typical security system requires an ID badge for passage through a secure gate. This difference is determined by peak populations. In offices, most people arrive at the same time in the morning, necessitating an efficient access system. For residences, traffic is more sporadic, meaning the system can be more focused and secure. Because most office users would already be in the building and other visitors would not all be arriving at once, the security system would be closer in design to that for a residential building, with a robust sign-in routine for visitors similar to that of a secure office building.

The elevator system must accommodate resident office owners and visitors. Depending on the organization of the building, this could result in a situation where elevator banks alternate stops on every other floor. Passenger-loading algorithms are
specific to the building type; thus, a hybrid must be created from standard office and residential models. The number of elevators and elevator banks depends on the mix and organization of units and offices. They could be standard call-button elevators or involve destination dispatch, or even two-story cabs might be suitable. However, access to different elevator banks must be strictly monitored.

**Enclosure**

The building enclosure for a home-office building is not much different from that for a typical residential building. The same requirements for light, view, and fresh air apply. But it should be tailored to suit the office space, as well. The location and extent of glass will be different for the offices than for the residential spaces.

Typically, energy use for office space is driven by cooling loads, while use for residential space is driven by heating loads. Placing office space on the north side of the building and residential space on the south allows the sun to heat the residence while the office stays in the shade. Alternatively, placing the residence space above the office space allows the heat generated by the office to rise and heat the residential space. In general, the cooling requirements of office space and the heating requirements of residential space can offset each other and reduce energy use.

In most cases, when the residential zone of the building is being used, the office zone would not be, allowing each zone to become a passive generator for the other, unlike the typical situation in which a residential building sits idle while people are at work and an office building sits idle while people are at home.

While there are added complexities due to the incorporation of office space, in general the design of a high-rise home-office building is similar to that of a high-rise residential building.

In an era of extreme sophistication in building design, why would anyone want to tackle a new typology when its uses are already accommodated by other buildings? Because telecommuters are an expanding workforce sector with needs different from those of typical workers. Millions of people who work from home would benefit from this arrangement, and they are an untapped market. Also, there is a moral aspect to consider: at a time when workers can work effectively without being in the same place, providing two buildings to do the work of one—and requiring transportation between them—is not the best use of the world’s dwindling, and increasingly expensive, energy resources.

Finally, there is a direct benefit to the users: improved quality of life. Time spent in traffic can be redirected toward more worthwhile pursuits, such as devoting time to family and friends, personal growth, or simply to rest and recharge. The home-office building allows greater flexibility to integrate work and personal responsibilities and create a more balanced life. By providing a dedicated space where office meets home, designers can help people stay close to their work without having it overwhelm their personal time.
If a real estate project does not have a great location, then it has to do something to make its location great.

That was the problem facing Ghelamco, a Belgian-Polish developer, when it paid 85 million złoty (US$24 million) in 2006 for a two-hectare (5 acre) lot west of Warsaw's city center. The price was four times higher than the opening bid for the lot, containing a dilapidated building that housed a shuttered military printing office.

“People said, ‘You will go bankrupt, this is crazy,’” says Jeroen van der Toolen, Ghelamco’s managing director for central and eastern Europe. But they were wrong. Van der Toolen is speaking from a meeting room in Ghelamco’s new offices high up in the Warsaw Spire, the 220-meter (720 ft) blue glass hyperboloid that dominates the skyline of the Polish capital.

European investors pulled back in response to the global economic crisis. Poland was the only European country not to fall into a recession, but the property retrenchment was real. The high-flying foreign funds that had been snapping up property in Warsaw and other Polish cities pulled back. Big projects, such as LC Corp.’s hopes of building Europe’s tallest skyscraper in the western Polish city of Wrocław, were truncated.

Supply and Demand

It was not just the price paid, but also the question of what to do with the land that had analysts scratching their heads. Ghelamco aimed to build a massive office complex in a city, which many felt would not be able to absorb such a quantity of new supply.

“When that building was announced, you’d be lying if you thought they had a decent chance of success,” says John Banka, the head of Project Partners International, a Warsaw-based property advisory firm. “The location was debatable and the size of the building was daunting.”

But a year before Ghelamco bought the lot, the city of Warsaw had finally approved plans to begin work on its east–west subway line. And one of
the key stops was at the Daszynskiego traffic circle right next to Ghelamco’s new purchase.

That gave an entirely different outlook for a part of the city filled with decayed industrial buildings—printing plants, small factories, an old brewery—mixed with weed-infested lots and serviced by badly surfaced roads.

The district, called Wola, was one of the industrial and residential hubs of prewar Warsaw. But World War II did terrible things to the area. Bombed and shelled by the Germans in 1939, it was a few blocks away from the Warsaw Ghetto, where the Germans incarcerated about half a million Jews before sending almost all of them to death camps. That part of the city was turned into rubble after the 1943 Ghetto Uprising.

In 1944, inadequately armed Polish partisans tried to oust the Germans from the Polish capital. About 50,000 people were killed, and after the war, Wola was a wreck. At the western edge of the Polish capital, it was a forgotten district known as the “Wild West” by its inhabitants.

But Poland’s economic reforms after the end of communism in 1989 turned Poland—one of the Communist Bloc’s basket cases—into an economic success story. When the country joined the European Union, there was a growing premium on open land, and developers became increasingly interested in Wola.

Geographic Considerations

For decades, Warsaw’s downtown core has been slowly shifting westward from the Vistula River—something that the opening of the east–west metro line in 2015 accelerated.

“The center is moving where there is business and money,” says Paweł Szejter, cofounder and deputy director of REAS, a Warsaw-based real estate consultancy.

The hope is that city officials will take advantage of the district’s good communications—the metro, along with nearby rail, tramway, and bus lines—and properly plan for the surge in office workers so that the Wola district develops smoothly.

Developers are worried, however, because another business area to the south of downtown called Słuzew has had a much more bruising experience with city bureaucrats.

An office district also sprang up on old industrial land starting about two decades ago. But in Słuzew, the city never properly planned for the development, issuing individual construction permits with little vision for the future. The result is a hodgepodge of commercial buildings (some built by Ghelamco) that may be attractive in their own right but that form no cohesive whole. There also is little residential and retail mix, and the city did a
terrible job in extending mass transit and allowing for easy commuting by tens of thousands of office workers.

Employees stuck in horrendous traffic jams now call the area “Mordor”—after the hellish home of Sauron the Dark Lord in the Lord of the Rings books.

“The city adopted a sort of laissez-faire approach,” says Jan Jakub Zombirt, associate director of strategic consulting at the Polish branch of JLL, the real estate firm. “There was no vision in Słuzewiec, and we asked ourselves if the same thing could happen in Wola. People are saying, ‘No, that’s impossible because Wola has a metro,’ as if that would solve all the potential spatial problems. But there is a wider problem of integrating workers, inhabitants, and buildings—fortunately, we are observing a growing awareness of developers, and their positive contribution to urban space is becoming a fact.”

The city of Warsaw has covered only about half of the Wola area with a zoning plan, according to JLL. Although city hall’s vision is for a re-creation of the street grid that existed in the area before the war, the city has shied away from the cost of intervening more forcefully as Wola gets built up. It has not opened any new parks or green spaces in the district, which would require expensive property expropriation.

**Attracting Employees**

But in Wola, developers are keener to work with the city, and even push through their own urban planning vision, than they were in Słuzew. The reason is that Warsaw’s growing middle class is becoming increasingly fussy about office work conditions. In a city with an unemployment rate of only 2.7 percent, employers have to make extra efforts to recruit workers. Developers have also seen that properly planned projects can charge higher rents and are more easily sold to investors.

Van der Toolen, who has worked in Poland for almost two decades, was well aware of the mixed reputation of Słuzew when he embarked on the Warsaw Spire project.

“It doesn’t look like real estate is that important to the city of Warsaw. There is a lack of good-quality people to do proper urban planning,” he says. “From a distance, [Warsaw] looks fantastic; but when you’re in it, you see things could have been so much better.”

When Ghelamco started talks with the city on the project, planners wanted the company to build “New York–style” office buildings that came up to the sidewalk, a pattern seen in other parts of the city’s business district. That approach, with courtyards hidden behind buildings, is actually closer to the prewar vision of Warsaw.

**Design Elements**

Instead, Ghelamco pushed through its own €307 million (US$357 million) concept, consisting of a landmark tower to anchor the lot, flanked by two lower 55-meter (180 ft) curved satellite buildings, each with about 20,000 square meters (215,000 sq ft) of office space. That configuration allowed for dense and lucrative office space, but it left the core of the lot open, allowing the developer to turn it into a 4,000-square-meter (43,000 sq ft) public space called Plac Europejski (European Square).

“Developers used to be able to put up an O.K. building with one restaurant and that was enough. That’s no longer the case,” says van der Toolen.

The developer put a lot of thought and effort into the public area, turning to Belgian landscape architects Wirtz International to come up with a plan.

The result is striking. Instead of paving stones, which smack of corporate sterility, or grass, which is messy and quickly turns to mud, the architects chose hard-beaten earth, which has a natural feel but is clean—something
appreciated by the boules players who frequent the square on weekends. The square was planted with 160 large trees and is watered by an artificial brook and a fountain, with no signs scaring off children, who are free to splash during Warsaw’s brief warm months.

The square also hosts an art gallery, part of the broader effort to give what is still private property the patina of a public space.

However, despite the appealing and modern elements of the design, the square does not really play on the historic architecture of low-rise factories and apartment blocks with internal courtyards that characterized historic Wola.

The Spire itself is a striking building, but also one that has no relationship with the older traditions of the neighborhood.

Designed by a team led by Belgium’s Jasper-Eyers Architects, the main building soars 180 meters (591 ft)—with two antennas that extend the total reach to 220 meters (722 ft). That makes it the second-tallest building in Warsaw, behind the 237-meter (778 ft) Palace of Culture, a 1955 Soviet Art Deco building constructed on the rubble of central Warsaw. The Spire’s office space also exceeds that of the palace—a building once regarded as an icon of Soviet repression but which over the years has become one of the city’s symbols.

Construction began in 2011, which involved digging 22 meters (72 ft) underground for the five floors of underground garages that hold more than 1,300 cars.

In designing the building, the architects had in mind that the most lucrative spaces are on the higher floors of the tower. That led to a design that has the center of the Spire’s hourglass shape narrowing to about 1,300 square meters (14,000 sq ft) of rentable space, while at the top and bottom it widens to 1,700 square meters (18,000 sq ft). The top floor (which includes a deck overlooking the city) has been leased by Goldman Sachs, which needed three separate power sources and its own backup generator to ensure no power interruptions to their facility.

**Attracting Tenants**

The project’s first key tenant was Frontex, the E.U.’s border control agency, which leased 14,600 square meters (157,000 sq ft) in 2012.

Since being completed last year, the building has leased about 95 percent of its office space, with rents increasing by about 20 percent as the project was built. Prime rents in Wola are about €20 (US$23) a meter.

“The tower was the question for me. Would it lease?” says David Brodersen, chief operating officer at Coimpex, a central European developer specializing in master planning.

Despite analysts’ worries that there wasn’t enough demand in Warsaw for such a large amount of new office space, the Spire is being used by companies to consolidate offices previously scattered around the city. Ghelamco itself now has its main offices in the building. Showing the whimsical side of Przemysław “Mac” Stopa, a Polish architect with Massive Design studio, one meeting room is designed to look like a ski gondola, surrounded by the white and blue of an alpine vista. Another has chairs and tables on artificial grass and blends into a picture of a golf course. The chairs, tables, and the rest of the furniture are all designed for the building.

“All these little details were really thought through,” says van der Toolen.

JLL consolidated three separate offices into the Spire, leasing 8,000 square meters (86,000 sq ft) on six floors. Its offices are marked by riffs on traditional Polish landscapes, with conference rooms given names such as “wheat” and “coal” and “forest” and decorated with natural elements like moss and coal.
Samsung combined three facilities into a single location, taking 20,000 square meters (215,000 sq ft) of space. The lower levels of the buildings hold restaurants and a gym, and in the basement there is parking for bikes with lockers and showers for commuters, all amenities designed to appeal to increasingly demanding workers.

**Polish Prospects**

Demand for space in the Spire is part of a broader upsurge in the Warsaw property market. Poland has been steadily becoming one of the world’s top locations for back-office operations. A decade ago, these were little more than call centers, but companies like Samsung are now shifting high-end research and development to Poland, taking advantage of the country’s inexpensive but well-educated workforce. Banks, some spurred by Brexit, also are looking to Warsaw. J.P. Morgan plans to shift 2,500 back-office jobs to the city.

As a result, office space in the capital has grown from about 2.5 million square meters (27 million sq ft) five years ago to about 5 million square meters (54 million sq ft) now, with a million square meters (11 million sq ft) more on the way. Total demand in the first half of the year came to 391,000 square meters (4 million sq ft), according to JLL, and the bulk of that was in the area around the Wola district.

“Moreover, it shows no sign of slowing down,” the agency notes.

Ghelamco is part of that continued Wola expansion. The company has split the Spire property into three sections, and is in talks with buyers.

Earnings from the Spire will help Ghelamco with its projects near the Daszynskiego traffic circle, an area that developers now call Warsaw’s Manhattan. Ghelamco’s new project called Warsaw Hub is made up of three buildings—two 130 meters (426 ft) tall and one of 85 (279 ft) meters—with a total of 113,000 square meters (1.2 million sq ft) of space.

Two other buildings by other developers are also going up nearby.

Standing in the Spire’s Plac Europejski, cranes crowd the skyline when one looks to the west. But toward the east in the direction of downtown, it becomes evident that Wola is still a long way from becoming encased in glass and steel. Looming over one side of the square is a group of dilapidated five-story prewar buildings—some still marked with bullets from the 1944 Uprising. Although they are worth a fortune and developers would love to knock them down, their sale is blocked by interminable fights between the city and heirs of the prewar owners.

“All we got was permission to paint murals on them so they don’t look so bad,” says van der Toolen.
As single-use suburban office parks across the nation suffer increasing vacancies, developers have begun to acquire and transform them into mixed-use centers. Meanwhile, as corporations as different as Weyerhaeuser and General Electric gravitate from office parks to center cities like Seattle and Boston, respectively, office park redevelopers increasingly seek to create walkable urbanism with diverse uses within multitenant, mixed-use, nascent downtowns. In south Florida, a father/daughter development team took on the task of developing an entire new downtown out of what had been an office park.

Initially developed in the 1970s by Jacksonville developer Ira Koger, the 120-acre (48.5 ha) Miami Koger Center office park (later renamed Doral Center) in Doral, Florida, had accumulated 32 buildings with about 1.5 million square feet (140,000 sq m) of office space when it was sold to that father/daughter team, operating as Coral Gables–based Codina Partners, through a 2004 acquisition agreement.

Until it was incorporated as a separate city in 2003, Doral had been an unincorporated area of Miami-Dade County just west of the Miami International Airport, about ten miles (16 km) from downtown Miami. Its name is the compound of the first names of its initial New York developers, Doris and Alfred Kaskel, who acquired 2,400 acres (971 ha) of swampland for only $49,000 in 1959, then developed the Doral Hotel and Country Club there in 1962.

The office park is immediately east of that club, now called Trump National Doral Miami, an 800-acre (324 ha) resort with five 18-hole golf courses, 700 hotel rooms, conference space, and a 50,000-square-foot
(4,700 sq m) spa. The resort also houses the Pritikin Longevity Center and multiple restaurants and shops.

Codina Partners bought the 120-acre (48.5 ha) office park through serial purchases starting in 2006. It stretches east about 4,000 feet (1,200 m) from Trump National across NW 87th Avenue to NW 79th Avenue and about 2,000 feet (610 m) south from NW 54th Street to NW 51st Street. The acquisition agreement contained a series of rolling options to take down parcels within the property.

Ana-Marie Codina Barlick, chief executive officer of Codina Partners, a partnership with her father, prominent south Florida developer Armando Codina, says the price was based on the raw value of the land because the company’s intention from the beginning was to demolish all but four of the buildings as it built the project, named Downtown Doral. While the cost of demolition was to be borne by the sellers—investment groups managed by J.P. Morgan Chase—Codina Partners worked closely with them to maintain cash flow to the sellers until the parcels were needed for redevelopment.

The timing of the purchase—2004, a year after incorporation of the city and seven years before the Trump Organization’s $350 million investment at Trump National—was auspicious. Also, with more than 30 years of experience and Armando Codina’s previous role as chairman of Flagler Development, the development company founded by pioneering Florida railroad and development magnate Henry Flagler, the developers had the reputation needed to make credible the idea of transforming an office park into a downtown.

In 2005, Codina Partners hired Miami-based new urbanist planners Duany Plater-Zyberk (DPZ) to develop a site plan and proposal for a mixed-use planned unit development (PUD) for a program that includes more than 1 million square feet (93,000 sq m) of office space; a main street with 180,000 square feet (17,000 sq m) of retail and restaurant space; 2,840 condominiums, townhouses, and apartments; a new 60,000-square-foot (5,600 sq m) city hall; a three-acre (1.2 ha) park; and a K-5 charter school.

The scale and block size of the plan were determined by the existing infrastructure and by the program for higher-density high-rise towers, both of which led to larger block patterns, says Elizabeth Plater-Zyberk, partner in DPZ. The DPZ plan remains essentially intact, Codina Barlick says, though she notes that her firm used several architects over the years in order for “the downtown to be authentic, organic, and not feel like a project.” Within the density constraints of the PUD is the flexibility to adjust to market demand, she notes. The overall residential density was based on 25 units per acre (62 units per ha) for the 120-acre (48.5 ha) site.

The plan preserved 25 acres (10 ha) at the center of the site, where four of the newest three-to-five-story office buildings were located; those structures, built in the 1990s, contain 369,000 square feet (34,300 sq m) of office space. The buildings, configured in a random pattern that does not align with the rectilinear grid of the balance of the site, are interspersed with curvilinear surface parking lots. This portion of the site constitutes 20 percent of the initial site; gross rents from the buildings represent about $10 million per year, which the developers wanted to retain during the multiyear buildout of the downtown development. In addition, that area represents a land bank of redevelopable property that generates cash flow during a longer holding period; Codina Barlick says her firm has no plans to redevelop those properties, but added that could change as the downtown reaches buildout.

The balance of the site on the north and west sides contained the other 28 buildings—mostly one- and two-story structures inexpensively constructed
in the 1970s to house government workers. They totaled more than 1 million square feet (93,000 sq m) of Class C office space and were marked for demolition and redevelopment. Careful planning around lease terminations helped the developer avoid the added expense of lease buyouts. Codina Barlick says the Great Recession actually assisted in that effort because some tenants chose to downsize in smaller quarters in remaining buildings.

One of the earlier projects developed in Downtown Doral was the 60,000-square-foot (5,600 sq m) new City Hall, built on two acres (0.8 ha) in the north-central portion of the site. The city selected Codina to construct the building and a 250-space garage behind it. Codina sold the parcel at a discounted price of $1.3 million to the city and delivered a turnkey building. The city financed the project’s $20 million development and construction cost.

At City Hall’s southeastern corner, a three-story rotunda capped by a cupola marks the new civic downtown center. Immediately to its south, Codina Partners created a city park on three acres (1.2 ha) of land it donated to the city in exchange for impact-fee credits. The partners spent $1 million creating the park and an additional $1 million on Micco, a large shade sculpture by artist Michele Oka Doner. A traffic circle between City Hall and the park visually connects the two, creating a civic heart for Doral. A circular brick plaza and an oval walkway add to its civic character.

Just south of the park, Codina Partners provided for the Downtown Doral Charter School, which accommodates up to 768 students from kindergarten through fifth grade plus a private preschool for up to 80 students. The partners donated the 3.5-acre (1.4 ha) site to the Miami-Dade County Public Schools (MDCPS) in lieu of school impact fees that would have been charged to the downtown development. The school system ground-leases the site to Downtown Doral Charter Elementary School (DDCES), a 501(c)(3) nonprofit corporation of which Codina Barlick is president and which is responsible for operating and maintaining the school.

The nonprofit corporation hired MDCPS to design and build the 72,000-square-foot (6,700 sq m) school building, and the Florida Development Finance Corporation (FDFC) issued $21.8 million in ten-, 20-, and 30-year serial bonds to finance the project, debt service reserve, and the initial 32-year, $4.5 million capitalized ground lease rent, which FDFC loaned to the DDCES. The bonds will be repaid out of the school’s operating budget, which is funded by the state.

The Main Street retail space is located in one-level structures lining separate high-rise residential towers in the center of the blocks. (CR-Codina Partners)

The mission of the tuition-free charter school is to provide a multilingual education to students in English and either Spanish or Portuguese. Under state statutes governing charter schools, nearby residents of Downtown Doral get preference for admittance to the school for up to half of the school’s enrollment. As a result, disproportionate numbers of new residents, many of whom recently immigrated from Venezuela or Brazil, have sought apartments in Downtown Doral. The developers are including more three-bedroom units in residential buildings as the project proceeds in an effort to attract more families, Codina Barlick says.

To the east of City Hall, Codina Partners developed 8333 NW 53rd St, a 150,000-square-foot (14,000 sq m) office building with a rotunda
at its southwestern corner and its own six-level, 700-space parking garage. Between City Hall and the new office building, a two-acre (0.8 ha) site is planned for another office building and parking structure. The local office market still demands a parking ratio of four spaces per 1,000 square feet (93 sq m) of office area, Codina Barlick says.

South of the park, NW 53rd Street curves to become Main Street, a two-block-long central thoroughfare of Downtown Doral running east–west to intersect with NW 87th Avenue and across to a traffic circle within Trump National. Main Street offers retail spaces along both sides of the street, and retail space also runs along the perpendicular NW 87th Avenue, a major commercial street. An existing traffic light at NW 87th and Main Street led planners to select that east–west corridor as the site’s retail axis.

A 50,000-square-foot (4,600 sq m) Publix supermarket is planned for NW 53rd Terrace at the end of Paseo and across from Downtown Doral’s public park. The store will be in a large urban format and specialize in prepared foods. With construction to start this September, the Publix is scheduled to open in December 2017. Other current service tenants are a salon, a bank, a wine and spirits store, and a dry cleaner.

On six acres (2.4 ha) on the southwest corner of the site, the developers built 85 townhouses designed by Raul Sotolongo, principal of Sotolongo Salman Henderson Architects, based in Doral. The 24-foot-wide (7 m) units are designed as Mediterranean-style villas with white stucco walls, red tile roofs, covered balconies, and arcade entries. The three- to four-bedroom units range from 1,800 to nearly 2,000 square feet (167 to 186 sq m) and have garages. Prices range from $600,000 to over $1 million. Codina developed the townhouses through a partnership called CC Devco Homes, a Codina-Carr Company.

On two five-acre (2-ha) sites flanking NW 53rd Street near the northeast entrance to the site are twin apartment complexes, Cordoba I with 224 units and Cordoba II with 232. The one-, two-, and three-bedroom apartments range in size from 700 to 1,300 square feet (65 to 120 sq m) and rent for $1,500 to more than $3,200 per month. Parking within the complex was planned at an average 1.3 spaces per unit. Codina Partners and J.P. Morgan
completed both phases of Cordoba in 2013, and institutional investors now own the properties.

Most of the infrastructure for the overall project was built over the past three years, Codina Barlick says. It was partially self-financed by Codina Partners and a loan from Goldman Sachs. The infrastructure expenditure will be repaid through a special-purpose community development district (CDD), which is authorized to issue tax-exempt bonds to pay for construction of infrastructure improvements. Developers pay taxes and assessments to cover the debt service on those bonds.

The development plan is currently being more than doubled to 250 acres (100 ha). This April, Codina and Lennar finalized an agreement to buy the 130-acre (53 ha) Doral Great White Golf Course, one of the five operated by Trump National, from the Singapore-based private, limited-investor entity GIC Pte. Ltd. for $96 million.

The site plan places six high-rise residential towers along the north–south street Paseo Doral so as to preserve views and preclude shadows. The first two 20-story towers, 5252 Paseo and 5300 Paseo, are in final development. (CR Codina Partners)

The golf course adjoins the Downtown Doral property, and 66 acres (27 ha) are currently entitled for development of as many as 2,709 residences, including condominiums, apartments, townhouses, and single-family homes. Entitlements also would allow more than 800,000 square feet (74,000 sq m) of office space and as much as 300,000 square feet (28,000 sq m) of retail space. Codina Partners and Lennar will each develop portions of the golf course for a mixture of uses weighted to a slightly lower residential density, Codina Barlick says.

Transforming a suburban office park into a downtown can be challenging. Unanticipated disasters like the Great Recession, which caused serious harm to the Florida market, led to extensive delays. But opportunities not originally envisioned also arose, such as the ability to acquire the Great White Golf Course and more than double the project’s size.

The city now has more than 50,000 inhabitants and a median household income topping $70,000. Headquarters operations for Carnival Cruise Lines, Univision, and Perry Ellis, plus the regional operations of major companies, provide thousands of jobs.

Codina’s success building Downtown Doral has attracted other developers to the area. Just south of the Great White Golf Course, the Related Companies is developing CityPlace Doral, an $800 million mixed-use project designed by Miami-based Arquitectonica, which will bring to a main street 250,000 square feet (23,000 sq m) of lifestyle retail space with 30 bars and restaurants, topped by 1,000 apartments and condominiums. The development will include a Fresh Market (an upscale southeastern food market chain), a Kings bowling alley, and a CinéBistro Cobb movie theater with in-theater dining. Downtown Doral was developed to be family oriented, says Codina Barlick, and she thinks that CityPlace Doral’s emphasis on regional entertainment will be a complementary project.

Traditional downtowns were developed over long periods of time, incrementally undertaken by a variety of developers. What was atypical in the last half of
the 20th century was the wholesale removal of large office users from traditional downtowns and their relocation into single-use office parks in the suburbs. Now that the millennial generation resists working in single-use environments, the transformation of those environments into new mixed-use centers and downtowns by single developers is also unusual. Downtown Doral shows one way to go about it.

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**DENSE, WALKABLE URBANISM DRAWING CORPORATE OFFICES TO PLANO, TEXAS**

**BY KEVIN BRASS**
**SEPTEMBER 9, 2016**

In the global competition for corporate headquarters, a 255-acre (103 ha) project anchored by an open-air urban village in Plano, Texas, is landing some big names. Toyota, FedEx, JPMorgan Chase, and Liberty Mutual are among the companies building offices in the project, which includes a 15-story hotel, a 55,000-square-foot (5,100 sq m) food hall, and more than 1,000 residential units.

One of the largest eat/work/play/live developments in Texas, the $3 billion project is attracting companies by focusing on the interests of their generation X and millennial employees, says Fehmi Karahan, chief executive of the Karahan Companies, the master developer.

“Human resource departments are involved in the decision-making process,” Karahan says. “They were emphasizing being in the right location for their employees.”

Legacy West is located at the intersection of two highways, Dallas North Tollway and State Highway 121, about 20 minutes from Dallas/Fort Worth International Airport (DFW). The land is part of a 400-acre (162 ha) parcel purchased in 1987 by retailer JCPenney. The company built a corporate headquarters on 120 acres (49 ha), but left the rest of the land as greenfield for agriculture and grazing cows.

In 2014, JCPenney put the land up for bid, attracting interest from several national developers. Rather than buying the land outright, Karahan’s offer made JCPenney a partner in the project, creating a new entity to develop the land—along with developer KDC and apartment specialist Columbus Realty, which was cofounded by former Dallas Cowboys quarterback Roger Staubach.

Karahan had developed the Legacy Town Center, a 168-acre (68 ha) master-planned mixed-use development, across the highway from the Legacy West site. “My involvement with this land goes back to 18 years ago when I first eyed the property,” he says.

The city of Plano also had been eyeing the land, which was zoned for corporate headquarters. The city was eager to attract new companies and more jobs. For Legacy West, the city offered companies cash incentives for job creation, tax abatement, and a willingness to develop infrastructure to support the project. That included realigning roads and improving
utility connections. “The city has always tried to stay flexible,” says Phyllis Jarrell, Plano’s former director of special projects, who now works as a consultant.

The city created the special projects post in 2014 to specifically focus on large-scale projects such as Legacy West. “It gave companies and big developers a single point of contact,” says Peter Braster, the current director of special projects. “They don’t have to guess who can give them an answer.”

But it was the location and design of the project that attracted the international companies,

The master plan for the 38-acre (15 ha), 415,000-square-foot (38,600 sq m) open-air retail district, developed by Gensler, includes a mix of residential, boutique offices, a microbrewery, and a beer garden for live outdoor shows. More than 85 percent of the retail and restaurant space has already been leased, Karahan says. Tenants include Dean & Deluca, the upscale grocer; Tommy Bahama; Del Frisco’s Double Eagle Steakhouse; and True Food Kitchen.

Office space in the project is attracting some of the top rates in the area, says Chelby Sanders, vice president of CBRE Transaction Advisory Services in Dallas. “There is demand to be in Legacy West and clearly that will demand some of the highest rates,” she says. For any prospective tenants, the success of Karahan’s earlier complex, the Legacy Town Center, “took the risk away,” she says.

Housing and the connection to DFW also were important elements for FedEx. “A key factor in the decision on Legacy West was that the vast majority of our team members live within a ten-mile [16 km] radius of the new campus,” says a FedEx spokeswoman.

The Legacy West master plan also offered the companies flexibility in designing their facilities. While Toyota is developing a campus-like environment with seven mid-rise buildings, Liberty Mutual is erecting two 19-story towers on top of seven levels of parking, with 1.1 million square feet (102,000 sq m), and JPMorgan Chase is building 1.4 million square feet (130,000 sq m) of office space in six buildings.

All the different elements are connected by more than eight acres (3.2 ha) of public parks and trails. “The walkability link between all that is the key,” Karahan says. “The first question I often get is, ‘How many minutes’ walk from my office is it to the food hall?’ ”

Braster says. Companies these days do not want a typical corporate headquarters that might be isolated and self-contained, he says.

“It’s driven by needs and wishes of future employees,” Braster says. “They were not looking for a traditional suburban campus.”

The project’s design also fit the city’s goals of growing by creating higher-density developments, including a mix of housing options. “We did not want to see isolated residential,” Jarrell says.

For Toyota, which is building its North American headquarters on 100 acres (40 ha) in Legacy West, Plano offered a variety of advantages, “including the proximity to major roadways and airports and a diversity of housing options within a short distance to our future campus,” says Steven Curtis, the vice president of communications.

Aerial view of Legacy West. (Courtesy of Karahan Companies)
The first phase of the residential component—a four-story apartment complex with more than 600 units—is nearing completion, with rates starting at $1,065 a month for a one-bedroom unit. The residential portion of the project includes a 30-story apartment tower and a 24-story luxury condominium tower with 88 units. About 25 percent of the condos have been sold, the developer says. Prices for condos start at $650,000, according to the developer.

The density of the project will lower the costs of providing services and make the potential for mass transportation more “practical,” in an area known for its reliance on superhighways, Braster says. The city is launching a transportation study to explore ways to better connect the diverse elements of the project. “What we don’t know now is where the demand will be,” he says.

Although it has been only two years since the land deal was completed, the project is almost halfway complete. The first retail shops are expected to open later this year in the village, and Toyota is scheduled to open its campus in 2017.

PLAYA VISTA:
FROM SPRUCE GOOSE TO GOOGLE

BY KEVIN BRASS
OCTOBER 23, 2017

Seventy-five years after Howard Hughes built a hangar to house construction of the Spruce Goose, the biggest plane in the world, Google is gutting the massive structure for its Los Angeles headquarters.

Peeking through cracks in the gray metal cladding, the giant rounded girders of the original hangar are clearly visible, stretching wide enough to accommodate the wooden flying boat’s 320-foot (98 m) wingspan. Though Google’s project is shrouded in Howard Hughes–style mystery, the company is reportedly building a three-story steel complex within the space, including more than 400,000 square feet (37,000 sq m) of offices.

The hangar is part of the final phase of Playa Vista, one of the largest and most debated master-planned developments in Los Angeles’s history. For decades, developers, environmentalists, and planners squabbled over the fate of the west L.A. land, which Hughes used as an airport and a manufacturing plant for his dream planes. From the attempt by Hughes heirs to create a skyscraper community to visions of the site as a new Hollywood, Playa Vista has been a long-running soap opera, full of celebrities and unexpected twists and turns.

As recently as five years ago, with projects stalled and office vacancy rates soaring, many observers questioned whether the mixed-use concept was appropriate in a city built on suburban sprawl. “There was quite a bit of skepticism about how it would perform,” says Petra Durnin, CBRE’s head of research in southern California. “It didn’t seem like it would work.”

Today, the 460-acre (186 ha) development is almost completely built out, and Playa Vista is home to more than 10,000 people. A Main Street–style retail zone opened in 2015, and the office space has developed as “Silicon Beach,” home to regional offices for Yahoo, YouTube, Facebook, and Microsoft, with space commanding some of the highest rents in the city.

Once viewed as an early experiment in
postmodernism, Playa Vista is now a living, breathing community, a large-scale attempt to create a live/work/play environment.

“Finally, now it is what it was envisioned to be,” says John Miller, head of the Los Angeles office of developer Tishman Speyer.

**Density Comes to West L.A.**

On a sunny weekday afternoon, Playa Vista is an island in the midst of the hubbub of Los Angeles. Not far from the crowded interstate highways 405 and 10, the streets and parks are quiet except for a few joggers and couples taking power walks. The east side of the property is bordered by hills and the campus of Loyola Marymount University; the southwest end abuts carefully preserved marshlands.

The master plan for Playa Vista’s flat landscape calls for low-rise clusters with distinct residential, retail, and commercial zones. Instead of the rigid grid system of wide roads common in many southern California neighborhoods, Playa Vista is a jumble of narrow streets with sidewalks. It has 29 parks, including a central park with a bandstand, and three dog parks. An elementary school focused on science, technology, engineering, and math (STEM) opened in 2012, and the Runway, a 300,000-square-foot (28,000 sq m) residential and retail complex completed two years ago, includes a Whole Foods Market, movie theaters, and an array of restaurants.

There is a buzz of activity throughout the project. “A Blue Bottle Coffee just opened,” says Alison Girard, director of marketing at Brookfield Residential, Playa Vista’s community developer, as she shows a visitor a map of the property. The very hip Oakland-based coffee chain, promising “coffee made from beans that are less than 48 hours out of the roaster,” is part of the Brickyard, a sleek new white-brick complex, designed by architect Michael Maltzan and Gensler, that opened this year with more than 400,000 square feet (37,000 sq m) of office space.

Calgary-based Brookfield bought 110 acres (45 ha) of Playa Vista in 2012 for about $250 million from Playa Capital, an investment group that includes Goldman Sachs and Morgan Stanley. Since 2014, Brookfield Residential and other developers have built about 2,800 homes, primarily apartments for rent, as well as condominiums and detached homes that typically sell for $1 million to “the high $4 millions,” Girard says.

Playa Vista has almost reached its planned total of 6,046 homes, including about 3,300 rental apartments and 360 senior and assisted living units. The plan calls for a total of 450 “controlled-price unit” homes, reserved for community-serving employees like firefighters and teachers who are first-time homebuyers, work within five miles (8 km) of Playa Vista, and meet income restrictions.

The first phase of the project, built between 2000 and 2012, had more than 3,200 homes, primarily targeting first-time homebuyers and young couples. For the second phase, Brookfield focused more on larger homes, 1,800 to 4,000 square feet (167 to 372 sq m), targeting growing families. About 30 percent of the buyers in the second phase were already residents of Playa Vista, Girard says. Many had moved in as singles, but were now married and had children, she says. The STEM elementary school was “a game-changer,” Girard says.

*After decades of debate and false starts, Playa Vista is now home to more than 10,000 people.*

**URBAN LAND READING LIST:** RESHAPING THE MODERN WORKPLACE
About 6 percent of Playa Vista homeowners work in the district; 28 percent of people working in Playa Vista live within three miles (5 km), according to Brookfield’s surveys. The property does not connect to the city’s growing rail system, but a shuttle bus roams the property, providing a link to bus stops in surrounding communities. Extra shuttles run on movie nights or for concerts in the park. Several companies offer their employees free bikes.

Playa Vista “brought much-needed density,” to west Los Angeles, says Stuart Gabriel, director of the Ziman Center for Real Estate at the University of California, Los Angeles. “It’s a very walkable area—very different from the rest of L.A. in that respect.”

Staying off the highways is a primary goal of most Angelenos. “The car has always been king in southern California,” Gabriel says. “People are craving areas that diminish focus on the automobile.”

A Tortuous Path

For decades, the 1,087 acres (440 ha) Hughes left to his family, constituting the largest chunk of undeveloped land on the Los Angeles Westside, was mired in political battles and litigation and subject to the roller-coaster of real estate economic cycles. In many ways, Playa Vista’s struggles mirrored the evolution of coastal real estate development in southern California. The project first came under review in the 1980s, when the environmental movement was gaining strength, fighting the type of high-density projects that defined the state in boom years. When the environmental movement was gaining strength, fighting the type of high-density projects that defined the state in boom years.

Early plans for Playa Vista, developed by the Hughes family, called for an office tower and shopping mall–focused development similar to the existing Century City in Los Angeles. The plan quickly met with resistance from neighborhood and environmental groups who said it would destroy the sensitive Ballona Wetlands, the marshes on the southwestern edge of the property. The development plan stalled as opposition coalesced over concerns about traffic, air pollution, and the appropriateness of skyscrapers along the coast.

In 1989, Maguire Thomas Partners, one of the largest builders in Los Angeles, took over the project and spent eight years trying to turn the site into a modern mixed-use development, incorporating many of the ideas of new urbanism that were growing in popularity around the country. Small, low-rise coastal cities like Santa Barbara were used as a model. “Playa Vista was the beginning of the recognition that planning standards from the post–World War II era were wrong and counterproductive,” Nelson C. Rising, a senior partner for Maguire Thomas, told the New York Times in 2007.

In 1995, the project veered in a new direction, when the recently formed Dreamworks SKG—created by the partnership of entertainment industry titans Steven Spielberg, Jeffrey Katzenberg, and David Geffen—announced plans to turn Playa Vista into the home for its new movie studio, with modern soundstages and production facilities.

But the plan fell apart as Dreamworks’ fortunes ebbed and flowed, and the principals’ enthusiasm waned as litigation continued over environmental impacts. In 1997, faced with financial issues, Maguire sold the project to Playa Capital, the group led by Goldman Sachs and Morgan Stanley and including Oaktree Capital and several pension funds.

Development began in earnest in 2000 under a master plan that called for about 70 percent of the original Hughes property to be set aside for open space and parks. The final plan was a hybrid of the different plans, says Ruth Galanter, an environmentalist who represented the area on the L.A. City Council from 1987 to 2003. A road cutting through the wetlands was eliminated and open space was preserved, but many of the original high-density mixed-use ideas proposed by Maguire Thomas were watered down in the final design.
Maguire Thomas’s concepts “were light-years different than anything going on in L.A. at the time,” Galanter says.

The community was just starting to take shape in 2008 when the national financial crisis hit. The office market ground to a halt; several developers working at Playa Vista faced credit issues. At that point, many of the key amenities had not been built, including the retail center and a promised community center. By 2012, more than 40 percent of the existing office space was vacant, according to CBRE data.

Since then, Playa Vista has benefited from a “Google effect,” industry experts say. The tech giant’s commitment in 2014 to buy 12 acres (5 ha) next to the historic Spruce Goose hangar for $120 million signaled to tech companies that Playa Vista was going to be something more than an afterthought office space market.

Even before Google made headlines, developers were eyeing Playa Vista’s office land, especially in the depressed market. In 2010, a partnership headed by L.A. developer Wayne Ratkovich, in a joint venture with Penwood Real Estate Investment Management, paid $32.4 million for 28 acres (11 ha), including the Spruce Goose hangar and the surrounding buildings, known as the Hercules Campus. Last year, Ratkovich sold to a Japanese investor for $270 million the hangar and three surrounding buildings that had been leased to Google, according to media reports.

As the Campus at Playa Vista started to take shape, there was little land or office space available on the Los Angeles Westside, especially in Venice and Santa Monica, the traditional homes for media and tech companies in Los Angeles.

“We’re kind of the last game in town,” says Miller of Tishman Speyer, which has developed 11 buildings in three phases in Playa Vista, including the new Brickyard. “There has been a tremendous amount of space leased in the last three or four years.”

Beyond simply being a “new Silicon Valley,” Playa Vista has developed as the point of convergence among the tech, media, and entertainment worlds at a time when more and more tech companies are trying to break into video and television. This is not the tech of programmers and chip heads: Playa Vista is home to Fox Interactive Media, IMAX, and the University of Southern California Institute for Creative Technologies, as well as big advertising agencies Group M and Ogilvy & Mather.

For Fullscreen, a company focused on creating videos for social media, proximity to Google’s YouTube office was a key driver of its decision to move to Playa Vista. The company spent two years searching Los Angeles for the right space, says Sheauen Chung, senior vice president of human resources for the company. Full Screen wanted access to convenient off-street parking near production facilities, and the type of lifestyle options essential to recruit and retain talent.

The company eventually settled on 58,000 square feet (5,400 sq m) in i|o at Playa Vista, a two-building complex across the street from the Spruce Goose hangar. “We felt we needed to be where things were progressing,” Chung says.
The six-story buildings that make up i|o were first developed in 2010, but were empty in 2014 when Clarion Partners bought the 302,000-square-foot (28,000 sq m) complex for $132.7 million. The buildings went through a complete makeover—new outdoor spaces, balconies, floor-to-ceiling glass, and separate entrances for tenants—designed to appeal to the new generation of companies.

“It didn't have the authentic, cool, creative design element,” says Khalid Rashid, senior vice president of Clarion. Demand remains strong, he says. “We see the clustering effect,” Rashid says. “In this submarket, demand is driven by media and advertising.”

In the past two years, Playa Vista has become “the hot next submarket” in Los Angeles, Durnin says. Rental rates for prime office space in Playa Vista averaged $5.24 per square foot ($56.40 per sq m) in the second quarter of 2017, up 18 percent from $4.44 per square foot ($47.79 per sq m) a year earlier, according to CBRE research. In contrast, the average rent in Los Angeles County for the second quarter of 2017 was $3.47 per square foot ($37.35 per sq m), a 5 percent increase from a year earlier.

Companies are looking for alternatives to the high-density office complexes and towers found in other parts of the city, Durnin says. “There is demand for new campuses,” she says. “It doesn't have to look like a cement fortress.”

Looking Back

Playa Vista still has its critics. A few years ago, a local professor referred to the “aesthetic doldrums” of the designs. In Los Angeles, there is an ongoing debate: did the project achieve the dream of creating a modern, walkable mixed-use project, or was it an ambitious project that fell short of its potential?

“What is better than I thought it would be is the mix of recreation and work places,” Galanter says. The project would have benefitted from stricter design guidelines and a more integrated approach to mixing the residential and commercial space, she says. But she also knows several people who opposed the project who now live there.

These days, Playa Vista is a functioning community. Families are attending the concerts in the park, the restaurants are packed on Friday nights, and there is a weekly farmers market.

Playa Vista has been able to “create an urban feel in a somewhat suburban area,” says Manny Gonzalez, a principal in KTGY, an architecture firm that worked on residential parts of the project. “That's what Playa Vista is doing well.”

More than anything, Playa has succeeded in creating the “feel of neighborhood,” he says. “There is a feel to it, a vibrancy. Come down on a Friday or Saturday, and it's pretty cool.”
When Amazon decided in fall 2018 to build a $2.5 billion East Coast headquarters on the edge of the Crystal City neighborhood in Arlington County, Virginia, it picked a location that does not much resemble the sort of hip urban locales that tech companies usually favor. Instead, Amazon will bring 25,000 workers into a comparatively staid, mid-20th-century enclave known largely for providing affordable office space to government agencies and contractors that is conveniently close to both Washington, D.C., and the Pentagon.

With an extensive underground mall that connects the Metro subway system to many of the office buildings, and broad one-way streets that allow autos to zip from one end of the community to the other, Crystal City is not a place designed with walking and cycling in the sunshine in mind. And unlike the lively neighborhoods that youthful tech workers favor, Crystal City has been known for emptying out in the evening after traditional working hours.

But Amazon and JBG Smith, the Washington-area developer partnering with the e-commerce giant, are looking ahead to what Crystal City can become. JBG Smith, known for its focus on placemaking—the art of using the built environment to appeal to people—already is in the process of transforming the area into a 16-hour live/work/play, walkable community with the communal green space and lifestyle amenities that appeal to a millennial and generation Z labor force that does not typically go straight home in the evening.

Amazon’s and JBG Smith’s plans call for Amazon, which began moving into temporary space in June, to occupy several renovated buildings during construction of Amazon’s headquarters complex. The headquarters buildings, designed by ZGF Architects, will include a pair of 22-story towers containing 2.1 million square feet (195,000 sq m) of office space, plus 50,000 square feet (4,700 sq m) of retail space, restaurant space, and daycare facilities, as well as a
1.1-acre (0.5 ha) public park. Construction could start in early 2020. But by the time the headquarters is completed in 2023, the entire area surrounding it will also be in the midst of a dramatic reimagining.

National Landing, as the area has been rebranded, also will absorb portions of two adjacent neighborhoods, Pentagon City and Potomac Yard, straddling the border of Arlington County and the city of Alexandria as well as Crystal City. In addition to the Amazon headquarters complex, National Landing will include numerous other new buildings, as well as extensive public-sector enhancements to transit access and a novel pedestrian bridge to nearby Reagan National Airport.

Near a planned Metro station in Potomac Yard, Virginia Tech will partner with JBG Smith and Houston-based Lionstone Investments to build a 15-acre (6 ha), $1 billion Innovation Campus, which was part of the pitch that helped lure Amazon to Virginia. The Virginia Tech campus will include 300,000 square feet (28,000 sq m) of classroom and research space and 250,000 square feet (23,000 sq m) of space for tech startups and established companies, plus 350,000 square feet (33,000 sq m) of student and faculty housing and 100,000 square feet (9,300 sq m) of retail space and other uses. It will be part of a 65-acre (26 ha) mixed-use district developed by Lionstone and JBG Smith.

In late July, JBG Smith also announced plans to add nearly 1,000 additional units of housing to the existing RiverHouse residential community along the western edge of National Landing, including both traditional and two-over-two stacked townhouse units, and multifamily buildings.

But much of JBG Smith’s vision for the area involves repurposing and modifying existing buildings, with the aim of converting a 1960s-style car-centric environment into a vibrant pedestrian streetscape.

“Amazon looked at the neighborhood as it was and wondered what could be done to improve it and make it more vibrant,” says Matt Kelly, chief executive officer of JBG Smith. The company has a portfolio that contains 6.1 million square feet (567,000 sq m) of existing operating commercial space at National Landing, amounting to more than 70 percent of the submarket, with another nearly 7.3 million square feet (680,000 sq m) under construction or in the pipeline for future development.

“They saw in our plan a very clear road map of how to get there. And they saw us as a team with experience and capital resources. We and they generally see eye-to-eye on the importance of placemaking, and on what it takes to make a great place.”

Transforming a Midcentury Vision

Crystal City arose in the early 1960s from what had been a gritty industrial landscape of brickyards, warehouses, junkyards, and iron-fabricating plants, as growth of the federal government and the military created a rising demand for office space. The area got its name from the Crystal House, one of its early apartment buildings, whose signature flourish was a large crystal chandelier in the lobby, according to the Arlington County Projects & Planning department’s history of the neighborhood.
Crystal City's “unremarkable concrete buildings,” as Washingtonian magazine once described them, were designed to be utilitarian and competitive for government contract bids rather than architecturally elegant. But after Congress passed the Base Realignment and Closure Act in 2005, which authorized the military to consolidate its facilities, Crystal City suffered a major economic blow. Tenants that had occupied 3 million square feet (280,000 sq m) of office space moved out, and the neighborhood lost 13,000 jobs, the Washington Post reported in 2015. By the time Amazon came around, the area was in need of a reboot.

Despite being only a 20-minute bike ride, or four subway stops, from the heart of downtown Washington, Crystal City was built in a decidedly suburban style. “It’s a mid-20th-century edge-city development, with mixed use—retail, residential, office space—but a real priority to the automobile,” says David Manfredi, chief executive and founding principal of Boston-based architecture firm Elkus Manfredi, which is creating a master plan for National Landing. “Most of the retail is internalized in these almost subterranean arcades.”

In addition, “historically, we have not had the right mix of uses,” Kelly says. “We haven’t had enough housing. Locations that tend to succeed and thrive usually have a balance. There’s the resident who comes home in the evening and uses the amenities and retail that serve the neighborhood, [so that they] have a vibrant customer base 18 hours a day, not just nine hours a day. That matters in being able to write the script.”

Nevertheless, “this area has great bones,” says Tracy Gabriel, president and executive director of the Crystal City Business Improvement District (BID). “It sits by two Metro stations and is adjacent to an airport.”

Crystal City has another asset that is critical for placemaking: the district already has a substantial daytime population of 50,000 office workers, Kelly notes. That provides a big potential clientele for new stores and restaurants, a crucial part of changing an area’s image.

The reimagining started soon after JBG Smith—a new company formed when Vornado Realty Trust spun off its Washington-area portfolio and merged it with Chevy Chase, Maryland–based developer JBG Companies—took over most of the old Charles E. Smith properties in Crystal City in 2017 and became that neighborhood’s biggest commercial real estate operator.

“We spend a lot of time focusing on what is happening outside the four walls of our buildings, and what is happening at the ground plane,” Kelly says. He is particularly tuned in to what he describes as the “20-by-20 space”—20 feet (6 m) from the first floor and 20 feet ahead on the street. “That’s really where people live, whether they’re walking past your building, or stopping in front of the retail shops or the pet groomer or the grocery store, deciding whether to go in or not. Is it pleasant? Is it a place that feels good? Often, they can’t put their finger on one thing—it’s a combination of things.”

Even before Amazon began taking a serious look at the area in summer 2018, JBG Smith set about trying to modify Crystal City’s dated ambience. That effort included creative ploys such as wrapping some of its vacant, soon-to-be-renovated buildings in colorful canvas-like covers to indicate that change was on the way and setting up art installations featuring painted bicycles to highlight the area’s accessibility to cycling commuters.

The developer also began updating its properties and upgrading their amenities, technology, and tenant services as well. In conjunction with the Crystal City BID and local businesses, JBG Smith began promoting hundreds of social events, from...
Construction, Renovation, and Creative Repurposing

As Amazon’s workforce arrives, employees initially will move into more than 584,000 square feet (54,000 sq m) of space in four renovated JBG Smith buildings. To make an office building at 2345 Crystal Drive into a more comfortable environment, the developer remodeled the lobby, adding wood and new furniture to make what had been an overpoweringly large space seem more human scale. When it comes to establishing ambience, the first thing that a tenant sees when entering the building can have an important impact, Kelly notes.

Another building, 1770 Crystal Drive, will be given a new skin to give it a more attractive exterior before Amazon moves in by the end of 2020.

To help enliven Crystal City after working hours, JBG Smith is developing 130,000 square feet (12,000 sq m) of shopping and entertainment space between 15th and 18th streets on Crystal Drive, including an Alamo Drafthouse Cinema, restaurants, bars, and a specialty grocer. Central District Retail, as the project is called, is a key part of the developer’s strategy to reinvent the once car-centric Crystal City and its underground retail space with sidewalk-level activity.

“Today, people really value walking and places [that are] appealing to work and live without getting in a car,” Kelly says. “When you walk down Crystal Drive, you have loading docks and parking garage entrances where we really should have retail. But as we build new buildings, we’ll complete the evolution [to an environment] that’s still car accessible but very walkable. The things that cars and trucks need will be put behind the buildings.”

To increase the neighborhood’s housing supply, JBG Smith plans to build a pair of apartment towers with a total of 750 units at 1900 Crystal Drive. The buildings will include 30,000 square feet (2,800 sq m) of street retail space, according to Kelly, as well as provide a significant aesthetic upgrade to the block.

A rendering of the planned pedestrian bridge linking Crystal City and Reagan National Airport (National Landing)

Pam Campbell, a partner at New York City–based CookFox Architects, which designed the two buildings, says they are intended to contrast with the office blocks around them, with “large window openings; warm, natural materials; and architectural features that create softer edges and finer textures.” The towers’ retail space and lobbies will open to the sidewalk, and a plaza will connect the buildings, creating new pedestrian pathways through the neighborhood. Construction is expected to start in 2020.

Moreover, unlike some of Crystal City’s more utilitarian buildings, the two structures will be rich in architectural allusions. For example, Campbell notes, “Crystal City was once the home of brickyards, and the choice of a terra-cotta cladding at the facade [of the south tower] recalls the geological and industrial history of the site.”

One of the big challenges of updating Crystal City is to break up the homogeneity of its existing architecture—the expanses of precast concrete in similar hues, Manfredi says. “One