

Case Study: Tenant Advisory

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CBRE
*Building Client
Advantage*

In the Fall of 2016, CBRE was selected to assist Central Logic in identifying new office space to align with the company's growth and business strategies. Barb Johnson and her team met with Central Logic and identified three key goals that needed to be addressed: creating an engaging environment to attract and retain employees; Allowing space for growth without increasing occupancy costs; and remaining in Class A space, within a market favorable to landlords.



Towne Ridge Center

The Challenge

Creating an engaging environment to attract and retain employees

Central Logic's management described their current office space as lacking energy and functionality. The old layout had exterior offices which blocked natural light from penetrating the interior space. There was a large formal reception area with no receptionist or outside visitors, and there were no huddle areas for collaboration. The conference areas did not promote flexibility or functionality; they were too small for all-hands meetings and too large to facilitate small work groups. The break room was located in the interior of the building with no natural light, and the office cubicles had high partitions which blocked light and discouraged collaboration. Lastly, there were many doors which inhibited the promotion of an invigorating culture the company was looking to implement.

Space for growth without increasing occupancy costs

The existing space configuration did not promote efficiency and flow for their operations, even though there were over 400 square feet allotted per full-time employee. Central Logic's growth projection was to double its headcount within five years while avoiding doubling their square footage and occupancy costs.

Remaining in Class A space in a landlord's market

With vacancy less than 10% and most available space occurring in new construction, rental rates were higher than Central Logic's existing Class A building lease. Tenant improvement costs are more expensive in new buildings which result in tenants incurring build-out costs. For a growing software company, capital needs to be infused into the company, not tenant improvements.

The Solution

To create an efficient, energetic and inspiring space, the team identified an architect to become part of the team. The architect analyzed office options and designed test fits to decrease the square footage per full-time employee while retaining productivity and allowing for growth. Tours of functional open office space were arranged to help the client visualize an office that would promote employee retention and attract new employees in a highly competitive workforce.

Knowing that the overall tenant-improvement costs would be increasing, our team worked with the tenant's architect as well as the contractors to ensure the tenant-improvement allowance would promote the cool, energetic space design required by the tenant. We successfully negotiated for all tenant improvements to be paid entirely by the landlord.

We secured a newer, Class A office building for Central Logic. The new building includes an open office environment with flexible meeting space and in-boarding offices with butt-glazed glass walls to allow natural light to penetrate both the open work areas and offices. Selecting a highly efficient building and designing an efficient floor plan were achieved. During this process, the tenant added less than 900 square feet and was able to decrease their square footage per full-time employee from 400 to 197. Negotiating with several landlords, we achieved an initial rental rate 11.5% less than average Class A asking rental rates with all tenant improvements paid by the landlord.