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We are pleased to publish our seventh issue of Premier Office Magazine. Each year we direct-mail approximately 9,000 magazines to real estate professionals across the United States. We also distribute another 6,000 magazines at all of our KBS-owned multi-tenant office properties. The feedback we receive each year has been terrific. I especially want to thank our advertising partners for their continued support.

The year 2018 should be exciting. Businesses are gravitating toward markets that are attracting the best and brightest talent. KBS is well ahead of this trend with a strong presence in emerging markets like Raleigh, Salt Lake City and Portland. These markets are proving their worth as a magnet for tech, creative and finance employers. Often we see headlines touting the re-emergence of suburbs or the strength of CBDs. It is difficult to make blanket projections like this as each market has its own dynamics. I have no doubt that we are going to see some solid growth in non-gateway markets. Which markets that will be hinges on a number of key variables — do they have forward-looking infrastructure plans? How tech-friendly are the markets? Are they places where a new generation of employees want to live and work? These are questions that KBS explores on a day-to-day basis by our regional personnel, who are well connected with the dealmakers in every U.S. market.

Each year we feature a human-interest story in our magazine. Recently, we were pleased to meet Chad Henings, a young man who has epitomized the characteristics of leadership throughout his life. We first met Chad at the Orange County Community Foundation’s real estate luncheon to benefit veterans and their families. Chad was the keynote speaker. Chad grew up in Iowa and was a standout athlete in high school, winning the state championship in wrestling. Chad’s other sport? Football. He was picked by the U.S. Air Force to join the Academy and play football. He was soon recruited by the Dallas Cowboys. Rather than jump into an NFL uniform, Chad made the decision to stick with the Air Force for a chance to fly fighter jets. Not only did he fly jets, he later went on to fulfill his dream playing for the Cowboys and contributed to the team winning three Super Bowls. Today, Chad has a successful real estate firm in Dallas. We hope you enjoy his valuable insights on leadership and character.

There are plenty of other great stories in this issue, including an interview with KBS regional presidents and a feature on Quantum Spatial, our anchor tenant at the Commonwealth Building in Portland, Oregon. I also want to congratulate the winners of our service champion awards. It gives me real pride to know we have such service-minded professionals looking out for the day-to-day needs of our valued tenants.

God bless America.

Charles J. Schreiber Jr.
Chief Executive Officer
KBS
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**Premier Office Magazine**

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Delivering innovative solutions for the real estate sector
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KBS REIT III HAULS IN $1 BILLION

KBS REIT III secured a three-year $1.01 billion financing commitment, the largest financing facility in KBS history.

KBS REIT III holds 29 properties valued in excess of $3.5 billion, and this loan encumbers only eight of them. Bank of America is serving as the joint lead arranger and administrative agent for a lender group that includes joint lead arrangers Wells Fargo and U.S. Bank.

In addition to paying off loan maturities, the loan facility provides additional funds that may be used for tenant improvements, leasing commissions and capital improvements.

“We believe leveraging a lower cost of capital to ensure that these Class A buildings remain attractive and competitive to tenants will serve our investors well in the long term,” said KBS CEO Chuck Schreiber.

MIXED USE AT ITS FINEST

Park Place Village in Kansas City is fast becoming a prime example of how the mixed-use live-work-play concept can work not just in gateway markets. Park Place Village is a KBS-owned multi-tenant office and retail property in KC’s thriving South Johnson County submarket. The surrounding area also features a premier hotel and an assortment of executive housing. Each year KBS hosts the “Foodie Chick” event, which always attracts a packed crowd to enjoy outdoor food booths as well as popular bars and restaurants. Congratulations to our on-location management team for a very successful event!

171 EARN LEED PLATINUM

KBS was pleased to announce that 171 17th Street in Atlanta’s midtown submarket was awarded LEED Platinum certification, the highest LEED certification that can be achieved for an existing building. KBS worked with Sustainable Energy Group to track recent construction and tenant improvements, which helped earn the maximum 81 points allotted on the LEED scorecard. “The 171 team always pushes for the ‘wow’ factor of excellence,” commented KBS Senior VP and Asset Manager Allen Aldridge.
**TURTLE CREEK EARNKS KINGSLEY HONORS**

As part of its commitment to tenant satisfaction, KBS regularly engages San Francisco-based Kingsley Associates, the industry leader in tenant satisfaction assessments. Kingsley surveys KBS office properties, ranking property managers in multiple categories, the sum of which is a score for overall tenant satisfaction. KBS is pleased to congratulate the on-site management team at 3811 Turtle Creek in Dallas for winning the 2017 Kingsley survey. When asked what one thing helps to distinguish her team, Assistant Property Manager Staci Fletcher commented, “Sometimes it is knowing what the customer needs before they know they need it.” Congratulations to our team at 3811 Turtle Creek. Keep up the great work!

**ANCHOR SCORES A TOBY**

BOMA Greater Phoenix recognizes distinction in building management annually by awarding outstanding projects with The Outstanding Building of the Year (TOBY) awards. KBS-owned Anchor Centre located at 2201 E. Camelback Road in Phoenix, Arizona, was the winner of the 250,000 – 499,999-square-foot category. “We are very proud of our management team,” commented KBS Senior VP and Asset Manager Tim Helgeson. “By using real-time data to improve building operational performance and collaborating across a spectrum of integrated services, our Asset Services professionals are committed to achieving world-class outcomes for our tenants. We are humbled by BOMA Greater Phoenix’s recognition of the work of our team.”

**OFFICE BUILDING ART GALLERY**

The KBS-owned Carillon Building in Charlotte, North Carolina, is a secret treasure trove of art, and its stunning show-stopper is “Cascade,” a kinetic Jean Tinguely sculpture hanging from the ceiling of the lobby. Cascade was commissioned by Charlotte’s Bechtler family specifically for the building, which they developed. Made up primarily of found objects, this motorized amalgam measures 40 feet tall and hangs above a fountain, whose water converses with Cascade’s mechanical whirls, clicks and hums.
Portlandia was a thing long before the TV show that lampoons its quirky residents. Also known as The City of Roses, Little Beirut, Bridgetown, Beervana and more, Portland is much more than a cool coastal halfway point between San Francisco and Seattle. And it’s getting all the love now from people, companies and investors because of it.

“In short, they want to live in ‘urbana’…”

These days, people want to be in amenity-rich locations that are walkable and have good public transportation. In short, they want to live in “urbana,” a place that’s affordable and offers a great quality of life featuring fantastic restaurants, breweries, coffee and fun stuff to do. It’s work, live, play centered on a happening city. Portland, Oregon, really fits the mold.

As a result, some of the nation’s brightest talent is moving there — along with top-tier tech (STEM) and creative (TAMI) firms that are following them and looking to escape the high costs of San Francisco, Los Angeles and Seattle by starting up or relocating to Silicon Forest. Throw in low-yield-suffering investors, who are likewise getting priced out of other West Coast markets, and you have a recipe for massive city growth.

With all this in mind, KBS is focused on buying assets on or near Portland’s vibrant Pioneer Courthouse Square, part of the city’s central business district and close to its Technology Triangle, a cluster of tech companies that include Google, Amazon and Airbnb. Three recent KBS acquisitions are the historic Meier & Frank Building, the historic Commonwealth Building and 6Y.

**Meier & Frank Building**

Built in 1909, the Meier & Frank Building sits at 621 SW 5th Avenue on a full city block — highly unusual for Portland — across from Pioneer Courthouse Square and Pioneer Place Mall. The size allows for very open and large floor plates, making Meier & Frank ultra-attractive to space-efficient tech companies. Additionally, the property is conveniently located at the epicenter of Portland’s Public Transit System.

Originally designed to house Meier & Frank’s department flagship store and
headquarters, the 15-story building was acquired by May department store in 1996, then by Macy’s in 2006, which sold the top ten floors to Pebblebrook and together underwent a $100 million building renovation.

Pebblebrook converted its top 10 floors to a hotel, which opened its doors as “The Nines” in 2007. Luxurious and stylish with art-filled spaces, fabulous dining and incredible downtown views, Portland’s only five-star hotel often accommodates teams that come to play the Portland Trail Blazers.

In fall 2016, Macy’s began selling some of its real estate, creating the opportunity for KBS to JV with world-class developer Sterling Bay to buy and reposition a nice slice of the storied Meier & Frank Building. In April 2017, KBS began demolition, moving forward with plans to reposition the first five floors as a best-in-class, mixed-use asset that includes street-level retail and creative office space.

With Meier & Frank, KBS not only acquired several floors in a rare full-city-block building, but in a building that has great character, history and arguably one of the best locations in the city. Additionally, the property has approximately 15,000 square feet of basement-level space that KBS is using to build a huge amenity center complete with a conference area, lounge, fitness center, yoga/spin room, bike parking, lockers and showers.

Says KBS Senior Vice President and Asset Manager Clint Copulos, “It’s going to be very high-end and to a scale that Portland’s never seen before.”

Recently, KBS signed its first lease for the entire second floor of Meier & Frank with Oregon State University. In a press release, OSU announced it was “looking forward to working even more fully with partners in education, industry and the community to serve unmet learner, economic and community regional needs.” In the meantime, KBS is continuing to negotiate leases for about half the retail space. It plans to deliver the space on April 1, 2018.

Commonwealth

The historic Commonwealth Building is located at 421 SW 6th Avenue. Built in the mid-1940s, the property was originally known as the Equitable Building and was designed by renowned architect Portland resident Pietro Belluschi. Situated about a block and a half off Pioneer Courthouse Square, it’s in the heart of the Tech Triangle and fronts the Sixth Avenue transit mall.

While Commonwealth has always been a beloved Portland tower, KBS’s more than $3.5 million in tenant improvements, shared amenities and capital expenditures has helped turn it into a Class A, higher-purpose building that can claim even more. The 224,122-square-foot property offers a first-in-class tenant experience designed to attract TAMI clientele. Amenities include a rooftop deck, building conference room, tenant lounge, bicycle storage and a much-anticipated fitness center with locker rooms.

Says Copulos, “What we really like about Commonwealth is its great location. When we bought the building, it was 95 percent leased and had a large number of tech tenants. So much of it was already built for modern creative users with open ceilings and floor plans, concrete floors and very little office space. Since there were great tenants in place, we decided to concentrate on elevating the brand — to build on what existing tenants already like about the property and gain momentum.”

After discovering how much tenants loved Commonwealth’s sense of community, KBS started “Thirsty Thursdays,” a twice monthly, rooftop happy hour. The event regularly attracts 75-100 people who come to connect and socialize with tenant neighbors. Improvements were likewise geared

Continued on PAGE 12 ▶
toward helping tenants bond and enjoy the entire building. Continues Copulos, “We remodeled and expanded the lobby, added huddle rooms, bike parking and showers — and we’re doing a fitness center — all on the ground floor. The top floor has a great conference room with the nicest, largest deck in Portland — arguably, one of the nicest on the West Coast. As a whole, you could say the best amenity package in Portland is at Commonwealth.”

“People in Portland love supporting locals.”

About its history, Copulos shares, “This building had a lot of cool firsts. It was the first glass-box building and the first to have central heating and air conditioning. But it’s also timeless. That was another reason we liked it. People in Portland love supporting locals. They love the history behind things. And they love having a building designed by a famous architect who also made Portland his home.”

**6Y**

Although built later than Meier & Frank and Commonwealth, KBS’s third Portland acquisition is likewise strategic. Located at 811 Southwest Sixth Avenue, and previously known as Sixth at Yamhill, “6Y” is one of only a few buildings that surround Pioneer Courthouse Square. It was constructed in 1955 and sits today at the intersection of Portland’s Technology Triangle and Retail Core — and where the city’s main MAX light rail lines meet. The prominent 11-story downtown office building has 116,244 square feet of Class A creative office space.

KBS partnered with True North Capital to purchase 6Y for $28.2 million last July. As a co-owner and manager for the property, KBS has been busy leasing and building out space on the fifth through seventh floors. An extensive renovation of the lobby, bike parking and elevator cabs was completed by the previous owner. Other amenities include a common indoor-outdoor patio on the fourth floor and local coffee sceneester Water Avenue Coffee, which is off the lobby.

Besides being surrounded by great restaurants, shops, hotels and public transportation, the building is attractive because it offers tenants creative, customizable space. 6Y can provide suites ranging from 2,000 to 4,300 square feet with large, open floor plans as well as full-floor opportunities.

At the time of purchase, 6Y was 30 percent leased. That’s since climbed to 90 percent. As soon as it closed KBS, started building three floors of spec suites, and all three floors were leased before completion. Says Copulos, “Activity has been very strong. One company came in from Silicon Valley. It had just acquired a division of another company in Portland, which drove the need to be there. They’re growing, and our property really fit what they were looking for.” He concludes, “I think that’s just a testament to how KBS is not only buying in Portland, but in the right parts of Portland — and at the right locations within the downtown area.”

There’s no denying Portland is a hot market. The affordable, verdant, quirky city is a magnet for talent, companies and investors. And KBS is there, preparing places for them to put down roots in a growing Silicon Forest. Key acquisitions like Meier & Frank Building, Commonwealth and 6Y let KBS honor “Portlandia’s” past while taking it to exciting new levels. Perhaps most critically, as tech and creative companies continue to arrive and thrive, KBS buildings provide a new generation of tenants with the amenities and environment that inspire them to do their best work.

*by Dara Holland*
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Regional Presidents Rodney Richerson, Ken Robertson and Marc DeLuca are a driving force on the KBS leadership team implementing strategic vision for KBS. Join us as we chat about leadership, real estate and exciting new developments in the CRE industry.

Premier Office Magazine (POM): Rodney, what triggered your interest in real estate?

Rodney Richerson: My father worked for a residential developer for 45 years so I had the real estate bug pretty early. While in college, The Koll Company and a few other developers were really changing the landscape of Orange County and I decided I wanted to be a commercial real estate developer. I was hired at The Koll Company in November 1990 for a nine-month job, and 27 years later... I’m still here.

POM: What has it been like working for Chuck Schreiber all these years?

POM: You’ve helped KBS hone in on some interesting non-commodity deals. I’m thinking about the Salt Lake Hardware Building — how do you uncover these gems?

Richerson: One of the benefits of working at KBS is the headspace we are provided. We don’t have workloads that create reactionary environments. We travel to the properties often, meet with all kinds of real estate professionals and have a very collaborative work environment that allows us to maximize value across the portfolio. The Salt Lake Hardware Building at first glance seemed like a relic. But today it is a high-demand property for tech and creative tenants who love the unique architecture of the building and open floor plans. We were also able to develop excess land and a parking lot on the site to build Hardware Village, which looks to be the most heavily amenitized apartment project in Salt Lake City, including the coolest rooftop infinity pool with great city views and...
in the best location available in the city. Hardware Village is also located at one of the most heavily trafficked light rail and train stops in the city.

**POM:** Marc DeLuca, tell us about yourself. You also have an interesting background. You worked for Clarion for years. Your wife was in the Secret Service. You’re living in the belly of the Beltway. What do you like about living and working in D.C.?

**Marc DeLuca:** I was born in D.C., was an undergrad at George Washington University and received an MS from Johns Hopkins. While at GW I believed that I wanted to get into politics and as such began a major in public policy. After my midterm in my sophomore year, I started questioning that and began a dual major in economics. That was spurred by wanting to follow in my grandfather’s footsteps. He was chief of economic stabilization in the Office of Emergency Planning under numerous presidents and was responsible for the price freeze during the Cuban missile crisis, the economic policy of the government during the petroleum crisis and the Vietnam War, among various other things. So I graduated with both degrees and got pulled into real estate. I went to work for a privately held Dutch company where ING was their largest client. Ultimately ING acquired a company called Clarion Partners, and I spent 16 years there before joining the great team at KBS.

**POM:** Marc, you’re a great leader. Katy Grober worked in an administrative role on your team. Now she’s an investment analyst, Stephanie Lescano started as our front desk receptionist, then transitioned into RFIT Reporting, then moved to D.C. to join your team as an investment analyst. How do you inspire success with employees who want to improve their careers?

**DeLuca:** Believe! When I went to work for that privately held Dutch company, two gentlemen, Julien and Wout, believed in me and taught me at a young age the importance of believing in your people and giving them direction not to be their seeing eye dog, but to let them lead themselves. As I have told all of my employees over the years, I don’t want to be the lifeguard for you, but I want enough toes in the water to make sure it is safe, and if you ever have a doubt, then by all means come to me. The power of belief in all things in life is so important.

**POM:** Like Rodney and Ken, you also have a keen ability to find opportunity in niche markets. I’m thinking about Raleigh, North Carolina, where you completed more than 1 million square feet of office and multifamily development. How did you do it?

**DeLuca:** Over my 20 years of institutional experience, I look at various drivers in a market to see what the long-term growth prospects might look like. After coming to a conclusion on that, it is then important to understand a client’s needs, i.e., cash flow, long-term hold, merchant build, etc., and see if there is a match. Raleigh was a match for two of our clients who had two different investment strategies, which was one key to making it work for us. Another key was a relationship in the marketplace with a developer.

**POM:** Ken Robertson, you’ve got an interesting background serving as president of a boutique real estate investment firm and also working for the great Roger Staubach. What were some of the best skills you learned from Roger and your prior careers that you were able to leverage as the central regional president for KBS?

**Ken Robertson:** Roger was all about teamwork, integrity and being the best you can be. When I worked for Staubach, it was still a small company

*Continued on PAGE 16*
culture greatly influenced by Roger, and it was a great experience to absorb his philosophy about business — and life — which was simple and effective — it was very inspiring. A famous Roger saying was “There is little traffic on the extra mile.” Putting the client first, doing what you said you would do and that the hard thing to do was usually the right thing to do — these were lessons I remember most. When I started my development company, we lived by these same principles. They were guideposts for me, keeping us humble when times were good and lighting the way when times were tough. My company was very small so everyone wore a lot of hats. I guess that is a takeaway for me, the idea that in work, you should do your best to add value wherever and whenever you can to make the overall organization and team better.

POM: What do you like to do with properties you acquire to make them perform above the levels of a commodity asset?

Robertson: We always try to bring something unique to the market. This is just good business because selling or leasing space in a competitive environment, like real estate, has a lot to do with differentiation and being in touch with what your customer values most. KBS is a custom shop. There is no national rule book or set formula for what we bring to market as far as property positioning goes. We aim to approach each project with fresh eyes. We start with great locations and then go from there. Figuring out a property’s unique potential, appeal to the marketplace, and then crafting a plan and story is a big part of the roll-out. At the end of the day, we are in the business of helping our customers’ businesses thrive — so if we can stay focused on this goal, we are heading in the right direction.

POM: KBS recently closed on the largest loan transaction in company history, a $1.1 billion loan collateralizing eight properties in the $3.5 billion KBS REIT III portfolio. The terms of the deal were very attractive. How do great lender relationships help KBS to perform better not only for investors, but also for tenants?

Robertson: There is recognition in the industry that KBS builds great internal teams, buys great real estate and that the overall platform provides a lot of institutional support. It’s said that real estate is a people business — which is true. The benefit for our investors is that because of our organizational quality, the best people in the business want to work with KBS. On the lending side, this means that we benefit from the exceptional lenders, loan terms and pricing. On the service side, this means that we have exceptional sales, leasing and management teams in the business supporting our investment activities. The net result is that our properties can perform better for both our tenants and investors.

Continued on PAGE 18

The Offices at Greenhouse is a recent acquisition that is located adjacent to the vibrant Katy Green retail development which provides a truly walkable experience that is unique within all of West Houston.
vision can make extraordinary properties a reality.

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POM: What is one way KBS has been able to stay fully in the game by providing space that is perfectly suited for employers working in highly competitive sectors and needing to hire the best and brightest talent?

Richerson: We have seen many great examples of best-in-class tenant build-outs. On a smaller scale, we always have top-tier, rent-ready suites that are attractive to all tenants today. We don’t believe the creative build-outs are only for tech or creative companies. I prefer to call it “current space.” Every type of tenant is looking for a major refresh — open work spaces, collaborative space, community space — even KBS has a ping pong table. We also like to provide lots of glass and natural lighting and high-end kitchen/dining space. One of the major improvements we try to implement in our buildings are high-end lounges where employees of our tenants can go and get some personal space, have lunch away from the office or just get away with some co-workers and play ping pong, billiards or some other game to get away from the fast lifestyle we all seem to live.

POM: KBS has enjoyed good success in recent years partnering in joint venture with some of the best developers in the country on office, mixed-use and multifamily properties. Do you foresee continued development opportunities?

DeLuca: Given where current yields are in the pursuit of quality real estate, I believe it makes sense to do selective developments in selective markets. The key is to have a good feel for the pulse of new supply within our markets and then to take advantage of markets where new supply is lacking.

POM: Favorite deal you have worked on in your history with KBS?

Richerson: That’s a hard one to answer. 300 North LaSalle, the largest single-asset deal we’ve ever done at $655 million purchase and an $850 million sale four years later was a very exciting and rewarding project. The previously mentioned Hardware Village multifamily development deal in Salt Lake has been a lot of fun and appears that it will be a big success when completed in 2018. In addition to those, I’d have to include The Almaden and Ten Almaden, two projects we purchased in downtown San Jose before downtown San Jose was cool. Brent Carroll, our market leader for the Bay Area, has just completed an amazing indoor/outdoor building lobby and conference facility, major landscaping renovation and many outstanding speculative space build-outs that leased almost immediately. Any project that requires a cost-effective renovation but delivers a major change in our existing and prospective tenants’ perception is always rewarding.

Robertson: Where your people come to work each day says a lot to your employees and customers about your company. If you’re in a KBS building, it’s going to be a very positive message you are sending and you will be among many like-minded companies. Are your employees excited about coming to work each day; are they fully engaged? A KBS building provides the tool you need to build the type of company culture your employees are passionate about being a part of. In this way we partner with our tenants to help them drive productivity for their businesses. Also, the peace of mind you get from being with a financially strong landlord with a great track record can’t be understated. A lease is a long-term commitment, often lasting five, ten or more years. You don’t just go into a partnership like that without thinking long-term about reputation of the parties involved. We are a partner our customers can trust — which is a huge factor in picking a KBS building. The fact that we own awesome buildings in fantastic locations helps too.
POM: For the past two years, KBS hired the real estate research firm Kingsley Associates to survey tenants across its national real estate portfolio. The surveys are designed to help KBS bring its service to even higher levels. What are some of the things you have learned from these surveys with respect to the level of service that tenants are looking for in today’s market?

Robertson: Listening closely to your customer is one of the most important things any business can do. The Kingsley survey is one way we do this each year. It’s easy to tell, just by response rate alone, when we are doing a good job of being sensitive to the needs of our tenants. The front line of our service delivery is property management. If that close service relationship isn’t there, there will be little in-place momentum for soliciting meaningful feedback — positive or negative. So probably the biggest thing we learn is where do we have properties or management teams that need some added attention or resources to help them build that close, attentive relationship with our tenants? We also learn a lot about what our tenants value most at a particular building, whether it’s daily services like cleaning or concierge, amenities like high-speed Internet, conference facilities or unique lounges and entertainment spaces. This allows us to learn more about what works and what doesn’t and to continue to tweak the formula and keep getting better.

POM: How has the tenant-rep business changed over the years? What changes do you see on the horizon?

Robertson: It’s become less of a pure financial transaction and more of a search to find the right workplace solution or style to support their business strategy. For the tenant rep broker this means that there is great value in deeply understanding your client’s business, their aspirations, their employees and customers — basically, what makes them tick as a company? For a typical KBS tenant, human capital is a big part of the company value proposition — so taking very good care of this human asset makes good financial sense. The future will be a lot like the past in the sense that our properties will continue to adapt to support the evolving way that work is performed in advanced industries and services. Our ability to have the pulse of these trends — finding new ways to support our tenants in new and existing properties — will be key to being a long-term thought leader in this changing space.

POM: KBS is continually looking for new ways to better serve new and existing tenants as well as the brokerage community. In what ways do you see KBS further improving its properties and its level of service?

DeLuca: By always changing, like the book “Who Moved My Cheese.” I tell people if we become complacent, like the little people, we are in danger of losing out. But if we are like Scurry and Sniff and always evaluating our surroundings and factors around us, we are able to adapt and change. When we see changes in ways that tenants spend their time in their space or surroundings or service levels, we change and try like heck to be proactive and not reactive to changes.

“For a typical KBS tenant, human capital is a big part of the company value proposition.”
**Sixth at Yamhill (“6Y”)**
Portland, OR

Sixth at Yamhill (now known as “6Y”) is a creative office building prominently located in downtown Portland, Oregon. Portland has consistently ranked as one of the most stable office markets in the nation and is currently among the best-performing markets on the West Coast.

Companies are increasingly looking for creative, customizable spaces with large, open floor plans and amenities to retain talent. 6Y plans on capitalizing on this trend by leveraging the property’s recently modernized office spaces, amenities and its true main-and-main location to attract these companies.

Size: 116,244 SF  
Year Built/Renovated: 1955, 2006/2017  
Stories: 11  
Market: Downtown Portland

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**Oakland City Center**
Oakland, CA

Oakland City Center is comprised of 505 14th Street and 1300 Clay Street, two Class A office towers totaling 367,357 square feet in the heart of Oakland, California’s central business district.

With views of San Francisco and downtown Oakland, the two steel-framed buildings feature premier interior finishes and an exceptional amenity base in the surrounding neighborhood. Oakland City Center is situated adjacent to the Federal Buildings and is located above the 12th Street BART station, which is the closest Oakland CBD station to downtown San Francisco.

Size: 367,357 SF  
Number of Buildings: 2  
Stories: 12/11  
Market: Oakland CBD
**Grace Court**  
Phoenix, AZ

Grace Court is a Class A business park consisting of four buildings and a five-level parking garage in the Phoenix central business district.

With a total of 310,886 rentable square feet, Grace Court has three office buildings ranging from two to six stories that were built between 2003 and 2008 and a historical schoolhouse built in 1911 and fully renovated in 2006.

Grace Court has been awarded the Energy Star label for its superior energy efficiency and best practices management.

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**213 West Institute Place**  
Chicago, IL

The 213 West Institute building is a vintage brick and timber loft office building once home to Gormully & Jeffery Mfg. Co., a bike manufacturing facility. The historic property recently underwent a full renovation with over $6.3 million worth of capital improvements by way of cosmetic and back-of-the-house upgrades.

These upgrades have been instrumental in improving the building to a best-in-class brick and timber building, but also in the retention of existing tenants. In addition to the renovation, the property also offers an on-site 32-stall parking lot, a rare amenity within the submarket.

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**Specifications**

**Grace Court**

- **Size**: 310,886 SF
- **Number of Buildings**: 4
- **Market**: Phoenix CBD

**213 West Institute Place**

- **Size**: 155,454 SF
- **Year Built/Renovated**: 1908/2017
- **Stories**: 7
- **Market**: River North
Beyond the END GAME

Premier Office Magazine editor Phil Diment chats with former Dallas Cowboys defensive tackle and USAF fighter pilot Chad Hennings about the importance of commitment and character in all aspects of life.

Premier Office Magazine: Chad, you were a three-time Super Bowl champion for the Dallas Cowboys. You discovered that being a true champion requires more than just physical strength. What is it?

Chad Hennings: The primary thing about being a champion is the aspect of character. For me that is the glue that pulls everything together — who we choose to be as individuals.

POM: Growing up on a farm in Iowa, your parents instilled into you the ability to stick to things and see a job through. How did that work out?

Hennings: In fifth grade I thought it would be cool to join the band and play the snare drums. But none of my buddies went out for it. I didn’t like to practice. I didn’t want to pay that price to be proficient. I wanted to quit. But my parents said, “Nope. You made a commitment. You’re going to finish it out.” That lesson also translated into wrestling. That was extremely challenging. You think about quitting every day because of the physicality of the sport and having to lose weight when you probably don’t have the
weight to lose. It was tough, but after two years I became the state champion.

POM: What was life like on the farm?

Hennings: We had a large cattle feed lot operation, so we fed cattle, detasseled corn, walked soybeans pulling weeds and of course, baled hay. I was driving tractors and combines when I was 11 years old — something many today would never think of, particularly living in an urban environment. That’s the beauty of growing up in rural America. Our farm has been in the family for over one hundred twenty-five-plus years. For me that is where I learned what the American work ethic is all about — you know, getting out of bed when you don’t feel like it. I learned a lot of life lessons vicariously by watching my father and brothers and how they led their lives.

“You made a commitment. You’re going to finish it out.”

POM: Did you play football in high school?

Hennings: Going to a small school, you pretty much play every sport. So I ran track and I played baseball for a couple years, but my two main sports were always football and wrestling.

In football, starting in junior high, I think I played every position: quarterback, defensive back, defensive line, linebacker, running back. Due to my size I ended up being a defensive lineman and a tight end. Believe it or not, I was also a kicker. I actually made all-state as a punter.

POM: You received the honor of being accepted into the U.S. Air Force Academy to play football. It was not long before pro scouts were looking at you. After your sophomore year at the Air Force Academy, you had to make a tough decision — throw away the hopes of potentially playing pro football or to continue on seven more years with the Air Force with a chance at being a fighter pilot. What decision did you make?

Hennings: I would have had a minimum of a five-year commitment to the Air Force after graduation. And this is where I thought to myself — I had just made all-conference my first year — were there opportunities for me to play professional football? I had to look at what I wanted to be in my life, I wanted to be a well-rounded individual. So for me it was the aspect of staying at the Academy, being able to have those experiences of academics, military training as well as pushing myself physically that would make me a more well-rounded individual. Ultimately, playing in the NFL was never really an option at that time with my Air Force Academy commitment.

POM: So you made that decision and you did get a chance to fly the jets, but something happened during your first combat mission.

Hennings: It was during the first Gulf War, in the springtime of 1991. We were ferrying jets from the base where I was stationed in England and flying those to Incirlik, Turkey, which is outside the city of Adana. I was flying...
Beyond the End Game

Continued from PAGE 23

my initial ferry flight over, and I was just south of the island of Crete in the Mediterranean. I ended up losing an engine. I lost oil pressure in my number two engine. A gasket or seal had blown and it was spewing oil. With the A-10 being an underpowered aircraft it can get a little hairy flying with just one engine. It was a matter of working with my three other wingmen to be able to go through the emergency procedures, communicate what the situation was to air traffic control, and divert off our flight path to a naval air station on the island of Crete. You fall back on the training you’ve simulated many times, and it’s technically, another day in the office.

POM: That would be a great opportunity to panic right there.

Hennings: When you go through those situations you don’t think about the what-ifs because you would be what I would call mentally constipated where you can’t think. So you’re there to do your job — to support your wingmen and to support whatever the mission might be for the guys on the ground. You want to accomplish your mission.

POM: That incident helped inspire you later in life to form a ministry called Wingmen Ministry. Can you tell me about that?

Hennings: Many men in our culture today are isolated. They buy into this cultural myth that to be a true man you gotta stand alone like a John Wayne or a Rambo or a Jason Bourne. But anytime that I would fly a mission in combat or fly a training mission, I never went by myself. I always had a wingman. You had to work together as a team. I take that same analogy and metaphor and utilize it to relate to men that we need relationships. As a Christian, I wanted to make them godly relationships. So our whole thing is to encourage men to form those Christ-centered masculine relationships where you can accept, affirm and hold one another accountable.

“...technically, another day in the office.”

POM: Chad, what transpired during your U.S. Air Force career that opened the door for you to wear a different helmet?

Hennings: I originally had an eight-year commitment upon graduating from pilot training. Even though I was drafted by the Dallas Cowboys prior to graduating from the Air Force Academy, I would have been 32 years old before I ever had a chance to step out onto the field. But after the first Gulf War, our armed forces went through a reduction in force in 1992 where they waived the commitment, not just for me, but across the board for many others. So a lot of pilots went to fly for the airlines. Some went into business. That basically allowed me to raise my hand and go play for the Dallas Cowboys. The remarkable thing is I ended up flying my last mission in northern Iraq in March of 1992, and I played in the Super Bowl that same calendar year.

POM: That’s amazing how it all worked out, and the timing was perfect as the Cowboys were primed for Super Bowl success. Can you give us a little taste of what spring training is like for a championship-level NFL team?

Hennings: Jimmy Johnson liked to have very physical practices. It’s not like in the NFL today where they limit physical contact. We hit every day. But what got me wasn’t necessarily the physical contact, it was also a change in the weather. I had been based in England where the mean average summer temperature was 78 degrees. Upon joining the Cowboys, we moved our family to Dallas, Texas, and I went through my first training camp in Austin where it’s probably 95, 98 degrees with 70-plus percent humidity. In a morning two-hour practice, I could lose 14 pounds of water weight. And then

Continued on PAGE 26
In today’s ever-changing market, real estate stake-holders depend on legal counsel who understand the ownership, management and operational aspects of the industry and can help them drive strategic business and legal decisions. We do that, with more than 200 Real Estate Markets lawyers in key business centers worldwide.

We are proud to support our client, KBS Realty Advisors, one of the largest commercial property owners in the United States.
“In a morning two-hour practice, I could lose 14 pounds of water weight.”

Hennings: Football is the ultimate team sport. You have offense, defense and special teams. And that was the beauty of those Cowboy teams that I played on in the early ’90s when we won three Super Bowls in four years. It was the ultimate team. Everybody took their individual goals and aspirations and made them secondary to the team goals. Our whole thing was to win Super Bowls. Not just make it to the playoffs, not to be NFC’s champs, but to go the whole distance. Guys would work in the off-season. They would do whatever it took. There was no animosity between offense, defense, specials. Everybody knew their role and they executed their role to the utmost. And that even included coaches as well as front office administrative staff. I have never been around an organization that was that focused and that driven and that purposeful, aside from the Air Force, of course. It was a great learning experience for me about what it takes to succeed.

POM: How important was team unity when it comes to making it to the playoffs and ultimately to the Super Bowl?

Hennings: Money definitely does not buy happiness. Everybody has heard stories or read the stories about the individuals who have made tens of millions, if not hundreds of millions of dollars, and then they’re bankrupt. For me, I always knew that my legacy was not going to be based upon the material accumulation of assets or accomplishments. My true legacy is the people that I have been able to impact for the good within my family, my children or business relationships as well as those individuals that I mentor and are impacted by our Wingmen ministry. For me, that’s what grounds me. My identity is not wrapped around what I did. My identity is as a Christian, as a believer in Jesus Christ that’s who I am and that’s what motivates me to impact others for good.

POM: A couple years ago, we had the opportunity to interview your fellow Dallas native, Clayton Kershaw, the ace pitcher for the Dodgers. I want to ask you the same question that I asked Clayton. You made a lot of money when you were in sports. Does money buy happiness?

Hennings: Its always one thing, the next deal, or it’s the next accomplishment. Pascal said that inside every man is a God-sized vacuum that only God can fill. People try to fill that need with so many different things, whether that be substances,
relationships or money, but it is never enough.

**POM:** That seems to run contrary to a culture today that can push people toward either immediate or deferred gratification.

**Hennings:** You know, it’s the aspect of I’ll be happy when... I’ll be happy when I graduate, or I’ll be happy when I get married, or I’ll be happy when I have kids or I’ll be happy when the kids leave. But character goes back to who do you choose to be? To me character and integrity are choices.

**POM:** Chad, I want to flip back to the military for just a second. Can you touch on PTSD? How have you seen people successfully deal with this?

**Hennings:** Post-traumatic stress, PTS, is often associated with combat, but everyday people can get it too. A lot of times post-traumatic stress can occur where someone that you love has been compromised or injured in some way that it was a traumatic experience for you. I see a lot of guys through my Wingmen ministry that were abused: sexually abused, verbally abused, physically abused as kids where they couldn’t control it. Or they may have seen their mother or a friend that went through that. This can create a post-traumatic stress. Many have found that a big therapeutic option is open communications, talking, sharing your experience with someone that has empathy. Not necessarily to fix it, but someone that you trust that you can share openly with just to help you process through. So that’s why, for me, it’s important to have strong relationships, close relationships with individuals that you can be transparent with and share those feelings.

**POM:** Chad, you’ve been able to encourage people with respect to physical fitness, but you are also a big proponent of mental fitness.

**Hennings:** I firmly believe that readers are leaders. I have always been a student of history, of reading biographies of individuals that from a character standpoint have done it right, whether that be in the military, in politics, in theology or in business. I’m a voracious reader.

**POM:** Speaking of books, you have written three books. Can you tell me about them?

**Hennings:** The first book I wrote was in 1996, after we won our third Super Bowl, called “It Takes Commitment.” It’s more of an autobiographical work. The age demographic would be teenager to young adult. The book covers the concept of commitment and the importance of identity from a life-habit-based perspective. The second book I wrote was a book called “Rules of Engagement: Finding Faith and Purpose in a Disconnected World.” That was based on a lot of experiences that I’ve had either personally, professionally or from a philanthropic standpoint through my Wingmen ministry. And then my third book that I wrote was called “Forces of Character.” I sat down with 10 people that impacted my life and had conversations with them about their character journey, why is character important and their personal experiences. I spoke with individuals such as Roger Sautbach, Troy Aikman, Jason Garrett, Spurs coach Gregg Popovich, Supreme Court Justice Clarence Thomas. I interviewed a survivor of Auschwitz, an international human rights attorney from former communist Romania, an astronaut, a homelessness expert, and the CEO for the National Center on Fathering. These were individuals — male, female, black, white, different ethnic scale of earning a living. I wanted to show that character was ubiquitous and that it is a choice.

**POM:** Is success an end game? Or is it a by-product of who you are?

**Hennings:** Success is totally a by-product. For example, I never set out to be an all-American or to win the Outland Trophy in college. My goal was to be the best defensive lineman that I could be, to help my team. I wanted to do all those things: training, lifting weights, exercising, bettering my craft as a defensive lineman. It’s those little incremental things over time that ultimately led to success. I’ve been around a lot of individuals that want to be in the NFL. They want to be a Super Bowl champion. But there is a big difference between wanting it and actually doing what it takes to get there.

Continued on PAGE 28
It’s hard work, commitment, the ability to overcome obstacles, and keeping life in perspective that exemplifies true champions.

POM: We’re sitting here in a beautiful office in uptown Dallas. Tell us a little about your real estate company.

Hennings: Rubicon Representation. All of our service lines are around the user. So we are predominantly tenant representation. We also do development, principal sales and municipal incentives. I am one of three principals with 15 brokers that work for us. The majority of our work here is Texas-centric, but we conduct deals all over the country. We just expanded our service offering — we bought a company and we are rebranding it as Coram Management. We do property management, facilities management, construction management services to offer our clients more service lines. We like that aspect of service where the more you can do for your clients the more they will want to stay with you for the long-term relationship. At Rubicon, from a cultural standpoint we’re very intentional about the individuals we recruit. We purposely recruit former athletes whether they played college athletics — baseball, hockey, football — as well as individuals in the military because they are used to being in that culture of being a team player. In the real estate game, it’s a very competitive environment. So it’s important our team knows how to compete, but still be good team players with that aspect of continuing to press on, to be courageous at times and to take rejection and spin it and be self-motivators.

POM: So how has the North Texas market been? It seems like companies are leaving the great state of California where I work and coming to Texas.

Hennings: Texas is very business friendly with no state income tax. The tort system has been very pro-business. Our governor and our state leadership have done a great job recruiting businesses from higher-tax states. We have reaped the benefits of that here, particularly in North Texas. Construction has been at an all-time high, both in the office and industrial sectors.

POM: KBS has a big footprint here as we have recognized the strengths of this market. As landlords, what are some of the important things we can do to stay competitive on providing space for new tenants?

Hennings: One of the things I always look at are amenities. The millennials have pushed space design to a more open and collaborative office. But I think one of the biggest things that I see on the horizon for building owners to stay competitive is going to be the data component. Having some sort of edge computing micro data center on-site is important.

POM: What advice would you give to fellow real estate professionals who are working in this business that can sometimes, as you mentioned earlier, be very competitive?

Hennings: The best advice I can give is keep your head down. Don’t be worried about hitting home runs. It’s about your on-base percentage. It’s continuing to do those little things, the blocking and tackling, using a sports analogy. Taking care of the X’s and O’s over a period of time, then you’ll see your success and your growth. It’s doing the little things right.

POM: Chad, thank you so much for your time. You’ve been a huge inspiration to many people. For those who want to learn more about either your speaking ministry or your real estate company, how can they get hold of you?


POM: Chad, thank you very much and we wish you the best success in 2018.

To view the full video interview with Chad Hennings, visit our magazine website at www.premierofficemag.com.

“...it’s hard work, commitment, the ability to overcome obstacles, and keeping life in perspective that exemplifies true champions.”
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Why ‘Off the Beaten Path’ Is Now
The Yellow Brick Road
Non-gateway downtowns are a new path to opportunity

We’re at the point in the investment cycle where heads are turning toward non-gateway cities. The reason: record pricing in traditional gateway cities driven mostly by foreign investors who are fleeing a deflationary environment in their home countries and turning to the U.S. as a safety hedge.

My region, the East Coast, could be a tale of two cities. Some downtown markets, such as New York and Boston, may experience slower growth than areas in the South, such as the Carolinas and Atlanta. From a rental growth perspective, Atlanta and Raleigh are two top markets. It’s funny how times change, and so quickly.

My team is now on the trail of non-core markets, which offer durable employment potential, the right demographics, attractive environments for corporate growth and low to no state income tax.

“We’re looking for best-in-class assets…and what we call generational quality.”

We’re looking for best-in-class assets coupled with credit tenancy and what we call generational quality — assets that will appeal not only to the millennial generation but a property that stands the test of time regardless of the generation.

Given the size of the millennial generation and their increasing role in employment in the U.S. job market, their desires can’t be ignored. Those desires include creative space well located near housing, retail and transportation. And that’s just what they prefer on the outside. Inside is yet another story. Today’s office space is more open, with areas aimed to provide a more collaborative environment.

Location in real estate has never been more of a first priority as well as the appeal of a commercial property to the future workforce. Back in the day, workers traveled where the work was; today, the opposite is true: Corporate America is setting up shop where the millennials are — and intensely competing for their attention and their skills.

KBS is ahead of this trend with strategically located properties that offer not premier parking, but rather walkability — a big key to the millennials’ preference for a live-work-play environment. KBS also has a creative mindset that we, in turn, deploy on our assets in the form of creative amenities and common areas.

Two great examples of this trend are KBS’ recently delivered JV development assets: Bank of America Tower and Midtown Plaza in North Hills, Raleigh, North Carolina. These two office properties, which began with little to no preleasing, reached a 95 percent lease rate within just two months. Also in the works in North Hills is a Class A multifamily development.

This Raleigh market has turned into a vibrant 24/7 community with a level of quality that has yet to be seen in the surrounding market. Our multifamily asset is already very well received with preleasing over 38 percent. The quickly rising prelease rate is proving that the non-gateway cities are actually floodgates.

KBS’s recent acquisition, Main & Gervais, is another ideal investment in a non-gateway market. This asset is located directly across from the South Carolina State Capitol. It was developed in 2009 at a cost of $60 million. It’s in an irreplaceable location and quality level that can’t be built today for that basis or in this location.

The continued growth in the Carolinas by companies like Boeing, BMW and various medical employers, coupled with low state income tax rates, ensure that there won’t be substantial pullback with a flat-growth economy. And more of these projects are coming; top-tier developers are attracted to KBS as a joint venture (JV) partner/capital source as they view us as more than just a business relationship — it’s also a human relationship.

MARC DELUCA

is a regional president for KBS responsible for 28 office and industrial properties in the eastern U.S. totaling over 8 million square feet.

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Earth’s surface is 196.9 million square miles of which dirt, plants and man-made structures cover nearly 57.5 million square miles. Understanding the characteristics of the land we live on and the impact of as-built infrastructure is more important than ever as the movement toward a sustainable future heats up.

Quantum Spatial — the anchor tenant at KBS’s Commonwealth building in Portland, Oregon — is the largest, most technically advanced full-service geospatial solutions provider in North America. The go-to partner for organizations that want to map, model and better manage their world, Quantum Spatial has completed more than a billion acres worth of geospatial data projects since its inception four years ago. In 2017 alone, the company captured 294 million acres of imagery. Geo mapping gives a unique perspective into the physical space around us by capturing, analyzing, manipulating and integrating spatial data to create comprehensive maps. Fancy words aside, geo mapping essentially means creating 3D maps and models of the ground. These visuals are used by energy, transportation, environment and government entities to facilitate better decision-making in the areas of land use planning, habitat assessment, disaster preparedness, regulatory compliance, engineering design and utility management — just to name a few.

The emerging field of geospatial technology will continue to gain traction as the demand for more data — more information — reaches new heights. According to a P&S Market Research report from May 2017, the global Geographic Information Systems (GIS) industry is on pace to grow at an annual rate of 10.1 percent, reaching $17 billion by 2023.

“The value of GIS has grown exponentially in recent years,” said Eric Merten, director of professional services for private markets at Quantum Spatial. “When people think of geo mapping, most consider routine applications, such as Internet streets maps. But geospatial services have become an essential strategy in countless applications that have made the modern world possible.”

Quantum Spatial offers a diverse portfolio of advanced imaging and remote sensing technologies to serve various industries, including energy, energy management, natural resources — and even offers a legal spin.
Energy
Energy fuels our ability to advance, innovate and thrive — making it one of the most important aspects of geo mapping. Quantum Spatial works closely with providers to develop maps that service the entire lifecycle of a utility. From identifying optimal routes for new transmission lines to flagging hazards, including trees that are too close to the power lines, landslide dangers or flooding potential — the maps are used to assess new growth potential while limiting risk.

Emergency Management
Disaster can strike without notice. Quantum Spatial provides up-to-the-minute imagery and analytics to help emergency managers prepare for a potential disaster and offer crucial data post-disaster to aid in recovery. Following the devastation of Hurricane Sandy in 2012, Quantum Spatial was commissioned with emergency geo data collection and processing for the barrier islands along the Atlantic coast. The data was used for damage assessment and recovery planning.

Natural Resources
Quantum Spatial helps federal clients better understand and manage land, water and wildlife resources. It has mapped millions of acres across the U.S., working on projects such as shoreline mapping, ecosystem conservation, forest assessment and creating predictive models for conservation efforts.

Legal
The scope of GIS goes beyond providing companies and businesses with a competitive edge. It can also be a legal champion. Quantum Spatial owns a rich historical archive of aerial imagery consisting of more than one million images dating back to 1928. These images provide a snapshot of historic land use, the environment, geology, vegetation, wetlands, urban growth and agriculture, and they have been used in criminal and civil cases related to boundary disputes, historic property use involving former military bases, industrial use involving rail yards and ports as well as private parties involved in fence line disputes.

The driving force behind geo mapping is highly sophisticated technology. Quantum Spatial is a recognized leader in the collection of high-resolution Light Detection and Ranging (LiDAR), an ultra-sensitive remote sensing method that scans the earth’s surface with laser pulses. In 2017, Quantum Spatial covered nearly 89 million acres using LiDAR. The company also pioneered the use of airborne thermal infrared imagery to accurately depict temperature distribution of a particular environment.

Future growth of geo mapping depends on new technologies, adaptation and demand. Quantum Spatial is working on a number of new GIS innovations and recently developed subterranean utility robots that can record and communicate any changes associated with the unit.

“Our R&D team is always looking for new ways to add value to the GIS field and its usability to streamline processes and create greater efficiencies for our clients,” said Merten. “The use and need for geo mapping will only continue to get stronger, and Quantum Spatial is at the forefront of new innovations.”

Quantum Spatial’s regional office at Commonwealth is located in Portland’s growing “Technology Triangle,” a cluster of creative/tech companies — and a perfect fit for Quantum’s tech-savvy workforce. The company likes the central location catering to the needs of its bike-riding employees and minimizing their commute to work. Commonwealth features a fitness center with locker rooms and showers and a bike center where employees can store their bikes and freshen up before and after work.

“Commonwealth is a beautiful building so it’s almost a piece of art,” said Merten. “KBS has done an amazing job in the renovation by keeping the original architectural integrity of the building, but at the same time modernizing the facilities. Commonwealth is the perfect environment in which Quantum Spatial can thrive.”

by Cindy Peterson
Service Champion Awards

Customer service is the hallmark of KBS’s management philosophy. Each year, KBS selects building personnel who exemplify the following standards of excellence:

• Goes above and beyond the call of duty to serve the needs of building occupants
• Maintains the highest possible standard of professionalism in carrying out his or her duties
• Exhibits consideration and respect toward fellow employees and initiates and promotes cooperation
• Exhibits a positive attitude toward all business endeavors and associates

STACI FLETCHER  Assistant Property Manager  3811 Turtle Creek, Dallas, TX
• Staci is the glue that holds this property together and a big factor for the amazing success of the property.
• Tenants have come to depend on her for absolutely everything. She organizes great tenant events every month and keeps the property fun for the tenants and always has them looking forward to the next event.
• She’s a true taskmaster whose work ethic is incredibly efficient.

GENARO OLIVARES  Day Porter  Northridge Center i & ii, Atlanta, GA
• Genaro is our day porter and night cleaning supervisor at Northridge. Needless to say, he puts a lot of time into the property and is a huge asset in serving the building’s tenants.
• Genaro helps with light bulb replacements, plumbing adjustments and many other items that come up on a highly occupied property.
• He is a big part of our success and does a tremendous job in covering bases. He’s always willing to assist in any area.

FELTAIN MILLER  Security Supervisor  500 W Madison, Chicago, IL
• Feltain leads by example and is regarded by her clients as a pillar of the building’s success.
• An example of Feltain’s leadership and quick responsiveness lies in a medical emergency that took place in December 2015. Feltain received a report of an unconscious woman in a restroom. She immediately responded and found the woman unresponsive in a stall. Seeing that the woman’s face was dark blue, Feltain crawled underneath the stall door and then pulled the woman out so she could perform CPR. After repeated attempts of CPR, the woman regained consciousness just short of the paramedics’ arrival. The woman was then taken to the hospital and survived.

MIKE DUNLAP  Senior Chief Engineer  Multiple Properties, Dallas, TX
• Mike has been in the KBS portfolio since 1998.
• A degreed engineer, Mike can resolve any mechanical issue that might arise on the properties. He oversees and trains all the engineers on our team and works tirelessly to keep the buildings running as efficiently as possible.
• Mike has dedicated the majority of his professional life to protecting KBS investments in the Dallas area.
RUDY RICARDO Building Engineer
Edens Corporate Center, Northbrook, IL

• A genuine hard worker with an incomparable level of perseverance, Rudy perfectly exemplifies KBS’s philosophy and standards in the workplace by meeting all his duties and challenges with professionalism and unparalleled effort.
• During a frigid December “polar vortex,” a power surge shut down all heating systems throughout the property. Without a moment’s hesitation, Rudy came in to clear up the issue and got the systems back on line. Rudy never gave a thought to calling in a contractor despite the fact that he was on vacation. Tenants celebrated and hugged Rudy that day when they heard he came in during his vacation to take care of things personally.

MARK HOLLARS Engineer
Highland Park Place, Dallas, TX

• Mark is such a great team player and has transferred between many of our KBS properties in Dallas.
• He is the first to volunteer to assist other properties anytime there is an emergency. He covers properties when others are on vacation or sick and is a true pleasure to work with.
• The tenants love Mark’s smiling face, charming personality and quick sense of humor, and they trust him to take care of their needs.

KJ WARD Building Engineer
6565-6575 West Loop South, Bellaire, TX

• KJ regularly goes above and beyond. Every day he arrives on the property prior to his daily start time to ensure that all systems are functioning before tenants arrive for the day and that the property appearance is in the best condition possible.
• KJ volunteered to stay at the building during Hurricane Harvey. He was unable to leave the property for three days and four nights. During the hurricane, he did not just sit idly by watching the water rise. Throughout the storm he monitored all tenant spaces to check for window and roof leaks as well as all electrical and mechanical systems of the building.

SARAH GRIFFIN Associate Real Estate Manager
Sterling Plaza, Dallas, TX

• Sarah embodies an amazing level of dedication to customer service and tenant relations. She effortlessly handles tenant issues with a very proactive approach and always strives for a mutually satisfactory solution. Her commitment to customer service and handling each situation right the first time is greatly appreciated by our tenants. Her door is always open to her staff and to the tenants.
• Although Sarah has only been at Sterling Plaza for over a year, she has created a very close community with her tenants and is greatly loved and respected by all.

Honorable Mention

Building engineer Tino Chay, day porter Steve Tello, parking porter Jerry Armstrong, security supervisor Irvan House and security officer Michelle Rennie worked around the clock for five days through Hurricane Harvey at 1900 West Loop South in Houston while not knowing what damage, if any, was occurring at their own homes. Their dedication to the protection of the property makes them heroes to this building. The team installed and removed the flood barrier system, swept water away from the garage and building entrances and operated portable sump pumps. Their efforts helped prevent catastrophic damage to the property.
KBS Launches Direct Investment Fund

Embracing a shift in real estate investing, KBS is one of the first large-scale firms managing a REIT ($190m in assets), and offering DIRECT ACCESS to this REIT without upfront fees and commissions. This direct access is available through KBSDirect.com.

by Chuck Schreiber
CEO, KBS

Real estate plays an important role in a diversified investment portfolio.

Directly adding quality commercial real estate assets to the portfolios of even relatively wealthy investors has never been very easy. Of course, investors may buy an apartment complex or small office building — but that single location puts all their eggs in one basket and may hinder their goal of diversification.

Real Estate Investment Trusts were created to give investors the opportunity to invest in large-scale, diversified portfolios of income-producing real estate. Recently, changes to regulations and advances in technology have lowered the cost of investing and raising capital, and as a result, the rise of online direct investment has made access to properties easier than ever, but the quality of those assets can vary widely.

I’ve been fascinated by real estate investing since college. That’s when I began to understand how the variables — from cash flow and financing to tenant improvements and market insights — could be managed to create potential returns. As my partners and I built KBS into a company ranked by National Real Estate Investor as one of the largest commercial real estate companies in the country, we contemplated ways to offer individual investors direct access to the institutional-quality assets we made available to pension funds and sovereign wealth funds for 25 years.

To meet that need, in Q4 2017, KBS launched KBSDirect.com, an online platform that offers direct access to an institutional-quality portfolio of commercial office properties to accredited investors and their registered investment advisers. There are no upfront fees or commissions paid by investors to buy shares. We believe KBS is the largest operator of institutional-quality commercial real estate to offer a direct investment option like this.

We believe KBS Direct is opening up new sources of capital and reducing the barriers for investors seeking the diversification of commercial real estate. Using the KBS Direct portal at KBSDirect.com, accredited investors and registered investment advisers may directly access the KBS Growth & Income Real Estate Investment Trust, which already includes four commercial properties valued at more than $190 million (as of December 2017) in key markets around the country.

This streamlined process allows KBS to put 100 percent of the investor’s money directly into the portfolio. There are no broker-dealer commissions or upfront fees paid by the investor. These changes, among others, may also permit registered investment advisers to recommend KBS Growth and Income Real Estate Investment Trust to appropriate clients. And unlike crowd-funding sites offering a broad range in asset quality, KBS Direct offers direct access to institutional-quality properties that are evaluated, selected and approved by KBS’s Investment Committee and national team of experienced asset managers.

KBS has developed and deployed technology to achieve the long-held goal of creating a cost-efficient platform allowing individual investors to diversify their portfolios with a caliper of property few have had access to in the past. We are excited about KBS Direct and the role it can play in giving investors and their advisers greater opportunity to invest in institutional-quality real estate and the confidence to meet their financial objectives.

www.mmeonline.com *Securities offered by North Capital Private Securities, member FINRA/SIPC. We expect our adviser to compensate them up to 0.5% of gross offering proceeds raised in this offering.

This article presents the author’s present opinion reflecting current market conditions, which are subject to change without notice. It has been written for informational and educational purposes only and should not be considered as investment advice or as a recommendation of any particular security, strategy or investment product. Investing in real estate includes substantial risks including, but not limited to, the possibility of losing your entire investment. A decision to invest in real estate should be made only after a careful review of any offering materials, including consideration of the risks related to the investment.
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As of December 31, 2017, KBS Growth & Income Real Estate Investment Trust is accepting direct investments from accredited investors and registered investment advisers pursuant to Regulation D, Rule 506(c) under the Securities Act of 1933, as amended (the “1933 Act”).
Forget brick-and-mortar — how about brick-and-timber?

Chicago's hot River North submarket can barely keep up with the insatiable demand for its brick-and-timber vintage office space, a Shangri-La for millennials, startups and tech/creative firms.

Although the product supply itself remains fixed and the vacancy levels remain low (vacancy level below 10 percent for 26 consecutive quarters with a 7.5 percent average vacancy since 2010), KBS has been tirelessly scouting the area for the ideal property.

River North is Chicago's most mature neighborhood, it's also its most dynamic when it comes to mixed use. Even the Class C market has thrived here, and it has fed a youthful population from three neighboring universities: DePaul, Northwestern and Loyola.

"It's catering to the millennials and the younger workforce," says Dan Park, KBS senior VP and the asset manager for the property. "They're demanding cool bars, restaurants, lounges, music venues — anything more experiential — cool and hip, if you will. This market has the older properties — the brick-and-timber buildings — that give it character. When you add in the walkability, it's uniquely positioned."

Because KBS looks for properties where there is strong population and job growth. Central regional president, Ken Robertson, along with his acquisition team, were successful in acquiring this vintage property for KBS Growth & Income Real Estate Investment Trust, the first KBS fund to
be offered directly to investors without up-front fees or commissions through KBSDirect.com.

A standout in the River North submarket and the expanding apartment development scene, the building meets most millennials' requirements for live/work/play.

213 West Institute is a Class A converted loft office building valued at $43.5 million. A brick-and-timber building that is popular with creative and tech tenants, the property once served as a bicycle factory. Rentable space: 155,454 square feet.

A huge advantage to 213 West Institute Place: It’s one of only five loft-office buildings that offer large floor plates over 20,000 square feet and on-site parking — an extremely rare amenity for this submarket. Those floor plates offer more tenant options and flexibility as well as greater density and efficiency.

A $5.4 million recent capital improvement program allows KBS and its tenants to capitalize on the increased value and visibility of the property. Improvements included roof replacement, lobby renovation, corridor upgrades, a new fire panel and installation of freight elevators.

“We believe this property fits seamlessly with the character and demand of today’s workforce with its great location, walkability to amenities and access to transportation and housing,” adds KBS SVP Brett Merz.

As a 100-year-old, repurposed and renovated building — and having once been a bike factory — 213 W. Institute is a rare combination that’s tough to beat.

“We love Chicago, and like a lot of markets we love, it’s still all about understanding submarkets and micro-markets,” says Ken Robertson. “We never bargain hunt at the expense of location, so making sure we are in a market we believe in and a submarket we love — that’s the bullseye for us. Within downtown Chicago, River North is a very special type of location with unique warmth and attractiveness. Tree-lined streets, a neighborhood feel, vintage architecture, a rich mixture of amenities and living options all contribute to its long-term intrinsic value.”

When it comes to choosing locations, the KBS strategy is surprisingly simple.

“Focus on places high-growth companies want to be in most,” Ken says. “Company location is usually part of a broader team-building strategy and creating a culture that fuels their specific business. So wherever we find these super-attractive environments — in big cities, smaller ones, urban or suburban these will be the places we get excited about investing in for the future. As far as specific location qualities, it’s all about lifestyle, which usually means a mixture of things that are important to today’s workforce. Outdoor activities, many food choices, public transportation, nearby housing, walkability, an authentic vibe, even a sense of history if you can find it — these things are usually very high on the wish list.”

by Ron Sklar
Offering unparalleled views of downtown Dallas, 3811 Turtle Creek, KBS’s newly renovated 21-story office tower, gleams with brightly updated interiors. There is a new tenant lounge complete with a gridded wood ceiling and silver-tile mosaic bar, a sprawling outdoor patio and polished common areas bathed in white. All that remained to complete the transformation? Furnishings and art.

Under the direction of Transwestern’s Lisa Johnston, KBS selected Josh Delafuente of Cantoni to furnish the property. The objective was to create an inviting space that was design-forward and durable for a commercial setting. To match the property’s innovative culture, the furniture needed to be unique.

“Virtually all of the KBS buildings are anything but cookie cutter,” commented Johnston. “They are stylish, fun and always first class. We wanted to create a comfortable and fun yet somewhat funky area to which the people who work in the building can escape their desks and relax.”

From the lobby to an outdoor area, a much-used conference room and the on-site management office, Delafuente selected furnishings that spoke to the building’s curves and neutral tones with varying textures, like hair-on-hide Allure Lounge Chairs by Malerba and leather Aaron Chairs in the first-floor lounge, which paired with the Carrera Cocktail Table. “We wanted to temper the glamour of the lounge — which feels like a five-star hotel with an elegant bar and a pool table — with softer tones, warm materials and varying textiles,” he said.

In an outdoor seating area viewable from the lounge, Cantoni brought in the Parkway Modular Group seating with custom peacock-blue seats in different arrangements to center around fire pits, and he surrounded Provence Tables with Bo Stackable Chairs, Masters Burstools and lightweight concrete Perpetual Koebi Benches. Given that spaces are used for corporate meetings, happy hours, showers, tournaments and more, “We didn’t want them to feel too feminine or masculine — they needed to be ideal for everyone,” Josh says.

Cantoni also brought in the Knox Day Bed for the entrance to the conference area, which he placed below hand-blown glass wall sculptures he commissioned from artist Doug Frutos. For the mezzanine lobby, he customized the Luke Swivel Chair in white leather, and above, he hung custom acrylic art that reflects the earth’s surface. “It’s a relaxed, inviting atmosphere but still modern and professional,” said Delafuente. “We were able to go outside the box while pushing the envelope a bit to create something beautiful.”

“We love the results,” commented KBS Asset Manager Brett Merz. “Cantoni created a professional environment that isn’t stuffy. Furnishings do matter.”
LEADERSHIP IN REAL ESTATE

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Technology is improving information algorithms and changing the way we do business. The commercial real estate sector is hot with activity — closing an estimated $450 billion in transactions in 2017 alone according to the October 2017 ULI Real Estate Economic Forecast. But from where we sit, there are many benefits to new technology infiltrating lending/due diligence processes, but there are areas of concern that often come with rapid advances in technology.

From an investor standpoint, the availability of good real estate and digital economic data has armed players with more information with which to make informed investment decisions. For example, Google Earth and Street View allow investors to quickly view a project and its surrounding neighborhood with nothing more than an Internet connection and an address. Anyone can quickly assess if the project location and quality are worth pursuing. In the past, a site visit or intimate local knowledge of an area was necessary even at a preliminary review level. Great modeling capabilities (via Excel and Argus) also allow for better and more informed decision making.

“Many lenders have responded to the increased pressure with improved underwriting.”

Additionally, investors have access to more capital from a larger group of lenders with varying appetites for risk and yield, waiting to capitalize on the commercial real estate momentum. Many lenders have responded to the increased pressure with improved underwriting, specifically in the areas of data acquisition and analysis, thereby creating a more competitive landscape and faster end-to-end process cycle time.

The use of improved technology in the underwriting process is a catch-22. While the speed of the transaction has improved, technology may also add items to a typical underwriting or closing “checklist” because additional research and analysis is now available at a reasonable cost (in terms of time and money) where it was not feasible only 15 or 20 years ago. The regulatory arena also thickens the plot as many financial institutions are burdened by costly regulations that require additional resources that negatively impact their profitability. As the concern over data sharing and security continues to grow in conjunction with technology advances, lenders will be subject to even more regulation.

Technology is synonymous with doing business in every capacity. In today’s hyper-connected environment, the need to move information across real estate channels more efficiently while maintaining risk management and regulatory compliance is critical. The biggest change technology has had is the volume of good financial data and strong financial modeling tools that are both now readily available for the average investor and lender. But one thing is clear and has most experts in agreement: To be a successful lender or investor, leveraging technology in the decision-making process should be standard procedure.

Mimi Nguyen

is executive vice president of underwriting for KBS and has underwritten over $7.6 billion in transactional volume. Ms. Nguyen oversees a team responsible for the underwriting, due diligence and closing of acquisitions across the nation on behalf of all KBS funds.

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When I was 20 years old, I would have gotten into my car and driven two hours in traffic for the right job. This [millennial] generation is smarter than that. Young people recognize that life is short and you would be a fool to trade your life away.

One of the shattering shifts among many more: no more corporate groupthink that real estate is a necessary evil.

When I first got into business, there was a big focus on real estate as a cost center. The problem that corporations wanted to solve back then was this: What would be the bare minimum real estate expense that we can get away with and still get the job done?

Those days are long over, especially if you’re a company interested in attracting the best talent and staying competitive.

Of the new, closer, more careful search for office space, the thinking went from it being a cost center priority to it being a better design and better solution — a focus on what will help tenants maximize success.

...no more corporate groupthink that real estate is a necessary evil.”

This trend can be traced back to the tech boom and eventual wreck of 2001 when companies began to consider — or reconsider — how their workplace could serve their larger corporate strategy.

 Millennials are a big part of driving these trends. I look back to what I thought was a good meal in 1995 and compare that to what I know is a good meal today. Restaurants have evolved and now offer much higher quality products — they have to. We also saw this evolution in the workplace — a much more advanced positioning of real estate backed by more advanced storytelling and positioning of lease space.

The shift deepened during the global financial crisis of 2008-2010, as the oppressive work space — and workforce — we once knew crested. Enter the millennials armed with their devices and their social media. With almost no warning, employers found that suburban corporate centers were not going to hold the younger staff. They’re thinking, “Holy smokes, this is a major sea change.” They began to rethink how they should reorganize their company:
What sort of workers do they want—and not want? What you really saw was a retooling of corporate America.

KBS got behind this trend early, realizing that the companies with the highest growth were targeting what we now call “knowledge workers”—the kind of employees who carry around their skills in their heads. These workers also want to live and play near where they work, which is a far cry from my early days, spending a good one-eighth of my day in my car.

Immediately absorbed into the KBS portfolio: cool properties in happening places that appeal to innovative companies and their knowledge workers. Call them “The New Downtowns.” The KBS team oversees many of these properties that answer the call of the new workforce.

Coming out of the downturn, we realized really early on that we wanted to focus on places where employers of high-end talent were going to find those employees. That would be in the best cities in America—the cities that appeal to that younger generation. We were fortunate to identify that really early on and that it was going to become a big growth area.

As real estate toggles between being a buyers’ and sellers’ market, the corporate game has now become—almost exclusively—an employees’ market. Now those invested in executing business strategy are calling the shots regarding how and where they want to work, vs. being a financially-driven decision that trickles down from the CFO.

The shift is that the companies really go to where the employees are. These are places with great universities and nightlife, places that have good urban or urban-light environments with live-work-play attributes where young, educated workers want to go. That’s why these places are on fire: Denver, Austin, Portland, Seattle, Charlotte, Boston, uptown Dallas, the west side of LA, downtown San Francisco, Chicago’s West Loop and River North. We offer the environment that young people want.

“The shift is that the companies really go to where the employees are.”

The evolution we’re seeing now—and we’re actually deep into it—is that businesses in our buildings no longer perceive real estate as a cost center. They truly see it as a strategic tool. It’s part of their strategy for driving productivity. They consider a real estate location as a tool for communication, recruiting, retention and collaboration—and equally as a cultural tool. They now see real estate as a pivotal part of what they are trying to accomplish. When they think about where they want to locate their businesses, they think about which environment is going to make for better companies. And this is a pretty big shift.

How KBS does it: it allows the tenant to feel a part of a custom shop, as part of a creative asset with a unique story to tell. By harnessing and embracing that mindset, the tenant will benefit from a non-commodity solution that serves the tenant and adds value for our investors. We don’t want to sell the same building over and over. Each one should have its own story to tell.

If we can get tenants to be thinking that they will be more successful in a KBS building, then it stops being about rent and starts being about what location is going to make the company more productive. That’s when we don’t have to fight with the building across the street over a buck or two. We can provide an elevated product and a return for our investors.

It’s really about product positioning—offering your customers a variety of products. It’s a way to position your product to capture as much audience as you can with small nuances and pricing, features, benefits and amenities.

When a prospective tenant walks into a KBS building, we want them to feel a little awestruck. They look at our combination of amenities, customer service, location and the way we build it out and help create a vision of how we will operate there. We want them to walk into one of our buildings and think, “We are going to be more successful in this building. Our people are going to want to be here. They are going to be charged up about coming to work.”

Sure beats sitting in traffic.
Workplace wellness programs have been around for decades. More recently, however, there has been a shift in wellness programs to focus more on intangible offerings. Studies have shown that employee job satisfaction, retention and overall health improve when employees believe their company cares about them. Instituting this “culture of caring” can be achieved in a number of ways, such as giving employees more autonomy, promoting a more social workplace, encouraging a work-life balance and focusing on the employee’s overall emotional and mental health rather than just the physical aspects of the workplace.

“Studies have shown that employee job satisfaction, retention and overall health improve when employees believe their company cares about them.”

Employers are starting to push for wellness programs because they realize that they can be a powerful recruiting and publicity tool and can help reduce health care costs. More importantly, they are starting to appreciate that workplace wellness can make employees feel valued, thereby improving morale, reducing turnover and having a positive impact on the bottom line.

KBS seeks to provide its tenants the best operating environment. It evaluates a variety of wellness features when purchasing a property, but it goes beyond standard improvements like lighting and HVAC upgrades. KBS looks for properties with features that promote work-life balance, such as on-site or nearby gyms, day care and healthy eating options.

Over the next few years, I think we are going to see technology play an increasingly larger role in wellness programs. This might include cheaper and better options to facilitate telecommuting. Also, wearable technology like the Fitbit have helped galvanize employee interest and participation in wellness programs, and some companies are starting to give wearables away as incentives (though tracking employee health data has privacy ramifications, which is something to watch in the future as well). In addition, I think we are going to see increased flexibility in employee work schedules. For example, several tech firms in the San Francisco Bay Area have started offering unlimited paid leave for vacation, and they trust their employees to not abuse the policy. Finally, I think we will start to see more programs to help manage stress. This might include an expansion of more traditional programs like meditation, but also could include promoting employee involvement in communities through volunteering and offering financial management and loan assistance, especially for new hires saddled with student debt.

**FARSHAD RAZMDJOO**

—is the managing principal of Ramboll in Irvine, California, specializing in environmental and health services. A premier global consultancy with over 2,100 employees worldwide, Ramboll is trusted by clients to manage their most challenging environmental, health and social issues. KBS has been proud to work with Ramboll for over two decades.

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Automation’s Impact on Commercial Real Estate

The 21st century technology revolution has had a profound global impact, touching nearly every aspect of our lives. Machine intelligence is disrupting the marketplace and rendering traditional businesses irrelevant. Netflix vs. Blockbuster, Instagram vs. Kodak, Uber vs. taxi services. The list goes on.

Machine intelligence is helping companies streamline operations, improve communication and support business functions and relationships. One of the most notable advances is the automation of tasks and human jobs.

“Approximately 47 percent of job categories will become automated in the next decade.”

According to a Huffington Post article, approximately 47 percent of job categories will become automated in the next decade. Industries to watch for include transportation; wholesale retail; water, sewer and waste management; and administrative services. This demand for automation is pressuring the commercial real estate sector to modify building layouts and environmental footprints to be flexible and help reduce cost and increase efficiency for both the landlord and tenant. Because the success of the automation wave is contingent on connectivity, quality assets in bustling cores are at the top of the list. Owners and tenants want buildings that are proximate to important thoroughfares and airports, many amenities, an educated workforce and of course — a reliable power supply.

A growing trend is on the horizon. The desire to be in a Class A market is so great that owners/operators are targeting Class C product in infill locations — not necessarily because an adaptive reuse project is a good portfolio builder or because it offers a unique opportunity, but simply because the cost of real estate is comparably lower than replacement costs. If the structure of a Class C building in a primary Class A market is still solid, then even a complete rehabilitation would still leave some meat on the margin bone.

This doesn’t mean that secondary locations will become obsolete. Many companies have gleaned insights from the success of Google and will opt for suburban build-to-suits, focusing more on employee relations and retention with creative programs. But as far as automation is concerned, most activity is expected to occur downtown.

Automation is also impacting building designs. Offices are being carved out with collaborative workspace, lots of glass and natural light, social components and natural-element finishes. Creative on-site dining service, fitness centers and retail — along with a walkable lifestyle — are the norm for today’s modern building. Coming down the pike is automated food delivery, innovative lounge areas and other intensified amenities.

The 21st century technology revolution is here. Blink and you could miss it. That is how fast things are changing. And while automation is still in its infancy in many industries, machine intelligence will revamp businesses. Those property owners/operators who have the acumen and right locations to realize the potential of these technologies will be better positioned to succeed.

DAN PARK

is a senior vice president of asset management for KBS responsible for seven office properties in the central U.S. totaling over 3.2 million square feet.

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THE ADVENTURES OF KBS IN VIRTUAL REALITY

THE MISSION
Despite modern conveniences, in today’s world everyone is busy and distracted. With decentralized decision makers scattered across the globe how can we make real estate decisions more seamless, transparent and efficient?

TOOL KIT

- matterport
  VR camera and platform with global network of skilled videographers

- POWIS VR
  Custom VR Viewers inspired by Google Cardboard

THE RESULTS
In an effort to market a new availability at our project we produced a unique VR experience coupled with custom Google Cardboard Viewers to share with the market and potential tenants. Our virtual world captures over 50K of office availability and project amenities which can be viewed through our VR headset, a user’s desktop or mobile phone.

TAKE THE KBS TOWERS EMERYVILLE TOUR
TOWERSVR.COM

I am too busy or too far to tour
I need to get buy in from others
REAL ESTATE DECISION MAKER
The power to shape skylines

Seeing beyond complex challenges is how you build new opportunities for growth. Commercial Real Estate Banking from Bank of America Merrill Lynch.
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