

SPECULATIVE OFFICE  
SPACE BACK WITH  
HIGH-END DESIGNS

# SWEET SPECS

NOT EVERY OFFICE CONCEPT CAN BE A WIN-WIN-WIN FOR OWNERS, BROKERS AND TENANTS. BUT SPEC SUITES—RICHLY FINISHED NEW OFFICE SPACE GEARED TO SMALL BUSINESSES THAT REQUIRE LESS THAN 10,000 SQUARE FEET—ARE THE IDEAL SOLUTION FOR OWNERS TO CONSTRUCT, BROKERS TO LEASE AND TENANTS TO OCCUPY.

## Spec Suites



◀ 24TH STREET & CAMELBACK

▼ CHANDLER MIDWAY



**P**rior to 2008, spec suites were a popular option for law firms, accounting companies, doctors' offices, wealth management firms and technology businesses seeking office or industrial space. Then, when the bottom fell out of the economy, construction of spec suites virtually stopped across the Valley. // But now that the economy has been in recovery mode for a few years, spec suites are back, attracting interest among those who can offer them and those who want to lease them. "Smaller tenants today don't have the time or the resources to go through a tenant improvement process," says Scott Boardman, an Associate Vice President with the office group at Cassidy Turley in Phoenix. "When they're out looking for space, they're looking for something turn-key that's new and fresh. They don't have time to pick finishes, lay out floor plans or worry about tenant improvements. Tenants want to be able to come in, run their business and keep their focus on the day-to-day operations." Boardman is part of the Cassidy Turley project leasing team that has the assignment for 24th at Camelback I and II, two Class "A" office buildings at 2325 and 2375 E. Camelback Rd. in Phoenix. Both buildings are owned by Hines, a privately owned, international real estate firm. // **Benefits for everyone.** From an owner's perspective, says Danny Swancey, Director of Real Estate at the ViaWest Group in Phoenix, "Spec suites allow you to separate yourself from the competition, deliver space to tenants much more quickly and realize economies of scale by spreading the fixed cost of construction over a larger base of square footage." ViaWest Group recently purchased the Chandler Midway Corporate Center on the northeast corner of Gila Springs and Chandler Boulevards for \$10.1 million in a deal brokered by Scott Baumgarten, Tyler Wilson and Mark Stratz with Cassidy Turley. Spec suites will occupy about 5,000 square feet of



the space there. /// Brokers find that small-business tenants greatly appreciate the simplicity and high-end finishes of a spec suite, says Baumgarten, Vice President of the office group at Cassidy Turley. "We get an opportunity to market and lease a space that's brand new and ready to go," he says. "Along with great ownership, it's really the best marketing tool we have as brokers." A spec suite is much easier to lease than a second-generation space formerly occupied by another tenant for five or 10 years." An older space, he explains, may not meet the needs of today's small businesses. "Space utilization requirements and the way companies do business have changed in the past decade. Having a tailor-made, modernized work space gives owners and brokers an advantage over other spaces in the market." /// "An ability to deliver quickly is often important to tenants," Boardman says. "It can make the difference in securing a deal." /// "You're signaling to the market that as an owner, you're open for business," Swancey added. /// **A unique design.** One of the hallmarks of spec suites is the appealing way they're designed, Swancey and Baumgarten agree. A spacious shell may challenge prospective tenants to envision how the space will look when it's completely built out. Spec suites, on the other hand, take the guesswork out of the equation for future occupants. "The user needs to be guided to the space that's most efficiently laid out," Baumgarten says. "With so many options in the market that are 5,000 square feet and under, prospective tenants want to find the path of least resistance. If you can offer the newest, nicest finishes in a well-designed space, you can really set yourself apart." /// "What you're doing is putting yourself ahead of other vacancy options a tenant can look at," Swancey says. "A spec suite puts you ahead of the game." ///

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**DANNY SWANCEY, DIRECTOR OF REAL ESTATE, VIAWEST GROUP**



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A spec suite typically will start with a luxuriously appointed lobby, Swancey says, and the luxury features often extend to the conference rooms, break room and executive offices. "We want to make those first-class," Swancey says, "because that's where the first impression is formed. We're working alongside some of the best architects in the Valley to incorporate plenty of natural light, high-end wood finishes, pendant light fixtures, upgraded flooring and lots of glass and granite in transaction countertops." // Chris Anderson, Managing Director for Hines in charge of Arizona and New Mexico operations, agrees that high-end finishes are typically emphasized in the lobby, break areas and conference rooms. "In the parts of the space where a company's basic work is done, the finishes are nice," Anderson says, "but tenants often want room left for some personality in individual work areas. So we focus on putting the nicest accents in the common areas." Additional tenant improvement after the completion of a spec suite is minimal, Swancey and Anderson both agreed. // Boardman says the first spec suite in 24th at Camelback was completed in January. "We wanted to create something that was somewhat out of the norm for the Camelback Corridor," Boardman says. "We have high ceilings, a lot of glass and pendant lighting in the space," he says. "As soon as a prospective tenant walked in, I knew we had a deal." The spec suites have more of a "wow" factor than traditionally developed office suites, Boardman says. // "The more expensive elements in a spec suite are typically neutral and timeless," Swancey says. "You get your 'pop' with paint colors and accents, and that allows the space to convert back easily to a universal space for future tenants." // Spec suites in an office or industrial complex probably aren't a good idea if an owner already has tenants in the building that are likely to grow and expand. "You may want to have conversations with your current tenants before launching a spec suite," Swancey explains, adding that growing companies may need additional office space that they want configured specifically to their needs. // But for the most part, "spec suites are a trifecta that benefits the owner, tenant and broker," Baumgarten says. "It's a great way to focus on tenant retention as well as attracting new tenants." ●

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**SCOTT BOARDMAN, ASSOCIATE VICE PRESIDENT  
WITH THE OFFICE GROUP, CASSIDY TURLEY**

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