

Developing a New Workplace Paradigm at Innovation Park



The “nature lounges” at BECO’s Innovation Park Charlotte enable tenants to enjoy a change of scenery while relaxing or working; the entire campus is Wi-Fi enabled.

Photos courtesy of BECO Management



A former IBM campus in Charlotte, North Carolina, is transformed into a 21st century workplace.

■ By Chris Epstein

SINCE ITS FOUNDING over 25 years ago, BECO Management Inc.'s mission has been to provide exceptional service at a reasonable rent to every tenant. One cornerstone of the firm's approach is to think beyond bricks and mortar, to search for inspiration from new, sometimes unexpected, sources and then build an ecosystem to support such experiences. From collaborative common environments to unique workplace offerings, support retail, staffing models and signature "touch points" — interactions with tenants and their employees — the firm seeks to create a unique sense of place within each of its properties.

This strategy goes beyond traditional property management functions. While the firm's property management department focuses on physical environments and the leasing department focuses on occupancy, its "workplace services" team is

charged with setting the stage for what BECO calls "beyond the cubicle" experiences for everyone who works in its buildings. One of this team's goals is to broaden the concept of workplace beyond the four walls of the suite and deepen the firm's connections with its customers.

From Promise to Practice

In March 2010, at the height of the Great Recession, BECO purchased a 1.8 million-square-foot former IBM campus in Charlotte, North Carolina. The neglected, 13-building property was 36 percent leased, in foreclosure and located in what was then a marginalized submarket. Although BECO purchased the entire property for less than \$42 million, or \$23 per square foot, some observers thought the

acquisition was “crazy” and “likely a mistake.” Despite its challenges, the property had originally been built by and for IBM, and the quality of construction and caliber of infrastructure were consistent with IBM’s reputation.

What the naysayers didn’t realize was that BECO had major plans for the property. The site was to be BECO’s beta test for a new style of office product aimed at addressing the unique needs and challenges of today’s Fortune 1000 companies. Shortly after acquiring the property, BECO launched a \$100 million renovation and rebranded the site as Innovation Park.

BECO began the renovation planning process by asking a lot of “big picture” questions. The redevelopment team knew the property offered a huge opportunity for differentiation in the Charlotte marketplace, but also needed to be clear about who the firm is and what it does. For example:

- Is BECO in the leasing and property management business or, alternatively, is it a crafter of workplace experiences?
- Is office space about the physical environment or the workplace experience?
- How can a property owner add “life” to “life at work”?

An Amenity-rich Destination

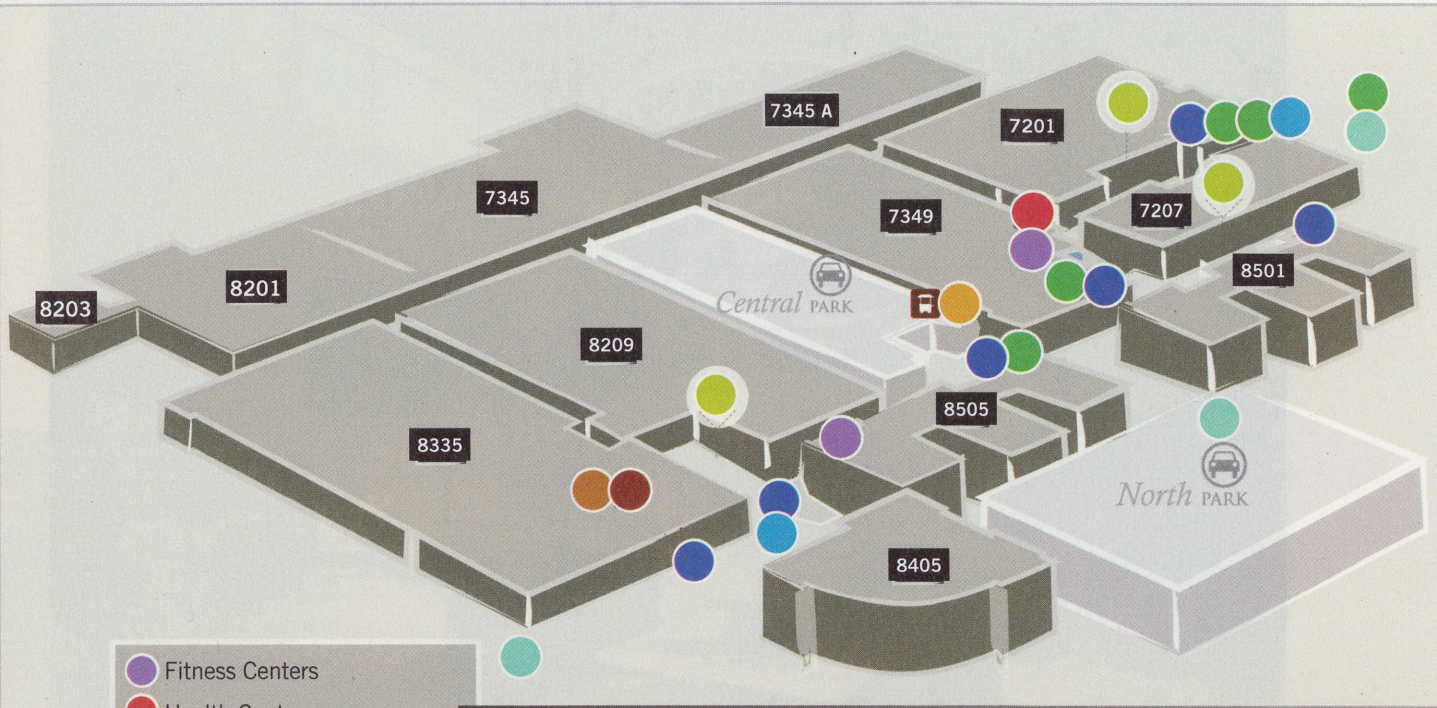
Intent on applying what the company has dubbed its “BECO Extraordinary” strategy to the firm’s newest acquisition, the team focused on creating Innovation Park as a unique, amenity-rich destination. BECO leveraged the fact that



Innovation Park Charlotte’s atrium (at top) and “Living Room” offer tenants comfortable, attractive common areas to gather for work or social activities.

12 of the campus’ 13 buildings are connected to one another to craft workplace experiences, such as a Wi-Fi enabled campus and comfortable work spaces like the “Living Room,” that serve as tangible representations of the type of collaboration today’s businesses aim to achieve.

Rather than just upgrading existing amenities and rolling out new ones, BECO created a set of experiences, including outdoor nature lounges and an on-site massage center for tenants. The team took this a step further by supporting these experiences with staff and a communications campaign that lets employees



Experience-oriented amenities — what BECO refers to as its signature touch points — are set in central locations throughout the campus.

- Fitness Centers
- Health Center
- Food Services
- Conference Center
- Nature Lounges
- The Living Room
- Bluebikes
- Electric Car-charging Stations
- Farmers Market
- Dry Cleaner Pick-up/Drop-off

know what is where and encourages them to participate, to become active members of the Innovation Park community. In addition to making sure it executed the “big things” well, like functional lobby areas and varied dining options, the BECO team put even more effort into the execution of the “little things” — fitness center classes, regular visits from area food trucks and a cashless payment system throughout the campus — which sends a strong message to both prospective and existing tenants that Innovation Park is a true community where employees enjoy coming to work and are well-served beyond the four walls of their own offices.

Each day, BECO has the opportunity to deliver at least four of its signature touch points to every person who works at Innovation Park, and its workplace services team was built around this operating principle. The touch points are located throughout the campus, so that tenants can conveniently access them throughout the workday. These include the following:

- The BECO Passport, a cashless payment system, which enables employees to purchase goods and services throughout Innovation Park with a pre-loaded card that offers rewards for frequent purchases and incentives for choosing healthy options.
- Fresh cut flowers throughout the project and within each suite, delivered biweekly at no additional cost.
- Candy jars brimming with goodies throughout common spaces and delivered to tenants every

other week at no additional cost.

- Huddle areas featuring comfortable furniture, located throughout each building, for impromptu meetings and brainstorming sessions.
- An entirely Wi-Fi enabled campus, available to all tenants wherever they are in Innovation Park.
- Three outdoor “nature lounges,” common areas equipped with patio furniture and Adirondack chairs, where tenants can enjoy a change of scenery and still get their work done.
- A 2,000-square-foot on-site health center featuring massage and chiropractic services, which is also open to the general public.
- Access to a neighboring day care center, Bright Horizons, which serves many Innovation Park tenants through a special alliance with BECO.



A rendering of the lobby at Innovation Park Lake County, BECO's planned renovation of the 1.2 million-square-foot former Motorola Mobility campus in Libertyville, Illinois.

- Multiple food options, including iPark Bistro, a 6,000-square-foot, full-service restaurant open for breakfast and lunch; BECO Mobile Gourmet food trucks; and three additional "grab and go" food options: Food Express, The Kitchen and FoodBar.
- iJava, a 500-square-foot coffeehouse integrated with other common areas.
- A 7,000-square-foot, tenant-only fitness center with group fitness rooms and daily classes, open until 10 p.m. to enable tenants to work out whenever it is most convenient for them. A second, 3,000-square-foot fitness center is under development.
- Innovation Farms, an on-site farmers market offering fresh produce, flowers, fresh-baked bread and more, every Thursday

from 10 a.m. to 3 p.m. during the spring, summer and fall.

- Bluebikes, a shared bicycle program that enables tenants to borrow complimentary bicycles (and helmets) to run errands or cruise around the 20-acre campus.
- On-site charging stations for electric cars.

Innovation Park has become the most successful transformation in Charlotte's history. BECO has closed over 1.2 million square feet of lease originations there. The project went from 36 to 95 percent leased within two and a half years, and is now home to nearly 7,000 employees. Anchor tenants include AON Hewitt, Allstate, BB&T, Areva's U.S. headquarters, AXA's National Operations Center, Enterprise Holdings' Southeastern headquarters, Wells Fargo, IBM and Siemens.

From Practice to Process: What's Next?

For BECO, the success of Innovation Park in Charlotte represented something greater than transforming 20th century buildings for 21st century business. It was the testing ground for a new workplace paradigm. What the company has learned from its experience there is shaping its approach throughout its entire portfolio and in new markets.

In July 2014, BECO acquired Motorola Mobility's former 1.2 million-square-foot headquarters in Libertyville, Illinois for \$9.5 million. Located in a marginalized suburban Chicago submarket, the campus consists of five interconnected buildings. BECO currently is in the planning stages of a \$100 million renovation and has re-launched the project as Innovation

Park Lake County. BECO expects phase one of the renovation to be completed in the fourth quarter of 2015.

Impacts of the New Workplace Paradigm

In the past, most large companies built and owned their suburban headquarters, often on large campuses, and subsidized and managed the workplace experience (including food options, fitness centers, day care, etc.) as a way to express their care for and nurturing of their employees. The Innovation Park model offers these and other workplace solutions that were previously unavailable to smaller-sized companies with limited resources. At its core is the economic efficiency created by the comparative advantage it provides; it enables companies to stay focused, financially and otherwise, on their business and core competencies.

By choosing to locate their offices within Innovation Park, BECO's customers affirm the importance they've placed on using the workplace as a tool — as more than simply a physical place — to nurture their employees and further activate their teams. Simultaneously, they also extricate themselves from the business of managing real estate and the daily workplace experiences that they want provided to their employees. Going forward, BECO believes that this new workplace paradigm has the potential to change the commercial real estate landscape in ways that will benefit building owners, managers and tenants alike. ■

Chris Epstein is president and managing partner of BECO South and BECO Midwest, two of the firm's three operating units.

Innovation Park Charlotte Project Summary

Location	8505 IBM Drive, Charlotte, North Carolina
Type of Site	Suburban
Development Type	Redevelopment
Transportation Modes	Car, Pedestrian (sidewalks), Bicycle (bike paths)
Use	Office
Site Dimensions	200 acres, 1.9 million square feet
Number of Buildings	13
Parking	
Structured	2,000
Surface	5,000
Major Tenants	
Allstate	220,000 sq. ft.
AON Hewitt	218,000 sq. ft.
Areva (U.S. HQ)	200,000 sq. ft.
AXA	(National Operations Center) 200,000 sq. ft.
BB&T	40,000 sq. ft.
Elevation	40,000 sq. ft.
Enterprise Holdings	(Southeastern HQ) 30,000 sq. ft.
IBM	40,000 sq. ft.
Siemens	15,000 sq. ft.
Wells Fargo	200,000 sq. ft.
Annual Asking Rent	\$7 to \$21.50/sq. ft., full service*
Development Team	
Developer	BECO
Project Architect	Redline Design Group
Interiors Architect	Redline Design Group
General Contractor	Choate Construction
Leasing Agents	Mercedes Merritt (BECO), Charley Leavitt (JLL)
Timeline	
Land Acquisition	March 2010
Project Completed	June 2013
Development Costs	
Acquisition Costs	\$42 million
Renovation Costs	\$100 million

*According to CoStar.