

to create power spaces and prestigious offices. One's position in the firm was defined by the number of windows in, size of, and views from the office. Now are these high powered executives going to share offices or work out of their homes?. John Cushman, speaking at a 1995 REIAC conference, noted that telecommuting has been more talked about than practiced. The need for power offices have declined in some industries. Some business, especially in the entertainment and post production area, have changed from offices to "work spaces." Warehouse space is also popular. A conference room, numerous tables with computers and telephones, and a war room for the partners—now compose the design of the office. The partners sit around a common table with telephones and laptops.

In some ways, part of telecommuting is another form of downsizing from recessionary ailments. It is a way to convert full-time employees to part-time employees. As an interesting observation, I recently reviewed the design of new offices for a joint venture of a software behemoth and a major new entertainment firm. With monthly rents of \$2.5 triple net, there was not talk of telecommuting. Rather, there were numerous "synergy rooms," a.k.a. conference rooms without doors (doors were added later). And there was an extraordinary number of private offices. I leave you

with "Palmer's Parable": The communication revolution will allow more people to work on the road as well as reduce the need for people to be on the road. Perhaps, Bill Gates in his new book answers the parable: human beings are social animals. Even though they will be able to do more things from home, they will spend as much time outside the home.

PITFALLS OF WORKING AT HOME?

After leaving Columbia Savings in 1992, I set up an office in my home. I have always had a home office which I worked in at night and on weekends. It is equipped with copymachine, fax, computers, etc. I tried to go it alone and not have any support, but I found that I was spending most of my time licking envelopes. To remedy this situation, I stuck a secretarial desk in my office and have gotten very used to working with a support person in the same room. In fact, I find it more productive. I can literally hand my assistants correspondence and communicate with them easily. I use express mail which is run by the post office and picks up daily. Occasionally, we call Federal Express who will pick up on demand. I use a table in my den for conferences, although meetings tend to be rare. One problem, however, is non-faxable documents, which are taxied about frequently by messenger

services. Luckily, most runs cost between \$5 to \$12. NOW Messenger charges \$5.50 for most westside locations. At the moment, it is still a critical service.

I go out to lunch, schedule a meeting, or run an errand to get out of the house once a day. However, there still are some problems. File cabinets have located themselves in every nook and cranny, and storage continues to be a problem. A part time analyst works on a desk and computer in another bedroom, which is used when the occupant goes to work ("mixed use hoteling?", an iditiodum). However, trouble occurs if the occupant sleeps late. I don't have children, but I do have two dogs who are constantly barking at the gardener, other workmen, and visitors. Once a week, I must close my windows to block out the gardener's blower. On the positive side, working at home gives me an extra hour to work out, which I symbolically do during rush hour.

CAP RATES AND REO

Cap rates on commercial properties in Los Angeles fell at least one hundred basis points in 1995. This resulted from prices rising while operating returns stayed constant. Outside of the media district in Burbank, commercial rents stayed constant or slightly weakened. Even in the overhyped Santa Monica, rents stayed flat,