



The Performance Building

The Building as the Stadium, the Employee as the Athlete

Tim Schaffer, President, AREA Real Estate Advisors

September 16, 2026

Why would you pay \$65 a foot when the building next door is \$35? Because you will make more money in the expensive one. Not because it is newer, not because the lobby is nicer, but because it will measurably increase the output of the people you employ, and those people cost you ten times what you pay in rent. That is the entire argument of this paper, and once you see the math, the cheaper building starts to look like the expensive one.

The best idea in office real estate did not come from office real estate. It came from sports. We recently spent time with an architecture firm that designs both sports facilities and office buildings and interiors around the globe. In their athletic work, every square foot is engineered toward a single outcome, optimizing the performance of the athlete to win. Air, light, acoustics, nutrition, recovery, and psychology are treated as competitive infrastructure, not amenities.

The trophy office building of the next decade will be built on the same premise. The employee is the athlete. The enterprise is the franchise. The building is the training facility. Small moves in the environment compound into big moves in human performance, and human performance drives revenue. Call it the Performance Building: an office building engineered the way a stadium and a training facility are engineered, to optimize the performance of the people inside it. The industry already uses "high-performance building" to mean energy and sustainability performance, the building's own efficiency. This is the opposite subject. Here performance means the occupant's output, not the structure's utility bill, and that shift in what we are measuring is the entire point.

The Money

Ask the only question that matters. How do we make more money? For a century the developer's answer has been to cut construction cost and cover it up with marble and artwork in the lobby. The Performance Building argues the opposite trade. The owner commands rent the market has never paid, not because tenants are generous, but because the building measurably raises the tenant's revenue. The tenant is not buying square footage. The tenant is buying revenue, and revenue is the only argument that has ever convinced anyone to pay a premium.

Never before have we marketed office space the way we market retail, and we should. In retail the logic is explicit: the better the location, the higher the revenue the retailer can generate, and the higher the rent it can pay and still prosper. Rent is priced against the revenue the space produces. Positioned correctly, with the metrics to support it, the Performance Building finally makes that argument to the office tenant: move to my building and you will make more money, and I can show you real metrics to support it.

The CEO's question should not be "what is the cost per square foot of this building versus that one." It should be "which building produces the highest revenue per employee." Cost per foot

measures the container. Revenue per employee measures performance, and performance is the only number the enterprise actually lives on.

The Math

The architects were right all along. Every element that makes a building support the people inside it, the daylight, the air, the acoustics, the materials, is exactly what great architects urge us to invest in, and exactly what gets value engineered out the moment the budget tightens. Architects see human benefit as obvious, because to them it is, and they reasonably expect the rest of us to see it too. But a chief executive does not see a philosophy of wellbeing. A chief executive sees a math problem. The case for designing around the human has always been sound, it has simply never been put in the language the person signing the check actually speaks. The cost is a one-time capital expense, minuscule against the recurring revenue it unlocks through the improved performance of the people inside. Pay once for the building. Collect every year on the people.

Consider what we choose to invest in. A company spends only about 1 percent of its annual occupancy cost on energy, yet the building's energy and mechanical systems, the HVAC, the electrical, the lighting infrastructure, are among the largest single line items in the entire construction budget, routinely a quarter to a third of the cost to build, and climbing every year as cities add energy code. We pour a third of the construction dollars into the systems that will show up as 1 percent of the annual bill, and then, when the budget tightens, we value engineer out the very parts of those systems, the better air, the tunable light, that would have moved the 90 percent. That is the miscalculation the Performance Building corrects.

The numbers are not mine; they are the industry's. The World Green Building Council's landmark research on workplace health and productivity established what is often called the 1-9-90 rule: in a typical office-based business, operating costs break down as roughly 1 percent energy, 9 percent rent, and 90 percent staff salaries and benefits. JLL expresses the same ratio per square foot as 3-30-300, three dollars of utilities, thirty dollars of rent, and three hundred dollars of payroll per square foot per year. Two independent sources, one conclusion: payroll runs ten times rent. This leverage is not a new discovery. Corporate real estate researchers have argued for two decades that small productivity gains outweigh large rent savings, and the data has been sitting in plain sight the whole time. What has been missing is not the math. It is a building designed around it and a way to price it.

Take a firm with \$10M in revenue and \$8M in operating costs, leaving \$2M in profit. The 1-9-90 rule puts its staff costs at \$7.2M and its rent at \$720K. Pull the first lever: cut the rent 10% and the firm saves \$72K, straight to the bottom line. Pull the second lever: lift employee output just 3% and revenue rises \$300K on the same payroll and the same rent, and because nothing else changed, all \$300K becomes profit. That is \$300K against \$72K, more than four times the return, from the lever the industry has never priced.

When fully loaded labor costs run several multiples of occupancy costs, environmental improvements that lift productivity even 2 to 3 percent dwarf the rent premium that funds them. A building that measurably improves the output of the 90 percent is not an expense. It is a performance asset.

That firm sits in 20,000 SF at \$36 per foot, the \$720K rent in the model. A Performance Building asks \$65. On the same footprint the rent rises to \$1.3M, up \$580K a year, so revenue must rise 5.8% for the move to pay for itself, and every point beyond that is profit. Now add the space effect. Because the building carries the restaurant, the lounge, the health club, and the gathering rooms, the firm can take 20% less space, 16,000 SF, and the premium shrinks to \$320K, a breakeven of just 3.2%. Set those hurdles against the evidence in this paper: double-

digit cognitive gains from air alone, and 42% better decision making under optimized daylight. The tenant does not need to believe all of it. They need to believe a fraction of it.

The productivity-to-rent math is striking, but it is invisible to the people who usually run corporate real estate. A facilities manager compares rent per square foot across the buildings under consideration, and is measured on holding that cost down, not on revenue per employee, and that is exactly as it should be, because the revenue metric lives with the CEO. So the decision to pay for performance cannot start in the facilities department. It starts in the corner office, which means the early adopters are not the Fortune 500. They are local and regional companies where the person who signs the lease is the same person who owns the profit and loss, who feels the 3 percent in their own results, and who does not need a committee to approve what they can already see. Corporate America will follow, because it always follows what works, but it will take time to understand what Jamie Dimon already understood. The first movers, the ones who capture the advantage while it is still an advantage, are the owners and operators close enough to the bottom line to act on it now.

The Proof

The precedent at scale, and no one is watching. In October 2025, Jamie Dimon opened JPMorganChase's three billion dollar, sixty story headquarters at 270 Park Avenue for ten thousand employees, and it is a Performance Building to its bones: double the code-required fresh air, engineered around Harvard's cognition research with the director of Harvard's healthy buildings program retained to get it right, thirty percent more daylight with circadian lighting tuned to the body's rhythms, a full wellness center with yoga, cycling, meditation rooms, and on-site medical, lunch delivered deskside, extensive biophilia, and two and a half times the outdoor space of the building it replaced.

Dimon could have built anywhere cheaper and instead paid the premium to rebuild beside Grand Central, the best transit-served ground in America, because the path from train platform to desk is New York's path from parking space to office, and he wanted it frictionless. He did not spend three billion dollars on wellness architecture because it is pleasant. He spent it because the revenue-per-employee arithmetic pencils on ten thousand people: retail logic, applied to office, by the sharpest capital allocator in the business.

Demand, not retention. Sports architecture teaches one more lesson. A great stadium is not engineered to keep the current season ticket holder in their seat. It is engineered so that someone is standing behind that seat, ready to take it and pay more. Build office right and the same dynamic takes hold: competition for the space itself, a waitlist where the market used to offer concessions. That is pricing power no tenant improvement package can buy.

Kansas City got there first. Karbank, a Kansas City based developer, started this trend more than a decade ago with its 1900 Shawnee Mission Parkway development in Johnson County, Kansas, years before Jamie Dimon broke ground on Park Avenue. What Karbank built combines the assets of a Performance Building with arts, culture, nature, security, and cuisine, a place where tenants and visitors have access to one of the finest restaurants in the city morning, noon, and night. It is where business gets done, and where business is inspired to excellence. It is, quite simply, the finest expression of the idea yet built.

They took two buildings more than fifty years old, the Barney and 1900 Shawnee Mission Parkway in Johnson County, Kansas, and repositioned them into the highest office rents in the city. Now they are purpose-building from the ground up, and the verdict arrived before the shell was finished: 90 percent committed, largely by their own existing tenants that need room to grow, at lease rates more than double what conventional Class A buildings command in this market. Repositioned or purpose-built, fifty years old or brand new, the pattern holds. Tenants

who have experienced a Performance Building do not go back to shopping the market on price. They line up behind the next one, at double the rent, the season ticket dynamic working exactly as sports architecture predicts.

The Mechanism

For fifty years, we designed the container. Floor plates, parking ratios, curtain walls, lobby finishes. The tenant was expected to supply the performance. Sports facilities inverted that logic decades ago. Nobody builds a training center and hopes the athletes figure out how to perform inside it. The facility is designed backward from the physiology and psychology of the performer, because hydrotherapy, circadian lighting, air handling, and acoustics change measurable outcomes: recovery time, reaction time, decision quality, wins.

The analog is exact, and it begins at the base level of biology. Everything starts with the release of a neurochemical in the brain. Focus, mood, energy, judgment, all of it is chemistry: dopamine, serotonin, cortisol, melatonin. Light is a drug. So are air, sound, color, and nature. Every element of the environment is a precursor to a neurochemical, that neurochemical is directly related to productivity, and productivity is directly related to a company's profitability. The office must be designed from that base level up. Knowledge workers are cognitive athletes, the environment they occupy ten hours a day either regulates their chemistry or degrades it, and the Performance Building regulates it deliberately, across eight fronts.

One caution before the details, because the market is about to be flooded with amenities, and most of them will fail. An amenity a tenant can get anywhere is not an amenity; it is a box the developer checked, square footage reallocated from the demised premises to the common area with no effect on performance at all. That is the honest test every element of this building must pass: does it change how the people inside perform, or does it merely move space from one line of the lease to another? The standard is simple to state and hard to meet: as good as your home, or better. And the deepest work is invisible. The most powerful elements of a Performance Building are the ones you do not immediately see but viscerally know are there the moment you enter the space, because everything comes back to the release of a neurochemical. Design is not an aesthetic. Design is a drug.

The Eight Fronts

Design for the hypersensitive. The hypersensitive are, in many cases, the most productive talent in the office, the quants, the analysts, the deep thinkers whose brains register every flicker of light, every echo, every harsh surface, and process the world more intensely because of it. Genius often travels with that sensitivity, and the same nervous system that produces the insight also feels the fluorescent hum, the glare, the stale air. Design for it deliberately: adjustable lighting, engineered acoustics, calibrated color, tactile materials, superior air, ready access to nature. This is not accommodation; it is the price of admission to their output. If the building fights their senses, they will find another place to work, or stay home, and the enterprise never gets full access to its best minds. Design for the most sensitive person in the room, and everyone in the room performs better.

Hospitality at the level of a private club. The anchor is a chef-driven restaurant operating at the highest level in the city, drawing diners by reputation, not convenience. For tenants, the experience is membership. The staff knows your profile and your preferences. There is no visible transaction; the bill settles quietly against a card on file. The menu is both healthy and savory, because athletes eat on a program, and nutrition is the substrate of performance.

Recovery, not just exertion. A thoughtfully designed health club with private shower and locker areas, treated with the dignity of a professional locker room. Sauna, breathwork and meditation rooms, hot yoga and movement studios. These are the practices high performers already pay for across town. Putting them in the building converts commute friction into occupancy value.

Air you can think in. Elevated indoor CO₂ and volatile organic compounds measurably impair decision making, and Harvard's COGfx research found that workers in well-ventilated green buildings scored dramatically higher on cognitive function tests. Athletes train at altitude on purpose; office workers should not think at the cognitive equivalent of altitude by accident. Ventilation rates, MERV 13 filtration, CO₂ monitoring, and humidity control become published, tenant-facing specifications.

Lighting as a performance system. Commodity LED carries documented costs when specified cheaply. The IEEE's flicker standard links invisible LED flicker to headaches, fatigue, eyestrain, and reduced task performance, and research in Lighting Research & Technology found roughly 23 percent more task errors under 100 hertz flicker. Blue-heavy spectrum at the wrong hour suppresses melatonin and degrades next-day cognition. Meanwhile, workers in daylight-optimized offices in one controlled study slept 37 minutes longer and scored 42 percent higher on higher-order decision making. The answer is not less LED but better: flicker-free drivers meeting IEEE 1789, tunable circadian fixtures, and architecture that maximizes daylight. Critically, this infrastructure is far cheaper to build in than to retrofit, a genuine moat for ground-up development.

Acoustics, color, and nature. Poor acoustics elevate cortisol and fragment attention; the Performance Building engineers speech privacy like a broadcast studio. Color is chosen for its neurochemical effect, not fashion. Living plants, natural materials, and views of nature lower stress and restore attention at modest cost, and they should extend past the glass into a real, usable outdoor space, not a token terrace, that gives the building a signature no lobby renovation can answer.

Security you can feel. For the high net worth occupier, security is a top-tier decision criterion, and nobody performs at their peak while any part of them is monitoring for threat. The critical path is the journey from the parking space to the office door, secured at the highest level and integrated deep into the building's technology: credentialed frictionless access, monitored garages with license plate recognition, elevator dispatch tied to credentials, comprehensive but discreet coverage. Just as important are the visual cues that register before conscious thought: clean sightlines, generous lighting, transparent well-staffed lobbies. The building answers the safety question so its occupants never have to ask it.

The social capital of coalescence. The final front is the one the market underprices most: the value tenants create for each other simply by being in the same building. Venture capital, family offices, financial services, and law firms have always coalesced in the same locations, and not by accident. These tenants bring value to each other by being close to each other. Deal flow, referrals, capital, talent, and trust all move through informal relationships, and the daily, unplanned interaction with like-minded, successful people is itself an immense return, one no tenant can buy anywhere else at any price.

The building's job is to engineer that serendipity rather than leave it to chance. The anchor is a private tenant lounge, adjacent to the public restaurant but accessible only to tenants within the building. That single distinction, open to the city for dining, closed to everyone but members for gathering, is what binds the internal culture together. It is the room where principals run into each other, exchange ideas, test theses, and build the relationships that turn a tenant roster into a network.

A state-of-the-art golf simulator matters as a practice bay, but it matters far more as a reason for like-minded tenants to gather, talk about their golf game, and in the process talk about everything else. Add curated events and speaker programming, and the building becomes a community whose membership is a reason to sign and a reason never to leave, because leaving the building means leaving the network.

The Geography

Coalescence has an address. The geography of coalescence is remarkably consistent from city to city. In every market, the capital and advisory class, venture capital, hedge funds, family offices, law firms, and foundations, gathers in one or two highly amenitized buildings in a very specific location: adjacent to or within the city's wealthiest neighborhoods, yet close to workforce housing, near the schools their children attend, and surrounded by the best retail, food, and beverage the city offers, all in a walkable environment woven into the cultural fabric of the city.

The first is 1900 Shawnee Mission Parkway in Johnson County, Kansas, developed by Karbank, a highly amenitized campus positioned exactly where the geography says it should be. The second is South Plaza, where only three buildings, the Plaza Colonnade, 4800 Main, and 4900 Main, occupy the micro market, steps from the best food and beverage in the city and interwoven with its cultural institutions. The tenant rosters in both locations read like the trend's definition: the funds, the family offices, the firms, and the foundations. Neither location was mass-produced, and neither can be. The scarcity is the point, and it is why the Performance Building must choose its ground as deliberately as it chooses its systems.

The Opportunity

The lease is a tell. Moving a company from \$35 to \$65 a foot takes conviction, a founder's belief in their own people. The metrics are there to prove the return, and for an enterprise whose advantage is the judgment and output of its people, betting on the building is simply an expression of that belief made concrete. Not every enterprise runs on talent, and that is no failing. A cost-driven operation is right to buy the cheapest adequate space, and it is simply not the buyer for this building. But for the companies whose edge is their people, the willingness to invest in the environment those people work in is itself the signal that they belong in that category, and that they intend to win on the strength of the minds they employ.

Something better than real estate. A generation ago, sports organizations stopped treating their facilities as buildings that merely contain and train their athletes, and started treating them as something better than real estate: performance infrastructure. The office industry is a decade behind, and that gap is the opportunity. The developers who build true Performance Buildings will not merely own the newest trophy assets. They will own the buildings, often the only ones in town, that can credibly claim to make their tenants better at what they do.

Small moves add up to big moves, and big moves compound into revenue and profitability. Championships, after all, are not won on game day. They are won in the quiet engineering of everything that surrounds the performer. The same will be true of the next generation of great companies, and of the buildings designed intelligently enough to produce them.

Appendix: What a Performance Building Contains

The elements that, taken together, distinguish a Performance Building from a conventional one.

The governing test. Every element below is held to one standard: as good as home or better, and justified by its measurable effect on performance, never a box the developer checked that merely reallocates square footage from the demised premises to the common area.

1. Design for the hypersensitive: adjustable light, engineered acoustics, calibrated color, tactile materials, superior air, and access to nature, so the sharpest minds do their best work in the building instead of somewhere else, or at home.
2. A chef-driven, private-club-level restaurant open to the public by reputation, with no visible transaction and a card on file, serving food that is both healthy and savory and treated as performance nutrition rather than convenience.
3. A health club with private, dignified shower and locker areas, and recovery amenities modeled on elite training facilities: sauna, breathwork and meditation rooms, and hot yoga or movement studios.
4. Best-in-class air quality as a published, tenant-facing specification: high ventilation rates, MERV 13 or better filtration, CO2 monitoring, and humidity control.
5. Lighting specified as a performance system: flicker-free drivers meeting IEEE 1789, tunable circadian white light, high task illuminance, and daylight and views maximized throughout.
6. Acoustics engineered for speech privacy and low cortisol, with color palettes chosen for their neurochemical effect.
7. Biophilia throughout, including living plants, natural materials, water, and visual access to nature.
8. A meaningful, programmable outdoor space large enough to hold real daytime activity, not a token terrace.
9. Security integrated at the highest level into the building's technology, securing the full path from parking space to office, paired with the visual cues that make occupants feel safe viscerally.
10. A private tenant lounge, adjacent to the public restaurant but accessible only to building tenants, to bind the internal culture together.
11. Social and connective amenities such as a state-of-the-art golf simulator and curated events, programmed to bring like-minded tenants together to exchange ideas and build relationships, not merely as private perks.

Sources for verification: World Green Building Council, "Health, Wellbeing and Productivity in Offices" (2014) and "Building the Business Case" (2016) for the 1-9-90 operating cost breakdown; JLL's 3-30-300 per-square-foot benchmark; IEEE Std 1789-2015 (flicker); Lighting Research & Technology (flicker and task error research); Harvard T.H. Chan School of Public Health COGfx studies (air quality and cognition); International WELL Building Institute standards; JPMorganChase and Foster + Partners published specifications for 270 Park Avenue (2025); and the peer-reviewed daylight and cognitive performance study published in the International Journal of Environmental Research and Public Health. Recommend cross-checking productivity claims against WELL and Fitwel certification research libraries before external distribution.