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Office parks are doing fine and millennials want to live in the suburbs. Wait, what?

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The traditional suburban office park is doomed. Free parking doesn't sell like it used to. Land owners are bailing on planned office developments like they're going out of style, because they've gone out of style. Millennials prefer a transit-oriented, live-work-play, urban(ish) environment, and their bosses are listening as they search for new headquarters locations.

Since Jan. 1, 2014, I've written at least 22 articles that refer back to those themes, echoed by Washington-area developers, economists and government leaders. Recall, more than 71 million square feet of office space is currently vacant across the D.C. region, of which roughly 56 million square feet is outside of the District.



Marriott International, headquartered in Bethesda, is looking to move to a more millennial-friendly location.

So color me surprised to discover that much of what I've written is wrong, at least according to The Boyd Co. of Princeton, New Jersey, a corporate site selection consultant.

"The suburban office market is very much alive and well throughout the country," the company notes, summarizing its recent study of the cost of operating a typical corporate administrative office in top U.S. and Canada suburban markets.

And then there's this: "From Boyd's work with HR department heads, recruiters and relocation managers, the popular notion that most young Americans want to live in downtown urban enclaves is much more perception than reality."

And this: "While millennial recruits and other young transferees are not necessarily interested in golf courses and gated communities, they do like jogging trails, parks and open spaces. Millennials deep down may be suburbanites after all based on a recent survey of the National Homebuilders Association which found that 66 percent of millennials want to live in the suburbs; 24 percent want to live in rural areas; and only 10 percent prefer to live in a city center."

And this: "It's also no surprise that many downtowns are facing serious quality-of-life and public safety challenges ... While the downtown lure is real for many companies, it is a trend prone to overstatement. Indeed, the reports of the death of the suburban office campus have been greatly exaggerated."

Tell that to North Bethesda-based and suburban office park-isolated Marriott International (NASDAQ: MAR), which has kicked off a search for a new headquarters location specifically because it wants to attract younger workers. Or to the landlords of nearly a dozen mostly empty office parks in Montgomery County. Or to the owners of vacant office park-zone land in Loudoun County. Or to builders in Tysons, who have lined up to transform virtually every office campus there into dense, urban, mixed-use destinations.

Established 40 years ago, The Boyd Co.'s clients include Hewlett-Packard, Dell Inc., Time Inc., JP Morgan Chase, PepsiCo., Scholastic Inc. and Office Depot. John Boyd, founder and principal, said he certainly is aware of the vacant suburban office park problem. New Jersey, he said, "is the poster child for that scenario."

"But this notion that the [relocation] trend is exclusive to downtown settings is overstated," Boyd said. "It's exaggerated in the national business press."

The Boyd report lists 50 suburban office markets in the U.S. and Canada that are "increasingly on Boyd clients' radar screens," including North Bethesda and Tysons — the only two from the Washington area. Considering labor, utility, tax and travel expenses, the cost of operating a 125,000-square-foot typical corporate back office employing 500 workers, per Boyd, is \$41.58 million per year in North Bethesda, and \$40.87 million per year in Tysons.

Boyd's top three U.S. markets are Estero, Florida, Blue Ash, Ohio, and Minden, Nevada.

Of course some suburban office parks are surviving. Many others are being repurposed or overhauled to serve a new generation of tenant. But to say the suburban office market is "alive and well," at least in the Washington area, let's agree to disagree.

Michael Neibauer covers economic development, chambers of commerce, transportation and politics.