



4 Ways Suburban Office Landlords Are Luring Tenants

October 16, 2015
By Andrew McIntyre

Law360, Los Angeles (October 16, 2015, 5:13 PM ET) -- As millennials continue to show a predilection for living and working in downtown cores, suburban office landlords are working feverishly to reposition and repurpose their buildings to keep or attract tenants, and lawyers find themselves helping to prepare more incentives in leases, given the difficulty of convincing companies to lease in the suburbs.

While part of the strategy is replicating the creative, amenity-rich experiences commonly found at downtown properties, suburban landlords are also taking advantage of their extra space and luring tenants with ample parking options as well as access to nature trails.

Here, Law360 looks at four ways suburban landlords are attracting companies to their properties.

Providing Parking

Lawyers say part of the game for suburban landlords is convincing tenants to come to them by offering things that are difficult or expensive to get downtown.

And with significantly more space in the suburbs, landlords can typically offer free or steeply discounted parking.

"The landlords are very anxious to encourage tenants to take the lease, and are offering a number of concessions," said John A. Goldstein of [Greensfelder Hemker & Gale PC](#). "Business parks may have several parking lots ... to make it even more appealing."

In a place like Chicago, Goldstein said, where one might pay \$300 to \$400 a month for parking, that free parking can be a significant draw for tenants.

"Tenants continue to be interested in the properties that can provide creative office space and parking," said Allan J. Abshez of [Loeb & Loeb LLP](#). "Parking is in short

supply downtown."

Offering Transportation

While landlords are on the one hand offering free or inexpensive parking on-site, they also realize that may not be enough, given the inconvenience of employees coming to the property having to spend hours a day behind the wheel to get there.

Many Silicon Valley companies have for some time been offering shuttles, and the idea is gaining traction beyond the Bay Area — more landlords across the country are offering such services, lawyers say.

On top of eliminating parking fees and driving time, shuttles offer employees the chance to catch up on work — or read, check social media, work on other tasks or simply relax — during their commutes.

"Shuttles, trains, buses. Tenants are really liking that," Goldstein said. "I'm seeing more and more of it."

Incorporating Parks

The Silicon Valley office campus model that [Google Inc.](#) and [Facebook Inc.](#) are using is basically a mini-community that tends to incorporate plenty of green space.

But lawyers say suburban developers are also eyeing properties that are close to nature reserves or trails, and are using such proximity to hiking trails as a way to draw in tenants.

"They're using the creative office [model], but taking advantage of the land and the open space that downtown doesn't have," said Andrew H. Raines of [Raines Feldman LLP](#).

"They have to offer something different."

And one such way to achieve that difference is to develop an office property near trails or open land.

"The best way they can compete is to build a campus. Combine that with things that downtown doesn't offer — hiking trails, parks," Raines said. "There's office, multifamily, retail — and then there's nature."

Adding Amenities

Millennials, particularly those in the tech industry, desire open floor plans and myriad amenities on-site, and developers in downtown cores have been responding.

Now, suburban office landlords are following suit.

"They're going to look at the playbook that developers are using in downtown office buildings," said Barry R. Katz of [Arnstein & Lehr LLP](#). "You could do a lot of neat things by retrofitting office space."

Katz said developers are looking to shared office space and incubator space to try to lure millennials. And landlords are adding fitness centers and food courts to properties, and sometimes even arranging for food trucks.

Additionally, rooftop decks, recreation rooms and child care centers are increasingly being taken into consideration, Goldstein said, as well as smaller improvements like furniture updates.

"You're really seeing the suburban developers doing everything they can — incentives, structural improvements — to bring people out," Goldstein said. "Rooms with weird-shaped couches. We never saw that before."

"Can you create this office park facility that will be attractive enough that people will want to commit to long-term leases?" Katz said. "The real estate industry is vested in figuring out a way to make it work. ... Maybe they'll get some of the millennials in there to help them figure it out."

--Editing by Katherine Rautenberg and Philip Shea.