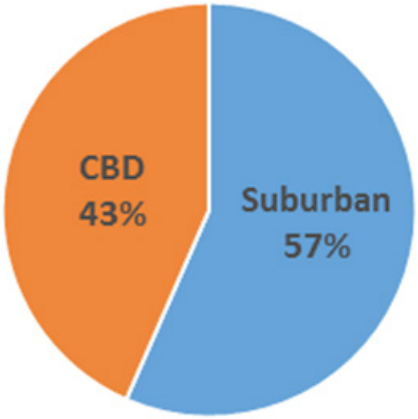
Destination suburbs: redefining live-work-play for the sophisticated millennial generation

Steve Shepherd, Vice President | Colliers International MSP

"I just want to cook a ham for the holidays and be surrounded by family and friends," says one aging millennial, who of late, is interested in finding balance and establishing roots.

As millennials age (or younger Gen-Xers for that matter), the live-work-play mantra will naturally morph into live-work-educate as their focus changes to providing educational and enrichment opportunities for their children. Good schools, a backyard with room for Fido, and expanded living space will become more important lifestyle factors than proximity to the nearest micro-brewery.



Suburbs holding their own

(Share of MSP net office absorption 2015-YTD 2016)

Suburban "urban-hubs"

Can the suburbs serve as an enticing option for a generation who wants it all and is used to having it all? Not surprising to the people who study population migration patterns, the answer is yes. Serving the needs of both millennials and boomers, the suburbs are embracing the integration of the types of amenities that draw people to urban centers. Attractive mixed-use developments are surfacing in many suburban communities with the profile of centralized walkable hubs that offer ease of accessibility, community gathering space, entertainment, shopping and dining.

In the Twin Cities, suburban locations like West End, France Avenue, Ridgedale, Wayzata and Golden Valley are well-positioned to offer this desirable mix of walkable amenities to both millennials and employers seeking to hire millennials. It's not only investors, developers and urban planners who are hip to this trend, office owners alike are figuring out how to reposition aging stock with creative, open, collaborative space to fulfill the "work" needs commanded by today's transitioning workforce. Savvy office owners know that in order to keep pace with modern demands and remain viable, they must differentiate by aesthetic in order to attract businesses focused on recruiting and retaining talent.

Reinventing suburban assets

Under the ownership of Hillcrest Development, Pentagon Park, located at Hwy. 100 and I-494 in Edina, is an example of a repositioned office property that undertook the task of reinventing itself in order to avoid the hollow echo of abandoned offices, conference rooms and hallways.

"Reinvention of a 1960's era office park requires attention to detail," explains Scott Tankenoff, Managing Partner at Hillcrest Development, LLLP. "Our investments in the buildings were prioritized to promote energy efficiency, enhanced natural light and the development of adjacent tenant amenities. Further renovations focused on creating

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open spaces, raised ceiling heights and exterior common spaces for employees and visitors to enjoy."

Office options along popular Twin Cities' commuter routes afford business owners and decision makers who live in the suburbs, especially the affluent western suburbs, with the convenience of a centralized location. With transit options, accessible amenities, free parking for employees, and the added "cool factor" of a repositioned property, the suburbs are starting to look, and think, like the city.

Looking outside the Loop

Arguably our metro's hottest office market – and not coincidentally a location very popular among millennials for live-work-play, the North Loop has filled up with creative and tech-driven businesses who don't need to be in the downtown core with access to skyway connections. The North Loop's delivery of cool, non-traditional, often brick & timber office space at affordable prices of $12 - $14 PSF net became a popular alternative to a downtown address. With that submarket near full and lacking parking options, we are already seeing a shift to other submarket options, like neighboring Northeast Minneapolis.

With local developers chasing projects in Market West near International Market Square, it's not a stretch to believe that a subset of office tenants looking for new space would consider the right creative project along Hwy. 55 or the I-394 corridor if the value was right.

The jury is still out on whether or not companies are willing to stay in the North Loop as the top end of the market gets pushed closer to $20 PSF net. Remember, these users have already acknowledged that they don't need to be located at main-on-main in downtown. We have already seen creative/tech activity at Wirth Corporate Center on Hwy. 55 in Golden Valley where creative space design has been implemented to attract those getting priced out of the Loop.

Can the suburban office package of creative finish, access to amenities and value win out over an urban setting if the value isn't there? I guess we'll let the millennials decide.

Before and After: Pentagon Park, Hwy. 100 and I-494 in Edina, MN

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