

The Growing Young Workforce

By Patrick Ahern, CCIM, SIOR - Office Advisor



At the 2013 NAI Convention in Las Vegas I had the chance to meet and talk with office brokers from across the country. A main theme from other office professionals situated on suburban tenants moving downtown to attract the growing young workforce.

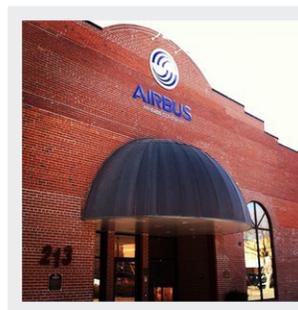
In Chicago last year, 10 suburban-based companies signed leases to occupy a combined 886,000 SF in the Central Business District (CBD). Some of this migration can be attributed to reduced rental rates compared to pre-recession levels, but suburban tenants have overwhelmingly cited non-financial factors, namely a young and talented workforce living in the city, as the driving factor to relocate downtown.

So, the question becomes – will this also become a reality in Wichita? Will suburban tenants look closer at moving to the CBD for the reason of attracting young talent? “Research shows that 24 to 40 year olds look at the vibrancy of a city – the downtown – before they take a job,” said WDDC President Jeff Fluhr.

In my opinion, a good downtown is the center for culture, arts and business productivity. Creative agencies (an industry known for employing young talent) are thriving downtown: Sullivan Higdon & Sink, Greteman Group and Associated Integrated Marketing all have a prime CBD presence. “From an ad agency perspective, downtown is a creative environment,” said Ashley Cook, Vice President at Greteman Group. “We used to office in Old Town and are now located in the Douglas Design District. Our employees enjoy the lunch choices and grabbing a drink together after work. Officing downtown is just easy.”

Airbus Engineering has 360 employees at its Old Town location and about a third of those employees are in their upper-20’s and 30’s. The Airbus Old Town “re-purpose building” is unlike any other office space in the Wichita

aircraft industry, and “we needed a differentiator,” said John O’Leary, Vice President of Engineering, “Something that would attract talent.” Since the Airbus office space is unique in its open-air office environment and CBD location, it truly is distinct compared to the other larger



aircraft company offices in town. “It has proven to be very successful for us,” stated O’Leary. Although he doesn’t only think the CBD location attracts the young talent: “The older crowd is just as drawn. What we have down here works. In fact, we just extended our lease.”

The younger demographic are getting married and buying houses later in life than their parents. Since 1960, the median age at the time of marriage has increased by over five years to 28 years old, while the average age of a first-time homeowner has risen over 10 years to 34 years old. The Millennial Generation (18 to 29) and Generation Xers (30 to 45) are more environmentally conscious and don’t want a long commute to work. Additionally, the younger generations are waiting until later in life to have kids, compared to the Baby Boomer generation.

The new YMCA had 60,000 visits in January, even though the original goal was 45,000 visitors per month. They are reporting 2,000 visits per day, compared to 850 daily visits at the old building. With increased foot-traffic at downtown amenities such as the YMCA, companies like Airbus planting roots downtown and more apartment living options popping-up in the CBD, I believe we will continue to see more suburban tenants heading to the core in the next 3 to 4 years.

To learn more about downtown office space opportunities and lease rates, give me a call.