

# Preferred Office Locations

Comparing Location Preferences and Performance of Office Space in CBDs, Suburban Vibrant Centers and Suburban Areas



Emil Malizia

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Performance of Office Space in CBDs,  
Suburban Vibrant Centers and Suburban Areas

**Prepared for and Funded by**  
**the NAIOP Research Foundation**

By  
Emil Malizia

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## About NAIOP

NAIOP, the Commercial Real Estate Development Association, is the leading organization for developers, owners, investors and related professionals in office, industrial, retail and mixed-use real estate. NAIOP comprises 15,000 members in North America. NAIOP advances responsible commercial real estate development and advocates for effective public policy. For more information, visit [www.naiop.org](http://www.naiop.org).

The NAIOP Research Foundation was established in 2000 as a 501(c)(3) organization to support the work of individuals and organizations engaged in real estate development, investment and operations. The Foundation's core purpose is to provide these individuals and organizations with the highest level of research information on how real properties, especially office, industrial and mixed-use properties, impact and benefit communities throughout North America. The initial funding for the Research Foundation was underwritten by NAIOP and its Founding Governors with an endowment fund established to fund future research. For more information, visit [www.naioprf.org](http://www.naioprf.org).

## Disclaimer

The data collection measures included in this report should be regarded as guidelines rather than as absolute standards. The data may differ according to the geographic area in question, and results may vary accordingly. Local and regional market performance is a key factor. Further study and evaluation are recommended before any investment decisions are made.

This project is intended to provide information and insight to industry practitioners and does not constitute advice or recommendations. NAIOP disclaims any liability for action taken as a result of this project and its findings.

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## About the Research Team

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Deborah Malizia is a member of the North Carolina State Bar and a certified mediator. She has worked as a commercial leasing agent with York Properties in Raleigh, N.C., and as a commercial real estate attorney in Atlanta and Raleigh.

Both members of the research team conducted the interviews. The PI completed the performance analysis.

## Acknowledgments

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# Executive Summary

**Office brokers use the term “live, work, play” (LWP) to describe the places sought by many prospective tenants, places that offer a range of residential and retail options as well as other amenities, in addition to office space.** Well-designed mixed-use infill projects in or near central business districts (CBDs) have attracted talent-seeking companies and young educated workers. One example is Bakery Square, the mixed-use, six-acre redevelopment of a former Nabisco factory near downtown Pittsburgh. Tenants include Google, university medical staff, upscale retailers and a hotel with structured parking. The historic property is in an affluent, densely populated, accessible area. The popular press has featured many other examples of LWP projects in big cities like New York and San Francisco.

After decades of suburban decentralization that created a multitude of single-use auto-oriented office parks, CBDs are being revived, most successfully in large metro areas with commuter rail transit. Another trend gaining momentum seeks to meet the demand for LWP environments in suburbia, where the large majority of the nation’s office inventory is located. Single-use areas formerly devoted to retail centers and office parks are being redeveloped as LWP districts. For example, the former Villa Italia regional mall has been redeveloped as Belmar, a mixed-use, amenity-rich, commercial, residential and civic-oriented place served by public transit. Belmar has become the 22-block, 140-acre downtown for Lakewood, a suburb of Denver. In addition, smaller cities, towns and villages that once were independent but now are part of a metro area commuter shed may have the density, design features and mix of land uses that meet the demand for LWP places. Ballston, a compact, mixed-use neighborhood on the Metrorail Orange Line in Arlington, Virginia, near Washington, D.C., has a diverse combination of commercial, residential and public uses, and is a good example of this type of LWP location.

In this report, we refer to LWP places as “vibrant centers.” These are defined as compact, connected, walkable, relatively dense mixed-use/multi-use, primarily employment-oriented places often served by public transit. Central business districts (CBDs) with sufficient size, scale, density and land use mix can be a region’s strongest vibrant center. Employment-oriented town centers as well as suburban mixed-use redevelopments that have achieved critical mass also are vibrant centers.

The success of Bakery Square, Belmar and Ballston suggests that the location preferences of office space users may be changing. However, no systematic evidence exists about the preferences for or performance of vibrant centers, either downtown or in the suburbs, compared to typical single-use suburban office space. This study begins to fill this knowledge gap by addressing five questions:

1. Do office tenants prefer CBDs to suburban areas?
2. Do office tenants prefer suburban vibrant centers to typical single-use suburban environments?
3. Are office properties in CBDs performing better than those in typical single-use suburban office areas?
4. Are office properties in suburban vibrant centers outperforming those in typical single-use suburban office areas?
5. Are suburban vibrant centers preferred to or performing better than CBDs in their market areas?