



City of Dublin

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# Memo

**To:** Members of Dublin City Council  
**From:** Marsha I. Grigsby, City Manager  
**Date:** February 6, 2014  
**Initiated By:** Dana McDaniel, Director of Development  
**Re: Viability and Competitiveness Study –  
Metro Office District & Blazer Research District**

## Background

A key strategic focus area of Dublin City Council has been and continues to be the “fiscal health and vitality” of the City of Dublin. Additionally, the City’s Community Plan emphasizes the need for the City to remain on the leading edge of economic development efforts at regional, national and global levels. In pursuit of these, Planning and Economic Development have undertaken a *Viability and Competitiveness Study* (attached) focusing on two of Dublin’s seven Business Districts -- the Metro Office District and the Blazer Research District. Council may recall that area planning studies for these two were included in the 2013 budget. Staff engaged the assistance of the consultant firm PlanningNEXT (formerly ACP) for their assistance in this analysis.

The study includes input from building owners, tenants and the real estate and development communities. This analysis provides Council with an in depth view of these two office districts as they exist today, a competitiveness analysis, and an assessment of current regional and national trends. This study also includes case studies from other parts of the country demonstrating some of the actions being taken to keep similar suburban office settings competitive. Research by both City staff and the consultant has been extensive, as demonstrated by the links provided to numerous articles and literature. We are providing these to City Council, should you desire to read these. A binder containing copies of the literature will be placed in the City Council Planning room for your convenience. If you desire additional copies, please let us know.

The study’s assessment of these two office districts is not bleak. However, it recognizes that the City must determine how it can best set the conditions and assist in keeping these office districts competitive into the future. These legacy office districts have served as the City’s economic center and have set a high standard by which other office parks in the region had to compete over the years. The office buildings within these districts are now considered aging building stock and must compete with newer office buildings, most of which have been and continue to be built outside of the City of Dublin. The study is intended to start a discussion between Council members and with staff regarding the future of these two important office areas by identifying ways to ensure they remain viable and competitive employment centers into the future. Certainly, there are other legacy office buildings outside of these two districts within Dublin. This discussion will help to inform ways in which to best keep these buildings competitive, as well as inform all of us as to future office developments, such as Emerald 8.

## Summary

A few highlights of the study include:

- The City of Dublin's overall vacancy rate is 12%, right at the average of the overall vacancy rate of 11% for the Columbus market. However, the vacancy rates of these two office districts are higher -- at 22% (Metro Office Center) and 15% (Blazer Research District), respectively.
- Office lease rates in these districts are relatively higher due to higher costs associated with the age of the buildings.
- Nearly 90 acres of developable land remain within these districts that could yield up to one million square feet of additional office space and/or other amenities.
- An assessment of the competition within the region and a context of national office trends.
- Input from building owners, tenants and the real estate and development communities about parking, access to amenities, building age, appearance, identity, way-finding and signs.
- An assessment of external trends to include economic conditions, workforce and needs of building owners/tenants.
- Examples of what others are doing to address the changing trends/conditions affecting the viability and competitiveness of suburban office settings in general.

## Recommendation

Staff's primary goal is to advance its initial findings regarding the issue of these two legacy office parks and their viability and competitiveness. Staff anticipates this will be the first step of a dialogue among and between Council and staff on this topic. Staff recommends Council establish a forum/time to begin a policy discussion regarding this study. Such a policy discussion could begin to address key policy issues such as, but not limited to:

- What are the implications of the trends presented in the study for Dublin?
- Is the information provided enough for Council to determine whether any action is warranted at this time? What other information is needed to advance this discussion?
- What might be some of the key priorities for staff to address relative to this study?
- Can certain amenities be brought closer to the office settings?
- Is densification and/or introducing mixed uses (access to amenities) into the existing office parks an option for Dublin?
- Will the City entertain changes in its code relative to parking ratios, signage/wayfinding, landscaping, etc. in order to best position existing buildings? Is this even necessary?
- Did Council see something others are doing that they would specifically like staff to study?
- What additional information would Council like to have to assist with their discussion?

Staff is not presenting any specific recommendations regarding action items at this time. Staff is prepared to continue this effort with additional research, analysis and potential recommendations based on Council's discussion/direction. At this point, staff's ideas are generally aligned to those items listed on page 7 of the study.

Staff would also appreciate any guidance regarding Planning and Zoning Commission's role in this process/dialogue.

Please address any questions to Dana McDaniel.

## Resources

### National Trends

1. **Emerging Trends in Real Estate, 2014.** Urban Land Institute. <http://bit.ly/1kQayRb>
2. **Emerging Trends in Real Estate, 2013.** Urban Land Institute. <http://www.uli.org/emerging-trends/emerging-trends-in-real-estate-2013/>
3. **Making a Statement with Office Space: Finding Workplaces that Last | Area Development Online Q4 2013** <http://bit.ly/1ig0Vr0>
4. **Why Today's Start-Ups Are Choosing Urban Lofts Over Suburban Office Parks.** Florida, Richard. The Atlantic Cities. 9/4/2013. <http://www.theatlanticcities.com/jobs-and-economy/2013/09/why-todays-startups-are-choosing-urban-lofts-over-suburban-office-parks/6311/>
5. **Suburban Office: It's Not Dead Yet.** National Association of Real Estate Investment Managers (NAREIM). 6/23/2013 <http://www.nareim.org/viewpoints/suburban-office-its-not-dead-yet/>
6. **Where Americans Want to Live, America in 2013 – ULI** <http://www.uli.org/press-release/america2013/>
7. **California Spawns retailers' tech labs** - Columbus Dispatch 12/2/13
8. **Coworking – Window into the Future** – Workdesign Magazine 11/2013
9. **Emerging Trends in Real Estate, 2012.** Urban Land Institute. [http://www.uli.org/wp-content/uploads/ULI-Documents/ET\\_US2012.pdf](http://www.uli.org/wp-content/uploads/ULI-Documents/ET_US2012.pdf)
10. **New Office Designs Offer Room to Roam and to Think - NYTimes.com** 3/18/2012. <http://nyti.ms/1cwtNa5>
11. **Suburban Office Markets Trail Downtown Rivals.** The Wall Street Journal. 2/23/2011. <http://online.wsj.com/article/SB10001424052748704071304576160871736899158.html>
12. **Trouble Is Brewing for Office Market - WSJ.com 1/11/2011** <http://online.wsj.com/news/articles/SB20001424052970203436904577153003477512394>
13. **Slimmed-down companies rethink office space.** San Francisco Chronicle, 9/8/2009 <http://www.sfgate.com/news/article/Slimmed-down-companies-rethink-office-space-3287654.php>
14. **Rethinking Office Design.** Ludwig, Barry. 5/18/2005 <http://www.buildings.com/article-details/articleid/2485/title/rethinking-office-design.aspx>

### Case studies

15. **Reinventing the New Jersey Economy, New Metropolitan and Regional Dynamics** / Rutgers Regional Report, December 2012. <http://policy.rutgers.edu/reports/rrr/RRR33dec12.pdf>
16. **Memo to Municipalities: Get Creative and Flexible if You Want Those Office Parks Redeveloped.** New Jersey Future. 6/19/2013. <http://www.nifuture.org/2013/07/19/office-parks-memo-to-municipalities/>
17. **Dinosaur Makeover: Can Research Triangle Park Pull Itself Out of the 1950s?** New Republic 10/12/12 <http://www.newrepublic.com/blog/plank/108527/dinosaur-makeover-can-research-triangle-park-pull-itself-out-the-1950s>
18. **Drab Office in New Jersey Gets the Cinderella Treatment.** New York Times. 5/28/2013. <http://www.nytimes.com/2013/05/29/realestate/commercial/drab-office-in-new-jersey-gets-the-cinderella-treatment.html?smid=tw-share&r=1&>
19. **Tyson's Corner, on the verge of a do-over** / Washington Post, Jan. 2013 <http://bit.ly/1MI6Rg>

### Local/Regional Trends

20. **Central Ohio Office Parks 2014, Ranked by Completed office space: sq. ft** – Columbus Business First
21. **City hopes to encourage downtown projects with more generous tax incentives** – Columbus business first, Nov. 2013 <http://bit.ly/1f5Pu09>
22. **Greater Columbus Region Office Trends Report Q3 2013.** Colliers International. [http://www.colliers.com/~media/Files/MarketResearch/UnitedStates/MARKETS/Ohio/Columbus/Research/Q3\\_2013\\_COL\\_Office](http://www.colliers.com/~media/Files/MarketResearch/UnitedStates/MARKETS/Ohio/Columbus/Research/Q3_2013_COL_Office)
23. **Greater Columbus Region Office Trends Report Q2 2013.** Colliers International. <http://www.colliers.com/~media/AB5338E2BE15400CBCE6D9768DAC395D.ashx>
24. **Greater Columbus Region Office Trends Report Q1 2013.** Colliers International. <http://www.colliers.com/~media/files/marketresearch/unitedstates/markets/ohio/columbus/research/q1%202013%20office%20market%20trends%20report.ashx>
25. **Some space hard to find as leasing picks up.** The Columbus Dispatch 4/1/2013. <http://www.dispatch.com/content/stories/business/2013/04/01/some-space-hard-to-find-as-leasing-picks-up.html>

26. **Annual Market Report, Columbus, Ohio 2013.** Cassidy Turley. [http://www.cassidyturley.com/research/market-reports/report/topic/columbus\\_2013\\_annual\\_market\\_report/action/download](http://www.cassidyturley.com/research/market-reports/report/topic/columbus_2013_annual_market_report/action/download)
27. **New Albany's growth marches on toward Licking County.** The Columbus Dispatch. 9/3/2013. <http://www.dispatch.com/content/stories/local/2013/09/03/new-albany-growth-continues-its-march.html>
28. **Move of Columbia Gas headquarters to up office vacancies.** The Columbus Dispatch 8/1/2013. <http://www.dispatch.com/content/stories/business/2013/08/01/columbia-gas-move-to-up-vacancies.html>
29. **Central Ohio Inc: Office vacancies under control in Columbus.** Business First 2/22/2013 <http://www.bizjournals.com/columbus/print-edition/2013/02/22/central-ohio-inc-office-vacancies.html>
30. **Annual Market Report, Columbus – Cassidy Turley**
31. **Office-vacancy dip too little to spur building.** The Columbus Dispatch 4/29/2012. <http://www.dispatch.com/content/stories/business/2012/04/29/office-vacancy-dip-too-little-to-spur-building.html>
32. **What's Next At The Local Level,** 2012. Urban Land Institute. <http://www.uli.org/research/planning-design/whats-next/>
33. **What's Next, 2012.** Urban Land Institute. <http://www.uli.org/research/planning-design/whats-next/>

# **Viability and Competitiveness Study**

## Metro Office District & Blazer Research District

**BRIEFING FOR CITY COUNCIL / FEBRUARY 6**

Revised 02/04/2014

## ORGANIZATION OF THE DOCUMENT

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### **Data Sources:**

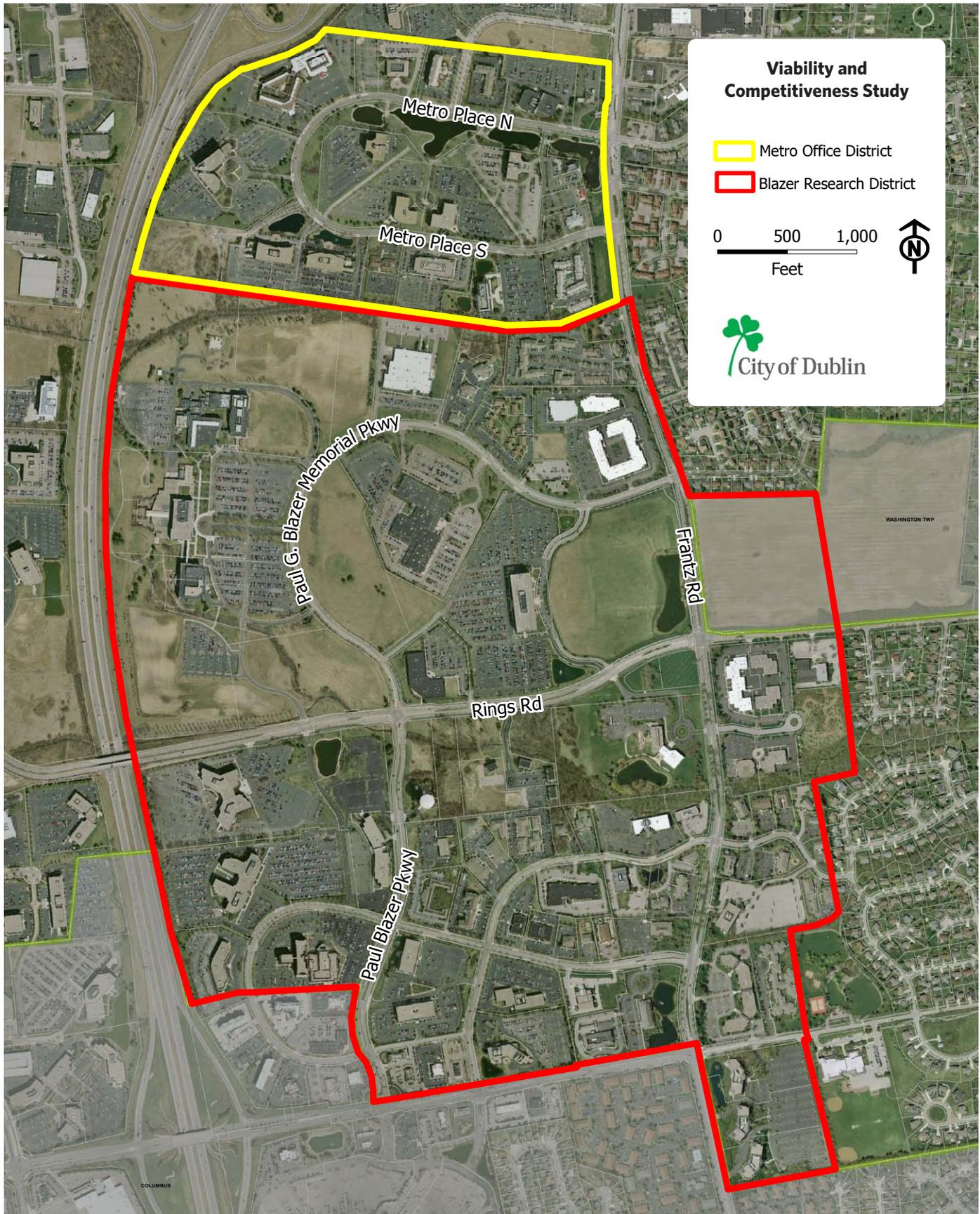
Unless otherwise noted, data on the Columbus Region's office market references Colliers International's Q3 2013 market report.

This report was prepared by City staff and **planning NEXT**.

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# EXECUTIVE SUMMARY



## PURPOSE

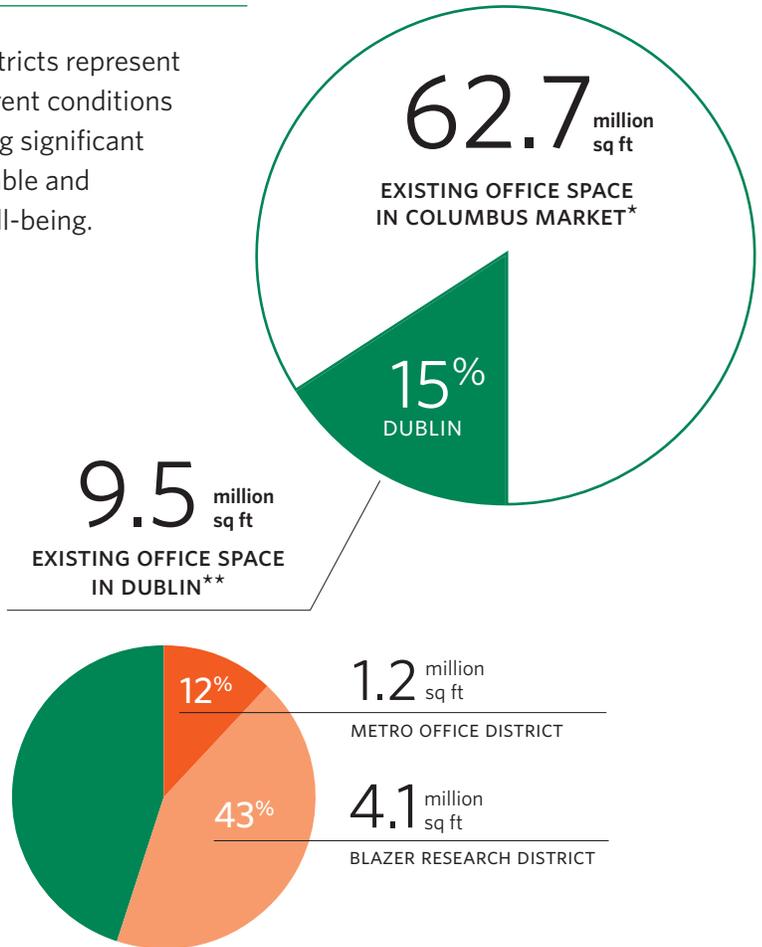
The Viability and Competitiveness Study is an effort to start a discussion regarding the future of two of Dublin's premier office areas, Metro Office District and Blazer Research District by identifying ways to ensure that these places remain viable and competitive employment centers.

## WHY IS THIS IMPORTANT?

Together, Metro Office and Blazer Research Districts represent over half of Dublin's supply of office space. Current conditions and trends suggest that these districts are facing significant competitive challenges. Keeping these areas viable and competitive in the future is vital to the city's well-being.

For nearly three decades, Dublin has defined itself as a premier employment center in central Ohio. The City's emphasis on jobs, particularly higher-wage office jobs, is the foundation of its economic health and high quality of life for residents. Metro Office District and Blazer Research District are two of Dublin's seven defined office neighborhoods and are home to some of the city's largest, oldest, and most visible multi-tenant office buildings.

The Community Plan emphasizes the need for the city to remain on the leading edge of economic development efforts at regional, national and even global levels. Each year, Dublin City Council reviews goals set the previous year and updates priorities, which are then used to guide Council and the Administration in budgeting and programming initiatives. Council has identified Fiscal Health & Economic Vitality as one of five Strategic Focus Areas.



\* 2013 Estimate (Colliers International). Includes Columbus and 15 surrounding suburban areas

\*\* 2013 Estimate. See explanation in the chart on page 11.

### DUBLIN CITY COUNCIL STRATEGIC FOCUS AREA

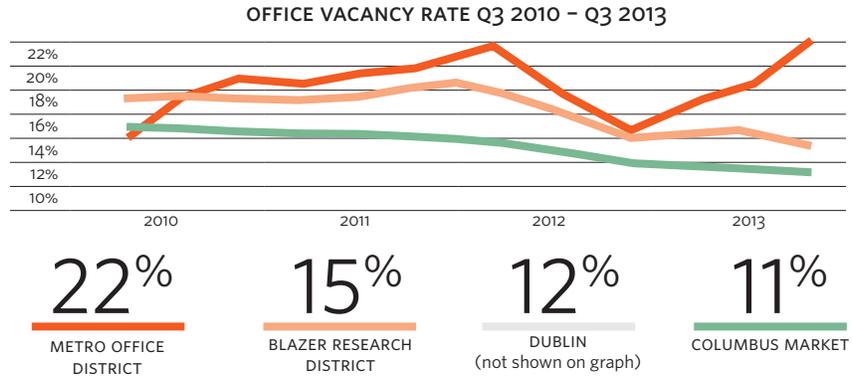
**Fiscal Health and Economic Vitality.** *The City ensures its financial security through the implementation and coordination of sound fiscal policies; carefully balanced land planning reflecting sound land use principles; forward investing in infrastructure development; and a continuous focus on successful economic development programs.*

# WHAT'S HAPPENING HERE?

The following is a summary of key findings from analysis of both districts and input from stakeholders.

## Relatively high office vacancy rates.

While the vacancy rates of office space in Metro Office and Blazer Research Districts are lower than their peaks at the end of 2011, they are still above the city's average and that of the overall Columbus market.



## Relatively high office lease cost due to higher expenses in older buildings.

Several office buildings in the districts, particularly the older Class B buildings, may be less price competitive considering operating expenses.

EXAMPLE COST FOR OFFICES IN METRO / BLAZER DISTRICTS

Building Address	Year Built	Class	Base Rent (net)	Op. Exps. (incl. taxes)	Full-service cost (gross)
425 Metro PI N	1981	B	\$9.75	\$7.42	<b>\$17.17</b>
475 Metro PI N	1981	B	\$9.25	\$7.75	<b>\$17.00</b>
555 Metro PI N	1980	B	\$8.00	\$8.95	<b>\$16.95</b>
545 Metro PI S	1998	A*	\$11.95	\$8.00	<b>\$19.95</b>
565 Metro PI S	2000	A	\$11.00	\$8.75	<b>\$19.75</b>
400 Metro PI N	1997	A*	\$10.00	\$9.50	<b>\$19.50</b>
5515 Parkcenter Cir	1996	A*	\$11.95	\$9.50	<b>\$21.45</b>
5555 Parkcenter Cir	1992	A*	\$9.50	\$9.50	<b>\$19.00</b>

\* Building class is subjective. Although these buildings are marketed as Class A, they could be considered Class B due to age.

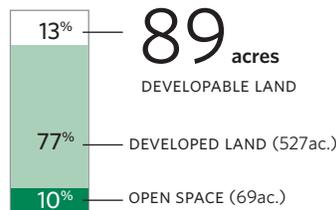
AVERAGE FULL-SERVICE COST FOR OFFICE SPACE IN SUBURBAN COLUMBUS MARKET (SQ FT/YR.)

**\$19.32** CLASS A      **\$15.62** CLASS B

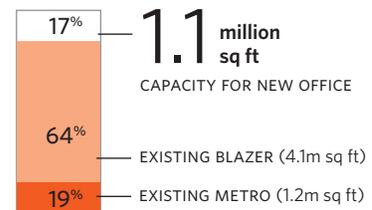
## Land available for new office development, yet little current demand.

Together, these areas contain approximately 89 acres of developable land, most of which is zoned or planned for offices. At current densities, this land could yield over 1 million square feet of new office space. A 2009 study conducted by market research analyst Sarah Woodworth, of W-ZHA, anticipates demand for 100,000 square feet of large format office space within the next ten years. The Community Plan allocates land for approximately 11 million square feet of new office development within the city's seven business districts.

DEVELOPABLE LAND AREA IN METRO/BLAZER DISTRICTS



CAPACITY FOR NEW OFFICE SPACE IN METRO/BLAZER DISTRICTS



CAPACITY FOR NEW OFFICE DEVELOPMENT IN DUBLIN'S BUSINESS DISTRICTS (SQ FT)

Metro Office District	90,000
Blazer Research District <sup>1</sup>	1,064,000
Bridge Street District	3,281,000
Emerald Corporate District	3,250,000
Perimeter Commerce District	1,043,000
Shier Rings Tech Flex District <sup>2</sup>	150,000
West Innovation District <sup>2 3</sup>	2,379,000
<b>TOTAL</b>	<b>11,257,000</b>

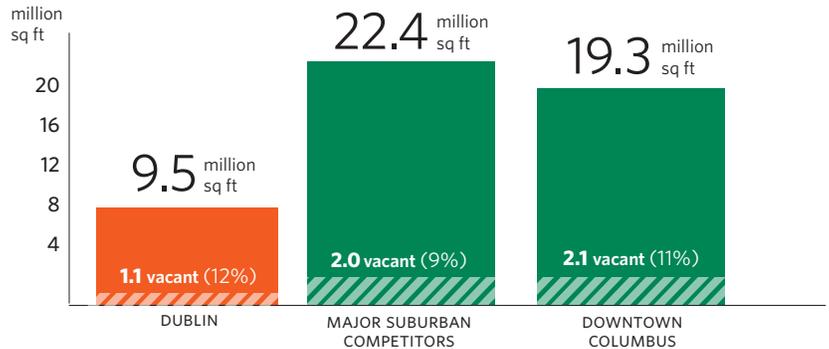
NOTES:

- Some space in Blazer Research District may develop as industrial/R&D rather than strictly office.
- Office development in the Shier Rings and West Innovation Districts is expected to occur in conjunction with industrial/flex/R&D uses.
- All of these figures reflect the long-term development capacity of available land within the city's current boundaries, based on zoning or adopted plans.
- These capacity estimates do not include land outside of the city's seven identified business districts, or within the city's 'Exclusive Service Area' or 'Negotiated Service Area' that have yet to be annexed.

**Both areas are desirable but competition is increasing.**

Property owners, brokers, and tenants generally say that Metro Office and Blazer Research Districts are desirable areas along with Dublin overall. However, they acknowledge that there is growing competition from other suburban markets and that a Dublin address may be valued less than in the past.

TOTAL OFFICE SPACE AND VACANCY RATES (Q3 2013)



Major suburban competitors include the suburban office markets of Grandview/Upper Arlington, Westerville, Polaris, Hilliard, Easton, and New Albany combined. (See page 11 for detail)

**Concerns about parking, area amenities, building age, appearance, identity and signs.**

Stakeholders shared the following concerns and insights:

**building age:** Some buildings are “old and tired,” relatively expensive to operate and difficult to adapt.

**parking:** The current average parking allocations may not satisfy demands of prospective tenants.

**amenities:** Some suggest that the amenities (dining, recreation, services) available in both areas could be expanded and more convenient to access. There is lack of awareness about some of the amenities that do exist within the existing office and hotel buildings.

**identity and signs:** Blazer is not recognized as a single district. Improved branding and wayfinding signs could be beneficial for both areas.

**appearance:** Mature landscaping is highly valued unless it impedes views of buildings/signs, making wayfinding difficult. There is frustration with code enforcement of decades-old landscaping plans. In these situations, property managers often do not understand what they can and cannot do regarding maintenance of landscaping.



## WHY IS THIS HAPPENING?

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While the age of development and other physical characteristics contribute to the health of these areas, there are a number of external trends at work. These trends include: changing economic conditions, changing workforce and changing needs of building owners and tenants.

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### Economic Conditions

SEE PAGE 10 FOR DETAIL

#### Lukewarm Suburban Office Outlook

Since the peak of the recession, rents and vacancy rates for suburban office (regionally and nationwide) have made only modest improvements, while many urban areas have begun to rebound. This trend is partly due to shifting market preferences, but also because many suburbs were harder hit by the recession leaving a relatively large supply to absorb.

#### Increasing Regional Competition

While Dublin has long dominated the suburban office market in central Ohio, much of its office product is older than in other markets such as Polaris, Westerville, Hilliard, Easton, and New Albany. Dublin also faces competition from new office development occurring in Downtown Columbus including the Arena District and Grandview Yard.

#### Economic Uncertainty

Due to ongoing uncertainty about the national economy since the Great Recession, tenants are reluctant to sign multi-year leases and want flexibility to increase or reduce their space as their needs change. Uncertainty about lease commitments is an obstacle for building owners to renovate and for new development. Tougher lending standards make it challenging for developers to finance construction.

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### Workforce

SEE PAGE 13 FOR DETAIL

#### Lifestyle preferences changing work environments

Whether they desire suburban lifestyles or more urban ones, a growing proportion of young people are choosing where they want to live before they begin looking for job opportunities. As a group, younger workers (as well as those approaching retirement) tend to prefer walkable, amenity-rich environments with authentic character.

#### Jobs follow talent

Many high-growth, technology-oriented businesses face strong competition for talented workers and consider lifestyle preferences in their decisions about where to locate. Reflecting those preferences, businesses increasingly seek office settings that are walkable and close to gathering places, recreation, restaurants, entertainment, retail services, transit and housing.

#### Moderate-income workers needed by growing businesses

The moderate-income segment of the workforce, largely college-educated young professionals, are needed by growing business sectors. Compared to older generations, this group tends to prefer living close to their place of work, they drive less, and are more likely to use alternative modes of transportation including cycling, walking, and transit.

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### Needs of Building Owners/Tenants

SEE PAGE 15 FOR DETAIL

#### Less Space

Tenants tend to need less space overall and per employee than in the past. Companies are getting by (or doing more) with fewer employees, they are consolidating multiple offices to single locations, allowing more telecommuting and flexible time, and adopting cubicle-free open floor plans and shared spaces.

#### Better Differentiation

While there is still a large market for suburban office space, competition for tenants is increasing. Tenants for suburban offices tend to want generous amounts of parking, "environmentally friendly" buildings, nearby amenities (preferably within walking distance), visibility and signs, as well as technology infrastructure.

#### More Flexibility

Buildings with flexible designs that can accommodate many types of users and adapt to changing tenants needs tend to be the most successful over the long-term. In some communities, property owners need regulatory flexibility or technical assistance to help them make changes to their buildings or properties in order to keep them competitive.

## WHAT OTHER COMMUNITIES ARE DOING.

While every community is unique, there are several examples described in this report where similar challenges are being addressed. Here are some strategies that are being tried within districts and in places such as Research Triangle Park, North Carolina; Fairfax County, Virginia; suburban Dallas, Texas, and elsewhere.

### Existing Buildings

- Encouraging retrofit or reuse

### Infill and Redevelopment

- Allowing increases in density and mixed-uses.
- Revising stormwater management (to offset more intense development)

### Walkability and Transit

- Adding pedestrian connections (public/private)
- Using proximity to transit as a catalyst
- Encouraging expansion of transit service

### Connectivity

- Creating new street connections
- Creating new multi-use path connections

### Parking

- Encouraging shared parking
- Revising parking design standards
- Adjusting parking requirements
- Creating structured parking
- Creating a parking authority to manage parking assets

### Open Space

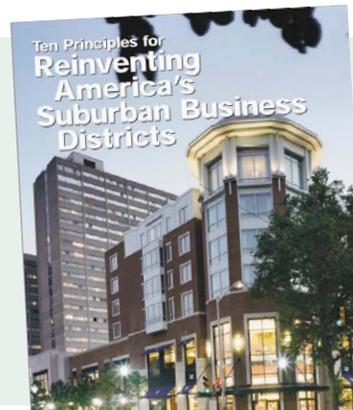
- Creating new open space amenities
- Programming open space

### Landscaping

- Upkeep and maintenance (public)

### Economic Development Policies

- Incentives
- Public/Private Partnerships
- Marketing/Branding



A publication by the Urban Land Institute (ULI) identifies these 10 principles for revitalizing aging suburban business districts.

1. Understand Your Position in the Market
2. Build Community Support
3. Develop a Vision and a Plan
4. Stress Results over Regulation
5. Break Up the Superblocks and Optimize Connectivity
6. Embrace Mixed Use
7. Honor the Human Scale by Creating a Pedestrian-Friendly Place
8. Think Transit—Think Density
9. Create a Public/Private Partnership
10. Share and Manage Parking

*read more*

Ten Principles for Reinventing America's Suburban Business Districts / ULI

<http://bit.ly/1fdNSIT>



Concepts from the Research Triangle Park Master Plan (see page 28)



Legacy Town Center / Plano, TX  
(see page 30)



Novo Nordisk U.S. Headquarters,  
office space retrofit (see page 34)



# TRENDS

This section describes regional and national trends that provide context for the conditions documented in Metro Office and Blazer Research Districts. These trends include changing economic conditions, changing workforce, and changing needs of building owners / tenants.

# TRENDS / CHANGING ECONOMIC CONDITIONS

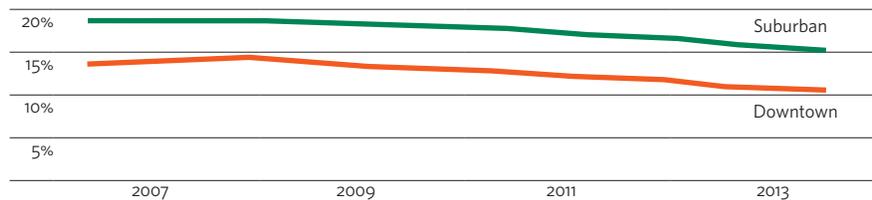
Changing regional dynamics along with structural changes to the national economy since the recent recession (partially driven by changing demographics) have created a new competitive environment for Dublin.

## Suburban office underperforming office space in urban settings, but less so in central Ohio

Since the peak of the recent recession, vacancy rates for suburban office (regionally and nationwide) have improved but are still higher on average than in more urban areas. With high vacancy, suburban office has not seen much improvement in rent prices, while prices in urban areas have begun to rebound. Changing market preferences play a role, but this trend is largely because many suburban markets were harder hit by the recession since there was more building activity in the suburbs prior to the recession and more office space available to absorb.

Fortunately, compared to other metro areas in the midwest and nationwide, the office market in central Ohio is faring relatively well. There is also a smaller gap between urban office and suburban office in the region currently, both in terms of vacancies and in lease prices.

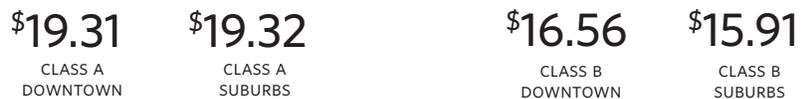
OFFICE VACANCY RATE, U.S. 2007-2013



OFFICE VACANCY RATE MAJOR OHIO MARKETS (Q3 2013)



AVERAGE FULL-SERVICE OFFICE RENT, COLUMBUS MARKET (Q3 2013)



OFFICE SPACE AND VACANCY RATES, COLUMBUS AND COMPARABLE MARKETS

Markets	Suburban Submarkets		Downtown		Market Total	
	Total Sq Ft (millions)	Vacancy rate	Total Sq Ft (millions)	Vacancy Rate	Total Sq Ft (millions)	Vacancy Rate
Columbus	43.5	11.0%	19.3	11.3%	62.8	11.0%
Cleveland	171.4	10.5%	69.4	17.9%	240.8	12.2%
Cincinnati	35.7	18.3%	18.1	17.1%	53.9	17.9%
Nashville	33.0	8.1%	11.1	10.3%	44.0	8.7%
Charlotte	41.0	15.5%	27.3	8.6%	50.1	16.6%
Raleigh*	43.1	17.2%	3.9	11.1%	47.0	16.7%
Austin*	33.4	12.2%	9.1	12.0%	42.4	12.1%
Indianapolis*	22.8	17.7%	11.9	18.9%	34.7	17.5%

read more:

Emerging Trends in Real Estate 2013 / ULI

<http://bit.ly/1aODPPI>

Emerging Trends in Real Estate 2014 / ULI

<http://bit.ly/1kQyRb>

*“Suburban office buildings accounted for 70% of the 135 million square feet of occupied space that has gone vacant [nationally] since the beginning of the recession”*

—REIS INC.

\* This table was compiled from multiple sources. Data for Raleigh, Austin and Indianapolis were reported by CBRE Inc. while other figures were reported by Colliers International. The two sources may have different data collection methodology.

The market area of Columbus includes the City of Columbus and 15 adjacent suburban submarkets extending just outside of Franklin County. The market area of Cleveland includes the counties of Cuyahoga, Carrol Lorrain, Medina, Richland, Stark and Summit. The market area of Cincinnati includes Hamilton, and much of Butler, Warren, Claremont and Brown counties, and parts of northern Kentucky.

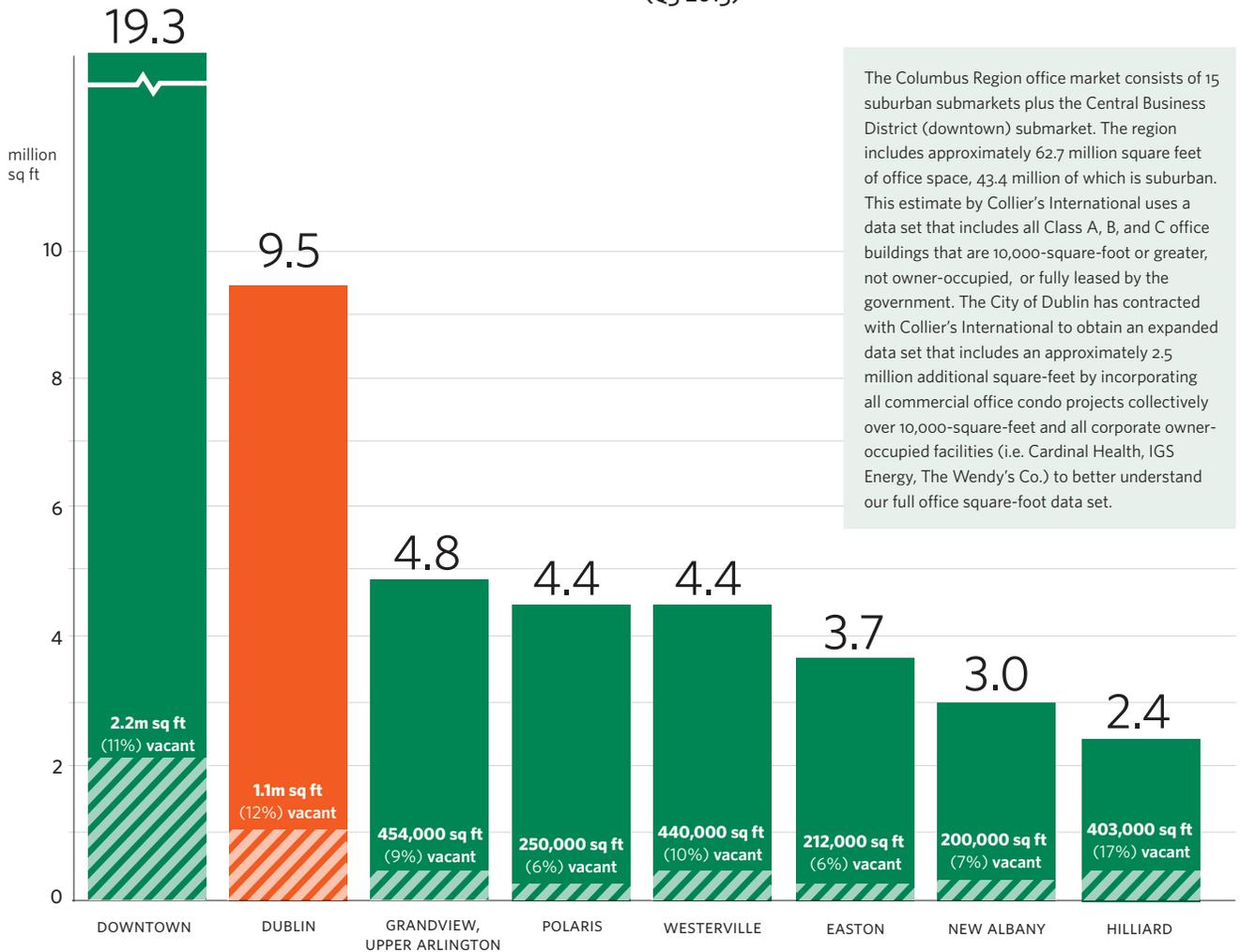
**There is increasing regional competition.**

While Dublin has long dominated the suburban office market in central Ohio, and it remains the single largest suburban office submarket, it is facing increasing competition from newer suburban office areas as well as new development in Downtown Columbus. Much of Dublin's office product is older than in other suburban markets such as Polaris, Westerville, Easton, Hilliard, or New Albany. Some development in Downtown Columbus (such as in the Arena District) and nearby (Grandview Yard) competes directly with options available in Dublin.

OFFICE SPACE ABSORPTION AND AVERAGE RENT FOR MAJOR COLUMBUS SUBMARKETS (Q1-Q3 2013)

Submarket	Average Rent		Net office space absorbed (sq ft)
	class A	class B	
DOWNTOWN	\$19.31	\$16.56	165,955
GRANDVIEW/ARLINGTON	\$23.28	\$16.79	38,321
DUBLIN	\$19.38	\$15.84	99,131
POLARIS	\$19.54	\$18.47	74,789
WESTERVILLE	\$19.35	\$15.65	139,328
EASTON	\$20.22	\$18.00	55,307
NEW ALBANY	\$17.71	-	48,772
HILLIARD	\$20.00	\$16.24	28,984

TOTAL OFFICE SPACE, AND VACANCY RATES FOR MAJOR COLUMBUS SUBMARKETS (Q3 2013)



**Economic uncertainty makes office development very challenging, redevelopment more so.**

Real estate development is high risk. Developers will often not undertake construction on a new project unless much of the space is pre-leased. Tenants are reluctant to sign multi-year leases and want flexibility to increase or reduce their space as their needs change. Uncertainty about lease commitments is an obstacle for building owners to undertake costly renovations. Also, tougher lending standards in place since the Great Recession make it more challenging for developers to finance speculative projects.

Regional and national office development trends reflect that reality. The amount of office development taking place nationwide is near its lowest point in over a decade. The development that is underway is generally high-end class A space often with niche attributes such as LEED certification. Most is occurring in the cores of major cities.

In central Ohio, nearly half of the office space currently under construction is in downtown Columbus, with another 40 percent in New Albany. Most of that space will be occupied by specific large tenants. In all of the central Ohio areas with office buildings under construction, tax abatements are helping to support that development. Speculative office development is unlikely in the near future without such incentives.

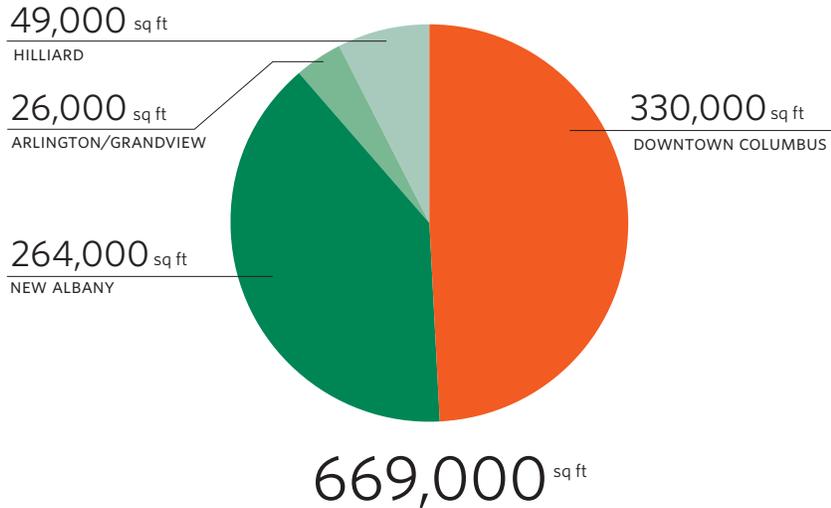
read more:

Office Trends Report / Greater Columbus Region Q3 2013 / Colliers International  
<http://bit.ly/18wSGhv>

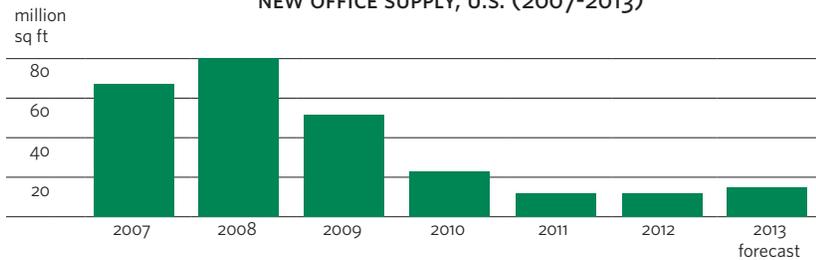
City hopes to encourage downtown projects with more generous tax incentives / Columbus Business First, Nov. 2013

<http://bit.ly/1f5Puog>

OFFICE SPACE UNDER CONSTRUCTION IN COLUMBUS MARKET (Q3 2013)



NEW OFFICE SUPPLY, U.S. (2007-2013)



*“Tenants are uncertain on the long term stability of the economy. [They] still lack the urgency to close deals, due to short term efficiency concerns, unwillingness to sign long term leases, and speculation of lower net rental rates in conjunction with higher operating expenses that we have seen as of late.”*

- COLLIERS OFFICE TRENDS REPORT / GREATER COLUMBUS REGION Q3 2013

*“Developers of residential and commercial projects downtown [Columbus] will get full tax abatement benefits under the city’s community reinvestment area ... The legislation extends a full 15-year, 100 percent tax abatement on all real property improvements downtown and any requirement for payments-in-lieu-of taxes (PILOT) contributions”*

- CITY HOPES TO ENCOURAGE DOWNTOWN PROJECTS WITH MORE GENEROUS TAX INCENTIVES / COLUMBUS BUSINESS FIRST, NOV. 2013

# TRENDS / CHANGING WORKFORCE

The United States is in the midst of the greatest age-structure transformation in history. Baby Boomers, who in their younger years were a major force behind suburban expansion, are now reaching retirement age and beginning to exit the labor force. Many are downsizing and making different choices about where to live. At the same time, the baby boom echo (also labeled echo boomers, Gen Y, or Millennials) is about to enter its period of workforce dominance. They are considerably less suburban-centric than their parents were at the same age in terms of both residential and workplace preferences. This demographic shift has the potential to transform communities nationally:

## Lifestyle preferences changing work environments.

Whether they desire suburban lifestyles or more urban ones, a substantial proportion of American working adults now share a preference for shorter commutes and for living in places where homes, shops, and workplaces are in relative proximity. In a recent survey conducted by the Urban Land Institute\*, 62 percent of “Gen Y” prefer living in proximity to shops, restaurants and offices. At the same time, 72 percent of baby boomers, would prefer a shorter commute and smaller house, over a larger house and longer commute. Nearly half of baby boomers (49%) would prefer to live near shopping, dining and offices.

Workforce lifestyle preferences, particularly those of the younger demographics, are impacting both the places where businesses choose to locate and how their office spaces are designed.

read more:

America in 2013 / ULI

<http://bit.ly/18wUbvS>

\*Based on a nationwide survey of 1,202 adults conducted between January 16 and February 3, 2013. It includes responses from Generation Y (representing 30 percent of the total), born between 1979 and 1995 and numbering near 80 million; Generation X (23 percent), born between 1966 and 1978 and totaling about 50 million; Baby Boomers (31 percent), born between 1947 and 1965 and numbering 75 million; War Babies (12 percent), born between 1932 and 1946; and the Silent Generation (3 percent), born in 1931 or earlier; together War Babies and the Silent Generation number 35 million.

## Increasingly, jobs follow talent.

Compared to previous generations, more young workers today are choosing which region, city or neighborhood they want to live in before they begin looking for job opportunities – even despite the recent weak job market. In response, many successful companies (particularly high-growth, technology-oriented ones) who face strong competition for talent, now consider where their workers want to live when deciding where to locate.

Often the cost of a highly-skilled workforce exceeds the cost of office space (total payroll divided by the square footage the workers occupy), which is an added

*“I’ll admit, the only reason why I moved to the area... was because of the job. There’s not much else for me to do around here. I’m 23, no kids — I have to get on the highway to go Downtown to find something to do.”*

– INTERVIEW PARTICIPANT, WENDY’S YOUNG PROFESSIONALS

incentive to attract and retain good employees. A location’s ability to help attract a company’s desired workforce is a primary focus today while factors such as corporate image, cost, or the preferences of top executives (“where the CEO wants to live”) are often secondary.

In response to the preferences of young, highly-educated workers, businesses are increasingly seeking office space in mixed-use settings with various nearby amenities. This trend has primarily affected office demand and is less significant in suburban retail and industrial formats.

*OCLC, which was recently rated a top company for young workers by WIRED magazine, has reported challenges recruiting talent to their Dublin location, compared to offices in Seattle and Boulder.*

– STAKEHOLDER INTERVIEW NOTES COMPILED BY GOODY CLANCY, 2009

### DEFINITIONS OF U.S. GENERATIONAL GROUPS

#### BORN BETWEEN THE YEARS

<b>1979-1995</b> GENERATION-Y (MILLENNIALS)	<b>1966-1978</b> GENERATION-X	<b>1947-1965</b> BABY BOOMERS	<b>1932-1946</b> WAR BABIES	<b>1931 or earlier</b> SILENT GENERATION
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#### APPROXIMATE SIZE OF GROUP IN MILLIONS (2010)

<b>80<sub>m</sub></b> GENERATION-Y (MILLENNIALS)	<b>50<sub>m</sub></b> GENERATION-X	<b>75<sub>m</sub></b> BABY BOOMERS	<b>35<sub>m</sub></b> WAR BABIES + SILENT GENERATION
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## Businesses need access to moderate-income workers.

The moderate-income segment of the workforce, largely college-educated workers making near the regional median income, are needed by growing business sectors. These workers include many college-educated young professionals (Millennials/Gen-Y). Compared to older generations, this group tends to prefer living close to their place of work, they drive less, and are more likely to use alternative modes of transportation including cycling, walking, and public transit. Wherever a businesses chooses to locate, nearby living options that are attractive and affordable to these workers, along with public transportation service is valuable in attracting young professionals and other moderate-income workers.

*“Millennials are driving far less than their parents and grandparents did... Unlocking mass transit to some of these suburban sites will add value, and value will spur density, which in turn will bring greater value to municipalities.”*

– MEMO TO MUNICIPALITIES: GET CREATIVE AND FLEXIBLE IF YOU WANT THOSE OFFICE PARKS REDEVELOPED, JULY 2013, NEW JERSEY FUTURE

*“Whether or not gen-Y’s preferences and habits will endure is an interesting question that no one can answer definitively right now. An important question is: Will they be able to afford the lifestyle they want, in the locations they want? This will be determined by the ability of metropolitan areas to provide a range of affordable, appealing, and high-quality options—not just for gen-Y, but for other generations as well.”*

– EMERGING TRENDS IN REAL ESTATE, 2014, URBAN LAND INSTITUTE

**Battelle’s 2011 Economic Development Cluster Analysis** for Dublin indicated that key industry growth opportunities for the city – clusters such as “business support services,” “healthcare,” “residential healthcare services,” “tourism/entertainment” and “corporate HQ operations” – rely on moderate-income workers (those making near the regional median income of \$44,780) for a significant portion of their workforce.

While housing that is affordable to this demographic exists in nearby areas of Dublin and Columbus, the supply is very limited. The Cluster Analysis states that, “Dublin’s current housing stock is largely unaffordable for moderate-income workers and their families... New and high quality rental housing cannot be supported by a lower-income market, but can be by moderate incomes in professional fields, which range from \$44,016 to \$88,100.”

For those business clusters that have average wages near the regional median, access to workers is constrained by limited public transportation service, which is important for moderate-income workers for whom rising gasoline prices limit commuting.

## TRENDS / CHANGING NEEDS OF BUILDING OWNERS / TENANTS

The needs of building owners and tenants are changing along with (and in response to) market conditions.

### Office ecosystems are changing, less space is needed.

The ubiquitous cubicle inhabited by the baby boomer workforce is giving way to more flexible collaborative spaces desired by Gen Y. Through technology, these young people are more connected than any previous generation, they seem to place less value on privacy, and they tend to prefer the collaboration and spontaneity promoted by open, cubicle-free office layouts. Meanwhile, technological advances such as cloud computing reduce the space needed to physically store data on-site; and digitalization has allowed some professionals such as lawyers to eliminate libraries of printed books.

Along with the changing trends in office design, a general emphasis on efficiency since the recent recession means that companies are getting by (or doing more) with fewer employees, they are consolidating multiple offices to single locations, allowing more telecommuting and flexible time, and adopting cubicle-free open floor plans and shared spaces. These factors mean that many businesses can be successful with less office space than in the past, which is great for their bottom-line.

It also means that on average, buildings can hold many more employees in a given amount of floor area. In suburban areas with limited transportation alternatives, more people in a building means that more parking is required to serve that building. While parking ratios of 4 spaces per 1,000 sq ft of floor area was standard for suburban office just a few years ago (and is the minimum requirement of Dublin's Code), today, general office tenants tend to demand 5-6 spaces per 1,000 sq ft. Some large tenants such as call centers may require more than 7/1,000.

*read more:*

In *New Office Designs, Room to Roam and to Think* / *New York Times*, Mar. 2012  
<http://nyti.ms/1cwtNa5>

*What's Next, Getting Ahead of Change, 2012* / ULI

<http://bit.ly/1f2os77>



*Reflecting the preferences of their younger workforce and corporate values, Google's offices (Milan, Italy) provide an open collaborative work environment for employees that may or may not be in the office on any given day.*



*At the new offices of Russell Investments, an asset management firm in Seattle, there are no private office spaces. Even the chief executive occupies an ordinary desk in a row (above). Small conference rooms and enclosed lounges offer privacy when needed (right).*



*"According to research by [the global development firm] Gensler, square foot/person has dropped about 325 square feet since the 1970s. This essentially allows a hypothetical company to move from 100,000 square feet at Class B office rates to 70,000 square feet of Class A office rates without affecting their bottom line — housing the same number of employees and significantly upgrading their office environment."*

— MAKING A STATEMENT WITH OFFICE SPACE: FINDING WORKPLACES THAT LAST, AREA DEVELOPMENT SITE AND FACILITY PLANNING, 2013

### Flexibility and adaptability.

Buildings with flexible designs (rectangular floorplates) can accommodate many types of users and adapt to changing tenants needs, much better than buildings with irregular or narrow floorplates commonly found in older buildings. In some communities, property owners need regulatory flexibility to help or allow them to make changes to their buildings or properties to keep them competitive.

### Environments that Improve Work-Life Integration

The concept of work-life balance is giving way to work-life integration. Due to advances in technology and cultural/generational shifts, workdays have become more flexible, and interaction within the area where one spends the most time has become increasingly important. Tenants seek work environments (both external setting, and internal design) that promote worker satisfaction, health, and productivity, as well as company values.

*read more:*

**Suburban Office: It's Not Dead Yet, June 2013, National Association of Real Estate Investment Mangers (NAREIM)**

<http://bit.ly/1e76pNU>

**Making a Statement with Office Space: Finding Workplaces that Last, Area Development Site and Facility Planning, 2013**

<http://bit.ly/1igoVro>

**Emerging Trends in Real Estate, 2014 / ULI**

<http://bit.ly/1kQyRb>

**What's Next, Getting Ahead of Change, 2012 / ULI**

<http://bit.ly/1f2os77>

### Nearby amenities, preferably within walking distance.

Offices that are near amenities such as restaurants, coffee shops, office support services, or recreation facilities are typically at an advantage over locations without such amenities. In line with workforce preferences, workers appreciate the ability to walk from their office to get lunch or coffee, and increasingly use recreational facilities for exercise during their workday.

### Generous amounts of parking in suburban areas.

While the average vehicle miles traveled per person in the U.S. has declined in recent years, most trips, particularly to and from employment areas in the suburbs are still made by people driving alone. With office configurations putting more workers per square foot, tenants in suburban office areas are likewise demanding more parking per square foot of office space.

### "Environmentally friendly" buildings.

So-called "green buildings" that are energy efficient (often LEED certified) and have abundant natural light are increasingly desirable and becoming the norm in new construction. Not only do green buildings reinforce positive messages about a company's brand values, energy efficiency reduces costs and is good for a company's bottom line.

### Visibility.

While large national tenants expect a highly visible building location along a major street or highway, tenants of all types place a high value on having their name displayed on signs.

### Technology Infrastructure.

High speed and reliable data transmission, such as that provided by Dublin's fiber optic infrastructure, is a desirable amenity, as are secure data storage facilities and services such as that provided by Metro Data Center.

*"Having the correct work-life integration is not only attractive to employees but could also be a huge cost savings [for businesses] by lowering ... employee turnover. Work-life integration, very much driven by the office location and surrounding environment, is typically a top-five 'most important value to employees' in today's market."*

— MAKING A STATEMENT WITH OFFICE SPACE: FINDING WORKPLACES THAT LAST, AREA DEVELOPMENT SITE AND FACILITY PLANNING, 2013

# CONDITIONS

This section provides a detailed summary of key findings from quantitative and qualitative research for both Metro Office District and Blazer Research District.

# METRO OFFICE DISTRICT / WHAT THE ANALYSIS SHOWS:

## High amount of vacant office space.

250,000<sup>\*</sup> sq ft

VACANT OFFICE SPACE

22%

OFFICE VACANCY RATE

The overall office vacancy in Dublin is 12% while that of the Columbus market is 11%.

\* includes 75,000 square feet in one vacant building.

## Parking may not meet tenant expectations.

4.0

PARKING SPACES PER 1,000 SQ FT OF OFFICE SPACE IN DISTRICT (AVERAGE)

A few years ago, 4 parking spaces per 1,000 sq ft was typical for suburban office, and the minimum Dublin code requires. Today, however, many office tenants demand 5-6 spaces or more.

## Buildings are relatively old.

27

MEDIAN AGE IN YEARS FOR OFFICE BUILDINGS IN DISTRICT

Four of the 13 office buildings were built between 1995-1999, while the other nine were built in the 1980s. Often these older buildings need costly updates to remain marketable.

## Land for new office development.

6

ACRES OF DEVELOPABLE LAND ON ONE SITE

If this six-acre site were to be developed under current zoning, it could yield a 90,000 sq ft office building with a parking ratio of 4 spaces per 1,000 sq ft

## High operating expenses, higher office cost.

Several office buildings, particularly the older Class B buildings, may be less price competitive when considering operating expenses.

\$19.32 CLASS A      \$15.62 CLASS B

AVERAGE FULL-SERVICE COST FOR OFFICE SPACE IN SUBURBAN COLUMBUS MARKET (SQ FT/YR.)

Building Address	Year Built	Class	Base Rent (net)	Op. Exps. (incl. taxes)	Full-service cost (gross)
425 Metro PI N	1981	B	\$9.75	\$7.42	<b>\$17.17</b>
475 Metro PI N	1981	B	\$9.25	\$7.75	<b>\$17.00</b>
555 Metro PI N	1980	B	\$8.00	\$8.95	<b>\$16.95</b>
545 Metro PI S	1998	A**	\$11.95	\$8.00	<b>\$19.95</b>
565 Metro PI S	2000	A**	\$11.00	\$8.75	<b>\$19.75</b>
400 Metro PI N	1997	A**	\$10.00	\$9.50	<b>\$19.50</b>

\*\* Building class is subjective. Although these buildings are marketed as Class A, they could be considered Class B due to age.



## Limited nearby amenities.

Considering the number of office workers and hotels, the district's amenities are limited; there are a few dining options nearby, but most amenities are beyond the distance that people will walk.

## Limited transit service.

COTA provides express bus service to the district during the morning and evening peak periods only.

## Limited street/path connectivity

Limited street connections contribute to p.m. congestion. There are few designated crosswalks, or connection between paths and buildings.



## Prime location, mature landscaping.

Mature landscaping, access and visibility to I-270, and proximity to Bridge Street are valuable assets for the district.



# METRO OFFICE DISTRICT / EXISTING CONDITIONS



- office buildings >90% occupied
- office buildings 70-90% occupied
- office buildings <70% occupied
- office buildings vacant
- ⬡ hotel
- built before 1986
- built 1986-1995
- no yellow dot: built post-1995

- service (retail, other)
- \$ bank
- 🍴 food / restaurant
- + medical
- multi-use path
- developable vacant parcels
- open space / environmental constraints
- COTA Bus Stops

Land Uses	Existing		Existing	
	land area		floor area	
	ac.	%	sq ft.	%
Office	75	61%	1,184,700	79%
Commercial	5	4%	12,600	1%
Hotel	20	17%	296,700	20%
Residential	0	0%	-	-
Open Space	17	13%	-	-
Undeveloped	6	5%	-	-
<b>TOTAL</b>	<b>123</b>		<b>1,494,000</b>	<b>100%</b>

## METRO OFFICE DISTRICT / WHAT STAKEHOLDERS SAID:

**Parking:** Partially due to vacancies and the current mix of small and mid-size office tenants in multi-tenant buildings (large tenants tend to need more parking per person), parking is not seen as a significant issue for Metro today. However, parking is considered as a growing issue for office buildings generally, particularly by brokers who say many prospective tenants expect more parking.

**Image/Identification:** Metro Center has great name recognition and is generally seen as a premier office location within the central Ohio market. However, the central portion of the Metro Loop is increasingly perceived as 'old and tired,' these buildings have dated architecture and are difficult to renovate.



**Signs and Wayfinding:** There are mixed views on the appearance of existing Metro Center signs; some view them as outdated, others think they look fine. Yet there is agreement that the center of Metro Loop is difficult to navigate and that the wayfinding signs are not very effective. Building signs for large tenants and/or increased multi-tenant panels would be desirable.

**Amenities/Diversification:** The existing hotels are beneficial for business support but access to more dining options within walking distance would be desirable for both hotel guests and office workers. Few people are aware of the public dining options at the Crowne Plaza and Metro V. The new multi-use path is also viewed as a desirable amenity. The existing fitness facility is less of an amenity due to age.



*"...one of Dublin's biggest problems is that if you have a conference in Dublin at one of our hotels there's nowhere that's within walking distance if you want to get out of the hotel for awhile and do something on your own... Easton has that and their hotels are really successful and always booked."*

– INTERVIEW PARTICIPANT, DUBLIN CHAMBER OF COMMERCE LEADERSHIP ACADEMY

**Landscaping/Open Space:** Existing ponds and mature landscaping are generally seen as desirable amenities. There are some concerns with mature landscaping blocking signs and frustration that landscape code enforcement relies on original landscape plans that may not reasonably reflect current conditions. There is a general lack of awareness about what should or should not be done to maintain landscaping.

**General Observations:** There is some concern with incompatibility between different types of tenants within multi-tenant buildings. Traffic could always be better, but is tolerable (especially compared to other submarkets). Community events held in Metro Center parking lots viewed as desirable.



# BLAZER RESEARCH DISTRICT / WHAT THE ANALYSIS SHOWS:

High amount of vacant office space, mostly Class A\*.

500,000<sup>sq ft</sup>  
VACANT OFFICE SPACE

15%

OFFICE VACANCY RATE

The overall office vacancy in Dublin is 12% while that of the Columbus market is 11%.

19% CLASS A VACANCY RATE      7% CLASS B VACANCY RATE

There is a significant difference in the vacancy between Class A and B office space in Blazer. Much of the Class A\* space is in large buildings where a change with a single tenant could significantly alter the overall vacancy rate.

Many of the district's large floorplate buildings (such as the Atriums) were intended to be multi-tenant, but were initially occupied by several large single tenants.

\* Building class is subjective and is relative to the market at a given time. Some buildings that are currently marketed as Class A could be considered Class B due to age.

Parking may not meet tenant expectations.

4.0

PARKING SPACES PER 1,000 SQ FT OF OFFICE SPACE IN DISTRICT (AVERAGE)

Dublin code requires a minimum of 4 parking spaces per 1,000 sq ft of office space. Today, however, many office tenants demand 5-6 spaces or more.

Building age varies widely.

21

MEDIAN AGE IN YEARS FOR OFFICE BUILDINGS IN DISTRICT

Of the 86 office buildings, 42 were built before 1990, 21 were built between 1990-1999, and 20 were built since the year 2000.

Land for new office development.

83

ACRES OF DEVELOPABLE LAND ON MULTIPLE SITES

If this land were to be developed per current zoning or adopted plans, it could yield over 1 million sq ft of new office space.

Limited path connectivity.

While there are pedestrian paths along major streets, there are few path connections directly to buildings. The length of blocks, distance between buildings and limited amenities mean that walking in the area is mostly done for recreation or to get between a COTA bus stop and an employment destination.

Limited transit service.

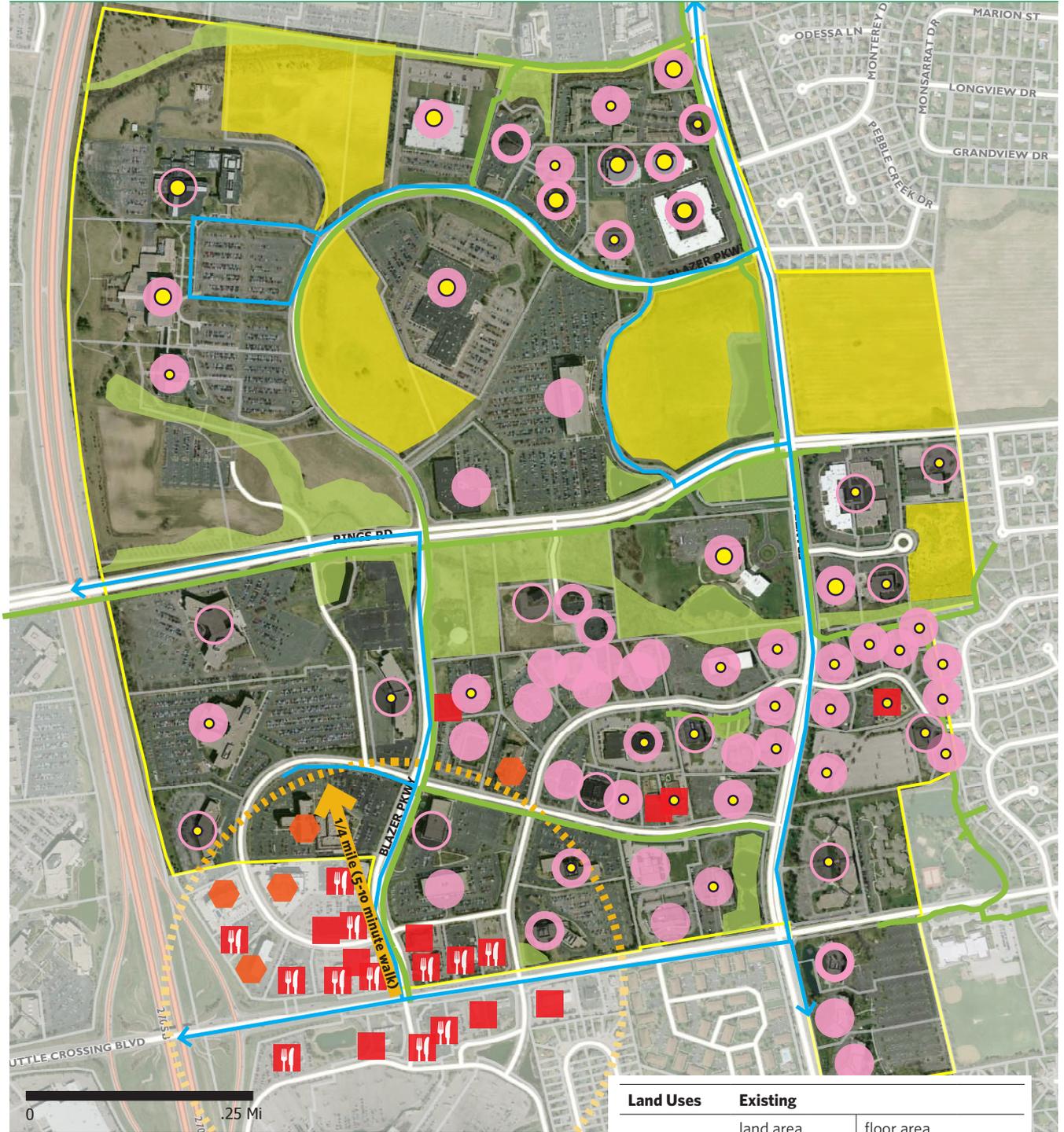
COTA provides express and local bus service to the district during the morning and evening peak periods only. Workers at several of the area's employers utilize COTA for their commute.

Limited nearby amenities.

Given the size of the area, it is notable that most of the amenities are limited to cluster of restaurants and services near Tuttle Crossing Blvd. Beyond that area, amenities are limited to a few childcare facilities; all are south of Rings Rd.



# BLAZER RESEARCH DISTRICT / EXISTING CONDITIONS



- office buildings >90% occupied
- office buildings 70-90% occupied
- office buildings <70% occupied
- ◆ hotel
- built before 1986
- built 1986-1995
- no yellow dot: built post-1995
- service (retail, other)
- \$ bank
- 🍴 food / restaurant
- COTA Routes
- multi-use path
- developable vacant parcels
- open space / environmental constraints

Land Uses	Existing			
	land area		floor area	
	acres	%	sq ft	%
Office/flex	340	63%	4,188,200	90%
Commercial	5	<1%	15,400	<1%
Hotel	13	2%	347,200	5%
Residential	0	0%	-	-
Other	51	9%	167,900	4%
Open Space	48	9%	-	-
Undeveloped	83	15%	-	-
<b>TOTAL</b>	<b>539</b>		<b>4,718,700</b>	<b>100%</b>

## BLAZER RESEARCH DISTRICT / WHAT STAKEHOLDERS SAID:

**Image/Identification:** There is no recognition of 'Blazer Research District,' most identified the 'Blazer' area as north of Rings only. Some stakeholders feel that increased district branding would help the area (or couldn't hurt), while others think the area is too big to treat as one district.

**Parking:** Parking is a concern in Blazer District due to large floorplate buildings targeted for single users or large multi-tenant users. Often large and/or national corporate tenants have strict standards. Parking ratios of 5-6 spaces/1,000 sq ft are being expected by many general office users (7/1,000 for customer service; 10/1,000 for call centers).



**Amenities/Diversification:** There are mixed views of amenities; some felt that sufficient options are already available within reasonable driving distance; others felt that more dining or business support could be helpful if centrally located between Tuttle and Metro Center.

**Signs and Wayfinding:** Building signs for large tenants and/or increased multi-tenant panels would be desirable.

**Landscaping/Open Space:** Existing open space is not mentioned as a significant amenity by brokers; Command Alkon noted that Smiley Park and walking paths are desirable amenities. There are some concerns with mature landscaping blocking signs and frustration with code enforcement of original landscape plans.



**General Observations:** There is some concern with incompatibility between different types of tenants within multi-tenant buildings. There is little demand for new office development in the foreseeable future. Brokers say that speculative office development is unlikely without tax abatements (which are offered in competing submarkets). However, there is perceived demand for “Class A Flex Buildings,” to serve users that want the Class A image but need warehouse space. Finally, traffic and access are not seen as significant issues.



## STAKEHOLDERS INVOLVED

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Planning and Economic Development staff met with brokers, property managers and tenants in both Metro Office and Blazer Research districts to gain their insight into the health and challenges in these areas. Here is a list of those who they met with:

### Involved specifically for this study

#### Brokers / Representatives / Property Managers

- Cassidy Turley – Randy Stephens, Brian Douglas
- NAI Ohio Equities – Matt Gregory, Robert Sutton
- Colliers International – Andrew Jameson
- CBRE – Todd Greiner
- Continental Realty – Brent Stamm
- Cassidy Turley\* – Kelly Tamulonis
- Colliers International\* – Holly Leonard
- Continental Realty\* – Cathy Frederick
- Smith Realty\* – Conni Hale, Jack Hoopes
- Smith and Hale – Ben Hale
- Dupler Office – Brandon Dupler and Doug Burton

#### Tenants

(includes Metro/Blazer Outreach Session and individual interviews)

- Command Alkon
- Crawford Hoying Development
- Ohio Society of CPAs
- Graeter’s Ice Cream
- Humana
- Alcatel-Lucent
- Possitivity
- Clarion
- Battelle
- Chase
- 3SG
- Nexeo Solutions
- Netch Corp
- American Cancer Society
- Metro Data Center
- JASCO
- Pepper Construction
- AWH
- BCD Travel
- United Retirement
- Butler Schein

### Other recent, relevant community input

#### Community Attitudes Survey, 2012 and Community Interviews for the Riverside Park Program as summarized by MKSK

(Primarily related to city-wide themes and economic and workforce issues)

- Wendy’s Young Professionals
- Dublin Chamber of Commerce Leadership Academy

#### Stakeholder input compiled by Goody Clancy as part of the Bridge Street Corridor Vision, September 2009

(Primarily related to city-wide themes and economic issues)

### Ongoing Economic Development engagement

In addition to these outreach efforts, Economic Development engages Dublin businesses on a regular basis and tracks these company “touches” or interactions. In the last two years, Economic Development staff recorded an average of 355 initial meetings/visits, totaling 885 corporate interactions, many of them involving businesses in the Metro Office and Blazer Research Districts.

Business retention visits include one-on-one meetings, tours, and conversations to discuss and solve issues, and to maintain relationships. Each visit is usually followed by several more interactions, whether to advance a project, gather information requested, solve a problem, advance a request or issue to the appropriate group, etc.

# CASE STUDIES

As the trends imply, Dublin is not alone in experiencing these challenges with its important office districts. This section summarizes a few cases in other parts of the country that are attempting to deal with similar challenges.

CASE STUDY

# RESEARCH TRIANGLE PARK, NC

The Research Triangle Park northwest of Raleigh, North Carolina was developed in the late 1950's as retention tool for the region's major educational institutions. Developers, governments, and the institutions themselves noticed that the talent being developed in the state was relocating after graduation due to a lack of jobs. The Park was developed on thousands of acres of woods and farmland into an extremely low-density set of office campuses. As a result of shifting trends in office demand, the RTP organization re-examined their park in 2010 with the Research Triangle Park Master Plan.

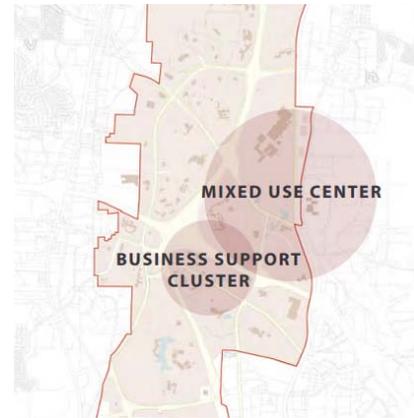
The Plan calls for a number of departures from the original RTP vision: Better connections to transit, housing opportunities within the park, greater density at strategic points, allocations for walkable retail, and many other amenity introductions. The aim of the plan is to maintain the promise of the park while introducing the characteristics sought by 21st century research workers.

**Similarities:**

- Primarily office-only district built in very low density, suburban pattern
- Very limited to no walkability between even adjacent office uses
- Realization by property owners / Government that spaces were becoming extraordinarily antiquated and were not meeting the demand. Especially for the types of firms the area is known for attracting ie. Tech, IT, Research, so on
- Competition between the park and more urban environments in Downtown Raleigh, the rest of the region, nationally and internationally
- Tenants include super-employers such as IBM that employ more than 40,000 at the park

**Differences:**

- RTP is a much larger planning area than either Blazer or Metro
- Buildings are, in general, much older; Most built in the 1950's, 60's
- Size of the area relies on greater economies of scale
- RTP is multi-jurisdictional (split between two counties) and not an issue of a single municipality or its economic development
- North Carolina's municipal tax structure is based on property tax not income tax



*read more:*

**Research Triangle Park Master Plan**

<http://bit.ly/1dUSuQP>

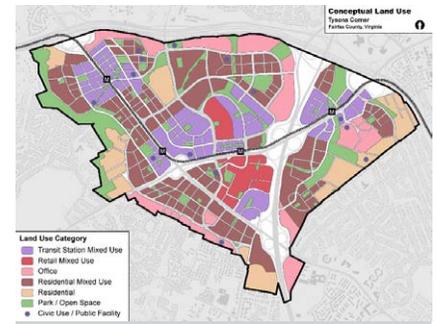
[www.rtp.org](http://www.rtp.org)

CASE STUDY

# TYSON'S CORNER / FAIRFAX COUNTY, VA

Tyson's Corner initial development pattern was typical of most suburban interchanges or "Edge Cities." A radical re-think began in the late 1990's and has been further emphasized with the near completion of DC Metro's Silver Subway line. The plan calls for increased densities, greater connection to transit, better identification and cohesion of its sub-areas, and appropriate transitions from transit oriented areas to more car-oriented edges.

Nestled within these recommendations are specific plans for office uses. The area has attracted a number of large corporate employers and to meet their changing demands they've developed the Tysons Corner plan to urbanize the area and develop a full suite of amenities and living options. The area's densification will create a number of challenges for office employers, not least of which is accommodation for parking. It's anticipated that the completion of the Silver Metro line and introduction of housing within Tysons will alter commuting patterns and reduce parking demand.



*read more:*

**Transforming Tysons**  
<http://1.usa.gov/1gTgnG9>

**Tysons Corner, on the verge of a do-over /**  
**Washington Post, Jan. 2013**  
<http://bit.ly/IMi6Rg>

**Similarities:**

- The scale of Tyson's Corner's subareas is very similar to Dublin's districts
- The pattern within the district is very similar to Metro and Blazer including major boundaries formed by the Interstate
- A willingness to consider planning solutions that defy the status quo
- Top employers in the district who are footloose

**Differences:**

- Tyson's Corner, while suburban by pattern, has far more competition from urban DC. Its proximity to the downtown makes direct comparisons difficult
- The plan calls for a radical shift from suburban to urban in terms of density, which is enabled by the extension of DC's metro rail into Tysons

CASE STUDY

## LEGACY TOWN CENTER / PLANO, TX

The Legacy Town Center development of Plano, Texas is one of the few national examples of a complete mixed-use redevelopment within a formerly office-only suburban district. The area has an extremely large regional share of high skilled employers including the HP Telecommunication headquarters and Electronic Data Systems. The two combined employ thousands of workers, including many younger professionals. Each company was interested in a development that could provide greater opportunities for its employees to eat, shop, run errands and relax all within walking distance of their office.

In an effort to encourage a 24-hour district the development also included some 2,700 apartment units. These along with retail and office uses are built up to the street with structured or on-street parking. The 150-acre district can be experienced as a whole entirely on foot. In addition to the urban amenities, the residents also have five acres of public parks and a four-acre lake to enjoy.

**Similarities:**

- The suburban context of Legacy Town Center development is quite similar to Dublin's Metro and Blazer park office districts.
- The Legacy Town Center exists just east of a major highway with access to downtown Dallas.
- There is very limited transit connectivity within the district.

**Differences:**

- The HP and EDS employ thousands of workers and create a much larger market than exists in either the Metro or Blazer office district.
- The re-development within Legacy was accomplished through large land acquisitions that may be unfeasible in the Dublin context.



*read more:*  
[www.legacyinplano.com](http://www.legacyinplano.com)

CASE STUDY

## MAKERS QUARTER / SAN DIEGO, CA

Maker’s Quarter in San Diego’s Downtown represents a growing trend in development away from single-use office buildings or parks and toward a calculated mix of uses with a significant residential component. The District seeks to attract employment by creating an authentic, dense and sustainable urban space. As the neighborhood matures the developers believe this will help to foster a walkability and promote healthier lifestyles.

“What our master plan does is prioritizes open space and public realm from the very beginning, and that’s a really unique thing. You don’t see development teams think about open space and quality-of-life issues, usually.”

The Maker’s Quarter Development will include:

- 1,250 apartments and condos, averaging 800 square feet each
- 800,000 square feet of offices
- 200,000 square feet of retail and cultural space,
- 65,000 square feet for a 100-150-room hotel
- 750,000 square of above- and below-grade parking

**Similarities:**

- The Quarter’s development has been prompted by the shifting preferences of young talented workers.
- The development exists in a defined district and is being anchored by office uses.

**Differences:**

- The scale of the Quarter’s redevelopment is much larger than either the Metro or Blazer districts.
- The parcels within the Quarter have been assembled for development by a single developer.



*read more:*  
[www.makersquarter.com](http://www.makersquarter.com)

CASE STUDY

## ECONOMIC STRATEGIC PLAN / INDEPENDENCE, OHIO

Independence, Ohio is an inner ring suburb of the city of Cleveland. The community is land-locked by its surrounding municipalities and home to around 7,000 residents. With the completion of the I-480 / I-77 interchange in the late 70's, Independence became one of the region's most accessible office locations, at 15 minutes to the airport and 15 minutes to downtown. This access started a boom in office construction that would last through the 1990's and fuel other retail, accommodation and restaurant developments along its main office corridor.

Given Ohio's tax structure, where municipalities derive a significant amount of their revenue from the income taxes, roughly 95 percent of Independence's annual revenue comes directly from the taxes of non-residents. This has allowed the city to invest in infrastructure, recreation and parks and other community improvements all while maintaining exceedingly low property taxes for its residents. This prosperous trend, however, has changed. Offices in the community have begun to see heavy competition from districts that offer spaces within amenity rich, vibrant districts such as downtown or Westlake's Crocker Park. This competition and the general aging of the community's office stock has driven vacancy up and rents down.

The city has begun to proactively address these issues with the initiation of the Economic Development Strategic Plan. The plan includes an assessment of the inventory and condition of the community's office stock. It also includes the insight and support of business leaders and residents. The final recommendations of the adopted plan are diverse, but ultimately call for a greater investment in walkable amenities that appeal to not only bedroom residents, but to those contributing members of the workforce. As a result of the plan, the community is considering preparation of a series of site plans to address the limitations and potential identified in the recommendations.

**Similarities:**

- Independence has a suburban context and is a submarket of Cleveland.
- The city's office district has good highway access.
- The office districts are auto-oriented with few, if any walkable amenities.
- A majority of the office stock was constructed in the 1980's and 90's.

**Differences:**

- Independence's overall population is a fourth that of Dublin and its overall tax base is much smaller.
- The community is land-locked and has little room to develop.
- The community has completed very few planning projects and does not maintain a comprehensive plan.



*read more:*

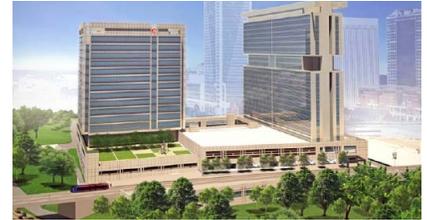
**Economic Development Strategic Plan**  
<http://bit.ly/1mw6Qsi>

CASE STUDY

# TRENDS IN NEW OFFICE DEVELOPMENT

## 615 South College Office Development / Charlotte, NC

The 615 South College Office Development will take advantage of the recently completed and highly successful light rail line in Uptown Charlotte, to develop a centrally located office use in an amenity packed downtown district. As Charlotte's Uptown continues to add density and residential options, there is an increased demand for walkable office uses at its center. The completion of the light rail line extends access to buildings such as 615 South College from the south where significant residential development around transit is underway. The building itself try's to meet the shifting demand of young workers by providing both on-site amenities such as access to gyms and restaurants with neighborhood amenities provided from the increasingly vibrant Uptown District.



**read more:**  
**Workplace Trends Help Attract Talent**  
<http://bit.ly/1g0Vr0>

## American Greetings Planned Relocation to Crocker Park Development in Westlake, Ohio

The Crocker Park development of Westlake, Ohio is a mix of retail, high-end apartments and class A office uses. The development has successfully attracted and filled 100% of its retail opportunities along with low vacancies for its office and residential rentals. This success and the vibrancy it's created within the district helped the city of Westlake recruit American Greetings who has committed to moving their headquarters from Brooklyn, Ohio, bringing close to 1,600 employees to the city.



**read more:**  
**American Greetings resumes plans to move HQ to Crocker Park**  
<http://bit.ly/1mwGW4U>

*"We remain committed to building and relocating to Crocker Park in Westlake, Ohio... to have a work environment that more accurately reflects and effectively supports our creative and innovative culture, and to have a headquarters that reflects who we are now and where we want to be in the future."*

-AMERICAN GREETINGS

## Grandview Yard, Grandview Heights, Ohio

The city of Grandview Heights, a first-ring suburb of Columbus, is undertaking a massive redevelopment of a 100-acre warehouse site as a dense mixed-use district offering residential, retail, and office uses. The city and its investors are attempting to foster a development that has greater long-term adaptability and can attract a younger demographic in search of amenity-rich environments.



**read more:**  
[www.grandviewyard.com](http://www.grandviewyard.com)

Grandview Yard will eventually encompass more than 1.5 million square feet of retail and restaurants, office and more than 600 apartments and condominium-style residences. The growth of the Yard development is taking place over several phases with the first office, retail, and residential components completed in 2012.

CASE STUDY

## RETROFITS

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The three previous case studies are examples where plans to improve the viability of suburban office districts focus on infill and redevelopment. However, there are some cases where the viability of existing office buildings involve retrofitting them to meet modern office standards or to serve a use other than office. Here are two examples of innovative reuse of older, obsolete office buildings.

### **Novo Nordisk Headquarters, Plainsboro, NJ**

After considering a new custom building for their U.S. headquarters, Danish pharmaceutical company Novo Nordisk, determined that they could renovate a building for significantly lower cost. They found an older building in a park-like setting with mature landscaping and undertook one of the most ambitious office retrofits in recent history.

*read more:*

**Drab Office in New Jersey Gets the Cinderella Treatment / New York Times, May 2013**

<http://nyti.ms/1jEyodu>

*related projects:*

**In Stamford, Gambling on an Office Complex Makeover / New York Times, Feb. 2013**

<http://nyti.ms/1bRX1St>



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### **Cloud 9 Skyflats, Minnetonka, MN**

While urban warehouses and office buildings are have long been popular retrofits for residential condominiums, residential conversion of suburban office buildings is a more recent phenomenon. Cloud 9 Skyflats is a conversion of a 1980s-era suburban office building that was no longer competitive as offices. The building's narrow floorplate was well-suited to converting the space to high-end loft-like residences.

*read more:*

**Retrofitting Suburbia, Urban Design Solutions for Redesigning Suburbs / Dunham-Jones and Williamson**

