

# Fact or fiction?

*Is the long-term impact of millennials on office space overhyped?*

by Roy Schneiderman

**M**illennials. I have heard the word so often in the context of “what is important in real estate” that I have started thinking it must be Latin for “location.”

Today, the conventional wisdom is the millennial generation is transforming real estate priorities and design. This group is going to live differently, shop differently, work differently and commute differently compared with any generation that has come before it. This month’s perspective is going to look at the “work” portion of that equation and speculate on some medium- and long-term impacts of the millennials, as well as some other specific factors relating to the office sector.



*I am skeptical that we have seen the end of private offices, cube farms and the demise of private space; the American workforce is actually getting older, not younger.*

**Roy Schneiderman**  
Bard Consulting

Living and working in the San Francisco Bay Area, I am at the forefront of three separate office-use trends: open floor plans, increases in amenities and more communal space/reduction in personal space. While there may be a number of motivations for these changes, these three trends are all said to be driven by millennials who herald a sea change in the way people will want to work in the future.

The story goes that millennials want open floor plans so everyone can relate better with their co-workers. They want communal space to foster *impromptu* communication and collaboration.

They want amenities such as recreational opportunities, places to relax and places to socialize. And, to an extent, they want something new, anything new, that other employers are not yet offering. It is probably an oversimplification, but one could conclude millennials want their office workplace to resemble college: small personal space, lots of social interaction and lots of amenities.

All of these characteristics are said to improve communication (although the proliferation of headphones makes me wonder about this), increase collaboration and generally make for a happier work experience resulting in more productive employees. Of course, eliminate the high degree of amenities and one cannot help but notice open floor plans and a reduction in personal space also reduce occupancy costs — something corporations of all stripes find attractive after the global financial crisis.

So whether millennials actually want this type of space or it is simply the type of space offered them as they enter the workforce is an open question — particularly once one excludes the small number of high-profile technology companies that are creating very well-publicized and highly amenitized offices, in part as a recruiting tool to attract top talent. (A similar question can be posed on the residential side of real estate: whether millennials’ desire to rent smaller apartments rather than own larger detached houses is driven by changing generational taste or whether it is simply the economic reality in the aftermath of the financial crisis.)

Even assuming the millennial generation truly does like open floor plans and reduced private space (sometimes in return for more collaborative and social spaces), will it still feel that way in 10 or 20 years? Or will its preferences and proclivities change over time? If the previous generation that was supposed to represent

a fundamental change in human behavior, the baby boomers, is any indication, the millennials will change as they age — as have all previous generations — and may, in many respects, turn out to be not all that different from those who came before.

Today's 25-year-old office worker may find it attractive to skateboard to the Eco-Lounge to take a break and collaborate with a colleague. But what will that same worker think when he is 40 years old, and the sound of skateboards rolling by wistfully reminds him of something he used to do before his knee went out and the kids were born? And spontaneous 4 p.m. collaborations are much more attractive when your evening plans are meeting friends for dinner at 7 p.m. rather than needing to be on time to coach a Little League game or provide dinner for four at 6 p.m.

### **Millennials may turn out to be not all that different from those who came before.**

The last thought also highlights an interesting shift in the notion of life-work balance. My generation was said to strive for a “work-life balance,” which meant having one’s workplace provide enough flexibility to allow people to “have a life outside of work.” Now, it seems, many millennials want to achieve work-life balance by bringing their lives into their places of employment. They are likely apocryphal, but stories are told of people who essentially live at their workplaces and of employers instituting policies to ensure their workers actually have home addresses.

But another, far more fundamental reason I am skeptical that we have seen the end of private offices, cube farms and the demise of private space is the American workforce is actually getting older, not younger.

Today, roughly 34 million 25 to 34 year olds are in the workforce, with the Bureau of Labor Statistics projecting about 37 million in 2022 — an increase of 9 percent. On the other hand, about 33 million people over the age of 55 are in the workforce today, with the BLS estimating about 42 million in 2022, an increase of 27 percent. And, not surprisingly, the number of workers aged 35 to 54 is the largest group of all. This raises the specter that companies may need to create different workspaces for different age groups, although this somewhat contradicts the notion that not having walls separating the older generation from the younger fosters intergenerational collaboration.

Realistically, the broad shift to an older age distribution of office workers in the future suggests the need for different types of space because of generational differences in such disparate characteristics as hearing acuity; proclivity to wear cologne/perfume; and different types of amenities appealing to people at different stages of their lives, including food preferences.

A few other long-term trends that could affect the office sector in the long run are worth mentioning.

First, for several decades people have been talking about how technology will free people from their offices, allowing people to work at home (or other remote locations) and to work together even if they are not in the same location. Obviously, this trend has manifested itself to a great extent already. Many readers of this periodical frequently work both on the road and at home, as well as in the office. But the millennial generation may well be the transitional generation in this regard — growing up with Skype, Facebook, video-conferencing, GoToMeeting and texting. Ironically, the same millennial generation that is currently perceived as wanting to work closer together may in the long run be the generation that finally breaks the bond of location-centric office work altogether.

Another element of technology that is affecting office demand already, and will continue to do so, is the ability to simply move jobs into the home. Call centers are the best example of this. Many customer service representatives currently work from home, even within technology firms such as Apple. More sales and marketing professionals also may find jobs working from home, at least part time, as technology allows better monitoring of performance outside the office, both as a management tool to evaluate employees and to address employee concerns that promotion opportunities favor those who work in the office.

Finally, although it is not at all clear when they will become ubiquitous, driverless cars could have a profound impact on location for both offices and residences. Today one can have a phone call in a car and can (but should not!) text or email. But in the future, commute time might well become simply an extension of work time for many professionals. Car designs may even incorporate features such as video-conferencing that would enhance the ability to work from the road. Longer commutes would be much more palatable as people could, literally, spend their last hour “at work” while on the commute home. ❖

---

**Roy Schneiderman** is principal of **Bard Consulting, LLC.**

---