

Spotlight on: SB Friedman

Planning for the Post-Pandemic Suburban Office Campus

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Real estate markets are driven by demographic and economic trends, technological change, and attitudes of different population groups. As a result of the pandemic, communities across the Chicago region have been experiencing meaningful shifts in how and where we work – impacting both people and places. With growth in remote work and the flight to higher-quality office buildings, many Chicago suburbs are facing record high office vacancies. Building owners are facing the reality that many companies are not returning to offices in sufficient numbers, leading them to consider alternative uses.

While some owners are considering the conversion of obsolete office space to multifamily uses, floorplate and space requirements are making such conversion challenging. In some cases, it is more feasible to demise space to attract smaller office tenants or to demolish or repurpose office space into other uses depending on evolving demographics and market demand.

For example, some communities are experiencing a trend of younger families moving into the community for the first time, introducing a desire for walkability, mix of uses, and a suburban environment that is distinctly different than the subdivisions and office parks of the 1980s. These communities may experience a push to transition outdated office campuses to mixed-use destinations. One example of innovative redevelopment in the Chicago metro region is the renovation of the 150-acre former AT&T headquarter campus in Hoffman Estates into Bell Works Chicagoland – a “metroburbs” anchored by a mixed-use building that incorporates office, residential, retail and dining into a single destination. Another visionary example is the redevelopment of the 200-acre former Motorola Solutions campus in Schaumburg into Veridian – a mixed-use district with apartment, townhome, office and entertainment components.

With growth in e-commerce spurred by the pandemic, other communities are embracing the transition of outdated office campuses to industrial uses to facilitate last-mile distribution connections. These distribution facilities are replacing surplus office supply and helping retailers and logistics companies locate closer to consumers. The redevelopment of Allstate’s former 232-acre corporate headquarter campus in Glenview into a modern logistics park is a prime example of office-to-



industrial conversion in the region. With a key location adjacent to I-294, as well as proximity to higher-density communities, this redevelopment capitalizes on pandemic-related land use shifts; it is now more financially feasible to overhaul vacant offices into industrial space because of rising demand and pricing for industrial property.

While many communities are concerned about the loss of employment opportunities with increasing office vacancies, they can potentially unlock significant economic and social benefits by planning for the transformation of the obsolete office space. To do this, local governments can:

- Conduct a market study to assess the performance and health of their office assets in the regional and national context, evaluate opportunities to transition to alternative uses, and identify market-feasible uses for the future;
- Engage residents to garner input and feedback on future development;
- Identify key elements that create a sense of place in suburban contexts and that have the potential to make the community more competitive;
- Work with planning, zoning, public works and other departments to address zoning, traffic and other challenges associated with large-scale redevelopment;
- Craft an implementable development plan for the area; and
- Consider public-private partnerships to assist with extraordinary development costs associated with complex redevelopment projects.