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Come On Now. Are Companies Really Going to Abandon Urban Cores?

If a company has large groups of workers in “the urban fringe,” it may start to set up locations in these areas.

By **Les Shaver** | December 01, 2020

Amid the pandemic, the suburbs have become an appealing place to live, play and work. People are moving to these enclaves in droves and many businesses are eyeing them as ideal locations for hub-and-spoke location models.

Despite that, Julie Whelan, vice president, global head of Occupier Research at CBRE, thinks the urban core still holds a lot of weight in future portfolio strategies.

But there might be some changes.

“What I think is going to change is the centralization aspect of it [work],” Whelan told listeners on CBRE’s “The Weekly Take” podcast.

Whelan said that occupiers are grappling with where they should be to source their talent from in the future and where they should have locations within the markets that they’re already in.

The changing dynamic of work—where a long commute to a 9-to-5 job may fall out of favor in the future—plays a role in these decisions.

“The reality is that employees are exercising more choice and more autonomy over where they work,” Whelan says.

If a company has large groups of workers in what Whelan calls “the urban fringe,” it may start to set up locations in these areas through flexible space or leasing a suite. But she also thinks the urban core will provide the best place for workers to gather and collaborate.

“We’re very bullish on the urban core,” Whelan says.

The suburbs versus the urban core is a trend in progress and it will likely take a while to see how it plays out. Meanwhile, though, there are data points that bolster a case for both sides.

For instance, third-quarter data from Colliers International points to a **shift in sales in the suburbs** (<https://www.globest.com/2020/11/23/gateway-city-office-sales-versus-the-suburbs/>).

On the other hand, there appears to be little appetite by businesses to make the move. Cushman & Wakefield’s research team took a closer look at the migration patterns of businesses and found that **many are staying in major metros** (<https://www.globest.com/2020/11/17/so-far-businesses-havent-followed-residents-to-the-suburbs/>).

It reports that major metros have accounted for 32% of office leasing activity so far in 2020, well within the historical average of 30% to 40% of total leasing activity occurs in gateway markets, including Los Angeles, Chicago, Washington, DC, New York, San Francisco and Boston.

Others also think some firms will be wary about leaving the urban core.

Urban planner Christopher Rhie, an associate principal with the Los Angeles office of global firm Buro Happold, told GlobeSt.com that **he doesn't think hub-and-spoke is for everyone** (<https://www.globest.com/2020/11/18/where-the-hub-and-spoke-office-model-might-falter/>).

"I think that [hub and spoke] is highly, highly dependent on the sector," Rhie told GlobeSt.com in an earlier interview. "I think in places like Silicon Valley where housing prices are just completely out of control and it's relatively easy to work remotely, there are strong factors where a lot of the workforce don't need to be in the main office," he says. "But we'll see a little bit more of a distribution in other sectors."

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