

Stories of Urban Transformation: The Rise of 18-Hour Work/Live Communities

INNOVATIONS 2 SOLUTIONS


QUALITY OF LIFE SERVICES

STORIES OF URBAN TRANSFORMATION: THE RISE OF 18-HOUR WORK/LIVE COMMUNITIES



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Cities all over the world are hotbeds of ideas, blending new and old concepts to create exciting urban experiences for residents, workers, enterprises and visitors. Like never before, experts in different fields are creating and deploying new technologies in their collaboration to transform the urban environment in the digital business era. Digital business is the creation of new business models enabled by innovative technologies that create different types of value chains and expanded opportunities in all industries worldwide.

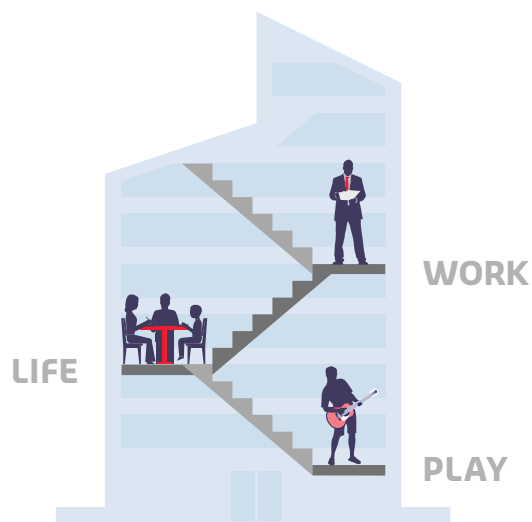
These experts who are transforming urban and, in some cases, suburban neighborhoods, include developers, investors, technologists, economic developers, business people, urban planners, architects, interior designers, retailers, entrepreneurs, co-workers, co-livers, transportation planners and lastly, real estate and facility management professionals. This is an era characterized by the blending of these disparate skill sets, and in their work, the blurring of the physical and digital places in the urban environment.

One of the new urban trends is the rise of the 18-hour city, which is making secondary real estate markets a more compelling place for investment than the big 24-hour markets of Boston, New York, Washington, D.C., Seattle, the Bay area and Southern California. Smaller cities like Nashville, Charlotte, Greenville, Indianapolis, Louisville, Portland, Austin and Raleigh/Durham are attracting people who want a lower cost of housing and more opportunities for employment in the downtown area. These cities are called 18-hour cities which, unlike the 24-hour ones, do close down at some point in the day. And corporations are following the talent and opening or expanding facilities in these locations.

Real estate pundits predict that 2016 will be the year of these cities in the secondary and tertiary markets, where investors/developers do not necessarily have to compete with the major foreign investment going into the larger urban areas. If you take the 18-hour city of Nashville as an example, it has several universities and a diverse economy, with a concentration of employment in the healthcare and transportation industries in the downtown area. The city also has a great music scene, a high walkability “score” and a

good transportation system, all of which is drawing new talent to its downtown.

This trend is relevant to the workplace in terms of the closer merging of work/life/play in these growing cities, where previously these activities had been clearly separated. Many people lived in a house in the suburbs and took a train or car into the city for work or entertainment. When corporations are right in the midst of a city, it is easier to foster after-work networking and social interaction amongst employees — which may take place either within the office if adequate facilities are provided, or “next door” in the nearby downtown area. When work and home are more physically concentrated in the downtown areas of 18-hour cities or in Live/Work buildings, this can tighten the connection between workers and creators. For larger employers, this connection can be further fostered through the provision of additional services for employees (e.g., dining, wellness centers, and concierge services). By expanding their multiuse functions, these 18-hour cities are attractive to all age types, including Millennials and Boomers.



22% say **QUALITY OF LIFE FEATURES** are the **most** important factors when choosing where to live.¹

HIGH PRIORITY COMMUNITY PREFERENCES: METRO FEATURES¹



65%

AFFORDABLE HOUSING OPTIONS



36%

VIBRANT CENTERS OF ENTERTAINMENT AND CULTURE



46%

SIDEWALKS, BIKE LANES, HIKING TRAILS, AND FITNESS CHOICES



33%

AFFORDABLE AND CONVENIENT TRANSPORTATION CHOICES



This piece focuses on a few of the most interesting stories that demonstrate early signs of the type of urban transformations (and one suburban) that will catch the wind and blow into more and more cities around the globe in 2016 and beyond.

Each story is about how the various city players are using innovation and technology to transform the work they are doing and shape the world's future cities. They include stories about young entrepreneurs, new corporate/community leaders, architects, urban planners, developers and investors, all of whom have new insights into how the facility management and corporate real estate professions need to be more interdisciplinary and work more closely with these types of urban innovators.

The three themes of these urban transformation stories are:

- New Work/Live Places
- Corporate Real Estate and the Community: A New Partnership
- Horizontal and Vertical Villages

1. NEW WORK/LIVE PLACES

Cities of all sizes are branding themselves as meccas for urbanites (from all generations) who want to have access, any time day or night, to all the types of places that can accommodate their lifestyle choices. These cities also typically require only the simplest of transportation to move around. In Crystal City outside of Washington, D.C., the area has been undergoing a rebirth whereby a resident can live, work, shop and play without leaving its perimeters. Underground corridors connect the living quarters of the high-rise buildings with the office buildings, to make the transitions of activities as easy as possible. It is here that an outdated office building is being renovated into apartments with two floors designated for co-working, in the same building as residential. This is the first of many such conversions that will occur in the future, solidifying the blur of work and private life.

Co-working is a movement that started in 2005 and has grown today to include 781 workplaces in the U.S. and 3,100 around the world. The movement is predicted to grow to 12,000 co-working centers globally. This is a natural consequence of the emergence of the contract worker who would rather move from project to project than work full-time for an organization. This free agent type of worker is predicted to be almost half of the workforce by 2020. While the digital workplace and all of the mobile, cloud and social media technologies have allowed today's worker to be untethered from place, the free agent or contractor who has chosen the life of the entrepreneur still needs a physical place.



Co-working places answered this need in the market for more flexible, casual, engaging open work environments designed to fit into the local urban culture. It is only natural that these fun-oriented environments with strong community building orientations should then grow to add co-living spaces. Why not have all the “stuff” related to living be provided by the co-living service company that allows it to be so easy to sign up for a space to work for a day, month or years with all amenities included.

The Young Entrepreneur's Story

Imagine you are just out of college and have been partially funded by a small family trust to create a new tech product. You can live anywhere you want, but have very limited funds for the first year. You want to be where the creative people live, which usually means in the coolest cities in the world, but places like New York and London are so expensive. What choices do you have today? You could:

- a. Choose a WeWork co-working office in 19 different cities around the world. WeWork is a company started by Adam Neumann (now valued at \$10 billion). Adam, along with his architect partner, has created a new real estate model called “asset lite.” WeWork is not an owner of real estate like Regus, but rather signs long-term leases on buildings, turning them into trendy open office spaces, and provides all the services one would need for an uninterrupted work experience; this includes not only coffee, beer and staples, but also social events and venture and financial advice. You can pay by the hour or day, week or month and even choose to live in a new WeLive micro-apartment space nearby. The co-living option is low cost and like

the co-working space, has services built into the rent, with amenities like common areas, libraries, gardens and bike parking.

- b. Choose a co-living space called the Brownstone where you could have a bedroom in a 20-room residential building in the downtown of a city. The space includes four shared kitchens and a common eating room that can turn into a work area during the day, which means no commuting. This would allow you to roll out of bed and into a separate area for creating your awesome new product, while still having the comradery of passionate professionals around you.
- c. Finally, you could choose to live and work in a few cities according to the time of year. For example, let's say that you have a good friend in Mexico City so you have decided to be part of an ecosystem of places allowing you a global co-live/work subscription. This allows you to have your main residence in Mexico during fall and winter, which also includes living and workspace. Then you can sub-lease that space while you work from another similar location in Bali in the spring and Lisbon in the summer. For many of today's workers — but especially Millennials — this is living the romantic life of the global nomadic entrepreneur.

All of the aforementioned choices evolved out of community living concepts of sharing spaces. But this is different from the communes of the hippies or the Israel kibbutz, since there is not shared work involved. The purpose of these communities is to make life as easy as possible for the urban dweller who not only wants to concentrate on their work, but simultaneously wants to have fun in an engaging environment.

2. THE NEW ROLE OF CORPORATE REAL ESTATE IN THE COMMUNITY

Millennials, more than previous generations, want a sense of purpose at work. Add to this the fact that corporate social responsibility is more important now than ever, making "community impact" a new driver for workplace change. While corporations have an excellent record of giving to local charities and foundations, there is a new closer connection with the community. Corporate real estate groups are taking on redevelopment of existing neighborhoods in cities and are being asked to open up their workplaces to co-workers from outside their organizations who can work alongside employees of the company. While once isolating the work of the organization from the local community, now these workplaces take advantage of the partnership between corporations and community groups to encourage serendipitous encounters that can

occur when people of different backgrounds and skill sets mingle in the work environment.

The Corporate Community Leaders' Stories:

Tony Hsieh is an unconventional CEO and unlikely community investor and developer as the CEO of Zappos. On July 22, 2009, Amazon.com announced the acquisition of Zappos.com in a deal valued at approximately \$1.2 billion. Tony still runs the downtown Las Vegas-based Zappos.com and is trying a controversial management experiment called "holocracy," where employees have no titles, just roles. He is also the investor with \$200 million dollars in blocks of real estate in what was once seedy downtown Las Vegas. There he moved Zappos headquarters into a renovated old city hall and invested another \$150 million in small businesses, bars, restaurants, a bookstore and a trailer park called Llamaland where he and visiting coders live. Tony has kicked up the notch from being concerned with work/life balance to what he calls "work life integration." In the works: a hotel and housing for the neighborhood.

Coca-Cola's April Redmond Echols, Project Coordinator for Global Innovation, opened her company's co-working space to the community to encourage Atlanta entrepreneurs to have encounters with Coca-Cola employees. At first, the Coke employees were hesitant to use the space, but soon they got in the groove and were engaging with the non-Coke freelancers. This represents a new way for organizations to open up their corporate facilities and engage with their local communities to share innovative ideas.

Coke is not alone — other corporations like Google, Sprint, AT&T and State Farm are reaching out and inviting local entrepreneurs into their co-working spaces. The latest to do so is Verizon. They are partnering with Grind to renovate a landmark building in New York City. Grind has years of experience in the design and management of membership-based co-working communities and will "curate the experience." Gensler will convert 10,000 sf of their headquarters into Verizon-enabled space for 120 startups and entrepreneurs, while Verizon Ventures, the venture capital part of the firm, will provide mentorship to the innovators. This initiative is far more beneficial economically to the community than just giving money away to local charities or foundations, as it can spawn new business growth as these entrepreneurs turn their ideas into profit-making companies.

Another example is BankMuscat, in the Sultanate of Oman, who wanted their workplace to be a catalyst for community engagement. They introduced an interactive "Main Street" on the ground floor connecting their four buildings with retail outlets,

restaurants, fitness center and child care — all to support their multicultural community, employees and their families. One final example is ASICS America, a sportswear company known for their culture of health and wellness. ASICS recently rebuilt their California headquarters to include a state-of-the-art sports institute that is open to community teams and elite athletes, ultimately designed to promote the ASICS brand. These companies are using the workplace for both community impact and as a marketing tool.

Corporate real estate professionals are also renting out parts of their unutilized real estate portfolios. This is not unlike the LiquidSpace model, which takes unutilized corporate and hotel spaces and puts them up for hourly rent through a mobile app. This is a win-win for everyone: CRE professionals who want to maximize the use of their built resources, freelancers looking for temporary space and corporate employees who seek to have other non-company workers around them to provide a different type of stimulation.

3. HORIZONTAL AND VERTICAL MULTIUSE ARCHITECTURE

Architects are now using new technologies and processes in the planning, design and construction of both new and renovated buildings described in the previous sections. They are also building massively large, horizontally oriented open plan workplaces that transform the suburban landscape. While inside the densely packed city, multiuse neighborhoods are being stood on their heads and rising up into the

airspace, drastically altering the skylines of many urban landscapes. These skinny, tall buildings piercing the skies are a response to the increased need for densification and a reaction to urban sprawl.

These horizontal and vertical villages, as well as other developments containing multiuses in a single complex, are causing the urban planners to rethink current zoning regulations. Cities like Los Angeles are using a type of form and use based code from new urbanism concepts to provide would-be builders guidelines for dealing with these multiuse functions and forms, designed around the characteristics of the individual neighborhoods. In the case of LA, this will allow them to throw away the ancient 700-page zoning book currently in use.

The Architects' Stories:

Frank Gehry is considered by some to be the most famous architect in the world today. At 87, his partnership with Mark Zuckerberg, the CEO of Facebook, was a rather unlikely pairing. Not only for the vast difference in age, but because Zuckerberg did not really care so much for having the world's most famous architect design his new headquarters. He just wanted someone who could bring it in on time and on budget. Now that was not what Gehry is known for, but he did do just that with the new headquarters. This amazing partnership has produced the largest horizontal open plan workplace ever built, in Menlo Park, California, just outside of San Francisco in the Silicon Valley. Gehry was able to accomplish this by working with his team of architects/technologists who

Facebook Headquarters, Menlo Park, California





E37 Street Residential Tower, New York, New York

designed a building information model (BIM) using cloud-based software they had created. This enabled the tight collaboration of all of the stakeholders throughout the building process.

The concept for this metal, concrete and glass structure was to create the same type of environment Zuckerberg had created in the converted Sun campus: an open, inspiring “work in progress,” with no convoluted forms typical of Gehry buildings. It is fascinating that when you look at the new floorplan, it is directly reminiscent of the 1960’s *bunderlandshaft* open plan that the Quickborner team had designed in Germany to increase communication and workflow. Half a century later, it appears again to accomplish exactly what was intended so long ago.

The concept of the rest of the Facebook Neighborhood is to turn this mostly industrial landscape into the same type of live/work/play environment discussed previously. In the master plan, there will be a hotel, residential units, a neighborhood service center and retail.

Back in urban environments, vertical villages are the new, hot urban real estate development, but like the huge open planned floorplan in the Facebook building, this is not a new concept. The idea goes back to the German architect and urban planner, Ludwig Hilberseimer, who in 1927 created the “high-rise

city” in the form of a tall block, with people living and working in the same building.

Today architects and developers are getting closer to Frank Lloyd Wright’s “Mile High City,” which would be the combined height of two of the highest buildings in the world today — hardly imaginable. Perkins+Will’s Robert Goodwin describes how he took “the urban fabric of Greenwich Village — a series of row houses with a small park at the end of the street — and tipped it vertically” for his design of the new E37 Street Tower.² This vertical village includes not only condos, but gardens, an outdoor cinema, wellness amenities and an observatory looking up from the 65-story tower. In other vertical villages there are also retail, office, residential, entertainment, and even educational facilities included in the tall structures.

We see these phenomena all over the world, as we are running out of space on the ground and now reaching higher and higher into the sky to create these vertical villages. But there is a lot of controversy in the architectural community as to how these new structures are affecting view corridors, shading and other aspects of urban living and working. New urban regulations are being created in some cities to address these problems.

CONCLUSION

Today, more than half of the world’s population is living in a city. By 2030, it is estimated that there will be 5 to 7 billion people living in urban environments and generating 80% of the world’s GDP. This leads to many questions about what the city and workplace of the future will look like:

- How will the new urban landscape and live/work places transform the field of FM, real estate and workplace strategy?
- Will corporations provide living options for workers in the future?
- How will the new “free agent worker” movement transform the corporate office and field of FM and real estate?
- Who will manage the multiuse work/live places of the future?
- Will cities be able to keep up with new zoning requirements to accommodate the migration and sky-high multiuse buildings?
- How will this change the real estate market?

All of these questions cannot be answered here, but the stories described in this piece highlight some of the most interesting urban transformations that have occurred in the past few years. Hopefully these stories give us insight into how various professionals are shaping the cities of the future and demonstrate how real estate and facility management can join them to change our concepts of living, working and playing in the urban environment.

KEY INSIGHTS & IMPLICATIONS

- One of the new urban trends is the rise of the 18-hour city. Corporations are following the talent and opening or expanding facilities in these locations.
- This trend is relevant to the workplace in terms of the closer merging of work/life/play in these growing cities.
- This piece shares several urban transformation stories, with the following three themes:
 - » **New Work/Live Places:** Cities of all sizes are branding themselves as meccas for those who want to have anytime access to the places that accommodate their lifestyle choices.
 - » **Corporate Real Estate and the Community – A New Partnership:** Corporate real estate groups are taking on redevelopment of existing neighborhoods and are being asked to open up their workplaces to co-workers from outside their organizations.
 - » **Horizontal and Vertical Villages:** Architects are building large, horizontally oriented open plan workplaces that transform the suburban landscape. Inside cities, vertical multiuse neighborhoods are being constructed in response to the increased need for densification.

LINKING TO SODEXO’S QUALITY OF LIFE DIMENSIONS

- **Physical Environment:** The essence of urban transformation is the creation of multiuse work/live/play places through conversions, renovations, new building construction and architectural models.
- **Ease & Efficiency:** The 18-hour city is designed to make life as easy as possible for residents, so they can work, shop, and play without leaving its perimeters — and easily transition between these activities.
- **Social Connections:** An 18-hour city fosters after-work networking and social interaction amongst employees. Workplaces that are open to outside employees encourage serendipitous encounters that can occur when people of different backgrounds and skill sets mingle.
- **Health & Well-Being:** Residents in 18-hour cities enjoy convenient access to amenities like fitness centers, healthy dining options and grocery stores, and dedicated green spaces. These cities also encourage walking through the proximity of activities and amenities.



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STORIES OF URBAN TRANSFORMATION: THE RISE OF 18-HOUR WORK/LIVE COMMUNITIES

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