## Lonely Last Days in the Suburban Office Park

https://www.nytimes.com/2022/07/05/upshot/future-suburban-office-park.html

## By <u>Emily Badger</u>

Photographs by Lila Barth

July 5, 2022

The wooded campus that once housed the global headquarters of Toys "R" Us in Wayne, N.J., is 85 percent vacant today. On a weekday, the parking spots for 1,900 cars are mostly empty. The helipad is unused. So is the corporate dining hall, with its views of the serene grounds. Hundreds of cubicles — the spacious old-school kind with the high walls, not the little <u>hot desks</u> popular with employers today — sit empty as the property awaits redevelopment into something entirely new.

The site, first built for the chemical conglomerate American Cyanamid in 1962 and later bought by Toys "R" Us, was a grand version of an idea that ruled the postwar American workplace at varying scales: the 200-acre secluded corporate headquarters, the leafy 50-acre research campus, the three-acre <u>spec-built</u> office park shaded by a bit of tree canopy.

These places were decidedly suburban in nature and car-dependent in design. In every form — executive park, business park, corporate park, innovation park — the *park* was an essential part. "Pastoral capitalism," the landscape architecture scholar Louise Mozingo has <u>called</u> it, naming the very American belief that office workers would do their best work if they could look out at manicured nature instead of the frenetic cityscape.

Today suburban office parks have drawn far less attention than <u>downtown offices that are also</u> <u>threatened by remote work</u>. But their decline reflects in some ways a more sweeping and permanent judgment — of once-dominant ideas about where Americans work, how the office should look, and what the suburbs should be. Many downtown offices, with the benefit of prime location, will need new facades and nicer interiors. Places that have been office parks will need a whole new identity.

Suburban offices built between the 1960s and 1980s were already struggling before the pandemic, with their aging mechanical systems and the changing tastes of millennials (in the Wayne case, Toys "R" Us also went bankrupt). A younger generation wants more urban offices, real estate developers say, or at least suburban offices that *feel* more urban, with sidewalks and somewhere different to eat lunch every day. But now layer on remote work, "and this might finish it off," Ms. Mozingo said.

Far from downtowns, there is a different kind of emptiness in suburban settings that were already isolated and lightly populated by design. From the outside, it's hard to know that the 20th floor of a skyscraper has gone vacant. In a suburban office park, the signs aren't so inscrutable.



Workers are scarce at the former Toys "R" Us headquarters, but you may see a fox.



Nature abhors a parking lot.



"The most obvious are the empty parking lots," said Louis Greenwald, the majority leader of the New Jersey General Assembly, who has <u>proposed</u> <u>legislation</u> making it easier to reinvent these places. Of other signs, he said: "The worst and the most depressing are that these buildings fall into disrepair pretty quickly when they're not occupied. So you see facades that are damaged. You see weeds in the community lawns that are unkept. Unclean windows."

In their prime, suburban office parks offered a modern alternative to cramped office towers, and easy car access when mass transit was

faltering. They promised, in the place of seemingly noisy, congested, unpredictable downtowns, a quiet space to sit in a cubicle and concentrate.

That tranquil ideal, however, might be described differently today.

"You're in the middle of nowhere here," said David DeConde, the real estate development lead with Point View Wayne Properties, which purchased the Toys "R" Us campus in 2019 amid the company's bankruptcy. You couldn't walk to happy hour after work, or bump into someone from another company on your coffee break (you might, however, meet a fox on the way to the parking lot).

But the property is so large that it could be redeveloped to include all kinds of other uses. "If I had everything at my fingertips," Mr. DeConde suggested, "I could reside at my home, roll into work, go down to the ice cream shop, get a sandwich, get a bagel, go out to dinner, go to the gym — and it's all walkable."

In other suburban office parks around the country, it will make financial sense to renovate outdated offices into modern ones, with at least some of those amenities. Other sites will have to become something fundamentally different: schools, senior living centers, apartment complexes, public parks, warehouses.



Remember these?



Everyone would do better work, companies figured, if they could stare out the window at something green.



A paper jam from 2018.

"I call it The Great Repurposing," said Douglas A. Kiersey Jr., who is in the business of repurposing last century's land uses into today's logistics hubs. The real estate investment management firm he runs, Dermody Properties, <u>plans to buy the 232-acre Allstate headquarters in suburban Chicago</u> and redevelop it into a warehouse complex. That property "sits at the intersection of two dynamic changes to our lives," Mr. Kiersey said. "The first one: work from home. And the second one is e-commerce."

(It also sits on the Illinois Tri-State Tollway, which is especially valuable if you want to deliver iPhone chargers to wealthy consumers across Chicago's north suburbs in two hours or less.)

For its part, Allstate <u>recently bought an office building in downtown Chicago</u>, although for what it hasn't announced yet. The company no longer needs the suburban headquarters it has had for 55 years, it said in a statement, because 75 percent of its employees now work remotely, and 24 percent

split their time between remote and in-person work. At a company where most workers went into the office daily for decades, today 1 percent do.

There was a time early in the pandemic when it seemed that suburban office parks might emerge as the winners in a restructuring of work. They're the perfect setting to do business for people who don't want to get too close to one another, or to hold working lunches. And they stood to benefit from several early pandemic assumptions: that workers <u>would shun elevator buildings</u>, that <u>people would flee cities</u>, that <u>density was over</u>.

"Essentially none of those have played out," said Christian Beaudoin, head of global research advisory for the commercial real estate firm Jones Lang LaSalle. In JLL data, vacancy rates in the first quarter of this year were higher for suburban offices than for the central business districts in Chicago, Charlotte, Detroit, Philadelphia, Tampa and Washington. The firm estimates that 57 percent of suburban office space nationwide is so old as to be functionally obsolete. In the New Jersey suburbs of New York, that figure is 72 percent, among the highest in the nation. Image



Zoom may have killed the 600-person auditorium, too.



A carpet pattern from another time.



The people left. The chairs stayed.

It is true that a growing number of people moved to the suburbs during the pandemic. But employers didn't particularly follow them. That's because it's not all that helpful to have a suburban office for your suburban workers when those workers actually live in very different suburbs far away. If anything, as people have moved farther out — encouraged by less frequent commuting — downtown locations have actually become more important, said Arpit Gupta, a professor at the N.Y.U. Stern School of Business. Downtowns are still the most central, accessible location for a scattered work force.

The larger pandemic trend, <u>documented by Mr. Gupta</u> and others, is that companies have been downsizing into upgraded buildings. Sometimes those better buildings are downtown. Sometimes they're in the suburbs. Seldom are they in secluded office parks built in the 1970s.

"These offices were built to compartmentalize workers," Dustin Read, a Clemson professor, said of office parks. "Encouraging people to bump into each other, collaborate, share ideas — they aren't designed with that in mind."

The office today, experts say, needs to have things your home doesn't: meeting rooms, common spaces, nearby delis, other humans. The home office has essentially replicated the most valuable thing about suburban office parks — the quiet place to focus.

It's a fitting end for the original concept: Offices meant to evoke and blend in among suburban homes have been cannibalized by actual homes.

A central insight of the office park in the 1940s was that bedroom communities would welcome workplaces if they were disguised by enough landscaping, Ms. Mozingo writes. And so the offices were set back from the road by broad lawns, and their low-slung buildings were tucked among trees (zoning that mandated this mirrored rules for suburban single-family homes).

Office parks were a nifty solution to the financial predicament of the suburbs, too: "They carry a big share of the tax load but don't clutter up the countryside," Businessweek wrote in 1951, as noted in Ms. Mozingo's book.

"Combine that with by the time you get into the '70s, there's still an enormous amount of white flight out of cities, and out of downtowns," said Ellen Dunham-Jones, a professor of architecture and planning at Georgia Tech. Here come instead "brand-new shiny office parks on the brand-new highways and pot-hole-free roads."

The Economic Recovery Tax Act of 1981 supercharged their construction by enabling developers to write off the depreciation of commercial real estate much faster. Suburban office parks spread all over, typically with more mundane architecture than the first corporate campuses, and a fraction of the landscaping.

The model gave employers more control over workers. There were few competitors nearby to poach them, no transit delays making them late, no retail that might stretch lunch hours too long. Viewed from today's blurred boundaries between work and home, there was something welcome about that model for employees, too.

"It's definitely isolated — to me, that was appealing," said Dawn T. Grambone, who worked as an executive assistant at the Toys "R" Us campus for three years. She would drive down the property's long, winding driveway every morning. "You just felt like you were going into another world." Image



Many office parks beyond the Toys "R" campus have a standard look: "lots of curved surface parking and square buildings," the Georgia Tech professor Ellen Dunham-Jones said.



The isolation of office parks was the point.

Image



"Pastoral capitalism" personified.

After Point View Wayne Properties bought the vacant Toys "R" Us site in 2019, it sought smaller tenants to occupy parts of the property while planning got underway for the redevelopment. But interest dwindled with the pandemic. Today the few tenants are clustered at one end of the main building, so Mr. DeConde doesn't have to keep the lights on everywhere. There aren't enough people around to justify operating the dining hall.

Eventually, 1,360 residential units are planned there, some for rent, some affordable. There will most likely be retail, recreation and more modern offices, too. Chris Kok, the township planner in Wayne, is picturing small businesses and start-ups at the site.

"If they grow, they might only grow from five employees to 10 employees, but you're doubling the number of workers," Mr. Kok said. "Some of the businesses are going to fail, some are going to thrive. You might get one or two that really take off."

That is a very different proposition from a single corporate headquarters with 3,000 employees. And it implies a very different identity for the site, and the surrounding community, a transition that has been jarring in other New Jersey suburbs.

"It was absolutely shocking to many people that you would take an office building and knock it down, like we used to knock down factories," said James W. Hughes, a professor at Rutgers. "Now it's routine."

But in many places, that idea is still settling in. It will mean taking land long zoned for offices, and allowing townhomes to be built among them, or permitting apartments or industrial-scale warehouses for the first time. Amid a nationwide housing crisis, many obsolete office parks could be ideal sites for denser housing.



Someone still works in there, but the future of office parks is fewer office workers.

Clay Grubb, another developer, has been looking for exactly these kinds of sites: office parks with a few acres of surface parking where he could build apartments affordable to people like teachers and nurses. Multifamily housing is expensive to build, but the land now being used for suburban parking lots is cheap, so the economics can work out (if the politics do). Then build one parking garage, Mr. Grubb said, and the workers park there by day, the residents by night.

"Five years ago, we were like, 'Oh my God, this is just going to be a gold mine, nobody in the office business sees this, nobody in the multifamily business knows how to get to it,'" said Mr. Grubb, who is now doing this in the Southeast. But it turns out, he said, "not every community wants it."

The problem for some suburban officials: "It'll be, 'Oh, what do you mean we can't just zone for single-family homes and offices? That's our thing. That's why we exist," said Tracy Hadden Loh, a researcher at the Brookings Institution. "So now it's like an existential crisis."

Of course, the other possibility is that some of these old office parks won't become anything else. Their owners may not be able to afford to renovate them. Their vacancy rates will rise. Other buildings, already vacant, won't find new buyers.

"In general in the built environment," Ms. Mozingo said, "no type of thing completely disappears, ever." That's been true of factories, tenements, mills, canals. In some form, it'll be true of the 20thcentury suburban office park, too.

Emily Badger writes about cities and urban policy for The Upshot from the Washington bureau. She's particularly interested in housing, transportation and inequality — and how they're all connected. She joined The Times in 2016 from The Washington Post. @emilymbadger