Generation Y and the Future of “Work Space”

Presentation to:
Accounting & Finance Leadership Forum

Presented by:
John C. Gentry
804.591.2418
john.gentry@harrison-bates.com

Wood Thornton
804.591.2406
wood.thornton@harrison-bates.com
Agenda

Generation Y

Market Overview

Future of “Work Space”
Are you ready for Generation Y?

The Millennials are coming and they are 70,000,000 strong!
Who are they?

- Born between 1980 and 1995 (age 13-28)
- Children of Baby Boomers (BB 1946-1966)
- Their population is over 70 million (20% of the U.S. population)
- Many different ethnicities
What do they look like? What are they called?

- Casually dressed (Jeans, T-Shirts, Sandals)
- Tattoos
- Pierced Body Parts
- Digital Appendages (Cell Phone, I-Pod, Blackberry)

- Generation Y
- Millennial
- Echo Boomers
- I/ME Generation
- Gaming Generation
- Digital Generation
What are their characteristics?

- Techno-Savvy
- Success Driven (No. 1 goal is to be rich)
- Self-Confident (No. 2 goal is to be famous)
- Lifestyle Centered
- Good Health
- “Green”

Source: Pugh Research Center study
What do they believe in?

- Education, Multiple Degrees
- Multi-Culturalism (It’s not what you are; It’s what you know)
- The Environment – Climate Change
- Themselves
Life Defining Events…

- 9/11
- Enron, WorldCom
- War in Iraq
- Global Economy
- Virginia Tech Shooting
- Columbine High School
Life as a Millennial...

- Center of attention in families
- Self-esteem generation
- Seek constant and positive feedback
- Heavy parental involvement
- See themselves as “The Smartest Generation”
- Never without a computer
- The world is only a click away
What are their personal & work expectations?

Personal Expectations
- To be educated
- To be challenged
- To have a purpose
- To make the world a better place
- To be rich and famous

Work Expectations
- “Big” Salary
- Flexible Hours
- Rise to the top quickly
- Acquire transferrable skills
- To have their input valued
- To be part of a team (flat management structure)
- Collaborative work environment
- Transparent management
Why will GY’s be Good Employees?

- Technologically savvy
- Good multi-taskers
- Grasp new concepts quickly
- Adaptable
- Success driven
- Like being part of a team
- Will buy-in to mission of employer
Why may GY’s be Bad Employees?

- Get bored easily
- Not very loyal
- High expectations of employer
- It’s okay for a career to last five years or less
- Don’t trust corporate America
- Don’t take criticism well
Future of “Work” Space
Square footage per capita will continue to decrease for the next decade.

Here are 3 reasons why…
1. 120 Square Feet vs. 64 Square Feet
2. Cyber-Nomads
3. Bottom Line
Traditional “Office” Space

120 square feet of sheetrock and metal studs destined for the landfill.
“Work” Space

64 square feet of re-adaptable components.
Other examples of “Work Spaces”
Cyber-Nomads

- Telecommuting/Homeshoring
- Hoteling
- Wireless
1. Second largest expense for most service businesses
2. Constant pressure to reduce expenses
3. More control over cash flow – flexibility of lease term
Preferred “Work” environment of a Millennial

The right work environment will give employers a competitive advantage.
“Work” space characteristics appealing to Millennials

- Open space/lots of light/high ceilings
- Lounge
- Recreational areas
- High tech space
- Huddle rooms
Open Space/Lots of Light/High Ceilings
Recreational Areas
High Tech Space
Huddle Room
Exteriors

LEED: Leadership in Energy & Environmental Design

Grubb & Ellis
Property Solutions Worldwide

Harrison & Bates
Office in Industrial/Adaptive Reuse

Creative Office – Northlake

Edgeworth Building – Shockoe

Moseley McClintock – Scott’s Addition
Can you guess what this is?
Did you guess a roof?
Efficiency Model Comparison

- Traditional Office Plan
- Open Office Plan
Traditional Office Plan

26 Employees/5,000 SF
Open Office Plan

42 Employees/5,000 SF
Space Efficiency Model

- **Leased Area**
  - **Open ($15 PSF in space improvements required)**
    
    \[5,000 \text{ sf} \times \$20 = \$100,000 \times 7 \text{yr} = \$700,000 \text{ total}\]

  - **Hard Wall ($30 PSF in space improvements required)**
    
    \[6,750 \text{ sf} \times \$22 = \$148,500 \times 7 \text{yr} = \$1,039,500 \text{ total}\]

  (amortized rent \[6,750 \text{ sf} \times \$15 \text{ PSF} = \$101,250 \div 7 \text{ yr}\]
  lease = \$14,464.29 \div 6,750 = \$2.14 \text{ PSF})
Space Efficiency Model

- **Office Furniture Investment**
  - Open: 42 units x $5,000/unit = $210,000 (depreciable over 7 years)
  - Hard Wall: 42 units x $1,750/unit = $73,500 (desk, chair, credenza; depreciable over 7 years)

- **Total Investment**
  - Open Configuration: $700,000 Rent, $210,000 Furniture, $910,000
  - Hard Wall Configuration: $1,039,500 Rent, $73,500 Furniture, $1,113,000

>$203,000
# Generation Me — Jean Twinge

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<thead>
<tr>
<th>Company/Role</th>
<th>Contact Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gregory Kaplan, PLC</td>
<td>Rob Kaplan</td>
<td></td>
<td><a href="mailto:rkaplan@gregkaplaw.com">rkaplan@gregkaplaw.com</a></td>
</tr>
<tr>
<td>Evolve Architecture</td>
<td>RoseMarie Bundy</td>
<td>649-9400</td>
<td><a href="mailto:rosemarie@evolvearchitecture.com">rosemarie@evolvearchitecture.com</a></td>
</tr>
<tr>
<td>3 North</td>
<td>Sandy Bond</td>
<td></td>
<td><a href="mailto:sbond@3north.net">sbond@3north.net</a></td>
</tr>
<tr>
<td></td>
<td>David Rau</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DK Workstations</td>
<td>Diana Chase</td>
<td>673-3144</td>
<td><a href="mailto:dchase@dkworkstations.com">dchase@dkworkstations.com</a></td>
</tr>
<tr>
<td>Creative Office Systems</td>
<td>Debbie Schebe</td>
<td>228-7454</td>
<td><a href="mailto:dschebe@creative-va.com">dschebe@creative-va.com</a></td>
</tr>
<tr>
<td>Chasen’s Business Interiors</td>
<td>Larry Giancaterino</td>
<td>673-8101</td>
<td><a href="mailto:lgiancaterino@chasensbi.com">lgiancaterino@chasensbi.com</a></td>
</tr>
<tr>
<td>Union Bankshares</td>
<td>Anne Douglas</td>
<td></td>
<td><a href="mailto:Anne.douglas@ubsh.com">Anne.douglas@ubsh.com</a></td>
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