

# THE RISE IN **HIPSTURBIA**

BY STEVE BERGSMAN | SPONSORED BY SIOR FOUNDATION

The old mythology about millennials concluded that this population cohort—Americans born between 1980 and 1995—preferred to live in cities rather than suburbs. They wanted to be near transportation hubs in “hip” neighborhoods of yoga studios, vegan restaurants, and craft beer joints.

New studies reveal that this mass movement to cities—even if it was true for a moment—is no longer the situation, especially as the millennial generation settles down into family life. Like their predecessor generations, this entails a population movement in the reverse direction to outer city locations and suburbs.

Furthermore, as remote working becomes more acceptable (whether out of necessity or possibly out of choice down the road), live-work areas and more urban suburbs may become that much more desirable.

The claim at the moment is that these places where millennials want to settle down need to reflect the trendy areas they are leaving behind. In fact, a whole new slew of euphemisms have been created to describe locations where millennial demographics and property markets intersect. Some call it “hipsturbia,” while others prefer the less

dramatic—but more descriptive—“urban burbs.”

Two schools of thought have emerged in this regard. First, the optimists feel that with good planning and insight, “hip” locations attractive to millennials can be designed and built in greenfields, suburbs, or the nondescript edges of cities. The traditionalists, on the other hand, suggest that locations that hope to become trendy do so organically, and that it is futile to try and force hipsterdom onto Anywhere, America.

Before the debate starts, let’s first look at the background to all this transition.

Researchers at CBRE decided they would move into this topic of urban versus suburban, coming up with some fascinating talking points. Massaging the most recent census data, CBRE reported<sup>1</sup> 2.8 million people moved from suburbs to the cities, while 4.6 million did the opposite. Diving a little deeper, CBRE number junkies divided the millennial cohort into three groups. For the younger millennials (20-24 years old), 554,000 moved to cities while 721,000 moved toward the suburbs; for the mid-range millennials (25 to 29 years old), 426,000 moved to cities while 529,000 moved away; and for oldest millennials (30 to 44 years old), 540,000 moved to the cities, while 1.2 million moved to the burbs.

Surveying the millennials, CBRE found they wanted a cross between what the suburbs offered and what amenities the cities could offer; in other words, they wanted three-bedroom living with walkability and locational convenience.

In a *Forbes* magazine interview, Bryon Carlock, head of PwC’s U.S Real Estate Practice, observed, “Migrating out of downtowns isn’t new—kids and suburbs go together—but this generation isn’t ready to give up city life just yet. They’re looking for affordability as well as urban staples like dining, shopping, entertainment and jobs, all within a walkable distance.”

## THE OPTIMIST

For a lot of places in the country suburban office has gotten a bad name, observes Adam Kaduce, SIOR, senior vice president with R&R Real Estate Advisors, West Des Moines, Iowa. “It’s not a favored asset class and you see a lot of people moving back to the core of the cities, but in Des Moines our suburban office portfolio is very strong and we are doing a lot to bring some of those unique amenities of the urban core to the suburbs to really make it a trendy

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1. <https://www.cbre.com/research-and-reports/Global-Major-Report---Live-Work-Play-Millennials-Myths-and-Realities>





## Hipster growth is organic and development follows, not the other way around.

and unique place where office dwellers want to be.”

R&R Real Estate Advisors’ portfolio includes a considerable number of office parks, so what it has done with its most recent development is to include multi-family development. “In an urban environment you might find a first floor of retail with apartments above,” says Kaduce.

“We are more of a suburban office development, but we have developed an apartment complex within. Some folks could walk between home and job while others might ride the two or three minutes from one side of the development to the other.”

R&R has also tried to incorporate more walking trails, green space, dog parks, big ponds with fountains, and have even tried to support some neighborhood retail centers to make it more of a community.

The company’s most unique move is to design a food truck court into the development, complete with its own dedicated areas for seating.

“We are doing a lot with food trucks right now, working with our food truck association here in Des Moines to get a schedule put together,” says Kaduce. “Food trucks have a dedicated parking lane. There are benches where you can wait while your food gets prepared. We also built an outdoor amphitheater with

seating and a waterfall so people can grab food from the food trucks and go sit and enjoy lunch outdoors. We enabled the space with Wi-Fi so it gets used all-day, not just around the noon hour. The food truck operators tell us that they love coming to the suburban office buildings because it’s an alternative to downtown and a novelty for suburban workers.”

Des Moines is not necessarily a tech hub, though Facebook and Microsoft have data centers in the area and Apple is building another. In addition, Des Moines has done a great job of bringing life back to its downtown, adding a few thousand apartments, attracting retail, restaurants, and coffee shops.

Kaduce admits the suburbs haven’t quite gotten there yet with these kinds of amenities, but there is a push to get more local—rather than chain—eateries and coffee stops, beyond the city limits. “We are trying to create a community,” says Kaduce, optimistically.

## THE TRADITIONALIST

If you think about it, hipsterdom really goes back to the 1950s, with the rise of the “beats” who hung-out in bookstores, coffee shops (pre-Starbucks days), and listened to folk music at the local clubs, recalls Jim Klein, SIOR, founder and principal of Klein Commercial Real Estate Inc. in Gardena, Calif. He also has an office in the “hipster” Bushwick section of Brooklyn, N.Y. “The concept of

‘hip’ locations that attract young people is nothing new, except now it seems like more of a marketing ploy.”

Real hipsterdoms start-off as organically attractive locations, due to low rents, a certain grittiness, and public transportation, Klein explains. The wealthy then move-in and the market changes. Take Venice Beach in Los Angeles and Soho in New York; both are now tremendously expensive places to live, so the hipper crowd has moved to the Arts District or Highland Park in Los Angeles, or Bushwick and Bed-Stuy in Brooklyn.

Developers follow the demographics in regard to locations that attract the young and artistic, not the other way around, says Klein. “You need public transportation so you can get there. It’s good to have that old industrial grittiness that you see in downtown Los Angeles or Brooklyn with physically imposing older buildings that have a lot of light, height, and create volumes of space. There’s a particular lifestyle—with food, music, work, and dating—that happens in hip locations. I don’t think that you can take that concept and move it to the burbs.”

This is really a state of mind, Klein adds. “Just because you open a vegan restaurant or brew pub, that won’t make the place a hip neighborhood. When I was young—now I’m 60—artists, musicians, [and] dancers would find these out of the way locations. Then the wealthy moved in and the hip crowd pushed further out on the subway line. Bushwick, where I have an office by the L Train stop, is an excellent example of hipsterdom. Now, expensive condo buildings are going up in place of industrial lofts. The same thing is happening in Astoria, across the East River from Manhattan in Queens. It used to be hip to live in Oakland, across

the bay from San Francisco. Now regular folks can't afford Oakland anymore."

The important point, he says, is that wherever the hip crowd moves will be because of transportation nodes, existing buildings, the grittiness, or nightlife. Hipster growth is organic and development follows, not the other way around, Klein says. These are neighborhoods that are in transition and until they become developed, hipsters can carve out an affordable lifestyle.

Klein did add that the hip crowd has seen some migration to the burbs, giving as examples, Hudson Valley, N.Y., and Petaluma, Calif. However, in both cases the impetus was looking for more space to raise a family, and not developer driven. ♥

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## MEET THE AUTHOR

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