

# Tech Firms Seeking Talent Spring for Spacious, Luxe Quarters

Entrepreneur.com | Tucker Hughes

Tech hubs are springing up across the country and not necessarily in areas that might initially come to mind. Cities around the country, including Eugene, Ore., to Charleston, S.C., as well as in places in between, are catching the innovation bug.

And with tech hubs blossoming nationwide, both startups and established companies are competing for top talent.

So what's drawing software engineers to Kansas City, Mo.? The short answer is that the tech companies are creating not just job opportunities but lifestyle opportunities to attract the highly skilled work force they seek.

The same is true about their desire to retain employees. Tech companies in New Orleans, Austin, Texas, and Provo, Utah, are trying to keep employees happy by creating the lifestyles that techies crave in the hopes that such workers will stay put and not decamp to Silicon Valley. These companies know what their employees want and seemingly will go to any lengths necessary to deliver it. Their strategy is to create office environments too attractive to pass up — or too accommodating to give up.

Consider the fact that on average people spend 54 percent of their waking hours at work. Knowledge workers spend even more time in the office. This means that leaders effectively control their team members' environment for more than half of their waking hours. Do

business owners, influencers, designers and architects realize how important it is to make their company, culture and environment shine? Do they realize that it all begins with what's within the walls of their office spaces? Many do — and they are willing to pay for office upgrades and amenities as retention levels prove that it's worth the added investment.

When companies have a lot of money on the line, solutions are often found very quickly. If companies can attract top talent, increase revenue and productivity, reduce churn and subsequently a myriad of other costs, then does it matter if they pay a little more in rent every month? Absolutely not, and this is the way tech companies do business. They have moved away from dedicated work spaces in favor of more functional and open work environments.

**Government agencies reducing office square footage.** Yet wouldn't higher utilization rates of work stations allow them to reduce their overall square footage and subsequently their rent? On the surface, less overhead and more productivity sounds like a win-win. That type of approach will work for some organization. The General Service Administration has embarked on a plan to cut its real estate footprint 28 percent. As a result, many real estate experts across the country are citing a potential reduction in office space per employee as an imminent threat to commercial real



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estate portfolio owners.

After all, it would only take a small percentage of decrease in the average space per worker across the board to cause markets nationwide to be drastically overbuilt.

The doomsayers are correct in saying that companies have the option to decrease their overall square footage, and some have done so. This may work for the GSA, but rest assured, technology companies are doing the exact opposite of what the GSA has proposed. Indeed, tech firms determined to attract and retain top talent are spending more per employee — and they are happy to do so.



*Tucker Hughes, Director of Hughes Marino Orange County stresses the importance of quality company culture in rising start-up hubs.*

**Tech firms offering workplaces decked out with amenities.** You see, as strange as it may sound, increased cost, even when coupled with fewer dedicated work spaces, is not a bad thing. It's merely fulfilling tech companies' modus operandi for them to re-energize their facilities with updated common areas that can enhance company culture. In these offices, there may be a pool table, a game room and a gym. There's probably a fully stocked kitchen. The point is, these extras enable them to recruit the talent they need to thrive.

Shrinking the size of the office to save money is frankly tripping over dollars to pick up pennies. Investing in appealing real estate is one of the most effective ways to attract and capture the coveted tech talent, and it's a trend that's here to stay.

Evidence of this trend can be seen in tech offices all over the country. More often than not they are located in areas experiencing a renaissance of sorts — places with coffee shops and restaurants within walking distance. The offices will be close to transit centers, shopping areas and afterwork hot spots. The reason is simple: Young innovators want to be stimulated socially, physically and mentally at all hours of the day. Their

employers are seeing to it that they provide precisely this type of inspiration.

Silicon Valley is somewhat of an anomaly because most of the companies there that are committed to recruiting and retaining top tech talent are so big that they have included many of the amenities that their work force needs in their monstrosly sized office campuses. This has reduced the need for nearby shopping centers although plenty do still exist. Most of these big Silicon Valley firms do have shuttle buses that run into San Francisco to cater to their urban team members. A lot of companies are choosing the city over the valley for their corporate headquarters, though. Some of the innovative companies that are pioneering this movement are Twitter, Salesforce.com and Dropbox.

The future growth of tech companies is virtually limitless, and the real estate development surrounding these emerging tech hubs is already — or will soon be — commensurate with the influx of talent. Watch and see.

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