



# *Rodney's Take*

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## **Business Opportunities Far From the Office**

The economy is not back to normal, and nowhere is this more apparent than in office space and working conditions. Or maybe this is the new normal. Maybe the transition for millions of Americans to working from home, full time or part time, is permanent. My sister recently earned a promotion that came with a new title and hefty pay increase. Before she accepted, she asked if it required that she return to the office for more than a day or two a week. Before the pandemic, she, like most people, only worked from home if she was ill or working outside of business hours. Now it's part of her (new) normal routine, and she doesn't want to give it up. She took the job and continues to work from home.

Kastle Systems, which handles key-card access for thousands of buildings across the nation, reported that before the pandemic, office building occupancy in the 10 largest U.S. cities was more than 90%. By April 2020, occupancy had fallen to less than 25%. The numbers have been rising slowly for two years, but the 10-city average hasn't breached 50% since and appears to have plateaued this spring at about 44%. While that should strike fear into the hearts of downtown building owners and nearby business owners, it should have entrepreneurs looking for opportunities in the suburbs.

CoStar Group, Inc., reported that available office space in New York City has increased from 90 million square feet in the first quarter of 2020 to 125 million square feet today, a jump of almost 40%. From March 2020 through the spring of 2021, more than 26,300 small businesses in the city

permanently closed. The Metropolitan Transit Authority (MTA) reports that ridership last week was about 57% of pre-pandemic levels. With the incidence of crime and the price of gas both on the rise, it's easy to see why people would push to avoid commuting and would work from home. As we spend more of our time closer to home, businesses that cater to our daily needs will follow.

Our move from business dress or even business casual to sweatpants has been well documented. Unless we start dressing better for the dog or to drop off the kids at school, there likely won't be much call for more dry cleaning and tailor locations. But we will still need services such as haircuts and auto repair. As we settle into our new normal routines, we're likely to see more of these service businesses move closer to residential areas, and in some instances, they might even become hyperlocal—that is, they might be at your house.

Recently, I had one of my cars inspected by a mechanic close to my home. He pointed out a small oil leak. The car isn't that old, so I called the dealer and scheduled an appointment. The repair was covered under the warranty, which was great, but getting to and from the dealership and the two days without the vehicle were a hassle. The longer you work from home, the more inconvenient such things appear. The dealership went through the vehicle, noted some small things that should be done, and also recommended getting new brake pads. I thanked the dealership, and then began searching for a shop near my home to handle the job. My local guy is close, less than a mile away, but I found another business that was even closer. NuBrakes, a private company, sends a technician to your driveway. Now, that's close!

I checked out the company and scheduled service. It all went according to plan. I never left my home, and it cost 30% less than the dealer and 15% less than the nearby mechanic. This almost seems backward. I would have paid at least the same if not a slight premium to the cost of a local mechanic for the convenience of having the work done at my home. The company operates in several cities and started as a mobile car wash business. I don't know if they are profitable, but I can see businesses morphing to provide more services in

our homes as we venture out less frequently for work. This is the logical next step after Amazon and grocery deliveries.

The move away from centralized services, or even from my local mechanic to a mobile operation, doesn't come without a cost. Just as large city officials should be worrying at night about declining commercial property tax revenue, city officials in the suburbs should keep a close watch on how service providers change their business models to fit the new normal of working at home. In the constant searches by businesses to expand market share and by clients to save time and money, there are always winners and losers.

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*Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).*