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National Office Report

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Mixed-Use Clusters Can Spark Suburbs

- Hybrid and remote work has not only changed how people utilize the office but where they live, as well. Many workers left city centers for the suburbs during the pandemic, and some employers are looking to follow.
- Amenities play an important role in worker return-to-office calculations—both those offered inside the office building and those around it. For this reason, firms moving their operations to the suburbs are increasingly looking for offices in vibrant mixed-use locations, often in thoughtfully planned developments that are designed from the ground up as live-work-play hubs meant to mimic city centers. Workers, especially younger ones, want walkability and amenities near their offices, even in the suburbs. A CBRE report that examined office buildings hit hardest by the pandemic found that the number of nearby amenities and restaurants was a key determinant in the outcomes of suburban offices following the crisis. The suburban office campus surrounded by a sea of parking lots appears to be on the way out, and there is immense opportunity to repurpose these assets into mixed-use clusters that attract shoppers and provide desirable amenities to office workers.
- While office in mixed-use suburban clusters can be attractive to both employees and employers, there are roadblocks that need to be overcome in development. In surveys of employees, commute times have emerged as the biggest factor for return-to-office. Access to transit will be key for developments in markets with high levels of traffic. Firms with highly dispersed workforces may opt to utilize a hub-and-spoke model, maintaining a centralized “hub” office (typically downsized) while opening small satellite offices in the suburbs for workers who live there. Further, large-scale mixed-use developments will need cooperation and coordination between private developers and public entities, each playing a fundamental role.
- Suburban offices that cannot provide mixed-use destinations for workers may be targeted for conversion, which will differ from the repurposing of urban assets. In city centers, the focus is turning vacant offices into much needed housing. On the other hand, while suburban offices face fewer logistical hurdles to housing conversion than office towers, a suburban office that isn't amenitized enough to attract workers may not be ideal for housing, either. We anticipate that, subject to zoning, suburban office conversions may target infill industrial facilities for last-mile delivery or data centers.

