

The Commuter Town Boom



IWG The Global
Workspace
Leader

In partnership with

ARUP

A new report by IWG and Arup reveals that hybrid working is set to have a major beneficial effect on US and UK commuter towns, boosting local businesses and creating new jobs.



Introduction by Mark Dixon Founder & CEO of IWG

For generations, teenagers have dreamed of getting out of their sleepy commuter town and escaping to the bright lights of the big city. From Kate Moss swapping Croydon on the outskirts of London for the catwalks of Paris to Bruce Springsteen's songs about leaving the New Jersey town he grew up in, the process has resonated in popular culture.

But today, they are considered the best places to live. New Jersey towns such as Englewood and Red Bank rank as the most desirable places for escapees from Manhattan to flee to. And in Britain towns such as Folkestone in Kent, and Altrincham in Cheshire are at the vanguard of new artistic and entrepreneurial communities springing up outside of major urban areas.

As a result of the rapid adoption of hybrid working over the last few years, commuter towns are being redefined. Businesses are moving rapidly to change their working model, realising that a hybrid model, which allows their employees to move seamlessly between local offices, city centres and home, is more productive for employers and makes employees happiest.

This report clearly shows that commuter towns on both sides of the Atlantic are undergoing a renaissance as people finally achieve the long-held ambition to work closer to home in places where they can enjoy a higher quality of life.

Thousands are changing their working habits, shifting from daily trips to crowded, distant city centres to working primarily in the commuter towns they call home, with only occasional visits to city centre offices. In some areas, the increase could be as high as 175%, which will require a substantial increase in the amount of high quality office space available in towns that have previously had relatively low numbers of locally-based white-collar workers.

That demand has already started to rise. You only have to look at the names and profiles of some of the towns in the US and the UK where we've recently opened new centres to get a sense of why people want to be there: Bluffton, SC (pop. 27,716) has grown by more than 120% since 2010. Other small towns across America with a new IWG centre include Kodak, TN (10,500); Destin, FL (14,000); Middleton, WI (20,000); Ridgeland, MS (24,000); and Stafford, VA (just 5,500).

There's a similar picture in the UK, where commuter towns such as Gerrards Cross (pop. 8,000) and Marlow (14,000), both in Buckinghamshire, and

Chippenham (relatively large, at 45,000) in Wiltshire have all recently welcomed new IWG centres.

What all these places have in common is that they are great places to live, raise families, and socialise. And increasingly they're becoming great places to work, too: in fact, throughout 2023, the vast majority of our new centres have opened outside city centres. And this is just the most visible sign of a rapid reassessment of office real-estate values in small towns and local communities right across the world.

Our new report, produced together with Arup, drills down into the numbers to

show just how much commuter towns are set to benefit in the coming years in both the US and the UK as workers increasingly choose to work close to where they live. It's a major economic shift that will bring greater prosperity and greater opportunities to formerly

sleepy satellite towns. No longer places to escape from, these are communities on the up, transformed by the greatest shift in working practices to have taken place in more than a century.

Mark Dixon, Founder & CEO of IWG



Background to the Arup and IWG Research

The research investigated the economic opportunities generated by hybrid working for the local economies of 10 commuter towns in the United States, and 10 in the United Kingdom. They are a mix of established and emerging commuter towns, defined by the current population of white-collar workers. Arup developed a low- and high-growth scenario of hybrid workers' presence in these towns. The main assumptions used to estimate the number of additional white-collar workers (who drive the estimated economic benefits) are that, by 2043:

The proportion of hybrid workers will be between 55% and 65% on average.

Days spent remote working will be between 2.5 days per week and 4 days per week.

The proportion of remote working done from a flexible space will be between 15% and 30%.

The Towns in the Survey

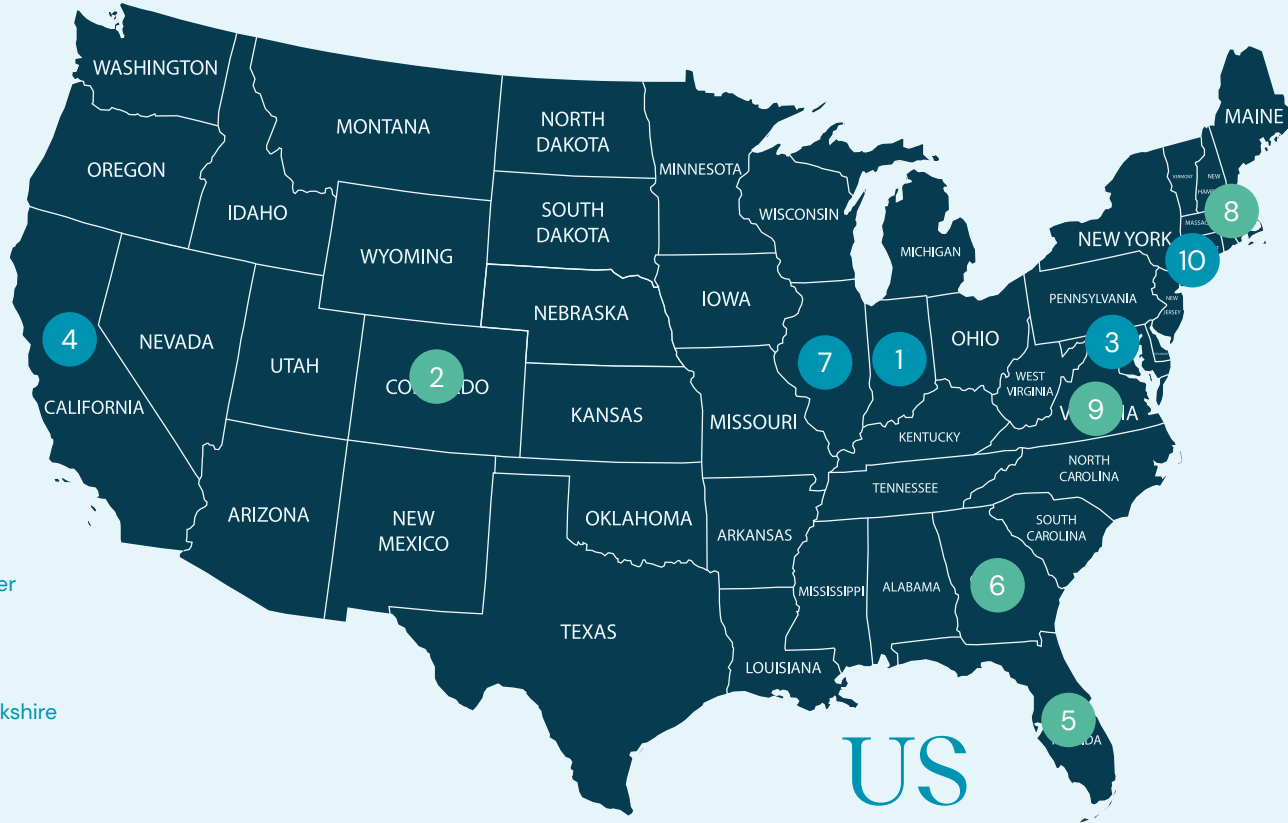
- "Established" commuter towns
- "Emerging" towns

US

- 1 Carmel, Indiana
- 2 Castle Rock, Colorado
- 3 Columbia, Maryland
- 4 Folsom, California
- 5 Kendall, Florida
- 6 Marietta, Georgia
- 7 Naperville, Illinois
- 8 Plymouth, Massachusetts
- 9 Springfield, Virginia
- 10 Westport, Connecticut

UK

- 1 Altrincham, Greater Manchester
- 2 Chippenham, Wiltshire
- 3 Guildford, Surrey
- 4 Ilkley, West Yorkshire
- 5 Rotherham, South Yorkshire
- 6 Royal Leamington Spa, Warwickshire
- 7 Sevenoaks, Kent
- 8 St Albans, Hertfordshire
- 9 Tynemouth, Tyne & Wear
- 10 Warrington, Cheshire



US



UK

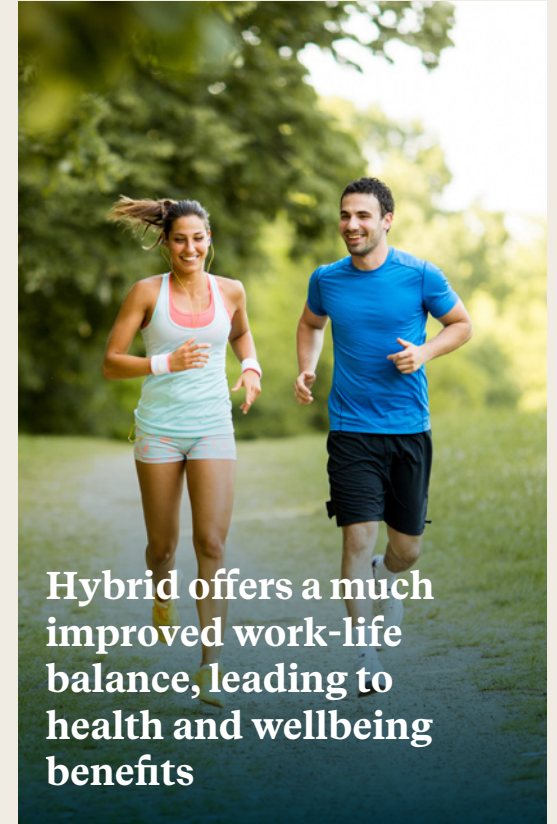
The Hybrid Effect

New ways of working bring benefits for companies, workers and communities



The world of work has changed forever. New technology now allows us to work when and where we feel we are most fulfilled and most productive. As a result, millions have abandoned the long, daily commute in favour of a hybrid solution, dividing their working hours between a local flex space and home, with occasional visits to a central office for brainstorming, meeting clients, training, catching up with developments or simply socialising.

This new work paradigm brings significant benefits. For companies, it means much-reduced real-estate spend and greater productivity – gains of between 3% and 4%, according to research by Stanford University's Professor Nicholas Bloom, a world expert on the hybrid model. For employees, hybrid offers a much improved work-life



Hybrid offers a much improved work-life balance, leading to health and wellbeing benefits

balance, leading to health and wellbeing benefits, as well as financial savings. In the UK, research by confused.com shows employees can save an average of £328 a month on train travel and associated expenses, and up to £128 a month if they commute by car. A cutback in commuting also brings a significant reduction in environmentally damaging exhaust emissions.



The benefits to both workers and their local communities were recently summed up by Josh Gottheimer, the US Representative for New Jersey's 5th congressional district. He is the motive force behind a campaign to give tax benefits to New York-based businesses that open offices in New Jersey, so that workers from the state don't have to commute to the Big Apple every day.

"When you add it all up – the expensive tolls, the cost of parking and gas, and the congestion tax – Jersey commuters would save \$20,000 a year to stay in Jersey," he said. "Not to mention all the benefits of less stress, more productivity and time with families from the hours spent not driving. The bottom line is that by staying and working in New Jersey, our residents will have more money in their pockets, our state and local economies will flourish, and more of our dollars spent will go towards supporting Jersey's incredible small businesses."



\$20,000

The amount New Jersey workers who commute to New York could save per year by staying and working in New Jersey.

A Demographic Shift

The number of hybrid workers in commuter towns is set to increase significantly

Currently, as many as 40% of workers in the UK and the US work in a hybrid way, and this is already driving major demographic and economic change. Commuter towns, formerly sleepy places during weekdays, are being brought back to life in the way that Gottheimer describes, as workers renounce the long daily commute and choose to work most of the time close to home. And their numbers are being increased by others who are choosing to leave big cities in search of a better quality of life in smaller towns and suburbs, enabled by the hybrid model. Previous research by IWG and Arup found that such outbound migration from cities in both the UK and the US is now considerably higher than it was pre-pandemic.

Local economies are already seeing the benefits. "The surge of people migrating out of major cities has provided a major

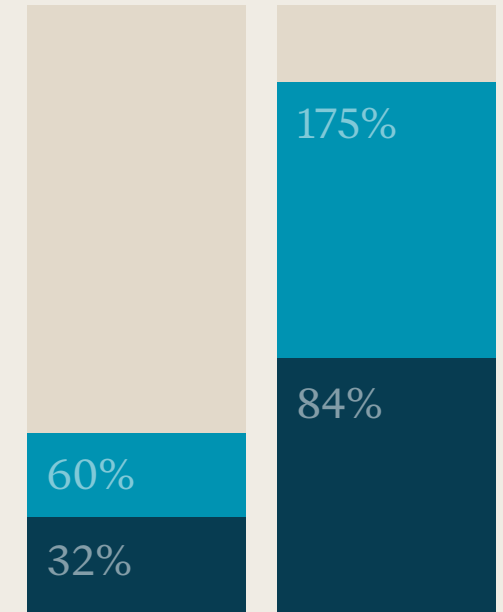
financial boost to towns and suburbs that previously were like ghost towns during weekdays," says Mark Dixon. "High streets are coming back to life, and local businesses are thriving."

This latest report by IWG and Arup predicts that smaller towns in the US could see an increase in the presence of white-collar workers of as much as 60% over the next 20 years as a result of hybrid working. Locations that have historically larger white-collar commuter populations and fewer local white-collar jobs are set to benefit the most. For example, Westport, CT, a town with traditionally high levels of white-collar residents, could see an increase in its skilled workforce of up to 72%.



Projected Increase in Number of White-Collar Workers in Selected Towns by 2043

US: 32% - 60% UK: 84% - 175%



In the UK, the hybrid effect is likely to be even more dramatic. There, the proportion of local workers who commute into the city tends to be higher than in the US, so the shift to working closer to home will be more pronounced. The report predicts that the presence of white-collar workers will increase by up to 175% by 2043, with a 44% increase in those choosing to work from local flexible workspaces.

For example, Chippenham, a market town to the east of the city of Bristol, currently has a low number of white-

collar workers employed locally, and a much larger number who commute to other locations. The continued and accelerated uptake of hybrid working could see the presence of skilled workers in the town increase by up to 120%, according to the report.

“On both sides of the Atlantic, we’re seeing a major geographic shift in terms of where work is done, and where it will increasingly be done in the future,” says Dixon. “This is a trend that’s only going to grow.”



A Boost For Local Economies

Spending will rise, and more jobs will be created

Because a larger number of white-collar workers will be present in commuter towns during the week, thanks to both an increase in hybrid working by current residents and the arrival of hybrid workers who have migrated from big cities, local economies will see a substantial boost. In particular, face-to-face spending in sectors such as retail, food and drink, and entertainment is likely to see major gains.

By 2043, the report estimates that the increase in annual local spending by residents who switch to hybrid working in the US could be as much as between \$270m and \$585 in the 10 selected towns. In the UK, the increase is forecast at between £72m and £157m.

The arrival of new hybrid workers migrating from big cities will add a further boost, and this is particularly the case for emerging towns. In the US, this could result in an additional increase in annual face-to-face spending of between \$103m and \$207m in total in the 10 selected commuter towns. In the UK, the corresponding additional increase in the 10 selected towns could be between £61m and £108m in total by 2043.



All of this increased spending is not only good news for local businesses but also for local job markets. In the US, says the report, it would offer security to around 10,400 existing local face-to-face jobs per town, while also creating between 335 and 696 new full-time jobs in face-to-face industries in each town by 2043. In the UK, the increase in spending would offer security to around 5,800 existing local jobs per town and support the creation of a further 155 to 235 full-time jobs per town in the same timeframe.



Extrapolating from these figures, the report suggests that the GDP of smaller communities in both the US and the UK could grow by up to 3% and 6% respectively thanks to the increase in hybrid working.

“The potential economic effects of hybrid working are staggering,” says Dixon. “This will be a major shot in the arm for communities that until very recently have been struggling in financial terms.”

The GDP of smaller communities in the UK could grow by up to

6%

thanks to the increase in hybrid working.



The Economic Benefits Created by Hybrid Workers in Selected Towns by 2043

US

Additional spending:
\$373m - \$792m

New jobs created:
335 - 696

Local GDP increase:
1% - 3%

UK

Additional spending:
£133m - £265m

New jobs created:
155 - 235

Local GDP increase:
2% - 6%

Rising Demand



High quality local workspaces help to regenerate town centres

The boom in hybrid working is driving huge demand for workspaces close to where people live. Research by IWG found that 72% of hybrid workers said they would only consider new jobs and roles that allowed them to base themselves at workspaces close to home for part of the week.

In response to this demand, IWG has launched a major programme of expansion: in the first three quarters of 2023 alone, it added 612 new locations to its global network, including 300 in the USA. The vast majority of these openings around the world were in suburbs and commuter towns such as Harpenden, Winchester and Inchinnan.

The Extra Flex Space Required to Accommodate Additional Hybrid Workers in Selected Towns by 2043

US: 57,000 - 180,000 sq ft

UK: 39,000 - 135,000 sq ft

“The demand is clearly there and we’re finding no shortage of property partners to convert space into vibrant flex spaces in the heart of communities and share in what is a once-in-a-lifetime opportunity,” says Dixon. “Our aim is to have an IWG location within reach of every town, village and suburb in the world.”

for Flex Space



And the demand is set to continue, according to the report. It predicts that by 2043, the average US commuter town in its sample will require an extra 57,000–180,000 sq ft of flexible workspace to accommodate additional hybrid workers. In the UK, there is likely to be demand for 39,000–135,000 sq ft of extra flex space.

The creation of new flexible workspaces in commuter towns will have a major

societal effect, helping to regenerate town centres impacted by global changes in retail patterns. They will also aid the creation of 15-minute cities, in which all essential services and amenities (including high-quality workspaces) are within a 15-minute walk or cycle ride of people's homes. 15-minute cities have been shown to boost local economies, improve air quality, promote physical activity and increase community spirit.



City Centres Reimagined

Big cities become hubs for collaboration and entertainment

The question arises: as hybrid workers cut down on daily commuting and commuter towns buzz with new life, what will be the effects on city centres, now that they are less frequented? The report suggests that there will be new opportunities for major cities as they evolve to meet the changing needs of workers in the hybrid age.

Dixon's view is that the reduction in demand for traditional office space in cities will allow those spaces to be reimagined and regenerated for leisure, housing and other purposes, with the potential to revitalise districts and improve infrastructure.

"The role of cities is changing forever," he says. "This report shows there are initially some changes as spending patterns adjust, with greater spending in local communities. However, in the long term, cities will increasingly leverage their existing infrastructure to become social centres, conveniently sited at the heart of far-reaching road and rail networks for easy access in a post-commuting world. Places like London, whose economy has been geared to meet the needs of millions of itinerant office workers, will need to evolve to become hubs for collaboration and entertainment."

Everybody Wins

Conclusion by Mark Dixon
Founder & CEO of IWG

Previous research commissioned by us at IWG, as well as that of other leading institutions and academics, has demonstrated the very real benefits of hybrid working. It's great for workers: their finances, their mental health and their personal relationships. And it's great for businesses, with much-reduced real-estate spend and heightened productivity. It's great for the environment. And it's great for property owners, too.

And now another major benefit can be added to that list – the boost that hybrid working brings to suburbs, dormitory towns and rural communities.

They are being revitalised, and this trend will continue to accelerate over the coming years. It's great to see people waking up and shaking themselves

to become free of the commuting nightmare they've been living with, and instead living the lives they want to live.

Commuter towns can reinvent themselves as thriving local communities, interlinked by excellent transport systems and promoting themselves as cultural and entertainment magnets. Meanwhile, the large cities that people are increasingly leaving behind will morph into places centred around leisure and entertainment.

Commuter towns and the countryside for work, and the city for fun and games? Sounds good to me.



We help more than eight million people work the hybrid way in thousands of locations worldwide. Find out more about what we do today at iwgplc.com.