



THE POWER OF THE HYBRID ECONOMY IN SECOND-TIER MARKETS



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Doom loops and downward spirals.

There's been no shortage of media coverage on the tsunami effect that the COVID-19 pandemic had on metropolitan downtowns and commercial real estate. From New York City to San Francisco, the changes have been shocking to see, with Moody's reporting the national office vacancy rate at near record levels.¹

But there's a flip side to the story that hasn't been getting nearly as much attention. As the workforce has retreated from big-city downtowns, smaller markets and suburban areas have become revitalized.

Work-from-home (WFH) has led to a dramatic shift in the economy: A large part of the economic engine and heartbeat of America has moved from the grand glass-and-steel canyons of our marquee cities to the friendly environs of hometown USA. WFH quickly presented its own challenges, though, from wonky Wi-Fi to distractions from kids and chores. It also meant workers were missing out on mentorship and learning opportunities.

But more importantly, it intensified a deadly epidemic of loneliness and isolation. It's a problem so critical that the US Surgeon General released an advisory² calling attention to its impacts, ranking it alongside other public health menaces like tobacco, obesity and substance-use disorders.

For an increasing number of enterprises, coworking offices have provided the antidote.

With access to professional work environments like THRIVE | Coworking, businesses have been creating remote-work hubs in the places where their employees actually live, harnessing the best of both the traditional work model and the hybrid lifestyle. A branded, custom space that allows for connection, camaraderie and mentorship — all without the commute.

And the plusses, as you'll see in the information to follow, are impressive, from booming local economies to happy, engaged employees. So yes, it's easy to get tangled up in news about loops and spirals. But we believe that by focusing on smaller markets, THRIVE has the right development model, the right culture, the right philosophy to straighten out those loops and spirals. We have the working solution.

The post-pandemic hybrid work model is driving growth and transforming smaller cities and suburbs.





REMOTE WORK IS HERE TO STAY



94% of remote-capable workers want hybrid schedules³



43.3% of employees who can work from home have a hybrid schedule⁴



72% of hybrid workers will only consider hybrid jobs⁵



27.5% of full-time employees will be either hybrid or fully remote by 2028⁶



81% of CFOs see hybrid work as a significant cost-saver⁵

From Silicon Valley to Wall Street, CEOs have expressed skepticism, anxiety, and outright hostility about remote work. Whatever the rhetoric, though, they realize a sea change has occurred, and things will never go back to a model that had remained basically the same for more than 100 years.

The Survey of Business Uncertainty, conducted by the Atlanta Federal Reserve Bank, the University of Chicago and Stanford, found that senior executives from nearly 600 businesses around the country, and across industries, believe that more than a quarter of their employees will be either fully remote or in hybrid roles by 2028.²



Returning to the office (R.T.O) is D.O.A. ... Rarely as an economist do I see a change so profoundly positive for the majority of America's businesses and workers. ... Companies, employees and society all benefit.

— *Nicholas Bloom, Professor of Economics, Stanford University*¹



Reference: 1. <https://www.nytimes.com/2023/10/16/opinion/office-work-home-remote.html>. 2. <https://www.atlantafed.org/-/media/documents/datafiles/research/surveys/business-uncertainty/chart-pack/2023/2023-08.pdf>. 3. <https://www.gallup.com/workplace/397751/returning-office-current-preferred-future-state-remote-work.aspx>. 4. https://wfhrresearch.com/wp-content/uploads/2024/05/WFHRResearch_updates_May2024.pdf, published on May 6, 2024. 5. https://media.iwgplc.com/IWG/MediaCentre/IWG_ARUP_White_Paper_The_Commuter_Town_Boom_January_2024.pdf. 6. <https://hbr.org/2023/08/survey-remote-work-isnt-going-away-and-executives-know-it>, published on Aug. 28, 2023.



THE ROLE OF COWORKING IN REMOTE WORK



For many, shared offices have become an escape from often chaotic homes, and a chance to join a community.

— “Why Are Remote Corporate Workers Having More Fun? Co-Working Spaces.”
*The New York Times*¹



When employees were sent home in droves during the pandemic, a dramatic shift evolved. It was awkward and bumpy, but technology allowed many to work from anywhere. Along with that newfound flexibility, though, came a stark realization: Working from home has very real drawbacks, from lack of space and privacy to endless distractions, isolation and loneliness. Additionally, the lack of face-to-face interaction with team members and management can stifle creativity, mentorship and advancement opportunities.

Fortunately, there is an infrastructure in place to fill the gap between home and corporate headquarters: coworking offices. These shared spaces have become the heartbeat of the hybrid economy, serving as destinations for both individuals and groups of employees in branded, satellite offices within their neighborhoods.



By offering a professional work environment closer to home, coworking spaces help maintain a healthy work/life balance while providing opportunities for networking and collaboration. In the case of THRIVE, with its curated events and amenities, coworking can foster an even better, more thoughtful work culture than the one employees left behind at headquarters.



Reference: 1. <https://www.nytimes.com/2023/05/31/business/co-working-spaces-corporate-workers.html>.
2. <https://www.mindsharepartners.org/mind-share-partners-harris-poll-survey-2024>. 3.
https://media.iwgplc.com/IWG/MediaCentre/IWG_ARUP_White_Paper_The_Commuter_Town_Boom_January_2024.pdf.



86%

of employees say providing autonomy and flexibility improves their work experience²

15-30%

of work is done from flexible workspace³

74%

of CFOs are transitioning to or seeking shared office or flex space³

SMALLER CITIES AND SUBURBS ARE BEING TRANSFORMED

It's no surprise that small cities dominate Best Places to Live lists.¹ No one doubts the cultural heft of New York City and Los Angeles, but affordability and quality of life issues make places like Bozeman, MT, and Greenville, SC, the clear winners.

These smaller markets have seen an influx of new people,² joining those longtime residents who have been staying put with remote-work opportunities. This has led to increased local spending and more robust tax bases, creating economic growth, a more diversified local economy, and greater cultural investments.



57K-180K

square feet of extra flex space required per city to accommodate hybrid workers⁴



54%
of surveyed businesses have opened or taken up space outside city centers⁴

77%
of workers consider an office close to home a must-have job requirement⁴

60%
projected increase in the number of white-collar workers in smaller towns over the next 20 years⁴

1. <https://realestate.usnews.com/places/rankings/best-places-to-live>.
2. <https://www.census.gov/library/stories/2024/05/exurbs-city-population.html>.
3. <https://www.bloomberg.com/news/features/2020-11-12/paris-s-15-minute-city-could-be-coming-to-an-urban-area-near-you>.
4. https://media.iwgplc.com/IWG/MediaCentre/IWG_ARUP_White_Paper_The_Commuter_Town_Boom_January_2024.pdf

Plus, for those moving out of big cities, it often means more living space, a stronger sense of community, and a slower pace of life that many have been seeking. As more people and businesses adapt to this new remote-friendly world, the allure of second-tier cities shows no sign of fading. It also makes the 15-minute city — an urban planning concept³ where just about everything you need or want is just a few minutes from your front door — achievable for millions more Americans.

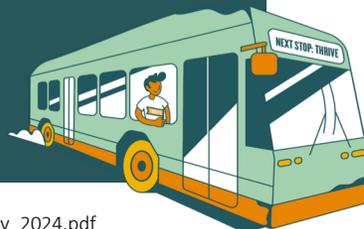




HOW COWORKING AND HYBRID WORK HELP DRIVE LOCAL ECONOMIES



- \$270-\$585M** Increase in local annual spending from hybrid workers¹
- \$103-\$207M** Face-to-face spending increase by new hybrid workers from big cities¹
- \$373-\$792M** Total increase in local spending¹
- 10,400** Jobs secured per city from this spending¹
- 335-696** New full-time jobs created in face-to-face industries per city¹
- Up to 3%** GDP growth in smaller communities¹



T The numbers speak for themselves: The hybrid workforce and coworking benefits both companies and employees while driving significant economic growth in local economies. As more people from larger markets relocate to second-tier cities, their increased spending at local businesses, from restaurants and grocery stores to retailers and entertainment venues, fuels job creation and boosts revenue.

Coworking spaces also frequently rehabilitate historic or underused buildings — THRIVE | Greensboro, for instance, is set in a 100-year-old converted textile factory. This kind of development spurs urban renewal and increases property values. And those newly revamped spaces attract a diverse range of professionals who create a collaborative community that shares resources and knowledge. These hybrid workspaces are incubators for entrepreneurship and innovation, leading to new businesses and job opportunities.

“ All of this increased spending is not only good news for local businesses but also for local job markets. In the US ... 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.

— The Commuter Town Boom, a report created by IWG and Arup¹

OUR MENTAL HEALTH EMERGENCY



“The modern workday is fueling an epidemic of isolation.” — *The Wall Street Journal*¹



The US Surgeon General has quantified loneliness in a stark, but relatable, way: “The mortality impact of being socially disconnected is similar to that caused by smoking up to 15 cigarettes a day, and even greater than that associated with obesity and physical inactivity,” says Dr. Vivek H. Murthy.

Coworking spaces address this issue by providing a social hub where individuals can connect with like-minded professionals. The camaraderie within these spaces can alleviate the sense of isolation, fostering a supportive community that understands the challenges of independent work.



Coworking represents the next wave of how we work, emphasizing adaptability and innovation that supports a healthier, more balanced lifestyle. It’s a way of working that contributes to professional growth without the stress, commutes and obligations of a traditional office. Beyond providing a flexible and collaborative work environment, these spaces contribute to mental well-being by fostering a sense of community, autonomy and work/life balance.



“Organizations that increase worker control over how, when, and where work is done can avoid work and life conflicts, build more trust in workplaces and co-workers, and improve health.” — US Surgeon General

60% increase in the risk of premature death due to lack of social connection.²

96% of workers believe a remote or hybrid work arrangement would be best for their mental health.³

81% of workers reported they will be looking for workplaces that support mental health in the future.⁴

References: 1. “The Loneliness of the American Worker,” *The Wall Street Journal*, published on 5/27/24.

2. www.hhs.gov/sites/default/files/surgeon-general-social-connection-advisory.pdf.

3. <https://www.flexjobs.com/blog/post/exploring-the-impact-of-remote-work-on-mental-health-and-the-workplace/>.

4. <https://www.hhs.gov/surgeongeneral/priorities/workplace-well-being/index.html>.

THAT COMMUTE IS A KILLER!



Gallup identifies avoiding commute times as the top reason employees prefer hybrid work. It's not dissatisfaction with their office, their boss, or coworkers — it's the schlep itself that they hate.¹

And with good reason. The toll it exacts can be staggering, from fuel costs to vehicle wear and tear to psychological strain. An IWG/Arup survey² estimated a New Jersey to New York City commuter could save \$20,000 per year by staying put. Moreover, there is a growing trend among the workforce, particularly Millennials and Gen Z, toward environmental consciousness and reducing carbon footprints.



According to a study by Stanford University and Gusto,³ an HR software business, the average worker now lives 27 miles away from their job, nearly three times further than before the pandemic. Millennials are leading this trend, opting for greater distance from their employers and embracing hybrid work as they reach parenting age.



Americans now spend 60 million fewer hours per day traveling to work. That's 60 million hours for which they weren't being compensated that they can now spend exercising, taking care of their children, getting a bit more sleep and starting their workday earlier or ending it later.

— Farhad Manjoo, *The New York Times*⁴



2019³:

Average distance to work:

10 Miles

Average one-way commute in the US:

28 Minutes

Americans commuting 30+ minutes one-way:

40%

Americans commuting 1+ hours one-way:

10%

2024³:

Average distance to work:

27 Miles, 2.7x higher

Average distance to work for employees aged 30-34:

31 Miles

Average distance to work for employees aged 35-39:

29 Miles

Workers living 50+ miles away:

5.5%, 5x increase

BENEFITS OF HYBRID WORK FOR ENTERPRISES



\$11K

Employer savings per employee working remotely half of the time²

35%

Amount hybrid working can reduce attrition rates³

7–8%

Pay increase that job candidates and employees equate to a hybrid schedule³



“Companies that have the vision and resources to offer flexibility to their employees are the most likely to maintain a stable and competitive workforce.”

— Harvard Business School, Managing the Future of Work¹

Future Forum,⁴ a consortium helping leaders rethink how we work, recently completed an international survey that found worker burnout is worse now than at the height of the pandemic. But flexible work continues to be associated with higher productivity, not less, and the biggest gains are among workers who have access to hybrid work.

Hybrid schedules are an opportunity to rehumanize work after a disruptive global pandemic and promote employee well-being, while also instituting cost savings and driving higher productivity and increased employee satisfaction and retention. Not to mention expanding an enterprise’s pool of qualified, motivated employees. And job candidates and employees view a hybrid schedule as equal to a nearly 10% pay increase — with employers actually saving upward of \$10,000 per person with a flexible work setup.



The people who are least engaged and least productive are people who can work remotely but have to work in the office Monday through Friday from 9 to 5.

— Dr. Gleb Tspursky, CEO of Disaster Avoidance Experts,⁵ a future-of-work consultancy



73%

of businesses have reduced office-space costs by downsizing their HQ.³

79%

of workers said they are more productive since switching to the hybrid model.³



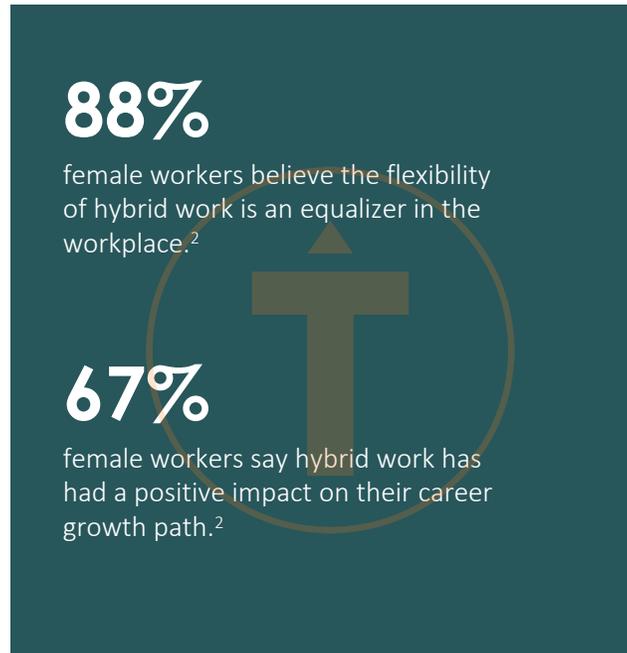
BENEFITS OF HYBRID WORK FOR EMPLOYEES, PARTICULARLY WOMEN



Hybrid work has been incredibly impactful for employees, from slashed commute times to a sense of empowerment thanks to newly acquired autonomy. And for those who choose to elevate their flexible work status by incorporating a coworking space into their routine, the benefits compound:

- 01** The loneliness and isolation of working alone are mitigated.
- 02** Networking and opportunities for collaboration are increased.
- 03** Distractions from home are eliminated, allowing more focused work.
- 04** Equipment and amenities are always available.
- 05** Work/life balance is maintained by a clear separation between job and home.

But perhaps the biggest winner in hybrid work arrangements are female employees, says Erin Grau, co-founder and CEO of Charter, a future-of-work media and research company. Writing in *Fortune*,¹ she says that when it comes to RTO mandates, CEOs are trying to preserve corporate work norms that are “outdated and counterproductive when it comes to modern families.”



“The case for flexible work has a social and moral imperative,” she writes. “It helps retain women, reduces burnout, and makes it easier to have children and deliver on caregiving responsibilities.” She cites a recent survey of female hybrid workers who combine in-office and remote work that finds 88% believe flexibility is an equalizer in the workplace, with two-thirds saying it has had a positive impact on their

career growth path. “Flexible work provides greater opportunities for career advancement³ across gender lines and increases the number of women in leadership,⁴ which is good for business. Companies with more women in leadership have more engaged workers⁵ and are more profitable,”⁶ states Grau.

And profitability is a key feature of hybrid work overall: According to Global Workplace Analytics,⁷ all employees can save between \$2,500 to \$4,000 a year by working remotely half the time. Even more if they are able to move to a less expensive area and work remotely full time.



References:

- ¹ “[Flexible Work is Feminist and Women Won’t Return to a System That Hasn’t Served Them Well to Spare the Feelings of Powerful Men](#),” *Fortune*, published on 5/14/23.
- ² “[Women Hybrid Workers Sentiment Survey](#),” *IWG*, published in March 2023.
- ³ “[The Modern Workplace Report](#),” *Care.com*, published in 2022.
- ⁴ <https://www.bloomberg.com/news/articles/2023-03-08/remote-work-may-help-attract-more-women-to-c-suite-stellantis-says>.
- ⁵ <https://www.cnn.com/2019/03/13/survey-women-led-companies-have-more-engaged-and-inspired-employees.html>.
- ⁶ “[Diversity Wins: How Inclusion Matters](#),” *McKinsey & Co.*, published on 5/19/20.
- ⁷ <https://globalworkplaceanalytics.com/work-at-home-after-covid-19-our-forecast>

MILLENNIALS AND GEN Z EMBRACE HYBRID WORK

The Deloitte 2024 Gen Z and Millennial Survey reports that a good work/life balance is the number one reason respondents chose their current employer. And those working a hybrid schedule report greater satisfaction with their work/life balance and better mental health than those working fully remotely or fully on-site. Both Gen Z and Millennials have a strong preference for flexible work, which can help save money and ease both groups' number one concern: the cost of living.



Environmental issues and the impact of long commutes are also a priority, with nearly half of each group stating they have already changed or plan to switch jobs or industries due to climate change worries. "Gen Zs and Millennials are pushing businesses to act through their career decisions and consumer behaviors," says the Deloitte report.



Millennials believe that employers who are offering flexible working environments are achieving greater profitability and providing work environments that are more stimulating, healthy and satisfying.

— The Key to Millennial Happiness in the Workplace¹

Gen Zs and Millennials demand a lot from their employers, and from business more broadly. And both generations have played a significant role in pushing the boundaries of what is expected from employers over the last decade. But what they are asking for is in fact what most employees in the workforce, regardless of age, likely want: meaningful work within purpose-driven organizations, the flexibility to balance work and personal priorities, supportive workplaces that foster better mental health, opportunities to continue to learn and grow in their careers, and competitive pay and benefits.

— Deloitte 2024 Gen Z and Millennial Survey²



	Gen Z	Millennials
Top reasons they chose their organization		
Good work/life balance	25%	31%
Flexible hours/reduced work week	19%	19%
Number one concern: cost of living	34%	40%
Have changed/plan to change job/industry due to climate concerns	46%	42%
Want employers to provide subsidies or sustainable choices to fight climate change	25%	27%
Job stressors: Lack of control over work location/methods	44%	44%

By The Numbers 2023-24:

8 Number of new locations added (Asheville, NC; Bozeman, MT; Charleston, SC; Cumming, GA; Greensboro, NC; Greenville, SC; Snellville, GA; Suwanee, GA)

256,000+ Total square footage of office space

348 Number of private offices added

900+ Number of new members added

4 Number of new locations still scheduled for 2024 (Chapel Hill, NC; Birmingham, AL; Duluth, GA; Roswell, GA)



The COVID-19 pandemic was a global disrupter, with remote work emerging as a key adaptation to prevent a total collapse of the world economy. Initially novel and awkward, the hybrid workstyle that has developed in recent years has proven highly effective, benefiting both employees and companies. Despite some employers reverting to traditional office setups, the advantages of remote work outweigh the challenges. Hybrid work fosters inclusivity, productivity, and sustainability, and company leaders recognize its permanence.

In this context, coworking offices have become the ideal infrastructure for the hybrid economy, providing professional spaces for remote workers to gather away from home distractions. Originally catering to freelancers and solopreneurs, coworking spaces now serve as remote hubs for larger enterprises, enabling face-to-face interaction within local neighborhoods for mentorship and leadership.

Flexible work schedules have allowed individuals to stay home or relocate to more affordable areas, benefiting local economies. Reduced commutes and increased time spent in neighborhoods have bolstered small businesses and strengthened communities.

The hybrid workstyle is more than just a trend — it's the future. And THRIVE | Coworking spaces are designed to cater to the needs of modern workers, providing state-of-the-art amenities, collaborative communities, and prime locations in second-tier markets. With a curated culture that makes room for focused work and engagement through networking and

socializing, THRIVE optimizes the work/life balance that powers a successful hybrid work strategy.

What do people say they want from an office?¹ The top three features employees look for are quality, ease of travel, and top-notch equipment. THRIVE is right on point with that — and more. THRIVE locations are carefully chosen, set in vibrant, walkable neighborhoods in suburbs and smaller cities with plenty of transportation options, as well as nearby restaurants and retailers. THRIVE's leadership team of CEO and co-founder Ramon Gonzalez and CRO Chris Smith has crafted a growth model that focuses not only on developing locations in second-tier markets but also on collaborating with independent coworking operators who may wish to exit or scale with THRIVE.

THRIVE's stylish work environments, including both shared workspace and private offices, are created by an in-house design team who take inspiration from area history and identity, adding a sense of place and local pride. Every THRIVE is loaded with all the tech and tools needed for success, including speedy Wi-Fi, printers, meeting and event space, and soundproof phone booths for calls — and it's all supported by the industry-leading coworking software platform OfficeRnD.² And of course, there's always free snacks and drinks on hand.



The curated culture also makes room for focused work and engagement through networking and social events, such as monthly catered breakfasts, lunches, and happy hours. Most locations are also pet friendly, and Members can access their location 24/7/365 (they also have privileges at every other THRIVE, plus coworking spaces around the country and internationally through our association with the League of Extraordinary Coworking Spaces).³

WHY THRIVE | COWORKING?

