

Live-Work-Play Represents A Unique Opportunity To Well-Located Office Buildings

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The shift in demand for office space has spurred office building owners to look beyond their tenants to a new source of inspiration and income: their local communities.

With the merging of live-work-play lifestyles, more people are continuously searching for a one-stop-shop location to access education, retail, physician and healthcare facilities, arts, fitness clubs, childcare, storage and entertainment — all proximate to their place of residence.

Reformatted vacant office spaces could be the right solution to interconnect these uses and create a destination and experience for all who want to work, shop and live there. Owners who can execute the strategy correctly will tap into a new demand at their front door — all while adding jobs to their communities and increasing their revenue along the way.

Assessing community demand

Traditionally, office amenities, even those in a mixed-use property, are tenant serving. The primary goal is to lease retail spaces or curate other on-site amenities that enhance the office experience for tenants, even if they are not revenue generating. By analyzing local demographics and voids in community needs, office owners can lease vacant space to a class of tenants

that will attract new consumers and generate value for their properties but determining appropriate tenants is property and market specific.

Spaces in a high-rise tower in the urban core with phenomenal city views could be transformed to include amenities like conference centers, auditoriums, lounges and bars, messenger centers, car washes and even outdoor plaza options like fire pits and bocce ball courts. Meanwhile, office suites with outdoor access in neighborhoods with more families might be repurposed as daycare facilities.

Retail, dining, grocery stores, pop-up shops, healthcare and even filming locations are also examples of tenants that can use a vacant space.

Determining the appropriate use will require the owner take a closer look at the surrounding community, its demographics and specific needs.

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Unlocking hidden revenue

Reimagining office spaces as community-serving amenities has tremendous advantages. Driving cash flow and curbing loss from vacancy are the primary benefits, but office owners also can activate the property beyond the standard 9-to-5 workday — generating additional revenue in the evenings, on weekends and throughout the holidays. Creating a round-the-clock experience not only supports and stabilizes cash flow but also diversifies tenants and users, fuels consistent traffic to a property, achieves a stronger return on investment and builds a stronger sense of community.



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Diversifying uses also drives interest and cachet at properties. By considering broad community needs, office owners create a coveted live-work-play micro-city environment that supports urban growth. Ultimately, curating a unique experience at the property also will help to drive attention for office spaces. Activated, experiential properties have energy and vitality. They are the places where people want to live and shop — and work.


Overcoming the challenges

Converting existing office floorplates into alternative uses comes with some challenges.

Office owners first need to capture community needs, which requires a strong understanding of a location and its traffic patterns, local demographics and competing businesses to place the right tenants in a building that meet its community's demands.

Once the right use is identified and the space is reconfigured or renovated to accommodate its new purpose, office owners will have to develop a versatile property management team capable of addressing the varied demands within the building. By embracing a hospitality approach to tenant service, property managers can help the transition and elevate the customer experience, even as new operation challenges arise.

Security will be a challenge as the property will be open longer and increase staffing expenses. Greater swaths of the building also will be open to the



public, which creates different security needs than those needed in a secure office building. Creating a tailored security program to address increased, and varied, public access is paramount. This is where artificial intelligence technology can help create increased security measures, help reduce the number of security staff that are handling administrative duties and make entering and leaving the building throughout the day more user friendly.

Meanwhile, expenses related to basic operational requirements, like mechanical systems, energy costs, IT and technology infrastructure (especially Wi-Fi) and communications, will all be reassessed to accommodate the new uses. Some of these expenses can be offset by renegotiating ancillary technology-related services, including phone, internet and digital security.

Finally, an owner's options may be limited based on things beyond their control, such as liquor license availability, varying real estate tax rates for different uses, existing ownership agreements and investment structures that may not permit alternative types of qualifying income.

Understanding the challenges allows office building owners to prepare and execute a building reinvention strategy that will achieve their financial goals. When an owner is interested in transforming their property, they should begin by running a cost analysis and demographic research to understand the public's needs, alternate building use possibilities and associated costs. An experienced consultant can also help guide owners through the evaluation and implementation, which will help mitigate some of the obstacles. These steps will ensure owners are truly maximizing value at their property and serving the needs of their respective community.

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