

## **The Backyard Office**

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Working from home has become a necessity for many during the COVID-19 pandemic. It has been working out well for many. Technologies such as video-conferencing have been a great help. But, it can be difficult to focus on work with the many distractions at home.

Most of us are working within the space available in our homes, but a growing number of people are making use of the space on their properties to install prefabricated structures for use as home offices.

### **Auxiliary Dwelling Units (ADUs)**

Well before the outbreak of COVID-19, the ADU market was on the rise. Back in October 2019, US television station CNBC profiled a San Francisco Bay Area builder, PrefabADU. The company had installed about 100 ADUs to that point in the year, and they were expecting expansion to at least 1,500 in 2020 – and possibly 3,000.<sup>1</sup>

PrefabADU CEO, Steve Vallejos, noted that “over 80 percent of our business is people who are looking to address housing for family and 20 percent is the people who are looking to address options for income.”<sup>2</sup>

When asked about the question of whether or not many towns or cities would allow homeowners to build another property on your existing property, reporter Diana Olick said “A lot and a growing number. We're seeing it in the Bay Area; in southern California; huge growth in ADUs here in DC with a recent change to zoning laws. Maryland is now voting on it.”<sup>3</sup>

### **COVID-19 Backyard Office Upsurge**

Fast forward to April and May of 2020. Home offices have moved quickly to the top of the list for home buyers. And, existing homeowners are showing a strong appetite for ADU home offices. Not everyone has the space or the money for an addition to their home. This is benefiting ADU companies like Colorado-based Studio Shed.

In a more recent June 18 CNBC report, Studio Shed President Mike Koenig said, “It's staggering. Our sales are really through the roof. And, a lot of people needing that home office space has been very popular.”<sup>4</sup> By April, the company had already increased its factory staff by 30 percent since the start of

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<sup>1</sup> Olick, Diana. “Homeowners adding extra homes on their property, here’s how it works”. CNBC. October 21, 2019. Available at: <https://www.cnbc.com/video/2019/10/21/homeowners-adding-extra-homes-on-their-property-heres-how-it-works.html>. Accessed on June 30, 2020.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

<sup>4</sup> Olick, Diana. “Backyard office spaces gaining popularity after coronavirus pandemic”. CNBC. June 18, 2020. Available at: <https://www.cnbc.com/video/2020/06/18/backyard-office-spaces-gaining-popularity-after-coronavirus-pandemic.html>. Accessed on June 30, 2020.

the pandemic, to handle all of the extra orders.<sup>5</sup> Indeed, sales at Studio Shed doubled in April and quadrupled in May.<sup>6</sup>

In June, The Wall Street Journal interviewed Christa FitzPatrick, a Darien, Conn.-based agent with Halstead Property. She said, “A whole lot of employers have realized that they will have folks working remotely, and lots of people really feel they should have a separate workspace to allow them to give attention to their work. I believe they’re now as invaluable as area in the primary residing space, if no more so.”<sup>7</sup> The same article noted that “some 75% of the worldwide real-estate brokers surveyed thought demand for dwelling places of work will enhance.”<sup>8</sup>

## Going Forward

ADU companies have benefited from growing demand in recent years. The pandemic has helped to propel the trend even further. It’s likely that we will see further relaxing of zoning laws in US cities and around the world in the coming months and years. With pricing starting at \$10,500 at Studio Shed, for example, this is an economical and practical solution for the needs of the home office worker.

In addition to PrefabADU and Studio Shed, Dwell.com has provided company profiles for some other companies offering similar services.<sup>9</sup> They include the following:

- Drop Structures
- Buhaus
- Plus Hus
- Kanga Room Systems
- kitHAUS

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<sup>5</sup> Rodriguez, James. “Boulder County-based shed maker sees demand spike for backyard home offices”. Denver Business Journal. April 10, 2020. Available at: <https://www.bizjournals.com/denver/news/2020/04/10/studio-shed-backyard-offices.html>. Accessed on June 30, 2020.

<sup>6</sup> Olick, Diana. “Backyard office spaces...” *op. cit.*

<sup>7</sup> Bloomfield, Ruth. “For Luxury Homeowners Short on Space, the Next Frontier Is the Backyard”. The Wall Street Journal. June 11, 2020. Available at: <https://www.wsj.com/articles/for-luxury-homeowners-short-on-space-the-next-frontier-is-the-backyard-11591882535>. Accessed on June 30, 2020.

<sup>8</sup> *Ibid.*

<sup>9</sup> Wang, Lucy. “6 Prefab Companies Ready to Build Your New Backyard Office”. Dwell.com. May 18, 2020. Available at: <https://www.dwell.com/article/prefab-home-office-accessory-dwelling-units-efab1374>. Accessed on June 30, 2020.