

Study reveals America's Most Expensive Cities and States for Small Businesses to Rent Commercial Space

StickerYou analyzed commercial costs across 100 cities and 35 states in the US to help entrepreneurs make informed location decisions. The research dived into four metrics: retail rental rates, restaurant space costs, electricity prices, and utility expenses across several key metrics to identify where small businesses face the highest operating barriers nationwide.

These metrics were then combined to create an overall scoring out of 100 to reveal the best and worst states and cities in the US for small business operational costs.

Most expensive states in the US for small business operation costs

Rank	State	Median Restaurant Rental Cost (\$ Per SF/YR)	Median Retail Rental Cost (\$ Per SF/YR)	Electricity Cost (\$)	Water Cost (\$)	Internet Cost (\$)	Sewer Cost (\$)	Trash Cost (\$)	Business Operation Cost Score
1	Georgia	138.09	132.84	129.92	43.00	73.65	94.00	62.50	99/100
2	Hawaii	55.50	114.00	162.66	80.00	63.18	124.00	62.50	96/100
3	California	42.16	77.22	116.94	94.00	101.03	58.00	62.50	95/100
4	Texas	42.33	63.36	132.59	63.00	73.27	86.00	62.50	93/100
5	Alabama	197.00	22.13	143.95	57.00	74.10	89.00	62.50	90/100
6	New Jersey	48.22	176.24	109.54	57.00	82.79	71.00	62.50	88/100
7	District of Columbia	47.50	154.61	88.89	41.00	118.19	86.00	62.50	86/100
8	Alaska	15.70	35.40	124.66	89.00	103.73	74.00	62.50	83/100
9	New York	84.51	202.03	110.47	33.00	96.08	52.00	62.50	82/100
10	Massach	59.60	50.25	132.18	35.00	93.60	46.00	62.50	80/100

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Georgia leads as the most expensive state for small business operations, with restaurant rental costing at \$138.09 per square foot and retail space at \$232.84 per square foot, which creates challenges for food service and retail businesses.

Southern and Western states have dominated the rankings on the most expensive markets, with Hawaii charging \$162.66 for electricity costs and California having to pay \$101.03 for its internet services. Coastal and high-demand states create the biggest financial challenges, with New York, Massachusetts, New Jersey, and Washington D.C. all scoring above 80.

Most expensive cities in the US for small business operation costs overall

Rank	City	State	Median Restaurant Rental Cost (\$ Per SF/YR)	Median Retail Rental Cost (\$ Per SF/YR)	Average Commercial Monthly Electricity Bill (\$)	Water Cost (\$)	Internet Cost (\$)	Sewer Cost (\$)	Business Operation Cost Score
1	Los Angeles	California	117.75	361.25	2,384.89	94.00	101.03	58.00	99.29
2	Washington	District of Columbia	47.50	154.61	3,614.90	41.00	118.19	86.00	97.73
3	Urban Honolulu	Hawaii	55.50	114.00	1,562.98	80.00	63.18	124.00	92.71
4	San Jose	California	54.60	84.78	1,061.89	94.00	101.03	58.00	91.14
5	Oakland	California	67.50	67.20	937.82	94.00	101.03	58.00	90.28
6	Bakersfield	California	26.70	113.00	2,656.37	94.00	101.03	58.00	89.60
7	Long Beach	California	38.40	49.80	1,572.55	94.00	101.03	58.00	89.58
8	San Diego	California	34.50	80.94	1,068.28	94.00	101.03	58.00	88.21
9	Santa Ana	California	30.00	45.00	1,572.55	94.00	101.03	58.00	85.27
10	New	New	149.5	382.50	1,006.67	33.00	96.08	52.00	83.90

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Los Angeles is the most expensive city for small businesses, scoring high across all expense categories. The city combines a retail rental space of \$361.25 per square foot with restaurant rents of \$117.75 per square foot.

California cities fill in six out of the top 10 most costly rentals, including San Jose, Oakland, Bakersfield, Long Beach, San Diego, and Santa Ana. Washington D.C. has the highest monthly electricity bill at \$3,614.90, while New York City charges the highest retail rental costs at \$382.50 per square foot annually.

Most expensive cities in USA for small businesses to rent commercial property

Rank	City	State	Median Restaurant Rental Cost (\$ Per SF/YR)	Median Retail Rental Cost (\$ Per SF/YR)	Average Commercial Space Rent Cost (\$ Per SF/YR)
1	New York City	New York	149.5	382.50	266
2	Los Angeles	California	117.75	361.25	239.50
3	Houston	Texas	31.00	301.80	166.40
4	Atlanta	Georgia	138.09	132.84	135.47
5	Jersey City	New Jersey	53.09	202.48	127.78
6	Huntsville	Alabama	197.00	22.13	109.56
7	Laredo	Texas	195.54	21.50	108.52
8	Miami	Florida	88.92	113.60	101.26
9	Washington	District of Columbia	47.50	154.61	101.05
10	Newark	New Jersey	43.36	150.00	96.68

New York City charges the highest retail rental costs at \$382.50 per square foot annually, followed by Los Angeles at \$361.25 per square foot. New York State overall ranks third for retail space costs at \$202.03 per square foot, while New Jersey charges \$176.24 per square foot and Washington D.C. charges \$154.61 per square foot. Commercial property rental costs vary dramatically between markets, directly impacting annual operating budgets for small businesses requiring physical space.

Where are utility bills most expensive?

Electricity: At the state level, Hawaii takes the lead at \$162.66, followed by Alabama at \$143.95 and Texas with \$132.59, while in the city rankings, Washington D.C. tops the list at \$3,614.90 per month, with Bakersfield paying \$2,656.37 and Los Angeles charging \$2,384.89.

Water Bills: California tops the state rankings with water costs at \$94.00, followed by Alaska at \$89.00 and Hawaii at \$80.00. Cities in California that made the top rankings pay \$94.00 for water services.

Internet Costs: District of Columbia has the most expensive internet costs in the state rankings pricing at \$118.19, Alaska placing at second with \$103.73, and California at \$101.03. Among the cities, Washington tops the list, followed by Anchorage, and Los Angeles.

Sewer Costs: Hawaii pays the highest sewer costs priced at \$124.00, Georgia ranked second with them paying \$94.00 and Alabama at \$89.00. For city sewer costs, the highest was for Urban Honolulu at \$124.00, while all California cities pay \$58.00.

What does the data mean for small businesses in the US?

Andrew Witkin, CEO of StickerYou, commented: “This data highlights the real challenge for businesses today. There seems to be a massive gap between high-cost and low-cost markets. What’s interesting is how these cost pressures force businesses to make difficult decisions. In expensive markets like New York or California, every dollar makes a difference, so business owners have to be smart about where they invest their money.

The challenge is not just about rent or utilities. It’s about how these costs ripple through everything a business does. States with the lowest operating costs have a real advantage, as business owners there have the opportunity to invest in growth and customer experience instead of just covering the basic expenses. That’s the competitive advantage entrepreneurs should take advantage of.”

ENDS

I hope this was useful. Please reach out to xianna@one.as if you need any further information.

METHODOLOGY

This study evaluates and ranks the 100 most populous cities in the United States based on eight key commercial cost metrics: median restaurant rental cost per square foot per year, median retail rental cost per square foot per year, average commercial electricity price per

kilowatt-hour (in cents), average commercial monthly electricity bill (in dollars), water cost (in dollars), internet cost (in dollars), sewer cost (in dollars), and trash cost (in dollars). Data for the rental and electricity metrics were sourced from LoopNet, Crexi, and Find Energy platforms, while utility cost data (water, internet, sewer, and trash) were sourced from Move.org based on the state where each city is located. Cities received higher scores for higher values across all eight categories, with the final rankings determined by composite scores that reflect the overall commercial operating costs in each metropolitan area.

In addition to city rankings, states were evaluated based on six commercial cost categories: average commercial property rent cost, electricity cost, water cost, internet cost, sewer cost, and trash cost. The commercial property rent cost for each state was calculated as the average of all cities from that state that appeared in the top 100 city rankings, while utility cost data (water, internet, sewer, and trash) were obtained from Move.org. Only states with at least one city represented in the top 100 most populous cities were included in the state-level analysis, ensuring that all ranked states had direct representation in the primary city dataset.

StickerYou

StickerYou specializes in custom printing services for small businesses across North America. The company helps entrepreneurs to create professional branded materials, which include custom stickers, labels, decals, magnets, and promotional products. Working with thousands of small business clients, StickerYou understands the challenges facing independent retailers and provides cost-effective branding solutions to help businesses compete with larger chains. Visit www.stickeryou.com and follow [@stickeryou](https://www.instagram.com/stickeryou) on Instagram to see their extensive work with small businesses.