

MANAGING COMMERCIAL PROPERTY USER AND OWNER EXPECTATIONS IN THE CORONAVIRUS AGE

By Jim Hochman & David Liebman, SIOR

This article was also featured on the SIOR Pulse Blog on Sept. 25, 2020.

As we continue to adjust to life in the “new abnormal” brought on by the COVID-19 pandemic, it has become abundantly clear that commercial real estate users and their owners/landlords are making adjustments as well. It is speculative now as to which changes will be temporary or long-lasting, once effective vaccines and treatments help us to establish reasonable control over the disease. A few considerations for the attention of seasoned SIOR brokers in managing their clients’ expectations are highlighted here.

1. Property Assessments and Taxes:

As if municipalities weren’t stressed enough before the pandemic, the widespread shutdowns of state and regional economies have strained their resources even more. Many areas (Cook County, Illinois, is a prime example) are experiencing broad shifts of the assessment burden from residential properties to commercial properties. Owners and landlords are galvanized to contest increased assessments and keep operating expenses in check. Be sure to understand these property-specific property tax dynamics before committing your tenant or buyer to

medium or long-term obligations in properties under consideration.

2. Space Reconfigurations In Regaining Tenant Comfort and Confidence:

Already many tenants—especially office space occupiers—blanch at the prospect of returning to existing offices. Landlords and building owners are committed to many new practices, including mitigation of close personal contact through distancing guidelines and new FFE configurations; installation of plexiglass and other personal shielding; and redesigning HVAC systems with HEPA filters, among many other precautionary steps. These measures may be necessary to recover and maintain tenants’ comfort levels and encourage their workers to venture back into the workplace. Office building owners in particular will show much resiliency and innovation in the months and years to come to keep their buildings full and tenants comfortable in their workplace environments.

3. Technology Rules The Day, BUT...:

Truly we are in the age of the home office. Existing and developing technologies resulting from the pandemic have cleared the way for many staffers to work from home. But home-based workers are constrained by family obligations, the presence of distractions and the absence of contact

with fellow workers. Advise your clients to expect varying productivity levels over the next six to 18 months as companies right-size and redeploy their workforces in or away from the traditional work environment.

4. One Size Does Not Fit All: More than ever, it is incumbent upon the SIOR community to redouble efforts to stay aware and current on changes and innovations being imposed on the CRE community. By maintaining close contact with your tenants and owners/landlords while they navigate this evolving situation, your ongoing communications will be critical to ensure that timely and thoughtful real estate decisions result in the most advantageous and safe environment for all concerned. ▼

MEET THE AUTHORS

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