



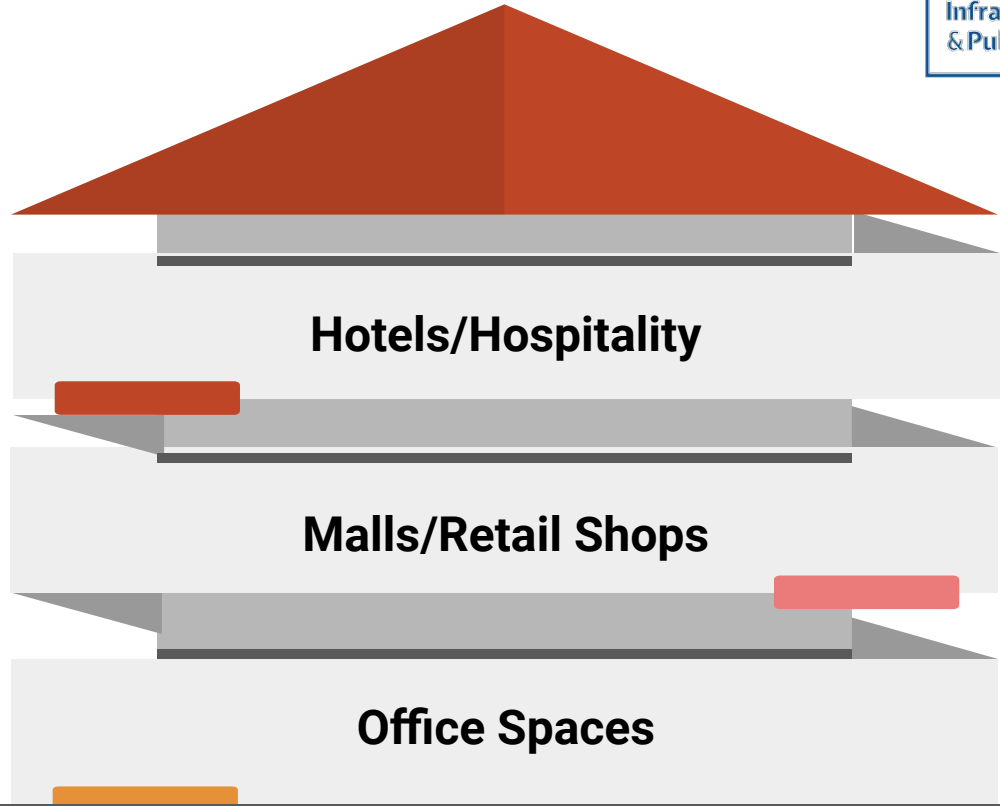
# Commercial Real Estate 10-Years After

CBIPS SPRING RESEARCH - 2021

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04/15/2021

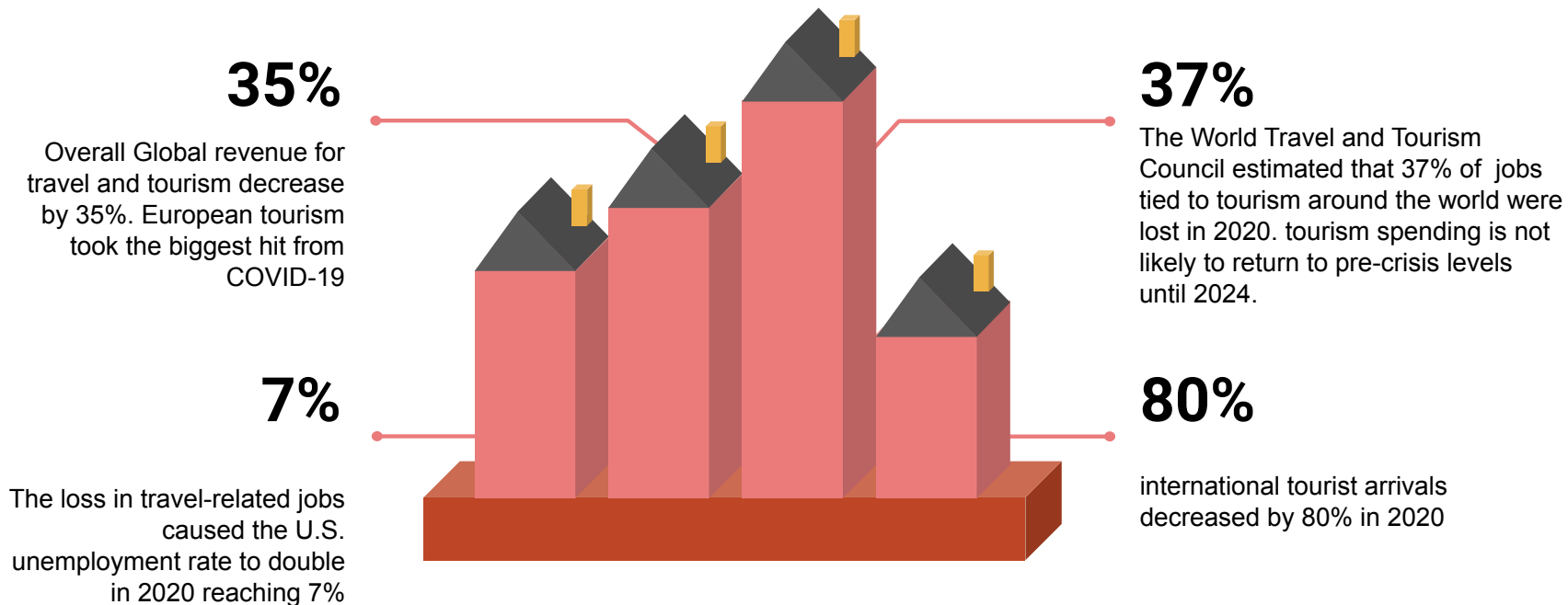
# Commercial Real Estate



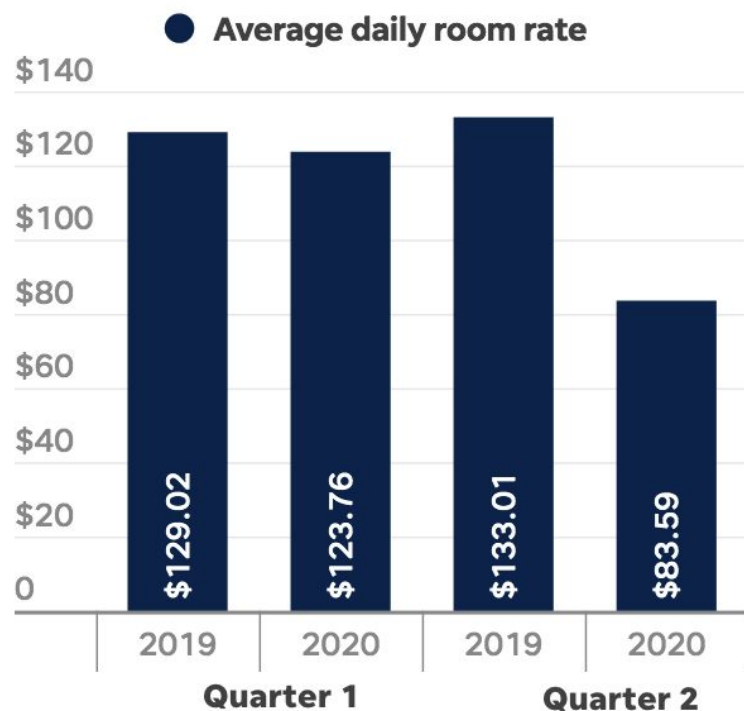
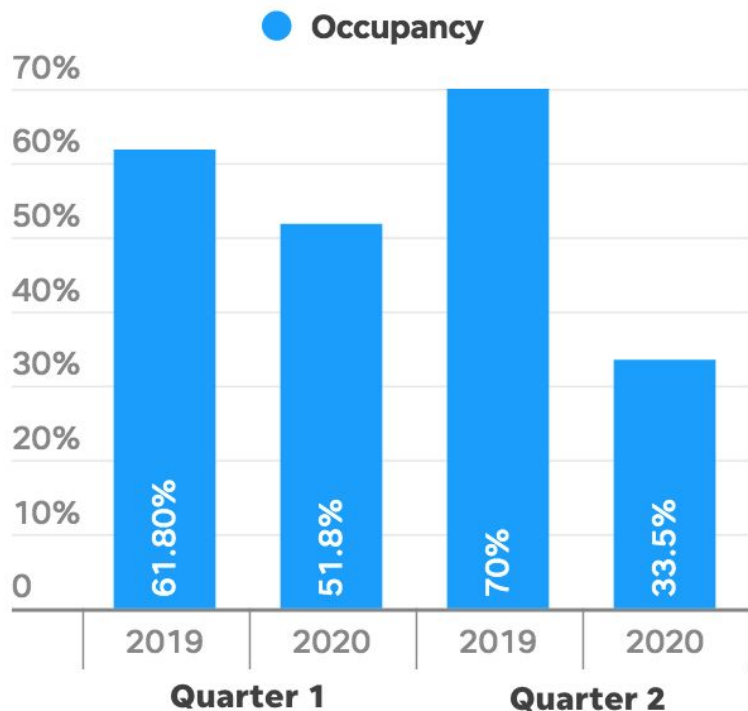
# Commercial Real Estate



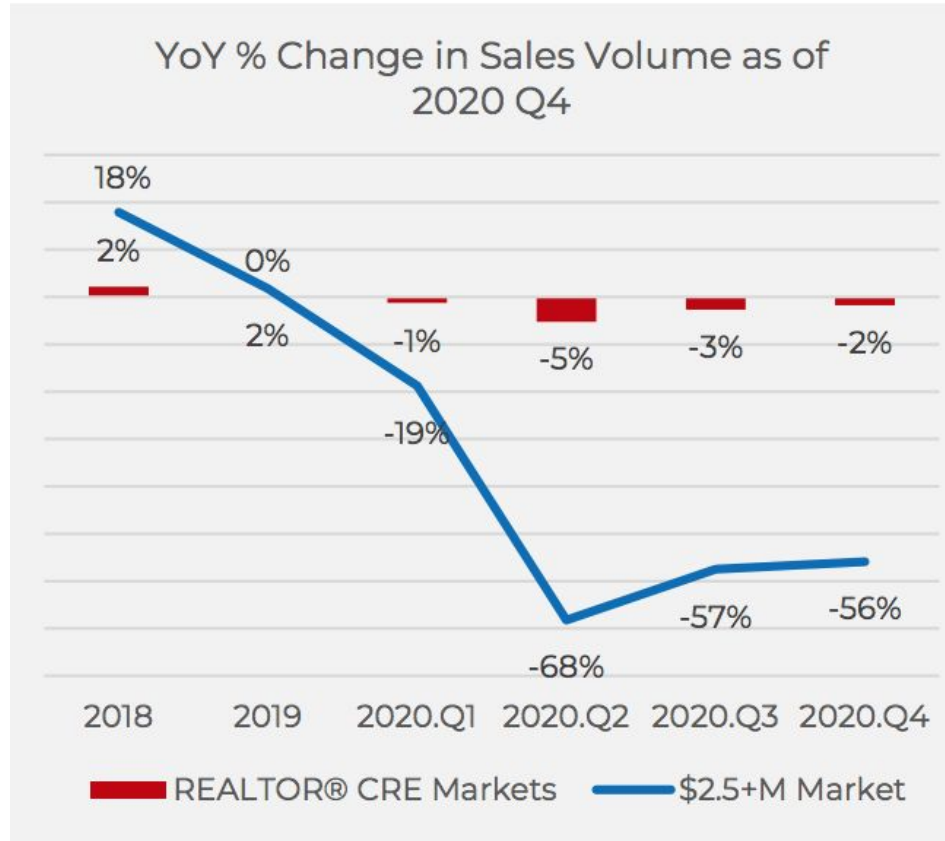
# Hotels and Hospitality Worldwide



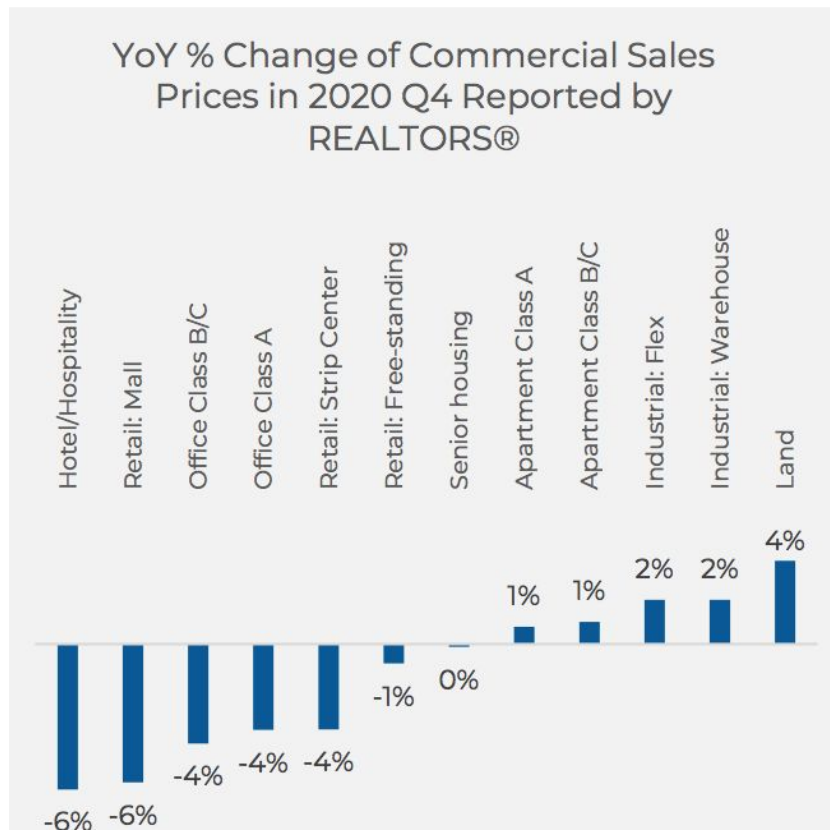
# Impact on Hotels in the US - 2020



# January 2021 - Sales



# January 2021 - Prices

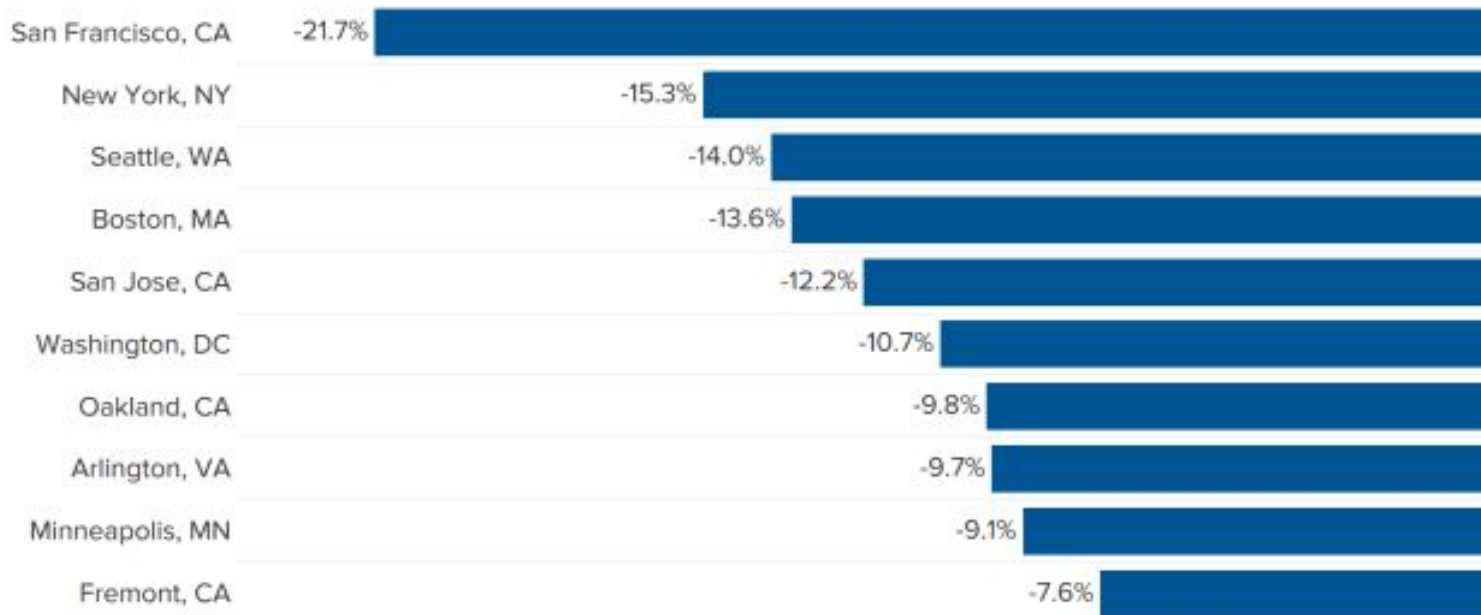


**Source:** 2021. Commercial Real Estate Trends & Outlook January 2021. [ebook] National Association of Realtors Research Group. Available at: <https://cdn.nar.realtor/sites/default/files/documents/2020-q4-commercial-real-estate-trends-and-outlook-survey-01-21-2021.pdf> [Accessed 22 February 2021].

# Post COVID -19 - Rents in Big Cities

## Falling rents

Change in median rents from March through October



SOURCE: Apartment List, citing data from the Census Bureau American Community Survey and internal listing data





# The hospitality industry Post COVID-19 in the US

## 2020

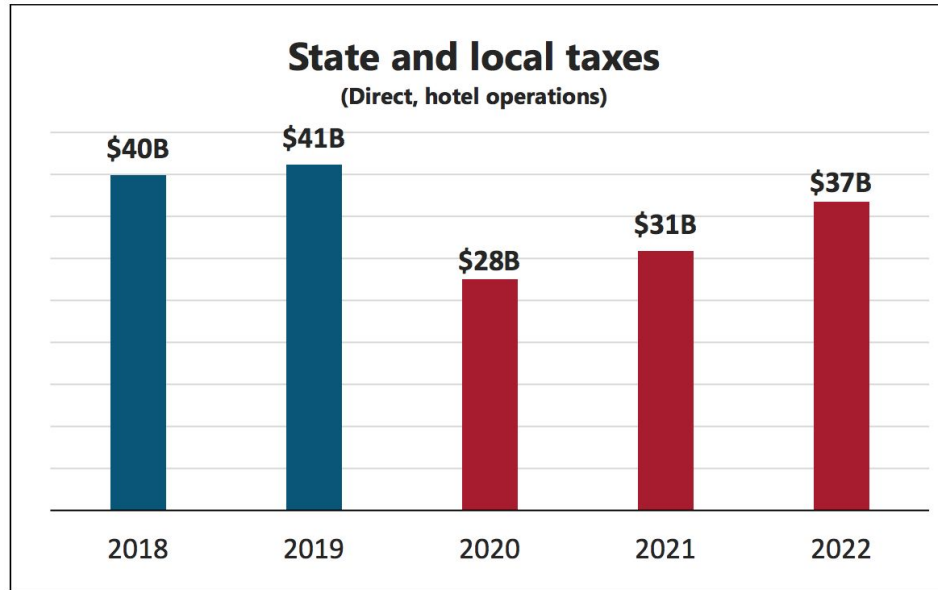
- Hotel room revenue fell from \$167 to \$85 billion
- 44% occupancy

## 2021

- People are eager to travel in 2021
- Hotel occupancy will rise to 52%
- Half of U.S. hotel rooms are projected to remain empty.
- Business travel is forecasted to be down 85%

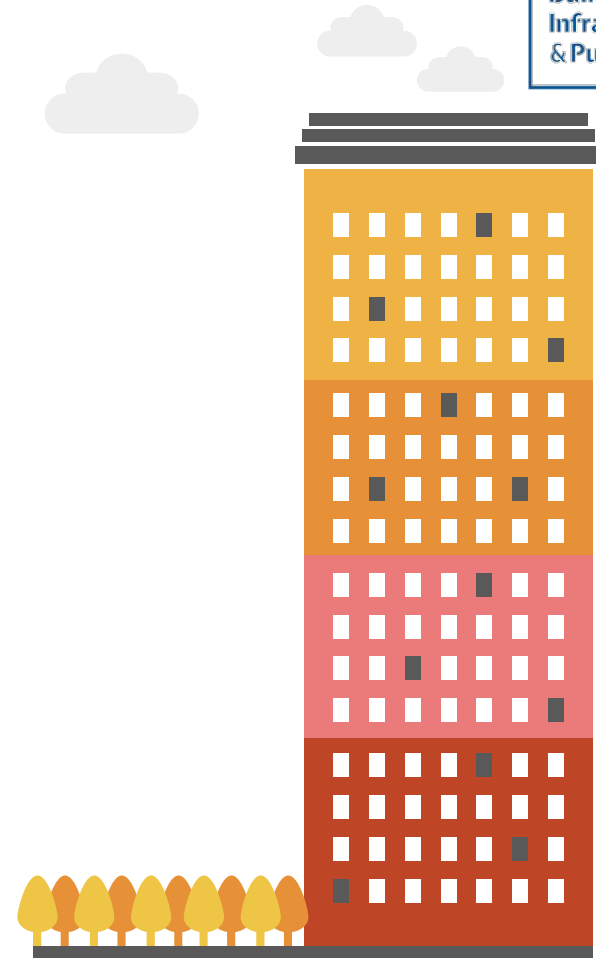


**“Direct state and local tax revenue generated from hotels fell by one-third in 2020 and will not rebound until at least 2023”**



Source: Oxford Economics

**Source:** <https://www.Hospitalitynet.Org/Opinion/4103064.Html>, 2021,  
<https://www.hospitalitynet.org/opinion/4103064.html>. Accessed 15 Apr 2021.  
Ahla.Com, 2021, [https://www.ahla.com/sites/default/files/2021\\_state\\_of\\_the\\_industry\\_0.pdf](https://www.ahla.com/sites/default/files/2021_state_of_the_industry_0.pdf).



# The Food and Dining Industry

## 2020

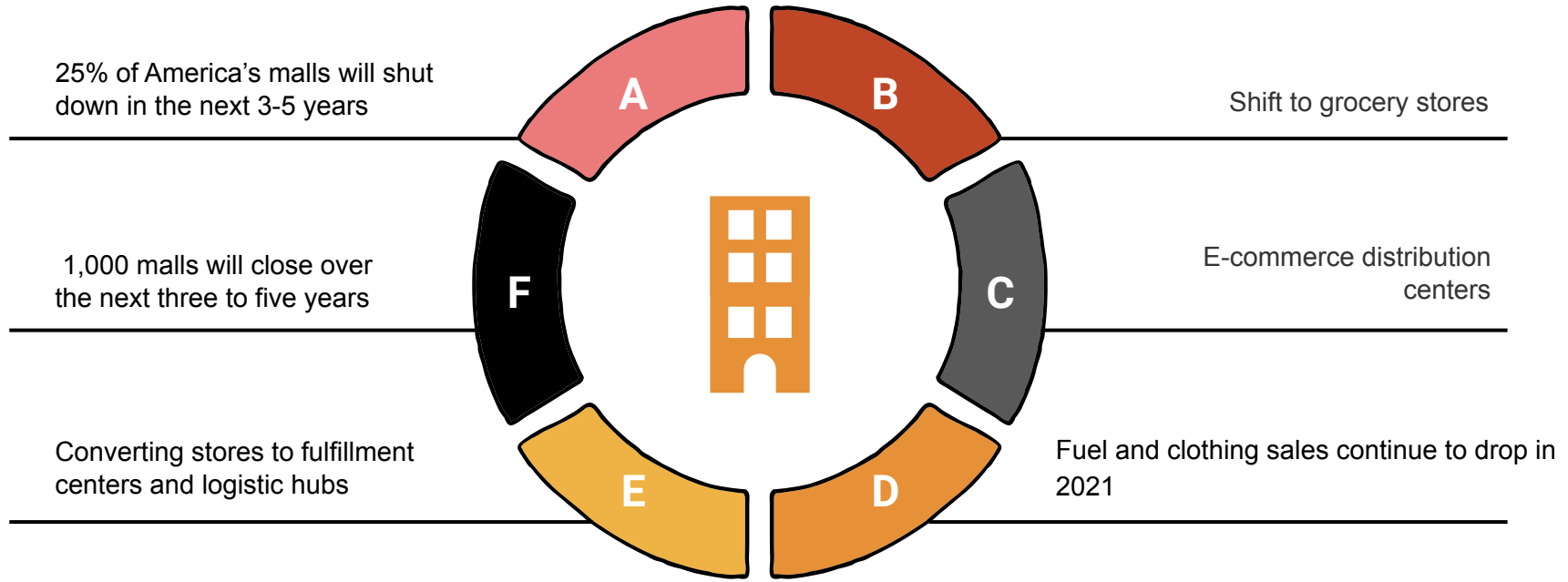
- The restaurant industry lost \$240 billion in sales
- 10% closure
- 2.5 million jobs lost

## 2021

- Sales are to increase 11%
- Shifts to pickup and delivery



# Retail Shops Post COVID-19 in the US



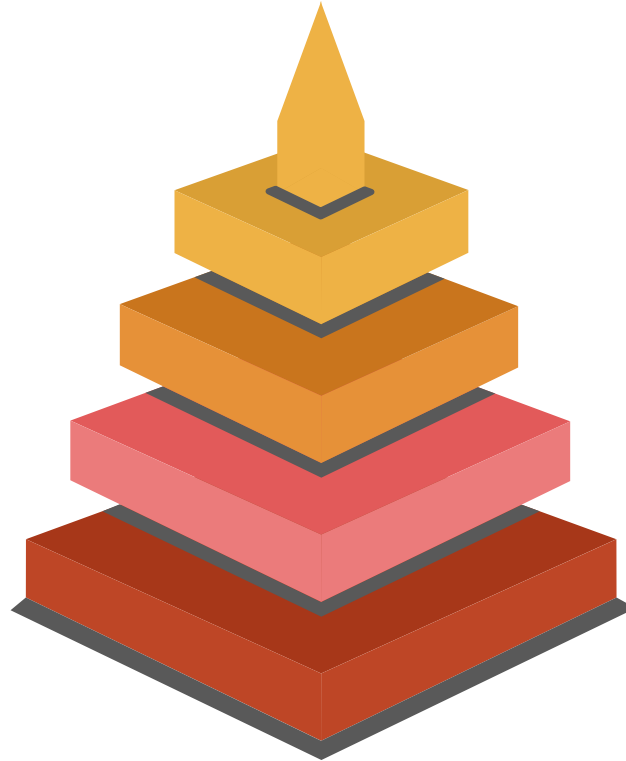
# What comes next?



Covid-19 accelerated a shift in the retail industry with a focus towards E-commerce



Brick and mortar stores were already on the verge of shutting down



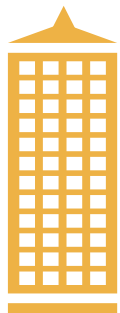
Apps like Uber eats have added the option to order groceries online



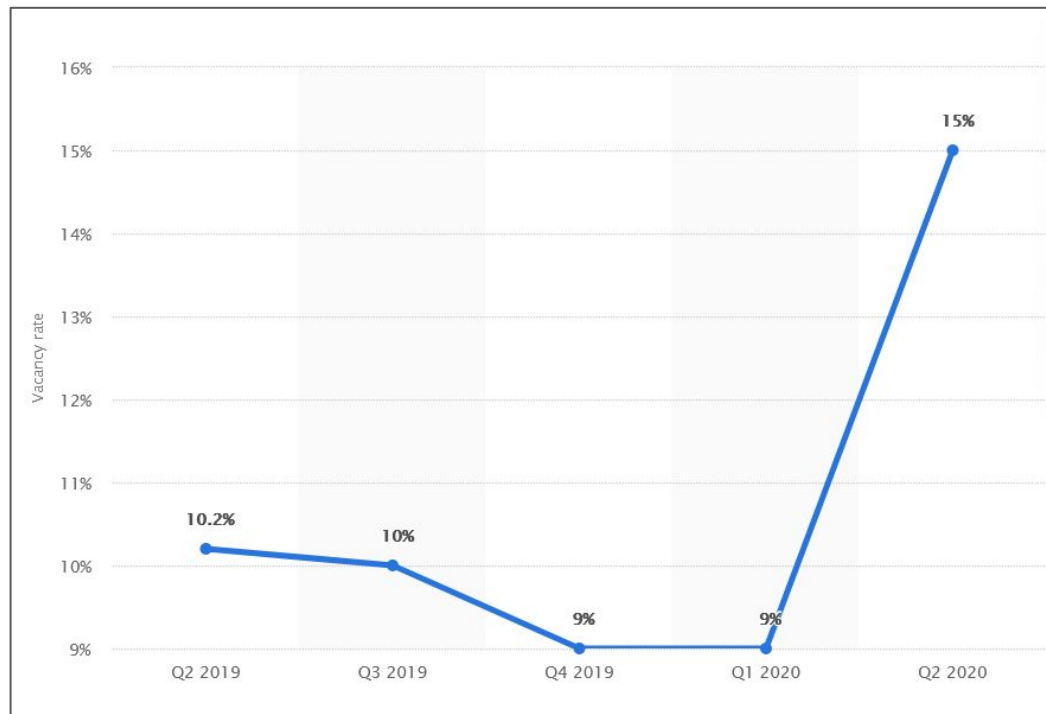
Retail stores are now reimaged

# Office Spaces Vacancy

13%



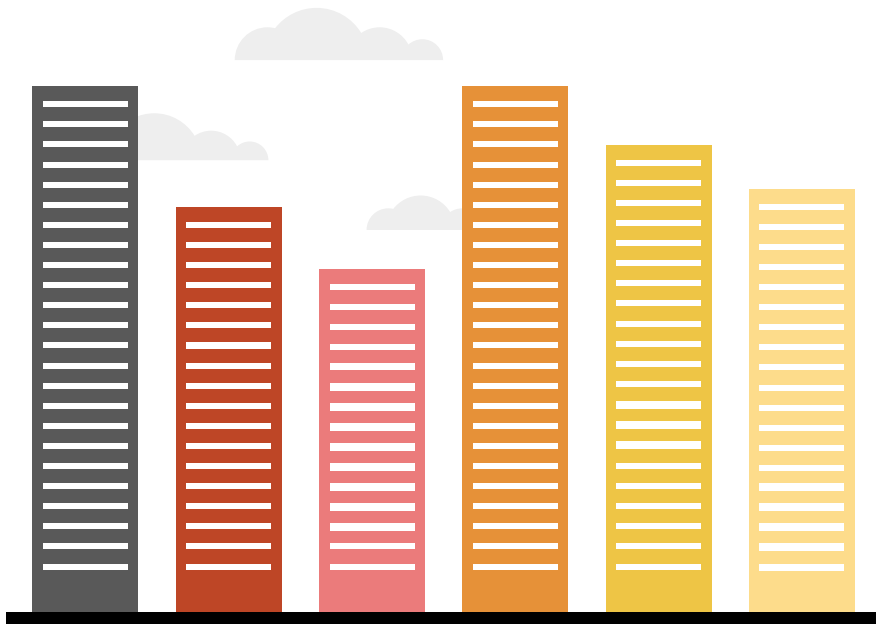
Office vacancy rates in  
the United States from  
2nd quarter 2019 to 2nd  
quarter 2020



# Empire State of Green



# The Results



Energy Reduction **38.4%**

Cost To Upgrade **13 M**

Payback Period **3 Years**

Annual Savings **4.4 M**

Reusing Existing Materials **96%**

Eliminating Carbon Emissions **105,000**  
metric tons

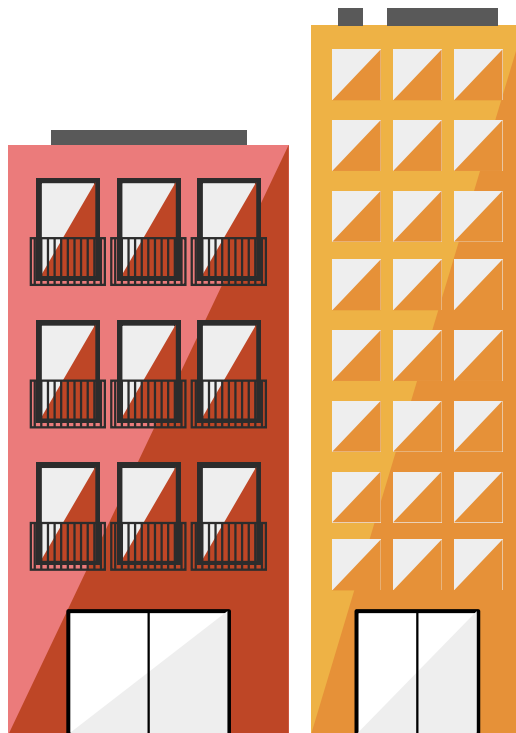


# Tax Credit and Deductions

50%

reduction in energy and  
power costs

= \$1.80 per square foot

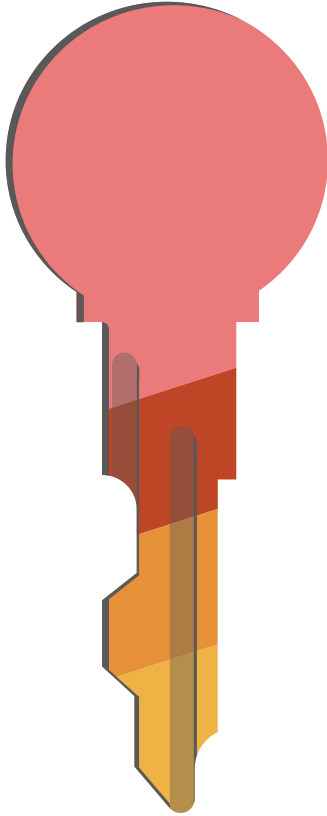


16.66%

reduction in energy and  
power costs

= \$0.6 per square foot

# Tenant's Additional Rent



and operation of the Building.

(xii) Audit fees and the cost of accounting services incurred in the preparation of statements referred to in this Lease and financial statements, and in the computation of the rents and charges payable by tenants of the Building.

(xiii) Capital expenditures made primarily to reduce Operating Expenses, landlord-favored incentive: to maintain the Green Rating or comply with the Landlord's Sustainability Practices (including without limitation the full cost, amortized over the life of the capital improvement, of capital expenditures made to reduce greenhouse gas emissions, improve air or light quality, reduce chemical usage or maintenance requirements, reduce resource consumption or otherwise achieve the goals of the Landlord's Sustainability Practices and Green Rating, or to comply with any laws or other

# The Next Step

## Base Year

Tenants pay **TWO** rents:

- Fixed Rent
- Additional Rent

For Additional Rent, NY has the concept of **Base Year**

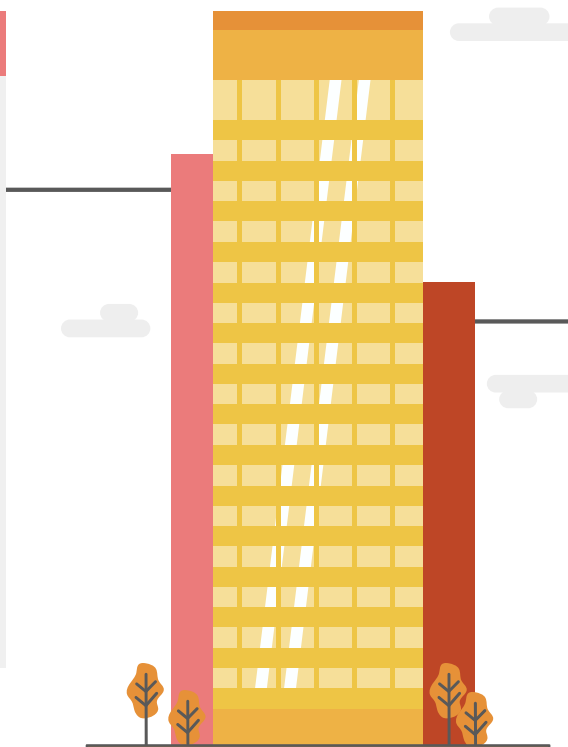
- Owner pays for the first year
- Tenant pays anything over the Base Rent from second year.

## Plan The Upgrades

Landlords want to differ this expense

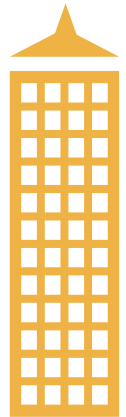
Wait until the occupancy returns back to normal.

Plan the upgrades in the meantime.



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**THANK YOU**

