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CONTACT: Courtney McKay
Phone: (202) 326-6352
Email: cmckay@boma.org

GROUNDBREAKING NATIONWIDE COVID-19 IMPACT STUDY FINDS COMMERCIAL REAL ESTATE AT A CRITICAL INFLECTION POINT

Study Reveals Tenants Still Value Office Environments, But Majority Will Reassess Space Needs

WASHINGTON, DC – BOMA International, Yardi and Brightline Strategies announced today the release of key findings from the first in a series of nationwide commercial real estate (CRE) COVID-19 impact studies. Fielded among 3,010 office space decision-makers and high-level influencers from across the country, the COVID-19 Commercial Real Estate Impact Study assessed the latest in tenant sentiments relating to the pandemic as well as its impacts on their businesses, attitudes towards the physical work environment and office space decisions going forward. The findings not only provide a clear indication of the pandemic's broader transformational effects on the office sector but, also, enable owners and operators to model the financial and operational implications thereof and proactively implement measures to mitigate risk. [Request a copy of the full study presentation.](#)

"While COVID-19 continues to be a large, disruptive force across the commercial real estate industry and its tenancy, the findings demonstrate the perceived value of office environments as a key ingredient for business success remains strong," said Henry H. Chamberlain, APR, FASAE, CAE, president and COO of BOMA International. "While study results indicate high probabilities around changes in size, use and design of office space going forward, we have also seen a significant rebound in the utility of physical work environments since the onset of the pandemic, with 74% of all study respondents affirming that in-person offices are operationally vital to their businesses, long-term growth and future success."

Key findings from the study include:

- **65% of commercial office decision-makers continue to see significant value in on-site business operations**, particularly as they relate to the three Cs: **collaboration, coaching and culture**.
- **The economic headwinds on office tenants are far reaching**, with 33% of respondents saying they have experienced at least a 25% revenue decline since the onset of the pandemic and an additional 27% saying they could experience a similar or greater decline by EOY 2020.
- **61% of all respondents report they will reassess their space needs** with 43% seeking to reduce the size of their office square footage, 24% maintaining their current footprint, 9% increasing their size, and the remainder being unsure.
- **78% approve of the response their current property owner or operator has implemented during COVID-19**, and 77% are confident they understand how to reduce and manage risk in their physical office.
- **47% of all tenants say their landlord's coronavirus response exclusively has made them more likely to renew**, the result of proactive communications and a renewed focus on safety and security. Almost half of tenant decision-makers (46%) are seeing more value in personal relationships with their property management teams.

Additional findings explore the implications of COVID-19 on rent payments, space needs and utilization, renewal and relocation likelihoods, confidence in the safety of office spaces, and return-to-work planning.

"Our collective charge was to help owners and operators better understand, and proactively address, emerging industry trends and shifts in workplace priorities resulting from COVID-19, as well as how market attitudes towards the physical work environment are changing and what issues, behaviors and perceptions are driving them," said Robert Teel, vice president of global solutions, Yardi. "Such insights are critical for owners and operators to get ahead of the COVID-19 impact curve."



Commissioned by BOMA International, the study was underwritten by a grant from Yardi, a global real estate software company, and developed by Brightline Strategies, a leading real estate research and advisory services firm. The study was fielded from Sept. 1 through Oct. 31, 2020, among 3,010 office space decision-makers and high-level influencers from across the country with respondent oversampling in the top 20 U.S. markets. The data were then segmented and analyzed by industry, company size and stage of growth, office square footage, rent rate, renewal date, asset class, location, tenant priorities and workplace preferences, as well as other demographic and psychographic occupier characteristics.

“Understanding how tenant priorities and preferences have changed as a result of COVID-19, to what extent operational models and mindsets have shifted in response to the pandemic and what landlords can do to support the ‘new normal’ are key baselines for driving sector resilience,” said Michael Broder, CEO, Brightline Strategies. “Isolating the factors which will drive office space decisions going forward not only provides owners and operators the data models to forecast future portfolio performance but, also, the actionable insight to mitigate downstream risk.”

The study’s executive summary can be found on BOMA International’s website at www.boma.org/covidimpact. To request a full copy of the report, please contact covidstudy@brightlinestrategies.com.

BOMA International, Yardi and Brightline Strategies will be hosting public webinars the week of Dec. 14 to discuss in detail the key findings from the COVID-19 Commercial Real Estate Impact Study. Members of the press are encouraged to attend. Register now for any of these upcoming webinars: [Dec. 15 @ 12pm EST](#), [Dec. 16 @ 1pm EST](#) or [Dec. 17 @ 2pm EST](#).

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Founded in 1907, the Building Owners and Managers Association (BOMA) International is a federation of U.S. local associations and global affiliates. The leading trade association for commercial real estate professionals for more than 100 years, it represents the owners, managers, service providers and other property professionals for all commercial building types, including office, industrial, medical, corporate and mixed-use. BOMA International is *the* partner individuals in the commercial real estate industry choose to maximize value for their careers, organizations and assets. Its mission is to advance a vibrant commercial real estate industry through advocacy, influence and knowledge. For more information, visit www.boma.org.

ABOUT YARDI

Yardi develops and supports industry-leading investment and property management software for all types and sizes of real estate companies. Established in 1984, Yardi is based in Santa Barbara, CA, and serves clients worldwide. The Yardi corporate motto is to take care of our clients, take care of our employees, take care of our communities, stay focused and grow. Yardi uplifts the industry and the people in it through charitable grants and philanthropic efforts. For more information on how Yardi is Energized for Tomorrow, visit yardi.com.

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Brightline is a research and advisory services firm for the high-stakes business of real estate development, marketing and management. For more than 20 years, we have helped some of the most recognized names shape their development, programming, positioning and management strategies; mitigate risk; drive demand, preference, loyalty, and premiums; and expand portfolios across markets and borders. To deliver outsized returns in today’s hyper-commoditized real estate environment, you have to know what matters to whom and how to capitalize on it in the right way to grow NOI, enhance asset liquidity and maximize investment returns. For more information, visit www.brightlinestrategies.com.