



FOR IMMEDIATE RELEASE
MAY 12, 2020

CONTACT: Liz Stein
Phone: 240-461-3053
Email: Liz@lizsteinconsulting.com

BRIGHTLINE STRATEGIES RELEASES KEY FINDINGS FROM COVID-19 MULTIFAMILY AND COMMERCIAL REAL ESTATE IMPACT STUDIES

Data Reveal Portfolio Implications for Mid-Atlantic Real Estate Investors, Developers, Owners, Managers and Economic Development Organizations Providing Insight as to the “New Normal” in the Workplace and at Home

ALEXANDRIA, VA -- [Brightline Strategies](#), a leading real estate research and advisory services firm, announced today the release of key findings from its COVID-19 multifamily and commercial real estate impact studies. The data reveal the latest in tenant and resident sentiments relating to COVID-19, how those perceptions and beliefs will impact their commercial and residential real estate decisions going forward, and the implications on space utilization, renewal likelihood, future vacancy, portfolio risk exposure, and return-to-work practices. In addition, the studies examine what business or personal continuity measures have been taken to date or are currently under consideration. Sponsored by Eagle Bank, these studies provide investors, developers, owners, managers, and economic development organizations actionable intelligence around operational and financial risks resulting from the coronavirus crisis, reprioritization of experiential and environmental programming based on recent shifts in tenant wants, needs and expectations, and tactical guidance to maximize portfolio resiliency going forward. Click [here](#) to download the full studies.

“The goal was to provide a predictive model for owners and operators to forecast portfolio performance over the next 6-18 months based on the macro and micro dynamics uncovered in these studies which were shown to significantly impact multifamily and commercial real estate businesses both positively and negatively,” said Michael Broder, president and CEO of Brightline Strategies. “These studies not only identify the critical factors impacting future occupancy but, also, provide the data to model likely outcomes across a portfolio, in a specific asset, or on a tenant segmentation basis. It was our intent to provide investors, owners and operators a level of clarity in these uncertain times.”

The commercial real estate study results indicate high probabilities around significant changes in size, use, design, and value of physical office space as well as the growing importance of landlord-tenant relationships and space-as-a-service platforms. The data also highlight the operational and financial challenges facing tenants and their near-term impact on portfolios across the Mid-Atlantic. Key findings include:

- A majority of office decision-makers indicate the combination of social distancing measures, teleworking and financial realities have decreased the value tenants place in physical office space;
- 54% of businesses say they are or could soon be struggling to pay rent, with some customer segments saying going delinquent/breaking leases is on the table;
- More than half of tenant decision-makers say the coronavirus emergency will transform workplaces as we approach a “new normal”;
- The first and most immediate change struggling businesses are considering is a reassessment of and significant reduction in space – 45% of tenants say they would reduce their square footage or make their spaces more efficient;
- 62% of tenants see less value in physical amenities after coronavirus, while others see more value in the experience and personal relationships with their property management company; and
- A reopening strategy that combines logistics like universal mask wearing and routine disinfecting, with amenities/workplace experiences that support health, wellness and employee safety is viewed favorably.



The results for the multifamily real estate industry indicate that the next few months will be pivotal for the apartment rental market. Key findings include:

- Approximately 4-in-10 renters have or are facing the potential of lost jobs, extended furloughs and/or reduced pay;
- Due to self-reported job or income losses, 36% of DC metro area renters are or believe they soon will be struggling to pay rent on time, resulting in an over-sized focus on rent relief programs;
- Though 7-in-10 renters approve of their property's response to coronavirus, many say their renewal decision is a toss-up, particularly with 41% saying they're more likely to buy a home as a response to coronavirus to gain more space and safety;
- 59% of renters are unsure if there is or has been a coronavirus case in their property, and many say their landlords are communicating too little; sharing a coronavirus response plan becomes one of the most compelling near-term steps; and
- Short-term measures like disinfectant activities, proper PPE for resident-facing staff and kiosks for convenience and food essentials resonate with residents, while longer-term activities like on-demand commercial cleaning appliances and enhanced food/package delivery stand as differentiators on the horizon.

Brightline Strategies fielded the two studies April 1 - May 1, 2020 during the peak of social distancing across the country, and as many states began phased re-openings. The commercial study collected N=365 responses from office decision makers based in the Washington, DC metro area (DC, MD and Northern Virginia) as well as Pennsylvania and North Carolina, with DC metro respondents comprising 79% of the sample. The multifamily study included N=1,100 active renter respondents from the DC metro area.

"We were pleased to be able to partner with Brightline Strategies on these important studies shedding light on COVID-19's impact on the office and multifamily sectors," said Antonio Marquez, EagleBank Senior EVP, President of Commercial Banking. "At this juncture, with so many uncertainties ahead, critical scientific models and solidly derived data can help businesses and policy leaders better understand and anticipate some of the new realities – all of which will be key to recovery for our economy and commercial real estate sector."

Brightline Strategies will be hosting webinars on each of the studies:
May 18 – COVID-19 Commercial Real Estate Impact Study Webinar
May 19 – COVID-19 Multifamily Real Estate Impact Study Webinar

To register for the upcoming webinars and/or request copies of the COVID-19 multifamily and commercial real estate impact study data presentations, please visit: www.brightlinestrategies.com/covid.html.

###

ABOUT BRIGHTLINE STRATEGIES

Born from the science and discipline of political campaigns, we believe real estate companies are candidates and every day is election day. As a leading real estate research and advisory services firm, we help companies win. For more than 20 years, we have been dedicated to providing our clients with the actionable intelligence to shape their development, repositioning, programming, marketing and management strategies; mitigate risk; drive demand, preference and premiums; expand portfolios across markets and borders; and maximize asset value across the ownership lifecycle. To deliver outsized returns in today's hyper-commoditized real estate environment, you have to know what matters to whom, why and how to capitalize on it. Brightline's predictive, primary audience research gives owners and operators that edge—to put their financial and human capital to work in the right places, in the right way to grow NOI, enhance asset liquidity and maximize investment returns. For more information, visit www.brightlinestrategies.com.



ABOUT EAGLE BANCORP, INC. AND EAGLEBANK

Eagle Bancorp, Inc. is the holding company for EagleBank, which commenced operations in 1998. EagleBank is headquartered in Bethesda, Maryland, and conducts full service commercial banking through 20 offices located in suburban Maryland, Washington, D.C. and Northern Virginia. EagleBank focuses on building relationships with businesses, professionals and individuals in its marketplace.