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NATIONWIDE COVID-19 STUDY REVEALS COMMERCIAL REAL ESTATE INDUSTRY AT A CROSSROADS

Tenants Say Office Is Vital, But Remote Work Will Continue for More Than 50% of Employees

(WASHINGTON, D.C. – June 10, 2021) The Building Owners and Managers Association (BOMA) International, Yardi and Brightline Strategies announced today the release of findings from the second in a series of nationwide commercial real estate COVID-19 impact studies. Capturing the latest U.S. tenant sentiments as COVID-19 cases decline and vaccinations accelerate, the [*Q2 2021 BOMA International COVID-19 Commercial Real Estate Impact Study*](#) reveals that optimism around the return to the office is growing, mediated by tenants' increasing clarity around the "new normal" of office and remote work practices.

More than 3,000 commercial office space decision-makers were surveyed. While a large majority of tenant decision-makers still see office space as being vital to their business operations, tenants recognize a shift in pre-pandemic practices. Participants projected, on average, that fewer than half of their employees will work full-time in the office over the next 12-18 months.

"COVID-19 has created an inflection point across the commercial real estate landscape, and these study findings show the road ahead is going to pose different challenges and opportunities," said Henry H. Chamberlain, APR, FASAE, CAE, president and COO of BOMA International. "The value and vitality of offices remain strong, and there is also tremendous opportunity for owners and operators to work collaboratively with their tenants on investments in building infrastructure, amenities, space designs and other features to create healthy, safe and productive workplaces."

Among the study's key findings are:

- **65% of respondents feel the United States is heading in the right direction on COVID-19 management** (up 28% from the prior study in Q4 2020).
- **78% of respondents affirm their in-person office is vital to operating their business** but indicate that the future use of their space will change.
- **Tenants anticipate a clear shift toward hybrid work options**, as respondents reported the average amount of people working in the office full time would decrease from 70% prior to the pandemic to 43% over the next 12-18 months. Notably, they predict only about a quarter of the workforce (26%) will telework full-time/most of the time.
- The number of respondents across tenant sizes reporting they will reassess space needs (56%) has decreased 5 points since the prior study, while those responding unsure has climbed to 37%, up from the 19%. Among those respondents reassessing space, 48% would reduce their square footage, amounting to 37% of all office tenants surveyed (down from 43% in Q4 2020).
- **Nearly 2/3 of tenants (64%) believe owners and operators should make additional space investments** in either health and safety infrastructure and technology to potentially mitigate future health emergencies or wellness amenities, programming and platforms that support tenants' efforts to increase organizational culture, connectivity, productivity and well-being.
- **86% approve of their property management company's response to COVID-19** so far (vs. 77% in Q4 2020), demonstrating that commercial property owners and operators are delivering strong value to tenants in actively responding to the pandemic.

Additional findings explore the implications of COVID-19 and increased vaccination rates on economic/business impacts, space utilization, the likelihood of lease renewals and relocations, confidence in the safety of office spaces and office return plans.

"More than just capturing important sentiments on office space perceptions today, our major goal in this study is to inform industry stakeholders on what lies ahead and how we can all help shape it," said Robert Teel, vice president of global solutions, Yardi. "From its impact on technology and infrastructure to common spaces and amenities, COVID-19 is an accelerant of 'the future of the office.' These survey results reveal what tenants find of greater value moving forward and the importance of collaboration between owners, operators and industry service providers."

"More tenants embracing telework is an opportunity to craft office space that fosters increased in-person and remote productivity while serving as the hub for enhanced culture, communication and collaboration," said Michael Broder, CEO of Brightline Strategies. "When it comes to vitality and sustained utilization of in-person workplaces, this study helps us identify the 'persuadables' and provides owners and operators with the tools to engage them."

The BOMA International COVID-19 Commercial Real Estate Impact Study was underwritten by a grant from Yardi and developed by Brightline Strategies. This is the second in a series and was fielded March through May 2021 among 3,115 office space decision-makers and high-level influencers from across the United States with respondent oversampling in the top-20 U.S. markets. The first survey was fielded from

September through October 2020 among 3,010 office space decision-makers and high-level influencers across similar markets. The data were segmented and analyzed by industry, company size and stage of growth, office square footage, rent rate, renewal date, asset class, location and other key demographic and psychographic tenant characteristics.

The executive summary of this nationwide study can be found at 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 live online information sessions exploring the results of this study in the coming weeks. Members of the press are encouraged to attend. Details and registration information will be shared on boma.org/covidimpact.

About BOMA International

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.

About Brightline Strategies

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.

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