



## **BOMA New York hosts panel: Multi-Market Tenant Re-Entry**

July 06, 2021 - Owners Developers & Managers

New York, NY As the economy opens across the country, property managers face new challenges stemming from the pandemic shutdown. Decreases in lease income, air quality concerns, and signage are just some of the issues that call for immediate action.

On June 15th, the very same day that Los Angeles fully lifted its COVID-19 pandemic restrictions on public gatherings, BOMA Greater Los Angeles collaborated with experienced property managers from five U.S. markets to take part and share their unique challenges and solutions in a virtual panel discussion hosted by Michele Ware, president of BOMA Greater Los Angeles.

The event, held in partnership with BOMA Locals across the country, was attended by over one hundred attendees who heard from owners and managers at various stages of reopening their properties.

Joe Markling, managing director & head of real estate operations, USAA Real Estate (BOMA San Antonio), moderated the lively discussion that covered steps to prepare your building for re-entry; how to make tenants feel safe upon their return; and the challenges that may arise during various stages of re-entry.

The panelists included Lynne Miller, regional vice president, Charles Dunn Real Estate Services, Inc. (BOMA Greater Los Angeles); Jennifer Majerus, vice president/general manager, JLL (BOMA Chicago); Todd Mitchell, director of property management, Bridge Commercial Real Estate (BOMA Georgia); Scott Becker, associate director, CBRE Property Management (BOMA Houston); and Mark Landstrom, general manager, Tishman Speyer (BOMA New York).

To begin, the panelists each described one significant step they have taken to prepare for the return of office workers and other building tenants including retail businesses. Landstrom said that Tishman Speyer prioritized tenant communications throughout the pandemic. Becker described the importance of maintaining MEP systems, and was echoed by Majerus who cited air quality. Mitchell underscored Landstrom's point by stating, "We placed a high premium on 'human-to-human' communication. We urged our tenants to share their concerns and their stories. We did tons and tons of that."

All the panelists agreed that respecting tenant concerns was paramount, with Majerus adding, "We

wanted to make tenants comfortable when they returned.” Landstrom said that his firm retained hospitality industry experts to create a ‘Disney-like environment,’ even installing soft seating in building lobbies.

Becker said, “One of our biggest challenges is our city’s service industry labor pool,” citing a shortage of on-site and nearby food service establishments. Majerus said that JLL formed a national task force in response to COVID-19, and one of the tools that came out of it was the tenant handbook template for the post-COVID workplace, followed up with town hall-style meetings with tenants.

Nonetheless, re-entry has its unique challenges. Miller said, “Some tenants don’t understand what we can do and not do. Some tenants will insist on allowing only one person at a time in an elevator, then others will complain about it.” Becker was more upbeat, saying, “We noticed that people were figuring a lot of this out on their own, like elevator occupancy.” He also was happy that tenants were willing to accept daily health screening for re-entry on a “red light/green light” basis.

Becker added that CBRE launched its tenant app and enhanced experience services called CBRE Host a few years ago, but they have recently received much more interest in the products as investors look to welcome back tenants to their buildings. Property managers can directly communicate with tenants through the app to discuss important building procedures and protocols.

The panelists agreed that mask policy compliance was an issue, especially if the building’s policy was different from a tenant’s policy. Miller said, “We have signage all over the place!” Majerus added that at her building they initiated a “lead by example” protocol in the hope that positive peer pressure was effective—especially when building occupants and visitors were greeted by security personnel who were wearing masks.

Cleaning protocols were also a topic of discussion. Panelists agreed that ASHRAE standards were acceptable guidelines, with most panelists stating that their organizations were embracing higher standards of cleaning, albeit “with a somewhat lighter touch.” Mitchell underlined that point, saying, “Don’t back off on sound practices. Washing your hands isn’t a bad thing.”

Moving on to occupancy rates, Mitchell said that the leasing picture in Atlanta showed “nothing dramatic,” and that 2020 occupancy was greater than 2019, and that 2021, so far, has “good velocity.” He added, “The larger tenants are taking it slow.” Landstrom said, “Retail is still hurting,” but that other small to medium size tenants were poised to take advantage of the present soft market. He added, “New York City is back. Stadiums, bars and restaurants are packed.” Majerus said that Chicagoans, with their short warm weather season, were “rushing to get together and socialize.”

On the more somber note of evictions and late rental payments, most panelists agreed that eviction was “a last resort,” and that the court system was presently stalled and overloaded due to government moratoriums on evictions.

Miller said, “We’re trying to maintain relationships with our tenants. We tell them, ‘We want your business to thrive.’ We ask them to apply for available PPP funds. We ask them, ‘What do you want?’” Regarding forbearance on rent payments, Mitchell said, “We instituted a process to allow tenants to restructure their lease deals. Then we checked their financials. That stopped it.”

Panelists agreed that extended lease terms and additional time to make rent payments were on the table. On the other hand, according to Landstrom, “We are always looking at the (building) stack. Larger spaces are more valuable.” If, he said, a tenant was delinquent and occupied space adjoining a large vacancy, pressure would be applied.

As the panelists looked to an immediate future forecast on re-entry, Landstrom said, “In New York City, we’re having to deal with a psychological problem. Crime rates, conditions in the subway -- people have to jump those hurdles.” He urged HR professionals to change tenants’ mindset about re-entry. He said, “Individuals say they’re waiting until after Labor Day. Have lunches; encourage people to come back earlier than that.” He said that a staggered re-entry would be beneficial, as opposed to a major influx immediately after Labor Day.

On a serious note to employees, he said, “If you work at a law firm and your co-workers are in the office every day and they’re eating pizza at 10PM to get things done; and you’re staying home, you’ll be left behind.”

Overall, the consensus was sanguine: “Almost everyone wants to come back.”

To date, restrictions have been lifted in the three major US Cities of New York City, Chicago, and Los Angeles. Property Managers continue to remain vigilant and consistent with the same goal from the past 15 months, create safe spaces for tenants.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540