



CREWNY discusses what's new and what's next in CRE at February luncheon

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New York, NY Two years after the start of the pandemic, people are still making their way back into their office spaces. The pandemic created an unplanned experiment on what widespread telecommuting could be. It also forced brick-and-mortar companies to rethink how they do business to survive the shift in consumer needs.

While many businesses were, sadly, forced to shut their doors, many others could seize the opportunity to start new initiatives to serve new needs. At the CREWNY February Luncheon, members discussed “What’s New, What’s Next in Commercial Real Estate” with women pioneers from different emerging industries; at an earlier event they discussed the economic outlook for 2022 with Spencer Levy of CBRE. The panel, consisting of Kristen Barnett, Eva Shih, Charlotte Hanna and Madeline Naro, was moderated by Robyn Reiss, executive director at The Commercial Observer.

The group discussed how to evolve and make changes in order to keep their companies at the forefront of a changing industry.

“In the world of real estate, people are again looking to be forward-thinking and optimistic about the future,” said Reiss.

Reiss asked the panelists to discuss changes they have seen and implemented in the new environment. Barnett, founder and CEO of Hungry House, spoke about her experience working in the culinary industry. “[The restaurant industry] was already a risky business for chefs,” said Barnett. “Now we’re seeing the most challenging market for urban areas, where low-wage labor has to travel long distances to come to work, all the while coupling this with supply-chain issues.”

To combat this issue, Barnett created a business where chefs can launch menus with Hungry House that provide pop-ups and online channels. Located in the Navy Yard, Barnett’s business has shown how food businesses have gone through many ups and downs in the last two years. “We’re looking to inspire customers in other ways,” she said. “Restaurants are now full, and offices are coming back to capacity.”

Naro, VP of retail leasing for RXR Realty, shared a similar sentiment, stating that consumers and sellers are thinking about spaces differently and that the F&B coming onto the scene right now are more seasoned players who know what to ask for when signing new leases. “The new asks may be

[for] secondary doorways and [ways] to not disrupt traffic on the sidewalk that got utilized during the pandemic,” Naro said.

With new lease signers finding deals, many companies are finding themselves on the other end of the leasing world, where businesses are stuck in their old leases. Shih, managing director at T3 Advisors, expressed that this will call for landlords to reutilize their space and find cost-effective ways to support different types of working models. “Landlords are now innovating spaces to attract new tenants and retain tenants, too,” Shih said. “Right now, leases are flexible, and are starting to see building amenities designed to attract new—and maintain current—tenants, but this pendulum will soon swing back toward the landlord’s side.”

Hanna, founder and CEO of Community Growth Partners, discussed the new and upcoming market of cannabis. While her niche market didn’t change drastically during the pandemic, she shared the usual struggles of trying to find either a reliable lease or buying a property outright and how the licensing and permitting process becomes easier if the building is owned.

Brick-and-mortar shops are also extremely important in the cannabis industry, she said. When searching for locations, Hanna looks for areas adjacent to where people run their errands, like grocery and liquor stores, to integrate as a new gourmet experience. Looking to the future, Barnett is seeing a reemergence in investing in the storefront. Many locations have been underutilizing spaces, both in restaurants and retail, referring to this phenomenon during the pandemic as a “ghost kitchen industry.” Consumers are again looking for experiential locations and coming back to a blended approach.

Naro pointed out that New York shoppers are not inherently loyal. They need to have some identity with a brand to create a personal connection. This generates a need to create a lasting first impression and transform retail spaces to create a memorable experience. “We are seeing this with individuals having a changing lifestyle shift from Manhattan to the outer boroughs,” she said. “After all, you only have one shot at making a good first impression.”

Naro and Shih both said that the partnership created between tenants and landlords during the pandemic was impressive but that they saw both good and bad “marriages” form during the peak COVID months.

The last point that the panel touched on was sustainability and ESG factors (Environmental, Social and Governance). Shih said that this topic is coming up more than ever.

“Companies want to make sure they are at least somewhat rated and qualified in overall ESG initiatives and health-wise,” Naro said. “We’ve seen larger companies take this on more than others, with early-stages relying more on landlords to handle, but it has become a way to get people back in the office. If the solutions aren’t offered, people don’t come back. Life-science companies, in particular, rate this as the top thing that they look for when building infrastructure.”

Spencer Levy, global chief officer and senior economic advisor with CBRE, also discussed ESG with

CREWNY earlier this year, when his outlook on the economy for 2022 was extremely optimistic.

“Rules changed during the crisis,” he said. “[Being] ‘LEED certified’ and ‘green’ are no longer gold standard. To make sure investors get a return, [companies] must shift to the new standards. How a company is structured in terms of hiring practices and support systems also has a huge impact on the real estate industry going forward.”

He went on to say that he is “in the optimistic camp” and bullish on the economic outlook. Levy, a self-proclaimed research nut who reads everything, consistently sees numbers that don’t point to a reduction in office space, even with workers spending less time in the office.

In contrast to before, when everyone required their own desk space, there is now a greater need for collaborative flex space. There may be a shift in how the space is used, but the same amount of space is needed. According to the numbers, this means that only about a 9 percent reduction is needed overall.

Levy also said that he expects the economy to revert to pre-pandemic levels in 2023 but is optimistic for the retail industry, with an emphasis on open-air retail, the life-science space and single-family rentals.

The overwhelming takeaway from all of the speakers was summarized well by Levy, quoting the band Asia:

“‘In the heat of the moment,’ don’t be rash,” he said. “That is when you make bad decisions. Look at the big picture, where things look optimistic.”

A dominant force for women real estate professionals in New York, CREW New York has long been a leader in networking, education and community outreach. As a chapter of the CREW Network, CREWNY provides its members with direct access to more than 12,000 commercial real estate professionals in 77 major markets.

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