



## **X-Caliber releases whitepaper on office and hotel conversions into multifamily**

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ADAPTIVE REUSE:

# Converting Underperforming Offices & Hotels Into Multifamily Communities



**X-CALIBER**

LENDING & INVESTING FOR THE GREATER GOOD

Irvington, NY X-Caliber, a national, direct commercial real estate lender focused on impact lending,

has released a whitepaper on the office and hotel -to-multifamily conversion trend in wake of low occupancies and some struggling properties.

The paper delves into remote and hybrid working trends and its impact on the office sector, supported by the latest statistics by the ULI Real Estate Economic Forecast released in May 2023. The report indicates office vacancy rates rose a total of 510 basis points to 17.3% by the end of Q4 2022. The report also indicates rates are expected to rise by another 135 basis points to 18.7% in 2023, edge up to 19.0% in 2024, and remain at that level in 2025.

With many companies not yet ramping up business travel, research supports the demand for select hotels that focus on business travelers have been significantly impacted. Research also shows that while domestic leisure travel has been ramping up as consumers engage in “revenge travel,” the number of trips has softened in recent months.

According to a survey by Avison Young, up to one-third of older office properties across North America are ripe for conversion into apartments. The whitepaper cites research that indicates ongoing struggles in the hotel sector with revenue growth coming from rising room rates versus new supply.

The whitepaper explores both the opportunities and some of the challenges of office and hotel to -multifamily conversions, including zoning, construction costs, and location, and provides several case studies that show successful projects and conversion across the nation.

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