



Industry Experts on The State of CRE During a Pandemic

On June 11, 2020, Andrews Myers, PC was an event sponsor of the *Houston Business Journal's The State of Commercial Real Estate* webinar event, where local industry experts provided their insight into market trends and the pandemic's impact to the commercial real estate industry.

The distinguished panel featured Ric Campo, Chairman and CEO of Camden Property Trust; Pat Duffy, President of Colliers International (Houston); Brian Malarkey, Executive VP and Director of Architecture at Kirksey Architecture; and Janice Walker, Senior Managing Director of Fund Management, COO of Hines Global Income Trust, and President of HMS Income Fund, Inc. and Hines Realty Income Fund.

With the ever-evolving nature of the pandemic, and the unprecedented effect it has had on nearly every industry worldwide, each member of the panel provided an insightful look into the real-time changes they are witnessing in their respective industries, and what the future has in store once we have weathered the storm. They touched upon many topics that could be interesting to Andrews Myers clients and friends. Included in the discussion were some take-aways such as:

Multifamily The multifamily industry is adapting to provide residents an environment more conducive to working from home. This includes the creation of home office areas within the apartment dwelling, as well as internet zones located in the community's common areas.

Although certain industries may struggle to maintain corporate culture as employees begin working from home, those in the multifamily industry have found themselves better prepared to face this challenge since many employees are already spread across several different apartment community locations, with fewer employees working in a centralized corporate location.

Within those apartment communities, Camden has been able to adapt despite limitations placed on staff interaction with residents. For instance, Camden saw a 50% increase in work orders in that first month of the quarantine. It adapted by creating its own set of YouTube videos to show residents how to fix certain items around their apartment, providing residents with the tools necessary to assist with repairs without coming in contact with staff.

Managing – Leasing – Sales According to Colliers, there has been an increase in large office space availability, however the pandemic is not the sole indicator for the large supply. Companies in the energy sector, known as drivers of larger office space occupancy, have faced economic challenges long before the pandemic made landfall in the US. With these struggles come layoffs, mergers and acquisitions, all of which create a change in the demand for space.

What the pandemic has effected is the way tenants choose their space. Colliers has seen a flight towards quality space, with newer building occupancy rates exceeding those older, more outdated spaces. With the growing popularity of e-commerce, Colliers has seen an accelerated shift from the already present trend away from retail big box. Conversely, the demand for large industrial space is steadily increasing as more consumers purchase products online.

Design – Architecture When it comes to office space design, Kirksey sees a trend towards activity based design, providing employees several different spaces to work within, rather than one designated work area. With the increase in the number of employees working from home, Kirksey has found that office design must now compete with certain comforts of home, changing focus towards compelling those employees to return to the office.

To do that, Kirksey sees a trend towards a more agile design, which includes larger conference rooms, distributed break rooms and spaces that can pivot to allow for more distance between employees if necessary. Kirksey notes that although these plans are typically more expensive than traditional designs, the agile design accommodates more employees, which serves as a long term cost savings for tenants who choose to adopt such a plan.

Investments Prior to the pandemic, Hines was tracking investment risk in 450 different markets and submarkets using an extremely data driven system, tracking location, tenancy, walkability, amongst others. Since the pandemic, Hines has seen less transparency in the market due to lack of pricing knowledge, specifically regarding rent growth forecasts.

Despite these changes, Hines believes that big cities will still serve as centers for innovation; however, it expects to see a trend towards overall well-being. In certain spaces, tenants will incorporate filtration systems to promise tenants fresher air, and other amenities focused on health. Hines believes that companies will have to incorporate these “luxuries,” along with others, to retain talent and provide a level of comfort during a time of uncertainty.

You can see the full, recorded webinar on the [Houston Business Journal's website](#).

For more information please contact Matt Cire at 713.351.0362 or via [email](#).