NATIONAL LANDLORD SURVEY
March 4th - March 12th, 2021

The pandemic’s long term effects on the commercial real estate industry

Survey conducted in partnership with Real Estate Daily Beat LLC
The Real Estate Daily Beat partnered with KayoCloud, a Machine Learning technology firm, to conduct a scientific survey surrounding the pandemic’s long term effect on the industry. Respondents consisted of 164 commercial landlords and senior real estate executives, all with budgetary authority. The report found property owners cognizant of an uncertain future in the retail, hotel, and office sectors. The respondents collectively own and control 7.1 billion SF of commercial assets across the United States.
EXECUTIVE SUMMARY

- An eye opening 82% of respondents envision a hybrid-model where employees work from the office three days a week.

- 39% of property owners don’t expect the 10-year office lease to remain a fixture of the industry by September 2022.

- As it pertains to the future of co-working, 57% of respondents believe that companies like WeWork will be relevant in 10 years.

- When asked which asset class will see the most bankruptcies in the next 12 months, 48% selected hotel, 42% retail, and 10% office.

- Reflective of a new reality, 86% of respondents agreed with the statement that “e-commerce is the future of retail.”

- 53% of investors believed that industrial assets (last-mile delivery) offer the greatest value play in this environment.
Goldman Sachs CEO David Solomon described working from home as "an aberration that we are going to correct as quickly as possible," while large tech companies like Google and Microsoft will offer hybrid-models where workers are only in the office three days a week. Others like Twitter, Shopify, and Square will allow employees to work from home permanently. Which approach is most likely to reflect future behavior?
"WILL THE 10-YEAR OFFICE LEASE BE A FIXTURE OF THE INDUSTRY IN SEPTEMBER 2022?"

SPACE & FLEXIBILITY

Long-term leases provide a cushion for landlords to work through changes wrought by the pandemic. There will be a focus on collaborative space and flexibility moving forward, but offices will remain a staple.
FUTURE OF RETAIL

AGREE OR DISAGREE: E-COMMERCE IS THE FUTURE OF RETAIL?

“The pandemic has been a massive accelerant for changes we are witnessing that have been bubbling underneath the surface for years…”

JOE RICHTER, CEO KAYO CLOUD
GREATEST VALUE PLAY

WHICH ASSET CLASS DO YOU BELIEVE OFFERS THE GREATEST VALUE PLAY IN THIS ENVIRONMENT?
DISTRESSED ASSETS

WHICH ASSET CLASS WILL SEE THE MOST BANKRUPTCIES IN THE NEXT 12 MONTHS?

- Hotel: 48%
- Retail: 42%
- Office: 10%
“WILL WEWORK BE RELEVANT IN 10 YEARS?”

MODERN WORKSPACE

"The death of offices has been greatly exaggerated. Property owners believe that a hybrid model will simply demand a new standard of excellence. This represents the evolution of the modern workspace, not its extinction."
1. With just 14% of employees back in their New York area offices as of February, 89% of Manhattan landlords still expect occupancy to be under 60% in September 2021. Property owners believe that despite an increased availability of vaccinations, the return to office will be slow.

2. Average asking office rents in Manhattan currently stand at $73 per square foot. Respondents were split as to what the number will be 12 months from now: 46% believe it will remain above $68 per square foot; 41% responded that it will be above $58 per square foot; 11% answered it will drop to under $55 per SF.

3. Regarding Manhattan’s office availability rate, which climbed to 15.5%, we asked respondents what this number look like 12 months from now? 62% said it will under 15%, while 37% believe it will be over 20%.
MEDIA INQUIRIES

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KAYOCLOUD
KayoCloud is a real estate technology platform that redefines the commercial transaction process. Our transformative software and machine learning technologies have been used to facilitate over $650 million in sales volume to date.

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