Research & Forecast Report

STANDING AT THE CROSSROADS:

Office Space in the Post-COVID Era

Colliers INTERNATIONAL

Accelerating success.

July 2020

Summary of Key Findings

- The recession created by the COVID-19 pandemic is anticipated to impact the U.S. office sector in three key ways:
  - **A sharp, but shorter-lived period of negative pressure on market fundamentals than in the Global Financial Crisis of 2008.**
  - **A more lasting effect on location strategy coupled with a reassessment of floor layout and workflow.**
  - **Uncertainty about the impact of remote work on space requirements.**

Occupancy & Demand

- As organizations begin to return to the office, look for them to reevaluate their space and premises strategy. This could involve a thorough overhaul of all aspects of their portfolios, including the volume of space needed, where it is located and at what cost. In addition, **firms will explore ways to increase the flexibility of lease terms.**
- It may take several quarters, and multiple phases of reopening, before firms can fully assess their space needs. With the exception of a few markets like San Francisco and Houston, **any sizeable flow of sublease space to the market is not likely to occur until the latter part of the year**, creating a point at which a more notable uptick in vacancy may occur.
- While negative absorption was expected in the second quarter of 2020, the true test will be the second half of the year once occupiers have had time to adjust to their new work environments and more accurately assess their space needs. **Expect any decline in rents to be more prevalent in older Class A and commodity space.**
- Ultimately, office space demand will be determined by the shape and timing of the economic recovery. We anticipate a “swoosh” shaped rebound, which picks up steam in Q4 2020 and Q1 2021. However, since real estate lags the economy, **we may not see the strongest office market metrics until the end of 2021 or well into 2022.**
- **It is expected that firms will shift to a more diverse and employee choice-based portfolio.** This could involve a combination of retaining a downtown headquarters, perhaps at a reduced footprint, coupled with suburban hubs, flex space and remote working.
- The COVID-driven work-from-home experience has shown that remote work is here to stay. Both employees and their managers see the benefits. **The office will become more of a destination** that will attract workers to what the office does best: gathering, knowledge transfer, on-boarding, social interaction and connection to brand, culture and mission.

What About Flex?

- Flexible workspace operators are already focusing on de-densifying their workspaces, with many reducing the capacity of certain work areas by as much as 50%.
- Enterprise interest in flexible office space could be on the rise as firms seek shorter-term commitments during this period of uncertainty. This presents an opportunity to attract such clients for the longer term as well.
- The ability for flex providers to offer a network of local and national alternative office solutions, and not fixed-point solutions like a traditional tenant-landlord arrangement, will create more flexibility for those seeking greater ease of access and exit offerings.

Capital Markets

- While transactional evidence is limited, any price discounts to date have been in the range of 5% to 10%. **Should the recession prove to be short lived, we may be looking at more of a slowing in sales activity as opposed to a wholesale drop in pricing.** This is particularly the case with cross-border trades while travel restrictions remain in place.
- **Perhaps the greatest issue facing owners and investors is the desire for flexibility.** On an overall basis, occupiers look likely to gravitate to shorter-term lease commitments, thereby creating a shorter income stream, with implications for valuations and hold periods.
- The investment market is unlikely to reach new benchmarks until there is stabilization in the occupational market. For the immediate future, it seems that **there will be a bifurcated approach in investor strategy involving either core, low-risk, assets, or opportunistic purchases of discounted distressed properties.** On the positive side, we anticipate a low-interest environment through the end of next year.
- Given the uncertainty of global market political and economic stability, companies are beginning to investigate opportunities to relocate operations back to North America. **The workforce trend of on/near-shoring could provide benefits for office and industrial markets** as those companies looking to migrate operations from the Asia Pacific and European markets become increasingly more attractive.

U.S. Economic Forecast

Annual Percentage Changes

	2019	2020	2021	2022	2023	2024
Unemployment Rate	3.7%	9.6%	7.6%	5.5%	4.8%	4.6%
Job Growth	1.1%	-7.6%	3.6%	3.7%	1.3%	0.5%
Office Sector Job Growth	-1.7%	-3.6%	1.8%	2.7%	1.6%	0.7%
Gross Domestic Product (GDP)	2.3%	-4.2%	3.9%	3.4%	2.3%	2.0%
Consumer Price Index (CPI)	1.8%	1.09%	1.6%	1.9%	2.0%	2.0%
U.S. 10 Year Treasury	0.9%	0.9%	1.8%	1.5%	1.8%	2.1%

Source: Oxford Economics

Setting the Scene for Post-Covid Office Growth

The global COVID-19 pandemic is raising fundamental questions for the office sector, including new approaches to space utilization, the reassessment of premises strategy and the nature and scale of office demand, combined with the implications for rents and capital values. Major changes are already taking place and a key question centers around whether these will be in place for the short-term or whether we are seeing structural shifts that will persist in the post-vaccine world.

In this paper, we examine four key areas central to the office sector's future:

- **The Pandemic's Impact on Office Fundamentals** – How will the overarching economic context impact key office sector metrics including vacancy, rental rates and construction — both during COVID-19 and post-vaccine? How will this vary from market to market?
- **The New Office Space** – How will the pandemic change the office landscape? What are the factors that will drive space utilization in the near-term and will there be longer lasting effects? Will businesses migrate away from a single HQ? Will suburban office space be in vogue again? Is this the end of the open floorplan? And how does remote work/working from home factor in?
- **The Evolution of Flexible Workspace**– How will coworking firms and flexible workspace providers respond to the pandemic? Which business models could prevail?
- **Investor Sentiment in Uncertain Times** – What are the implications for office investment? To what extent could there be a lasting correction in sales volume and asset pricing and how could this impact investor strategy?

The Pandemic's Impact on Office Fundamentals

Second quarter 2020 figures will provide a more informed picture as the first quarter fully impacted by the pandemic.

Net absorption fell into the red for the first time in 10 years in Q2 2020, at negative 13.6 million square feet. At the same time, the national office vacancy rate increased by 30 basis points to 11.8%. Leasing activity has contracted sharply. In Manhatten for example, leasing activity during 2Q 2020 was 64.6% below Manhattan's five-year rolling average (9.01 million square feet) and 61.6% below the ten-year average (8.30 million square feet). Although the adoption of virtual touring is gaining traction as some landlords attempt to feature their properties in an era of social distancing, physically touring properties by and large remains impractical and firms are putting decision-making on hold until the economic and business climate becomes clearer.

As firms begin to return to the office, look for them to reevaluate their space and premises strategy. This could involve a thorough overhaul of all aspects of their real estate needs including the volume of space needed, where it is located and at what cost. In addition, firms will also explore ways to increase the flexibility of lease terms.

In recent years, office tenants have trended toward density, with lower floorspace per worker, an increase in shared office space and centralization of locations. Markets such as Boston and Chicago have seen a steady flow of suburban to downtown relocations and consolidations into new, high-end headquarters, as firms seek to attract and retain the best talent. However, **suburban offices and remote working are now increasingly being factored into the equation.**

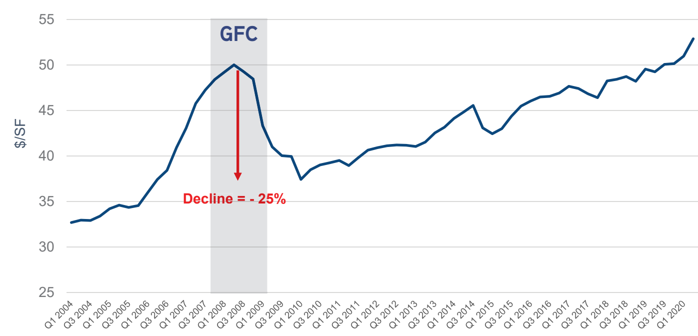
With businesses taking a wait-and-see approach to how the re-entry into the office plays out, the impact on office sector metrics will take some time to fully emerge. While absorption was negative 13.6 million square feet in the second quarter of 2020, the true test will be the second half of the year. It may take several quarters, and multiple phases of reopening, before firms can fully assess their space needs. Outside of increasing numbers forcing a return to lock down, **any sizeable flow of sublease space isn't likely to occur until the latter part of the year**, creating a point at which a more notable uptick in vacancy may occur.

By default, this sublease space should be competitively priced, creating the potential for rents to drop as landlords seek to compete.

Expect any decline in rates to be more prevalent in older Class A and commodity space. Putting these prospects into context, average Class A CBD rents fell by 25.2% during the GFC. Suburban rates were also hit, but by a much lower 9.5%.

Class A CBD Rents Tumbled by 25% During the GFC

U.S. Office Market: Class A CBD Rents 2004-2020



Source: Colliers International

What Are the Prospects for Office Demand?

During the GFC, 8.6 million jobs were lost over a 24-month period. This resulted in a cumulative 92.4 million square feet of negative office absorption in the U.S. and a rise in the vacancy rate from 12.3% to 16.0%. An additional 189 million square feet of new supply was added during this period, further exacerbating the downturn.

Currently, development activity is elevated. The amount of office space under construction stands at 156.6 million square feet. This follows the highest total on record in Q4 2019. Construction volume in the previous cycle peaked at 125.2 million square feet in Q2 2008. The current construction cycle is more prolonged with activity above the long-time average for 24 quarters to date.

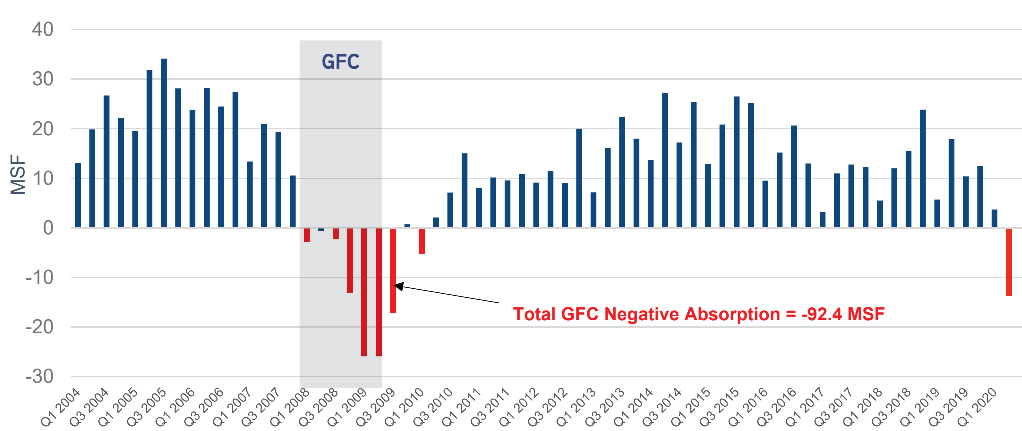
During recessionary periods, it's common to see a "flight to quality," as tenants are often able to upgrade their address with limited impact on the bottom line, a trend that could bode well for Class A occupancy. However, if leasing trends are similar to those exhibited during the GFC, **we also expect to see a higher concentration of renewals over the short run as tenants seek to "blend and extend" their current lease obligations and ride out the pandemic.** As an example, Manhattan witnessed the percentage of renewals increase from 19% in 2007 to 31% in 2009.

Market fortunes should vary dependent upon the composition of their tenant base. In terms of the typical office tenant mix, professional and business services are expected to have greater exposure to job losses than the financial and information services sectors.

IT MAY TAKE SEVERAL QUARTERS, AND MULTIPLE PHASES OF REOPENING, BEFORE FIRMS CAN FULLY ASSESS THEIR SPACE NEEDS.

Negative Absorption Eclipsed 92 Million Square Feet in the GFC. It Took Over Two Years to Offset Those Losses

U.S. Office Market: Net Absorption: 2004-2020



Source: Colliers International

All markets have been impacted by the pandemic, but tech-led markets composed of established firms with strong balance sheets, such as the Bay Area and Seattle, could hold up the best. Boston's leading role in life sciences is also a plus. This should also benefit Philadelphia and San Diego.

At the other end of the spectrum, Houston faces considerable challenges due to the collapse in oil prices. Similarly, tourism-centric markets such as Las Vegas, New Orleans and Orlando are being heavily impacted.

In recent years, we have seen the emergence of tech-led secondary "lifestyle" markets, such as Austin, Denver, Nashville and Salt Lake City. The growth of remote and "footloose" working, coupled with the high cost of living in cities such as New York and San Francisco, could further strengthen such markets.

What do analysts make of the most major markets with a diverse tenant base, such as Manhattan? One school of thought suggests that **dense urban centers, with a strong reliance upon public transport and a preponderance of office towers, may see an exodus of both firms and residents, striking a major blow to traditional CBDs.** The need for social distancing and a rise in teleworking should have some impact, but the critical mass of businesses in major CBDs such as Boston, Chicago and Manhattan should ensure that they can adapt.

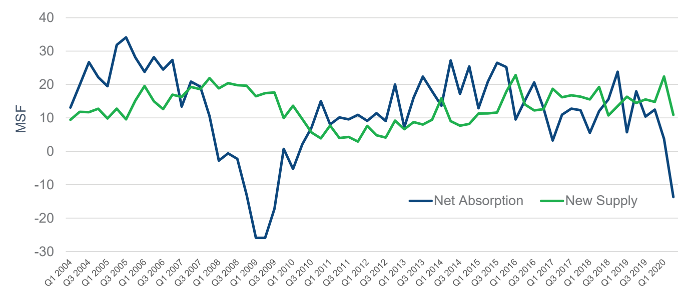
Ultimately, the downturn, then resurgence, in office demand will be determined by the shape and timing of the economic recovery. While the May job numbers caused a strong stock market surge with hopes for a quick, "V" shaped bounce-back, we are still anticipating a "swoosh" shaped rebound that picks up steam in Q4 2020 and Q1 2021. However, since real estate lags the economy, **we may not see the strongest office market metrics until the latter part of 2021 at the earliest.** Barring a second, major wave of COVID-19 cases, the drop in office demand may be greater this time around than in the GFC, but also more short-lived.

> THE PIECES OF DATA WE SEE COMING IN FOR MAY SUGGEST THAT THE NATION IS ALREADY PAST THE LOW POINT OF ECONOMIC ACTIVITY AND THINGS ARE BEGINNING TO REBOUND, MOREOVER, EVIDENCE CONTINUES TO BUILD THAT THE THIRD QUARTER WILL BE EVEN BETTER

Dr. Chris Thornberg
Founding Partner
Beacon Economics

New Supply is Outpacing Demand

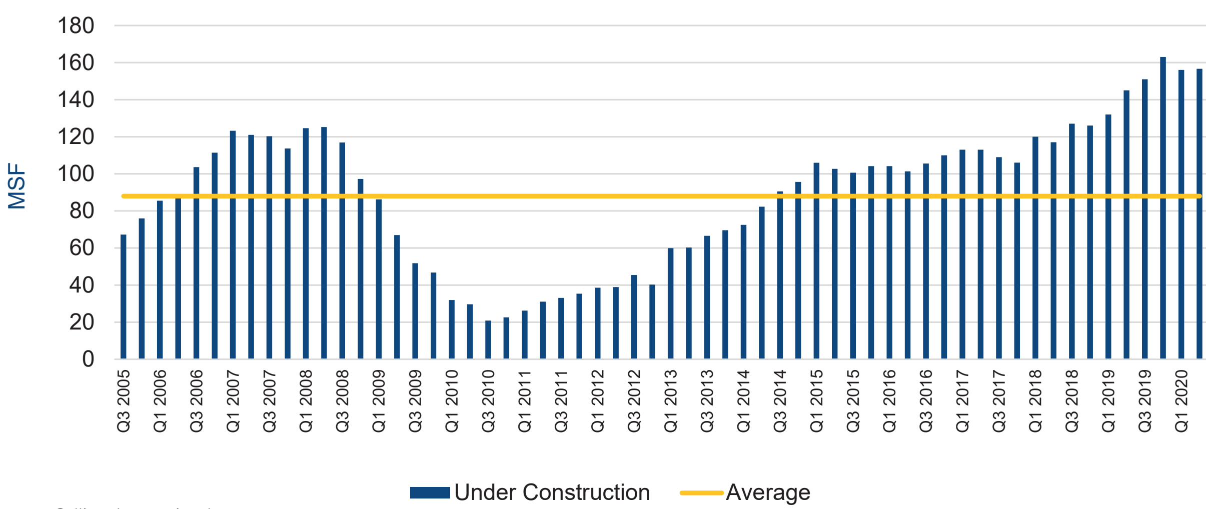
U.S. Office Market: Supply & Demand 2004-2020



Source: Colliers International

Construction Volume is Close to Record Levels and Stands at 25% Higher Than Going into the GFC

U.S. Office Market: Quarterly Under Construction Totals



Source: Colliers International

The New Office Space

Over the past decade, the office sector witnessed a shift towards open floorplans. Proponents cited increased collaboration and efficiencies by minimizing the number of private offices and reducing or eliminating cubicle partition walls. As rents continued to climb, executives looked favorably upon these operationally efficient floorplans that reduced the square footage allocation of each employee. Businesses were able to increase their headcount without increasing, and often reducing, their space requirements, and as a result, were able to keep their occupancy costs under control.

Over the past several years, many of the downtown areas across the nation thrived as they checked multiple boxes for HR and real estate teams. However, some of the benefits that downtown properties offer could be viewed as a disadvantage during this pandemic.

Mass Transportation: While essential for many, mass transportation could become a detriment as crowded subways and buses provide significant health risks. Furthermore, a lack of parking (not to mention congested streets and highways) constrains the option of driving to work. Rideshare services present an alternative option for travelling to and from work, but could be overly expensive, unless subsidized by employers.

Social Distancing: Skyscrapers will face logistical and operating challenges while social distancing remains in place. Limited elevator capacity due to distancing requirements, for example, will considerably lengthen the amount of time it takes to get to and from an employee's workstation as they enter and exit the building. As a result, just as the office sector moved toward open layouts and shared workspace after the last recession, will the current crisis lead to another shift?

The Vaccine Effect on the Long-Term: As with the overarching economic framework, the extent to which locational and office usage changes take place will be strongly influenced by the length and scale of the pandemic. Once a vaccine is in place and enough are immunized, will it be a return to business as before or will some measures, such as social distancing, remain in place?

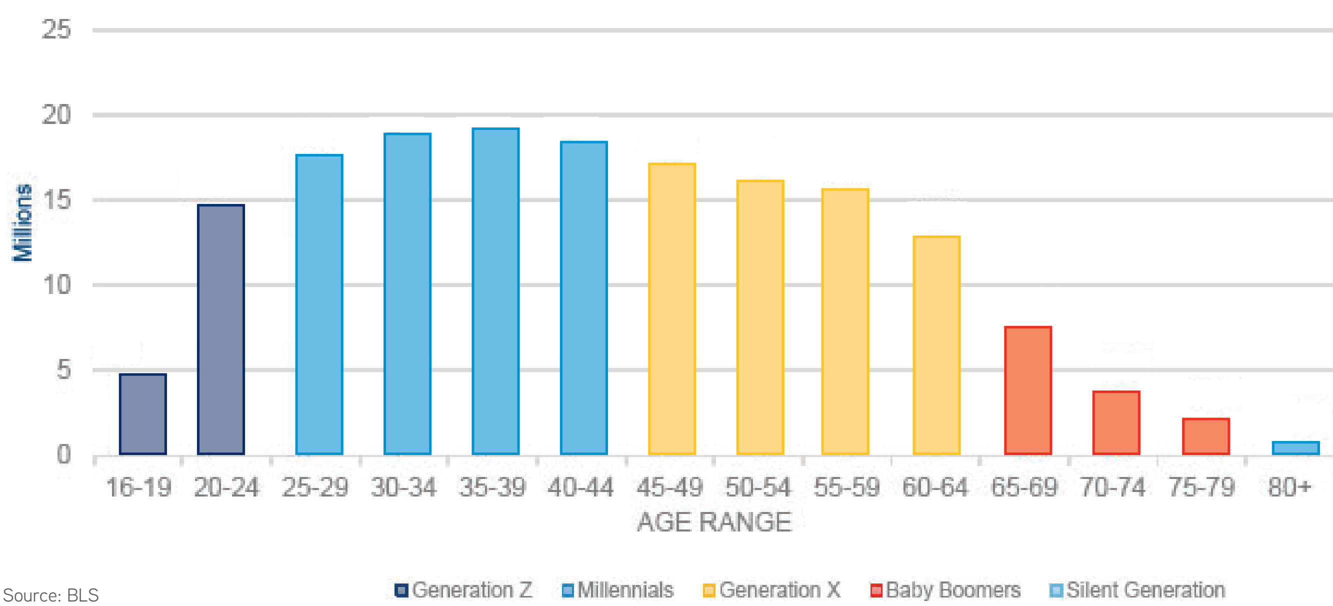
It is expected that some firms will shift to a more diverse and employee choice-based portfolio. This could include remote working, flex space and a hub-and-spoke model where the tenant retains their downtown headquarters, perhaps with a reduced footprint, coupled with suburban satellite offices. Suburban offices offer a shorter and primarily car borne-commute often have larger floorplates and are predominantly low-to-mid-rise in nature, thereby making movement around the building easier than in a downtown tower. Parking is also far less of a concern in these environments.

In recent weeks, several high-tech giants and other notable firms have publicly announced that a greater percentage of their workforce will work from home going forward. Twitter told its employees that they can work from home permanently, Facebook announced that up to 50% of its workforce could be working from home over the next 5-10 years, Morgan Stanley and Nationwide Insurance indicated they will reduce their office footprints and Shopify CEO Tobi Lutki announced a move to permanent remote work, commenting that "office centricity is over."

However, after more than 30 years of operating in private offices, Microsoft appears to be going in a different direction and is transitioning towards a collaborative work environment that will feature large, shared rooms called "neighborhoods" that are designed for about a dozen teammates.

Millennial Talent Will Dominate the Workforce by 2025

Projected 2025 U.S. Labor Force By Age (Millions)



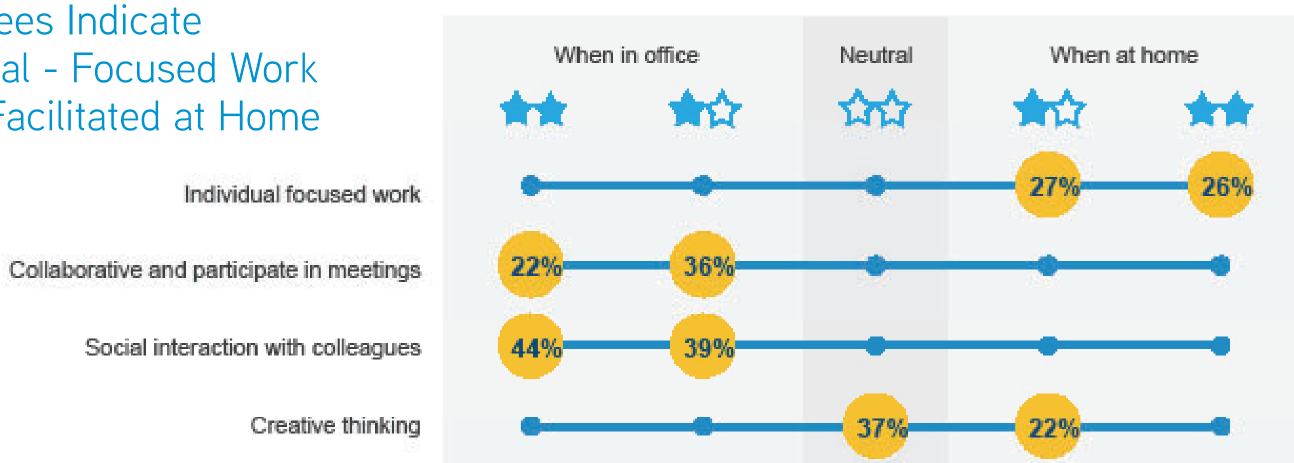
Source: BLS

How are workers reacting to working from home? In a recent Colliers International survey of more than 4,000 office-based professionals spanning more than 25 countries, results concluded the following:

- 80% would like to work remotely one day a week or more after the COVID-19 crisis is over.
- 71% of people who had never worked from home before COVID-19 would like to work remotely at least one day a week in future.
- 54% of those surveyed believe their productivity has not changed because of working from home, and 24% believe their productivity has increased. However, 22% said their productivity has declined.
- 76% indicated that their work/life balance has improved since working from home for more than four weeks.
- 53% believe they can perform individual, focused work better or much better working from home than in the office, but 58% believe they are better able to collaborate from the office compared to the home.

In a recent Gensler survey regarding working from home, 74% of respondents stated that "the people" are the thing they miss the most about the office. This includes scheduled meetings, socializing with colleagues and impromptu face-to-face interactions.

Employees Indicate Individual - Focused Work Better Facilitated at Home



Source: Colliers Occupier Services Survey

Some functions will remain face-to-face, such as on-boarding new employees, learning, knowledge transfer, the retention of institutional knowledge, connection to brand and the interpersonal social aspects that are the glue of any corporate culture. There are indications that the workplace will likely evolve to be about gathering and connection to company culture and mission. And when employees want to focus, working from home will be the logical option.

Although business leaders have developed transition plans that consist of phased openings with variable work schedules to comply with social distancing guidelines, many employees will return to the office with great trepidation, especially if they are dependent upon public transportation, while others will continue to embrace working from the safety of their homes.

Currently, these return to work plans and policies are largely theoretical. As cities and states move through the various phases of the reopening process, the effectiveness of these plans will be put to the test as greater numbers of workers have the option to return to their offices. As restrictions meant to curb the spread of COVID-19 are lifted, the rapid rise in cases in Arizona, Florida and Texas over the past month serves as notice that just because we are experiencing social distancing fatigue, the coronavirus pandemic is far from over.

The impact the pandemic will have on the office sector continues to unfold. The longer the pandemic lingers, the greater the likelihood that many of the required behavioral changes that were perceived to be temporary, such as social distancing, online meetings and working from home, will become more entrenched into the culture of the office.

Where we go from here will mainly depend on whether the recent spikes were localized incidents or a harbinger of a more systemic problem. Should we reach a point where the current wave of infections or even a potential second wave expected later in the fall reaches a level that warrants a return to the stay-at-home measures experienced a few months ago, the impact on the economy could be more far reaching. A second lockdown, or even partial lockdown, could cause fearful consumers to defer spending. This could lead to more business failures and layoffs, thereby pushing this dramatic but short-lived pandemic-led recession into a more prolonged economic downturn.

> NOW MORE THAN EVER WITH OUR CORPORATE AND INSTITUTIONAL CLIENTS, FLEXIBLE WORKSPACE IS A HOT BUTTON TOPIC. TENANTS ARE EVALUATING THEIR OPTIONS FOR SPACE WITH A LENS TO REDUCING LIABILITIES AND LONG-TERM OBLIGATIONS WHILE GENERATING COST SAVINGS.

Kevin Morgan
President, Northwest Region | USA Brokerage

The Evolution of Flexible Workspace

Demand from coworking and flexible workspace firms, which had been a key driver of leasing volume across most of the leading office markets the past three years, has all but dried up. There is more than 60 million square feet of such space across the leading 30 U.S. office markets, with Manhattan accounting for nearly 25% of it. The core coworking model is being impacted as clients, many of whom are on short-term agreements of as little as 30-90 days, cease to use such facilities. Accordingly, some operators are facing financial challenges as their client base dwindles. This could lead to some business failures, merger activity and discounted pricing.

The future of flexible workspace will vary by the nature of the operator, its business model and client base. There are some obstacles to face; most notably, **how does a sector with a central selling point of enabling interaction and collaboration respond to the need for social distancing and new safety requirements?**

Operators are already focusing on de-densifying their workspaces, with many reducing the capacity of certain work areas by as much as 50%. While this may help shore up demand for flexible workspace, profitability may be a challenge during a recessionary period where firms are seeking to reduce costs and there will likely be downward pressure on occupancy costs.

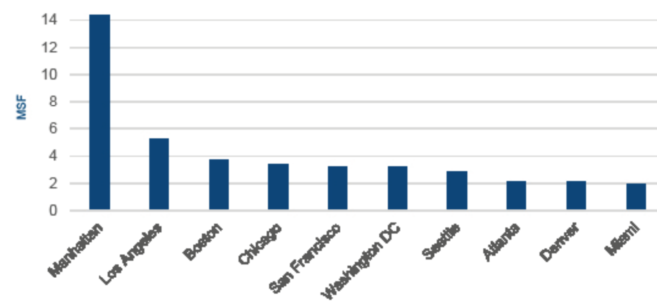
However, there are also opportunities at a time when the whole concept of office utilization is under the microscope and user flexibility is key — both in terms of space usage and the cost and length of occupancy agreements. In a recent **Colliers Occupier Services poll, 44.5% of respondents indicated that more flexibility will be built into leases over the next year.** The second most cited change envisioned over the next year would be more "flexible workspace" agreements.

There are three main areas of opportunity:

1. The provision of flex or "on demand" space
2. The growth of enterprise clients
3. A shift to more management agreements and landlord/tenant partnerships as opposed to operators taking a long-term direct lease that increases both risk and cost

Manhattan Accounts for Nearly 25% of Flexible Workspace in the United States

Leading Markets for Flexible Workspace



Source: Colliers International

Occupier Services Poll Question

"One year from now and beyond, what is the most significant change that you envision to common transaction structures?"

POLL RESPONSES	
More flexibility built into traditional leases, but not material change to length of lease term	**44.5%**
More "flexible workspace" agreements (coworking, serviced offices, etc.)	**26.6%**
Shorter terms for traditional leases	**19.8%**
A change not listed here	**3.7%**
More leasing vs. owning	**3.0%**
No material change	**2.4%**

Source: Colliers International

Survey: April, 2020

On-demand space meets the needs of employees or small groups who neither prefer to work from home nor commute to a company office. These **dispersed workspaces, combined with traditional/ leased offices, will enable occupiers to employ a network-based approach to providing multiple workplace options for employees.** Be it an individual or a corporation, clients will need to feel safe using these on-demand spaces, which will require operators to adopt the highest health and safety standards. These will include heightened levels of cleaning and sanitization, ventilation and social distancing.

> WITH MORE OPTIONS TO INCREASE FLEXIBILITY, OCCUPIERS CAN NOW REBALANCE THEIR PORTFOLIOS TO ACCOMMODATE NEWLY DISTRIBUTED WORK PATTERNS. THIS COULD INCLUDE A BLEND OF REMOTE, FLEX, TRADITIONAL OFFICE LEASING AND OWNED LOCATIONS IN ORDER TO OPTIMIZE EMPLOYEE ENGAGEMENT WHILE GENERATING COST SAVINGS.

Chris Zlocki
EVP - Enterprise Client Experience, Occupier Services

Flexible workspace is here to stay, but the way facilities are structured and operated will continue to evolve. Operators are expected to increasingly partner with landlords rather than taking a traditional lease with its attendant financial burdens. In addition, we foresee more landlords beginning to offer their own flexible workspace options.

Whether it is with a landlord or a provider, companies are looking for a single point of contact that can address all their occupancy needs. This is particularly true of enterprise clients, the growth of which is fundamental to the future evolution and success of the flexible workspace industry. Enterprise interest in flexible office space could be on the rise as firms seek shorter-term commitments during this period of uncertainty. This presents an opportunity to attract such clients for the longer-term as well.

Investor Sentiment in Uncertain Times

The U.S. office investment market was on solid ground prior to the outbreak of the pandemic. Office sales volume was up in 2019, posting a marginal increase over the 2018 total. Suburban markets and secondary metros continued to see the greatest share of capital being placed as buyers continued to chase yields.

The first signs of a COVID-19 driven downturn were seen in March with a 20% decline in year-over-year U.S. office sales volume. This rate of decline paled in comparison to April, where year-over-year sales volume was down by 60%, to $3.5 billion and May year-over-year figures posted an 82% decline to $2.3 billion. Not surprisingly, transaction activity has been falling at a rapid clip, with the monthly number of office deals declining at a 34% average pace since January 2020.

With falling rents likely in certain segments and locations, this creates additional ramifications for capital values and investor strategy. As a result, deals that are being struck are typically of a smaller lot size to minimize the negative impact of any fall in valuation.

While transactional evidence is limited, any price discounts to date have been in the range of 5% to 10%. Average office values fell by 44% during the GFC and it took more than six years for pricing to fully recover, as evidenced by the graph above. Should the COVID-19 recession prove to be short-lived, while admittedly deep, we may be looking at more of a cessation in sales activity as opposed to a wholesale drop in pricing. This is particularly the case with cross-border trades while travel restrictions remain in place.

For several years, capital placed in suburban assets has outpaced investment in CBD properties. Will this increase if occupiers move to a more diversified occupational strategy? A key issue here will be the extent to which businesses view the impact of COVID-19 on the nature and location of work as a short-term hiatus or as a driver of lasting occupational changes. Will firms be taking short or long-term leases in suburban properties, and to what extent does this present an attractive income stream?

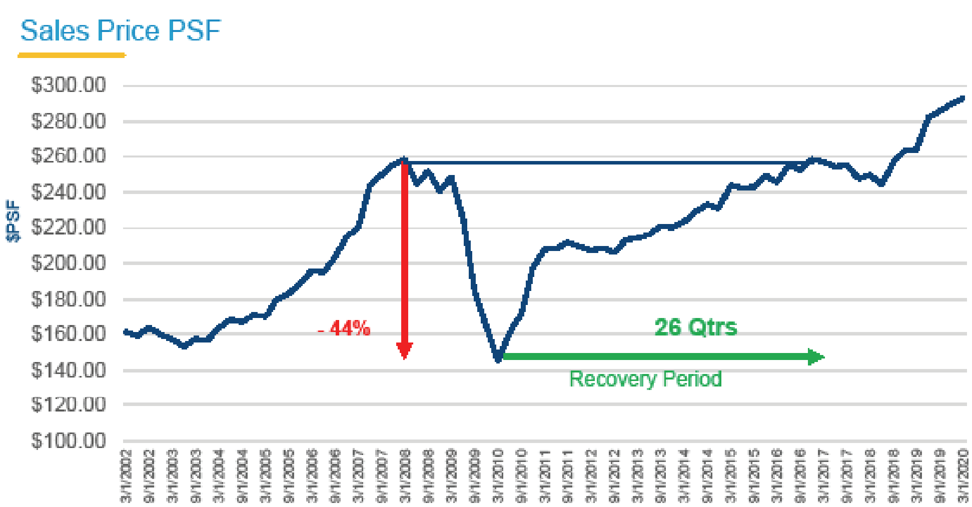
As noted earlier, **CBD rents are usually hit harder in a downturn than their suburban counterparts** which, if accompanied by rising suburban demand, should serve to narrow the yield differential between the two. Owners able to heighten the work experience in suburban properties through an injection of capital are set to benefit.

Where does this leave CBD assets, particularly office towers? Due to a combination of building operational issues, such as elevator efficiency under social distancing, space utilization, worker density and employee comfort with using public transport, we are left in a “wait and see” period. The ability to provide the highest-quality work experience and wider environment points to the longer-term durability of downtown assets, as does the concentration of peer businesses and clients, and the desire for face-to-face interaction.

While suburban and downtown properties have their own unique challenges, perhaps the greatest issue facing owners and investors is the desire for flexibility. On an overall basis, **occupiers look likely to gravitate to shorter-term lease commitments, thereby creating a shorter income stream,** which could have ramifications for valuations and hold-periods.

Average Pricing Dropped by 44% During the GFC. Values Took Over Six Years to Recover

U.S. Office Sector: Average Pricing 2002-2020

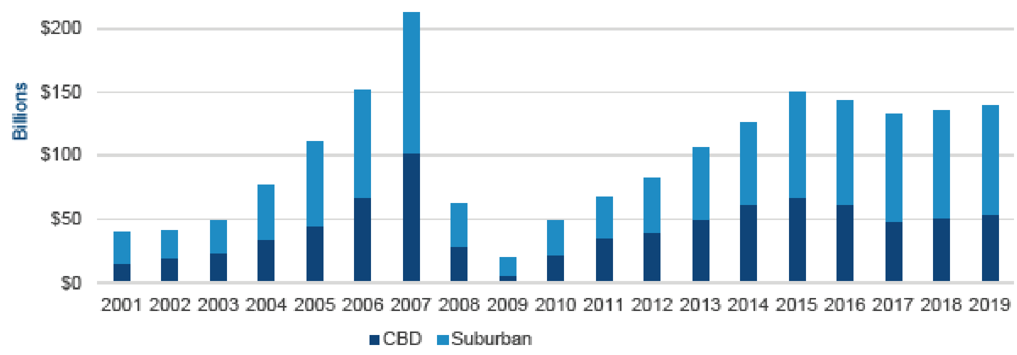


Source: Real Capital Analytics

An Era of Sustained and Healthy Sales Volumes is Set to End

U.S. Office Investment: 2001-2019

Annual Sales Volume ($ billion)



Source: Real Capital Analytics

The investment market is unlikely to reach new benchmarks until there is stabilization in the occupational market. For the immediate future it seems that there will be a bifurcated approach in investor strategy involving either core, low-risk, assets, or opportunistic purchases of discounted distressed properties. With an abundance of liquidity on the sidelines, activity is expected to increase as travel restrictions are lifted and occupiers gain greater clarity into their space needs. The Fed's recently announced stance on its desire for lower interest rates and, by default, a wider yield-gap, should help to mitigate any upward pressure on cap rates.

"

WHILE THERE HAS BEEN A NOTABLE CONCERN OVER THE UNCERTAINTY OF COLLECTIONS, OCCUPIER FINANCIAL STABILITY, FUTURE RENT GROWTH AND THE SCALE, NATURE AND TIMING OF FUTURE DEMAND, WE HAVE SEEN AN UPTICK IN INVESTMENT SALES ACTIVITY OVER THE PAST THIRTY DAYS. ADDITIONAL DATA IS CERTAINLY REQUIRED, BUT WE HAVE BEGUN TO SEE CERTAIN ASSET CLASSES LIKE MULTIFAMILY AND INDUSTRIAL RETURNING TO PRE-COVID PRICING AND EXPECT THAT TREND TO CONTINUE.

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