



Editor's Insights

Lucinda Smedley • published in the October 2020 issue

Depending on the source, about 30–40% of the US labor force is working from home full time as a result of the pandemic. In the early days, it was speculated that this drastic change would greatly impact the demand for office space. However, employees are realizing the benefits of being able to separate their work life from home life, especially those with young children and other distractions at home. As a result, Tucson's office experts are optimistic about the future of the office market. We are grateful to the following contributors to the office issue who have generously shared their insights—Phil Skillings of NAI Horizon; Cindy Hammond and Tom Ryan with Churchill Capital; Jon O'Shea and Rob Fischrup of Vast Commercial Real Estate Solutions and Cube Developers; Sara Baker of Baker, Peterson, Baker & Associates; Gary Highton with Highton Company; Carol Stewart of Tech Parks Arizona; Dave Volk of CBRE; and Rick Kleiner, Tom Nieman, Ryan McGregor and Molly Gilbert of Cushman & Wakefield | PICOR.

Last month, the Southern Arizona CCIM chapter held another market sector webinar which focused on the Office Market and how it will be impacted by COVID-19. Moderated by Mark Irvin, the panelists included Jon O'Shea of Vast Commercial Real Estate Solutions, Mike Gross of Tucson Realty & Trust, Tom Nieman of Cushman & Wakefield | PICOR and Dave Volk of CBRE. Below are some highlights from the insightful webinar.

Rent Relief

- Forward thinking landlords gave rent discounts without being prompted to do so.
- 3 phases: end of March—2 months free rent for 2 months extension; a month later, in order to get that you are going to have to provide financials showing economic loss; a month later, no one was actually doing it.
- New normal—a month free with one year extension, which is almost standard renewable deal.

Occupancy

- 15–25% of workers are working in their offices—most office parking lots are pretty empty.
- People will return to work when they feel comfortable—personal level of comfort for health and safety. Raytheon issued letter to some employees saying not returning back to office until end of 2021.

New Standards

- Emphasis on air quality—Merv 13 air filtration, optimize fresh air intake and balance of fresh air; foot pads to operate public doors; people are limited to two per elevator.
- Structured shifts, controlled access, Temperature checks, testing.
- Most tenants are going to keep the space they've got or expand and give employees more space.

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