



Member Perspective: Breakfast Series 3Q New Realities of Office Post COVID-19

By Mark D. Ohre

Chris Toci kicked off the Sept. 10 breakfast series by taking a step back discussing the speed of change and the effects of COVID-19. The Cushman & Wakefield Executive Managing Director shared his COVID business experiences, a few personal Covid stories and how they all affect our market perspective. Chris demonstrated how the devastating collapse of national GDP may lead to office vacancy of 21.8 percent or more. He argued that employers' desire for a defined purpose, a collective place for training and mentoring will bring us back to the office.

Jason Reddington with LevRose covered vacancy and subleases in the Metro Phoenix office market. He noted challenges with substantial increase in subleases (mostly coming in 4-star and 5-star office) on the market and the future possible negative effect on rental rates and purchase prices. Introducing the debt discussion and lender activity was Mindy Korth with Colliers International. She provided an excellent summary of office debt availability in Arizona. She discussed how long-weighted average lease term and single highly rate tenants are the most attractive to lenders.

The panelists also had real time feedback from the participants, which included a fascinating discussion regarding real-time lender activity and current terms for a fully leased Class A office building. I left the meeting remembering the words Chris opened with, the "power of positive energy" and need for "a defined purpose" will bring Arizonans back into their offices and allow all of us to work together again.



Mark D. Ohre is a Partner with Snell & Wilmer. He represents clients in a wide variety of industries including Native American Law, commercial finance, real estate development and renewable energy projects. Mark advises corporate entrepreneurs in all stages of development from formation to liquidity and represents participants in every phase of the fund formation and equity-raising process. Reach Mark at mohre@swlaw.com or (602) 382-6394.

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