

# **CANADIAN OFFICE MARKETS**

## **CBRE MARKET PULSE REPORT**

**SURVEY DATES: MAY 21, 2020**

CBRE Canada Research

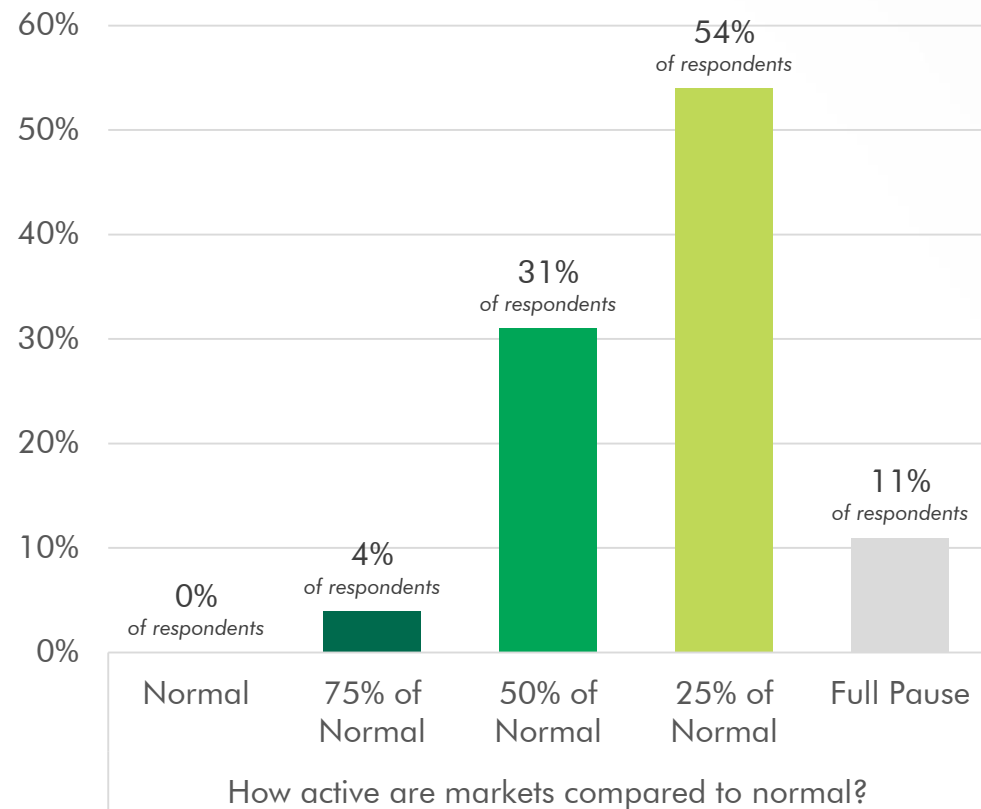
# MOMENTUM HOLDS FOR OFFICE SECTOR

## CBRE Market Pulse Survey Results

**32%**  
of normal activity  
-1% from last week

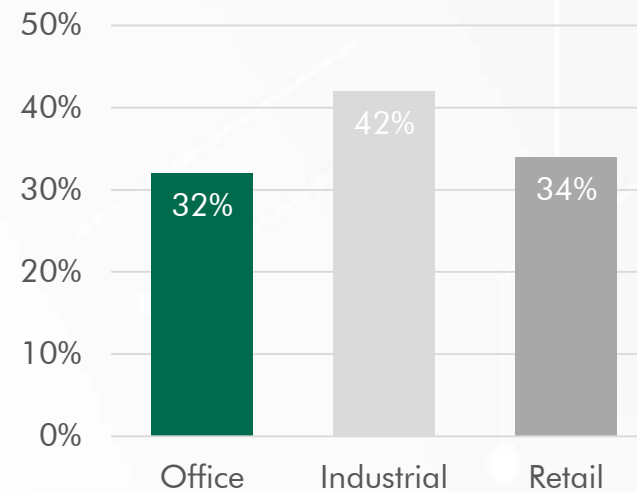
### Office Sector Market Activity

How would you classify current leasing/sales market activity levels compared to pre-COVID conditions?

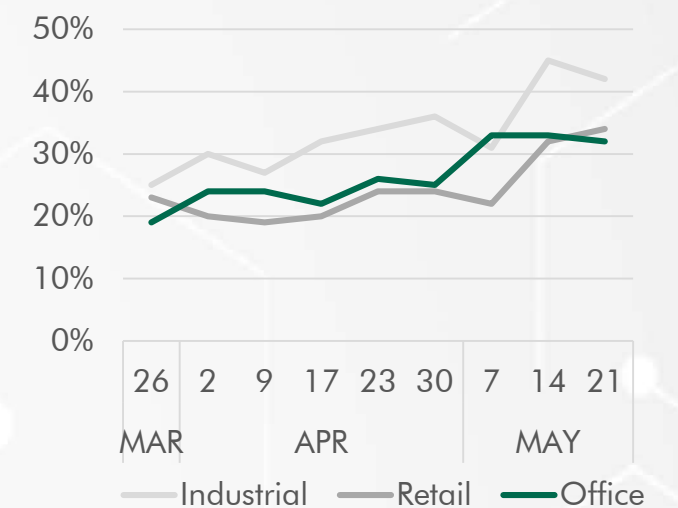


### Current Market Activity by Property Type

As of May 21



Weekly Progression



### Biggest Transaction-Related Challenges

- Curveball thrown to existing timelines
  - Permit delays
  - Board approval
  - Commencement dates shifting
  - All decision making being put on hold
- Attention being drawn elsewhere (capital preservation) with expansions or relocations coming to a halt
- Labour and business activities are trumping real estate decisions

Source: CBRE Research, 2020.



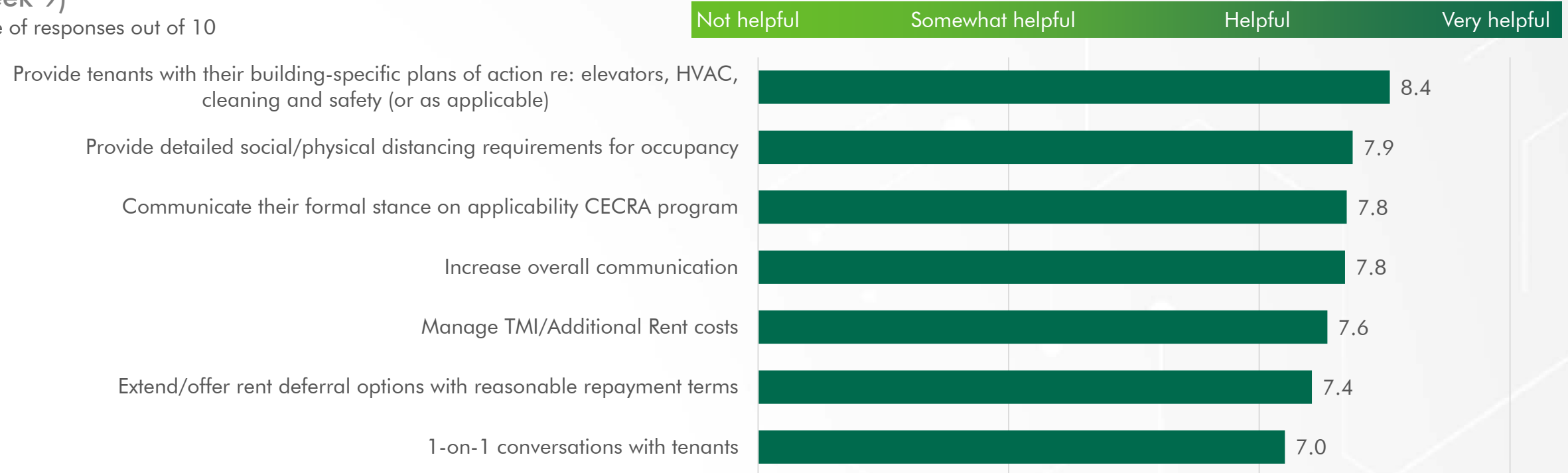
# TENANTS WANT TO KNOW LANDLORDS' PLANS OF ACTION

## CBRE Market Pulse Survey Results

### How helpful would tenants find the following possible landlord actions?

(Week 9)

Score of responses out of 10



- Office tenants would find it very helpful to know their landlords' building-specific plans of action and the social/physical distancing requirements for occupancy
- As well, tenants are looking for guidance on their landlord's formal stance on the CECRA program

Source: CBRE Research, 2020.

# IMPACT OF LANDLORD ACTIONS VARY ACROSS ASSETS

## CBRE Market Pulse Survey Results

### How helpful would tenants find the following possible landlord actions?

(Week 9)

1 = most helpful; 7 = least helpful

#### Cross-Asset Rankings

	Office	Retail	Industrial
Provide tenants with their building-specific plans of action re: elevators, HVAC, cleaning and safety	1	6	6
Provide detailed social/physical distancing requirements for occupancy	2	7	7
Communicate their formal stance on applicability CECRA program	3	3	5
Increase overall communication	4	4	2
Manage TMI/Additional Rent costs	5	4	1
Extend/offer rent deferral options with reasonable repayment terms	6	1	4
1-on-1 conversations with tenants	7	1	2

- Respondents reported that the level of impact for each of the landlord actions varied across asset classes
- Each asset class ranked a unique landlord action as the most beneficial to its respective tenants

Source: CBRE Research, 2020.

# TENANTS WANT BETTER COMMUNICATION FROM LANDLORDS

## CBRE Market Pulse Survey Results

What guidance would you share with a local landlord in terms of how to best support their tenants and improve the tenant experience for those in their properties?

(Week 9)

### General Guidance

- Timely communication and responses
- Increase overall level of communication with tenants
- Increase personalized 1-on-1 conversations
- Improve transparency of plans for moving forward
- Provide guidance on formal stance on CECRA program
- Demonstrate willingness to collaborate with tenants towards common solutions

### Office-specific

- Be transparent with landlord's ability to offer financial assistance or accommodate deferral requests
- Work with tenants to establish return-to-work plans
- Coordinate with neighbouring landlords to ensure compatible safety standards
- Provide clear guidance on COVID protocols for things such as masks, elevator usage and food courts
- Provide metrics on cleaning so occupiers can communicate with their employees

Source: CBRE Research, 2020.

# APPENDIX

## CBRE MARKET PULSE BROKER SURVEY:

CBRE Research Canada has kicked off this Canadian Market Pulse broker survey to better quantify the impact uncertainty stemming from COVID-19 has had on the Canadian commercial real estate market. Each week our local professionals across the country are polled for their perspective and insights, and results are aggregated and distributed by the Canadian Research team. In addition to providing real-time insights, this Market Pulse survey will aim to measure our return to normal levels of market activity.

## SURVEY DATES:

WEEK 1: MARCH 26	RELEASE DATE: MARCH 31
WEEK 2: APRIL 2	RELEASE DATE: APRIL 7
WEEK 3: APRIL 9	RELEASE DATE: APRIL 15
WEEK 4: APRIL 17	RELEASE DATE: APRIL 23
WEEK 5: APRIL 23	RELEASE DATE: APRIL 29
WEEK 6: APRIL 30	RELEASE DATE: MAY 13

WEEK 7: MAY 7	RELEASE DATE: MAY 13
WEEK 8: MAY 14	RELEASE DATE: MAY 20
WEEK 9: MAY 21	RELEASE DATE: MAY 26

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# THANK YOU!

## CBRE MARKET PULSE REPORT

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