

Investors Are Starting to See Hefty CRE Discounts in Gateway Markets



As anticipated, the real estate values of certain properties are starting to decline and to come to the market. Investors have been waiting at the sidelines for this to happen. During a recent Bisnow webinar, major commercial real estate investors said that they have seen some commercial properties to be sold discounts between 10% and 30%. Starwood CEO Barry Sternlicht recently said he anticipates New York City office buildings' values could plummet up to 40%.

However, most of the times, there still as a disagreement between buyers and sellers in the market. While buyers claim they should receive

a discount on the property, due to the pandemic, sellers are sticking with higher real estate values.

Offices seem to be somewhere in the middle between the more distressed asset classes such as hotel and retail and the less troubled asset classes such as industrial and multifamily.

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JLL Says Office Aren't Going Anywhere

A recent survey by Gensler revealed that only 12% of workers in the U.S. prefer to continue working from their home full time, while 70% prefer to spend most of the week at the office. The main reasons to return to the office that were mentioned are meetings, socialize and face-to-face interactions with colleagues.

JLL's "The Future of Office Demand" report found that physical office will remain relevant in the future because of the importance for facilitating innovation and collaboration. Also the effects of traditional office work on employees, such as health, well-being and productivity remain highly relevant.



"Office demand is not simply about day-to-day productivity on a task. It's about collaboration to come to team-based solutions that allow for informal conversations, eavesdropping on a call and getting marketing to listen to engineering," said Alexander Quinn, JLL Northern California director of research. "To date, this has not been replicated on WebEx or Zoom calls. The point is, innovation remains fully dependent on smart diverse teams able to tackle problems in person. As a result, the office will remain a valuable asset for businesses well beyond COVID-19."

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Manhattan Hotels Pitch Rooms for Office Space With Travel Frozen



In light of the few travelers coming to the big apple and hotels struggling to navigate the pandemic economy, some hotels are becoming increasingly creative to use their space.

The NoMo Soho is now offering rooms with desks, snacks, and wifi to people, who may use the room as an office space. “We’re trying to see what’s going to be the next demand,” said Amir Richulsky, chief executive of Sapir Corp., which owns the hotel. “Office workers need larger space, social distancing and we are trying to be there ahead of the curve.”

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