

COVID-19 COMMERCIAL IMPACT

August - October Nationwide COVID-19 Impact Study
N=3,010 Respondents (Office Space Decision-Makers/Influencers)
Selected Survey Insights

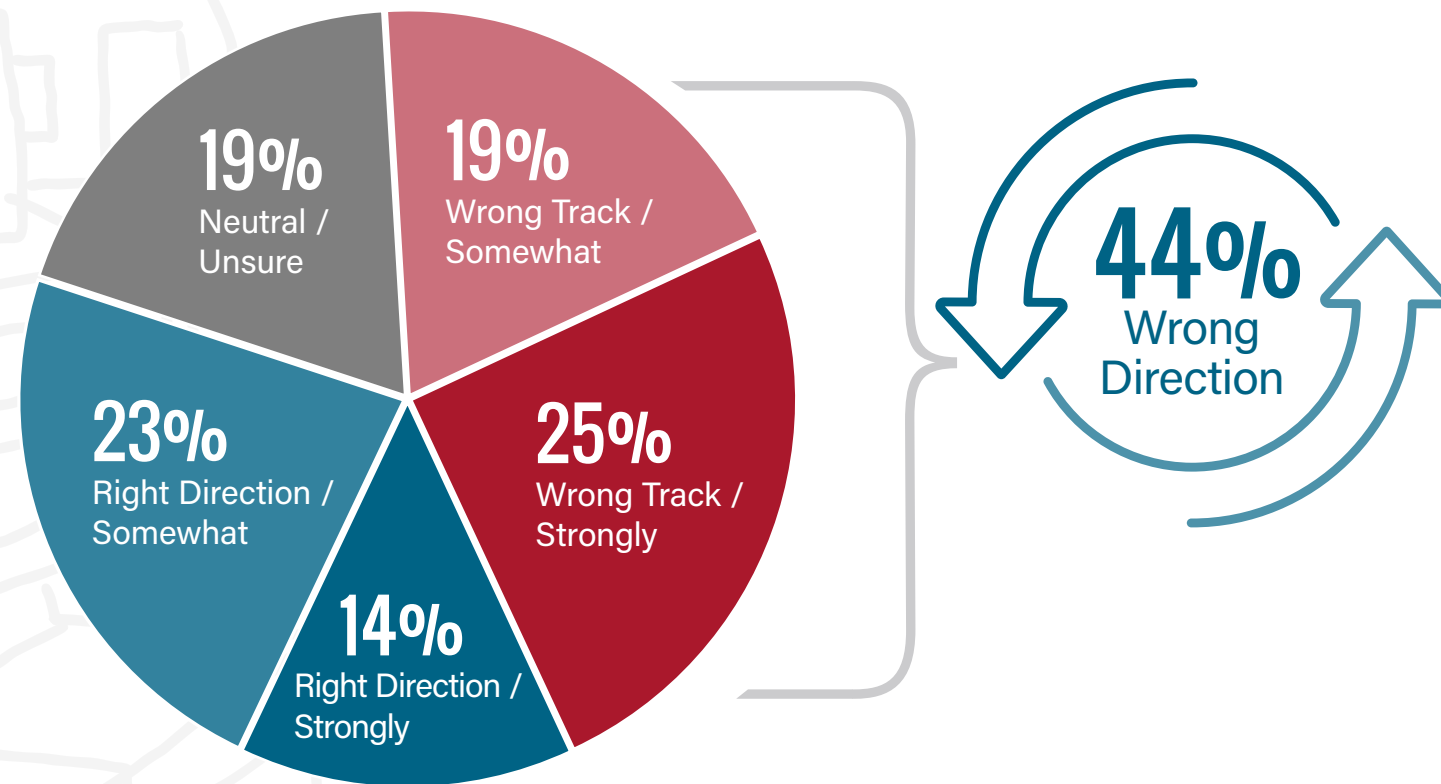
November 12, 2020



DIRECTION OF CORONAVIRUS RESPONSE AND PAIN POINTS

- Tenant decision-makers are quite polarized on the direction of the country on handling coronavirus, with a slim plurality "wrong track" (44%) vs. "right direction" (37%). There's little regional variance in direction of the country, but the retail industry, health care and real estate tend to be most pessimistic.
- Top challenges for tenant decision-makers include keeping BD pipelines active, workers engaged and supporting company cultures, creating opportunities for commercial office owners-operators to build bridges with tenants on the issues that matter most to them.

Direction of Country on Handling Coronavirus



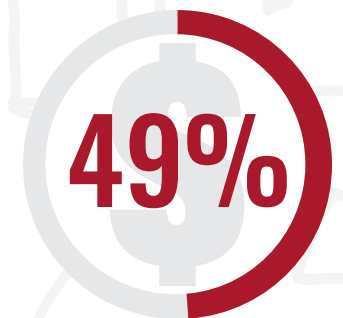
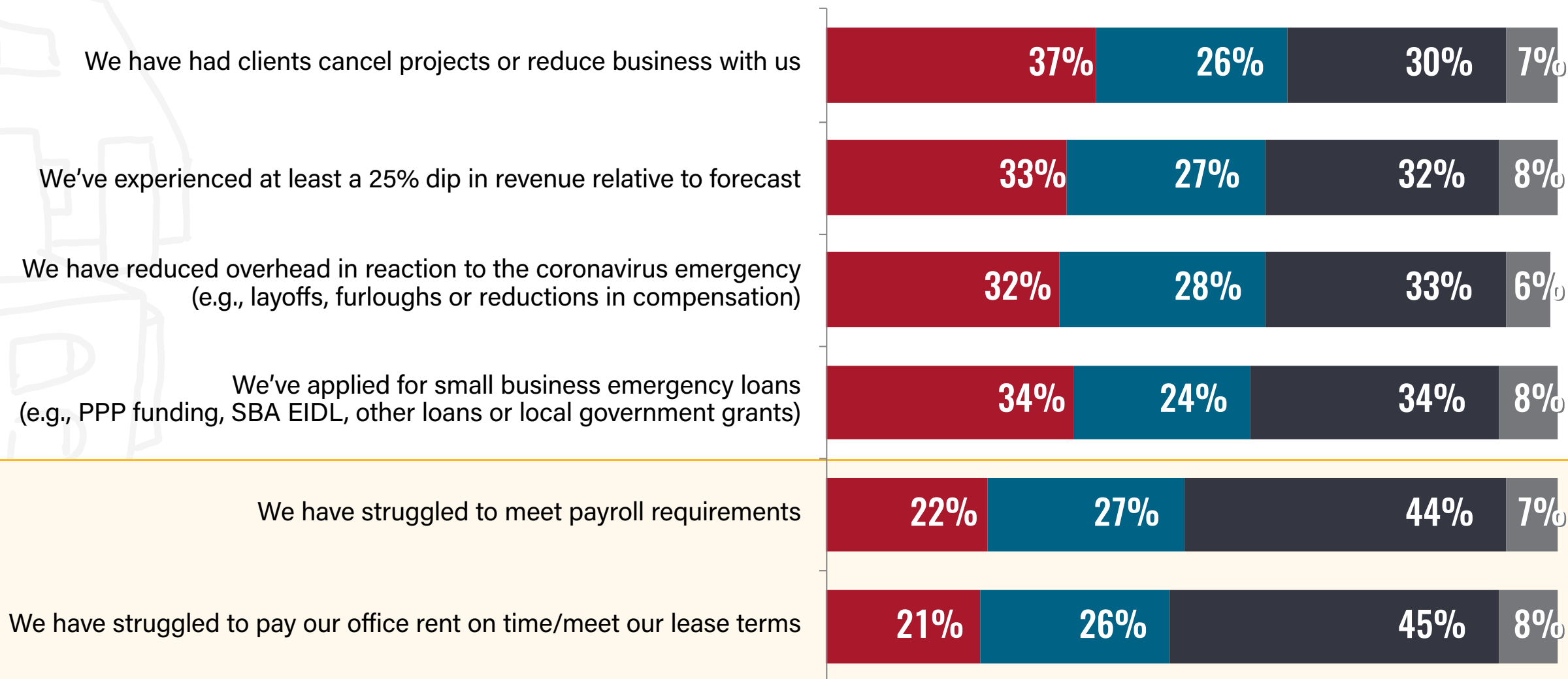
Top Challenges for Tenants' Experience w/ Coronavirus

Tier 1	Keeping BD Pipelines Active	Keeping Teleworkers Effective / Engaged	Maintaining Culture & Connectivity
Tier 2	Getting "Facts Straight" Around Reopening	Professional Development Despite Separation	Convincing Employees to Return to Safe Offices
Tier 3	Navigating Cybersecurity Challenges	Understanding Options for Gov't Assistance (e.g., PPP)	Keeping Up w/ Bills from Vendors & Suppliers

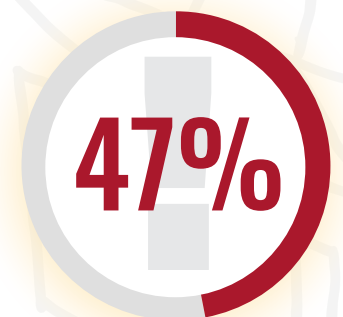
Q: "Thinking about the coronavirus/COVID-19 public health emergency in general, do you believe as a country things are heading in the right direction, down the wrong track, or do you feel neutral?"

OFFICE TENANT FINANCIAL BAROMETER

- More than 6-in-10 tenants (63%) say clients have canceled projects/reduced business with them, or could in the future, with a similar share saying they've experienced at least a 25% dip in revenue relative to forecast.
- As a result, just under half are—or could in the near-term—struggling to meet payroll, and pay their office rent on time.



Office Tenants Struggling to Meet Payroll

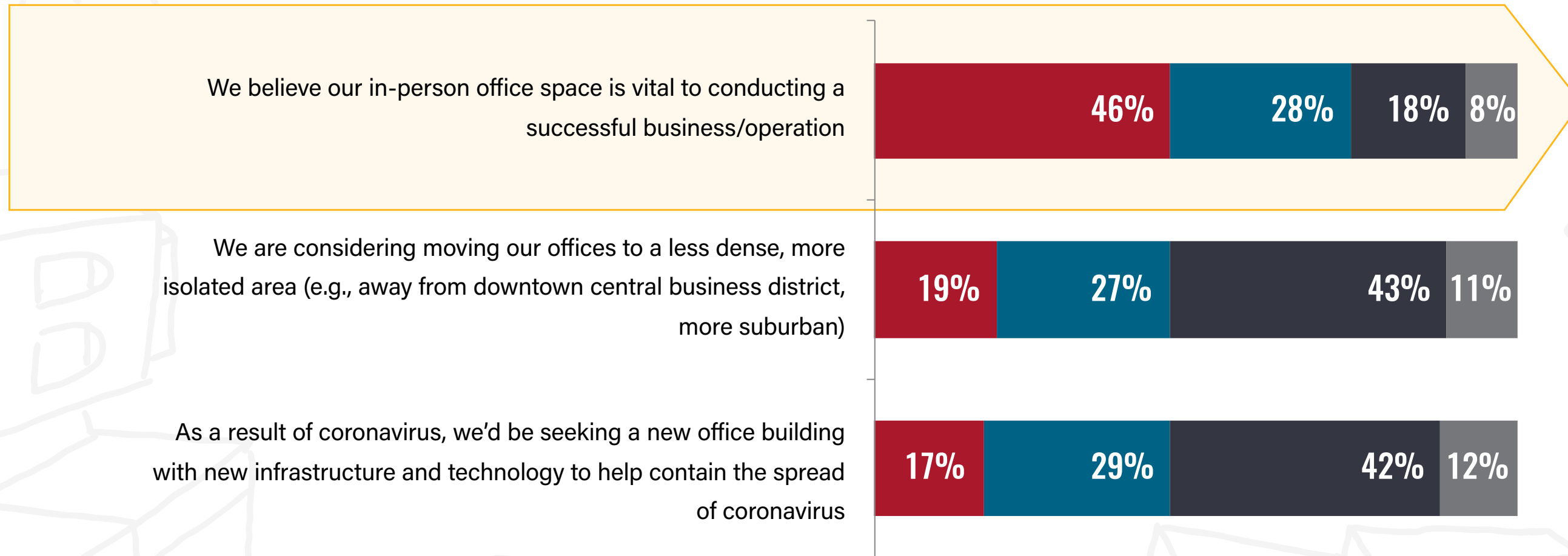


Office Tenants Struggling to Pay Rent on Time / Meet Lease Terms

■ Applies To Us Today
 ■ Could Apply to Us in Future
 ■ Doesn't / Won't Apply
 ■ Unsure

OFFICE TENANT ACTIONS/REACTIONS

- In addition to financial metrics, tenants were also asked for some potential future steps based on coronavirus, relative to their workplaces. Overall three quarters of tenants (74%), rising to 77% of C-Suite/Owners believe their “office space is vital to conducting a successful business/operation).
- At the same time, 46% are or could be looking for a less dense office environment (e.g., suburban-urban or suburban), and an equivalent share would be seeking office properties with advanced infrastructure to keep their employees safe.

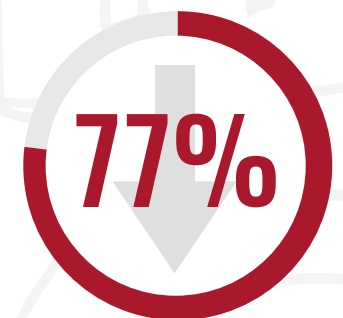
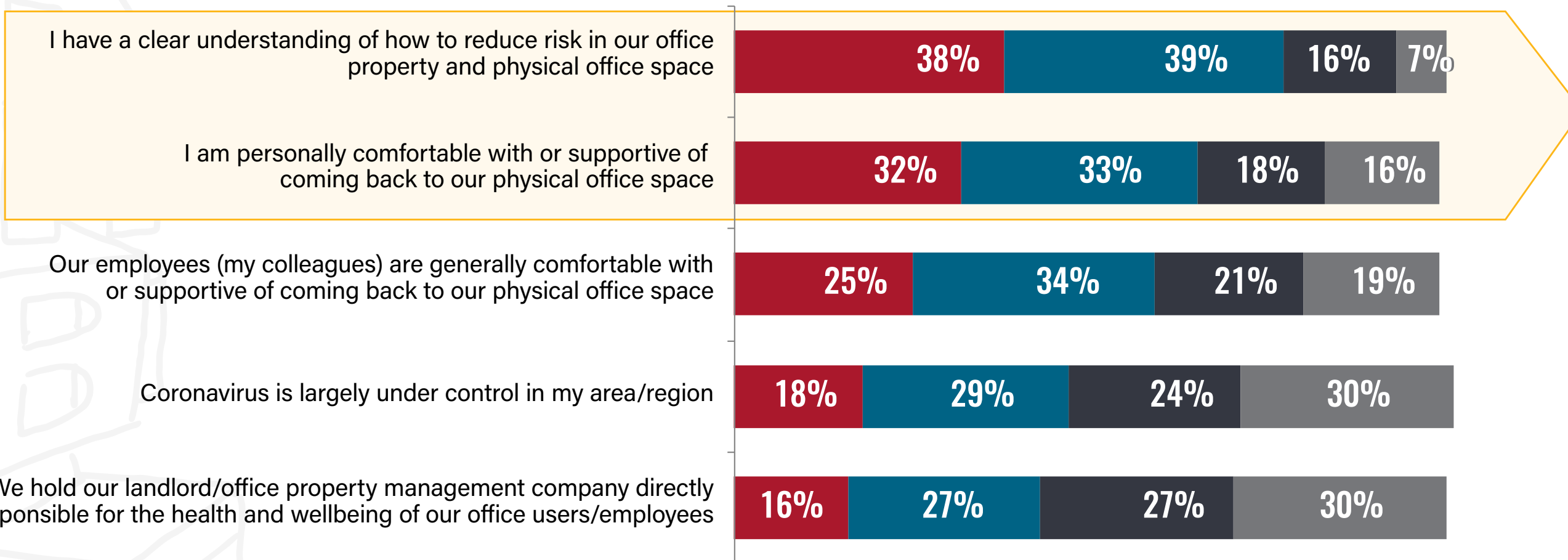


Believe Their In-Person Office Space is Vital

■ Applies To Us Today ■ Could Apply to Us in Future ■ Doesn't / Won't Apply ■ Unsure

ATTITUDES TOWARDS THE PANDEMIC AND WORKPLACE IMPACTS

- More than three quarters (77%) of tenant decision-makers and influencers say they have a **clear understanding of how to reduce risk in their office**, including 79% of C-Suite/owner respondents, and 81% of urban-based enterprises.
- Nearly two thirds (65%) are personally comfortable returning to the office (vs. 59% saying their employees share the same feeling), with comfort scores declining in more suburban and suburban-urban areas (which is counterintuitive, but follows the Phase 2/3 shift of coronavirus to more suburban/rural areas).



Office Decision-Makers Have a Clear Understanding How to Reduce Risk

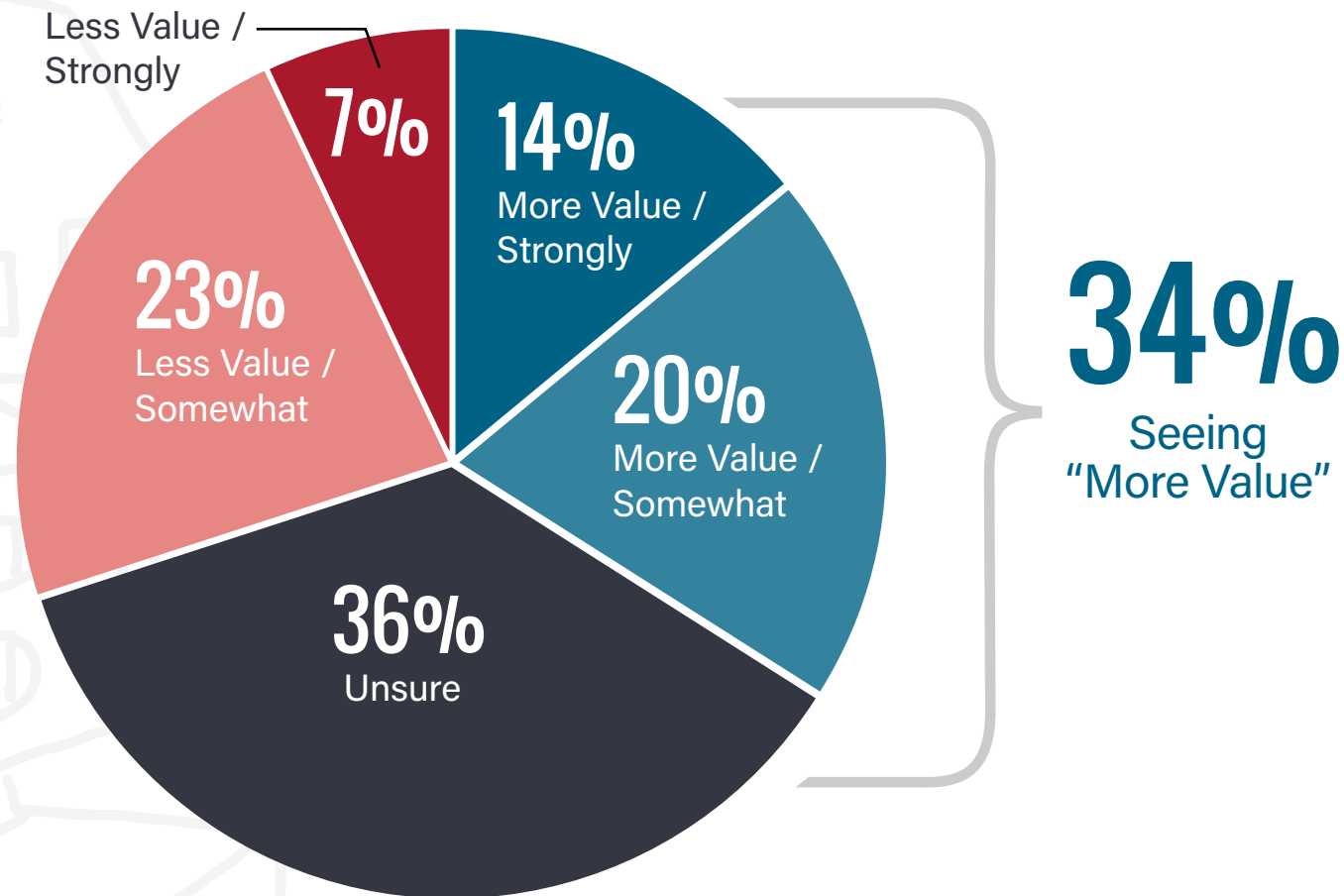


Personally Comfortable Returning (vs. 59% "Projecting" on Employees)

■ Agree / Strongly
 ■ Agree / Somewhat
 ■ Neutral
 ■ Disagree

PERCEPTIONS OF VALUE IN PHYSICAL OFFICE SPACE

- A third of decision-makers are seeing more value in their physical office space, profiled by key demographic indicators at right.

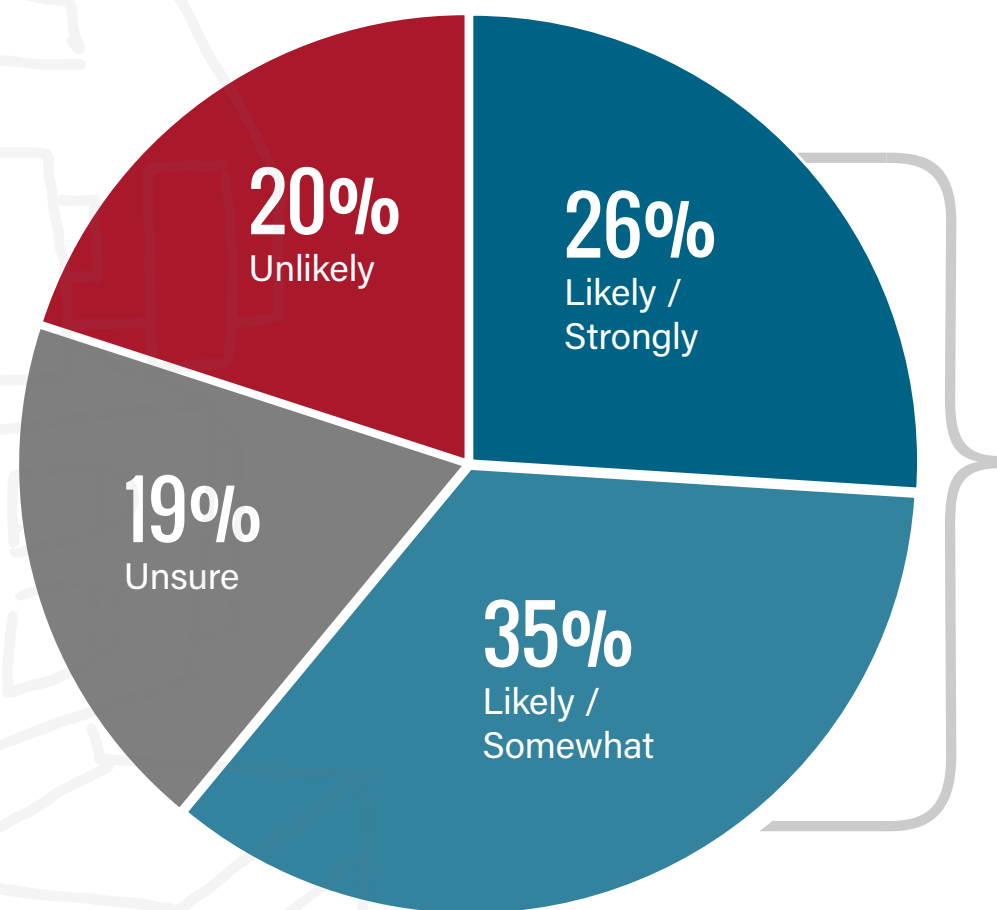


Q: Based on your experience thus far with the public health emergency and the operational impacts relating thereto (i.e. work-from-home, staff furloughs, etc.), are you seeing less value in your physical office space than before?

	More Value	Less Value	Δ (More Value - Less Value)
BY JOB ROLE			
C-Suite, Owner	36%	26%	10%
VP, Director	33%	33%	0%
Facilities Manager	26%	44%	-18%
Mid-Level Managers	36%	33%	3%
BY LOCATION			
Southwest	31%	23%	8%
California	40%	24%	16%
Texas	47%	22%	25%
South	38%	28%	10%
Northeast	32%	33%	-1%
Midwest	25%	32%	-7%
Northwest	40%	28%	12%
BY SQUARE FOOTAGE			
1,000 - 5,000 SF	20%	34%	-14%
5,000 - 10,000 SF	36%	32%	4%
10,000 - 25,000 SF	51%	23%	28%
25,000 - 50,000 SF	52%	23%	29%
> 50,000 SF	41%	30%	11%
BY RENT PER SQUARE FOOT (PSF)			
< \$30 PSF	18%	34%	-16%
\$30-\$40 PSF	28%	39%	-11%
\$40-\$50 PSF	49%	21%	28%
> \$50 PSF	59%	20%	39%
BY INDUSTRY			
Technology	55%	24%	31%
Professional Services	30%	35%	-5%
Healthcare	28%	37%	-9%
Real Estate	23%	23%	0%
Construction	45%	21%	24%
Manufacturing	40%	23%	17%
Retail	28%	27%	1%
Other	26%	34%	-8%

RESULTING ORIENTATION TOWARDS REASSESSING/REDUCING

- Even though many tenants will continue to renew their leases, a large share will be reassessing their space needs, or are unsure as to their plans.
- Among those who are likely to reassess their space needs or who are unsure, 33% would expand their square footage while 54% would reduce, which normalized to the full tenant population in the sample, reflects 43% of all tenants reducing square footage.



61%
Likely to reassess
space needs

&

19%
Unsure

Of Those Likely
or Unsure

33%
Likely to expand square
footage

54%
Likely to reduce
square footage

43%
Of all tenants
reducing
square footage

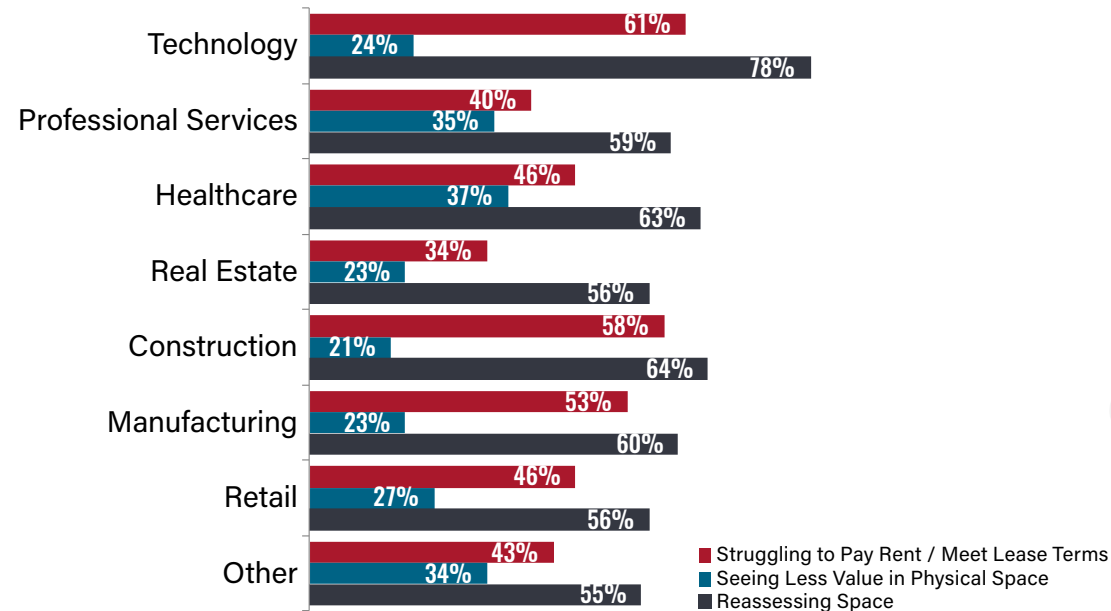


Q: How likely are you to reassess your space needs based on business impacts from the coronavirus/COVID-19 public health emergency (e.g., based on more teleworkers, revenue declines, etc.)?

NATIONAL ENTERPRISE RISK PROFILES – FINANCIAL BAROMETER VS. SPACE VALUE

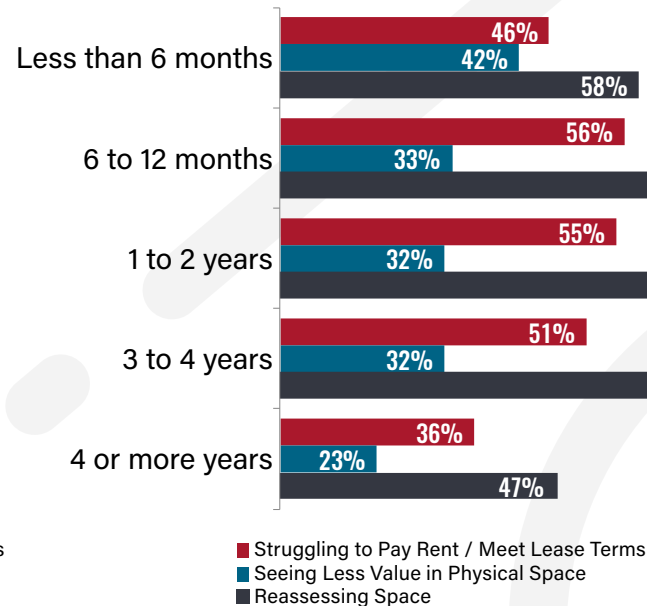
Industry Risk Profiles

Summary of “Applies Today” or “Could Apply” for “Struggling” and “Less Value” Response



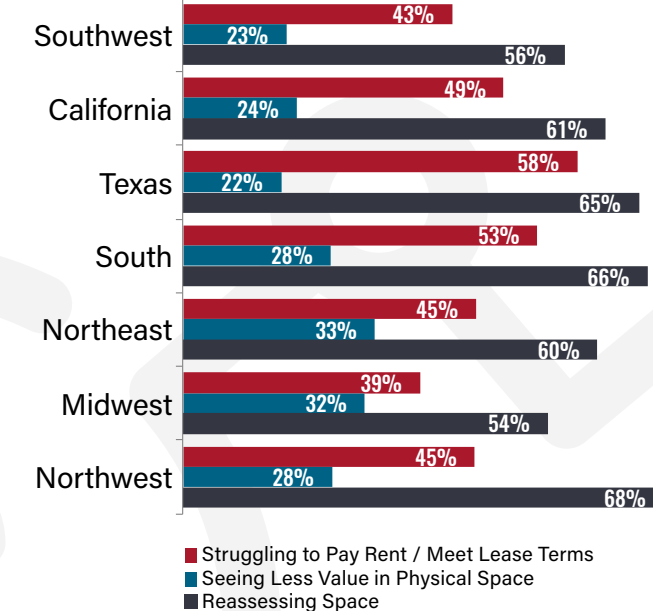
By Renewal Horizon

Summary of “Applies Today” or “Could Apply” for “Struggling” and “Less Value” Response



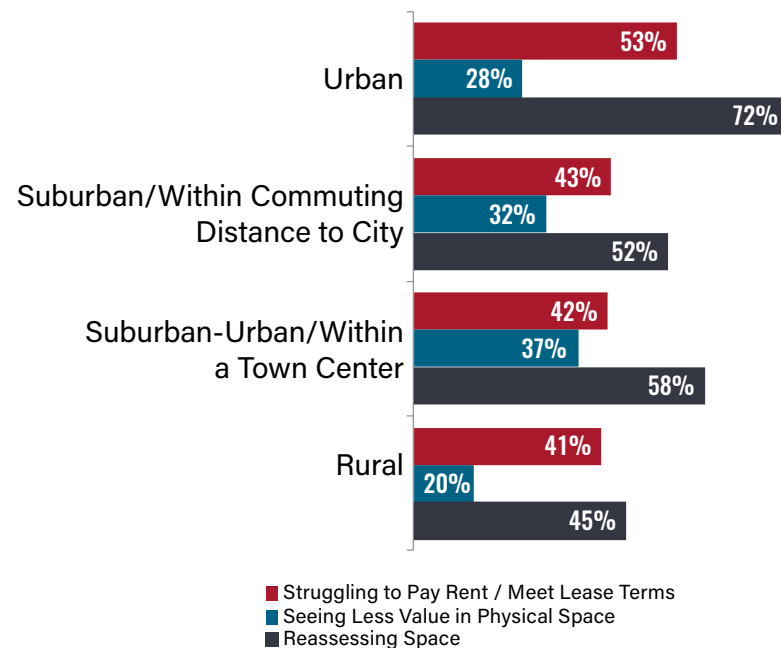
Geographic Risk Profiles

Summary of “Applies Today” or “Could Apply” for “Struggling” and “Less Value” Response



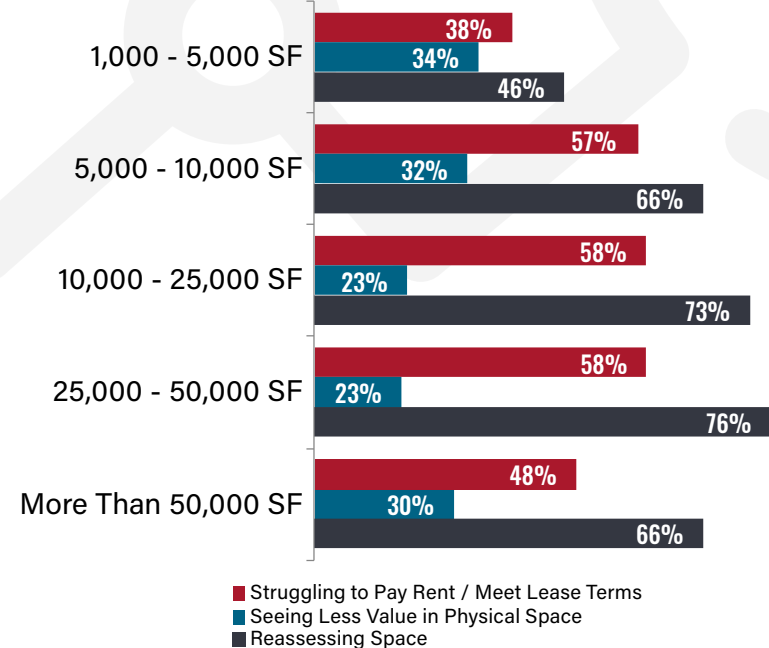
Office Property Location

Summary of “Applies Today” or “Could Apply” for “Struggling” and “Less Value” Response



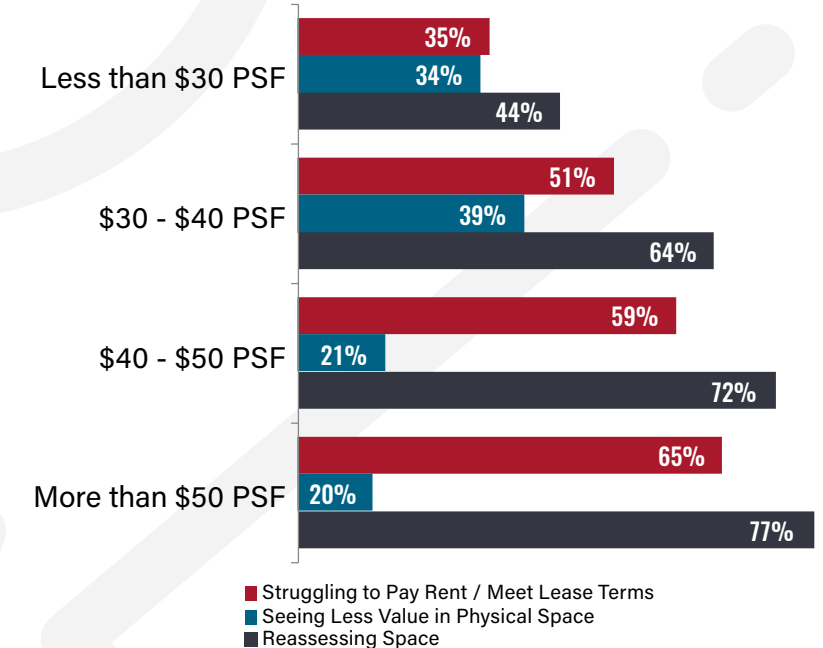
Office Square Footage

Summary of “Applies Today” or “Could Apply” for “Struggling” and “Less Value” Response



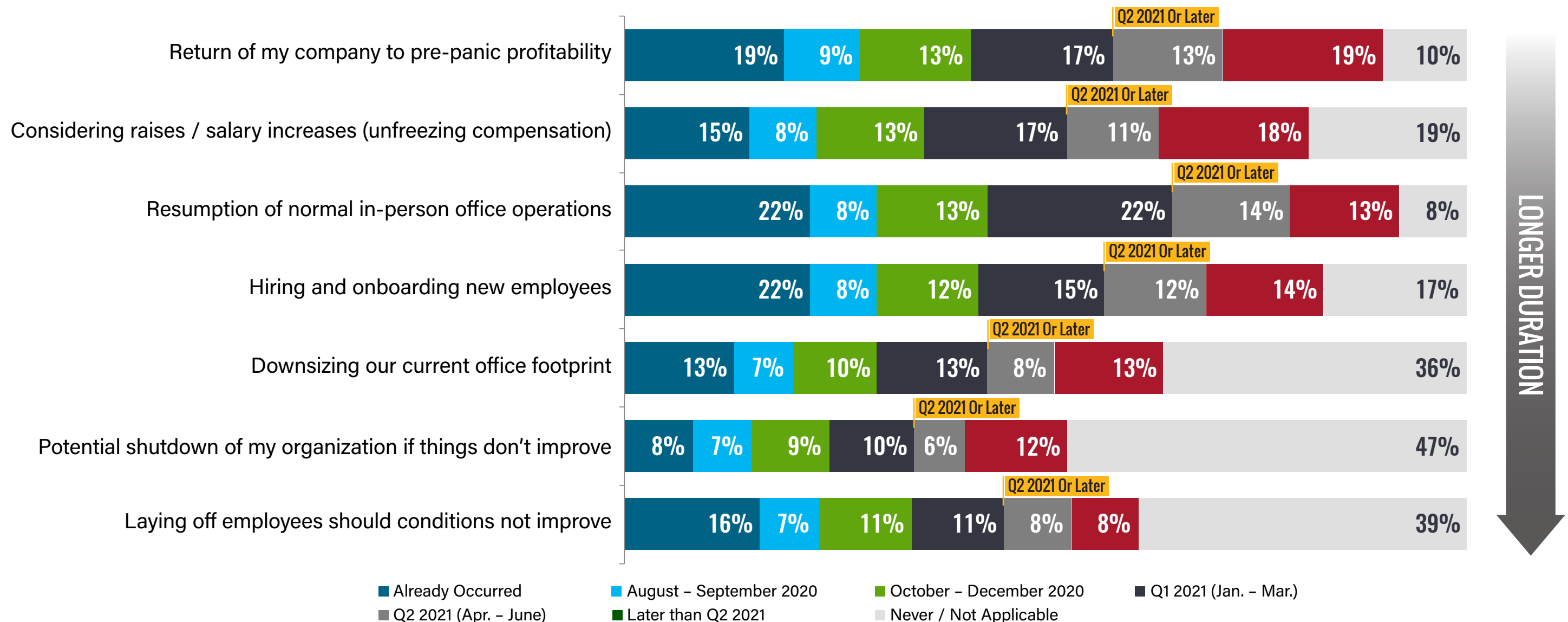
Rent Per Square Foot (PSF)

Summary of “Applies Today” or “Could Apply” for “Struggling” and “Less Value” Response



PANDEMIC TIMELINE: THROUGH THE LENS OF OFFICE TENANTS

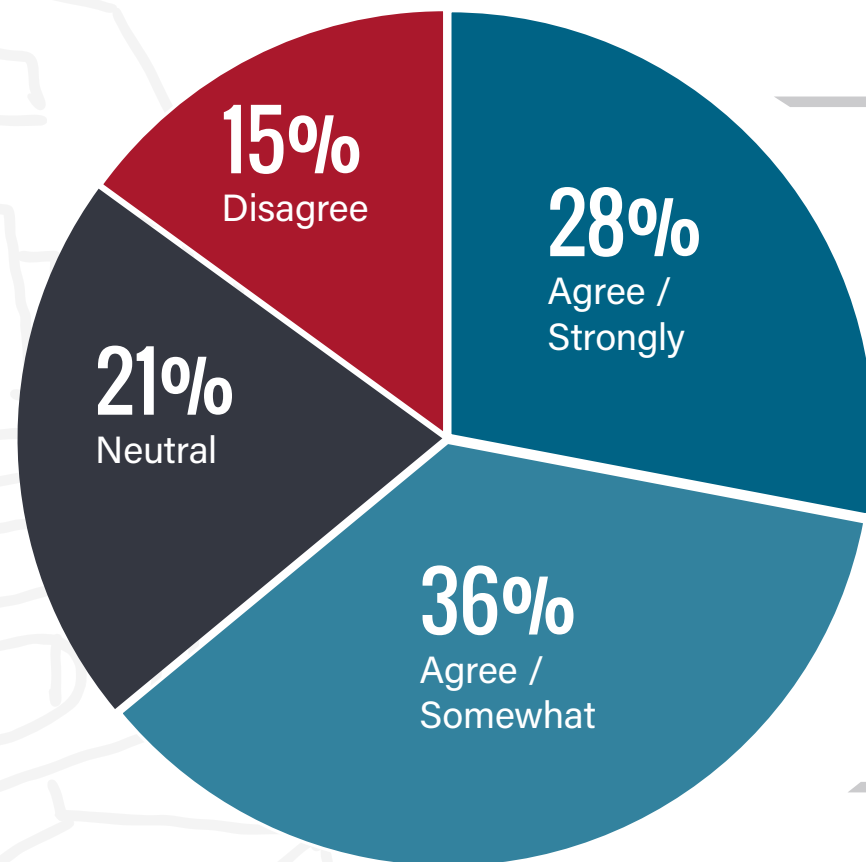
- Well over half of tenant respondents (58%) believe their companies will return to pre-panic profitability in advance of Q2 2021, with an even greater share (65%) predicting an earlier (and in some cases, prerequisite) resumption of normal, in-person office operations.
- 43% say a downsizing of their current office footprint is possible by Q1 2021, another 21% in Q2 or later, and 36% say it's not a factor.



COVID-19 AS AN INFLECTION POINT OR TRANSFORMATION

- Almost two thirds of tenant decision-makers believe **coronavirus is a transformation or inflection point** for owners-operators, profiled below and at right.

Agree or Disagree - Is COVID-19 a Transformation?



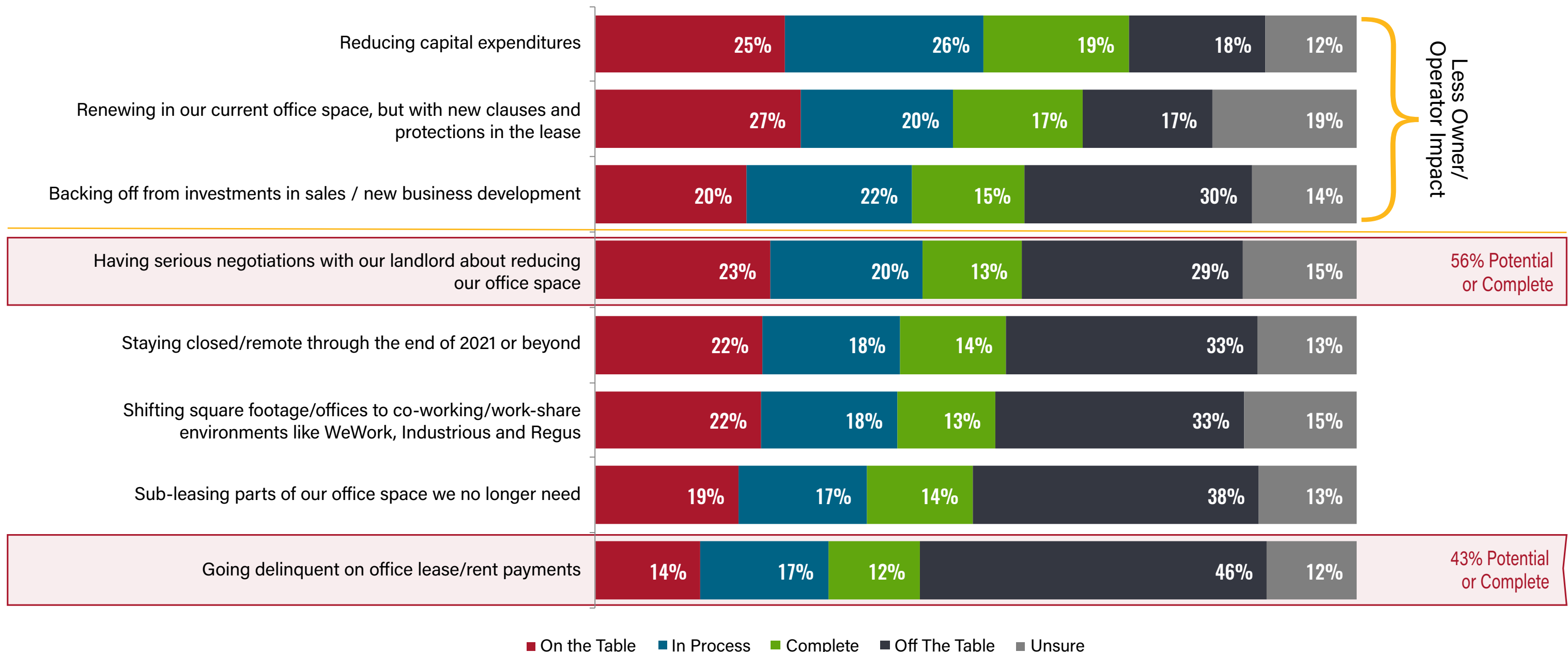
65%
Agree
Coronavirus
is a
"Transformation"

Q: "Coronavirus/COVID-19 is a tremendous inflection point or transformation in workplaces; and the way our company does business in its workplace will not be the same for some time to come."

		Agree - Transformation	Disagree - Not
BY JOB ROLE	C-Suite, Owner	63%	16%
	VP, Director	65%	15%
	Facilities Manager	66%	18%
	Mid-Level Managers	69%	11%
BY LOCATION	Southwest	65%	20%
	California	64%	11%
	Texas	63%	14%
	South	64%	14%
	Northeast	67%	14%
	Midwest	60%	19%
BY SQUARE FOOTAGE	1,000 - 5,000 SF	58%	20%
	5,000 - 10,000 SF	67%	14%
	10,000 - 25,000 SF	68%	10%
	25,000 - 50,000 SF	67%	13%
	> 50,000 SF	73%	11%
BY RENT PER SQUARE FOOT (PSF)	< \$30 PSF	57%	21%
	\$30-\$40 PSF	68%	14%
	\$40-\$50 PSF	67%	9%
	> \$50 PSF	69%	11%
BY INDUSTRY	Technology	74%	9%
	Professional Services	63%	17%
	Healthcare	66%	13%
	Real Estate	53%	19%
	Construction	67%	9%
	Manufacturing	56%	17%
	Retail	66%	12%
	Other	62%	19%

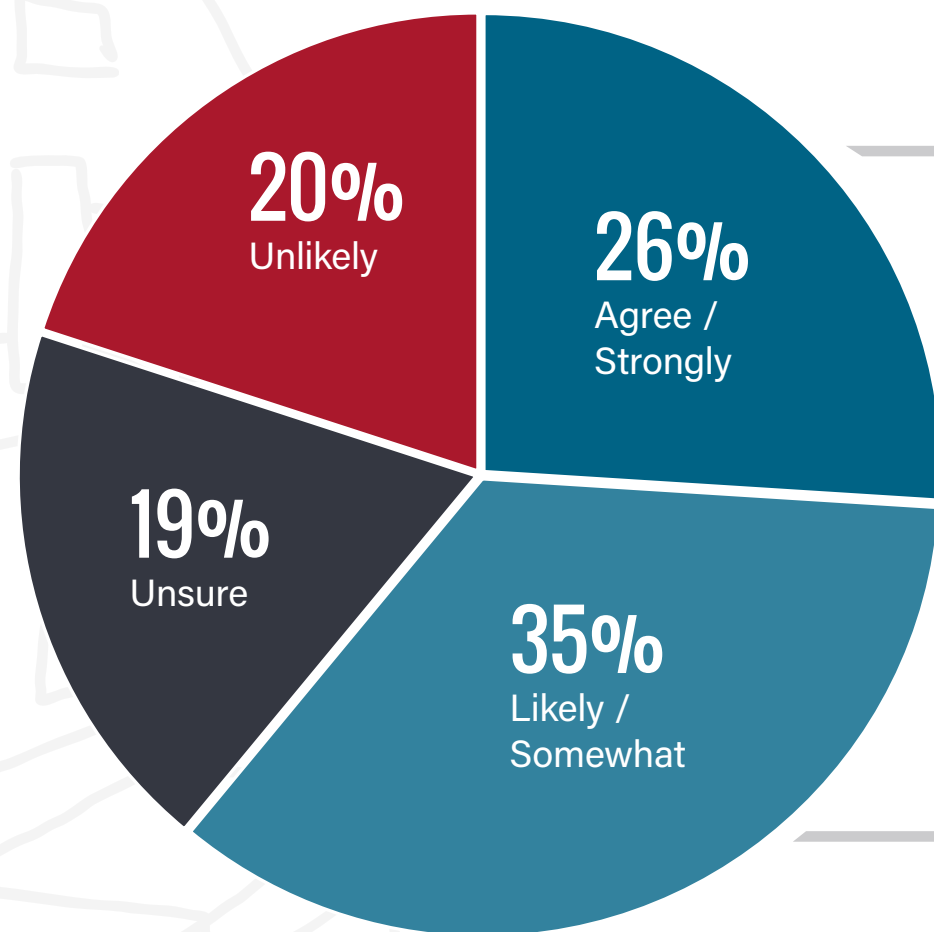
CURRENT-STATE: WHAT IS UNDER CONSIDERATION BY TENANTS TO ADAPT TO COVID?

- Tenants were asked about potential internal and external reactions to the Coronavirus pandemic; notably, those less controllable by owners-operators (e.g., internal company dynamics) tend to most be “on the table, in process, or complete.”
- While 12% say they’ve already gone delinquent on office rent, another 31% say it’s on the table or in process.



LIKELIHOOD TO REASSESS SPACE NEEDS BASED ON CORONAVIRUS

- Whether they will be reducing square footage, expanding, or reorganizing the layout of their space to accommodate social distancing, overall 6-in-10 tenants (61%) plan to reassess their space needs as a result of the coronavirus pandemic, driven most by larger tenants and those paying higher rent per square foot prices.



61%
Likely to reassess space needs

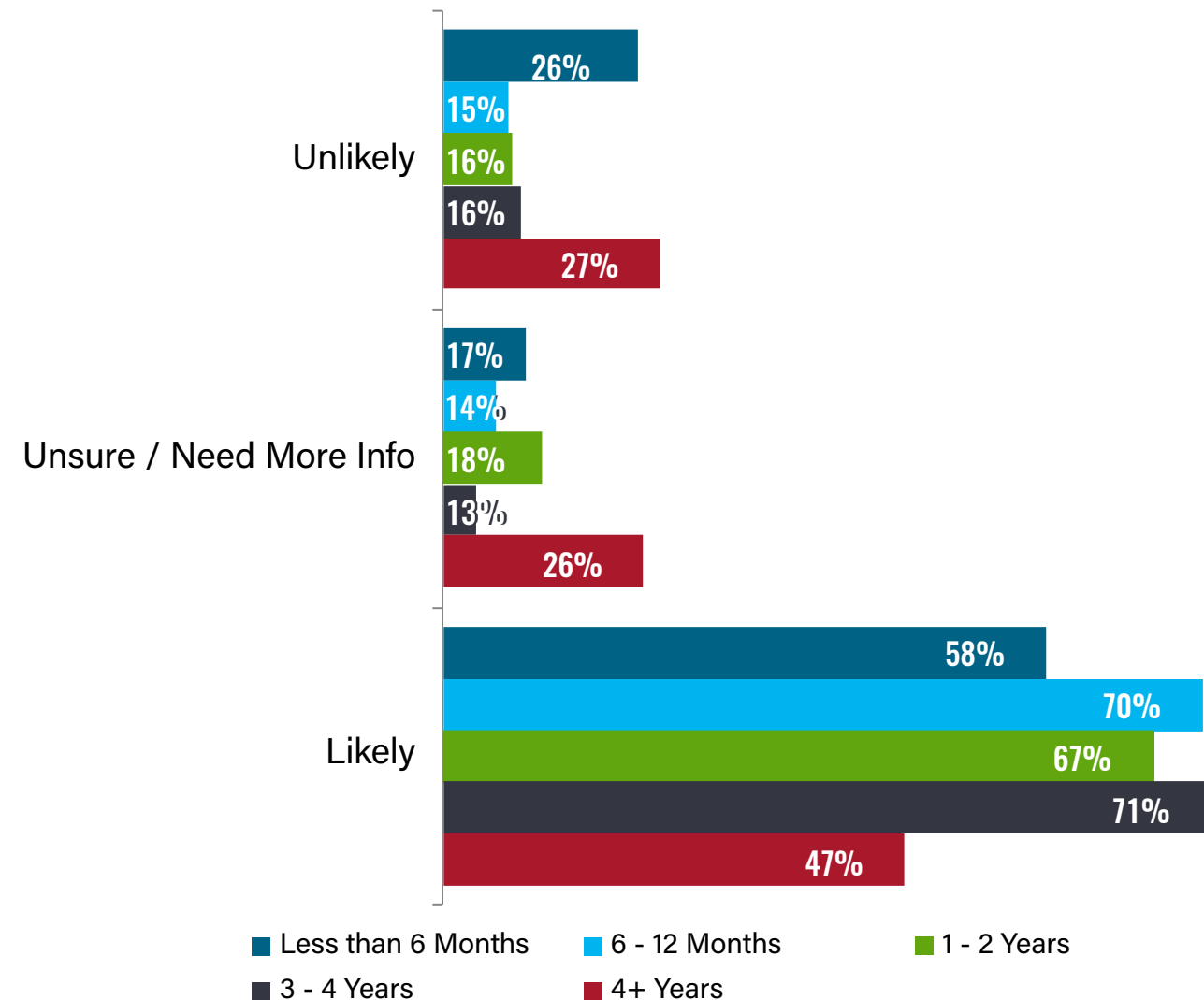
Q: How likely are you to reassess your space needs based on business impacts from the coronavirus/COVID-19 public health emergency (e.g., based on more teleworkers, revenue declines, etc.)?

	Likely to Reassess	Unlikely to Reassess	
BY JOB ROLE	C-Suite, Owner	59%	22%
	VP, Director	64%	18%
	Facilities Manager	59%	17%
	Mid-Level Managers	68%	16%
BY LOCATION	Southwest	56%	23%
	California	61%	17%
	Texas	65%	18%
	South	66%	19%
	Northeast	60%	20%
	Midwest	54%	24%
BY SQUARE FOOTAGE	1,000 - 5,000 SF	46%	30%
	5,000 - 10,000 SF	66%	20%
	10,000 - 25,000 SF	73%	12%
	25,000 - 50,000 SF	76%	10%
	> 50,000 SF	66%	16%
BY RENT PER SQUARE FOOT (PSF)	< \$30 PSF	44%	30%
	\$30-\$40 PSF	64%	17%
	\$40-\$50 PSF	72%	13%
	> \$50 PSF	77%	12%
BY INDUSTRY	Technology	78%	13%
	Professional Services	59%	20%
	Healthcare	63%	15%
	Real Estate	47%	28%
	Construction	64%	14%
	Manufacturing	60%	21%
	Retail	56%	22%
	Other	55%	25%

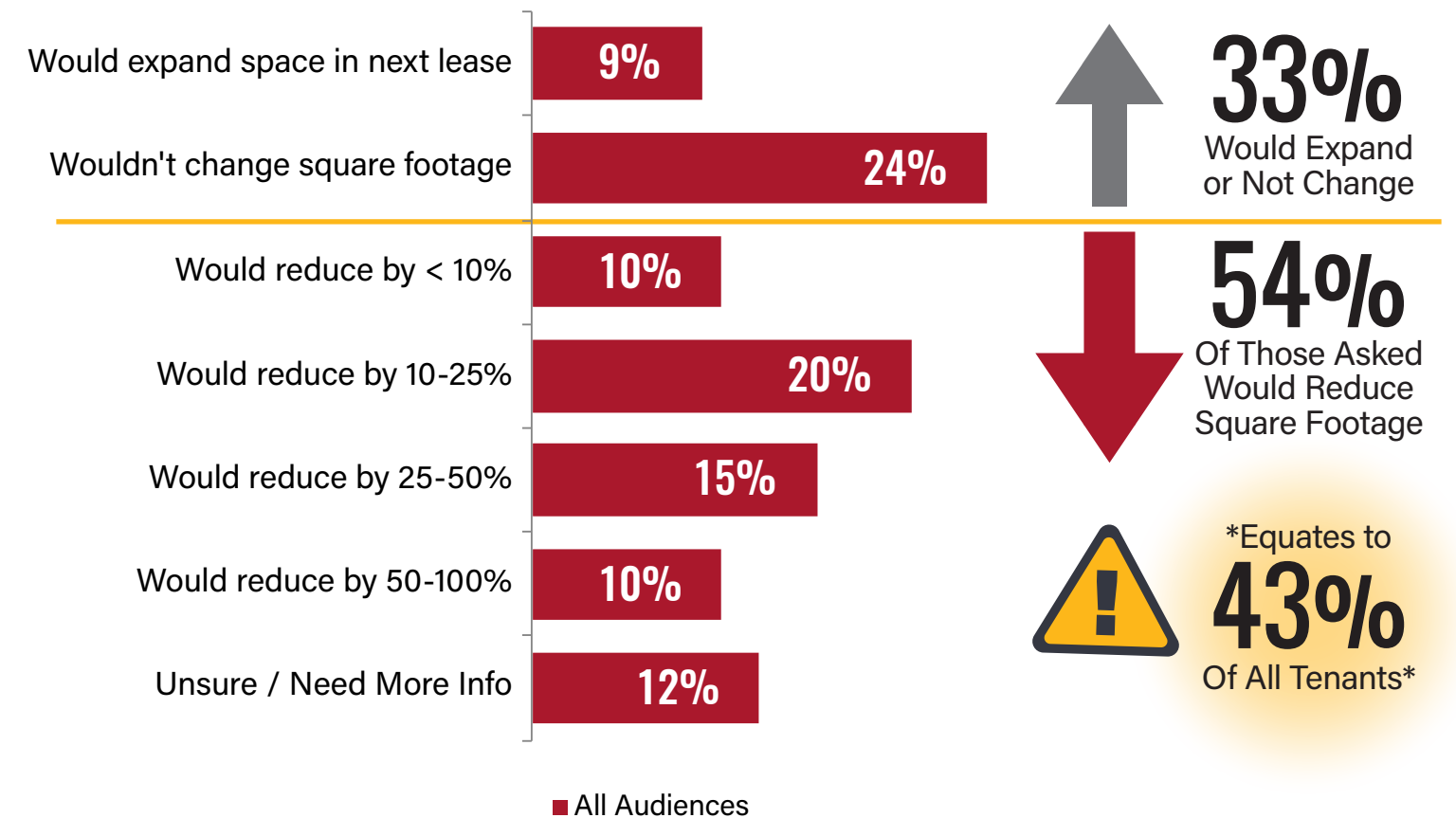
WHAT DOES REASSESSING SPACE NEEDS LOOK LIKE?

- Likelihood to reassess space increases significantly in the 6 month to 3-to-4-year renewal period dropping for those with leases expiring more than 4 years out, indicating those tenants are predicting management of/less impact from the pandemic in the far future.
- Still, of those reassessing or unsure, 54% are planning to reduce square footage on their next renewal, reflecting **43% of all tenants**.

Likelihood to Reassess Space Needs by Renewal Horizon



Office Square Footage Adjustment Post-Coronavirus (Asked Among 80% Likely to Reassess Space Needs or Unsure)



Q: Based on your experience with staff reductions, teleworking and/or other business impacts during the coronavirus public health emergency—whether or not you stay in your current property—to what extent would you plan to change the total square footage of your space?

WHAT DOES REASSESSING SPACE NEEDS LOOK LIKE?

- The tables below detail the extent of possible space reductions by (1) Renewal time horizon, and (2) Square footage segment/clusters.
- Notably, the "Percentage of Tenants Reducing SF at Each Renewal Period" factors in the overall percentage of tenants with renewals at each time point, showing the largest risk of tenants reducing square footage in the 6 month to 1 year time table from October 2020.

Space Reductions by Renewal Horizon (Relative and Absolute Space Reductions)

By Renewal Time Horizon	All	< 6 Months	6 – 12 Months	1 – 2 Years	3 – 4 Years	4+ Years
Reassessing Space Needs or Unsure	80%	74%	85%	84%	84%	73%
Reduction Among Those Reassessing or Unsure	54%	43%	60%	63%	60%	41%
Reduction as a Percentage of All Tenants	43%	32%	51%	53%	50%	29%
Percentage of Tenants Reducing Square Footage at Each Renewal Period	-	2%	9%	14%	9%	9%
BELOW DATA REFLECTS SPACE REDUCTION AS A PERCENTAGE OF ALL TENANTS IN EACH RENEWAL SEGMENT						
Reducing <10%	8%	2%	10%	11%	8%	5%
Reducing 10-25%	16%	10%	20%	22%	16%	9%
Reducing 25-50%	12%	8%	13%	14%	14%	9%
Reducing 50-100%	8%	12%	8%	5%	12%	7%

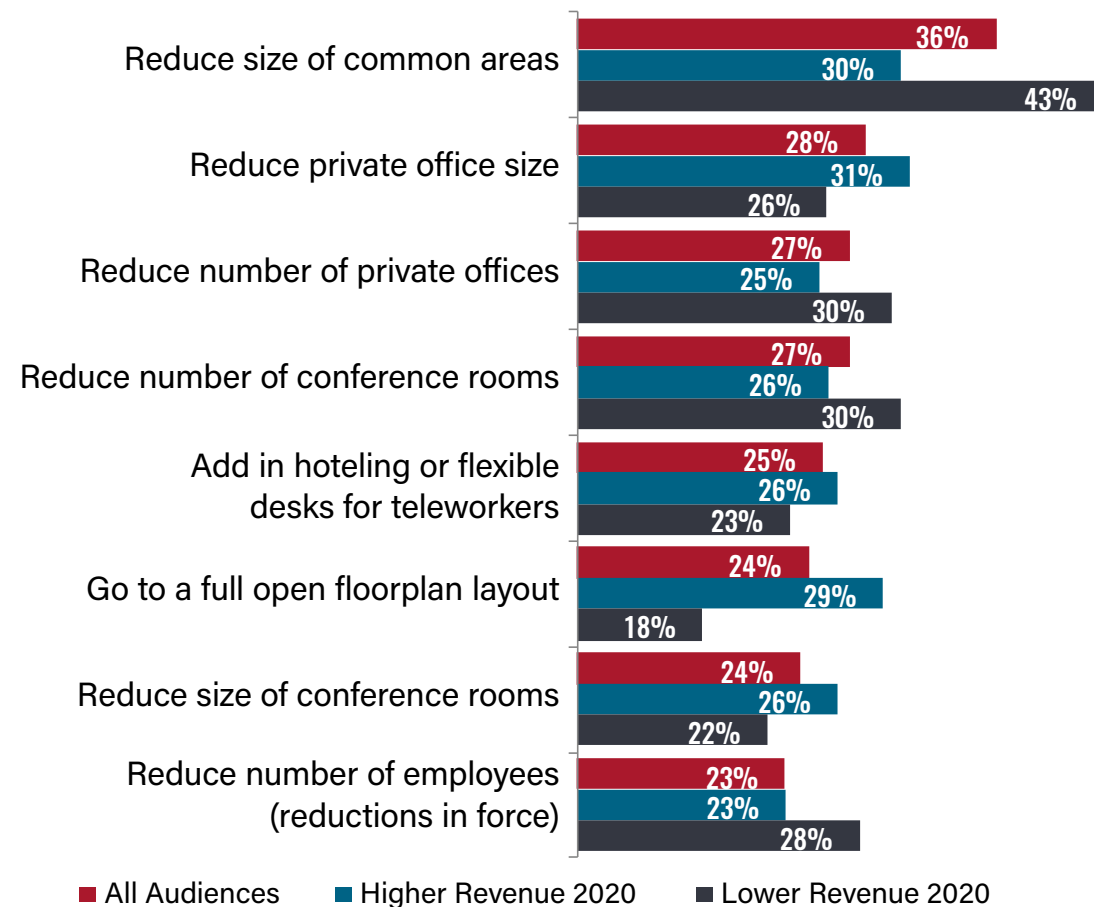
What This Means by Square Footage Segment (Relative and Absolute Space Reductions)

By SF Segment	All	1,000 – 5,000 SF	5,000 – 10,000 SF	10,000 – 25,000 SF	25,000 – 50,000 SF	> 50,000 SF
Reassessing Space Needs or Unsure	80%	70%	80%	88%	90%	84%
Reduction Among Those Reassessing or Unsure	54%	43%	60%	63%	62%	51%
Reduction as a Percentage of All Tenants	43%	30%	48%	56%	56%	43%
BELOW DATA REFLECTS SPACE REDUCTION AS A PERCENTAGE OF ALL TENANTS IN EACH SIZE SEGMENT						
Reducing <10%	8%	6%	7%	11%	9%	7%
Reducing 10-25%	16%	10%	18%	22%	20%	15%
Reducing 25-50%	12%	8%	16%	13%	19%	11%
Reducing 50-100%	8%	7%	7%	9%	9%	10%

HOW WILL TENANTS ACHIEVE SPACE EFFICIENCY & SAFETY?

- Tenant views on how they will achieve space efficiency are diffuse, though reducing the size of common areas, the number of private offices and conference rooms resonate most with those suffering from revenue declines.
- At right, smaller tenants tend to focus more on common area reductions, with larger firms considering open floor-plan layouts, hoteling desks and other novel concepts.

Changes to Create Space Efficiency by 2020 Performance



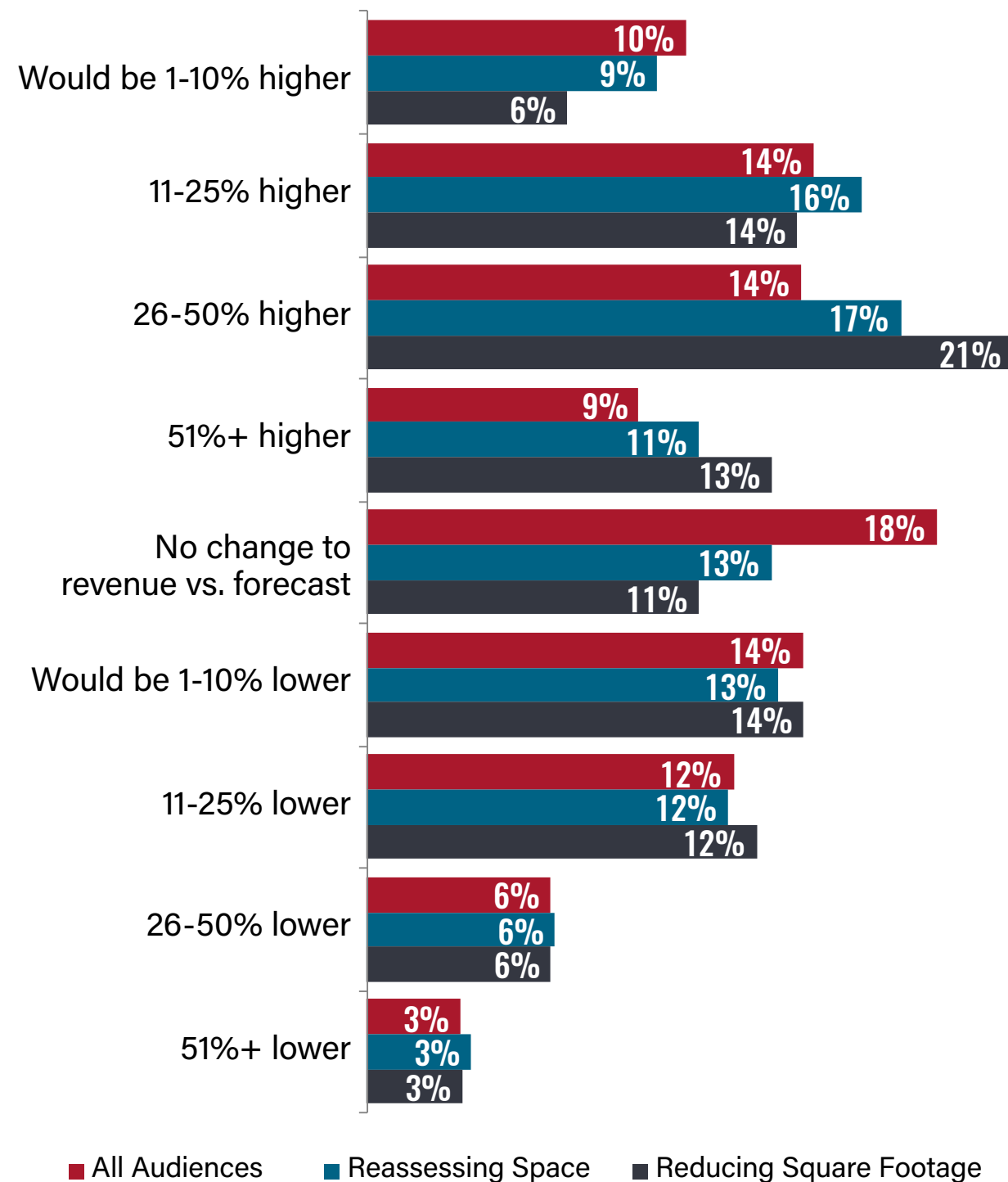
What This Means by Square Footage Segment (Relative and Absolute Space Reductions)

By SF Segment	All	1,000 – 5,000 SF	5,000 – 10,000 SF	10,000 – 25,000 SF	25,000 – 50,000 SF	> 50,000 SF
Reduce size of common areas	36%	37%	38%	34%	37%	35%
Reduce private office size	28%	24%	25%	31%	31%	25%
Reduce number of private offices	27%	26%	28%	27%	34%	18%
Reduce number of conference rooms	27%	26%	25%	25%	35%	33%
Add in hoteling or flexible desks for teleworkers	25%	22%	23%	27%	30%	29%
Go to a full open floorplan layout	24%	21%	21%	26%	33%	22%
Reduce size of conference rooms	24%	19%	28%	25%	22%	29%
Reduce number of employees (reductions in force)	23%	18%	19%	27%	24%	29%

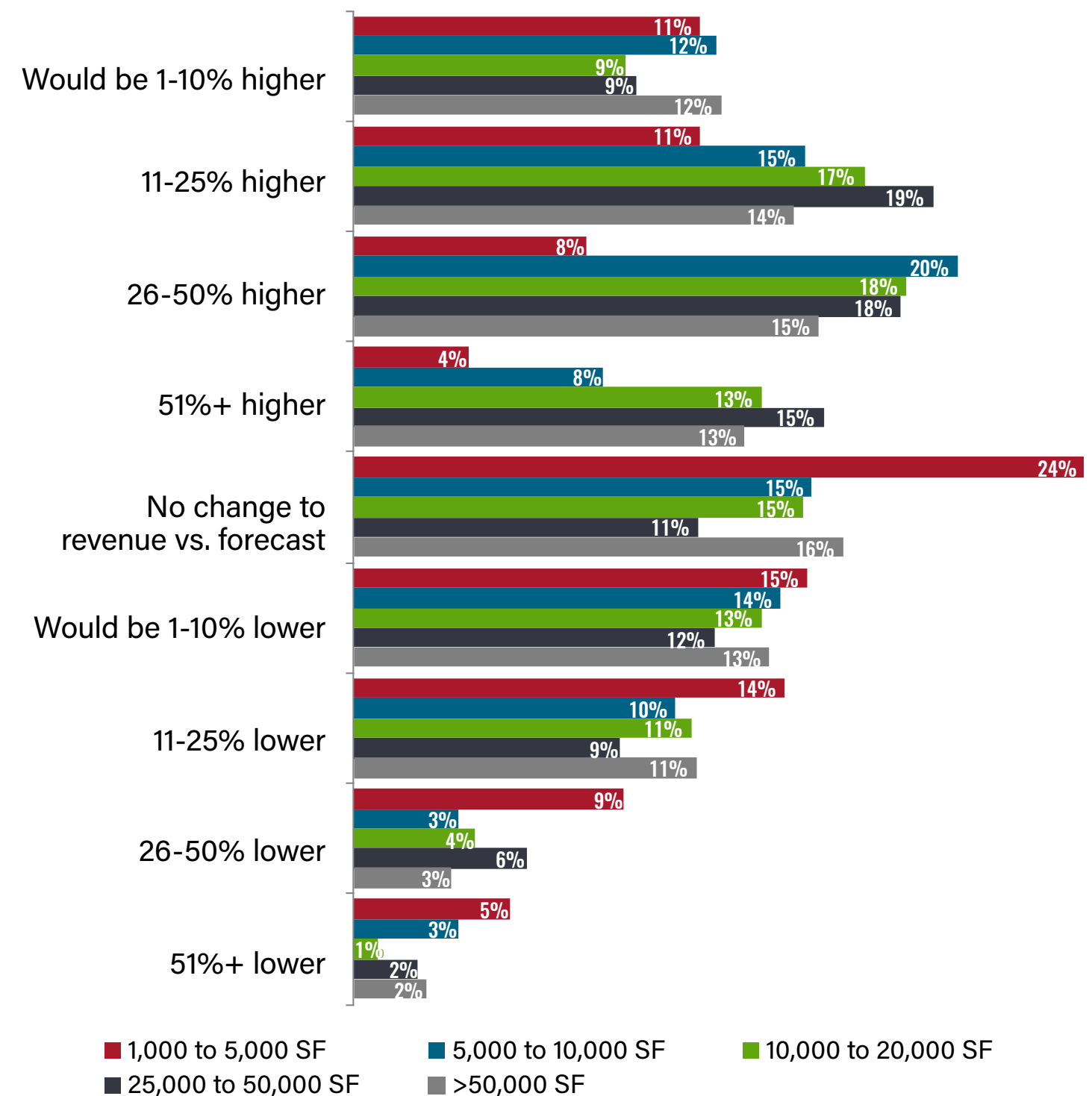
Q: In order to change your office space needs, which of the below would you do and/or which factors would apply to achieve that square footage reduction? (Please select all that apply)

WHAT DOES REASSESSING SPACE NEEDS LOOK LIKE?

Change in 2020 Revenue vs. Forecast All Audiences vs. Potential Space Plans



Change in 2020 Revenue vs. Forecast By Current Square Footage



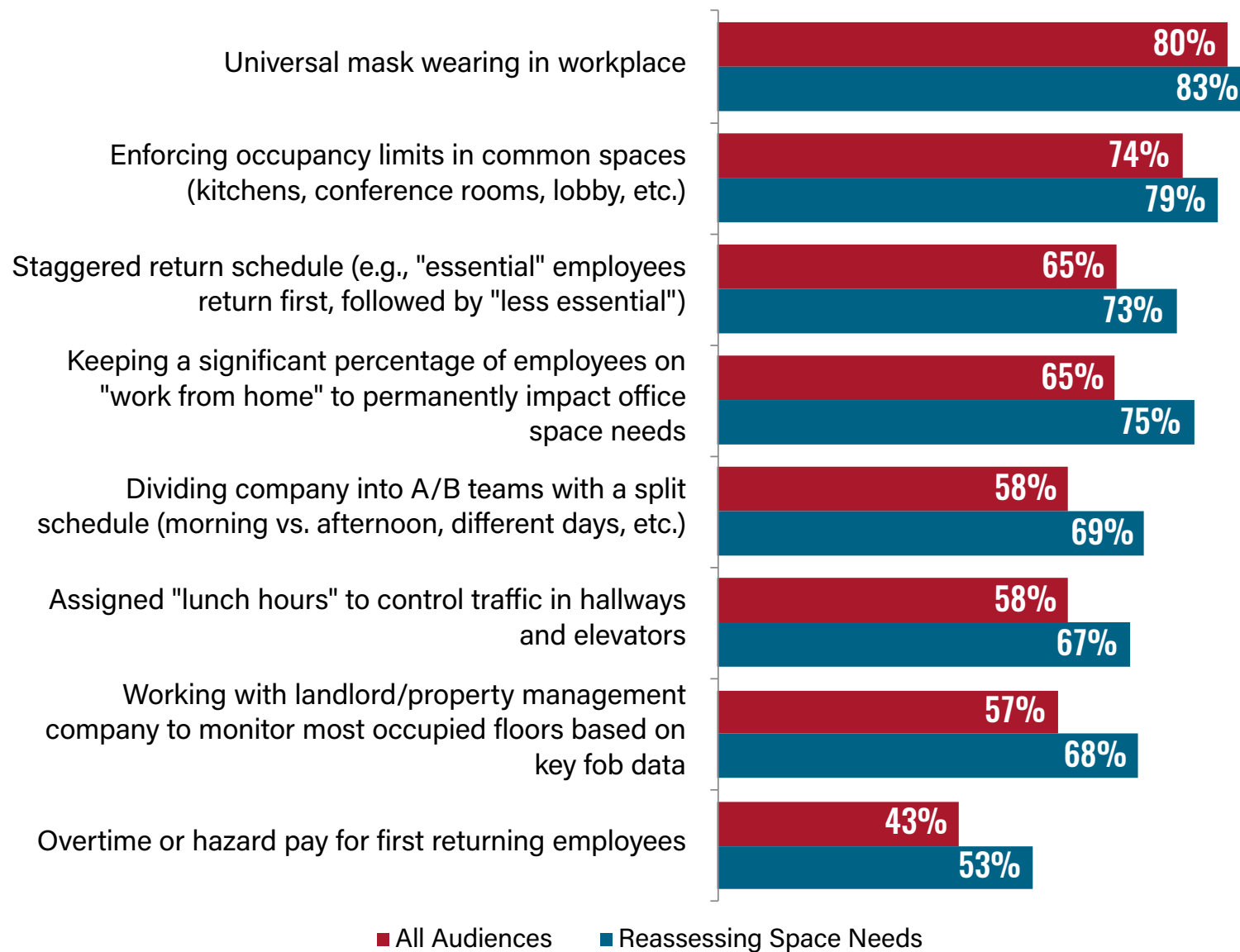
THE COVID-19/CRE BUSINESS-SPACE IMPACT CYCLE

	REVENUE IMPACT	REDUCING STAFF/OVERHEAD	BACKING OFF INVESTMENTS IN BD / CAPEX	TIME TO RETURN TO NORMAL BUSINESS OPERATIONS	RETURNING TO PRE-PANDEMIC PROFITABILITY
	SEVERITY / EXTENT				
	<ul style="list-style-type: none"> › 35% of enterprises will have lower revenue vs. forecast 	<ul style="list-style-type: none"> › 60% are or could potentially be reducing staff or overhead due to COVID-19 	<ul style="list-style-type: none"> › 57% say backing off from investments is "on the table," "in process" or "complete" › 70% say reducing CapEx is the same 	<ul style="list-style-type: none"> › 44% say a "return to normal" will occur by December › 36% by Q2 2021 › 21% later than Q2 2021 or never 	<ul style="list-style-type: none"> › 41% say a "return to pre-COVID profitability" will occur by December › 31% by Q2 2021 › 19% later than Q2 2021 or never
	WHO IS AFFECTED				
	<ul style="list-style-type: none"> › 1,000 - 5,000 SF › Retail and Healthcare Industry › Suburban-Urban Locations › Midwest 	<ul style="list-style-type: none"> › 10,000 - 50,000 SF › Technology, Construction and Manufacturing enterprises › California and Texas-based › Urban locations 	<ul style="list-style-type: none"> › 10,000 - 50,000 SF › \$40 PSF or more › Technology, Construction and Manufacturing enterprises › California, Texas and Northwest-based 	<ul style="list-style-type: none"> › Faster Returns = 25,000+ SF, C-Suite Construction, Southwest, Suburban locations, >\$50 PSF, Scale-Up companies › Slower Return = 10,000 - 25,000 SF, Facilities Managers, Northeast, \$30 - \$40 PSF, Mature Companies 	<ul style="list-style-type: none"> › Faster Returns = 5,000 - 25,000 SF, Professional Services and Technology enterprises,, >\$50 PSF, Emerging Growth Companies › Slower Return = 1,000 - 5,000 SFC-Suite, VPs/Directors, Manufacturing and Healthcare Industries, Texas/Midwest/ Northwest
	WHAT AMELIORATES IMPACT				
	<ul style="list-style-type: none"> › Seeing less value in built-in amenities; more value in flexible, shorter term leases › Seeing equal value in complimentary access to vacant office space 	<ul style="list-style-type: none"> › Seeing more value across the board in amenities (outdoor spaces, comprehensive A/V suites, etc.) › Would pay extra fees for on-site health/wellness advisor, large prominent disinfecting stations › Respond strongly to dedicated board rooms with AV/IT, additional rent deferrals and temporary relocation 	<ul style="list-style-type: none"> › See more value in amenities that facilitate culture and employee training, as well as employee collaboration,, networking and mentoring conducted in the office › Respond to significant investments in infrastructure to keep employees safe as well as "experts in space" messaging 	<ul style="list-style-type: none"> › Enhancing sense that "coronavirus is largely under control in my area" and employee back-to-work comfort › Assistance with understanding options for government assistance › Orientation towards expanding space › Orientation towards more staff at front desk 	<ul style="list-style-type: none"> › Location, location, location - Proximity to clients and customers › Cost factors and affordable rent - Rent transparency and communications › Addressing top challenge of developing employees and fostering culture/connectivity

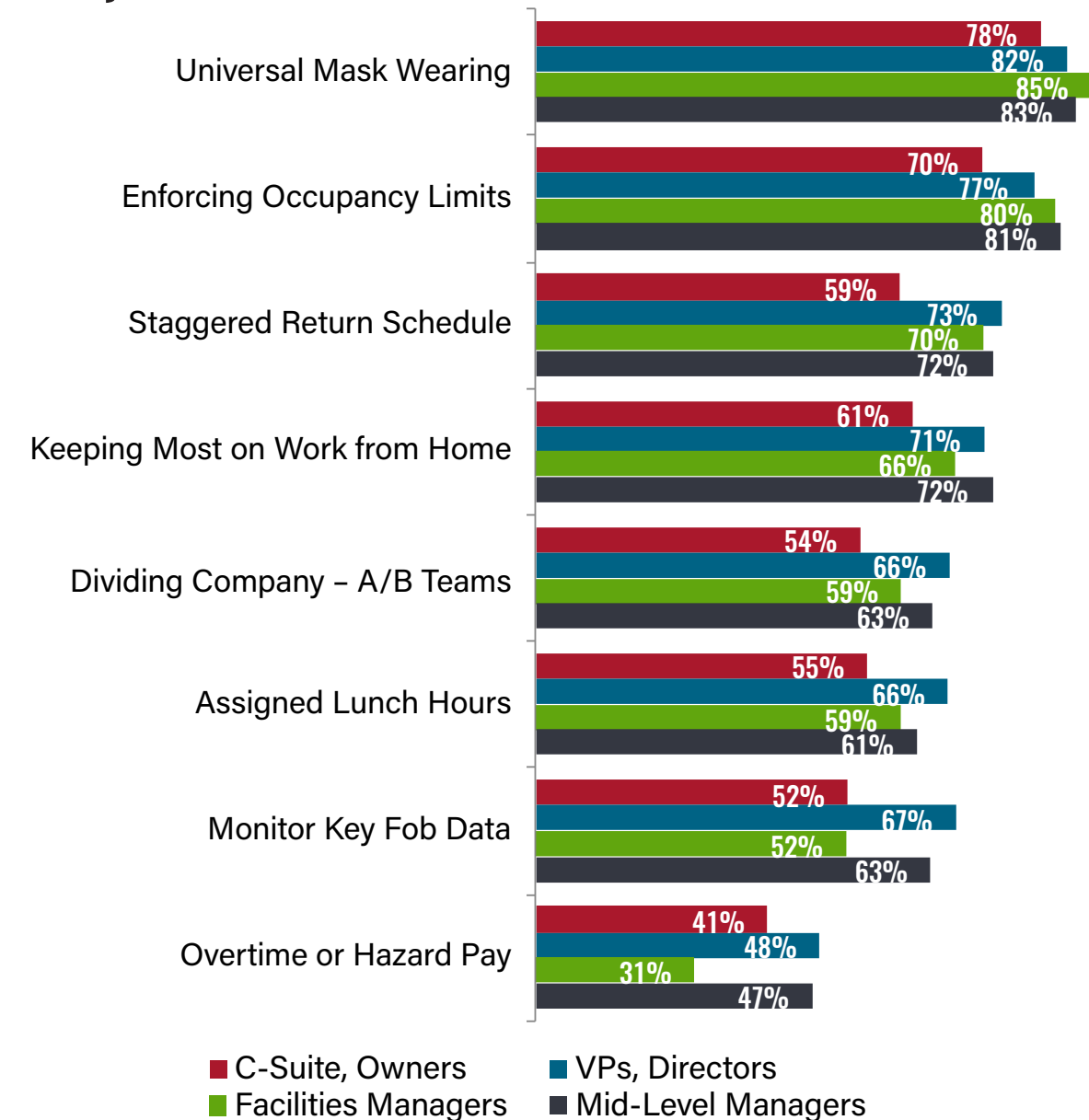
WHAT DOES REASSESSING SPACE NEEDS LOOK LIKE?

- Adoption of universal mask wearing in the workplace rises to 80% agreement, and is unified across job roles/titles, followed by enforcing occupancy limits and staggered return schedules, the latter of which is less favored by C-Suite/Owners (as are most of the lower-ranked elements).

Changes to Address Employee Concerns All Audiences vs. "Reassessing Space Needs"



Changes to Address Employee Concerns By Job Role



ELEMENTS THAT BUILD EMPLOYEE CONFIDENCE FOR SAFE RE-OPENINGS

- The below profile most preferred changes in practices/workplace features to facilitate safe office reopenings by region and square footage segment; notably, the smallest tenants tend to be more hesitant to adopt top-ranked processes/programs.

What This Means by Square Footage Segment (Relative and Absolute Space Reductions)

By Region	Southwest	California	Texas	South	Northeast	Midwest	Northwest
Universal Mask Wearing	81%	77%	80%	79%	82%	77%	85%
Enforcing Occupancy Limits	75%	73%	66%	75%	75%	72%	76%
Staggered Return Schedule	60%	67%	64%	65%	66%	64%	61%
Keeping Most on Work from Home	71%	70%	69%	68%	65%	52%	68%
Dividing Company - A/B Teams	57%	64%	60%	59%	59%	51%	58%
Assigned Lunch Hours	55%	67%	61%	62%	57%	52%	55%
Monitor Key Fob Data	67%	66%	59%	58%	58%	46%	60%
Overtime or Hazard Pay	35%	49%	54%	47%	41%	37%	49%

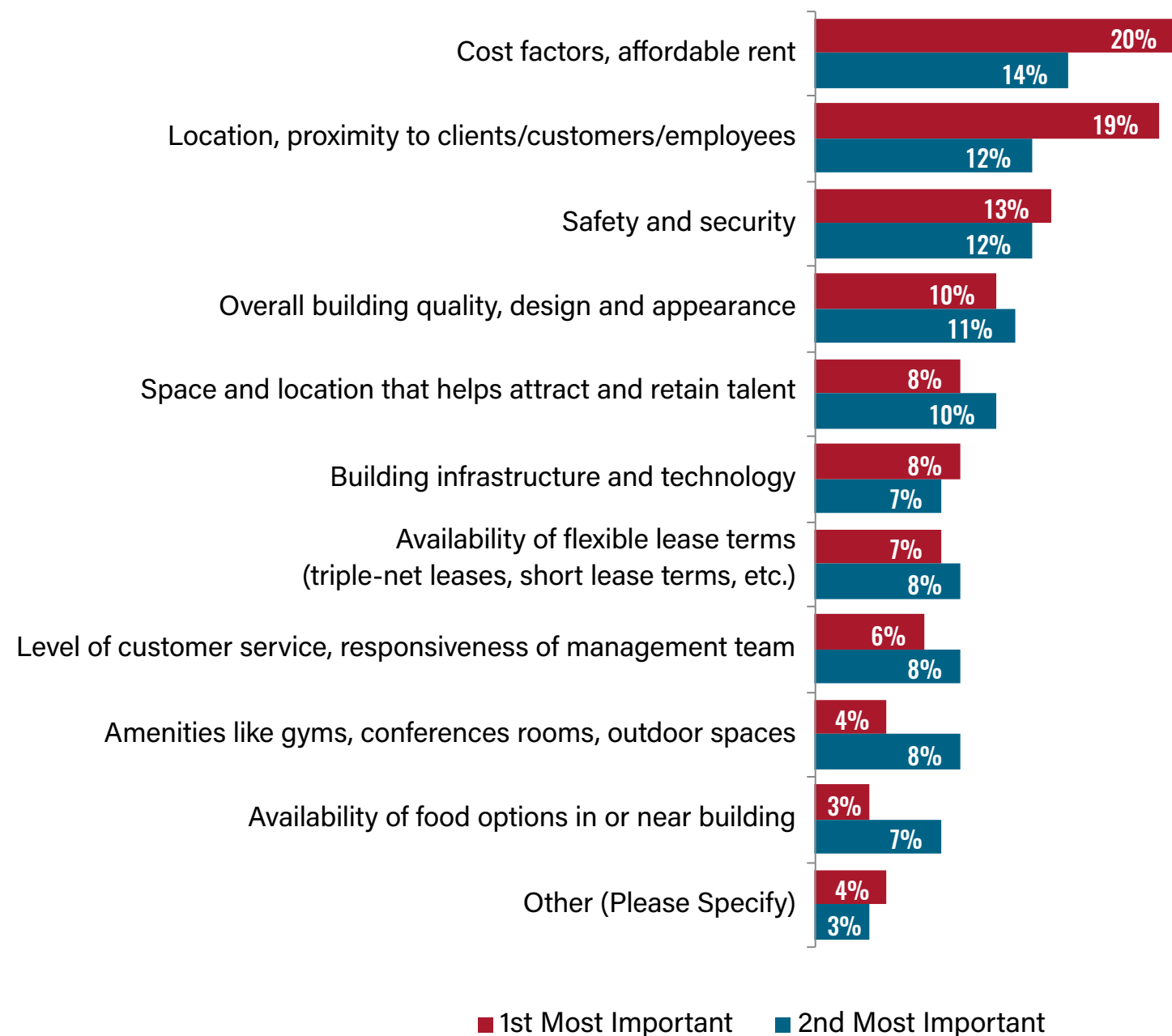
What This Means by Square Footage Segment (Relative and Absolute Space Reductions)

By SF Segment	1,000 – 5,000 SF	5,000 – 10,000 SF	10,000 – 25,000 SF	25,000 – 50,000 SF	>50,000 SF
Universal Mask Wearing	75%	81%	82%	83%	87%
Enforcing Occupancy Limits	63%	82%	78%	81%	79%
Staggered Return Schedule	50%	71%	73%	72%	78%
Keeping Most on Work from Home	52%	67%	73%	76%	75%
Dividing Company - A/B Teams	42%	67%	68%	73%	70%
Assigned Lunch Hours	42%	64%	71%	75%	71%
Monitor Key Fob Data	42%	63%	67%	71%	73%
Overtime or Hazard Pay	26%	49%	58%	59%	55%

ISSUE MATRIX: KEY ELEMENTS OF SPACE DECISIONS

- Comparing the location drivers from the pre-COVID era to our survey results shows less of a cost-orientation, and decision criteria more focused on location/proximity to customers to rebuild pipelines and business development.

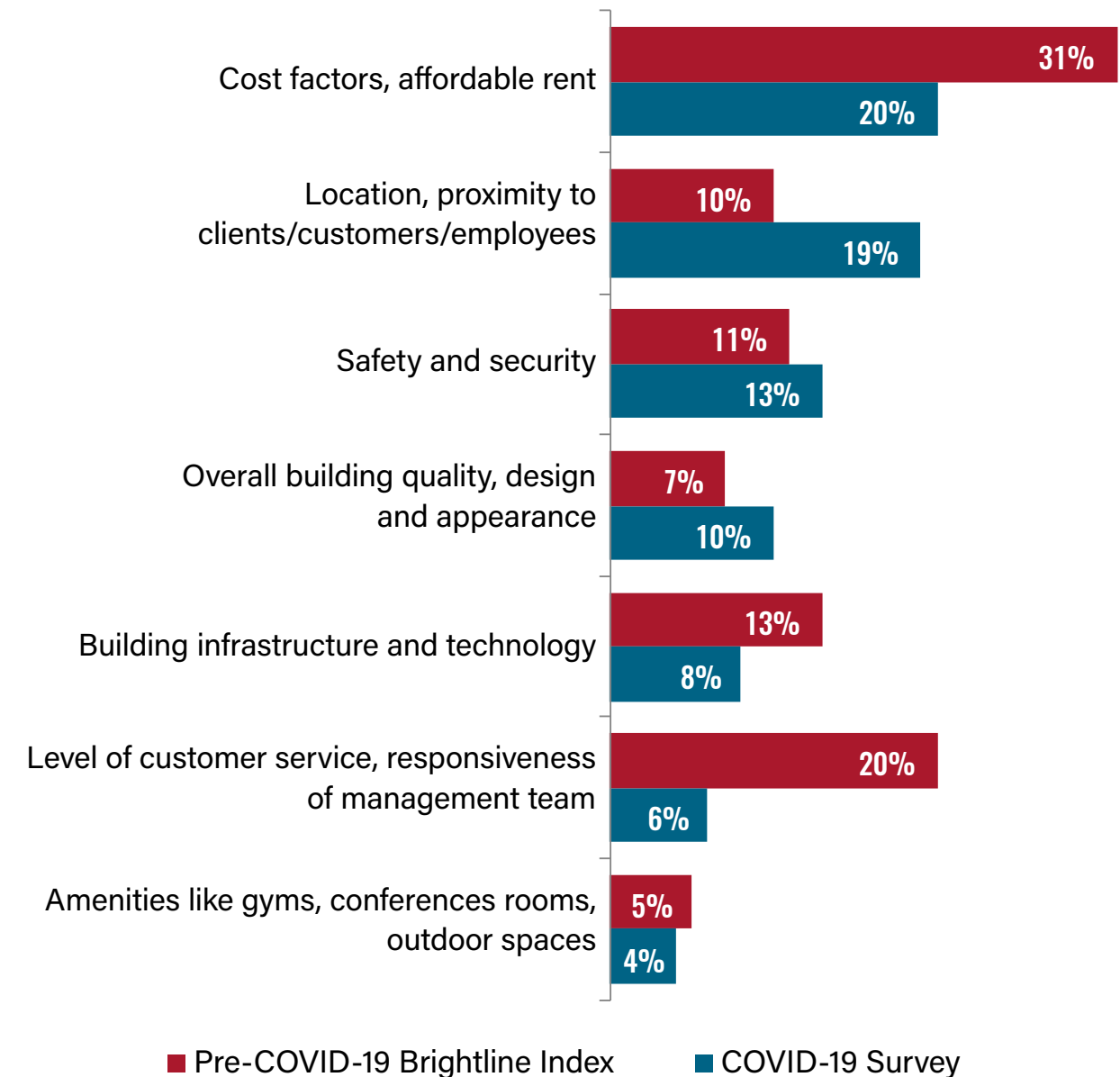
Most/Second Most Important Issues in Selecting Office Space All Audiences



Brightline Index Comparisons

Pre-COVID vs. Post-COVID

(*Note: Some issue matrix elements not asked previously)

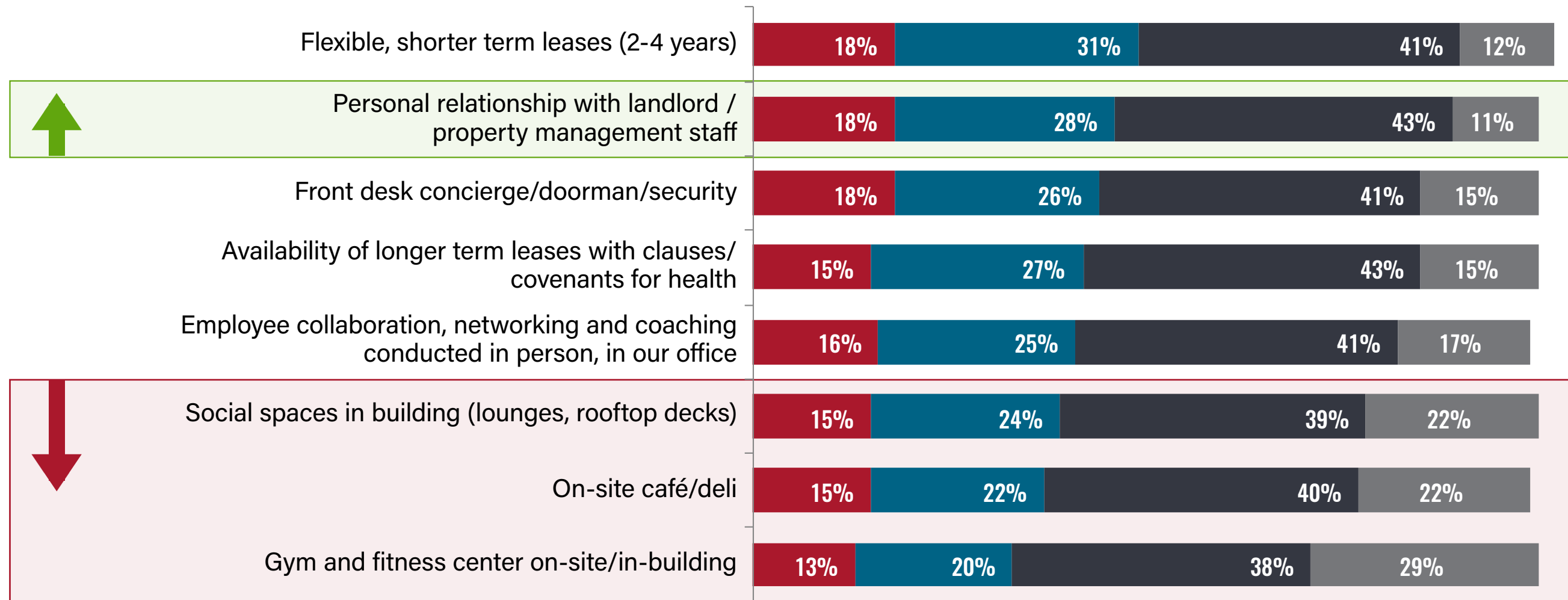


TENANT "VALUE EQUATION" POST-COVID

- Though the previous slide showed a decline in "service" as a driving factor for location decisions, for current tenants in their spaces, personal relationships with their landlords/PM staff are more important than ever.

Amenities / Features - Value for Tenants Post-COVID

All Audiences



46%

Office Tenants Seeing More Value in Personal Relationships w/ PM Staff

Office Tenants Seeing Less Value in Traditional, Built-In Amenities

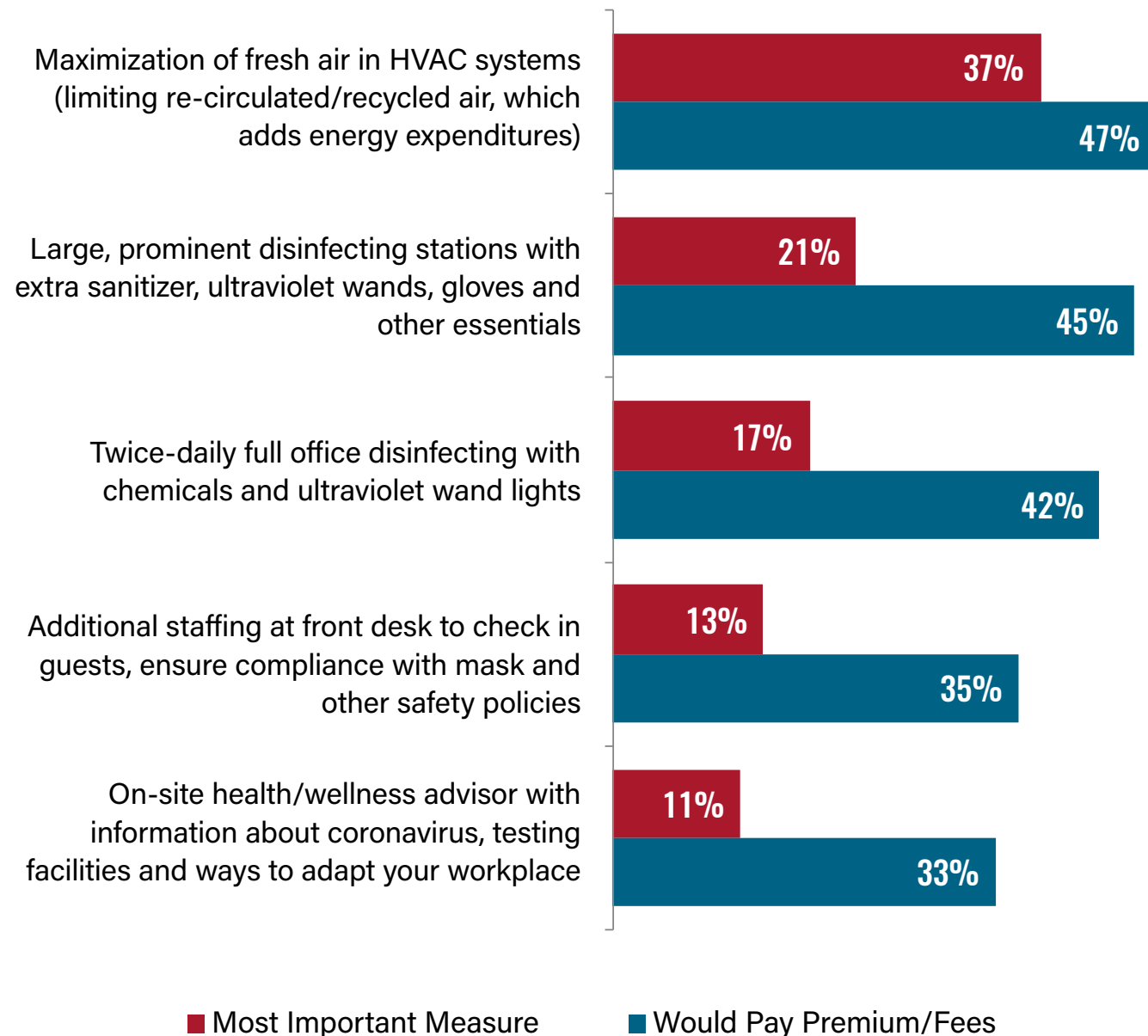
■ More Value / Strongly
 ■ More Value / Somewhat
 ■ About the Same
 ■ Less Value

PERCEIVED VALUE IN OWNER/OPERATOR MEASURES AND PROGRAMS

- Maximization of fresh air leads the way as a “most important” measure for owners-operators to adopt, though more than 4-in-10 respondents each are willing to “pay a premium” or additional fees for large disinfecting stations and twice-daily full office disinfecting.

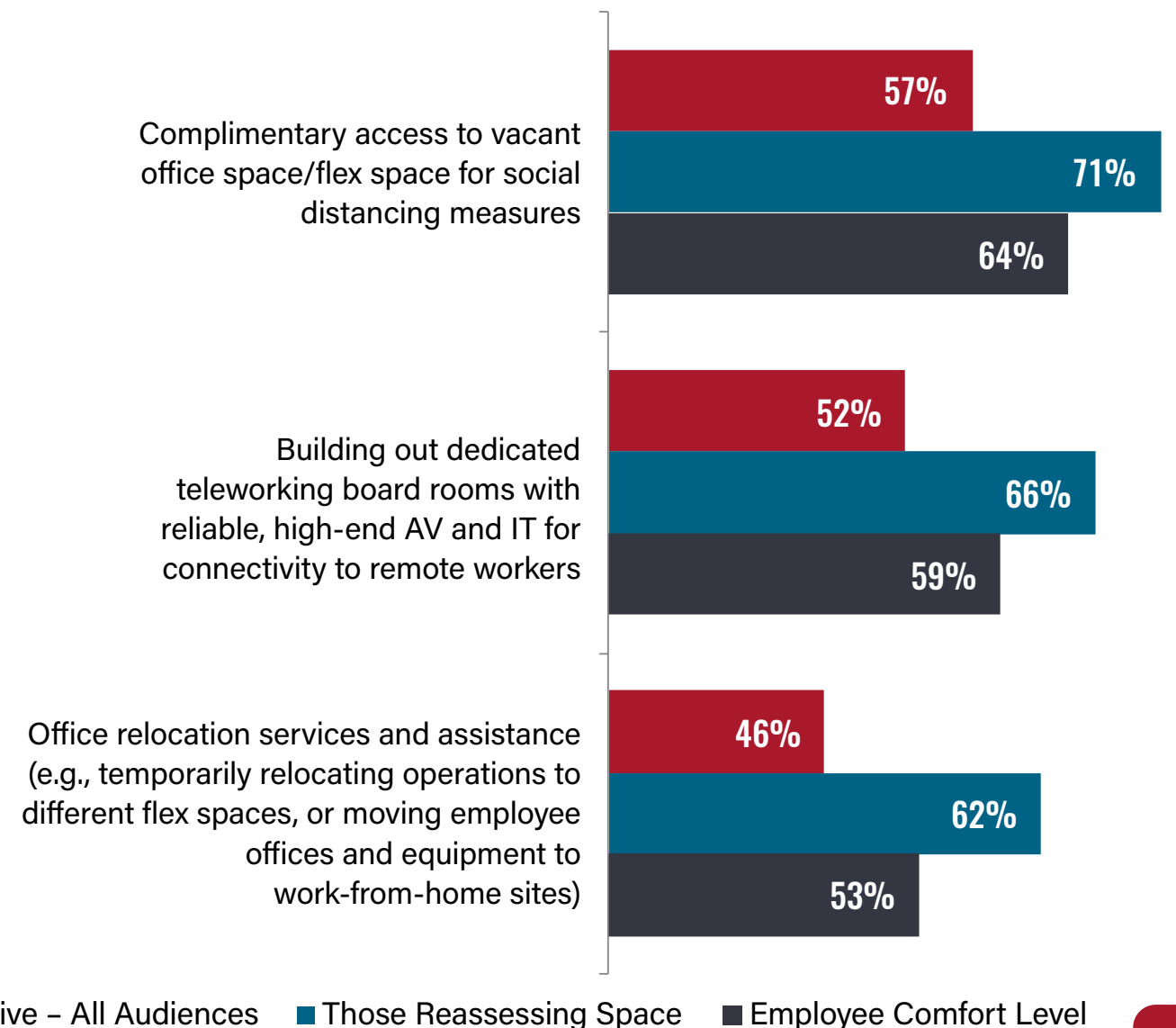
New Measures and Programs

Overall Preference (Most Important Change) vs. Likelihood to Pay Rent Premium/Fees



“Positives” for Additional Services

By All Audiences, Those Reassessing Space and Employee Comfort Level

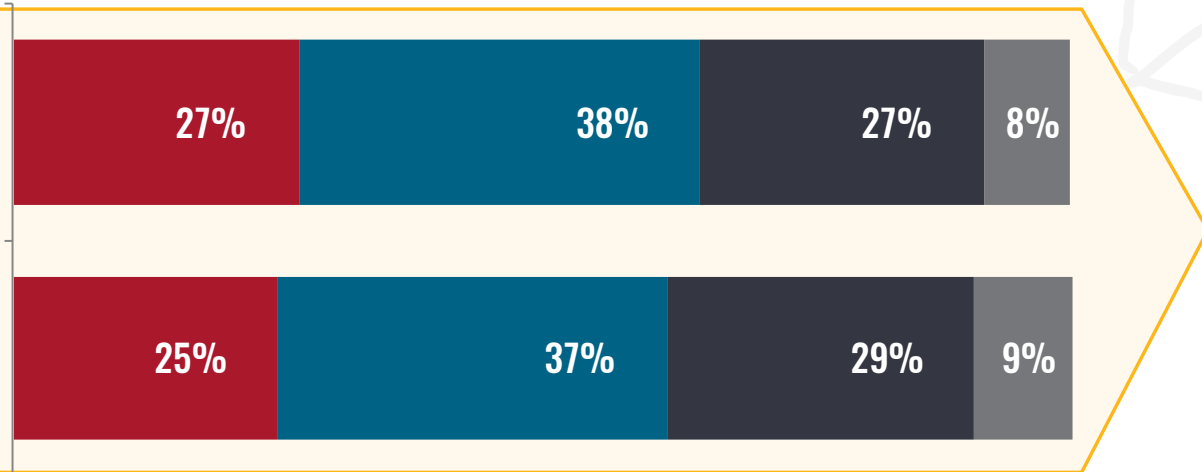


WHAT WE SAY: CENTERING THE NARRATIVE ON SAFE RETURNS TO WORK

Message Effectiveness Based on “Value Delivery”

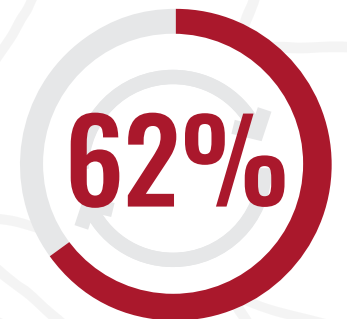
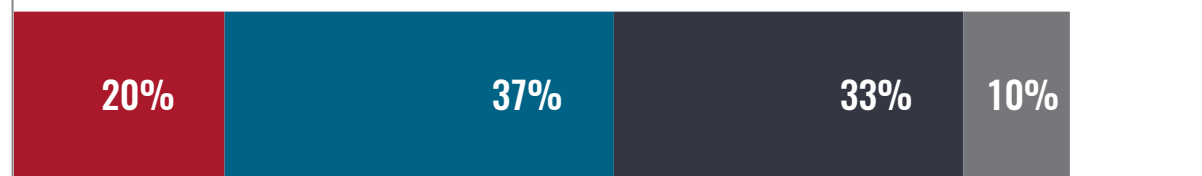
Office property owners and managers are making significant investments in physical features and infrastructure to keep tenants and their employees safe (e.g., new/improved HVAC and sanitization features).

Most successful businesses are based on human connections (e.g. in-person meetings, collaboration, coaching, etc.) and environments which facilitate such interactions are essential to keeping organizations productive.



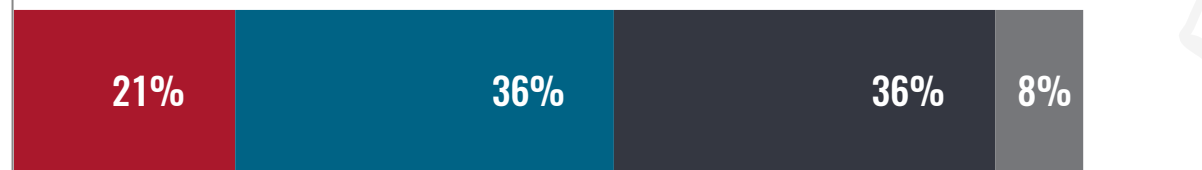
More Positive on “Investments to Keep Tenants Safe”

As “experts in space,” landlords and brokers are working with tenant organizations to redesign spaces, create hybrid working environments (facilitating remote and on-site work) and evolve their properties.



More Positive on Culture and Power of In-Person, Human Connection

Office property owners and operators are developing and investing in new solutions for lessees, including “resilient building” certifications and programs that guarantee disaster funding and continuity of operations



The young, skilled talent you’ve worked hard to recruit needs the in-person office environment for networking, mentoring and making the face-to-face connections they need to rise in their contributions to your organization.



McKinsey, among other research firms, has suggested that work-from-home time **will only increase** from 20% pre-COVID-19 to 27% once the crisis is over.



■ More Value / Strongly ■ More Value / Somewhat ■ Neutral ■ Less Value

HOW WE SAY IT: MOST EFFECTIVE COMMUNICATIONS CHANNELS

Communications Channel / Tactic Effectiveness

Periodic email updates and digests reviewing policies, procedures and new building features



Releasing a formal "COVID-19 Back-to-Work Blueprint" to help guide tenants in return-to-work strategies, digitally and in signage around property



Enhanced signage around property (posters, physically distanced floor stickers in elevators and common areas)



Routine, safe, physically distanced in-person check-ins from property management staff with PPE or sanitizer deliveries

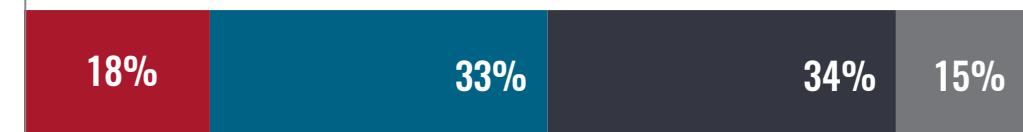


Periodic personal email check-ins from property management staff



Tier 1 Communications Channels

Quarterly personal conference calls with property management staff and executives (tenant-by-tenant basis)

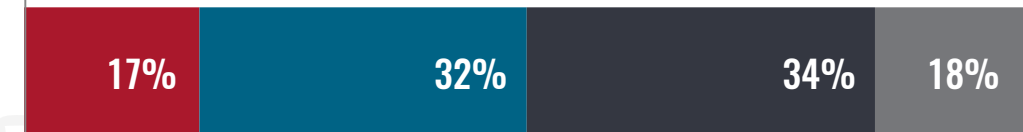


Tier 2 Communications Channels

Video messages from on-site property management team



Quarterly webinar "town halls" with property management staff (all building tenants)

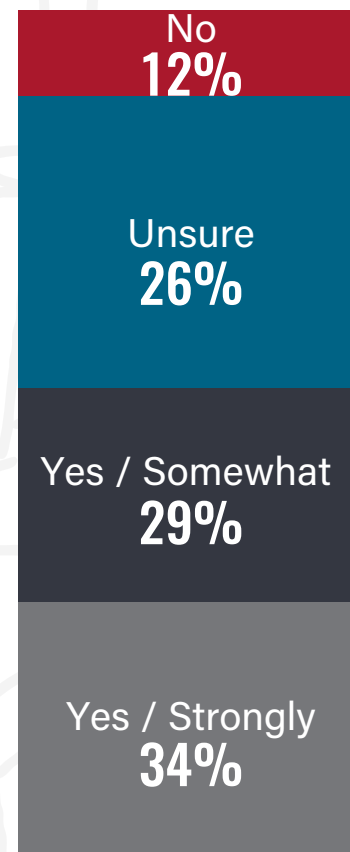


More Effective / Strongly More Effective / Somewhat Neutral Less Value

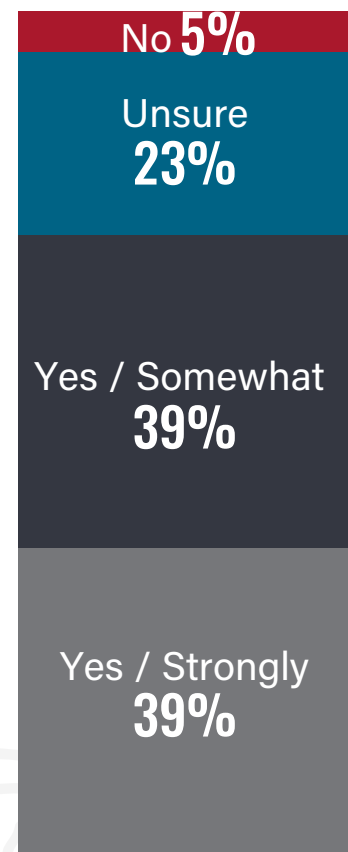
CURRENT STATE: CORONAVIRUS IMPACT ON TENANT LOYALTY

- Without any prompting on coronavirus, tenants were asked at the very beginning of the survey if they would plan on renew; the 55% "Yes" score is well below the Brightline 6-year national index of 78%.

Are you currently planning to renew your lease?



Market Comparison
Brightline Index
2014-2020



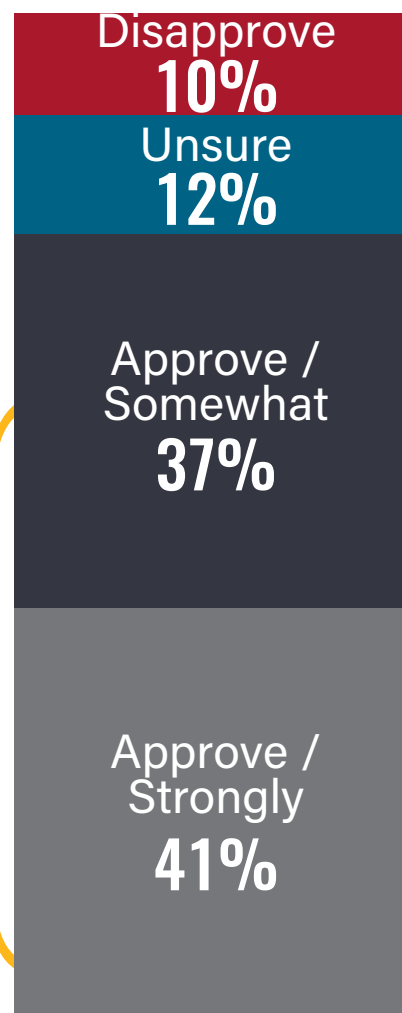
	Yes - Will Renew	No - Won't Renew
BY JOB ROLE		
C-Suite, Owner	61%	12%
VP, Director	57%	11%
Facilities Manager	47%	3%
Mid-Level Managers	47%	8%
BY LOCATION		
Southwest	51%	20%
California	65%	9%
Texas	64%	13%
South	57%	10%
Northeast	53%	10%
Midwest	56%	8%
Northwest	63%	13%
BY SQUARE FOOTAGE		
1,000 - 5,000 SF	50%	12%
5,000 - 10,000 SF	57%	10%
10,000 - 25,000 SF	67%	10%
25,000 - 50,000 SF	70%	8%
> 50,000 SF	67%	10%
BY RENT PER SQUARE FOOT (PSF)		
< \$30 PSF	51%	11%
\$30-\$40 PSF	54%	12%
\$40-\$50 PSF	69%	10%
> \$50 PSF	71%	11%
BY INDUSTRY		
Technology	67%	11%
Professional Services	49%	11%
Healthcare	54%	9%
Real Estate	53%	8%
Construction	69%	7%
Manufacturing	68%	6%
Retail	57%	10%
Other	48%	12%

FUTURE-STATE / CRE INDUSTRY NEXT STEPS TO CONFRONT THE PANDEMIC

FUTURE STATE: IMPACT ON TENANT LOYALTY / OWNER-OPERATOR ROI

- Almost 8-in-10 tenants approve of their owners-operators' coronavirus response, driven by **superior communications, a renewed focus on safety and security and the earlier mentioned fact that tenants are depending on personal relationships with PM staff more than ever.**
- The result of this strong performance is that 47% of tenants would be more likely to renew based on the coronavirus response exclusively, demonstrating strong owner-operator ROI for proactive, transparent communications on day-to-day activities, future-state programs/features and "experts in space" positioning.

"State of the Union" - Approve vs. Disapprove on Office Landlord Coronavirus Response

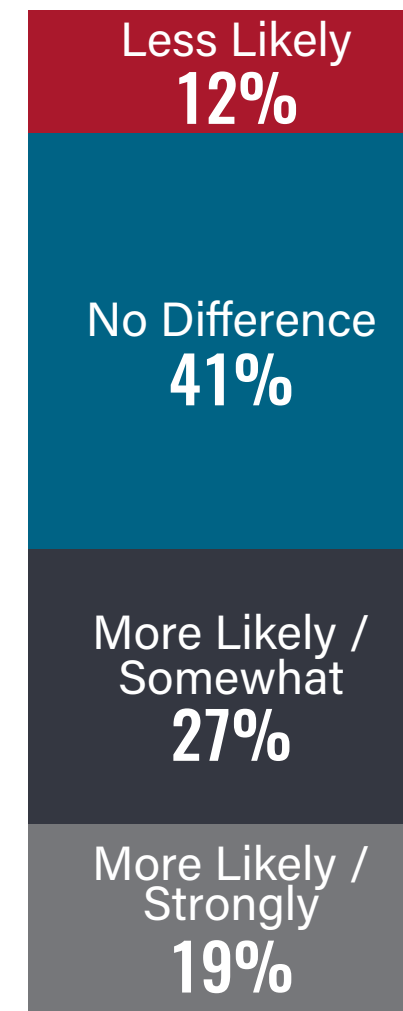


Q: "How would you rate your landlord/property management company's response to the coronavirus/COVID-19 public health emergency? Do you approve of their response so far, disapprove or are you unsure?"

Contributing Factors to Strong Approval / Increased Loyalty



Impact on Renewal - ROI on Coronavirus Response Measures

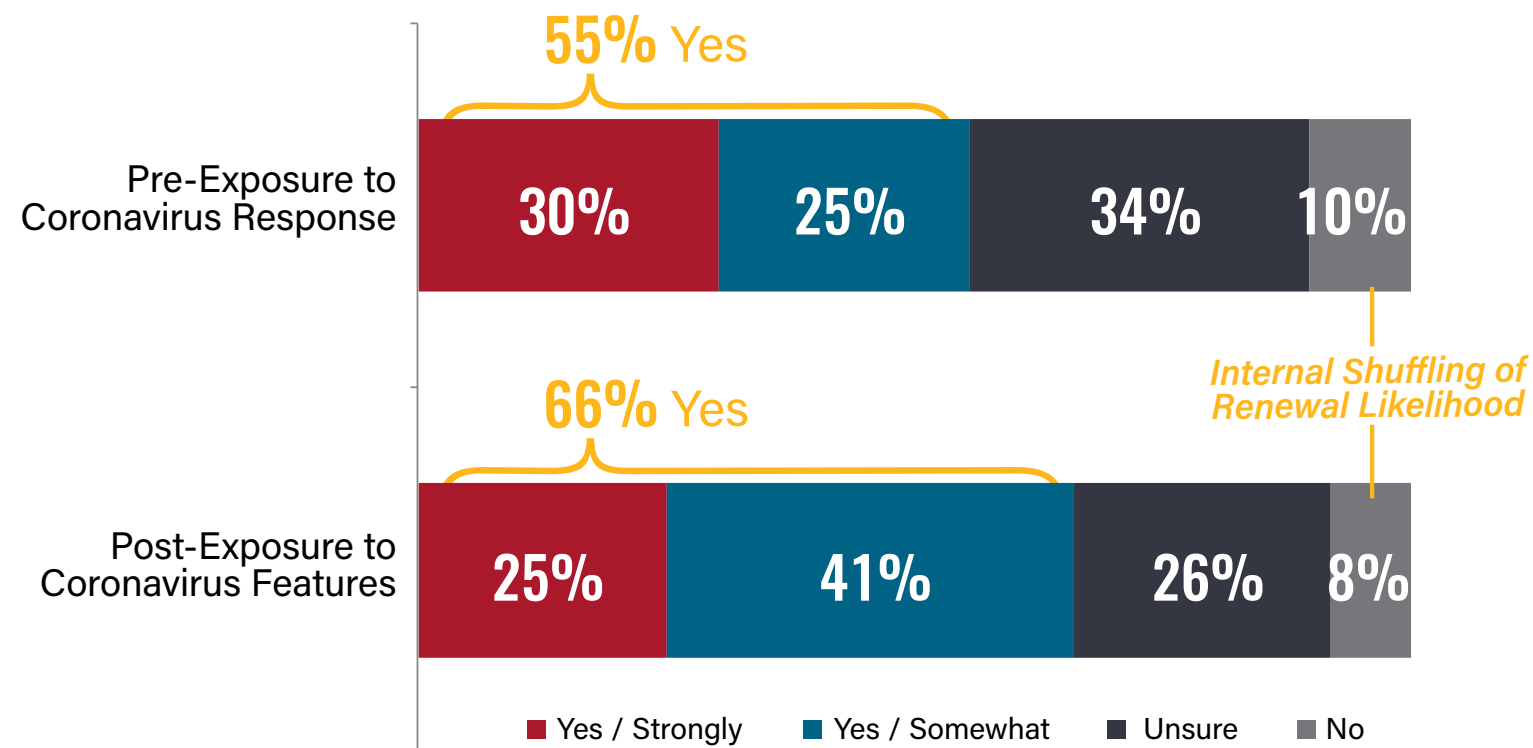


Q: "Thinking about the communications, policies and processes your landlord/property manager has implemented over the past several weeks in response to the coronavirus/COVID-19 public health emergency - Has their response made you more likely to renew your lease when it's up, less likely, or has it made no difference?"

FUTURE STATE: GROWING RENEWAL SHARE AND ACHIEVING OWNER-OPERATOR ROI

- Following exposure to new services, features and physical spaces landlords/property management companies could invest in and deliver, tenants' likelihood to renew their leases jumps from 55% to 66%. Though intensity wanes ("Yes / Strongly") this is likely due to apprehension over additional costs/fees.
- There is significant internal shifting, however, as 27% of respondents "move up the ladder" towards a stronger renewal likelihood, and fully 18% switch to "Yes" from a "No" or "Unsure." Driving this switching are those who demonstrated weaker numbers/larger COVID impacts earlier on, including small businesses (1,000 – 5,000 SF, and industries including retail, healthcare and professional services.
- This reflects a strong opportunity for renewal growth, despite the pandemic, provided owners-operators continue communicating well, growing relationships and investing in advanced processes and technologies highlighted by tenants in the survey.

Likelihood to Renew Based on Landlord/Operator Response If Your Property Implemented Features Discussed



Switch to "Yes" on Renewal from "Unsure" or "No" Following Awareness/Prompting on Coronavirus Response

Who Switches to Yes on Renewal?

- Crosses job roles/titles, including C-Suite/Owners (18%)
- Professional Services (20%), Retail (20%) and Healthcare (20%)
- Southwest Region (28%)
- Suburban-Urban Locations (22%)
- 1,000 – 5,000 SF Firms (21%)
- \$30 – \$40 PSF (20%)
- "Wrong Track" on Coronavirus (20%)
- Disapprove of Landlord Response (23%)
- Those Likely to Reassess Space Needs (20%)
- Top Pain Point / Keeping Teleworking Employees Effective (21%)
- Lower Revenue (21%) vs. Higher Revenue (16%)

Q: "If your office property management company implemented the physical features and service programs you found most compelling earlier, would you now consider renewing your lease when it expires?"