

Real Estate

The real estate sector is seeing COVID-19 related impacts on building owners, developers, landlords, and tenants. For tenants, the principal action item is to discuss heightened janitorial and "day porter" services with your landlord. Most landlords have engaged professional janitorial service providers and many are increasing the frequency of cleaning/sanitizing elevators, escalators, front entrances and lobby amenities.

For building owners (or single tenant occupants of buildings under triple net leases), especially those in retail and mixed use environments, where there is a consistent public presence at the project, contingency access control plans need to be developed. In addition, owners should have discussions with their property management services and other key vendors to discuss employee practices governing communications with employees to promptly report illnesses and to avoid the building if they are ill. Based on current medical information, the virus is transmitted through moisture based "droplets" that are absorbed through a person's mucus membranes, and is not by "air borne" transmission. As such, the likelihood that building HVAC systems will be a source of exposure seems relatively low. However, building owners should consider increasing the frequency of common area "day porter" services.

Both landlords and tenants should review their leases to confirm whether a closure of the building, or significantly restricted access, would trigger a rent abatement. Buildings, especially larger retail centers and trophy properties with significant common areas, are likely to incur increased operating expenses, and tenants should discuss these projected costs – and the tenants' responsibility for such costs -- with their landlords. Developers with projects in stages of entitlement review, including building permit review, should anticipate delays in processing

of their applications as local jurisdictions close offices, redirect manpower, or otherwise postpone public hearings.