

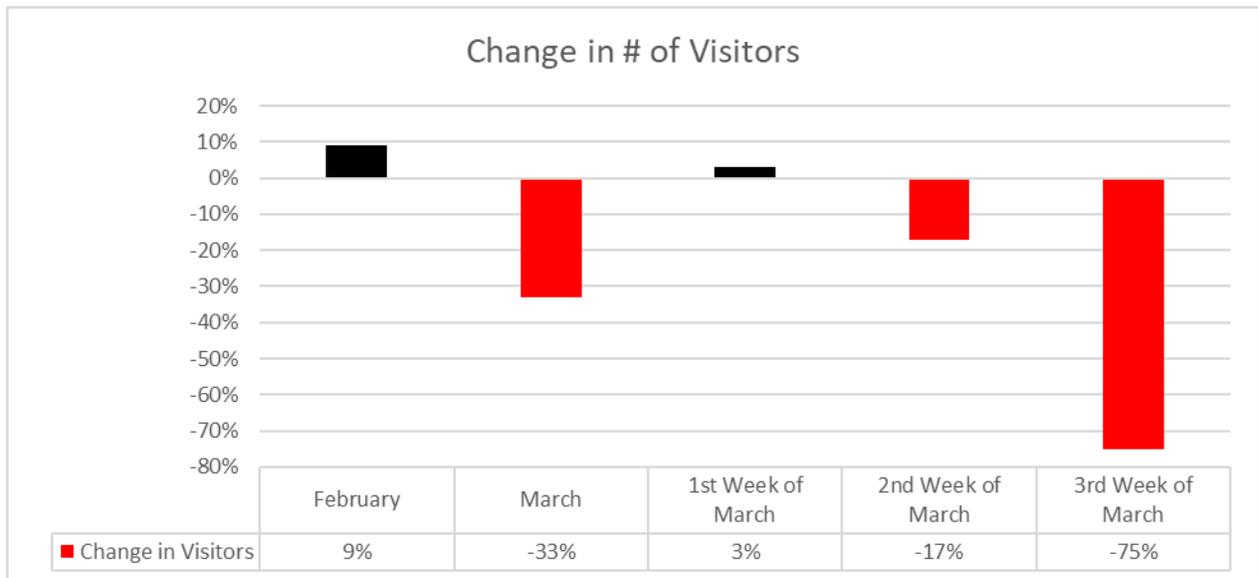
Tracking Real-Time Economic Changes to an Office Property

Last week using data from Advan we showed the impact of Covid-19 on retail real estate. Our analysis this week looks at the impact of the virus on office real estate. Using data from Advan that tracks anonymized cell phone movement over time, Eigen10 Advisors examined the change in foot traffic for a New York City office building.

The building's vacancy rate did not change significantly between first quarter 2019 and 2020, from low single digits to mid-single digits. So, the change in occupancy didn't significantly impact foot traffic.

Foot traffic in the building was up 9% this February compared to last¹. Foot traffic was relatively flat compared to a year ago for the first week in March. As the virus spread and New York felt the impact, foot traffic declined the second week of March, falling 17%. As the full impact of social distancing hit and non-essential workers were asked to stay home, foot traffic continued to fall. By the third week of March, foot traffic had fallen 75% compared to the same week a year ago. A staggering decline and one that shows the true impact of the virus on the economy. With all non-essential workers staying away the numbers for the last week of March are likely to be even greater.

New York was one of the first states to strongly encourage, if not mandate, non-essential workers work from home. As additional closures and limits grow around the country, other office buildings will see similar declines. There is non-essential retail at the base of the building which is included in the data. As other buildings in the city closed and fewer tourists visited New York, the retail establishments were impacted.



It is unknown how quickly the market will bounce back, but the building is almost fully leased. So as soon as the 'shelter in place' mandate is lifted, foot traffic should rebound quickly for both the office building and the retail at the base. The short-term impact will be painful for the landlord, but the

¹ The analysis used the first 28 days of February 2020 to account for the additional day in the month due to Leap Year.

property should be able to recover quickly. This office building is well located and almost full, other buildings without these advantages may not recover as quickly.

Advan and Eigen10 Advisors are working to continue to track and analyze the data in a broader and more long-term indexed fashion. For additional analysis of your property contact Eddy Hribar at ehribar@advan.us or Jeff Havsy at jhavsy@eigen10.com.