Bracing for More Job Losses, Looking Toward Better Days

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Marc Wieder and Robert Gilman, co-leaders of the real estate unit at Anchin, think the spike in unemployment has ended but that might be the only good news for awhile for commercial real estate.

“I think we’re going to be in a world that we’ve never seen before,” Wieder said, citing the office and retail sectors as two areas that will see major impacts.

Retail was struggling before the coronavirus hit, both noted, and now retailers will be cutting square footage drastically. People may avoid malls because of social distancing concerns and keep up the e-commerce shopping they relied on during the shutdown. Kelly said shopping centers that had turned to more experiential retail to replace vacant storefronts may regret that at least in the short-term. “Experience means being with people and that’s what you don’t want to do now,” Kelly said.

Wieder said some retail and restaurant tenants may shutter their doors for good in hopes of negotiating a better deal with their current landlords or getting cheaper rent at a new location.

Wieder and Gilman said office occupiers, who are seeing their employees work rather productively remotely, will reconsider their space needs as their leases expire. In the meantime, they may be looking to sublease space they are not using, as much of their staffs continue to work from home and only come into the office sporadically. “They’re creating their own WeWork, taking unused space and subleasing it out until their lease expires,” Wieder said.

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