

R.W. Holmes Early to Predict the Impact of Covid-19

BY JOE CLEMENTS

WAYLAND — The stunning swiftness in which those Covid-19 clouds darkened Greater Boston’s dynamic economy is reflected in the R.W. Holmes Realty suburban office report for Q1 which President Garry R. Holmes, SIOR, accedes was rendered partly obsolete before the ink was even dry, among the metrics tallied being nearly 150 leases and a cache of nine-figure building sales prompting an observation that “investors stay confident with the Central 128 market and are continuing to move forward with acquisitions” such as The Post in Waltham which did trade in early April for an impressive \$745 per sf. Since then, though, mega-deals across the land have ground to a deafening halt, their intentions disabled by a fractious debt market.



Garry R. Holmes, SIOR



Dean Blackey

“I’m sure those who did close are very grateful they got theirs’ done,” says Holmes, who recounts a scramble to re-tool its quarterly study and intersperse talking points about Covid-19, making the research report among the earliest regional missives where readers were cautioned the viral spread was a looming threat to CRE. “With many employees working from home, will companies adopt a broader work-from-home policy? What will be the lasting impact?” the analysis queries on what has become a universal topic.

“It was definitely challenging so late” in the process, “but we knew this was important,” Holmes says regarding the last-minute adjustments which made the tome a Coronavirus clarion call of sorts. “So many good things happened in the first nine or 10 weeks, it was hard deciding how to fit it in, but it was clear our clients needed to get up to speed about Covid-19 as quickly as possible . . . Given how fast everything fell apart after that, we are glad we could give some guidance because the real impact is going to



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be felt in the second and third quarters and people need information to plan for the future.”

Being in a transactional climate is obviously better for real estate services firms, but Holmes says the goal should be responding to conditions at hand, good or bad, and

maintains having nearly 250 years of combined experience among the Wayland firm’s professionals has them prepared to assist tenants and landlords who may not have seen such abrupt reversals of a high-stepping economy as Black Friday in autumn 1987, the brief-but-disruptive Russian bond crisis of 1998, early 2000’s dot.com bust and the most recent New England



Elizabeth Holmes

crash which commenced in 2008.

Having joined his father's name-sake company in 1986, Holmes has gone through all of the above CRE downturns, and acknowledges those slumps were helpful in recognizing how quickly the tide can shift, albeit "nothing to the degree" seen with Covid-19. Although industrial and laboratory activity—both covered in the Q1 report—have seen encouraging activity, both downtown and suburban office momentum are at a standstill "It's the hardest hit except for hotels," says Holmes.

"All we are doing right now is consulting," he says. "I think the numbers are clearly going to be diving quite a bit in the second quarter, especially for sales, and I think it will be a challenge to do any leasing as well . . . you might go

through the third quarter before companies feel comfortable about making any decisions." Communities where limits remain on office usage make for tough sledding when signing subleases as well. "You don't want to pay for space you can't use," observes Holmes, whose SIOR hat is also helping out that organization in his current role as New England Region Chapter President.

Myriad questions abound for clients and the SIOR constituency, relays Holmes,

including that shift towards partial or full telecommuting, whether public transportation fears will steer tenants away from cities to suburban venues, and might trends combine where firms will eschew urban addresses for further cost savings and to be nearer bedroom communities and a staggered commute. Holmes speculates office "hoteling" or co-working models could fall out of favor, advising, "You aren't going to want to share your space with a stranger" and predicting that "safety and security

of employees will be a major issue." he says, adding the allowance of some Massachusetts office tenants to use 25 percent of their space beginning this week could be a barometer as to how eager firms are to re-populate their space. And while sky-rocketing tenant improvement costs had landlords pushing for longer leases of seven- to 10-years to justify the expense, Holmes says the appetite in an uncertain time might be for tenants to favor shorter commitments.

