

# Asset Class: Office Property

Presented by Jonathan C. Lay  
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# INTRODUCTION

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# INTRODUCTION



Where you work

Fairchild Partners Commercial Real Estate Services  
[www.fairchildpartners.com](http://www.fairchildpartners.com)

How long in the  
industry

9 Years

Specialization

Office Product

# SPECIFICS ABOUT THE ASSET CLASS





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What do investors like about this asset class

- Income Potential / Value Appreciation
- Risk Diversification
- Long term leases / Asset stabilization

What do investors look for to evaluate this product

- Current Market Environment
- Condition of the asset / existing layouts
- How to increase NOI by increasing gross income and reducing expenses (all assets)

Why do you specialize in this asset class

- Mentor/colleague gave me the opportunity
- Corporate environment
- Deal with executives/decision makers

# PROS / CONS OF THE ASSET CLASS





# PROS/CONS OF ASSET CLASS

What are the positives of owning this asset class

- Owner determines level of involvement
- Diversification of risk
- Value Appreciation / returns
- Long term leases

What are the issues to watch out for when owning this asset class

- Cash intensive
- Property maintenance
- Growing demand for parking
- No alternative parking options can limit your market

What to be aware of when brokering this asset class

- Current market conditions
- Different lease structures (tenant representation)
- Market concessions
- When underwriting use accurate information
  - i.e. increased RE taxes

# CASE STUDY





# INVESTMENT ACQUISITION

## Objective

- Acquire income producing office property
- Expected returns 5% to 6.5%
- Stabilized cash flow / not value add
- Local market preferred

## Subject Property

- 12,500 SF Office Building - Coral Gables
- Single story with six tenants
- 100% leased upon acquisition
- Completely renovated / No differed maintenance
- Seven private parking spaces - additional income

## Additional Information

- Cash flow analysis created for the entire holding period
  - Concessions, downtime, TI's, commissions and legal fees
- Held tenant interviews
- Securitization review of all tenants
- Suite layouts - very marketable
- Exit strategy - potential redevelopment

# COVID IMPACT ON OFFICE





# THE NEW NORMAL MIAMI-DADE COUNTY

## Guide to Reopening Businesses

List of new procedures that need to take place within the common areas of the property (Landlord's responsibility) and within the tenant's premises (Tenant's responsibility).

## Landlord's Responsibilities

- Increase janitorial services / clean hi-touch areas every 2 to 3 hours
- Sanitizing stations at entrances and in common areas
- Install CDC signage throughout the property
- Signage in elevators to reduce capacity

## Tenant's Responsibilities

- Establish new office capacity – new social distancing requirements require 350 SF per employee
- Redesign of current furniture layout
- May have to implement multiple shifts
- New cleaning protocols

# CONTACT INFORMATION



Licensed Real Estate Brokers



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