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Upcoming Events

Chair Yoga – 11/9 at 3 pm
A Strategic Overview of Commercial Real Estate: Present & Future – 11/11 at 10:30 am
Superintendents Meeting – 11/18 at 12:30 pm
Trivia Challenge – 11/18 at 2pm

Newsletter sponsored by:

November 11th Meeting

A Strategic Overview of Commercial Real Estate: Present & Future

2020 has been a challenging year for the commercial real estate industry. The pandemic has forced building owners and property managers to quickly adapt to many changes within the market. Where is commercial real estate today and what does the future hold? Join us as **Henry Chamberlain**, President and COO of BOMA International, shares his insights into the industry and what we can anticipate in the next 12-24 months. Along with Henry will be **John Bryant**, VP of Advocacy and Codes with BOMA International. John will discuss current legislative activity in Washington D.C. important to commercial real estate, and what to expect in 2021.

Following the presentation by BOMA International, we will hear from **Doug Carnival** of McGrann Shea and **Sonnie Elliott** with Faegre Drinker. Doug and Sonnie will provide a review of the 2020 election results and a preview of the 2021 Minnesota Legislative session.

Date:

Wednesday, November 11th, 2020

Time:

10:30 am - 12:00 pm

Location:

ZOOM

Cost:

Free for both members and non-members

[Register](#)

CHAIR'S REPORT – *David Ketcham*



Hello everyone – As I write this article on October 22nd, we have snow on the ground, it is sleeting outside, accompanied by thunder and lightning. Mother nature never fails to surprise us in Minnesota.

I am very excited for our upcoming November meeting. We are privileged to have **Henry Chamberlain**, the President and COO of BOMA International, join us for a discussion on the pandemic. This virus will have both long term and short effects on the commercial real estate industry, and I am eager to hear Henry's insights on the subject. We normally get a visit from Henry in February, so you know it's an important subject when he arrives three months early! Joining Henry will be **John Bryant**, VP of Advocacy and Codes with BOMA International. John will discuss current legislative activity in Washington D.C. important to commercial real estate, and what to expect in 2021.

I would like to thank our Immediate Past Chair, **Jerry Hersman**, for helming our October meeting and presenting our Annual Report. I was unable to attend, but I got a lot of positive feedback on the program!

Lastly, the presidential election is (thankfully) coming to a conclusion. Depending on when you read this, the election is either upon us or has already passed. Nevertheless, it is critical that each of us makes every effort to vote in these final hours. It does not matter which party or candidate you vote for...just ensure that your vote is counted. I am encouraged by the uptick in voter engagement messaging during this election and I hope that Minnesota can sustain our impressive record of high voter turnout. Please do your part.

David



MN Legislative Update

With Sonnie Elliott

Governor Walz called the legislature back on October 12th for the fifth special session of 2020. The Governor's Peacetime Emergency Declaration must be renewed every thirty days and he must call the legislature back to St. Paul to renew this Declaration.

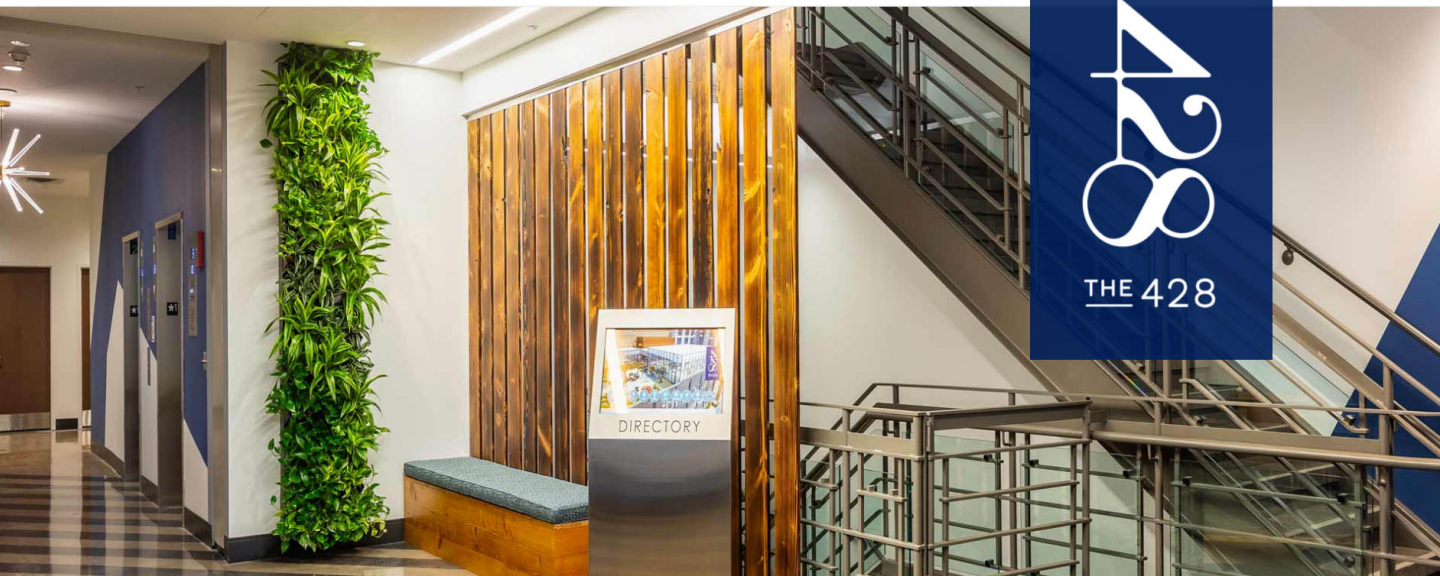
Generally, the special sessions have been mainly political posturing. However, during the last special session the legislature resolved their unfinished business from the 2020 legislative session by passing a HF1, a bipartisan \$1.87 billion capital investment bill which is the largest in Minnesota's history.

Passage of a capital investment bill requires a 3/5 majority vote, requiring minority support in both chambers, and must originate in the House of Representatives. Among the projects funded, was \$52 million to the City of St. Paul for the Third Street Kellogg Boulevard Bridge and \$29.5 million to the MN Department of Administration for the State Emergency Operations Center. The bill passed the House 100-34 and the Senate 64-3 and was signed into law by Governor Walz. A complete list of projects can be found [here](#).

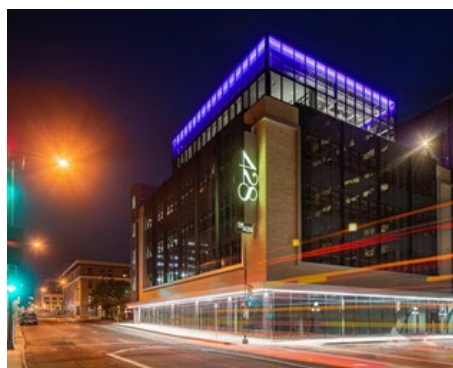
In order to garner the votes to pass, the bill included additional tax and spending issues unrelated to the bonding projects.

Perhaps the most impactful tax provision was full conformity with Section 179 that expanded the deduction. This will now allow small businesses and farmers to deduct the full expense of certain equipment during the first year of operation. Until passage of HF1, Minnesota had required Section 179 expenses to be spread out over five years.

Reminder, Tuesday November 3rd is the general election. Besides voting for President, the entire Minnesota Legislature is on the ballot and the control of the Minnesota House and Senate.

[HOME](#) [INSIDE THE 428](#) [WELLNESS & SUSTAINABILITY](#) [NEIGHBORHOOD](#) [LEASING](#)

THE 428



COMMERCIAL REAL ESTATE SERVICES, INC.

85 EAST SEVENTH PLACE, SUITE 200 • ST. PAUL, MN 55101-2106 • TELEPHONE (651)290-8890 • FAX (651) 290-8895

Commercial Real Estate Services, Inc. is excited to announce ENGIE Impact, as a new tenant to The 428 in downtown Saint Paul. ENGIE Impact has secured a long-term lease and will be occupying a portion of the building beginning the Fall of 2020. ENGIE Impact is a perfect tenant for Saint Paul's premier, one-of-a-kind office building. [Click here](#) for the full press release.

90-Day Disinfection: Dispelling Myths



False claims of products certified to kill coronavirus on surfaces for 90 days have recently circulated the web and television advertising. As of press time, the United States Environmental Protection Agency (EPA) has not approved or certified the efficacy of any long-lasting disinfectants. In fact, the EPA states that these claims may pose significant risk to consumers. (Source, EPA Compliance Advisory: What You Need to Know Regarding Products Making Claims to Kill the Coronavirus Causing COVID-19)

Following EPA pushback against their claims, some companies have removed any promise of 90-day disinfection from their marketing, rebranding with claims of “long-lasting” disinfection or similar descriptions. Whether these companies state 90-day disinfection or long-lasting disinfection, harm caused by improper product use may be significant, including failure to disinfect and physical harm to employees. (See, <https://www.epa.gov/compliance/compliance-advisory-what-you-need-know-regarding-products-making-claims-kill-coronavirus>)

As a byproduct of these long-term disinfection claims, employees may also be lulled into a false sense of security and fail to correctly disinfect. Believing that they are protected, office staff may also stop taking necessary preventative measures established by the CDC including hand sanitizing, handwashing, mask wearing and social distancing. The office also might fail to complete proper daily disinfection following CDC Guidelines. One infected person in an office space has the potential to infect the entire building. Daily cleaning and disinfection are important to maintaining a healthy work environment. (See, <https://www.cdc.gov/coronavirus/2019-ncov/community/disinfecting-building-facility.html>)

90-Day Disinfection... *Cont'd*

The EPA states that untested and uncertified products may have unknown and harmful health effects. (See *above*, EPA Compliance Advisory) According to CDC Guidelines for cleaning commercial buildings, cleaning and disinfecting multiple times daily with EPA registered disinfectants will greatly reduce the spread of germs. Only products on the EPA's N-List meet the criteria for use against SARS-CoV-2, the virus that causes COVID-19. (See, <https://www.epa.gov/pesticide-registration/list-n-disinfectants-use-against-sars-cov-2-covid-19>) Surface disinfectants only kill viruses upon use. Previously applied disinfectants will not protect against new viral exposure. Daily disinfection of high touchpoint areas such as doorknobs, elevator buttons, light switches, phones and counter tops is still essential to maintaining a safe office environment. (See, <https://www.epa.gov/coronavirus/there-anything-i-can-do-make-surfaces-resistant-sars-cov-2> and <https://www.cdc.gov/coronavirus/2019-ncov/community/disinfecting-building-facility.html>)

We can reduce and prevent the spread of disease, including COVID-19, by following CDC Guidelines using EPA Certified products correctly. Employees must feel confident in the safety of their office environment to achieve maximum productivity as they return to the workplace. Following CDC Guidelines, regular daily cleaning should be supplemented with disinfection to ensure building occupants are safe.

This article was written by:

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For more information on COVID-19 disinfection, please contact:

Minneapolis Office Manager Kristen Beckman at 612-283-9676 or by email at

kristen.beckman@rwkservices.com

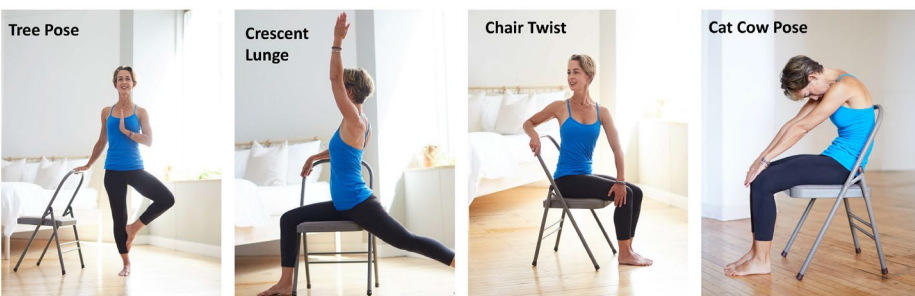


Call for Articles

Attention Service Providers:

We know you have valuable information that can help Building Members navigate the pandemic! That's why we're having one Service Partner provide useful content every month. We implemented this new feature in August and have received some excellent material. If you are interested in submitting an article for a future edition of the newsletter, please contact Samantha Davis: stpaulboma@bomastpaul.org

Upcoming Events



Monday, November 9
3:00 – 3:45 pm
Free event held via Zoom

Register

Chair Yoga with Jes Rosenberg

4 easy poses that you can do anytime and anywhere, as long as you have a chair!

www.jesrosenberg.com

www.northernyogacenter.com

Event Sponsors:



Jes Rosenberg will continue leading sessions of Chair Yoga to help BOMA members increase their mobility, strength, and flexibility. She will again take participants through a series of simple and effective exercises that can be performed in a chair from the comfort of home or at the office.

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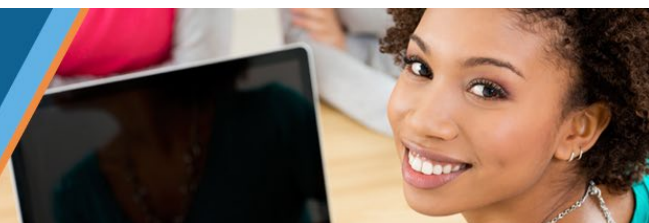
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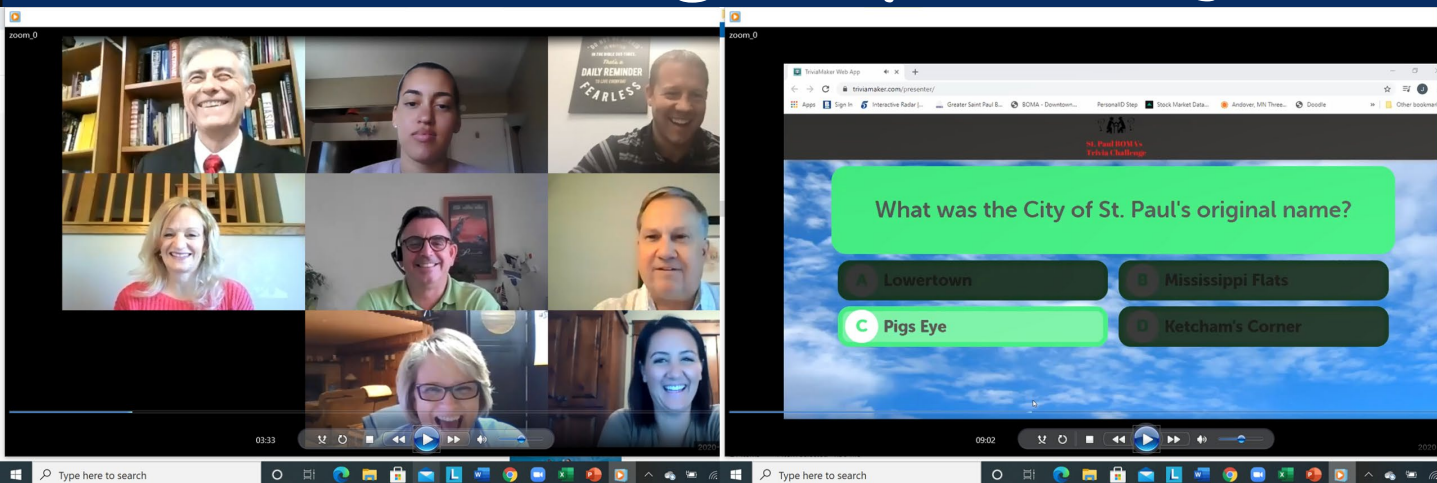
<https://www.creci.org/>



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Trivia Challenge: 11/18 at 2 pm



Our first Trivia Challenge match was a hit!

The ultimate showdown took place on Monday October 12. Two teams, **Best in BOMA (BIB)** and **Cliff Clavin** answered a series of questions about Minnesota, St. Paul, commercial real estate, and BOMA. This was an evenly matched contest that went into sudden death. **BIB** eventually won and walked away with gift cards! There were a lot of laughs and we learned a few things too. Did you know that St. Paul's original name was Pigs Eye? Or that the only U.S. President in American history to serve two non-consecutive terms was Grover Cleveland? Yup, we covered quite a bit of ground. And there's more ahead.

Our next match is on **Wednesday, November 18 at 2 pm. Not on a team?**
[Register now.](#)

Curious to see for yourself what the event was like? [Click here to view the epic match.](#)

Continued on Next Page

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Trivia Challenge Cont'd

Thanks to our players for making the first event a success:

Team BIB

- Thomas McAlpine of [24Restore](#) (Spokesperson)
- Kori DeJong of [Wellington Management](#)
- Nathalie Pfeffer of [Welltower](#)
- Simon May of [McCaren Designs](#)



Team Cliff Clavin

- Jerry Hersman of [Frauenshuh](#) (Spokesperson)
- Ryan Oxtan of [CBRE](#)
- Maurice Wilhelm of [ServiceMaster](#)
- Lori Dorn of [Brin Glass](#)
- Greg Sharpe of [Travelers](#) (He literally popped into Zoom at the last second and is living proof that it's never too late to join in on our events!)

Not everyone walked away with a gift card, but everyone had a great time!

"The BOMA trivia challenge was, in my opinion, one of the best ways for interaction between vendors and building owners/managers that I have seen. I really felt that there was some very good personal connection created with my trivia team but also with the opposing team! It definitely felt good to win, but I believe even if that was not the case it would have been the same result for me." - Thomas Alpine

"It was great fun. Thanks for organizing! The format worked well and I'm looking forward to the next one. 🍷" - Simon May

Special thanks to Advanced Masonry Restoration for stepping up and sponsoring this event!



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Superintendents Meeting

Five Ways to Lower Energy cost in Commercial Building

Have you ever been asked why a building is spending so much on energy? It is challenging for building operators to reduce utility expenses without budget to support those efforts. Attendees of this program will review several proven no-cost efforts that are **GUARANTEED** to reduce energy waste in existing commercial office buildings by 5%-10%.

Stephen Todd is an Energy Cost Reduction Guide and the founder of *EnergyGuy.com*. His consultancy works with commercial property managers who are interested in reducing utility costs without additional capital investment. Over the last decade, they have saved their clients over \$11 million in reduced utility cost and avoided capital projects.

DATE: Wednesday, November 18th

TIME: 12:30 to 1:30pm

LOCATION: Zoom

COST: FREE

EDUCATION: SMT/SMA/RPA/FMA CPD's

Register

Winter Educational Classes

Electrical Systems and Illuminations - SMT

Start Date: Wednesday, January 27th, Seven weeks total.

Test Date: Schedule through off site testing facility.

Class Time: 6:00 – 9:00 p.m., Wednesdays

Cost: \$855 for Members, \$955 for Non-Members

Location: Town Square Tower, 445 Minnesota Street, Conf. Center off of Lobby skyway

To safely operate and maintain a building's electrical equipment, you must thoroughly understand the components of electrical systems and how to measure the electricity your building consumes. This course provides you with a clear understanding of electricity basics, the skills needed to measure electrical consumption, and the ability to recognize, set up, and maintain reliable and effective maintenance and safety systems.

Key topic areas: • alternate sources of electricity • electrical safety • electrical circuits • electric meters • cables, terminations, and conduits • maintaining light sources and fixtures • electric motor basics and maintenance •

Building Design & Maintenance - SMA

Start Date: Monday, January 25th, Seven weeks total.

Test Date: Schedule through off site testing facility.

Class Time: 6:00 – 9:00 p.m., Mondays

Cost: \$975 for Members, \$1,075 for Non-Members

Location: Town Square Tower, 445 Minnesota Street, Conf. Center off of Lobby skyway

Building Design and Maintenance stresses that it is important for all building systems administrators to not only have an intimate knowledge of a facility's systems and components, but also have an understanding of the day-to-day and month-to-month operations that keep a building in good working order. This comprehensive course covers the basics of subjects such as building design and structural systems, foundations, walls, flooring, roofing, and landscaping. In addition, this course provides information about building maintenance and an overview of the types and uses of construction documents.

Key topic areas: common building materials and systems in building foundations • curtain walls • windows • roofing systems • interior finishes • flooring, interior walls and ceilings • vertical transportation • grounds maintenance and inspection • the reading, scaling, interpretation, care, and use of construction documents

Golf Tournament Winners

Congrats to our Second-Place winners of the Greater Saint Paul BOMA 33rd Annual Golf Tournament at Prestwick Golf Course on Monday, July 20th!



**From Left to Right: Mike Vowels, Dennis Stedman, and Jerry Hersman
Not pictured: Joon Choe.**

2020 Market Report



The 2020 BOMA Market Report was released on October 19th. This is an annual survey of downtown St. Paul office data, conducted by BOMA and the Marketing & Leasing Committee. The 2020 report signals an improving market in downtown St. Paul.

One key indicator of market direction is the overall vacancy rate for Competitive buildings. In 2019 this rate was 21.1%. It dropped to 18.6% in 2020. “This is great news for both downtown St. Paul and the surrounding suburbs,” said Joe Spartz, St. Paul BOMA President. “A healthy downtown is the engine that drives the larger commercial real estate train of the East Metro.”

What’s behind this improvement? Specifically, vacancy rates fell in both Class A and B. Together they helped the downtown market increase its overall occupancy level.

Going into the study, there was some concern on what BOMA might find. “We were uncertain if we would see a pandemic hangover, with increasing vacancy due to COVID,” remarked Spartz. “However, we were pleased to see these results. I think, overall, we are seeing momentum that was building in downtown prior to the outbreak of the virus. While there may be some slippage in the short term, I expect this growth will continue once a vaccine is readily available.”

Continued on Next Page

2020 Market Report

BOMA also tracks growth in the downtown population. This data is provided by Maxfield Research. The latest survey showed continuing residential growth in downtown with the population reaching 10,298. When viewed over the past decade, the downtown area population has grown by over 112%, one of the highest growth rates in the country.

See BOMA's Market Report [press release](#).

Go to [DataSource](#) for the full report.



WCCO Shines Light on Downtown

A story ran on the WCCO evening news program October 27th that highlighted the BOMA Market Report data. It also shared the plans of a new tenant in the Treasure Island Center. Ben Utecht, a former MN Gopher football player is starting a fitness/health business in the building. He's committed to helping the East Metro, so wants to invest in downtown St. Paul. [Click here for the story.](#)

2020 Market Report Meeting

St. Paul BOMA released the 26th edition of the Market Report during our luncheon meeting on October 19th, 2020 at the DoubleTree by Hilton downtown St. Paul. Despite the cold and snowy weather, we had a nice turnout in person and via Zoom! During the meeting, Jerry Hersman and Joe Spartz provided the latest updates on the downtown office and residential numbers, while our keynote speaker, Michael Broder of Brightline Strategies, unveiled the results of a national study on the impact of COVID-19 on the commercial real estate industry.



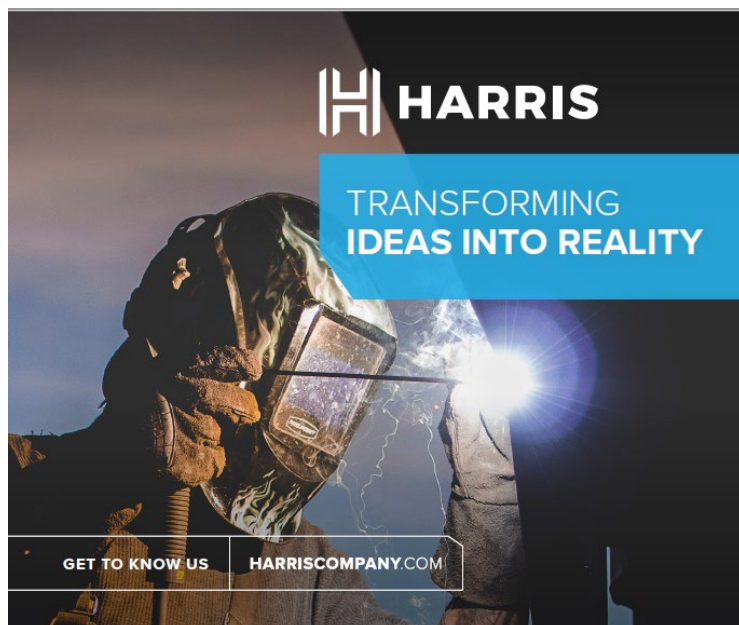
Special Recognition: Jerry Hersman



The pandemic has disrupted many things in our lives. One additional item has been the BOMA awards that are typically handed out at the Annual Meeting, which was last April. There have been limited opportunities where members have been brought together in a live meeting to present awards. The Market Report meeting offered that opportunity.

Jerry Hersman stepped down as Chair of the Board last April. It is at that meeting where BOMA typically acknowledges when the Board leader moves to Immediate Past Chair. With Jerry present at the Market Report meeting, Joe Spartz, President of BOMA, recognized Jerry and his contribution to leading the Board. He told the members, "I can tell you that Jerry was an excellent Board Chair, and I appreciated all the guidance and assistance he provided to me and the BOMA staff. Jerry was always there when you needed him." Jerry served on the Board as Chair from 2018 to 2020.

**Congratulations
and thanks for
all you do, Jerry!**



2020 Market Report Meeting

Shout out to our vendors who showed up to the meeting in-person and engaged with our attendees. We appreciate the valuable information and services you provide!

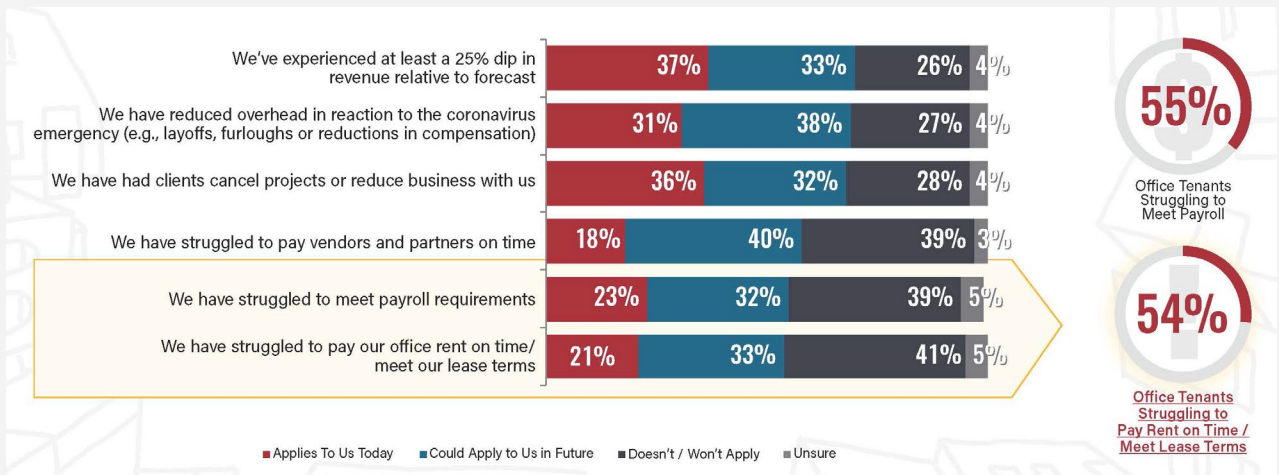


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Michael Broder and Kevin Hudak from Brightline Strategies provided an extensive breakdown of the impact of COVID-19 on commercial office users' outlook on the pandemic and decision-making for 2021. There were quite a few amazing graphics like the one below. More on that next.



2020 Market Report Meeting



Overview of a COVID-19 survey conducted by Brightline Strategies

Written by BOMA Marketing & Communications
Coordinator Samantha Davis

Whether they attended the Market Report meeting in-person, via Zoom, or later watched online, some of our BOMA members have been able to take in quite an extensive breakdown on the impact of COVID-19 on the commercial real estate industry. It's all thanks to Brightline Strategies, who flexed their superb research muscles and provide a detailed study entitled, "**COVID-19 Commercial Impact**" to shed light on the mindset of building managers and tenants in response to the pandemic. One of the main objectives of the study is to understand the decisions that commercial office users are making and the extent to which the pandemic has affected their businesses. The other objectives include quantifying the risks these individuals and their employees face, how their attitudes toward the value of office space have changed, and the likelihood of them reducing office square footage (or possibly breaking leases). A unique factor in this study is the non-traditional approach that Brightline Strategies took. Their employees come from the political arena, so they applied political research methodologies in the study. They bring this paradigm to the commercial real estate sphere to get at the real drivers of behaviors and decisions of landlords and tenants.

Michael Broder started off the presentation by mentioning his team conducted their study in April, the height of COVID-19, aka the panic period where life became surreal and many of us felt like we were in a movie. He posed the following questions before giving the floor to his colleague, Kevin Hudak: **What are the actions that tenant decision makers are taking to maintain continuity within their businesses? What measures are they putting into place to ensure they come out on the other side of this with strength? How are their decisions affecting the overall landscape of commercial real estate?** So many questions. Much respect to Brightline Strategies for putting together the study and Mr. Hudak for walking us through it.

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2020 Market Report Meeting

If you haven't seen the presentation of the study, I would highly suggest you carve out some time in your day to review it because it doesn't appear that Brightline Strategies left any stone unturned. Kevin Hudak informed the audience that the data is made up of 365 responses from commercial office decisionmakers in the Washington, DC metro area between April 1 – May 1, 2020. The presentation is so densely packed with numbers and charts that a full written analysis would require a thesis-like composition. I won't go that route but rather provide some interesting take-aways. I've bolded the information that comes from the Brightline Strategies presentation and the rest is my perspective:

- ❖ **7-in-10 commercial office decision-makers report at least a 25% dip in revenue (occurring or on the horizon), and the need to reduce overhead in reaction to the coronavirus emergency.**
- ❖ **More than 6-in-10 office tenants are seeing less value in their physical space following coronavirus impacts and social distancing measures.** This is a strong indication that remote working could become more of a norm.
- ❖ **Nearly 6-in-10 commercial office tenants say the coronavirus public health emergency will be a tremendous inflection point for workplaces versus a temporary blip.** This piece of data jumped out at me because it speaks to the burning question that people in all industries are asking themselves, which is: "How will the pandemic permanently affect my line of work?"
- ❖ **Two-thirds of office tenants saw the peak of cases hitting before July 2020. Out of this group, 41% believed normal office operations would resume by July (we know that didn't happen), with at least 29% believing they won't resume until October – December 2020.** We are well into the fourth quarter of the year and I think it's safe to assume we won't see normal office operations for the rest of 2020. I've seen and read in news reports that some companies are saying the earliest they would have employees physically return to work is March 2021 (and even this is up in the air).

Continued on Next Page

2020 Market Report Meeting

- ❖ Prior to being prompted with coronavirus impacts, commercial office tenants were asked for their renewal intention, with 63% indicating they would renew their lease if it came up today – this reflects a 15-point decline from the Brightline index of all commercial office surveys conducted between 2014 and 2020.
- ❖ 35% of tenants say going delinquent on office leases/rent payments is “On the Table” or “In Process.”
- ❖ 70% of commercial office users approve of their landlord/property management company’s response to coronavirus, with 44% saying the response has made them more likely to renew their lease when it’s up.
- ❖ Just over half (51%) of tenants say the coronavirus emergency would lead them to reassess their space needs (based on revenue declines, teleworking, etc.), adding to the complexity of current and future lease negotiations.
- ❖ Among the 75% of the office decision-maker/user population predicting a reassessment of space needs or who are unsure, 60% would reduce their square footage, amounting to 45% of all tenants in the sample. Most cited changes include reducing private office numbers and sizes, reducing the size of common areas—and for larger firms—adding in hoteling desks, reducing conference rooms and going to an open floorplan – spreading workers out with excess space from eliminating private offices.

For more information and a look at the charts, you can view the [full slideshow](#) or [watch the meeting on YouTube](#).

Brightline Strategies is currently processing a Phase 2 study in partnership with BOMA International and Yardi that will be released in November. Take a look at the [August 10, 2020 press release](#).

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