



Commercial Real Estate in the Mergers and Acquisition Industry

WHAT IS NEXT IN 2021

THE ECONOMY OVERVIEW:

The **GOOD**

- Food, Medical, Health and Services Industries Doing Well
- Interest Rates/Inflation at All-Time/Near All-Time Lows
- Pandemic in Late Innings – Full/Partial Recovery is Within Reach
- Pent-Up Demand will Positively Impact/Enable Economic Recovery
- People's Ability to Adapt & Recover is GOOD

The **BAD**

- Recovery WILL Happen – But SLOWLY
- State & Local Governments: SEVERELY Constrained
- The 800-Pound Gorilla: The Fed and Tax Policy Going Forward
- Hospitality Industry May Be Damaged For a LONG Time to Come



COMMERCIAL REAL ESTATE OVERVIEW:

Office, Retail/Shopping/Strip Centers, Industrial, Multi-Family, Self-Storage



High Amounts of Institutional Debt/Equity Funding and “Dry Powder”



SPAC’s are Forming at An Unprecedented Rate



Prices and Valuations Staying Firm & CAP Rates Low or Going Lower



Urban/Primary Markets v. Secondary/Tertiary Markets: **A Shift???**



Lenders and SMBS Loans – **What Happens Next?**



What corporate and services firm occupiers need to know regarding their buildings or spaces in 2021:

OFFICE: THE WILD, WILD WEST!

Services industries likely to undergo BIGGEST footprint changes

Industries needing collaboration will go back to their offices but in different ways/configurations (Marketing, Data Analytics, etc.)

Downtown v. Flight to Suburbs?

Lasting Impacts of Pandemic – TBD!

INDUSTRIAL: GOING GREAT GUNS!

Distributors & Warehousing: No End in Sight to Growth

Manufacturers: Onshoring IS Happening

Light Assembly, 3PL Logistics & Reverse Logistics

RETAIL/REGIONAL CENTERS: WELCOME TO MANY NEW FACES!

Adaptive Re-use is the NEW Normal

Infill Sites Will See Increased Redevelopment / New Uses



What facility considerations/planning should M&A industry specialists take into account when advising their clients:



Property & Facility Upkeep is CRITICAL



Multiple Locations Need to Be Managed and Economized



Consider Sale and Lease-Backs to Generate Working Capital



Utilize Real Estate Tax Protections and Available Incentives



How the value and marketability of office and industrial buildings and spaces could impact businesses' going concern prospects/values:

- ✔ Industrial Properties Will Remain Valuable for YEARS to Come
- ✔ Office Properties: Depends on the Location & Sub-Market
- ✔ Office & Industrial (& Retail) Leases: Use Professional Representation to KEEP COSTS LOW!!!!



To Sell, Lease/Sublease or Keep the Business Real Estate in the Deal - What's Changed OR What MAY Change?



Early in Negotiations,
Determine the
Property's Estimated
Market Valuation:
Broker's Opinion of
Value v. Market Value
Appraisal

High Capital
Investments (esp.
Manufacturing): Keep
the Property OR Sell
AND Lease Back

Own v. Lease –
Case by Case!

Consider Impact of
New Lease
Accounting Rules
Going Forward

Beware of What The
Fed May Change:
Capital Gains,
1031's, etc.



THANK YOU



David Liebman
SIOR, JD

Merit Partners, LLC
405 Skokie Blvd.
Ste. 501
Northbrook, IL. 60062

847.721.6088
meritre.com

