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CALV leaders say commercial real estate industry, tenants faring better than many expected during pandemic

LAS VEGAS – Leaders of the Commercial Alliance Las Vegas (CALV) say the commercial real estate industry and tenants in Southern Nevada have been navigating the economic crisis caused by the COVID-19 pandemic better than many expected.

At least that was the consensus view expressed during a recent CALV board meeting attended by leaders of the largest local organizations for commercial real estate and related professionals.

CALV President Robin Civish is a longtime local commercial real estate broker who works as an executive vice president specializing in the retail market at R.O.I. Commercial Real Estate in Las Vegas. Civish, whose professional affiliations and designations include being a Certified Commercial Investment Member (CCIM), said many people outside the industry expected a wave of distress and evictions since Nevada lifted the moratorium on commercial real estate evictions July 1. Thankfully, that hasn't been the case. The main reason for that, she said, is that both landlords and tenants want to keep businesses in place whenever possible.

“The cost to re-lease a space can be more than a couple months of past-due rent,” Civish explained. “Landlords are not gunning to get good tenants out. Good tenants are not looking to get out. It’s those tenants that were struggling before the onset of the pandemic and shutdown that will be the hardest hit and the most likely to leave the market.”

CALV member Natalie Allred, a Certified Property Manager (CPM) who works as a principal and vice president of real estate management services for Avison Young in Las Vegas, shared similar experiences.

“Collection rates for the commercial tenants in our portfolio are greater than 100%,” Allred said. “This means that tenants are paying their current charges, as well as portions of unpaid rents due during the COVID-19 closure period. I’ve seen most landlords and tenants work together for an agreed-upon repayment plan.”

Allred is also the 2020 president of the Las Vegas chapter of the Institute of Real Estate Management (IREM).

The situation is similar in the multifamily sector, where the Nevada State Apartment Association recently released a report saying about 90% of apartment renters in Nevada have been making their monthly rent payments during the pandemic.

Of course, commercial real estate experts remain wary of a prolonged economic downturn and what it could do to this and other industries.

Research provided by CALV board member Cassie Catania-Hsu, managing director for the Mountain-Northwest Division of CBRE, and released in August by CBRE analyzed cash payments within CBRE's national commercial property management portfolio consisting of about 800 million square feet of space nationwide. It found that some property types are doing better than others. CBRE's report noted that cash payments – which include rent, operating expenses, utilities, taxes and security deposits – are “a good indicator of occupier health and a proxy for rent collections.”

According to CBRE, cash payment rates generally bottomed out in May and recovered to 95% of pre-pandemic levels by the end of June for office properties, with industrial properties fully recovering in June and retail properties recovering to 88% of pre-pandemic levels during the same time period.

“Cash payments were down at the start of the COVID recession, with retail showing the highest levels of stress,” the CBRE report said. “All property types saw a strong recovery take hold in June and continued to improve in July. Recent COVID-19 flare-ups across much of the U.S. may interrupt the improving cash payments trend in the weeks ahead. Risks remain until effective therapeutics and a vaccine can end the health crisis.”

About the Commercial Alliance Las Vegas

The Commercial Alliance Las Vegas (CALV) is the commercial real estate division of Las Vegas REALTORS® (LVR). One of the largest organizations in Southern Nevada for commercial real estate professionals, it organizes and empowers the industry through education, networking, promoting professionalism and shaping public policy. Membership in CALV is open to REALTORS® and non-REALTORS® alike. For more information, visit www.calv.org.

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