



**DATE:** October 20, 2020

**TO:** Mayor and City Council

**FROM:** Deputy City Manager

**SUBJECT:** COVID-19 Trends and Impacts on Real Estate Market: Discuss COVID-19 Trends and Impacts on the Hayward Commercial and Multi-Family Housing Real Estate Market

## **RECOMMENDATION**

That the Council hears from and engages in a discussion with a panel of commercial and multi-family housing real estate experts from multiple sectors including industrial, retail, multifamily housing, office, and hospitality regarding COVID-19 trends and impacts on the Hayward market.

## **SUMMARY**

The COVID-19 pandemic continues to disrupt the commercial real estate market, which is changing the volume, type, and specific characteristics of development projects coming forward. The objective of this work session is to provide City Council with current information on COVID-19 impacts on each market segment and discuss potential long-term implications on development patterns and project characteristics in Hayward. This information may aid policymakers evaluate projects as they come forward for consideration.

Development Services and Economic Development staff collaborated to assemble a panel of real estate experts who will conduct presentations to City Council at the October 20th Council meeting. Each sector's subject-matter expert will conduct a brief presentation and then answer questions from Council members. Biographies of the panelists are included as Attachment II. Presentations will be distributed prior to the meeting.

## **BACKGROUND**

The COVID-19 pandemic continues to send shockwaves through the real estate industry as owners, investors, and tenants begin to adapt to new requirements and potential long-term changes in the where and how people live and run businesses. A recent example of these impacts in Hayward would be the recent City Council discussion regarding the stalled hotel project at the Mission Crossings Development. A work session to explore options for the

commercial frontage of this project is scheduled to occur with the developer at the November 2 meeting of the Council Economic Development Committee (CEDC).

## **DISCUSSION**

To provide more information on current and forecasted real estate trends, Development Services and Economic Development staff collaborated to assemble a panel of real estate experts from the following market segments:

1. Industrial
2. Office
3. Hotel
4. Multifamily

Biographies of each panelist are included in Attachment II.

At the October 20, 2020 Council meeting, each subject-matter expert will conduct a brief presentation, which will be followed by a question and answer session with Council members. Panelists' presentations will be distributed prior to the meeting. Each speaker was asked to incorporate the following topics:

1. Provide a brief overview of the trends associated with COVID-19 in their respective market segment.
2. Discuss East Bay and Hayward-specific impacts these trends are having on sales, leasing, and development activity.
3. Discuss the potential policies or issues the Hayward City Council might need to consider when reviewing projects or use permit applications.

## **ECONOMIC IMPACT**

This item does not have an immediate economic impact. Economic impacts of specific projects will continue to be evaluated by staff on a case-by-case basis.

## **FISCAL IMPACT**

There is no direct fiscal impact of Council receiving this report.

## **STRATEGIC ROADMAP**

This agenda item supports the Strategy Priority of Grow the Economy. This item is not specially related to a project identified in the Strategic Roadmap. Staff is bringing this item forward because of the impacts of COVID-19 on the real estate market and potential for work session discussion to inform future decision-making by Council.

## **SUSTAINABILITY FEATURES**

None.

## **PUBLIC CONTACT**

Staff reached out to real estate associations and leading commercial real estate experts to identify and engage the selected panelists.

## **NEXT STEPS**

Staff will accept direction from Council following the discussion session.

*Prepared by:* Paul Nguyen, Economic Development Manager

*Recommended by:* Laura Simpson, Director of Development Services  
Jennifer Ott, Deputy City Manager

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager