

CARMEN Connect+

Q1 2021

FEATURED

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Technology + Accounting

Industry News

CARMEN KICKED OFF Q1 WITH A RELOCATION

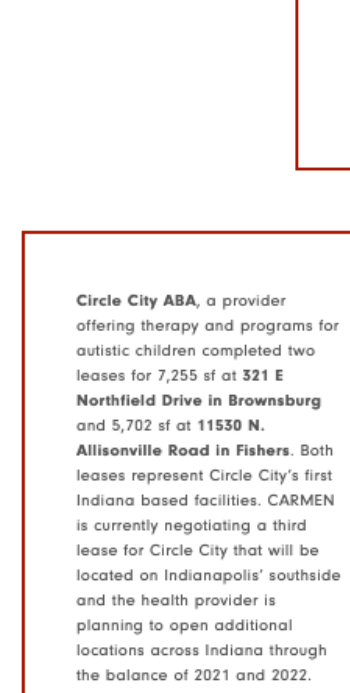
CARMEN kicked-off the year with the relocation of **Lambda Chi Alpha's** headquarters. The fraternity will occupy 10,908 SF for ten years in **Lauth's new Agora building at 10 W. Carmel Drive in Carmel**. With exterior façade signage on the corner of Rangeline Rd and Carmel Drive, you will not have any trouble finding their new office.

Last month, CARMEN completed a five-year 8,346 SF renewal for **USIC at 840 Oak Creek Drive in Lombard, IL**. USIC has occupied their Lombard location for over ten years and was due for an upgrade. After surveying the west-suburban Chicago market, it was decided they would renew with substantial tenant improvements to increase the efficiency of their space and accommodate their growth in that market.

CARMEN also represented **USIC** on its 4,308 sq. ft. office/warehouse lease located in **Wixom, Michigan**. USIC relocated to Wixom from a facility leased in Troy, Michigan where the company had its Detroit area offices for ten years. The new lease represents the growth the company has experienced in the Detroit metro market.

PROJECT HIGHLIGHTS

USIC



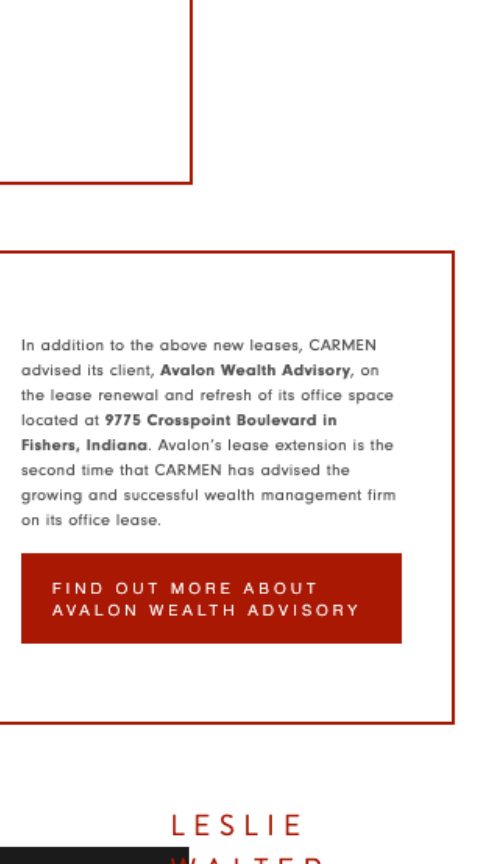
CARMEN's client **USIC** has relocated and expanded within its existing HQ building located at **9045 N. River Road, Indianapolis**. USIC expanded from 32,000 sq. ft. to over 47,000 sq. ft. to accommodate its expanding business. CARMEN began serving USIC over 4-years ago when the company asked Chris Carmen to review a lease it was about to sign for office space. Since then, the partnership has grown to our serving 96 offices around the U.S. and Canada. CARMEN and USIC expanded the relationship one year ago when the two companies entered into a Corporate Services agreement, whereas CARMEN has become USIC's real estate arm, providing the company with Lease Administration, project management, (add services) in addition to CARMEN's tenant representation service.

LEARN MORE ABOUT
TENANT REP SERVICES

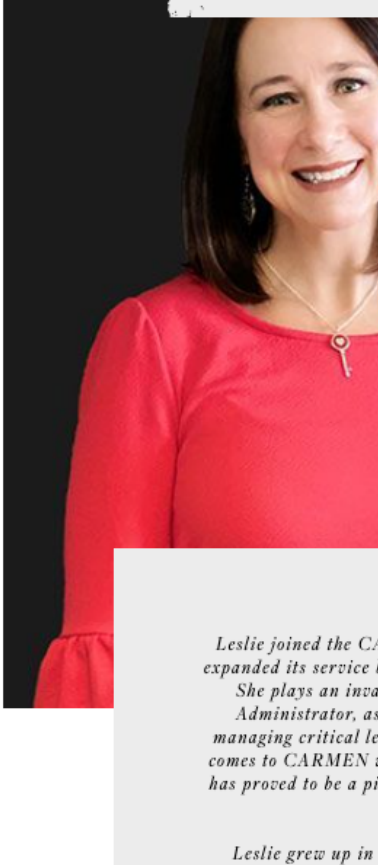
Circle City ABA, a provider offering therapy and programs for autistic children completed two leases for 7,255 sf at **321 E Northfield Drive in Brownsburg** and 5,702 sf at **11530 N. Allisonville Road in Fishers**. Both leases represent Circle City's first Indiana based facilities. CARMEN is currently negotiating a third lease for Circle City that will be located on Indianapolis' southside and the health provider is planning to open additional locations across Indiana through the balance of 2021 and 2022.

LEARN HOW TO
HELP CIRCLE
CITY

Circle City ABA



Avalon Wealth Advisory



In addition to the above new leases, CARMEN advised its client, **Avalon Wealth Advisory**, on the lease renewal and refresh of its office space located at **9775 Crosspoint Boulevard in Fishers, Indiana**. Avalon's lease extension is the second time that CARMEN has advised the growing and successful wealth management firm on its office lease.

FIND OUT MORE ABOUT
AVALON WEALTH ADVISORY

LESLIE WALTER HERE

Leslie joined the CARMEN team in early 2020 when CARMEN's expanded its service by providing clients with Lease Administration. She plays an invaluable role as CARMEN's Corporate Lease Administrator, assuring clients' day-to-day needs are met by managing critical lease dates and lease accounting support. Leslie comes to CARMEN with a property management background which has proved to be a pivotal skillset when providing clients with high-quality service.

Leslie grew up in Georgia before moving to Indianapolis. Her southern influence is reflected in her favorite dish to cook for her two children and husband (and dog and two cats when there are scraps), Cajun shrimp pasta. But don't let her sweet southern demeanor fool you, on the weekends you can find her fishing, hiking, attending baseball games and riding on the back of her husband's Harley going to Wolfies Grill in Lafayette on the weekends.

INDUSTRY INSIGHTS & MARKET NEWS

Back to the Office: Staffing Firm Gives Their Take on Going Back to the Office

According to Tom Gimbel, founder and CEO of Chicago based, LaSalle Network, companies overwhelmingly want to bring employees back to the office. 70% of companies surveyed will take a phase-in approach: employees will progressively go into the office over a period of time, and 77% will implement a hybrid model, staggering employee office attendance throughout the week. In addition, 52% of companies will not mandate vaccination to avoid HIPAA violations.

There are three primary concerns employers have while strategizing their return-to-office plan: 1) onboarding new hires that have become accustomed to a quieter environment at home and resistant to change 2) conflict between management and employees on what is an appropriate approach to return and 3) employees are concerned with taking public transportation in major metropolitan cities. As companies reevaluate their real estate footprint, it will be challenging to understand how much space they will need depending on their return-to-office approach.

In most recent years, many companies have shifted to the more efficient open office concept to decrease their office footprint while promoting employee collaboration. Employees' post-COVID return to the office will most likely force companies to rethink their stance to maintain a safe environment while continuing to promote collaboration and culture.

Link to the CNBC interview: Here's how executives are thinking about the transition back to the office

Q1 2021: Office Beginning to Creep Up to Pre-Pandemic Demand

As far as average commercial real estate demand, the traditional methods using absorption, vacancy rates or measuring per-square-foot rate, office space appears to be making a comeback as it relates to tenant and broker interest. According to the national VTS Office Demand Index (VODI), which tracks tenant tours, both in-person and virtual, the demand for office is only 38% lower than what it was 12 months ago during Q1 2020. In comparison, demand was 85% lower than pre-pandemics in May of 2020. With the anticipation of normalcy in the near future, these are promising numbers as companies continue to gain confidence with increased vaccination distribution and investor shift from tech to more pandemic impacted industries. Cities experiencing largest gains from February 2021 to March 2021 are Seattle (+52%), San Francisco (+36%) and Los Angeles (+18%). Chicago and Boston, on the other hand, are seeing slower growth with demand at 64% and 65% of what it was pre-pandemic.

Link to Globe St. article: Suddenly, Demand is Booming for Office Space

Proptech: How Property Owners are using Tech to Assist Companies with their Back-to-Work Plan

Last month, commercial real estate platform developer, VTS, acquired Rise Buildings which provides an app that controls building operations and the tenant experience. Among several additional operational functions, companies in buildings using VTS will allow employees to schedule for time they are in the office and give feedback to building management.

Over the last several years, the proptech industry has focused primarily on multifamily to improve the resident experience and streamline communications with their apartment building. This is partially due to the boom in apartment development and residents wanting a mobile experience that is in-line with all the other mobile apps they use. Now that employees are the focus in the effort to make them feel more comfortable and confident going back to the office, there will be a shift in the proptech industry. We will see more innovations to promote tenant and employee experience as it relates to the physical office environment.

Link to the Commercial Observer article: VTS Acquires Proptech Startup Rise Buildings

Tech + ASC 842 Accounting Standards

If you were to pick your favorite mobile app, I am sure it has much to do with the user experience. We have access to so much information at our fingertips, your lease should be no different.

In late 2020, CARMEN successfully launched its client portal. CARMEN's portal allows clients to access all vital lease information, lease economics, critical lease dates, and office plans... with 24/7 visibility, allowing our business owners and managers to access critical lease data whenever and wherever.

In the coming months, the client portal will also include ASC 842 accounting reports. ASC 842 requires non-governmental entities and certain non-profits to include the lessee and lessor lease obligation of real estate and equipment in their financial statements, regardless of the lease being an operating or finance expense. Private companies are required to adopt the ASC 842 standards for 2021 reporting and tax filing.

To assist with the new standards, CARMEN will be hosting a webinar in the summer for anyone interested in learning more. Stayed tuned for details or → [sign up here!](#)