How the health, social and economic impacts of the coronavirus outbreak flow through to commercial and multifamily properties remains clouded in uncertainty – mainly because of the uncertainty about the virus itself and our public and private responses to it. One thing that is clear is that different property types and different markets will be affected differently.

Hotels remain the property type most immediately and directly affected by the virus – first from a drop in overseas visitors to the U.S. and then by cancellations of business and personal travel. In Atlanta, expectations are for a 56 percent decrease in hotel occupancy for the month of March, an 80 percent decrease in April and a 74 percent decrease in May. Retail is also being directly affected. Many large malls and retailers have announced temporary closures, and several states, including New York, Pennsylvania, Connecticut and New Jersey announced they will be temporarily closing indoor portions of retail shopping malls, amusement parks and bowling alleys.

Other property types will be affected less directly. Office properties are more likely to feel indirect effects, concentrated in markets dependent on more heavily hit industries, such as Houston. Because the number of households tends to be more resilient during a recession than the number of jobs, multifamily is among the property types most remote to current crisis.

Across all property types, the impacts will depend on the length and the severity of the economic slowdown, and it is likely the “bounce back” – particularly for lodging and retail – could be fast.

For more on the virus and its effects on commercial real estate finance markets, visit our blog. (www.mba.org/crefintel)

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