Resilience in Commercial Real Estate: Post-COVID Comebacks & Strategic Opportunities

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What Defines a Resilient Market?

Top 3 Industries by Leased Square Footage in San Francisco







Cities Ranked by Resiliency and Pricing Stability

	market	resiliency	rent_volatility_a	rent_volatility_o
0	Raleigh/Durham	1.010718	1.713328	1.094728
1	Tampa	0.965428	1.405904	1.671743
2	Detroit	0.904404	0.840361	1.023765
3	San Diego	0.892621	2.937238	1.851059
4	South Florida	0.881725	4.732518	2.760911
5	Northern New Jersey	0.871259	1.538135	0.550429
6	Washington D.C.	0.862192	1.297313	1.117949
7	Baltimore	0.832933	0.511188	0.393180
8	Boston	0.826689	5.599125	4.291151
9	Orange County	0.821504	1.838122	0.546954
10	Chicago Suburbs	0.793602	1.529765	0.951557

High Resilience + Low Volatility = Safe & Strong Market

High Resilience + High Volatility = Growth, but pricing chaos

Low Resilience + Low Volatility = Weak activity, stable prices

Low Resilience + High Volatility = Risky / Unstable



Resiliency = How well a city maintained leasing activity during COVID

 \rightarrow Higher = better

Volatility = How much average rent prices fluctuated during COVID

 \rightarrow Lower = better

resiliency_score =

total_leased_sqft_during_covid /
total_leased_sqft_pre_covid
Lease Price Volatility = Standard deviation
of rent ÷ Average rent

Key Insight for Savills:

Focus on cities with **high resilience** and **low volatility** during future economic downturns. These cities stayed stable during COVID and are less risky for long-term investment. Examples:

 \rightarrow Emerging tech hubs like **Dallas** and **Houston**

Who recovered the best?





- \rightarrow Higher recovery = faster rebound in leasing activity
- By combining **resiliency** and **recovery**, we can pinpoint strategic investment targets.
- Cities like New York and Chicago are seeing strong rebounds → Signaling renewed demand and return-to-office momentum
- **Investment Strategy**: Use recovery data to guide **where** to invest. Use resiliency data to guide **how** to structure deals (e.g., short-term flexible leases in high-recovery markets)



Recovery Tiers by State (Leasing Recovery vs. Resilience Score)





WHY are these cities resilient? Any trends?

Hypothesis: Is there a relationship between the cities that prefer class O offices with bigger average leased per Sq FT per deal compared to how resilient the city was during covid overall?

Why might this be?

- Class O buildings are typically less expensive to buy, maintain, and lease.
- You get in cheaper and still ride the upside of market recovery.

Why does this matter?

- In a future economic downturn, focus on cities with high availability of Class O offices
- These cities showed higher resiliency and faster recovery during COVID
- Even with a weak correlation, the data is statistically significant enough to guide strategy

0.14 0.00	147807464727644, 015712850434082418,	P Value	
	city	resiliency_score	<pre>avg_lease_size_class_o</pre>
384	Mcdonough	49.280000	743.333333
328	Lansdale	46.926840	1404.500000
417	Morris Plains	29.061836	2691.000000
526	Reisterstown	17.153333	4116.800000
651	Wall	16.580105	157511.000000
356	Los Gatos	16.400989	9351.545455
536	Robbinsville	15.896933	16760.666667
180	Eatontown	15.130667	664.882353
528	Research Triangle Park	12.226285	28999.636364
263	Havre De Grace	11.320253	2235.750000)

R value (Correlation)

Key Finding:

- There's a weak but **statistically significant positive correlation** between: → A city's average Class O lease size
- \rightarrow Its resiliency during COVID

What This Suggests:

- Cities with larger Class O deals may have kept leasing activity steady
- Likely driven by cost-efficiency and flexibility of older buildings
- Large tenants stayed active in secondary stock, boosting resilience

Avg Lease Size (A)	Avg Lease Size (O)	Resiliency Score	City (State)
NaN	157511.000000	16.580105	Wall, NJ
17313.423077	107750.000000	1.437698	Morristown, NJ
1934.400000	72649.000000	1.146273	Manhattan Beach, CA
9939.166667	64753.000000	1.546672	Basking Ridge, NJ
15409.875000	60710.000000	0.802896	Newtown Square, PA
42054.500000	53730.000000	2.073051	Woodcliff Lake, NJ
26962.294118	48326.333333	0.679715	Coppell, TX
NaN	38500.000000	5.841742	Pontiac, MI
11771.000000	37202.500000	3.533541	West Valley City, UT
5878.318182	33301.875000	0.692335	Broomfield, CO



Class A space will always lead premium demand — but in many U.S. cities, **Class O is** where the real action is. It's affordable, stable, and increasingly in-demand by value-driven tenants. For investors and brokers, these markets represent less competition, more consistency, and strong leasing momentum

