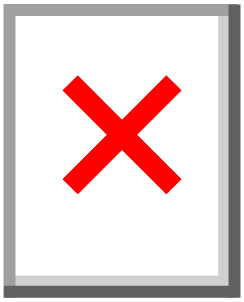
From: Bisnow First Draft <news@publications.bisnow.com>
Sent: Feb 24, 2025 16:32:55.000000000 UTC
Subject: Apple's $500B Investment, CRE Analysts Sound DOGE Alarms, Store Closures Outpace Openings
To: Devin Romanul <dromanul@cityofmelrose.org>



More than two-thirds of U.S. workers would likely look for a new job if asked to come to the office at least 30 hours a week at their current salary.

On the flip side, a third are excited at the prospect of RTO — mostly because they miss the camaraderie of in-person work.

That's the finding from a new FTI Consulting survey shared first with The First Draft.

The vast majority of employees are fine with a few days in office: 88% of remote workers said they are willing to go in now and then, with most saying one or two days is no problem and 29% saying they would be happy to go in three or four days a week.

Employees at midsized companies (2,500-10,000 employees) were the most likely (46%) to say they would quit under an RTO mandate, whereas large companies' staff were the least likely (34%).

And the youths are down with the office: 75% of Gen Z said they'd be excited or accepting of an RTO mandate versus 58% of Gen X — though millennials and Gen Z were also the most likely to quit if unhappy with new guidance.

Salary and benefits are still far and away the main decider for employees, with 73% of FTI's respondents saying it topped their list. **A remote or hybrid work style was the fifth-most-important feature, at 34%.**

The survey found one group loves being in the office: 94% of architects and engineers said they are excited or accepting of being called back to the office because they're just so much more productive there.

Office attendance hit a postpandemic high in January, and the spate of aggressive RTO orders is already spurring lease expansions.

— Jay Rickey, Kayla Carmicheal, Catie Dixon and Mark F. Bonner

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CRE News Quiz

Last week, a pair of famous brothers launched a data centers group. Who are they?

(Answer at the bottom.)

On Our Radar

- **Apple will spend over $500B in the U.S. over the next four years.** The tech giant said this morning it will expand manufacturing, AI and R&D across nine states. Plans include a new 250K SF manufacturing facility in Houston for AI-powered servers and a Detroit-based manufacturing academy. Apple will also hire 20,000 workers, expand silicon and AI development, and grow its data center capacity. Despite DeepSeek consternation and other headwinds, Big Tech remains hyperbullish on data center investment in 2025.

- **About those data center headwinds …** Microsoft has reportedly voided data center leases totaling hundreds of megawatts, raising questions about AI infrastructure demand. TD Cowen suggests OpenAI's shift to Oracle and Microsoft's $80B AI spending reallocation may be factors. Despite the pullback, Microsoft insists growth remains strong.

- **Markets are on edge as inflation, volatility and Trump policies set in.** Stocks and crypto remain at record highs, but investors are fearing a bubble, with JPMorgan's Jamie Dimon warning of the consequences of inflated valuations and policy uncertainty. The Fed's preferred inflation gauge, PCE, is expected to be 2.6% in January, though persistent price pressures may delay rate cuts. Meanwhile, Trump's tariffs, immigration crackdown, economic fickleness and DOGE are fueling market swings. Key data this week — consumer confidence (tomorrow), new home sales (Wednesday), GDP (Thursday) and PCE inflation (Friday) — will be consequential.

- **C-PACE financing hit a record $1.5B in 2024.** Hotel and hospitality projects led demand, with Bayview PACE closing a record $137M deal for Driftwood's Westin Resort Cocoa Beach in January. C-PACE adoption is growing as more banks are integrating C-PACE into the capital stack, while combination financing — pairing C-PACE with construction loans — is expanding, offering higher loan-to-cost ratios and nonrecourse benefits to lenders.

Today's Deep Dive: DOGE's Lease Termination Drive Poses New Risks To The Government's Landlords

Flickr/The White House

While questions remain about how radically Elon Musk's Department of Government Efficiency can shrink the real estate footprint of the federal government, the unprecedented nature of the cost-cutting push has left landlords that rely on government rent payments in a precarious position.

In the first month of Donald Trump's presidency, executives with office landlords that hold federal leases have downplayed DOGE's impact, but analysts are sounding the alarm that those leases — long considered sure bets backed by the credit and good faith of the U.S. government — are now as risky as any other office lease in the private sector.

Read the full story here.

This Morning's News

LEGAL — SEC Charges Elie Schwartz With Defrauding Investors, Seeks Permanent Injunction (Bisnow): A week after pleading guilty to wire fraud, Nightingale Properties CEO Elie Schwartz faces an SEC lawsuit seeking to bar him from securities dealings. Schwartz misused $52M from 821 CrowdStreet investors, diverting funds for personal expenses and failing real estate deals. He faces up to 20 years in prison, with sentencing set for May 19. Read more here.

FINANCE — Ginnie Mae Faces DOGE Pressure (Bloomberg): As much as a quarter of Ginnie Mae's 270 employees have resigned or been dismissed. The $2.7T stalwart of the U.S. home mortgage market is a small agency that turns a profit. Read more here.

RETAIL — Store Closures Outpace Openings (Retail Dive): Retail store closures are outpacing openings for the first time in years, according to JLL, which tracked 7,700 openings compared to more than 9,900 announced retail closures from 2024 through mid-February. Discount, dollar, drug store and apparel sectors have the most closings. Read more here.

INVESTMENT — Investors Are Finally Getting Off The Sidelines (Bisnow): Investors have enough information and certainty to take action — while paying close attention to location and asset class, CBRE IM experts said. Read more here.

INVESTMENT — MacKenzie Realty Offers To Buy Starwood REIT Shares (MacKenzie Realty Capital): MacKenzie Realty Capital has offered to purchase up to 150,000 Class S shares of the nontraded Starwood REIT at an approximate 30% discount to NAV. Read more here.

MULTIFAMILY — Arbor Realty Shares Slide On Earnings Warning (Bloomberg): Arbor Realty's stock tumbled after the company warned of shrinking earnings due to ongoing stress in the apartment lending market. Read more here.

INVESTMENT — Trump Orders CFIUS To Restrict Chinese Investments (Seeking Alpha): The Trump administration wants to bolster CFIUS' authority over greenfield investments and real estate deals close to “sensitive facilities.” Read more here.

Unsplash/Venti Views

EARNINGS — Hudson Pacific To Shed Up To $150M In Assets (Bisnow): The firm reported nearly double the amount of losses than in 2023 and is planning asset sales and cost-cutting measures to course correct. The company’s performance is hindered by shifts in the office and studio asset classes. Read more here.

LEGAL — NAR Backs Property Owners In Fight Over Regulations (NAR): The National Association of Realtors has filed an amicus brief opposing what it calls excessive property regulations. The brief challenges the decades-old Penn Central regulatory takings test and the Tahoe-Sierra test. Read more here.

Courtesy of StacomSilverstein

PEOPLE — Darcy Stacom, Wendy Silverstein Launch Advisory Firm (Bisnow): Stacom and Silverstein, two of NYC's most prominent brokers, have formed StacomSilverstein, a boutique capital markets advisory firm specializing in acquisitions, debt and equity markets, and restructuring. Read more here.

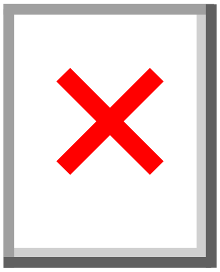
INDUSTRIAL — Logistics Index Hits Record High (Florida Atlantic University): A new industry report shows logistics activity expanding at a record pace as firms built up inventory levels to reduce potential costs from future tariffs.

Warehousing capacity dropped to 51.7, signaling that it is near contraction. Read more here.

OFFICE — Irvine Co. Sees Office Leasing Surge After $538M Upgrades (CoStar): Leasing climbed 17% year-over-year to 11.5M SF at Irvine Company Office Properties after its investments in its properties. The privately held company's portfolio spans 53M SF and is now 90% leased. Read more here.

HOTELS — Host Hotels Repositions Portfolio (CoStar): RevPAR growth in Q4 was better than expected at Host Hotels, driven by 3% rate growth. Transient revenue grew 8%, its highest improvement in six quarters. Read more here.

WELLNESS — U.S. Medical Spa Market Booms (Bloomberg): The industry expanded to more than 10,000 locations in 2023, and the average annual revenue per spa more than doubled during that period. Med spas were a $15B business in 2023 and expansion is expected to continue growing at 15% per year. Read more here.



Unsplash/charlesdeluvio

DATA CENTERS — Firms Turn To Huge JVs To Fund Growth (Bisnow): A trio of such partnerships announced last week join over a dozen launched so far this year. Developers have turned to this approach to secure the massive capital requirement and investors are seeing a fit for an array of different risk profiles, exit timelines and check sizes. Read more here.

OFFICE — Texas Lawmakers Consider Throwing Zoning Out The Window For Office-To-Resi Conversions (Bisnow): A new bill prohibits the state’s biggest cities from requiring property owners to rezone when it comes to converting commercial buildings into housing. It would only apply in cities with more than 60,000 residents in the 13 counties with a population of more than 420,000 counties. Read more here.

FINANCE — Cerberus Capital CEO's Vast Property Empire (Bloomberg): An 1,827-page filing from Steve Feinberg, Trump's Deputy Secretary of Defense nominee, details his extensive real estate holdings. Feinberg owns thousands of acres in Colorado, multiple farms and ranches near Albany and properties in New York City, including his townhome on East 67th Street. Read more here.

RTO — Musk To Federal Workers: Come In Or Get Out (Seeking Alpha): "Those who ignored President Trump's executive order to return to work have now received over a month's warning. Starting this week, those who still fail to return to office will be placed on administrative leave," Musk said on X. Read more here.

GOVERNMENT — Federal Layoffs Will Hit Beyond D.C. (Yahoo Finance): Less than a quarter of the 1.97 million federal civilian workers are in D.C., Maryland and Virginia. Read more here.

DEVELOPMENT — Can An 84-Year-Old Make West Palm Beach The Next Hot Spot? (WSJ): Related Ross may end up spending almost $10B to transform a South Florida city into a business and financial center with 6M SF of office space, 1.4M SF of condos and 700K SF of retail and restaurants. Read more here.

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So You've Come For An Answer

Donald Trump Jr. and Eric Trump.

Investment firm Dominari Holdings is partnering with the duo on American Data Centers Inc., in which the brothers are part owners with AI professionals.

Do you think you have a harder CRE news question? Email us. Take your best shot and we may feature you and your question in this space.

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Carmicheal, with an assist from AI. We'd love your feedback! Email us at firstdraft@bisnow.com.