LaSalle

ESG Themes Take Center Stage

The first Earth Day was proposed at a UNESCO conference in San Francisco in 1969 and held in 1970. Now, more than 50 years later, Earth Day activities were supported in 193 countries with more than 1 billion people taking part on April 22. Investors are rapidly joining the ranks of those who support protection of the environment and slowing the rate of climate change. Real estate has been at the center of the broader Environment, Social, and Governance (ESG) movement, which includes social and governance priorities alongside environmental ones. The ESG approach is based on the proposition that investors can improve the world for future generations without sacrificing financial returns. In fact, there is evidence that under the right conditions, ESG criteria are consistent with superior investment performance. Real estate is likely to offer many favorable opportunities for LaSalle and our clients.

Here are some reasons why:

1. Biggest user of energy. As countries look to reduce their Greenhouse Gas emissions, it makes sense to focus on the energy used to heat and cool real estate. Buildings are the largest user of energy on the planet - consuming 40% of the total through both operations and construction - more than transportation or manufacturing.[1]

2. Manage what is measured. Energy usage in buildings is measured carefully, because either the tenant or the landlord must pay for it. Measurement is the first important step toward energy conservation. At LaSalle, we collect energy data from nearly 500 properties each year.

3. Alignment with financial performance. Reducing energy usage in buildings through more efficient cooling, heating, and lighting saves money and attracts tenants who want to align their values with the buildings they occupy.

4. Regulations are here and increasing. Nearly 200 countries signed the Paris Climate Agreement at COP21 in 2015. Many local and national governments are using both "carrots and sticks" to reduce Greenhouse Gases as 2025 or 2030 targets approach.[2] The World Bank has identified 60 countries with a carbon tax today and expects 30 more to add one in the next few years. Moreover, 77 countries and 100 cities have pledged to be net zero carbon by 2050.

5. Improving technology. Real estate investors can contribute to carbon reduction targets several ways. These include low-carbon construction techniques using local or natural materials, generation of electricity from solar panels and other renewable sources, waste recycling, and electric charging stations for tenants' vehicles. Technologies that aid the reduction in energy demand, such as sensors that automatically turn off lights or smart electrochromic glass, also optimize comfort and daylight for occupants. The introduction of any new technology, requires a balancing of cost, risk and reward, and changes cannot compromise tenant safety and security.[3]

6. Avoiding stranded assets. By virtue of either at risk locations or obsolete systems, some buildings may be destined for future financial losses. This may be because properties are located close to the path of rising seas, are vulnerable to high winds, are too poorly insulated to conserve energy, or have obsolete systems that would be prohibitively expensive to upgrade. The 'stranding of an asset' may be further accentuated by the increased costs to insure – or, more critically, the inability to insure at any cost. Unlike other businesses, which can be moved out of harm's way, real estate is immovable. It can also be very expensive to cure energy-inefficient designs, upgrade obsolete building systems, or protect certain structures from increasing weather volatility. Integration of ESG consideration in investors' due diligence practices and climate-risk assessments can help avoid future financial losses.

7. Increased investor interest. Perhaps most important of all, institutional and individual investors are demanding that their investments meet ESG criteria. Interest in sustainable investing among the general population of investors jumped from 71% in 2015 to 85% in 2019, and in millennial investors from 84% in 2015 to 95% in 2019, according to Morgan Stanley's Institute for Sustainable Investing. In real estate terms, this is likely to mean that properties with ESG attributes will trade at higher values and lower cap rates, as capital demand for them increases.

[1] Source: United Nations Environmental Program https://www.unep.org/news-and-stories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic. Buildings are also one of the biggest users of water—representing 25% of total annual usage.
[2] Examples include the EU's Sustainable Finance Disclosure Regulation (SFDR), which became effective in March 2021, New York City's Local Law 97 passed in 2019, and the U.K.'s Energy Performance Certificates requirements for commercial buildings which introduced a minimum standard for new leases in 2018 and which will apply to all existing leases from 2023.
[3] A good example: The highest grade HVAC filters and ventilation systems draw more power to purify air and reduce the spread of airborne diseases. Yet, it may be possible to reduce energy usage overall, even if some building systems run at higher levels when airborne pathogens are a threat.

Climate Risk

Acute weather events, such as floods, wildfires and hurricanes, as well as chronic increases in extreme temperatures, are forcing buildings and infrastructure to face conditions well outside their design parameters. But the potential hazards and value at risk from climate change varies greatly by asset and geographic market. Integrating climate risk data into assessments of existing portfolios and potential acquisitions provides an opportunity to price-in future risk and value, and plan for needed capital expenses for mitigation measures in a way that best aligns with the investment lifecycle over the next two decades.

Beyond Environmental Goals

As the developed world quicky comes back to life after the “COVID Recession”, the next cycle of growth is likely to emphasize societal values like protecting the environment, assisting the most severely disadvantaged, promoting DEI[4] goals, and contributing to positive social outcomes in terms of health and well-being. Real estate investments are well-positioned to help achieve Social and Governance goals. However, the routes to “S” and “G” success are not yet as well-marked as the “E” criteria.

The provision of affordable housing, creating local job opportunities, and contributing to the community life of a neighborhood where an asset is located - these are all paths to achieving social and governance goals. Important work still lies ahead to measure the benefits of these “S” initiatives and track their impact over time.
Our Securities team has focused on the “G” as an important driver or destroyer of value for many years now. Their consideration of “G” factors as an important contributor to performance is supported by the academic literature, which has produced dozens of studies that demonstrate the value of diversity and strong governance for listed companies.[5] The real estate industry is just beginning to establish clear frameworks for social and governance goals, tied closely to the United Nation’s Sustainability Development Goals.[6]

Building owners are not in the best position to address a broad array of society’s problems - at least not all on their own. As fiduciaries, asset managers must balance maximizing investor returns alongside ESG initiatives. Nevertheless, the ESG approach could improve the contribution of real estate owners to broader societal goals like diversity and social justice, while also meeting or exceeding financial targets.
Moreover, the market forces supporting ESG goals are accelerating in just the last year.
A recent analysis by Jones Lang LaSalle Incorporated (JLL) shows that the number of businesses, companies and local governments pledging to reduce their carbon emissions is increasing rapidly around the world.[7] In time, broader “S&G” goals will likely follow the same pattern of adoption as environmental goals in both the private and public sectors of major economies.

[4] Diversity, Equity and Inclusion. Focusing on accessibility, gender, race and marginalized populations.
[5] Researchgate.net and Google Scholar list over 30 such studies in the last 20 years in peer-reviewed journals. The literature for listed and unlisted real estate is still accumulating but several landmark studies have been done by NAREIT and the Journal of Property Research. https://www.researchgate.net/publication/329379682_Gender_diversity_and_financial_performance_evidence_from_US_REITs
[6] Zooming in on the “S” in ESG: A Road Map for Social Value in Real Estate, ULI-Europe, March 2021. The measurement of the social benefits of moving from temporary to permanent housing is a recent example from the U.K.: House of Commons Library, “Households in temporary accommodation” November, 2020.
[7] https://www.us.jll.com/en/views/committed-to-net-zero-carbon

Dynamic Regulatory Environment

ESG activities are undertaken within a regulatory environment that is dynamic at each of the local, state, province, country, and global levels, impacting not only real estate but the asset itself and investment managers. In addition to the regulations listed in this overview, there are securities, emissions, and land use laws in every country and many of the cities in which we operate and invest. In addition, there are numerous self-regulatory efforts being undertaken that LaSalle has signed on to.

Many of these have been hastily written or refer to more detailed regulations to follow that in some cases leave the real estate industry guessing as to what will be required or trying to interpret where a moving target will ultimately land. The consequences of failing to comply these run the gamut from reputational risk to criminal sanctions and everything in between. A big governance focus for the real estate industry will be to make sure that practitioners are aware of and comply with the rapidly evolving regulations.

ESG at LaSalle

Real estate owners and investment managers like LaSalle hold highly visible positions in their local markets and contribute to both national and local public services through property taxes (rates) and transaction taxes (stamp duty). The real estate investment management industry provides a home for myriad businesses and households, and we are in a good position to improve the quality of life for our tenants and neighbors.

These contributions can provide tangible benefits to surrounding communities while maintaining or improving financial returns. Yet, this can only be accomplished by firms and their employees who are willing to learn how to manage properties for community benefits alongside their own profits.

In sum, we believe real estate is well-suited to helping investors achieve their broader ESG goals. At the same time, ESG skills and strategies need to be honed by real estate investment managers and our partners.

An ESG approach must be attuned to seeking a balance between achieving strong financial performance and positive results for society at the same time.

The Penfield, St Paul, United States
First apartment community in Minnesota to earn the Fitwel certification

Over time, this means that our clients will evaluate LaSalle's capabilities of helping them advance their own, specific ESG goals. As we move forward, we expect to share our rapidly-evolving experience, strategy, research, and tools to contribute to the implementation of our ESG initiatives.

A brief review from LaSalle's major markets illustrates the wide variety of regulatory and market responses to ESG factors in different countries. Although the macro trends are similar, the micro-dynamics of how ESG affects values, reporting, and operations differ greatly around the world.

Continental Europe

The just-completed INREV meetings emphasized ESG themes throughout three days of high-impact sessions attended by 500+ delegates, including a strong contingent by LaSalle and a keynote presentation by JLL's Global head of Sustainability Services, Guy Grainger.

The topics covered included: healthy buildings, the ESG goals of pension funds and insurance companies, and several firms whose sole focus is helping investors meet their ESG goals. Owner operators included a French firm that develops apartment buildings using laminated wood construction, similar to projects in the U.S. and Germany in which LaSalle has invested.

The EU Sustainable Finance Disclosure Regulation (SFDR) has rapidly accelerated the documentation and disclosure of many of the ESG practices with which LaSalle is already engaged throughout Europe. More stringent requirements are still to come in January 2022, when processes for identifying sustainability risks must be supplemented by clear metrics designed to prevent "greenwashing". European investors in funds targeting non-EU markets may also be subject to SFDR, which will extend the reach of these regulations to other regions.

While Europe and the U.K. are well-advanced in terms of regulatory measures, it is also a region where investors of many different types - insurance companies, pension funds and sovereign wealth funds - have voluntarily signed on to Net Zero Carbon (NZC) pledges.

A number of recent regulatory changes in Europe have directly impacted the property sector.

For example, Germany has just introduced a carbon tax on fuels used predominately for heating and transport. While the tax is initially set at a level significantly below a "fair" price for carbon emissions, it has the potential to increase over time, likely pushing up costs meaningfully for landlords of older buildings. The prospect of the Green Party entering the German government in the election due this year increases the likelihood of further such regulations.

The standardized nature of the SFDR will make it easier to compare products and over time it should be expected that investors and advocacy groups will look to hold managers such as LaSalle to high standards. As noted above, "greenwashing" remains a broad concern of the SFDR and with enhanced disclosure regimes investors or activists will be closely watching to ensure that implementation accords with targeted reductions in GHG emissions. Claims of false or misleading information will be brought to the relevant national financial market authorities for member states, meaning that penalties, fines or actions that will vary across the EU.

United Kingdom

The acceleration of reduced carbon pledges is more advanced in the U.K. than in any other country. On April 20th, the U.K. government set the most ambitious target of any nation - a reduction of GHG emissions of 78% by 2035 against a 2005 baseline.[8] Meanwhile, LaSalle is a signatory to the Better Buildings Partnership's NZC pledge.

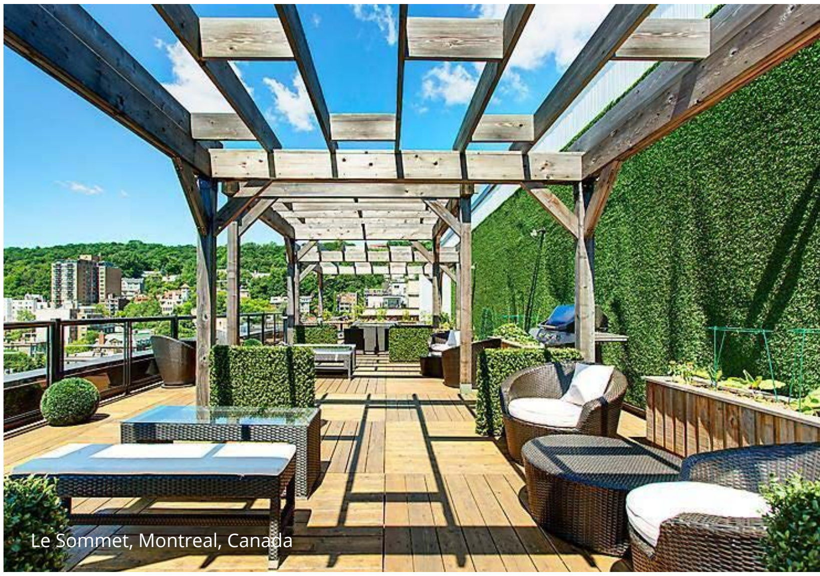
Sophie Carruth, LaSalle's Head of Sustainability for Europe, is leading our efforts across Europe to map the firm's pathway and to set milestones for meeting this ambitious goal by 2050. This commitment covers both embodied carbon as well as whole building[9] operational carbon emissions. Regulations with direct impact on property owners are also coming into force. For example, a prohibition on leasing properties with Energy Performance Certificate (EPC) ratings below a certain level were introduced in 2018 and will apply to all existing leases in 2023.

On the "G" dimension, JLL has been committed to fostering more equitable outcomes for employees by publishing its annual Gender Pay Gap Report in the U.K. since 2018.[10] LaSalle's research and portfolio management teams have also analyzed "S" criteria for real estate within an ESG framework for investors in a briefing note "Impact Investing in U.K. Real Estate".[11]

Canada

Canada has been at the forefront of the advancement of ESG related research, regulation and enhancement. From energy codes and benchmarking disclosure requirements in various provinces to the widespread market demand for building certifications, the Canadian real estate industry has actively adopted the ESG challenge. As an example of how ESG efforts have produced strong results in Canada, the LaSalle Canada Property Fund (LCPF) achieved a GRESB 5-Star rating in 2020.

In addition, at the end of March, the Canadian Supreme Court upheld the Federal Carbon Tax Plan which requires Provinces to pass their own climate policy or use a Federal Plan which starts at $40CAD/ton CO_2 in 2021 and goes up to $170CAD by 2030. Efforts to achieve these targets will be supported by the Canada Infrastructure Bank's Building Retrofit Initiative, which will provide $2B for green projects including energy, water, wastewater and other green infrastructure, and has a target to expand to $5B in the long term.



Le Sommet, Montreal, Canada

[8] https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035
[9] "Whole building" refers to carbon emissions that are tenant controlled as well as owner-controlled.
[10] https://www.jll.co.uk/content/dam/jll-com/documents/pdf/other/Gender-pay-gap-2020.pdf
[11] https://www.lasalle.com/documents/Impact_Investing_in_the_UK_June_2020.pdf

United States

The U.S. is experiencing a new burst of regulatory and policy changes at the federal, state and city levels. The Biden Administration has quickly taken up the causes of environmental protection, reduced GHG emissions,[12] and rejoined the Paris Climate Agreement. Many large U.S.-based multi-national companies like Amazon, BlackRock, Dow Chemical and IBM pledged to net zero carbon goals well before the 2021 change in Presidential administrations.[13] The U.S. is also seeking to regain a global leadership role in climate change that was reversed under President Trump. To that end, President Biden hosted a climate summit at the White House on April 22-23 with 40 countries participating and committed that the US would cut emissions at least in half from 2005 levels by 2030, which means significant activity will start in the short term.

On the federal level, the Biden Administration recently issued an Executive Order intended to “tackle the climate crisis.” It directed federal agencies to review existing regulations from the prior administration that may be inconsistent with ESG policies.[14] As a result of the Order, the U.S. Department of Labor (DOL) announced that it would not enforce, among other DOL rules passed during the Trump Administration, amendments to the “Investment Duties” regulations[15] which generally would have required plan fiduciaries to “select investments and investment courses of action based solely on consideration of “pecuniary factors.”[16]

As a result of increasing investor focus and reliance on ESG-related disclosure and investment, the Securities and Exchange Commission (SEC) announced on March 4, 2021 that it was creating a Climate and ESG Task Force within its Division of Enforcement, which is the arm of the SEC that investigates possible violations of the federal securities laws and prosecutes the SEC’s civil suits in the federal courts. The task force will develop initiatives to proactively identify ESG-related misconduct. The task force’s initial focus will be to identify any material gaps or misstatements in issuers’ disclosure of climate risks under existing rules and analyze disclosure and compliance issues relating to investment advisers’ and funds’ ESG strategies.

At the state level, many states are adopting more advanced energy codes as they drive toward zero energy building performance standards.[17] Cities too, are driving improved efficiencies to minimize carbon emissions. Thirty-seven jurisdictions now have energy benchmarking disclosure laws, and an increasing number are adding requirements for low- and no-cost measures such as audits, tune-ups and lighting improvements.[18] New York City’s Local Law 97 sets carbon allowance standards, with fines aimed at landlords for exceeding the allowed emissions starting in 2025 and ramping up significantly in 2030. Washington DC passed a similar law based on energy performance targets, and more cities are expected to follow.

The private and public sectors in the U.S. are also adopting “S” and “G” goals in light of the upsurge in social justice movements. The American public remains highly polarized on some of these issues, but the direction of travel has clearly shifted with the change in administrations. During the last year, COVID has raised the awareness of healthy buildings to new heights, especially for office and residential properties. To address this “S” issue in the U.S., LaSalle is currently pursuing the WELL Building Standard’s Health Safety Rating to improve tenants’ and residents’ well-being in our portfolios.

[12] Biden’s proposal is to set a goal to reduce GHG by 50% by 2030.
[13] A good review of the history and evolution of Net Zero Carbon (NZC) policies in the US was discussed at this recent MIT-hosted webinar: https://twitter.com/mitenergy/status/1384162399096164363/photo/1 A review of the 87 investment managers responsible for $37 trillion of AUM who have taken a net zero pledge is here: https://www.netzeroassetmanagers.org/
[14] See Executive Order 13990 of January 20, 2021Protecting Public Health and the Environment and Restoring Science To Tackle the Climate Crisis 86 Fed. Reg. 7037 (January 25, 2021).
[15] Under Title I of the Employee Retirement Income Security Act of 1974 (ERISA).
[16] See “Fiduciary Duties Regarding Proxy Voting and Shareholder Rights” (85 Fed. Reg. 81658 (December 16, 2020).
[17] Under California's Zero Net Energy (ZNE) code (Title 24), new residential and government buildings must be ZNE by 2020-2025, with commercial buildings following by 2030.
[18] See https://www.imt.org/resources/map-u-s-building-benchmarking-policies/

Australia

For several decades, Australia has been on the leading edge of ESG related issues for real estate. The country's mandated NABERS system for scoring buildings based upon energy/ water consumption has been in place for many years and has driven noticeable ESG improvements in the Australian real estate market. In addition, while they have made great strides in reducing energy usage intensity in buildings, developing and using low carbon materials in building construction, and providing a high level of attention to making the built environment healthy and welcoming, the country's reliance on coal and fossil fuels for electricity generation, will make it difficult to achieve a Net Zero Carbon outcome, without major changes. The new global focus on NZC will likely prove to be a significant challenge for the country as well as the real estate industry.

Real estate investors who seek NZC outcomes for their portfolios will have to increasingly look to minimize the usage of energy from the national grid, by incorporating a significant component of renewable energy into their assets. This need has been recognized by the Green Building Council of Australia (GBCA), which has set a clear requirement that buildings wishing to achieve a 6 Star Green Star rating, must be NZC. Achieving this rating for new buildings will be a big incentive to seek out a fully renewable energy solution, however, the technical aspects of making this happen will not be easy.


323 Castlereagh Street, Sydney, Australia


222 Exhibition Street, Melbourne, Australia

Despite a lack of a clear timeline from the Morrison government, Australia remains committed to the zero-emission target. Various states have also announced emission reduction targets, notably Victoria[20] and Queensland[21] that aim to achieve a level of 50% renewable energy by 2030.

The Australian real estate industry continues to lead the world in ESG performance for the tenth straight year in 2020, according to the GRESB global ranking. The mandated National Australian Built Environment Rating System (NABERS) for scoring buildings' energy and water efficiency has been in place for many years. It has driven noticeable ESG improvements in the overall Australian real estate market. The industry also encourages the use of low carbon building materials in construction. The pandemic has driven attention to the indoor environment to support the well-being of occupants. As consumers, investors, and regulators place increasing pressure on businesses to reduce their carbon footprint, the Australian real estate industry will likely continue to embrace green buildings.

[19] This includes being fully electric, fossil fuel free and powered by 100% renewables. In addition, various states have goals to reduce emissions, notably Victoria and Queensland aim to achieve a level of 50% renewable energy by 2030.
[20] Department of Environment, Land, Water, and Planning of Victoria
[21] Department of Energy and Public Works of Queensland

China

Climate related transition risks will likely play an important part in ESG strategies for China real estate investments during the next few years. In recent months the China's President Xi Jinping has made two major sustainability commitments: 1) Achieving a net zero carbon economy by 2060 and 2) Vowing to significantly reduce the country's dependence on coal by 2030. We anticipate that there will be increasing pressure via both regulatory changes and market pressure on owners of real estate assets to address these commitments as well as all ESG related matters.
Regulatory changes in China tend to quickly follow from policy statements so we foresee that energy conservation and the implementation of renewable energy incentives alongside water and waste recycling and pollution (including GHG emissions) regulations will all increase.

[22] China Daily, November 20, 2020
[23] 2020 Asia Pacific Occupier Survey – Mainland China, CBRE Research, April 2020

SIP, Shanghai, China

Examples that real estate investors should expect to see:

- The current Energy Saving Assessment system will be strengthened to align with the 2060 Net Zero Carbon commitment
- Increased requirements for real estate developments to be certified under the "3 Star" Green Building certification system, or perhaps other international systems
- A big push for incorporating renewable energy sources into projects
- Mandates for managing water resources and increasing water reuse.
- More stringent anti-pollution and increased remediation requirements.

We also foresee increases in ESG reporting requirements including "S" and "G" issues in addition to the usual "Environmental" issues. Already, the China Securities Regulatory Commission (CSRC) has requirements on the disclosure of social responsibility related information and some local authorities, like Shanghai and Shenzhen, have also issued guidance on corporate sustainable development and social responsibility. Within LaSalle, we are already addressing these potential ESG related transition risks in China. For example, a major future issue for logistics facilities will be the possible requirement to incorporate roof top photovoltaic (PV) panels to generate renewable energy. While currently, it may not be financially accretive to install PV panels in all markets in China, future regulatory mandates and market conditions may change this. To plan for this eventuality, we have ensured that the structures for the rooftops of all developments, can support the weight of future PV panel installation. This will allow quick and flexible reactions to either market or government regulation changes. In sum, we believe that an increased focus on all of these ESG issues in China, will improve operating income, increase capital values, and help avoid negative impacts of sudden regulatory and/or market changes.

With buildings accounting for about 20% of China's carbon dioxide emissions,[22] it is expected that the Chinese government may enhance efforts to promote green buildings by providing favorable policies, such as green financing for green buildings. Meanwhile, there is an increasing trend of tenants' acceptance of green buildings in China. A survey conducted by CBRE in 2020 showed that 57% of occupiers in China favored green buildings, in line with the Asia Pacific average.[23]

Japan

In Japan, over the course of the past three years, domestic institutional investors as well as developers and investment managers have quickly come up the learning curve and have accelerated their know-how around enhancing various ESG initiatives within a Japanese regulatory and legal framework. Perhaps part of this acceleration was prompted by global trends, expectations, and pressures focused on complying within a more sustainable built environment. Some stakeholders became convinced and more focused due to the enormous damage wrought by two successive typhoons.[24] As a nation with limited natural resources prone to various catastrophic events, coupled with a constrained political will to re-initiate nuclear energy generation,[25] a broad array of stakeholders have a vested interest in doing their part to follow through on ESG initiatives. This includes focusing on how buildings can operate at greater energy efficiencies with reduced Greenhouse Gas (GHG) emissions. These actions are viewed as reasonable countermeasures to ensure the built environment becomes less vulnerable to extreme weather events, while also designing buildings to be resilient when such force majeure occurrences happen.

Project Phoenix, Singapore

Singapore

In February 2021, Singapore unveiled the Green Plan 2030 to provide targets over the next decade to meet its commitment under the UN's 2030 Sustainable Development Agenda and Paris Agreement. The plan will also help drive the country's long-term net-zero emissions aspiration. Before the Green Plan announcement, many green initiatives were already underway. The Building and Construction Authority of Singapore (BCA) launched the Green Mark Scheme in 2005 to assess buildings' environmental impact and energy efficiency.

The Monetary Authority of Singapore (MAS) has also encouraged the development of sustainable finance[26] to drive domestic and regional green efforts. HSBC's recent survey results on ESG revealed that 80% of Singapore investors believe that ESG is an integral part of their investments. However, the lack of suitable sustainable investment products and limited investor knowledge has curtailed the growth in this segment.

[24] Typhoon No.21 (Typhoon Jebi) and Typhoon No.19 (Typhoon Hagibis) descended upon Japan in September 2018 and October 2019, respectively.
[25] The nuclear pushback stems, in part, from the Fukushima Dai-Ichi nuclear disaster caused by the 2011 Tohoku earthquake and tsunami.
[26] Sustainable finance is the practice of integrating environmental, social, and governance (ESG) criteria into financial services to bring about sustainable development outcomes, including mitigating and adapting to the adverse effects of climate change.

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The outbreak of the Novel Coronavirus (COVID-19) was declared by the World Health Organisation as a "global health emergency" on the 30th January 2020 and was then characterised as a pandemic in March 2020. COVID-19 has impacted global financial markets, severely restricted international trade and travel, disrupted business operations (in part or in their entirety) and negatively impacted most investment asset classes (including real estate (whether held directly or indirectly, or whether as a result of being a lender to owners of real estate)).
As a result of the above factors, conditions exist in the real estate markets that may result in value uncertainty and valuations are reported on the basis of significant valuation uncertainty or extraordinary assumptions related to the impact of COVID-19. Consequently, less certainty – and a higher degree of caution – should be attached to valuations than would normally be the case. Given the foregoing and the unknown extent of the impact of COVID-19, LaSalle accordingly highlights that the reliability of real estate values in this report may be significantly under- or over-stated and subject to material variance on a short term basis.

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