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We are navigating one of the most volatile periods for commercial real estate in recent history. Shaping and adapting to this ever-changing landscape requires a focused, agile, coordinated, and deeply involved voice in policy discussions. Success in Washington is harder than ever, yet The Roundtable produces consistent results each year with:

- A well-respected and influential team of policy experts
- An approach rooted in non-partisan, economics-based issue analysis
- Consistent engagement from our members and industry leaders
- Relationships built and strengthened over decades with key policymakers
- An increasingly effective communications that ensure industry messages resonate with those who matter most

Each year we measure our performance, and I am happy to report that our lean team continues to punch well above its weight in Washington.

Senior federal policymakers who govern our issues and are familiar with our work are now more inclined to seek input from The Roundtable than almost every other association studied, and they regard us among the most effective at leveraging communications in support of our members' priorities.

① A Central Role In The New Normal

While the world is changing, real estate is as important as ever in meeting the evolving needs of the spaces where people work, shop, live, and play. The shift towards remote work and the flight to quality in office spaces and other uses underscores the necessity for buildings to offer modern amenities to attract business tenants, rendering many older office buildings obsolete and leading to uncertainties in property values and challenges for local budgets that rely on property taxes. Furthermore, technological advancements and rapid growth in computing capabilities have amplified the need for densely packed data centers to support the AI revolution and modern economy.

The nation's housing needs continue to evolve, with increasing demand for senior and assisted living facilities and persistent demand for workforce and affordable housing. Retail landscapes are transforming as consumers use physical stores for browsing while making purchases online, somewhat decreasing the desirability of commodity stores and malls and heightening the appeal of luxury retail experiences. Differing federal, state, and local energy requirements and regulations are also evolving rapidly, often outpacing adequate transmission capabilities and a clean, reliable grid.

The reality of the evolving needs of people and businesses sometimes makes it impossible to understate the significant stresses facing our industry as we help navigate and shape that future: higher financing costs, increased operating expenses, particularly elevated property and casualty insurance premiums, all exacerbated by regulatory pressures on banks to reduce real estate portfolio concentrations and uncertainty in the future use of the built environment. The combination of these dynamics has increased uncertainty in property valuating making maturing debt difficult to refinance, and caused available liquidity to shrink.

Leaders in commercial real estate understand these challenges and are reimagining existing buildings and developing new ones that align with the demands of the new normal. This proactive approach seeks to meet people where they are while ensuring that real estate continues to drive job creation, support local budgets, and bolster our communities.

However, achieving these goals requires a supportive public policy environment that understands and addresses these multifaceted challenges.

That's what The Roundtable does. We educate policymakers about the nuances of our industry, noting commercial real estate is not a monolith—as I mentioned in my recent congressional testimony. We share impactful research and data-driven arguments to advocate for a strong policy environment, providing bipartisan solutions to overcome gridlock and hyper-partisanship. Most importantly, we come with the backing and unified voice of the industry, strengthened by participation in intellectual discussions and financial support.

As we know, real estate is a pillar of our communities, from creating the spaces where our children learn and grow to supporting the retirements of those who teach them, from building the data centers driving the AI revolution to providing nearly three in four local tax dollars supporting fire, EMS, and other necessary services.

As your neighbors, colleagues, and even family members, we care deeply about the success of our communities and will continue to be an active partner in helping ensure the future is a bright, prosperous new normal for everyone.

② **Shaping Policy To Adapt To Evolving Needs & Challenges**

When faced with adversity, our industry and The Roundtable have consistently risen to the task. We've seized opportunities to address today's problems through education and advocacy, contributing to better public policy for our members and the millions of Americans they serve.

Protecting Capital & Credit Formation & Productive Investment

Working with our partners, our efforts have **helped regulators encourage banks to extend flexibility for credit-worthy borrowers seeking to reform loans as part of the upcoming approximate \$1 trillion in maturing loans.** The Roundtable has also successfully pushed back against harmful proposed pro-cyclical policies, including increases in bank capital requirements which would be detrimental to capital formation and economic growth.

We've ensured policymakers understand the potential impact of these actions and stressed the need for a tax regime that appropriately recognizes the economics of real estate ownership and investment, rewards productive investment, and promotes liquidity in commercial real estate markets. This includes educating policymakers about the essential role of foreign capital investment.

Shaping Energy & Climate Initiatives

This has been an enormous year for energy and climate-related regulatory actions. We've continued to educate policymakers about shifting unworkable one-size-fits-all government mandates to voluntary, actionable, guidelines owners and others can follow to be part of the solution.

Alongside other issues, The Roundtable's Sustainability Policy Advisory Committee (SPAC), has been actively engaged with the administration and others to help harmonize the growing patchwork of Building Performance Standards. Working with the White House, **we helped develop the first-ever federal definition for a "zero emissions building" (or "ZEB").** The ZEB definition provides an aspirational long-term goal that can help drive buildings toward decarbonization through attainable upgrades.

One of the most significant developments this year was the U.S. Securities and Exchange Commission's release of its long-anticipated rules requiring registered companies to disclose climate-related financial risks.

Following the tireless advocacy of The Roundtable, our partners, and other major business groups and associations, the SEC backed down from what would have been an impossible mandate within the proposal for public companies to report Scope 3 indirect "supply chain" emissions.

Nonetheless, it will remain a Roundtable priority to help our industry navigate this evolving field of climate reporting and disclosure policies.

Promoting Affordable Housing, Homeland Security, & Other Initiatives

We know the impact prolonged remote work has on our industry and communities. However, the negative impact isn't always evident to those in Washington, and we've sought to demonstrate how these policies affect local economies, small businesses, and more.

At our urging, the White House took steps to compel agencies to reduce their level of telework and return to pre-pandemic rules.

Notwithstanding that notable accomplishment, agency compliance has been inconsistent at best, and more action is sorely needed. We will continue to emphasize the merits of a federal workforce that serves its mission on behalf of the American people *in person*.

At the same time, exploring the conversion of underutilized office and other commercial space is an innovative way

to address problems facing cities while creating more affordable housing. The Roundtable has urged policymakers at all levels to enact supportive incentives and suggested regulatory actions to facilitate more of these projects.

We've also encouraged the administration to expand tax incentives such as the Low-Income Housing Tax Credit (LIHTC) to address the critical shortage of affordable and workforce housing. Included within the president's budget, this and other policies to boost the supply of housing will remain a bipartisan focus in 2025.

Homeland security continues to be a central priority for The Roundtable. We have maintained our focus on ensuring the safety and security of the built environment through various ongoing initiatives and collaborations with federal agencies.

Moreover, we've continued our vital work promoting a more inclusive industry and supply chain. In the spirit of further strengthening our communications, we also launched a new, sleek website and redesigned *Roundtable Weekly*, along with an updated "Commercial Real Estate by the Numbers" document, which provides valuable insights and data for our members, policymakers, and media.

Entering a New Era

As we plan for the upcoming election and a new Congress, we must maintain our commitment to a non-partisan and factual approach. Despite numerous challenges, our industry has remained resilient. I am proud of what we've

accomplished together. It is only with your support and engagement that we achieve these results. By staying focused, agile, and deeply involved in policy discussions, The Roundtable will continue to advocate effectively and seize the opportunities ahead.

Next year, many elements of the *Tax Cuts and Jobs Act of 2017* are set to expire. More than half of Congress will not have been in office when the original law was enacted, and these policies will remain under attack from factions on both sides of the aisle. As we've done since its passage and particularly this year, The Roundtable continues to demonstrate the importance of long-standing tax provisions critical to commercial real estate (i.e., capital gains, interest deductibility, like-kind exchanges, carried interest, partnerships and REITs, and much more).

The Roundtable itself will experience change this year—I'm proud to welcome Kathleen McCarthy (Global Co-Head of Blackstone Real Estate) as our new Chair. Kathleen's extensive experience and leadership will be invaluable as we navigate the path ahead, and I look forward to working alongside her and the rest of the Board to advance Roundtable priorities.

Lastly, I want to extend my heartfelt thanks to my friend and colleague John Fish for his remarkable service and dedication as our outgoing Chair. John's contributions have been instrumental in advancing The Roundtable's mission and achieving our goals.



(R-L): Roundtable President & CEO Jeffrey DeBoer and Roundtable Chair John Fish (Chairman & CEO, SUFFOLK).

Thank you to our members. We are grateful for your support and don't take your partnership for granted. Together, we'll continue to work with policymakers on both sides of the aisle to overcome today's challenges, shape the new normal, and secure a bright, shared future.