



FLASH POLL

COMMERCIAL REAL ESTATE INDUSTRY PARTNERS



COVID-19 Financial Impacts: Tenant, Landlord, and Lender Strategies

April 1, 2020

The results are in!

A huge thank you to the **345 people** who took our survey this week. This level of response in less than 48 hours is incredible, and speaks to the fellowship of our real estate industry: in our time of need, we are coming together to share best practices and strategies, and I've never been more proud to be in the real estate profession.

One more huge "thank you" to the five other industry group partners who came together to make this happen as well - this was a team effort and they all deserve huge recognition and thanks:

BOMA (Chad Venne)
CARW (Tracy Johnson)
IREM (Jenny Macaluso, Elmer Megna)
NAIOP Wisconsin (Jim Villa)
WCREW (Nicole Allard, Michele Raysich)

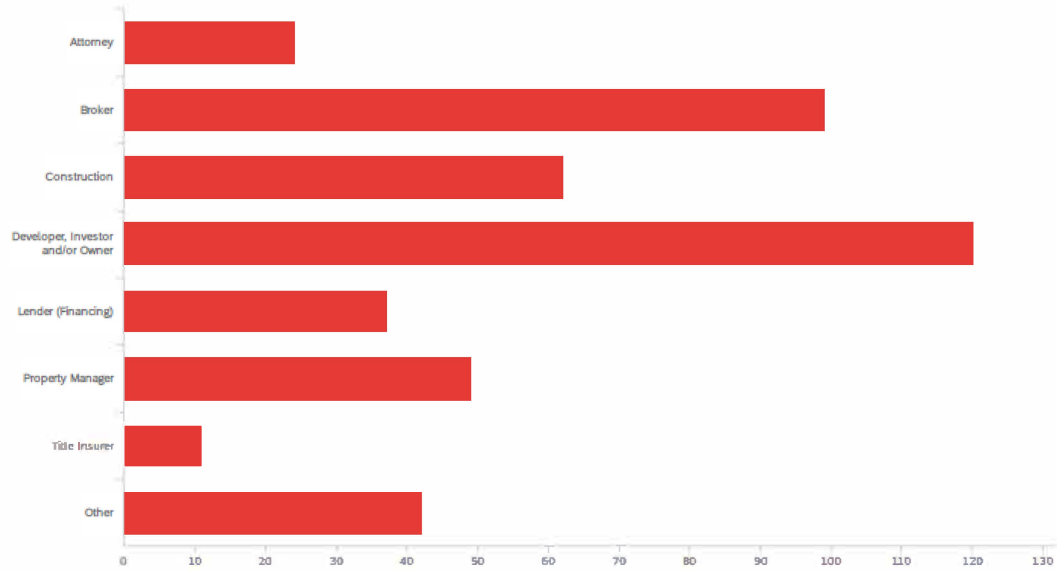
Now, on to the results.

If you're interested in reading the full topline results report in detail, including all additional comments entered by respondents, you can find it here:

[CRE Industry Flash Poll March 30-31, 2020 - Topline Results](#)

If you'd like to see the results in an email format with some commentary and summary, please read below:

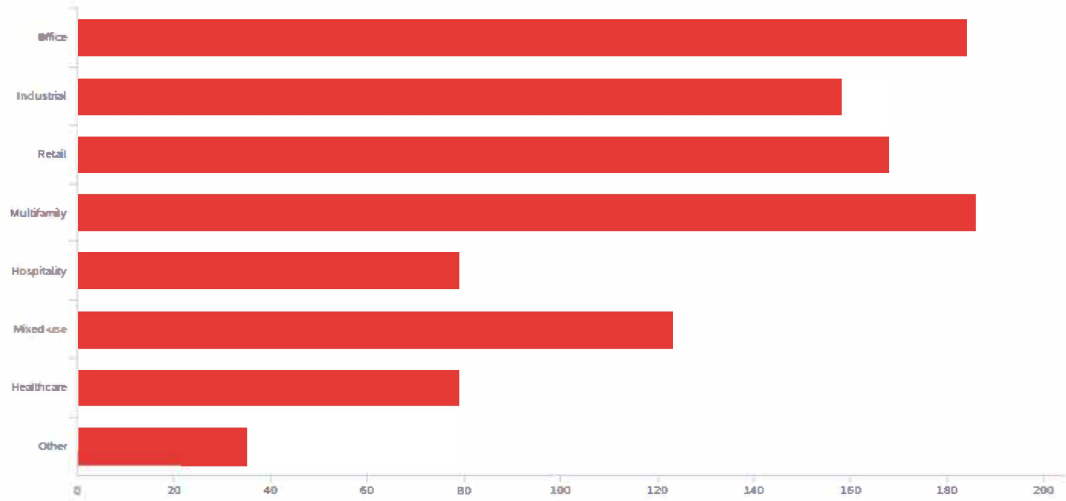
Q1 - Please indicate the areas of the real estate world in which you actively work (select all that apply):



#	Field	Choice Count
1	Attorney	5.41% 24
2	Broker	22.30% 99
3	Construction	13.96% 62
4	Developer, Investor and/or Owner	27.03% 120
5	Lender (Financing)	8.33% 37
6	Property Manager	11.04% 49
7	Title Insurer	2.48% 11
8	Other	9.46% 42
		444

Q2 - Please select the asset types you most commonly work with, develop, and/or own (select all that apply):

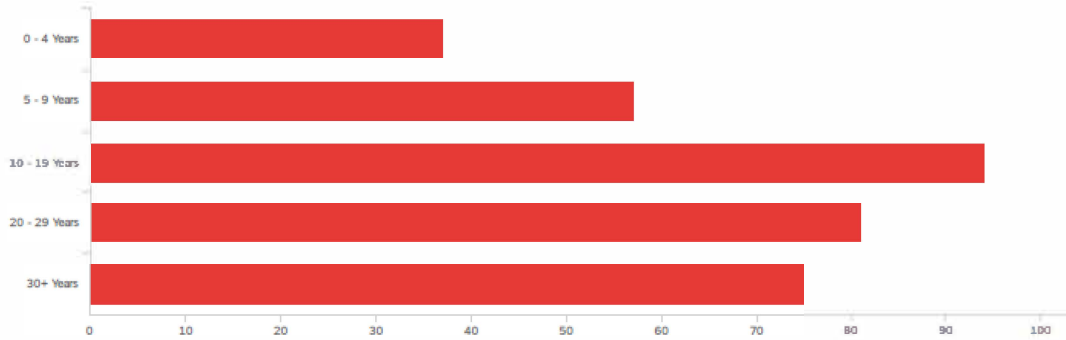
Q2 - Please select the asset types you most commonly work with, develop, and/or own (select all that apply):



#	Field	Choice Count
1	Office	18.18% 184
2	Industrial	15.61% 158
3	Retail	16.60% 168
4	Multifamily	18.38% 186
5	Hospitality	7.81% 79
6	Mixed-use	12.19% 123
7	Healthcare	7.81% 79
8	Other	3.46% 35
		1012

Q3 - Please select the number of years of experience you have in the real estate industry:

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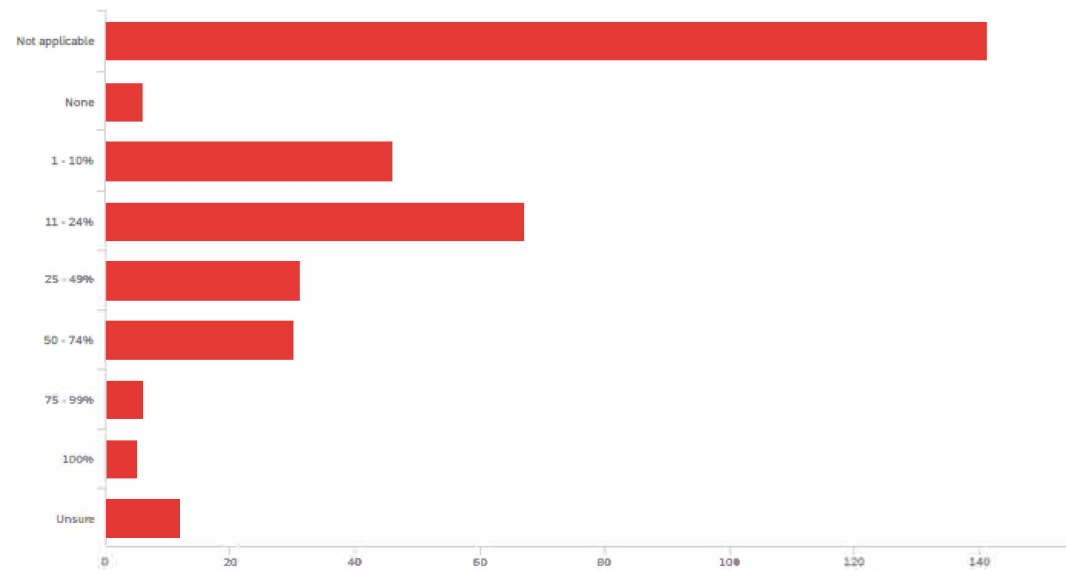


#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Please select the number of years of experience you have in the real estate industry:	1.00	5.00	3.29	1.27	1.62	344

#	Field	Choice Count
1	0 - 4 Years	10.76% 37
2	5 - 9 Years	16.57% 57
3	10 - 19 Years	27.33% 94
4	20 - 29 Years	23.55% 81
5	30+ Years	21.80% 75
		344

Q4 - If applicable: what percentage of tenants in your properties do you expect will have approached you before April 15 regarding rent reduction or relief?

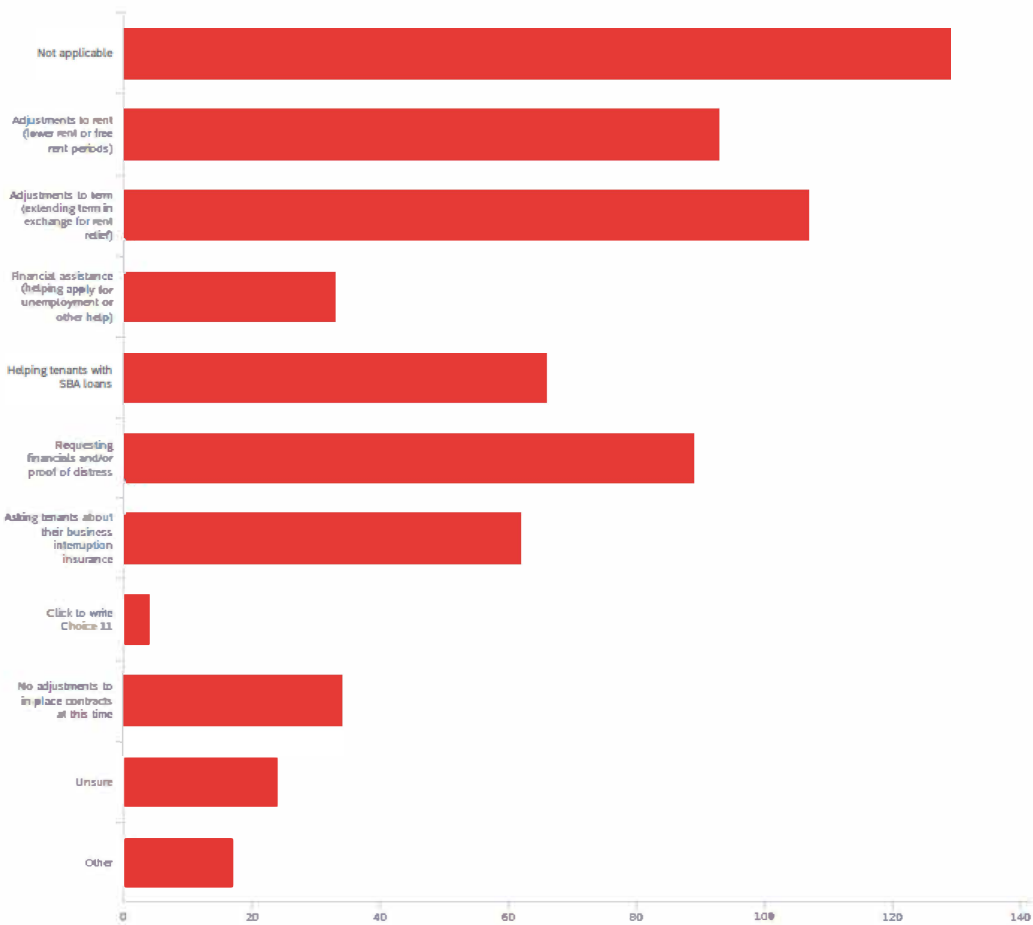
Q4 - If applicable: what percentage of tenants in your properties do you expect will have approached you before April 15 regarding rent reduction or relief?



#	Field	Office	Industrial	Retail	Multifamily	Hospitality	Mixed-use	Healthcare	Other
2	None	42.86% 3	14.29% 1	0.00% 0	28.57% 2	0.00% 0	0.00% 0	0.00% 0	14.29%
3	1 - 10%	22.02% 24	19.27% 21	16.51% 18	21.10% 23	4.59% 5	8.26% 9	4.59% 5	3.67%
4	11 - 24%	19.32% 34	19.89% 36	17.08% 30	19.32% 34	3.98% 7	11.93% 21	5.11% 9	3.41%
5	25 - 49%	16.28% 14	15.12% 13	17.44% 15	22.09% 19	5.81% 5	11.63% 10	8.14% 7	3.49%
6	50 - 74%	17.72% 14	8.86% 7	29.11% 23	15.19% 12	7.59% 6	8.86% 7	8.86% 7	3.80%
7	75 - 99%	25.00% 3	8.33% 1	8.33% 1	16.67% 2	8.33% 1	16.67% 2	8.33% 1	8.33%
8	100%	12.50% 1	12.50% 1	37.50% 3	12.50% 1	0.00% 0	0.00% 0	25.00% 2	0.00%
9	Unsure	16.00% 4	28.00% 7	20.00% 5	16.00% 4	4.00% 1	8.00% 2	4.00% 1	4.00%

Q5 - Properties: What tenant strategies are you most seriously considering right now when working with your tenants' businesses? (select all that apply):

Q5 - Properties: What tenant strategies are you most seriously considering right now when working with your tenants' businesses? (select all that apply):



#	Field	Choice Count
1	Not applicable	129
2	Adjustments to rent (lower rent or free rent periods)	93
3	Adjustments to term (extending term in exchange for rent relief)	107
4	Financial assistance (helping apply for unemployment or other help)	33
5	Helping tenants with SBA loans	66

6	Requesting financials and/or proof of distress	13.53%	89
7	Asking tenants about their business interruption insurance	9.42%	62
8	Click to write Choice 11	0.61%	4
9	No adjustments to in-place contracts at this time	5.17%	34
10	Unsure	3.65%	24
11	Other	2.58%	17
			658

Q6 - If possible, please include additional detail around what you are considering offering

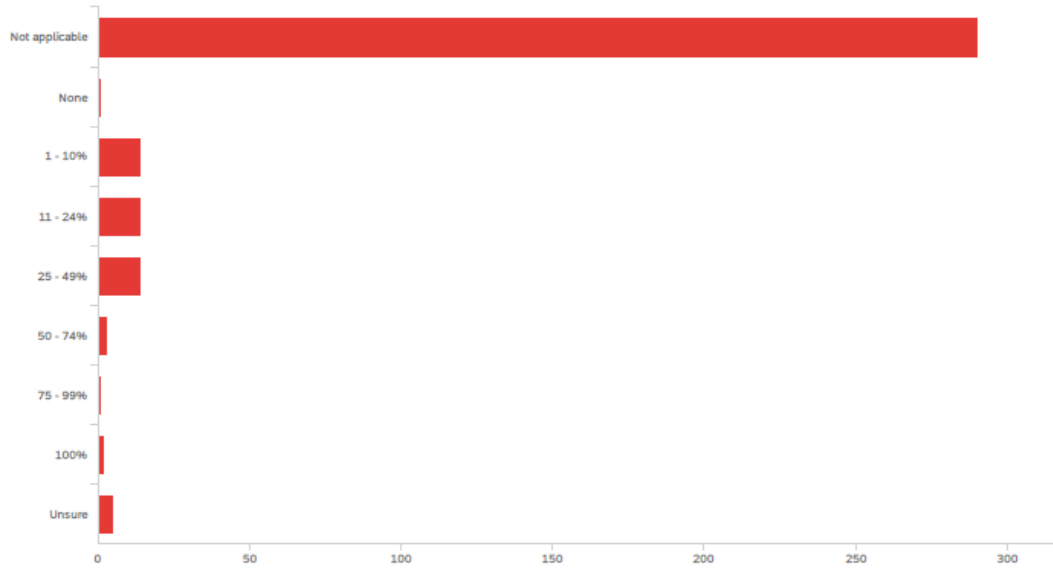
tenants:

Selected Excerpts:

- *Providing rent relief for April but getting reimbursed by spreading it out of the remainder of the term. Rent abatement and adding it to end of the lease*
- *Common theme that I've seen is some sort of rent relief. In exchange, ownership has been asking for monthly reporting of sales/financials if they don't do so already. I've seen some negotiations to extend term on lease (ex. 90 days free rent starting 4/1 but extend the term of the lease by at least 90 days), some operators don't like this because they are trying to protect NOI on their balance sheets.*
- *Staying calm yet fair and firm. We all need a work out that can be accomplished for both the tenant and the landlord. Each discussion will be different so stay positive and compassionate.*
- *Requesting financials and what has the business done to help itself.*
- *We want all tenants requesting rent concession to at least pay common area expenses. We will talk about short term base rent concessions*
- *I work for a Fortune 100 company that franchises our sites. We are deferring all rent and royalty fees for April, May and June until Sept at this time and working with individual franchisees depending upon their specific financial stability.*
- *Free rent but also asking to apply for loans*
- *Everything will be on a case by case basis*

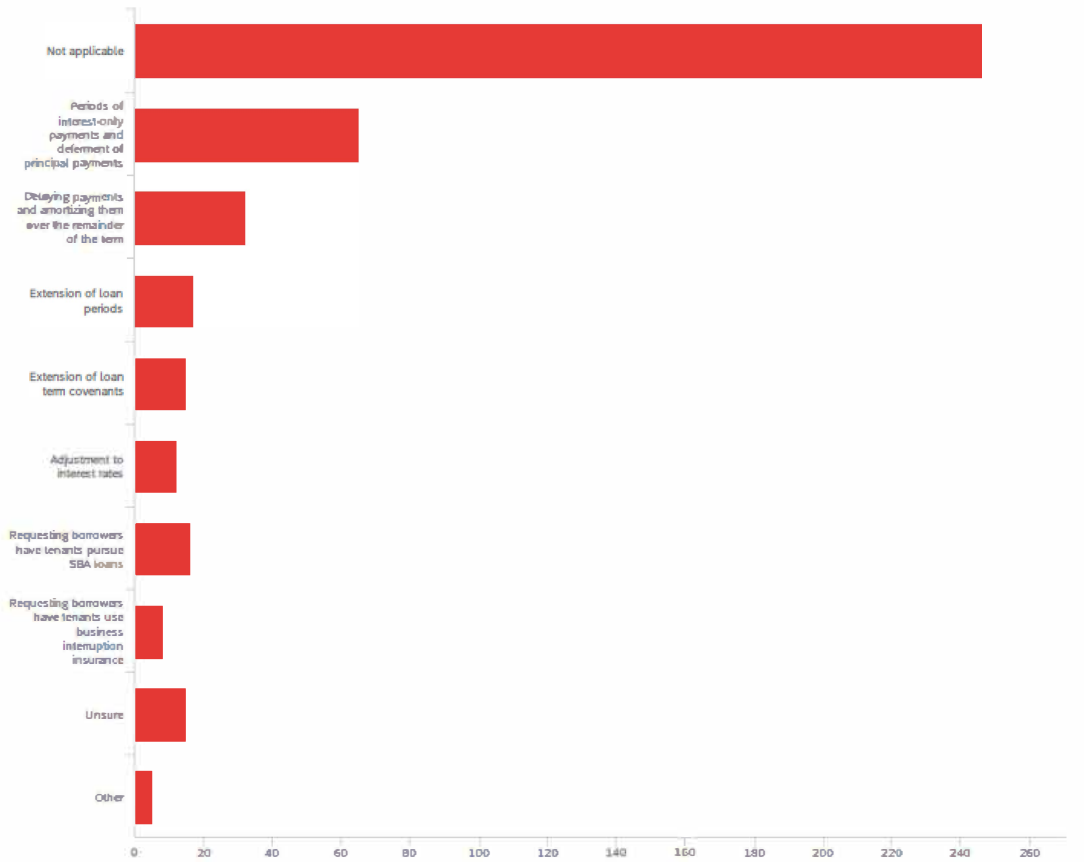
Q7 - If applicable: if your primary business is lending, what percentage of your borrowers

do you expect will have approached you by April 15 regarding mortgage payment relief or modification of loan terms?



#	Field	Choice Count
1	Not applicable	84.30% 290
2	None	0.29% 1
3	1 - 10%	4.07% 14
4	11 - 24%	4.07% 14
5	25 - 49%	4.07% 14
6	50 - 74%	0.87% 3
7	75 - 99%	0.29% 1
8	100%	0.58% 2
9	Unsure	1.45% 5
		344

Q8 - On financing: what level of adjustment to loans is most seriously being considered (select all that apply)?



#	Field	Choice Count
1	Not applicable	57.08% 246
2	Periods of interest-only payments and deferment of principal payments	15.08% 65
3	Delaying payments and amortizing them over the remainder of the term	7.42% 32
4	Extension of loan periods	3.94% 17
5	Extension of loan term covenants	3.48% 15
6	Adjustment to interest rates	2.78% 12
7	Requesting borrowers have tenants pursue SBA loans	3.71% 16

8	Requesting borrowers have tenants use business interruption insurance	1.86%	8
9	Unsure	3.48%	15
10	Other	1.16%	5

431

Showing rows 1 - 11 of 11

Q8_10_TEXT - Other

Other

N/A

CARES Loans

None of the above

looking into SBA loan for payroll

None at this time

Q8 - If possible, please include additional detail on loan adjustments being considered

Q9 - If possible, please include additional detail on loan adjustments being considered:

If possible, please include additional detail on loan adjustments being con...

I'm partially guessing based on my past experience working at banks with distressed borrowers. I'd imagine almost all new loan commitments and closings are currently being put on hold. For loans that are currently closed and reaching stress points I'd imagine banks are considering some kind of forbearance agreements with a period of interest only or reduced payments in exchange with catch-up amortization later.

We are offering 90 days of interest only for those Borrowers who can validate that their business has been materially impacted (mostly hospitality and retail). Providing blanket payment relief to all clients regardless of the COVID19 impact to their business is irresponsible.

No real underwriting as long as the loan is current and the owner can indicate what rent concessions they have made with their tenants. Current and projected cash flow over the rent concession period.

Looking for opportunities to refinance.

n/a

We work with a bank on a low interest loan pool. Ultimately the lender will make the decisions based on each individual case, but i have heard several of the loan pool recipients are requesting deferrals.

Too soon to tell frankly - extension of covenants is main focus right now, though ultimately as the pandemic progresses other modifications will be considered (extended term with right-sizing paydowns as first priority).

Forbearance Agreements

Standard forbearance agreements are being common talk

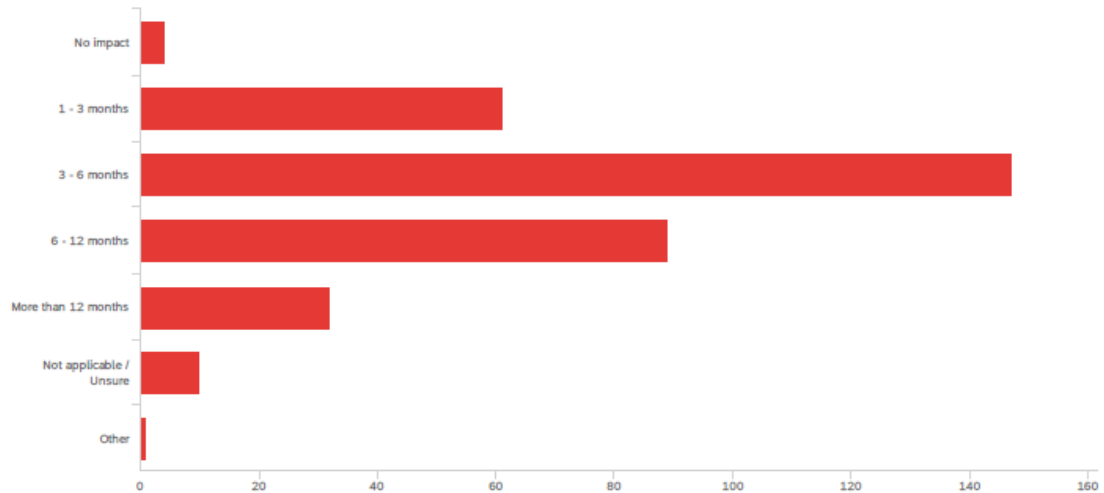
N/A

N/A. Multi-family owner

Not Applicable

Q10 - How long are you expecting the events of COVID-19 to seriously impact your

business operations?



#	Field	Choice Count
1	No impact	1.16% 4
2	1 - 3 months	17.73% 61
3	3 - 6 months	42.73% 147
4	6 - 12 months	25.87% 89
5	More than 12 months	9.30% 32
6	Not applicable / Unsure	2.91% 10
7	Other	0.29% 1
		344

Q11 - What, if any, opportunities do you see coming as a result of this pandemic crisis?

Selected excerpts:

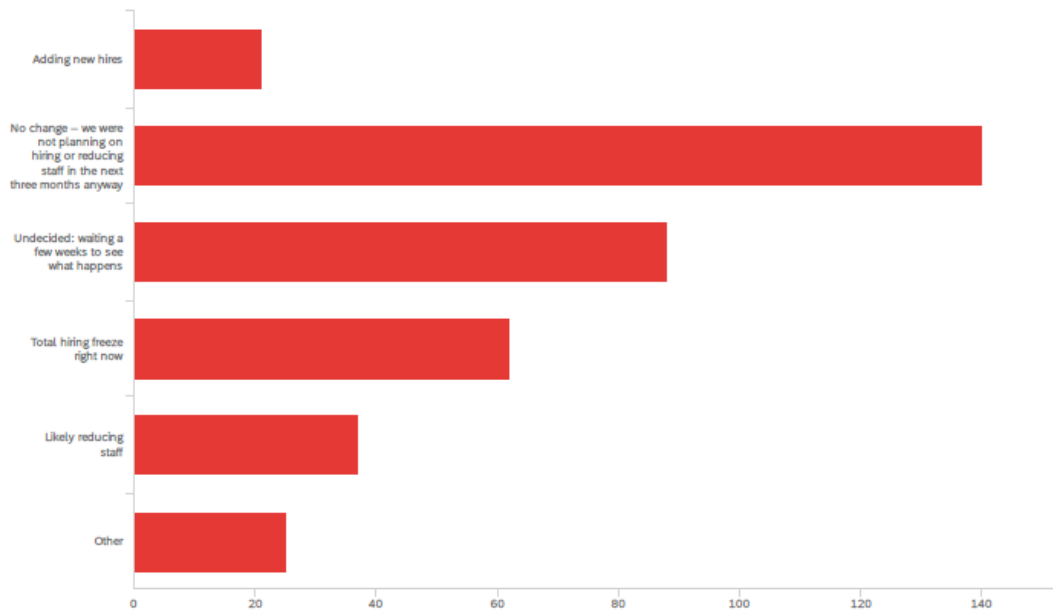
- *Opportunities to create goodwill with tenants and obtain greater insight into their operations*
- *Some property owners may need to sell to access cash, opening up buying opportunities. Some businesses will close which may open up spaces to allow some movement in the market - both sale and lease. Lots of potential buyers are sitting on cash, and waiting to buy when opportunities arise, especially if prices dip.*
- *Reduction of space, due to companies realization that "working from home" is an option.*
- *Remote Online Notary to begin to allow for online closings*
- *One area that I see an opportunity is for the creation of stronger industry relationships. If people begin to show a desire to work together rather than fend for themselves I think it can create industry relationships that will last beyond the pandemic. For example if I had a loan with 5 banks, and 4 of them refused payment relief and 1 was willing to provide relief in exchange for longer term I would be more likely to continue going back to them in the future. Same would go across industries.*
- *There will be opportunities to buy good assets from distressed sellers at better pricing*
- *Growth in industrial assets. The way we work has shifted. Automation will*

grow at a more rapid pace. Supply chain will come back to the US. Logistics and e-commerce will also continue to grow.

- Virtual office opportunities. Virtual Site tours. In general more things will become virtual which will also result in cost savings
- Get more yard work done.
- Better personal hygiene

Q12 - Full-time staffing: what are your planned changes to full-time staffing over the next

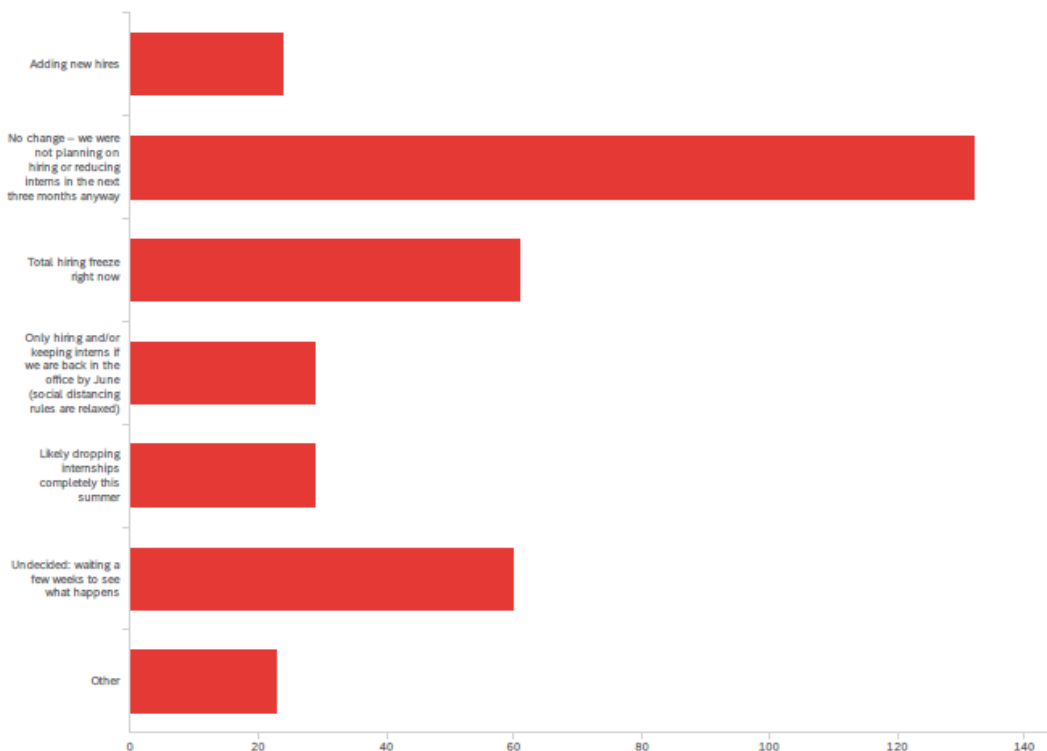
three (3) months?



#	Field	Choice Count
1	Adding new hires	5.63% 21
2	No change - we were not planning on hiring or reducing staff in the next three months anyway	37.53% 140
3	Undecided: waiting a few weeks to see what happens	23.59% 88
4	Total hiring freeze right now	16.62% 62
5	Likely reducing staff	9.92% 37
6	Other	6.70% 25
		373

Q13 - Intern hiring: what are your planned changes for hiring interns over the next three

(3) months?



#	Field	Choice Count
1	Adding new hires	6.70% 24
2	No change - we were not planning on hiring or reducing interns in the next three months anyway	36.87% 132
3	Total hiring freeze right now	17.04% 61
4	Only hiring and/or keeping interns if we are back in the office by June (social distancing rules are relaxed)	8.10% 29
5	Likely dropping internships completely this summer	8.10% 29
6	Undecided: waiting a few weeks to see what happens	16.76% 60
7	Other	6.42% 23
		358

We have released the current intern staff. Will likely on board this summer.

We are generally always pro-internships. It will depend on whether we are still working remotely as I don't think there is as much value in a virtual internship.

No plans for Interns earlier or now

No change - still plan to hire in June, per usual.

pushing back start dates

Still hiring the interns we committed to for the summer

Q14 - Lastly, what resources, programming, and/or tools do you need to help get through this difficult period?

Selected excerpts:

- *Need a lot more clarity on who and how one can access new government programs for financial support.*
- *Our company is holding company wide calls twice per week just for our employees, all employees have the capability to work from home, continuous contact with each of our team members, increased use of Microsoft Teams, which is amazing.*
- *Microsoft Teams and Zoom*
- *Mental health breaks!*
- *We have already reached out to our lender to evaluate options through the programs but no one seems to know what to do yet. Attorneys and Lenders are flailing. The SBA program while announced does not have key components in place yet to apply. The language in speaking with attorneys is very challenging. It is not going to be easy to get the relief*
- *Meaningful and uncensored or slanted economic and medical news in order to make good decisions for our business.*
- *You need a point person in your company that is very organized and focused on what opportunities are available to tenants , owners and managers so you are in a position of knowledge. They need to be smart, quick and responsive to the issues we will face for the next 3 to 4 months.*
- *Information on grants for small business. As a property owner, I don't really want any help for myself; just for my tenants. If they make it, I'll be ok.*
- *Ability to continue networking because that's so important in our industry. Hearing from industry leaders about how they're adjusting and how to use this down time. Also, hearing perspectives from 2008 and how to make it through the recession since this is my first time in the business during a downturn*
- *Mostly collaboration as a team; analyzing every aspect of business*
- *We need our property managers to act as customer service agents, checking in on residents' health and well being regularly. I think showing a human side will go a long way in the end. Additionally, rent assistance programs for our residents could prove to be vital if this extends too long.*
- *I trust that the CRE community will recognize the extraordinary times we are in, and work with businesses and tenants to get through this. I think most owners and landlords will recognize that it's better to work with those existing tenants and consider some rent forgiveness, forbearance, or extending several months to the end of existing lease terms to keep tenants. We are all in this together, and I believe we're reminded of that in times like these.*

Thanks again to everyone who took this survey!

We appreciate your support of our program and sincerely hope this data has been helpful.

One more time, here is the full packet of results in PDF form:

[CRE Industry Flash Poll March 30-31, 2020 - Topline Results](#)

By Friday we hope to release a more in-depth analysis of the survey results, using cross-tab calculations for things like comparing responses to questions by asset classes, or experience level. If you have any suggestions for specific data results you'd like to see, don't hesitate to email me (andrew.hunt@marquette.edu).

Thanks again!

Andy

Andrew Hunt

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