

# Webinar

## ULI Utah: COVID-19's Impacts on Commercial Real Estate

Date: March 26, 2020

00:00:28 --> 00:00:31: Hi everyone, this is a easy Guevara chair of Urban  
 00:00:32 --> 00:00:34: Land Institute Utah chapter.  
 00:00:34 --> 00:00:36: Thank you all for joining us today.  
 00:00:36 --> 00:00:39: This is something new to us so please bear with  
 00:00:39 --> 00:00:43: us if we have a any technical difficulties.  
 00:00:43 --> 00:00:48: Hopefully you guys understand but we plan to have none.  
 00:00:48 --> 00:00:51: We hope you guys all are doing well during this.  
 00:00:51 --> 00:00:55: The unrepresented times. One thing that we Rachel and I  
 00:00:55 --> 00:00:59: and our management committee decided that during this time  
 of  
 00:01:00 --> 00:01:03: social distancing we will try to continue to do what  
 00:01:03 --> 00:01:07: we do the best. We will continue to really provide  
 00:01:07 --> 00:01:12: opportunities for our members and for our friends and  
 followers  
 00:01:12 --> 00:01:15: of you Ally Utah to convene to share best practices  
 00:01:15 --> 00:01:20: and to educate with. Most likely many of our meetings  
 00:01:20 --> 00:01:21: will be virtual,  
 00:01:21 --> 00:01:24: at least for the next couple of months.  
 00:01:24 --> 00:01:28: And of course we will be following closely all of  
 00:01:28 --> 00:01:31: the directions that we need to follow.  
 00:01:31 --> 00:01:34: Before we turn over the microphone to Chris,  
 00:01:34 --> 00:01:38: I wanted to make you aware of two other events  
 00:01:38 --> 00:01:41: that we put together for next week.  
 00:01:41 --> 00:01:44: We have an event coming up March 31st.  
 00:01:44 --> 00:01:48: That's a 9:00 AM to 10:00 AM meeting topic is  
 00:01:48 --> 00:01:53: steering Utah's real estate industry through uncertain times.  
 00:01:53 --> 00:01:58: We have some wonderful speakers that will be joining us.  
 00:01:58 --> 00:02:01: We will have Rich Thorne president of AGC.  
 00:02:01 --> 00:02:05: Utah he will cover the construction topic that many of  
 00:02:05 --> 00:02:10: you probably will are wondering about we will have Robert

00:02:10 --> 00:02:12: Hyde with Kirtana Mcconkie.  
00:02:12 --> 00:02:14: We will have a special guest.  
00:02:14 --> 00:02:18: Rachel was able to confirm with someone from ULI Asia  
00:02:18 --> 00:02:19: Pacific.  
00:02:19 --> 00:02:22: We are still confirming the exact speaker.  
00:02:22 --> 00:02:26: You will see probably information on this event in a  
00:02:26 --> 00:02:28: couple of hours,  
00:02:28 --> 00:02:32: but we're excited to have someone speaker lessons learned.  
00:02:32 --> 00:02:38: From ULIH Pacific chapter. And then the other event will  
00:02:38 --> 00:02:39: be Thursday,  
00:02:39 --> 00:02:40: April 2nd, noon to one.  
00:02:40 --> 00:02:46: We will have another siari update from Cushman and  
Wakefield  
00:02:46 --> 00:02:46: team.  
00:02:46 --> 00:02:49: I also wanted to quickly say thank you to all  
00:02:50 --> 00:02:51: of our sponsors.  
00:02:51 --> 00:02:54: As you can see on the slide ongoing slide.  
00:02:54 --> 00:02:58: We have some amazing organizations that we have been  
supporting  
00:02:58 --> 00:03:02: us for the last years and looking forward working with  
00:03:02 --> 00:03:05: all of you guys in this upcoming year.  
00:03:05 --> 00:03:09: Thank you for your amazing contribution and without you we  
00:03:09 --> 00:03:12: couldn't really do any of this so thank you to  
00:03:12 --> 00:03:13: all of our sponsors.  
00:03:13 --> 00:03:18: Annual sponsors. And with that I wanted to quickly take  
00:03:18 --> 00:03:22: a minute to introduce the speakers and turn over to  
00:03:22 --> 00:03:24: Chris the microphone to Chris.  
00:03:24 --> 00:03:27: Today we are lucky to have a great lineup of  
00:03:27 --> 00:03:29: speakers or speakers,  
00:03:29 --> 00:03:31: from Colliers International of Utah.  
00:03:31 --> 00:03:34: Chris Kirk, managing principle, Rusty Barlow,  
00:03:34 --> 00:03:37: senior vice president, and Mark Jensen,  
00:03:37 --> 00:03:40: Executive vice president of investments.  
00:03:40 --> 00:03:44: So just a few quickly logistics and how we will  
00:03:44 --> 00:03:45: conduct this meeting.  
00:03:45 --> 00:03:49: They will each speak for about 1015 minutes and then  
00:03:49 --> 00:03:52: at the end of the program will open it up  
00:03:52 --> 00:03:53: for questions.  
00:03:53 --> 00:03:56: You can enter your questions in the chat box at  
00:03:56 --> 00:04:00: the bottom of your screen and then we will address  
00:04:00 --> 00:04:03: them at the end of the presentation.  
00:04:03 --> 00:04:05: Rachel, would you like any other?

00:04:05 --> 00:04:09: Is there anything else that we would want to let  
00:04:09 --> 00:04:10: participants know about?  
00:04:10 --> 00:04:13: I think that's it. Just if everybody could make sure  
00:04:13 --> 00:04:14: that you are muted.  
00:04:14 --> 00:04:16: That would just help with the sound,  
00:04:16 --> 00:04:19: but other than that, I think we're ready to get  
00:04:19 --> 00:04:19: started.  
00:04:22 --> 00:04:25: Thank you again everyone and Chris with that all turned  
00:04:25 --> 00:04:28: off literally the microphone over to you.  
00:04:28 --> 00:04:32: Alright, thank you so much baby and thank you Rachel  
00:04:32 --> 00:04:34: behalf of the Colliers team.  
00:04:34 --> 00:04:37: We appreciate the opportunity to be here in front of  
00:04:37 --> 00:04:38: you today.  
00:04:38 --> 00:04:42: Quite literally from you know my Home Office which I  
00:04:42 --> 00:04:45: scrambled to make as efficient as possible.  
00:04:45 --> 00:04:48: It's indeed crazy times for us as as as brokers  
00:04:48 --> 00:04:51: and as a company like many of you were trying  
00:04:52 --> 00:04:53: to figure things out.  
00:04:53 --> 00:04:57: Given the information that we get that seems to come  
00:04:57 --> 00:04:58: in almost hourly.  
00:04:58 --> 00:05:02: And and and and making adjustment for us as brokers.  
00:05:02 --> 00:05:06: It's an interesting time. We are trying to be here  
00:05:06 --> 00:05:09: as a company and as professionals to support all of  
00:05:09 --> 00:05:10: our clients.  
00:05:10 --> 00:05:12: Be at landlords, tenants, buyers,  
00:05:12 --> 00:05:17: sellers. There's there's everybody literally is being affected by  
this.  
00:05:17 --> 00:05:22: It's quite unprecedented. I don't need to reiterate that for  
00:05:22 --> 00:05:25: everybody on the call and in terms of corners where  
00:05:25 --> 00:05:29: we've been focusing is to try and empower our our  
00:05:29 --> 00:05:30: folks to be. At home,  
00:05:30 --> 00:05:33: working as efficiently as possible,  
00:05:33 --> 00:05:36: we are fortunate in that that our our profession does  
00:05:36 --> 00:05:39: allow us as long as we're able to communicate,  
00:05:39 --> 00:05:42: as long as we're able to have access to our  
00:05:42 --> 00:05:42: files,  
00:05:42 --> 00:05:45: as long as we're able to do video conferencing such  
00:05:45 --> 00:05:48: as this that we can be quite efficient and effective  
00:05:49 --> 00:05:50: for our customers.  
00:05:50 --> 00:05:52: So again, from a Collier standpoint,  
00:05:52 --> 00:05:55: we've been following the guidelines as they come down,  
00:05:55 --> 00:06:00: really just trying to support our people and focusing on

00:06:00 --> 00:06:00: that.

00:06:00 --> 00:06:02: I think from a it's it's.

00:06:02 --> 00:06:06: It's an interesting situation. I'll go into the office side

00:06:06 --> 00:06:08: of things and speak to that on the call.

00:06:08 --> 00:06:11: We've got Rusty Barlow. As mentioned,

00:06:11 --> 00:06:14: he'll talk about industrial and then we'll go to Mark

00:06:14 --> 00:06:15: Jensen,

00:06:15 --> 00:06:18: who leads up our multifamily investment team and then go

00:06:18 --> 00:06:19: into Q&A.

00:06:19 --> 00:06:22: So going into office.

00:06:22 --> 00:06:27: I have deals that are literally all over the place.

00:06:27 --> 00:06:30: I feel a bit prepared in having lived through other

00:06:30 --> 00:06:31: recessions.

00:06:31 --> 00:06:33: Indeed the last one was quite deep.

00:06:33 --> 00:06:37: And so there are some similarities that I'm seeing that

00:06:37 --> 00:06:37: are happening,

00:06:37 --> 00:06:40: although this is more like a 911 situation which we

00:06:40 --> 00:06:43: continue to hear from some of our clients,

00:06:43 --> 00:06:46: there will be, there will be some similar aspects to

00:06:46 --> 00:06:48: this that we can apply to this current situation.

00:06:48 --> 00:06:50: So if I'm talking to tenants,

00:06:50 --> 00:06:53: for example, if I'm if I'm reaching out to or

00:06:53 --> 00:06:56: they're reaching out to me and we're talking about their

00:06:56 --> 00:06:56: situation.

00:06:56 --> 00:06:59: My first advice for them is to reach out to

00:06:59 --> 00:07:02: their legal and to their insurance providers just to make

00:07:02 --> 00:07:04: sure they understand their lease.

00:07:04 --> 00:07:07: Um and also their insurance provisions,

00:07:07 --> 00:07:12: unfortunately, really within like force majeure clauses within

00:07:12 --> 00:07:13: the lease,

00:07:12 --> 00:07:13: which deals with you know,

00:07:13 --> 00:07:18: catastrophic events. There's not a lot of coverage there at

00:07:18 --> 00:07:20: the rent abatement.

00:07:20 --> 00:07:24: That with any insurance and I'm talking about business

00:07:24 --> 00:07:27: interruption

00:07:24 --> 00:07:27: insurance that also doesn't deal with diseases,

00:07:27 --> 00:07:32: communicable diseases, person to person diseases as a

00:07:32 --> 00:07:34: reason to

00:07:32 --> 00:07:34: be able to to get any type of relief in

00:07:34 --> 00:07:35: from insurance.

00:07:35 --> 00:07:40: But again, still recommending our clients speak with their

00:07:40 --> 00:07:43: respective

00:07:40 --> 00:07:43: professionals there to understand the lease.

00:07:43 --> 00:07:46: The best opportunity right now if you're in a position  
00:07:46 --> 00:07:48: where you're paying your employees,  
00:07:48 --> 00:07:52: you're carrying that overhead, but you don't have the  
revenues  
00:07:52 --> 00:07:53: coming in,  
00:07:53 --> 00:07:57: and indeed the lease is is is part of your.  
00:07:57 --> 00:08:00: Liabilities the best thing to be doing is reaching out  
00:08:00 --> 00:08:04: proactively to the landlord and having as much  
communication as  
00:08:04 --> 00:08:04: possible,  
00:08:04 --> 00:08:07: and we're certainly finding I'm finding that on a day  
00:08:07 --> 00:08:10: to day basis that over communicating,  
00:08:10 --> 00:08:13: finding away, keep coming up with this idea to play  
00:08:13 --> 00:08:14: into the middle.  
00:08:14 --> 00:08:16: You know, finding ways to communicate.  
00:08:16 --> 00:08:19: There's a lot of compassion out there right now,  
00:08:19 --> 00:08:23: and you gotta find ways to work cooperatively collaboratively  
and  
00:08:23 --> 00:08:27: cooperatively with the other party because everybody is  
going to  
00:08:27 --> 00:08:28: be impacted by this.  
00:08:28 --> 00:08:31: So on that in terms of releases,  
00:08:31 --> 00:08:35: I was on a call yesterday.  
00:08:35 --> 00:08:39: Global call with a select group of brokers that I'm  
00:08:39 --> 00:08:42: a part of within Colliers and listen to what the  
00:08:42 --> 00:08:46: major markets are doing and so these are 10 representation  
00:08:46 --> 00:08:49: brokers in New York, San Francisco,  
00:08:49 --> 00:08:53: London and a couple of other major markets that spoke  
00:08:53 --> 00:08:56: and they're a little ahead of us on this.  
00:08:56 --> 00:08:59: And So what they're doing for their tenants is reaching  
00:09:00 --> 00:09:01: out to the landlords.  
00:09:01 --> 00:09:04: They're looking for some rent abatement now,  
00:09:04 --> 00:09:07: so for example. Seems to be the theme of 90  
00:09:07 --> 00:09:08: days,  
00:09:08 --> 00:09:11: and if you're able to get a rent abatement for  
00:09:11 --> 00:09:13: a period of time like 90 days,  
00:09:13 --> 00:09:16: then landlord can find ways to get it back,  
00:09:16 --> 00:09:20: either amortizing it through the lease or tacking on that  
00:09:20 --> 00:09:22: rent at the back end of the least.  
00:09:22 --> 00:09:27: And that's I think that's our nicer proactive collaborative  
approach  
00:09:27 --> 00:09:30: to try and help tenants landlords on this.  
00:09:30 --> 00:09:34: Interestingly enough, I also heard from these same major

markets

00:09:34 --> 00:09:35: that some landlords,  
00:09:35 --> 00:09:40: particularly institutional. Landlords are proactively reaching out to their tenants  
00:09:40 --> 00:09:42: with this type of program.  
00:09:42 --> 00:09:45: Irvine companies is a good example of that that I  
00:09:45 --> 00:09:48: heard in California that's just taken it upon themselves to  
00:09:48 --> 00:09:51: reach out to their tenants proactively with this type of  
00:09:51 --> 00:09:54: program, and I think you'll see more of that.  
00:09:54 --> 00:09:57: And again, sophisticated people that have been through this before  
00:09:57 --> 00:10:00: will be are well armed with how to address this  
00:10:00 --> 00:10:00: now,  
00:10:00 --> 00:10:04: and I would suggest being on the front end.  
00:10:04 --> 00:10:08: As opposed to reactive.  
00:10:08 --> 00:10:11: Later time frames couple of examples of what deals are  
00:10:11 --> 00:10:13: happening as in the last recession.  
00:10:13 --> 00:10:17: I just expected they'll be certain deals that I'll continue  
00:10:17 --> 00:10:20: to try to Marshall forward and others that will be  
00:10:20 --> 00:10:22: put on hold just before this call,  
00:10:22 --> 00:10:25: I got off with a client of mine in Kansas  
00:10:25 --> 00:10:25: City.  
00:10:25 --> 00:10:28: We've been working on a deal for.  
00:10:28 --> 00:10:32: At least nine months trying to figure out where they're  
00:10:32 --> 00:10:33: going to go.  
00:10:33 --> 00:10:37: We were down to the absolute least execution copy these  
00:10:37 --> 00:10:39: guys were coming into downtown.  
00:10:39 --> 00:10:43: Super excited. I not going to name him because I  
00:10:43 --> 00:10:45: have yet to call the landlord,  
00:10:45 --> 00:10:49: but they're they're in there there focusing on critical operations  
00:10:49 --> 00:10:51: around the country.  
00:10:51 --> 00:10:54: They're dealing with the Remote works force there.  
00:10:54 --> 00:10:56: There is now a remote workforce.  
00:10:56 --> 00:11:00: This company has a very sophisticated can sensitive data and  
00:11:00 --> 00:11:03: samples that they have to make sure that are that  
00:11:03 --> 00:11:06: are taken care of and so they've got to focus  
00:11:06 --> 00:11:08: on that critical function first.  
00:11:08 --> 00:11:12: Also, they mentioned some major recent accounts that they had  
00:11:12 --> 00:11:12: one.  
00:11:12 --> 00:11:15: Those accounts are now put their people on furlough and

00:11:15 --> 00:11:16: so those accounts,  
00:11:16 --> 00:11:19: which is revenue have been put on hold,  
00:11:19 --> 00:11:22: so I will be reporting back after this call to  
00:11:22 --> 00:11:24: this landlord that this deal is put on hold.  
00:11:24 --> 00:11:27: All intentions are to make this happen,  
00:11:27 --> 00:11:29: will look at where this is on 30 days.  
00:11:29 --> 00:11:32: But they need to see how they're going to be  
00:11:32 --> 00:11:33: on the downside of this.  
00:11:33 --> 00:11:35: Hopefully in 30 days we've got a good picture of  
00:11:36 --> 00:11:36: that,  
00:11:36 --> 00:11:40: but they're not prepared to increase their obligations in areas  
00:11:40 --> 00:11:43: where there's some uncertainty going forward.  
00:11:43 --> 00:11:47: On the investment side, I read in nationally that 50%  
00:11:47 --> 00:11:50: of all escrows will be cancelled and I totally get  
00:11:50 --> 00:11:53: it in Markham and Rusty at love to hear your  
00:11:53 --> 00:11:55: thoughts on what you're saying.  
00:11:55 --> 00:11:59: I've got a deal that's underway before this advice at  
00:11:59 --> 00:11:59: this.  
00:11:59 --> 00:12:04: This happened pretty pretty good size transaction on a  
suburban  
00:12:04 --> 00:12:05: large office building and.  
00:12:07 --> 00:12:12: The major victory for Me 2 days ago was to  
00:12:12 --> 00:12:17: get a 30 day extension without penalty.  
00:12:17 --> 00:12:20: Which we were able to achieve and what that the  
00:12:20 --> 00:12:24: reason being is is the third party providers that are  
00:12:24 --> 00:12:27: doing the due diligence for the buyer are unable to  
00:12:27 --> 00:12:30: travel and everybody is impacted by this.  
00:12:30 --> 00:12:33: So not only is the buyer not able to focus  
00:12:33 --> 00:12:37: because a large portfolio in this particular buyer has hotels,  
00:12:37 --> 00:12:40: I mean he's at zero percent occupancy,  
00:12:40 --> 00:12:42: where two weeks ago is at 100%  
00:12:42 --> 00:12:45: occupancy, just a lot to focus on right now,  
00:12:45 --> 00:12:49: in addition to the fact that the due diligence providers  
00:12:49 --> 00:12:50: can't travel.  
00:12:50 --> 00:12:52: And things are being delayed.  
00:12:52 --> 00:12:54: It was a very reasonable request and the seller was  
00:12:54 --> 00:12:56: was gracious in responding with that.  
00:12:56 --> 00:12:58: So that was just a major victory for us.  
00:12:58 --> 00:13:01: Indeed. I think those of us in the brokerage world  
00:13:01 --> 00:13:03: are doing a lot of work like that right now.  
00:13:03 --> 00:13:05: At the end of the day,  
00:13:05 --> 00:13:07: or these transactions that closed we don't know,

00:13:07 --> 00:13:09: but right now it's it's.  
00:13:09 --> 00:13:12: It's just keeping them moving forward.  
00:13:12 --> 00:13:15: Too early to to report anything on hard data,  
00:13:15 --> 00:13:19: as you will hear going forward from the other groups  
00:13:19 --> 00:13:20: as as you mentioned,  
00:13:20 --> 00:13:24: Cushman, Wakefield and others you know and us two will  
00:13:24 --> 00:13:26: have some data that we can share,  
00:13:26 --> 00:13:29: but right now things are happening so fast.  
00:13:29 --> 00:13:32: So I think reporting on you know kind of what  
00:13:32 --> 00:13:35: we're seeing in terms of deals occur to me as  
00:13:35 --> 00:13:37: maybe most helpful for today.  
00:13:37 --> 00:13:41: I can report also from my colleagues within Colliers and  
00:13:41 --> 00:13:41: others.  
00:13:41 --> 00:13:46: That the activity level is just really drastically changed and  
00:13:46 --> 00:13:49: so tours have been really put on hold.  
00:13:49 --> 00:13:51: Not a lot happening like that.  
00:13:51 --> 00:13:55: The deals that I'm continuing to work on are deemed  
00:13:55 --> 00:14:00: strategic by by the companies couple of examples of that.  
00:14:00 --> 00:14:03: I have a local large tech group that is decided  
00:14:03 --> 00:14:05: that they want to come there.  
00:14:05 --> 00:14:09: They're global and they've been thinking about Salt Lake City  
00:14:09 --> 00:14:10: for quite some time.  
00:14:10 --> 00:14:13: They're not here yet. They want to come here,  
00:14:13 --> 00:14:17: and the Meiko broker who represents them globally told me  
00:14:17 --> 00:14:21: that the companies like that are are looking at every  
00:14:21 --> 00:14:25: single one of their lease liabilities or projected deals,  
00:14:25 --> 00:14:29: and then determining on a spreadsheet which ones are  
strategic  
00:14:29 --> 00:14:30: to move forward.  
00:14:30 --> 00:14:35: This one is interesting because this particular company is  
underway  
00:14:35 --> 00:14:39: with a major headquarters deal relocation in San Francisco.  
00:14:39 --> 00:14:43: That's on hold that Salt Lake City is ago,  
00:14:43 --> 00:14:46: and so I have been working hard over the last  
00:14:46 --> 00:14:50: five six days to put a virtual tour together because  
00:14:50 --> 00:14:52: they're on travel restrictions,  
00:14:52 --> 00:14:55: so our data and our our team is working to  
00:14:55 --> 00:14:59: to have a meeting like this where we can digitally  
00:14:59 --> 00:15:00: display with.  
00:15:00 --> 00:15:03: I mean I've got. People from the buildings walk through  
00:15:03 --> 00:15:04: their iPhones.  
00:15:04 --> 00:15:07: I mean, people just aren't quite prepared for this situation  
00:15:07 --> 00:15:09: and they're moving quickly to do it.



00:15:09 --> 00:15:12: So I think that is an interesting example of some  
00:15:12 --> 00:15:15: of the things that that are occurring.  
00:15:15 --> 00:15:16: And you know, with that,  
00:15:16 --> 00:15:19: I think that kind of covers it for what I  
00:15:19 --> 00:15:21: wanted to say on the office side,  
00:15:21 --> 00:15:25: I look forward to your questions and I'm going to  
00:15:25 --> 00:15:28: pass the baton now to Rusty on industrial.  
00:15:28 --> 00:15:31: Yeah, I appreciate that Chris and and obviously this is  
00:15:31 --> 00:15:34: a tough time for everybody and some of the things  
00:15:34 --> 00:15:37: I'm going to say are going to echo what Chris's  
00:15:37 --> 00:15:40: comments were, but industrial is a little bit different and  
00:15:40 --> 00:15:42: what I can say that's best of all,  
00:15:42 --> 00:15:45: in my opinion, is that I think will be the  
00:15:45 --> 00:15:48: least affected segment of this situation out of all the  
00:15:48 --> 00:15:50: other product types.  
00:15:50 --> 00:15:53: Out there couple examples of what's going on out there.  
00:15:53 --> 00:15:56: Some companies are thriving summer getting by,  
00:15:56 --> 00:15:57: and some are really hurt.  
00:15:57 --> 00:16:01: I've got a I've got a large industrial distribution client  
00:16:01 --> 00:16:04: that works in the auto part industry and they have  
00:16:04 --> 00:16:06: been reducing access to their plant.  
00:16:06 --> 00:16:08: Fact if you don't work there,  
00:16:08 --> 00:16:11: you can't get inside. I had meeting set up for  
00:16:11 --> 00:16:14: this past week with those guys and they're like we  
00:16:14 --> 00:16:17: could have to do a video conference and and I  
00:16:17 --> 00:16:19: was fine with that obviously.  
00:16:19 --> 00:16:20: But if you have a sniffle.  
00:16:20 --> 00:16:23: Anything along those lines if you if you feel sick.  
00:16:23 --> 00:16:25: If you've got child issues,  
00:16:25 --> 00:16:26: they're paying you to stay home.  
00:16:26 --> 00:16:30: That all said, the interesting thing about industrial is that  
00:16:30 --> 00:16:33: the guys in the warehouse obviously have to be there.  
00:16:33 --> 00:16:35: That's not a job you can do from home,  
00:16:35 --> 00:16:38: so most of these operations have sent people home in  
00:16:38 --> 00:16:39: the office space,  
00:16:39 --> 00:16:42: but the warehouse guys are still there working away up  
00:16:42 --> 00:16:44: until we get in the orders to do otherwise.  
00:16:44 --> 00:16:45: In an industry like that,  
00:16:45 --> 00:16:48: they're getting by. So what I'd say is that the  
00:16:48 --> 00:16:51: primary categories is if you've got a senchal products like  
00:16:51 --> 00:16:52: food.  
00:16:52 --> 00:16:55: For instance, I was just up in Tremonton meeting with

00:16:55 --> 00:16:58: Post Foods about some of their real estate requirements.  
00:16:58 --> 00:17:00: Just let this past Tuesday,  
00:17:00 --> 00:17:03: and Interestingly enough, he told me the plant manager told  
00:17:03 --> 00:17:06: me that they are busier than they've ever been.  
00:17:06 --> 00:17:08: I guess we can all kind of expect that,  
00:17:08 --> 00:17:12: but he said they literally have their best month ever,  
00:17:12 --> 00:17:14: and they're probably looking to hire people,  
00:17:14 --> 00:17:17: but they're also telling us telling me that they are  
00:17:17 --> 00:17:21: helping their employees as much as possible in the fact  
00:17:21 --> 00:17:23: that there if they need to stay home.  
00:17:23 --> 00:17:26: They're paying him stay home if they have childcare issues  
00:17:26 --> 00:17:26: there,  
00:17:26 --> 00:17:30: helping with childcare issues. I've got one more example of  
00:17:30 --> 00:17:32: an industry that is is being hurt and this would  
00:17:32 --> 00:17:34: fall into the not essential items.  
00:17:34 --> 00:17:36: This is more.  
00:17:36 --> 00:17:39: Novelty items T shirts. Things along that line.  
00:17:39 --> 00:17:42: This company I was in final lease negotiations on a  
00:17:42 --> 00:17:46: 50,000 square foot deal and what's interesting about this  
00:17:46 --> 00:17:47: story  
00:17:46 --> 00:17:47: is is when this happened.  
00:17:47 --> 00:17:50: They literally just pulled the rug straight out.  
00:17:50 --> 00:17:53: They just said we we can't move forward in this.  
00:17:53 --> 00:17:56: It's not going to happen where our sales have dropped  
00:17:56 --> 00:17:56: by 50%  
00:17:56 --> 00:17:59: in one week. We expect those sales go down further.  
00:17:59 --> 00:18:03: Our anticipation on this whole situation is 90 to possibly  
00:18:03 --> 00:18:03: 120 days.  
00:18:03 --> 00:18:06: But we also think there's going to be a three  
00:18:06 --> 00:18:06: month.  
00:18:06 --> 00:18:10: Plus backlash in terms of spending capacity of people 'cause  
00:18:10 --> 00:18:12: so many people are now out of work and so  
00:18:12 --> 00:18:12: they said,  
00:18:12 --> 00:18:14: we just we're just not going to be able to  
00:18:15 --> 00:18:17: move forward on this situation would still like to do  
00:18:17 --> 00:18:18: a deal.  
00:18:18 --> 00:18:20: This is a company outside of Utah and we still  
00:18:20 --> 00:18:21: like to come to Utah,  
00:18:21 --> 00:18:24: but we're probably going to be looking at next year.  
00:18:24 --> 00:18:27: Me being a broker. I thought through this situation.  
00:18:27 --> 00:18:29: I went back to the landlords that were competing for  
00:18:30 --> 00:18:31: the steel and said hey guys,

00:18:31 --> 00:18:32: what do you want to do?

00:18:32 --> 00:18:34: What we do to sweeten the steel and I had

00:18:35 --> 00:18:38: one landlord step forward with a pretty amazing proposal.

00:18:38 --> 00:18:40: And if there's any tenants out there listening to this,

00:18:40 --> 00:18:43: wait for my punchline before you get too excited about

00:18:44 --> 00:18:44: it.

00:18:44 --> 00:18:46: The landlord came back with a 20 percent,

00:18:46 --> 00:18:50: 25% rent reduction, offered six months of free rent versus

00:18:50 --> 00:18:53: two months is where we were up there before extremely

00:18:53 --> 00:18:54: aggressive deal.

00:18:54 --> 00:18:57: Full build out, no. No amortized costs on that on

00:18:57 --> 00:18:57: that end,

00:18:57 --> 00:19:01: and I went back to the tenant with this situation,

00:19:01 --> 00:19:03: thinking OK, six months free rent.

00:19:03 --> 00:19:05: That's enough time to see us through this.

00:19:05 --> 00:19:07: They still said, you know,

00:19:07 --> 00:19:09: without knowing what's going on,

00:19:09 --> 00:19:12: we need another 30 days were not willing to move

00:19:12 --> 00:19:13: forward on that deal.

00:19:13 --> 00:19:16: So Long story short. The deal died,

00:19:16 --> 00:19:18: but the punchline is. This is that this is not

00:19:18 --> 00:19:19: usual,

00:19:19 --> 00:19:21: and you're going to see a lot of people asking

00:19:21 --> 00:19:23: for these types of reductions,

00:19:23 --> 00:19:26: but I think most landlords are not going to provide

00:19:26 --> 00:19:26: them.

00:19:26 --> 00:19:29: This was a unique situation in the fact that the

00:19:29 --> 00:19:32: landlord had wasn't a situation where he could move from

00:19:32 --> 00:19:35: a construction loan into a permanent financing situation and

00:19:35 --> 00:19:38: by

00:19:38 --> 00:19:41: filling his building with this particular tenant,

00:19:41 --> 00:19:44: it would allow him to get such aggressive financing that

00:19:44 --> 00:19:46: he would get the same return on his asset.

00:19:46 --> 00:19:46: They would have gotten otherwise.

00:19:46 --> 00:19:49: So anyway, it's an unusual situation.

00:19:49 --> 00:19:51: Like I said, I think you're going to see a

00:19:51 --> 00:19:54: lot of people asking for price reductions,

00:19:54 --> 00:19:57: but I think more commonly what you're going to see

00:19:57 --> 00:19:57: is something,

00:19:57 --> 00:19:59: if anything at all, in the 5%

00:19:59 --> 00:20:02: range. I think the tenants that need it are going

00:20:02 --> 00:20:03: to get it.

00:20:03 --> 00:20:06: In fact, all the conversations I've had with landlords across  
00:20:06 --> 00:20:07: the nation,  
00:20:07 --> 00:20:10: as well as other brokers are telling me that that  
00:20:10 --> 00:20:12: they're getting a lot of tasks,  
00:20:12 --> 00:20:15: but most landlords are being amenable to it with the  
00:20:15 --> 00:20:16: guys that need it,  
00:20:16 --> 00:20:19: but they're not just opening up the books.  
00:20:19 --> 00:20:22: Um? I've got a funny story about that as well.  
00:20:22 --> 00:20:25: Uh, investment client of mine in Denver,  
00:20:25 --> 00:20:28: Co. Has a pretty large portfolio of industrial tenants.  
00:20:28 --> 00:20:30: He said I'm not going to tell you the name  
00:20:31 --> 00:20:33: of this tenant 'cause their national tenant,  
00:20:33 --> 00:20:36: they actually they came to me and asked for for  
00:20:36 --> 00:20:39: a reduction in their rent an abated rent for a  
00:20:39 --> 00:20:41: period of time and he went and looked at their  
00:20:41 --> 00:20:43: stock during this period of time.  
00:20:43 --> 00:20:45: There stocks actually gone up.  
00:20:45 --> 00:20:48: Interestingly enough, they still hand sanitizer,  
00:20:48 --> 00:20:50: so the more that story is is that.  
00:20:50 --> 00:20:54: People are going to ask and and.  
00:20:54 --> 00:20:56: All power to him for doing that,  
00:20:56 --> 00:20:57: but the fact of the matter is,  
00:20:57 --> 00:20:59: most people aren't going to get.  
00:20:59 --> 00:21:02: So.  
00:21:02 --> 00:21:05: Basically I want also mentioned like Chris did.  
00:21:05 --> 00:21:07: The fact that one of the best things we can  
00:21:07 --> 00:21:09: be doing right now for the landlords out there and  
00:21:09 --> 00:21:12: the people that run businesses and how have employees  
underneath  
00:21:12 --> 00:21:14: him is communicate, communicate, communicate.  
00:21:14 --> 00:21:16: If you do have people still in the office,  
00:21:16 --> 00:21:19: what are you doing to keep that that office space,  
00:21:19 --> 00:21:21: clean and safe? That's so important for families right now  
00:21:21 --> 00:21:24: to know that when their loved ones go into the  
00:21:24 --> 00:21:26: office or going to the warehouse that things are being  
00:21:26 --> 00:21:27: done to help with that?  
00:21:27 --> 00:21:29: That's extra sand, hand sanitizer,  
00:21:29 --> 00:21:31: whatever it might be to help out with that.  
00:21:31 --> 00:21:33: So I can't stress that enough.  
00:21:33 --> 00:21:35: I would also mention that a lot of deals are  
00:21:35 --> 00:21:37: still going forward,  
00:21:37 --> 00:21:39: so I've got a couple of different deals that I've

00:21:39 --> 00:21:43: been working on that I wouldn't necessarily say are essential,  
00:21:43 --> 00:21:46: but there are a couple of development deals that are  
00:21:46 --> 00:21:48: far enough out that I think people are thinking you  
00:21:48 --> 00:21:51: know in a years time we're going to be clearly  
00:21:51 --> 00:21:54: through this and therefore we're going to be OK,  
00:21:54 --> 00:21:57: so I'm working in particular 108 hundred 50,000 square foot  
00:21:57 --> 00:22:00: building suit deal that I thought the brakes were going  
00:22:00 --> 00:22:03: to put on an everybody still full steam ahead.  
00:22:03 --> 00:22:06: The main reasoning behind them doing that is they think  
00:22:06 --> 00:22:09: there's going to be some constraints in construction supplies  
as  
00:22:09 --> 00:22:10: well as employment,  
00:22:10 --> 00:22:12: and so for them to meet the deadline that they  
00:22:12 --> 00:22:13: initially set,  
00:22:13 --> 00:22:15: which is about a year out in the future.  
00:22:15 --> 00:22:18: That's going to be tough to do at this point,  
00:22:18 --> 00:22:20: so they're actually pushing harder to get the deal done  
00:22:20 --> 00:22:22: than they were previously.  
00:22:22 --> 00:22:24: I'm also working with a couple developers on a few  
00:22:24 --> 00:22:25: spec projects,  
00:22:25 --> 00:22:28: one of which is in the 400,000 square foot range  
00:22:28 --> 00:22:29: and full steam ahead.  
00:22:29 --> 00:22:31: I will mention that lenders.  
00:22:31 --> 00:22:34: Right now aren't looking at high risk financing such as  
00:22:34 --> 00:22:36: construction loans,  
00:22:36 --> 00:22:39: but we're closing on. It will be closing on a  
00:22:39 --> 00:22:42: land asset that we will then build on and what  
00:22:42 --> 00:22:43: they will by that time.  
00:22:43 --> 00:22:46: The hope is that we'll be in a better place  
00:22:46 --> 00:22:50: and that construction financing door will open back up  
looking  
00:22:50 --> 00:22:53: to break ground sometime in the fall.  
00:22:53 --> 00:22:55: So again, there are a lot of deals that are  
00:22:55 --> 00:22:56: moving forward.  
00:22:56 --> 00:23:00: I want to mention that.  
00:23:00 --> 00:23:01: At the end of the day,  
00:23:01 --> 00:23:04: this whole thing stands to benefit benefit,  
00:23:04 --> 00:23:09: industrial real estate, and there's a couple of reasons for  
00:23:09 --> 00:23:09: that.  
00:23:09 --> 00:23:12: Going to see an increased.  
00:23:12 --> 00:23:15: Desire for companies to onshore their manufacturing  
process.  
00:23:15 --> 00:23:17: We've already been seeing that,

00:23:17 --> 00:23:19: but you're going to see more and more of that  
00:23:19 --> 00:23:20: now.  
00:23:20 --> 00:23:22: The reason for it is you know what with what  
00:23:22 --> 00:23:23: happened across the world.  
00:23:23 --> 00:23:26: Here we weren't able to get products we weren't able  
00:23:26 --> 00:23:27: to get supplies.  
00:23:27 --> 00:23:30: You're also going to see an increased effort to simplify  
00:23:30 --> 00:23:30: this supply chain.  
00:23:30 --> 00:23:33: And there's a couple of interesting reasons for this,  
00:23:33 --> 00:23:36: and one of the paramount ones is something Chris touched  
00:23:36 --> 00:23:38: on its business interruption insurance.  
00:23:38 --> 00:23:41: Well, it doesn't address a pandemic type of situation.  
00:23:41 --> 00:23:43: It does address other issues that might arise.  
00:23:43 --> 00:23:45: And.  
00:23:45 --> 00:23:48: My opinion is that I think that these insurance companies  
00:23:48 --> 00:23:51: going to look hard along at these policies after the  
00:23:51 --> 00:23:54: situation and they're going to rewrite a lot of them  
00:23:54 --> 00:23:56: in. If you have complex supply chains.  
00:23:56 --> 00:23:59: If you are are dependent upon offshore stuff to get  
00:23:59 --> 00:24:00: your job done,  
00:24:00 --> 00:24:03: then those, then those insurance policies are going to be  
00:24:03 --> 00:24:03: much,  
00:24:03 --> 00:24:05: much higher.  
00:24:05 --> 00:24:08: So we're also going to see an increase in file,  
00:24:08 --> 00:24:11: final mile facilities. And I also think we'll see an  
00:24:11 --> 00:24:13: increase in freezer cooler facilities.  
00:24:13 --> 00:24:16: Reason for that is were completely under served in the  
00:24:16 --> 00:24:19: US on freezer cooler an in terms of final mile  
00:24:19 --> 00:24:22: facilities right now what's happening is every organ things  
00:24:22 --> 00:24:25: from  
00:24:22 --> 00:24:25: home, and I think that's just going to continue to  
00:24:25 --> 00:24:28: like that fuse of what people have been doing for  
00:24:28 --> 00:24:28: a long,  
00:24:28 --> 00:24:30: long time.  
00:24:30 --> 00:24:34: Interesting thought. Will this affect the inland port because of  
00:24:34 --> 00:24:35: that reason?  
00:24:35 --> 00:24:37: In my opinion I don't think so.  
00:24:37 --> 00:24:40: And the reason because of that is we're global economy.  
00:24:40 --> 00:24:43: There's certain things that just need to be done overseas,  
00:24:43 --> 00:24:46: and we're going to continue to utilize those resources in  
00:24:46 --> 00:24:47: the way we can.  
00:24:47 --> 00:24:50: Obviously, people that can restore will re sure,

00:24:50 --> 00:24:52: but they're still going to be an awful lot of  
00:24:52 --> 00:24:52: business.  
00:24:52 --> 00:24:54: That can be done through a port.  
00:24:54 --> 00:24:56: So if and when that actually happens,  
00:24:56 --> 00:24:59: I think it's going to be just fine.  
00:24:59 --> 00:25:03: So overall, what we're seeing is an immediate slowdown,  
00:25:03 --> 00:25:06: which is something Chris touched on as well.  
00:25:06 --> 00:25:09: I'm seeing deals pump the brakes.  
00:25:09 --> 00:25:12: I'm seeing deals fall apart.  
00:25:12 --> 00:25:16: I'm seeing let's see yeah couple of notes here.  
00:25:18 --> 00:25:20: I I mentioned the rate reductions.  
00:25:20 --> 00:25:23: I think within the relatively near future will see companies  
00:25:23 --> 00:25:27: increasing their onshoring efforts will also see an increase in  
00:25:27 --> 00:25:29: filemail fruit freezer cooler facilities.  
00:25:29 --> 00:25:32: All in all, the overall industrial market is going to  
00:25:32 --> 00:25:33: be just fine.  
00:25:33 --> 00:25:36: User demand is solid and will continue to be soo  
00:25:36 --> 00:25:39: so and we'll get through these next couple of months.  
00:25:39 --> 00:25:41: So the key for now is just to tighten your  
00:25:41 --> 00:25:42: belt hold on.  
00:25:42 --> 00:25:44: I like I want to leave us with the final  
00:25:44 --> 00:25:47: quote before I turn it over to Mark and that  
00:25:47 --> 00:25:48: is.  
00:25:48 --> 00:25:50: Tough times never last, but tough people do so we  
00:25:50 --> 00:25:53: just gotta stick in there guys and we will get  
00:25:53 --> 00:25:54: through this.  
00:25:54 --> 00:25:56: You know Marco turn that over to you.  
00:25:58 --> 00:26:01: Rusty, that was awesome. Thank you so much and Chris.  
00:26:01 --> 00:26:03: Thank you for your comments and EB.  
00:26:03 --> 00:26:05: You're amazing and Rachel. Thank you so much for your  
00:26:06 --> 00:26:06: leadership.  
00:26:06 --> 00:26:09: About a month ago a client of mine said there's  
00:26:09 --> 00:26:10: going to be nothing to lead,  
00:26:10 --> 00:26:13: you know, through some hard times he does a lot  
00:26:13 --> 00:26:15: of business with China and anyway,  
00:26:15 --> 00:26:18: I started paying attention to this pretty pretty early on.  
00:26:18 --> 00:26:20: I've been home for almost a month now.  
00:26:20 --> 00:26:23: It's been driving my wife nuts and plenty of people  
00:26:23 --> 00:26:23: made fun of me,  
00:26:23 --> 00:26:25: but I just had this weird gut.  
00:26:25 --> 00:26:27: My feeling or weird feeling in my gut that,  
00:26:27 --> 00:26:30: you know. Things were going to be a little bit

00:26:30 --> 00:26:31: worse than than anticipated.

00:26:31 --> 00:26:33: I think we're a little early to tell in the

00:26:34 --> 00:26:36: multifamily space what the lasting effects will be.

00:26:36 --> 00:26:38: April 1st is kind of the day for us as

00:26:38 --> 00:26:40: a lot of tenants are sort of ramping up to

00:26:40 --> 00:26:43: potentially not be capable or able to pay rent,

00:26:43 --> 00:26:44: and I'm going to jump around,

00:26:44 --> 00:26:46: so I definitely look forward to Q&A,

00:26:46 --> 00:26:48: but like so many of you have been like a

00:26:48 --> 00:26:51: sponge in the last three weeks just reading as much

00:26:51 --> 00:26:52: as I could.

00:26:52 --> 00:26:54: I think I've been on four or five different webinars,

00:26:54 --> 00:26:57: just trying to gather information and intelligence.

00:26:57 --> 00:27:00: The one thing I will say is I'm grateful for

00:27:00 --> 00:27:00: industry.

00:27:00 --> 00:27:03: Like Chris and Rusty, we both brokered side by side

00:27:03 --> 00:27:05: through you know 2009 and 10.

00:27:05 --> 00:27:08: I'll kind of start by saying this is definitely different

00:27:08 --> 00:27:09: than than those events.

00:27:09 --> 00:27:12: 2009 and 10 were certainly it was real estate focused

00:27:12 --> 00:27:13: this time around.

00:27:13 --> 00:27:14: We were super pumped. I mean,

00:27:14 --> 00:27:16: we've been joking for years.

00:27:16 --> 00:27:18: That were nine years into a six year cycle,

00:27:18 --> 00:27:21: so we kind of all had a sense that something

00:27:22 --> 00:27:24: was definitely coming down the Pike.

00:27:24 --> 00:27:26: But this time is definitely different.

00:27:26 --> 00:27:29: One thing that we were excited about in the multifamily

00:27:29 --> 00:27:32: spaces that we always kept saying this time we have

00:27:32 --> 00:27:34: heads on beds and remember 2009 and 10.

00:27:34 --> 00:27:36: We had so many investor homes.

00:27:36 --> 00:27:39: So many apartment complexes that weren't necessarily full.

00:27:39 --> 00:27:42: We actually see a big onslaught of development till like

00:27:42 --> 00:27:45: 2012 and beyond and certain last couple years we've built

00:27:45 --> 00:27:46: a brand new City.

00:27:46 --> 00:27:49: I think we've built 30,000 units since 2015 alone in

00:27:49 --> 00:27:50: Salt Lake County.

00:27:50 --> 00:27:53: So definitely have a lot of exposure on the Class

00:27:53 --> 00:27:53: A space here,

00:27:53 --> 00:27:56: but it is different. I think one thing that were.

00:27:56 --> 00:27:58: You know we were kind of talking earlier on this

00:27:58 --> 00:28:00: call and yesterday as a team,



00:28:00 --> 00:28:02: but we are. We are sort of early to see  
00:28:02 --> 00:28:04: what's going to happen in the multifamily space.  
00:28:04 --> 00:28:07: Certainly if you could see around the bend,  
00:28:07 --> 00:28:09: you know you're hoping that it's not that bad.  
00:28:09 --> 00:28:11: But April 1st we might see a lot of people  
00:28:11 --> 00:28:13: that are in the service industries.  
00:28:13 --> 00:28:16: Retail hospitality really not being in a place to pay  
00:28:16 --> 00:28:18: rent and you know the government stepping in and sending  
00:28:18 --> 00:28:19: the money is great,  
00:28:19 --> 00:28:22: but as the National Multi Housing Council and their their  
00:28:22 --> 00:28:25: lobbyists on Capitol Hill yesterday were in panic mode  
because  
00:28:25 --> 00:28:27: there's no requirement.  
00:28:27 --> 00:28:30: I don't believe that that money has to go towards  
00:28:30 --> 00:28:32: rent an if a family in a you know,  
00:28:32 --> 00:28:35: older building that's there to you know because of cost  
00:28:35 --> 00:28:38: so called call it naturally affordable product.  
00:28:38 --> 00:28:40: They're certainly going to choose their,  
00:28:40 --> 00:28:43: their family, and their ability to feed their family and  
00:28:43 --> 00:28:45: survive over paying rent.  
00:28:45 --> 00:28:48: Meanwhile, we also have moratoriums on evictions,  
00:28:48 --> 00:28:51: which I think is going to be really interesting because  
00:28:51 --> 00:28:52: that totally makes sense.  
00:28:52 --> 00:28:55: I'm 100% for it. Nobody should be kicked out during  
00:28:55 --> 00:28:57: this period of time.  
00:28:57 --> 00:28:59: Especially when you're required to stay at home and try  
00:28:59 --> 00:29:00: to be safe.  
00:29:00 --> 00:29:01: But if you don't pay rent,  
00:29:01 --> 00:29:04: you know in a landlord is then stuck with potentially  
00:29:04 --> 00:29:05: not being able to pay his mortgage.  
00:29:05 --> 00:29:08: You can see where that could be a catastrophic fall,  
00:29:08 --> 00:29:11: and you know, we don't necessarily see where where the  
00:29:12 --> 00:29:12: bottom.  
00:29:12 --> 00:29:14: Maybe, but one thing that Gary Vaynerchuk said a couple  
00:29:14 --> 00:29:16: weeks ago that was super interesting,  
00:29:16 --> 00:29:17: you know is called PPI,  
00:29:17 --> 00:29:19: which was perspective patients and innovation.  
00:29:19 --> 00:29:21: I think if we all just kind of get some  
00:29:21 --> 00:29:23: perspective and know that Utah is a fantastic place to  
00:29:23 --> 00:29:24: be.  
00:29:24 --> 00:29:26: We had zero apartment foreclosures in the last downturn  
which  
00:29:26 --> 00:29:29: I think is telling to strengthen underlying foundation that we

00:29:29 --> 00:29:30: have in our market.

00:29:30 --> 00:29:32: We've got fantastic leadership. I do think it's going to

00:29:32 --> 00:29:35: be a longer haul than most people anticipate reading this

00:29:35 --> 00:29:35: morning.

00:29:35 --> 00:29:38: And I know that some people were curious about retail.

00:29:38 --> 00:29:40: But if you saw.

00:29:40 --> 00:29:45: The not anything at the retailer whose by us Chris

00:29:45 --> 00:29:46: Downtown.

00:29:46 --> 00:29:48: Cheesecake Factory they sent a notice to all of their

00:29:48 --> 00:29:51: landlords that they're not paying rent April 1st and that

00:29:51 --> 00:29:54: kind of took me back a little bit because if

00:29:54 --> 00:29:57: you didn't have enough savings for you know two weeks

00:29:57 --> 00:29:59: and you're that big of a conglomerate.

00:29:59 --> 00:30:01: You know that's going to have a pretty negative impact

00:30:01 --> 00:30:04: moving forward on landlords and their financing.

00:30:04 --> 00:30:06: But the third part of that is innovation.

00:30:06 --> 00:30:09: I think we've already seen the fact that we're at

00:30:09 --> 00:30:11: a zoom call together is just a testament to just

00:30:11 --> 00:30:14: how innovative our economy is on how the people are,

00:30:14 --> 00:30:17: how entrepreneurs are. We will certainly come out of this

00:30:17 --> 00:30:18: in a strong way.

00:30:18 --> 00:30:20: Three weeks ago, a client called me and he said,

00:30:20 --> 00:30:23: hey, what do you know about force measure and I

00:30:23 --> 00:30:24: said it sounds French.

00:30:24 --> 00:30:27: So Chris, you've probably been deep into reading leases and

00:30:27 --> 00:30:28: trying to understand you too.

00:30:28 --> 00:30:31: Rusty on, you know what sort of implications this may

00:30:31 --> 00:30:33: or may not have a couple things we may want

00:30:33 --> 00:30:34: to talk about.

00:30:34 --> 00:30:35: the Q&A is 1031 exchanges.

00:30:35 --> 00:30:38: We've got quite a few clients that are intended to

00:30:38 --> 00:30:38: exchanges.

00:30:38 --> 00:30:41: They're wondering whether or not this is a can send

00:30:41 --> 00:30:42: a link around.

00:30:42 --> 00:30:46: There's intended to change. There is the ability through

00:30:46 --> 00:30:50: presidential.

00:30:46 --> 00:30:50: Announcements or whatnot that you can potentially extend

00:30:50 --> 00:30:53: your exchange.

00:30:50 --> 00:30:53: Which will be interesting. I don't think that's going to

00:30:53 --> 00:30:53: work.

00:30:53 --> 00:30:57: I think that's taking care of you know people into

00:30:57 --> 00:31:01: exchanges probably last thing on most people's minds right

now.

**00:31:01 --> 00:31:03:** You know, we said it to in real estate.

**00:31:03 --> 00:31:07:** You can either create wealth through buying value or creating value last couple years.

**00:31:07 --> 00:31:09:** It's been really tough to buy value right now,

**00:31:09 --> 00:31:11:** we've got deals moving forward full force,

**00:31:11 --> 00:31:14:** no no reductions in pricing or valuation last Monday.

**00:31:14 --> 00:31:17:** We went hard day one at PSA signing \$150,000.00.

**00:31:17 --> 00:31:20:** Non refundable on a \$16,000,000.00 deal.

**00:31:20 --> 00:31:23:** It's a sub 5 Cap Class C deal quality real estate.

**00:31:23 --> 00:31:25:** So I think that that's that's a part of it

**00:31:25 --> 00:31:26:** is,

**00:31:26 --> 00:31:28:** is you're going to see people that you know.

**00:31:28 --> 00:31:31:** Just want access to deals three weeks ago or four weeks ago and we had,

**00:31:31 --> 00:31:33:** you know, 20 bidders on each property we took to market.

**00:31:33 --> 00:31:35:** You know, now maybe we'll have three or four,

**00:31:35 --> 00:31:37:** but we're still going to be executing on deals.

**00:31:37 --> 00:31:39:** There's there's plenty of investors that can look past this,

**00:31:39 --> 00:31:42:** although I do think in the next 30,

**00:31:42 --> 00:31:44:** sixty 90 days it's going to be very telling as

**00:31:44 --> 00:31:46:** to whether or not you know certain sectors of multifamily will see a pretty negative impact moving forward.

**00:31:46 --> 00:31:49:** There's definitely winners and losers we I've shared yesterday,

**00:31:49 --> 00:31:52:** Moody's. They put out kind of an impact list of what sectors the economy will be impacted the most.

**00:31:52 --> 00:31:55:** Certainly multi family could be strong,

**00:31:55 --> 00:31:59:** but if we see people stop paying rent and you can check out the hashtag PDX rent, strike renters in Portland OR are actually trying to get together to not pay rent as a conglomerate.

**00:31:59 --> 00:32:02:** And if you see some of that stuff happen to me,

**00:32:02 --> 00:32:05:** that's more anarchy and less American.

**00:32:05 --> 00:32:07:** But I do think that that you know Rusty and Chris's comments about we're all in this together.

**00:32:07 --> 00:32:10:** I think this is a huge opportunity for everybody to build extreme goodwill with their tenants,

**00:32:10 --> 00:32:12:** their community, their family, their friends themselves,

**00:32:12 --> 00:32:16:**

**00:32:16 --> 00:32:19:**

**00:32:19 --> 00:32:21:**

**00:32:21 --> 00:32:22:**

**00:32:22 --> 00:32:25:**

**00:32:25 --> 00:32:27:**

**00:32:27 --> 00:32:30:**

**00:32:30 --> 00:32:32:**

**00:32:32 --> 00:32:34:**

**00:32:34 --> 00:32:37:**

00:32:37 --> 00:32:39: you know, and come out of this in the right  
00:32:39 --> 00:32:40: fashion.  
00:32:40 --> 00:32:42: When you hear about tenants just saying,  
00:32:42 --> 00:32:45: I mean couple of examples here and you'll see different  
00:32:45 --> 00:32:48: strata get negatively impacted or affected differently.  
00:32:48 --> 00:32:50: But one of my really good friends is Michael McHenry.  
00:32:50 --> 00:32:53: He owns Ginger St. He just started another concept called  
00:32:53 --> 00:32:54: Dirty Bird Down in Provo.  
00:32:54 --> 00:32:57: That guy has not slept in two weeks and he  
00:32:57 --> 00:32:59: fed 100 people at the mission on Saturday.  
00:32:59 --> 00:33:00: And he is losing his butt,  
00:33:00 --> 00:33:03: doing whatever he can. Meanwhile you get this conglomerate  
Cheesecake  
00:33:03 --> 00:33:04: Factory,  
00:33:04 --> 00:33:06: saying, we're just not going to pay rent on April  
00:33:06 --> 00:33:06: 1st.  
00:33:06 --> 00:33:08: I mean, to me that that is not the right  
00:33:08 --> 00:33:09: approach.  
00:33:09 --> 00:33:12: Communication everybody is going to take a hit work  
together,  
00:33:12 --> 00:33:15: figure this thing out. There will definitely be opportunities on  
00:33:15 --> 00:33:15: the other side,  
00:33:15 --> 00:33:17: I will say that Fannie and Freddie,  
00:33:17 --> 00:33:21: from the lending standpoint, have committed to continue to  
provide  
00:33:21 --> 00:33:24: liquidity in the market so we can still be buying.  
00:33:24 --> 00:33:26: Silly buying apartments moving forward.  
00:33:26 --> 00:33:30: They've also allowed for forbearance as of yesterday,  
00:33:30 --> 00:33:32: so you can stop paying your mortgage,  
00:33:32 --> 00:33:34: but you can't evict an the key component.  
00:33:34 --> 00:33:38: There is. If tenants that aren't affected by coronavirus stop  
00:33:38 --> 00:33:39: paying rent,  
00:33:39 --> 00:33:42: they're just going to be this massive Gray area.  
00:33:42 --> 00:33:46: Potentially. People that take advantage of those situations,  
00:33:46 --> 00:33:49: but I think that's going to be relatively minimal.  
00:33:49 --> 00:33:52: We're still doing deals. We closed yesterday on a 1880  
00:33:52 --> 00:33:56: million dollar townhome project called Moda Highland.  
00:33:56 --> 00:33:59: We closed last week at a medical office building in  
00:33:59 --> 00:34:00: Herrman Herrman,  
00:34:00 --> 00:34:02: Eagle Mountain pack. A lunch for me 'cause I work  
00:34:02 --> 00:34:05: downtown but that deal is actually was great.  
00:34:05 --> 00:34:08: It was actually, you know we exchange out of some  
00:34:08 --> 00:34:08: value.

00:34:08 --> 00:34:11: Add apartments into a long term triple net lease for  
00:34:11 --> 00:34:12: our client.  
00:34:12 --> 00:34:15: We want to contract yesterday on a town home project  
00:34:15 --> 00:34:18: in Pleasant Grove about 8 1/2 million dollars.  
00:34:18 --> 00:34:21: Moving forward on this other \$60,000,000 deal in Provo so  
00:34:21 --> 00:34:24: Super we're still very bullish on the market.  
00:34:24 --> 00:34:26: I think we're early in this in this triage.  
00:34:26 --> 00:34:29: Understand what's going to happen around the corner.  
00:34:29 --> 00:34:30: April 1st will be kind of big and I've got  
00:34:31 --> 00:34:32: a Brazilian thing going to my head,  
00:34:32 --> 00:34:34: but I'll stop there and we can jump into the  
00:34:34 --> 00:34:37: Q&A and just really appreciate the opportunity to be with  
00:34:37 --> 00:34:39: some great industry partners and some friends out there.  
00:34:39 --> 00:34:42: Everybody is just doing what they can to provide value,  
00:34:42 --> 00:34:44: serve and get through this together and I'm grateful what  
00:34:44 --> 00:34:47: a great opportunity to hang out with some good people  
00:34:47 --> 00:34:48: and my friends.  
00:34:51 --> 00:34:54: Yeah, so go ahead sorry thank you guys so much  
00:34:54 --> 00:34:55: for speaking.  
00:34:55 --> 00:34:58: This is awesome. If you guys have any questions just  
00:34:58 --> 00:35:01: enter them in the chat box and Chris is going  
00:35:01 --> 00:35:04: to kind of go through those and figure out who's  
00:35:04 --> 00:35:07: best suited to answer.  
00:35:07 --> 00:35:11: Great thank you Rachel. Will start with Clay's question and  
00:35:11 --> 00:35:12: he wanted to know,  
00:35:12 --> 00:35:16: you know, we would dress retail and you heard right  
00:35:16 --> 00:35:16: there.  
00:35:16 --> 00:35:19: Mark address.  
00:35:19 --> 00:35:22: You saw him too. I think there are opposing but  
00:35:22 --> 00:35:27: very important messages from from tenants right now and  
00:35:27 --> 00:35:29: what adjust position there.  
00:35:29 --> 00:35:33: Mark I can speak to a couple of things one.  
00:35:33 --> 00:35:35: Had a zone with Boyer yesterday.  
00:35:35 --> 00:35:40: Boyer representative there as you can imagine just getting all  
00:35:40 --> 00:35:43: kinds of questions from his retailer tenants.  
00:35:43 --> 00:35:46: That's the front lines of this office.  
00:35:46 --> 00:35:49: Will follow retail first impacted and what he said.  
00:35:49 --> 00:35:54: There's the landlord's perspective is that they are willing to  
00:35:54 --> 00:35:57: draw down rent now they call it abated rent for  
00:35:57 --> 00:35:59: a period of time.  
00:35:59 --> 00:36:02: Call it 6090 days whatever that is and then when

00:36:02 --> 00:36:05: he's what he was saying is then.  
00:36:05 --> 00:36:09: Debating it or picking it back up as soon as  
00:36:09 --> 00:36:12: the that prayer is over.  
00:36:12 --> 00:36:16: The tenant will repay that abated rent through the through  
00:36:16 --> 00:36:19: the balance of the year on a straight line amortization  
00:36:19 --> 00:36:20: no interest.  
00:36:20 --> 00:36:23: So that's one example of how landlords handling it.  
00:36:23 --> 00:36:26: 2 tenant examples, mom and pops certainly going to be  
00:36:26 --> 00:36:27: impacted.  
00:36:27 --> 00:36:30: I loved your story there because it's mom and pops  
00:36:30 --> 00:36:33: the threadbare of this community that does so much and  
00:36:34 --> 00:36:36: there are ones are usually pushed out on by the  
00:36:36 --> 00:36:39: bigger, bigger groups, you know.  
00:36:39 --> 00:36:41: And it's nice to see what they're doing.  
00:36:41 --> 00:36:45: My wife, Johanna. As a as a successful silversmithing  
business  
00:36:46 --> 00:36:47: called Pixel and Torch,  
00:36:47 --> 00:36:50: she's been for years in a in a bricks and  
00:36:50 --> 00:36:54: mortar store and I'm seeing first hand how she's gotta  
00:36:54 --> 00:36:56: close sign on her her door.  
00:36:56 --> 00:37:01: She's now personally driving around delivering.  
00:37:01 --> 00:37:03: The limited you know, orders that are there,  
00:37:03 --> 00:37:06: and then she'll still go into her shop,  
00:37:06 --> 00:37:07: 'cause it's also for retail stop,  
00:37:07 --> 00:37:10: is also a studio and she'll work there and isn't  
00:37:10 --> 00:37:13: able to take orders on anything but online,  
00:37:13 --> 00:37:15: so people don't come into the store.  
00:37:15 --> 00:37:17: That's an example of a mom and pop,  
00:37:17 --> 00:37:18: and how they are affected.  
00:37:18 --> 00:37:21: You know, just 'cause so much of their revenue goes  
00:37:21 --> 00:37:21: to rent,  
00:37:21 --> 00:37:24: you know?  
00:37:24 --> 00:37:26: On the national side, another story here.  
00:37:26 --> 00:37:29: Mark Applebee's I heard from a retail Department is not  
00:37:29 --> 00:37:32: that was someone brought this up on our retail call.  
00:37:32 --> 00:37:36: There's an Applebee's location that's 2 1/2 million dollar  
location.  
00:37:36 --> 00:37:39: It's a huge provided it's a very successful location for  
00:37:39 --> 00:37:39: him.  
00:37:39 --> 00:37:42: They just indicated there not going to renew.  
00:37:42 --> 00:37:45: So. You know, that's it?  
00:37:45 --> 00:37:47: That's a net. Then they're they're.  
00:37:47 --> 00:37:49: They're killing it at that location.

00:37:49 --> 00:37:52: So that might be a a message about their overall  
00:37:52 --> 00:37:55: portfolio and the you know kind of representative what they're  
00:37:55 --> 00:37:57: seeing across the boards.  
00:37:57 --> 00:38:00: But certainly you're going to have impact on on retail  
00:38:01 --> 00:38:02: on the front end.  
00:38:02 --> 00:38:03: Um?  
00:38:03 --> 00:38:07: The another question came in Marco hand this over to  
00:38:07 --> 00:38:07: you.  
00:38:07 --> 00:38:09: This also comes from clay.  
00:38:09 --> 00:38:12: Have you heard anything about forbearance on HUD?  
00:38:12 --> 00:38:15: Back loans must yeah, so you can hear me.  
00:38:15 --> 00:38:16: I took the mute back off Clay.  
00:38:16 --> 00:38:21: Great question. There's no doubt that they'll be forbearance  
on  
00:38:21 --> 00:38:22: HUD loans.  
00:38:22 --> 00:38:25: If you go to [animatec.org](http://animatec.org) National [multihousingcouncil.org](http://multihousingcouncil.org),  
00:38:25 --> 00:38:27: they've got a ton of resources there.  
00:38:27 --> 00:38:30: It's pretty fluid 'cause it just came out yesterday,  
00:38:30 --> 00:38:32: but because that is government backed,  
00:38:32 --> 00:38:35: I mean Housing and Urban development there whole their  
whole  
00:38:35 --> 00:38:38: mission is to provide housing and make sure that people  
00:38:38 --> 00:38:41: you know we keep housing relatively affordable.  
00:38:41 --> 00:38:42: So no question that will be there.  
00:38:42 --> 00:38:45: The one question that we do have a lending side  
00:38:45 --> 00:38:48: and moving forward side is construction and development  
and what's  
00:38:48 --> 00:38:50: going to happen there?  
00:38:50 --> 00:38:53: Like Rusty alluded to. Certainly in the multifamily space it's  
00:38:53 --> 00:38:55: going to be a lot harder to get financing.  
00:38:55 --> 00:38:56: I mean see MBS loan.  
00:38:56 --> 00:38:59: So we did a survey of over 700 lenders nationally  
00:38:59 --> 00:39:01: as a company Colliers did,  
00:39:01 --> 00:39:02: and I can send around that.  
00:39:02 --> 00:39:05: The link to what the survey responses were.  
00:39:05 --> 00:39:06: But see MBS is dead.  
00:39:06 --> 00:39:08: I mean you're not going to see MBS loan for  
00:39:08 --> 00:39:11: awhile until they can price those markets,  
00:39:11 --> 00:39:13: which is basically impossible right now.  
00:39:13 --> 00:39:15: It's so hard to look around the bend on some  
00:39:15 --> 00:39:16: of that,  
00:39:16 --> 00:39:19: so I think lending is going to be really interesting

00:39:19 --> 00:39:22: and certainly a great follow up discussion on eBay and  
00:39:22 --> 00:39:25: Rachel are certainly going to involve the next couple of  
00:39:25 --> 00:39:28: weeks as well. OK, thanks Mark,  
00:39:28 --> 00:39:30: another question from Brady Shin.  
00:39:30 --> 00:39:34: Is anything up and put into the potential paradigm shift  
00:39:34 --> 00:39:36: in urban core office occupancy?  
00:39:36 --> 00:39:40: Given the light of everybody working remotely?  
00:39:40 --> 00:39:43: Indeed this is a big part of the conversation right  
00:39:43 --> 00:39:47: now I'm having it's it's it's almost ad lip because  
00:39:47 --> 00:39:48: we don't really know,  
00:39:48 --> 00:39:50: but I do think there are,  
00:39:50 --> 00:39:54: you know we're seeing actually within our office that we  
00:39:54 --> 00:39:56: can work quite effectively remotely.  
00:39:56 --> 00:39:59: I think what I'm. What I'm hearing,  
00:39:59 --> 00:40:01: I think there's two things to this.  
00:40:01 --> 00:40:04: One is companies were already thinking on how to dress  
00:40:04 --> 00:40:06: their remote workforce,  
00:40:06 --> 00:40:08: so that is just going to be accentuated now,  
00:40:08 --> 00:40:11: but you also have culture and when you have people  
00:40:11 --> 00:40:14: that one interact and come to an office,  
00:40:14 --> 00:40:17: that's important as well, so it will be interesting to  
00:40:17 --> 00:40:19: see what that balance is coming forward.  
00:40:19 --> 00:40:21: Also on the health stat stats.  
00:40:21 --> 00:40:26: I heard an interesting conversation yesterday where with the  
00:40:26 --> 00:40:28: reduced  
00:40:28 --> 00:40:32: person to person interactions right now.  
00:40:32 --> 00:40:32: Also, less infection rates right now with flu or common  
00:40:32 --> 00:40:32: colds,  
00:40:32 --> 00:40:35: so there has been some talk in the workplace strategy  
00:40:35 --> 00:40:38: world right now about organizing people in a in a  
00:40:39 --> 00:40:42: way that that keeps some sort of separation or the  
00:40:42 --> 00:40:45: way that heads are pointed in the office space.  
00:40:45 --> 00:40:48: I think you're going to see thought leaders in those  
00:40:48 --> 00:40:49: respective groups,  
00:40:49 --> 00:40:53: architecture, workplace strategies and so forth address this  
00:40:53 --> 00:40:56: issue and  
00:40:56 --> 00:40:58: on the other side I think there will be an  
00:40:58 --> 00:40:58: impact to the office market.  
00:40:58 --> 00:41:01: I don't I. I don't think it's going to be.  
00:41:01 --> 00:41:03: I only use that time to completely panic.  
00:41:03 --> 00:41:05: I have landlord saying, hey,  
00:41:05 --> 00:41:08: I just think this is going to be completely impactful



00:41:08 --> 00:41:11: of the office market and let's be mindful of our  
00:41:11 --> 00:41:12: assets and my counter that is,  
00:41:12 --> 00:41:15: yeah, But you know, got an office full of 35  
00:41:15 --> 00:41:18: great people downtown just in our downtown office that are  
00:41:18 --> 00:41:21: dying to come back into the office so that that  
00:41:21 --> 00:41:23: there's only so I loves do my love.  
00:41:23 --> 00:41:27: What we're doing here are conference calls that we're  
handling  
00:41:27 --> 00:41:27: right now.  
00:41:27 --> 00:41:30: People just want that connection so much.  
00:41:30 --> 00:41:32: We've got 100% attendance. In in these,  
00:41:32 --> 00:41:36: in these in these meetings everyone wants information and  
wants  
00:41:36 --> 00:41:37: to touch points.  
00:41:37 --> 00:41:40: We're finding unique ways to do that with were doing  
00:41:40 --> 00:41:43: coffee hour and happy hour discussions,  
00:41:43 --> 00:41:46: which are great. So you know our office meeting downtown.  
00:41:46 --> 00:41:50: We've had traditionally biweekly. We've now gone to every  
week.  
00:41:50 --> 00:41:51: People want it. Want it?  
00:41:51 --> 00:41:55: One interact. So I think that's just the counterpoint.  
00:41:55 --> 00:41:57: It all set everybody going remote.  
00:41:57 --> 00:41:59: So as we I will commit this and tell you  
00:41:59 --> 00:42:02: a lie in the Members here as we work with  
00:42:02 --> 00:42:03: our workplace strategies,  
00:42:03 --> 00:42:06: professionals, and. Information comes out about this.  
00:42:06 --> 00:42:09: I'll be happy to pass that on to Evie and  
00:42:09 --> 00:42:12: Rachel and they can distribute to this group.  
00:42:12 --> 00:42:16: Alright, another question. Um?  
00:42:16 --> 00:42:20: Are you seeing running for new construction apartments or  
industrial  
00:42:20 --> 00:42:23: start to pull back or lenders still moving forward with  
00:42:23 --> 00:42:24: loans and process Rusty?  
00:42:24 --> 00:42:26: Why don't you see if you've got anything to add  
00:42:26 --> 00:42:27: there on industrial?  
00:42:27 --> 00:42:30: Let's kick that back over to Mark and then also  
00:42:30 --> 00:42:33: let's combine this with another question from Nate Wayman  
on  
00:42:33 --> 00:42:36: what are your thoughts on the stimulus package that was  
00:42:36 --> 00:42:38: passed with the cash being sent to families get to  
00:42:39 --> 00:42:39: the market?  
00:42:39 --> 00:42:42: Or will it sit in bank accounts and load the  
00:42:42 --> 00:42:45: money injecting the banks in the last recession?

00:42:45 --> 00:42:51: Anyway, so stimulus package both both great questions and an.

00:42:51 --> 00:42:53: Yes, you are seeing more caution,

00:42:53 --> 00:42:54: more hesitancy in the lending.

00:42:54 --> 00:42:56: Excuse me in the lending industry,

00:42:56 --> 00:42:59: but again, let's remember this is not a banking crisis.

00:42:59 --> 00:43:00: In fact, as an example,

00:43:00 --> 00:43:03: I'll point out that read stocks are down by about

00:43:03 --> 00:43:03: 33%

00:43:03 --> 00:43:06: on average, but their balance sheets look as good as

00:43:06 --> 00:43:07: they ever have,

00:43:07 --> 00:43:10: so it's more of a reaction to what's happening in

00:43:10 --> 00:43:13: the market than what's really happening in the financial industry.

00:43:13 --> 00:43:16: So well, banks are being a little more cautious,

00:43:16 --> 00:43:20: particularly more high risk loans such as a construction loan

00:43:20 --> 00:43:21: like I mentioned before.

00:43:21 --> 00:43:25: There there not there still looking hard and making deals

00:43:25 --> 00:43:27: that the survey that Mark pointed out.

00:43:27 --> 00:43:30: I've had the opportunity to look at that as well

00:43:30 --> 00:43:33: and it showed pretty solid results and Mark can comment

00:43:33 --> 00:43:34: on that in a second,

00:43:34 --> 00:43:38: but most lenders are still out there lending except for

00:43:38 --> 00:43:43: the CMB S but banks and other financial institutions definitely

00:43:43 --> 00:43:43: are.

00:43:43 --> 00:43:46: I also want to point out real quickly too.

00:43:46 --> 00:43:48: If we take a look at what's going on with

00:43:48 --> 00:43:48: China,

00:43:48 --> 00:43:52: it's a little question, but the rebound that they're seeing

00:43:52 --> 00:43:53: right now is phenomenal.

00:43:53 --> 00:43:57: And assuming that there's not another wave of infection that

00:43:57 --> 00:43:58: occurs in fact,

00:43:58 --> 00:44:00: just direct industrial itself. 90%

00:44:00 --> 00:44:04: of their manufacturing operations that exports are back online

00:44:04 --> 00:44:04: and

00:44:04 --> 00:44:04: 100%

00:44:04 --> 00:44:06: of their ecommerce is back online.

00:44:06 --> 00:44:09: So pretty big statistics there about a month ahead of

00:44:10 --> 00:44:10: us.

00:44:10 --> 00:44:13: The hope is that that will be the same situation

00:44:13 --> 00:44:13: here and so.

00:44:13 --> 00:44:15: I think this is a glitch.

00:44:15 --> 00:44:17: It's serious, we have to take it very serious but

00:44:17 --> 00:44:20: but remember it is not a banking crisis and it's  
00:44:20 --> 00:44:23: not a financial crisis in regards to the stimulus package.  
00:44:23 --> 00:44:25: You know who really knows for sure.  
00:44:25 --> 00:44:27: My hope would be is that that will flow back  
00:44:27 --> 00:44:30: into the economy and won't just sit in people's bank  
00:44:30 --> 00:44:30: accounts.  
00:44:30 --> 00:44:32: I think right now people are scared so I think  
00:44:32 --> 00:44:35: the tendency for people right now is going to be  
00:44:35 --> 00:44:37: to stuff it in their bank account and sit on  
00:44:37 --> 00:44:39: it. And be careful just in case.  
00:44:39 --> 00:44:41: But I think as things start to ease up as  
00:44:41 --> 00:44:41: you see,  
00:44:41 --> 00:44:44: think retail start to open back up like it has  
00:44:44 --> 00:44:44: in China.  
00:44:44 --> 00:44:47: I think you will see people start coming out of  
00:44:47 --> 00:44:47: their homes.  
00:44:47 --> 00:44:50: I think you will see people using that for rent.  
00:44:50 --> 00:44:53: Again I was seeing landlords being very reasonable with  
00:44:53 --> 00:44:54: tenants  
00:44:53 --> 00:44:54: there wanting to help.  
00:44:54 --> 00:44:57: As Chris mentioned, the Irvine Company is reaching out to  
00:44:57 --> 00:44:58: attendance proactively.  
00:44:58 --> 00:45:00: They want to help. They want to make this better  
00:45:00 --> 00:45:02: and as long as we all work together as a  
00:45:02 --> 00:45:03: team,  
00:45:03 --> 00:45:05: I think we'll get through this just fine.  
00:45:05 --> 00:45:07: But go ahead and Mark.  
00:45:07 --> 00:45:10: I think that's awesome, Rusty and great information on  
00:45:10 --> 00:45:13: China.  
00:45:10 --> 00:45:13: Certainly them coming back online is in is encouraging.  
00:45:13 --> 00:45:15: We hope that this is a slight blip like I  
00:45:15 --> 00:45:17: was saying in the multifamily space.  
00:45:17 --> 00:45:19: I think it's too early for us to be able  
00:45:19 --> 00:45:22: to see around the corner as I think next week  
00:45:22 --> 00:45:24: and the week after going to be pretty telling on  
00:45:24 --> 00:45:27: how deep this could potentially impact the multifamily space.  
00:45:27 --> 00:45:29: As far as construction lending goes,  
00:45:29 --> 00:45:31: we're all I can say is I've got a very  
00:45:31 --> 00:45:34: high profile downtown deal that we have asked for 120  
00:45:34 --> 00:45:37: extension and the seller may or may not provide that,  
00:45:37 --> 00:45:39: but that was because we can't price the debt and  
00:45:39 --> 00:45:40: we can't.  
00:45:40 --> 00:45:43: You know, we can't. Underwrite absorption,

00:45:43 --> 00:45:45: rents. You know we may even be changing how we  
00:45:46 --> 00:45:47: design buildings here.  
00:45:47 --> 00:45:50: Moving forward. After you know you have all these people  
00:45:50 --> 00:45:53: spending six weeks in their 285 square foot.  
00:45:55 --> 00:45:57: Micro units we might see more people looking to do  
00:45:58 --> 00:45:59: two and three bedroom deals.  
00:45:59 --> 00:46:01: It honestly there will be a lot of innovation.  
00:46:01 --> 00:46:03: A lot of change coming out of this,  
00:46:03 --> 00:46:06: but certainly the lending has tightened up on the existing  
00:46:06 --> 00:46:06: product.  
00:46:06 --> 00:46:08: I'd say that lending is there,  
00:46:08 --> 00:46:10: however it's tough to price if you guys follow me  
00:46:10 --> 00:46:10: at all.  
00:46:10 --> 00:46:12: I had a 34 million dollar 216 unit out in  
00:46:13 --> 00:46:15: West Valley called Hidden Point and we had our call  
00:46:15 --> 00:46:17: for offers March 5th and we're not going to make  
00:46:17 --> 00:46:19: a deal for two reasons.  
00:46:19 --> 00:46:21: One is rates began to drop their prepayment on their  
00:46:21 --> 00:46:22: existing loan.  
00:46:22 --> 00:46:24: Went through the roof and then as we sort of  
00:46:24 --> 00:46:27: started doing highest and best getting to where we might  
00:46:27 --> 00:46:28: be able to execute.  
00:46:28 --> 00:46:31: Lenders rates dropped but lenders started to increase their  
spreads  
00:46:31 --> 00:46:33: as they have sort of envisioned more risk.  
00:46:33 --> 00:46:36: You know, executing on the loan loan impact right now  
00:46:36 --> 00:46:38: so they want to make more money,  
00:46:38 --> 00:46:40: so I don't think we know where to price debt  
00:46:40 --> 00:46:41: right now on existing deals.  
00:46:41 --> 00:46:43: So I think there needs to be a little bit  
00:46:43 --> 00:46:46: of clarity and ability to see around the bend before  
00:46:46 --> 00:46:47: we before we can,  
00:46:47 --> 00:46:49: you know.  
00:46:49 --> 00:46:54: I guess successfully scientifically risk adjusted return price,  
00:46:54 --> 00:46:57: debt and cap rates and deals so.  
00:46:57 --> 00:47:00: Do do other? There's another question from Josh Black,  
00:47:00 --> 00:47:01: which is a good one.  
00:47:01 --> 00:47:03: The other you see at this point any development time  
00:47:03 --> 00:47:07: frames that are being impacted from blazing on the  
jurisdictional  
00:47:07 --> 00:47:07: side.  
00:47:07 --> 00:47:10: Do you think pressures on local governments will trickle

down

00:47:10 --> 00:47:11: to developers and end users?

00:47:11 --> 00:47:13: Is the question?

00:47:13 --> 00:47:16: So I have definitely seen it difficult from a timing

00:47:16 --> 00:47:18: perspective just to get ahold of cities.

00:47:18 --> 00:47:20: I mean, if you can't go into the I mean,

00:47:20 --> 00:47:22: has anyone ever called a city and had somebody answer?

00:47:22 --> 00:47:25: So I think they're going to have some major backup

00:47:25 --> 00:47:26: in problem,

00:47:26 --> 00:47:27: and they're all in triage right now.

00:47:27 --> 00:47:30: I mean, they're all trying to figure out what's going

00:47:30 --> 00:47:31: on as well.

00:47:31 --> 00:47:33: I think that'll that'll that'll get better over the next

00:47:33 --> 00:47:34: couple of weeks,

00:47:34 --> 00:47:37: hopefully, but certainly I think there would be major delays

00:47:37 --> 00:47:39: they can't go out and inspect properties.

00:47:39 --> 00:47:42: One of the calls I was on yesterday was the

00:47:42 --> 00:47:45: city basically said we were not allowed to go on

00:47:45 --> 00:47:45: site.

00:47:45 --> 00:47:47: So they they may not have the ability to go

00:47:47 --> 00:47:48: do their four ways,

00:47:48 --> 00:47:51: and you know, do everything that they need to do.

00:47:51 --> 00:47:53: I do know they'll get innovative and figure out how

00:47:53 --> 00:47:54: to make those things work.

00:47:54 --> 00:47:57: We have Facebook tour for Freddie Mac on Friday so

00:47:57 --> 00:47:58: they could see some vacant units.

00:47:58 --> 00:48:01: So I think you know people are getting creative and

00:48:01 --> 00:48:03: innovative and I think will be OK.

00:48:03 --> 00:48:05: But I do think there's maybe I plan for some

00:48:05 --> 00:48:06: pretty significant delays.

00:48:06 --> 00:48:09: I know that lease up is everybody that's in lease

00:48:09 --> 00:48:11: up right now and there's a few people on here

00:48:11 --> 00:48:12: that are in lease up.

00:48:12 --> 00:48:13: I'd love to get their feedback.

00:48:13 --> 00:48:15: As of January, we saw traffic slow.

00:48:15 --> 00:48:17: Which might have been seasonal,

00:48:17 --> 00:48:20: but certainly if you're a project that just got CFO

00:48:20 --> 00:48:21: and you're in Lisa,

00:48:21 --> 00:48:23: you know it's going to be tough to show units

00:48:23 --> 00:48:25: or the next four to six weeks.

00:48:25 --> 00:48:29: I think there's going to be some challenges in absorbing

00:48:29 --> 00:48:29: units.

00:48:29 --> 00:48:31: I I don't know exactly that.

00:48:31 --> 00:48:33: I mean, the fact is I've got two deals working

00:48:33 --> 00:48:35: through the city right now,

00:48:35 --> 00:48:38: and that's just it. People are working from home there

00:48:38 --> 00:48:38: too,

00:48:38 --> 00:48:42: and they are overloaded with not only work obligations but

00:48:42 --> 00:48:43: family obligations.

00:48:43 --> 00:48:46: Kids are out of school and so so they're trying

00:48:46 --> 00:48:47: to balance all this.

00:48:47 --> 00:48:50: And it's it's. It's not something we've ever dealt with

00:48:50 --> 00:48:51: ever before,

00:48:51 --> 00:48:54: so things have slowed down massively.

00:48:54 --> 00:48:56: Then again, I think once we get once,

00:48:56 --> 00:48:59: you are actually able to get through that approval process.

00:48:59 --> 00:49:02: There's going to be that that lash back from the

00:49:02 --> 00:49:03: construction industry,

00:49:03 --> 00:49:06: as well as people get back online their materials,

00:49:06 --> 00:49:09: all the different things that fall into that category.

00:49:09 --> 00:49:11: So I I could not exactly mark I'm seeing the

00:49:11 --> 00:49:12: same thing.

00:49:12 --> 00:49:14: Yeah, you know, I'll give a shout out to the,

00:49:14 --> 00:49:18: you know, our new mayor and everything that she's trying

00:49:18 --> 00:49:18: to do.

00:49:18 --> 00:49:21: We've got that. I've mentioned a deal that's that.

00:49:21 --> 00:49:23: We're excited about coming to Utah,

00:49:23 --> 00:49:25: you know tech company. And and I've got a couple

00:49:26 --> 00:49:29: of other projects working with them and they're doing just

00:49:29 --> 00:49:31: exactly what Rusty just said.

00:49:31 --> 00:49:34: But you know, finding ways to get on conference calls

00:49:34 --> 00:49:36: like this and try and do the best I can

00:49:37 --> 00:49:38: to keep things going.

00:49:38 --> 00:49:41: So again, I think compassion right now and understanding

00:49:41 --> 00:49:44: from everybody we're all balancing those things.

00:49:44 --> 00:49:46: That's where I think the communication,

00:49:46 --> 00:49:48: and certainly what I'm seeing.

00:49:48 --> 00:49:51: You know that that that that that compassion is is

00:49:51 --> 00:49:54: something that can go along way for all of us.

00:49:54 --> 00:49:58: Everyone's being impacted here. Um?

00:49:58 --> 00:50:00: Do.

00:50:00 --> 00:50:03: You know, I think I think with with that.

00:50:03 --> 00:50:06: You know I want to be sensitive to that.

00:50:06 --> 00:50:09: I'm here without any other questions,  
00:50:09 --> 00:50:11: you know.  
00:50:11 --> 00:50:15: And picking out something the market just said using the  
00:50:15 --> 00:50:16: word innovation.  
00:50:16 --> 00:50:20: I just love being on the town Hall conference call  
00:50:20 --> 00:50:23: where I heard you know the governor and Senator Mitt  
00:50:23 --> 00:50:24: Romney.  
00:50:24 --> 00:50:27: Another speak. Derek Miller was the one who was hosting  
00:50:27 --> 00:50:28: it.  
00:50:30 --> 00:50:33: We've got a great community here in Utah and we  
00:50:33 --> 00:50:35: worked through these things very,  
00:50:35 --> 00:50:39: very well together. It's I think it's such a unique  
00:50:39 --> 00:50:39: thing.  
00:50:39 --> 00:50:43: We're so lucky to be living here where we are  
00:50:43 --> 00:50:44: and.  
00:50:44 --> 00:50:46: Yeah, one of his messages,  
00:50:46 --> 00:50:49: the governors messages on that call was will adopt,  
00:50:49 --> 00:50:53: innovate and overcome. And I just I love that in  
00:50:53 --> 00:50:55: addition to protect the hive,  
00:50:55 --> 00:50:57: you know, here in Utah 1 one thing that I  
00:50:58 --> 00:50:59: think is interesting.  
00:50:59 --> 00:51:02: One thing I think that's interesting.  
00:51:02 --> 00:51:05: I heard from the San Francisco legal client that said  
00:51:05 --> 00:51:06: as a tip,  
00:51:06 --> 00:51:09: if lockdown is coming, if we are going to be  
00:51:09 --> 00:51:10: faced with that,  
00:51:10 --> 00:51:14: you might want to think about the things you need  
00:51:14 --> 00:51:16: in your own Home Office.  
00:51:16 --> 00:51:18: This might be a good time to be thinking about  
00:51:18 --> 00:51:21: that just in the event we follow some account here,  
00:51:21 --> 00:51:23: which I think might be likely.  
00:51:23 --> 00:51:25: Maybe you want to think about what you need to  
00:51:26 --> 00:51:27: get from the office.  
00:51:27 --> 00:51:29: There's an extra monitor you know.  
00:51:29 --> 00:51:33: Whatever you need so you can be as effective as  
00:51:33 --> 00:51:34: you can from home.  
00:51:34 --> 00:51:36: Is that?  
00:51:36 --> 00:51:39: Hey I just just add this from from Nick at  
00:51:39 --> 00:51:40: Sandy City.  
00:51:40 --> 00:51:43: Thanks Nick. He says in Sandy's he's a heads up  
00:51:43 --> 00:51:45: their economic development group,  
00:51:45 --> 00:51:47: there says it's Andy were doing inspections,

00:51:47 --> 00:51:51: taking plants and holding Planning Commission over zoom.  
00:51:51 --> 00:51:53: Well done Nick, that's terrific.  
00:51:53 --> 00:51:55: Thank you.  
00:51:55 --> 00:51:58: With that, I think we'll pass back to you,  
00:51:58 --> 00:52:01: Evie and Rachel, perfect, thank you guys so much Chris  
00:52:01 --> 00:52:02: Rusty and Mark,  
00:52:02 --> 00:52:06: we appreciate you guys dropping everything and jump on our  
00:52:06 --> 00:52:07: first zoom program.  
00:52:07 --> 00:52:09: I think you guys did a great job.  
00:52:09 --> 00:52:12: Um, without being said, we just want everybody on the  
00:52:12 --> 00:52:14: calls know that we're thinking of you,  
00:52:14 --> 00:52:17: your families, and your businesses and we just want to  
00:52:17 --> 00:52:19: be a resource for you.  
00:52:19 --> 00:52:21: So please reach out if you think of anything that  
00:52:21 --> 00:52:22: would be helpful.  
00:52:22 --> 00:52:26: Any programming we'd love to hear your ideas.  
00:52:26 --> 00:52:30: So thank you everyone. Thank you everyone being for being  
00:52:30 --> 00:52:31: with us.  
00:52:31 --> 00:52:34: Thanks, Phoebe, thanks Rachel.  
00:52:34 --> 00:52:36: See you Chrissy Rusty. Thanks everyone,  
00:52:36 --> 00:52:38: I appreciate your time.  
00:52:38 --> 00:52:39: See you guys.

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