

# 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  
00:19:35 --> 00:19:38: filling his building with this particular tenant,  
00:19:38 --> 00:19:41: it would allow him to get such aggressive financing that  
00:19:41 --> 00:19:44: he would get the same return on his asset.  
00:19:44 --> 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

**00:31:07 --> 00:31:09:** value last couple years.

**00:31:09 --> 00:31:11:** It's been really tough to buy value right now,

**00:31:11 --> 00:31:14:** we've got deals moving forward full force,

**00:31:14 --> 00:31:17:** no no reductions in pricing or valuation last Monday.

**00:31:17 --> 00:31:20:** We went hard day one at PSA signing \$150,000.00.

**00:31:20 --> 00:31:23:** Non refundable on a \$16,000,000.00 deal.

**00:31:23 --> 00:31:25:** It's a sub 5 Cap Class C deal quality real

**00:31:25 --> 00:31:26:** estate.

**00:31:26 --> 00:31:28:** So I think that that's that's a part of it

**00:31:28 --> 00:31:28:** is,

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

**00:31:31 --> 00:31:33:** Just want access to deals three weeks ago or four

**00:31:34 --> 00:31:35:** weeks ago and we had,

**00:31:35 --> 00:31:37:** you know, 20 bidders on each property we took to

**00:31:37 --> 00:31:37:** market.

**00:31:37 --> 00:31:39:** You know, now maybe we'll have three or four,

**00:31:39 --> 00:31:42:** but we're still going to be executing on deals.

**00:31:42 --> 00:31:44:** There's there's plenty of investors that can look past this,

**00:31:44 --> 00:31:46:** although I do think in the next 30,

**00:31:46 --> 00:31:49:** sixty 90 days it's going to be very telling as

**00:31:49 --> 00:31:52:** to whether or not you know certain sectors of multifamily

**00:31:52 --> 00:31:55:** will see a pretty negative impact moving forward.

**00:31:55 --> 00:31:59:** There's definitely winners and losers we I've shared yesterday,

**00:31:59 --> 00:32:02:** Moody's. They put out kind of an impact list of

**00:32:02 --> 00:32:05:** what sectors the economy will be impacted the most.

**00:32:05 --> 00:32:07:** Certainly multi family could be strong,

**00:32:07 --> 00:32:10:** but if we see people stop paying rent and you

**00:32:10 --> 00:32:12:** can check out the hashtag PDX rent,

**00:32:12 --> 00:32:16:** strike renters in Portland OR are actually trying to get

**00:32:16 --> 00:32:19:** together to not pay rent as a conglomerate.

**00:32:19 --> 00:32:21:** And if you see some of that stuff happen to

**00:32:22 --> 00:32:22:** me,

**00:32:22 --> 00:32:25:** that's more anarchy and less American.

**00:32:25 --> 00:32:27:** But I do think that that you know Rusty and

**00:32:27 --> 00:32:30:** Chris's comments about we're all in this together.

**00:32:30 --> 00:32:32:** I think this is a huge opportunity for everybody to

**00:32:32 --> 00:32:34:** build extreme goodwill with their tenants,

**00:32:34 --> 00:32:37:** their community, their family, their friends themselves,

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,  
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 --> 00:40:35: colds,  
00:40:35 --> 00:40:38: so there has been some talk in the workplace strategy  
00:40:38 --> 00:40:42: world right now about organizing people in a in a  
00:40:42 --> 00:40:45: way that that keeps some sort of separation or the  
00:40:45 --> 00:40:48: way that heads are pointed in the office space.  
00:40:48 --> 00:40:49: I think you're going to see thought leaders in those  
00:40:49 --> 00:40:53: respective groups,  
00:40:53 --> 00:40:56: architecture, workplace strategies and so forth address this  
00:40:56 --> 00:40:58: issue and  
00:40:58 --> 00:41:01: on the other side I think there will be an  
00:41:01 --> 00:41:03: impact to the office market.  
00:41:03 --> 00:41:05: I don't I. I don't think it's going to be.  
00:41:05 --> 00:41:08: I only use that time to completely panic.  
00:41:08 --> 00:41:08: I have landlord saying, hey,  
00:41:08 --> 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  
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  
attendance proactively.  
00:44:57 --> 00:44:58: They want to help. They want to make this better  
00:44:58 --> 00:45:00: and as long as we all work together as a  
00:45:00 --> 00:45:02: team,  
00:45:02 --> 00:45:03: I think we'll get through this just fine.  
00:45:03 --> 00:45:05: But go ahead and Mark.  
00:45:05 --> 00:45:07: I think that's awesome, Rusty and great information on  
00:45:07 --> 00:45:10: 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  
00:46:31 --> 00:46:33: 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  
00:47:07 --> 00:47:07: 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

00:49:41 --> 00:49:44: 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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