

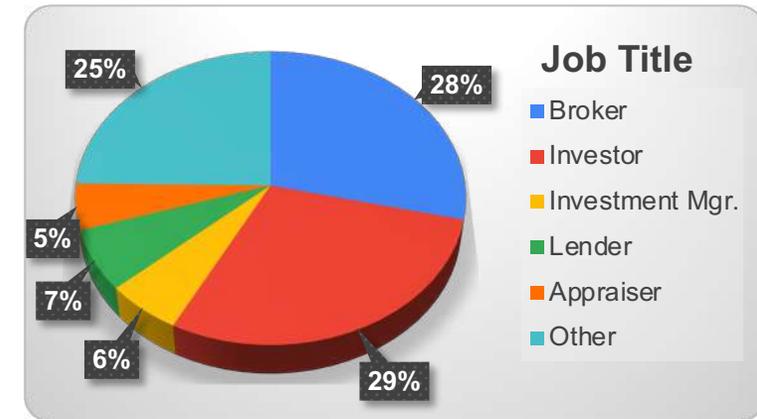
Coronavirus & the impact on CRE – March 2020



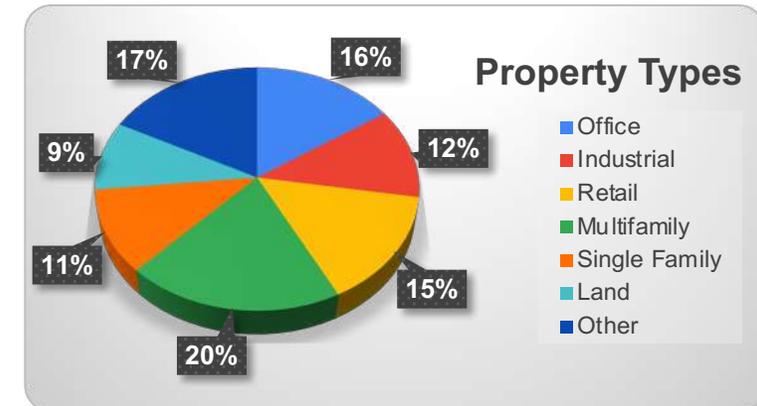
In March 2020, PropertyMetrics surveyed our audience about the Coronavirus pandemic and the immediate effects on CRE investment

- Survey was conducted via email
- Sent out on March 18, 2020
- Worldwide audience
- Intent was to gain a greater understanding of the immediate impacts, if any, the Coronavirus pandemic is having on CRE assets
- Survey will be repeated at several intervals over the coming months to track changes

Respondent Profile



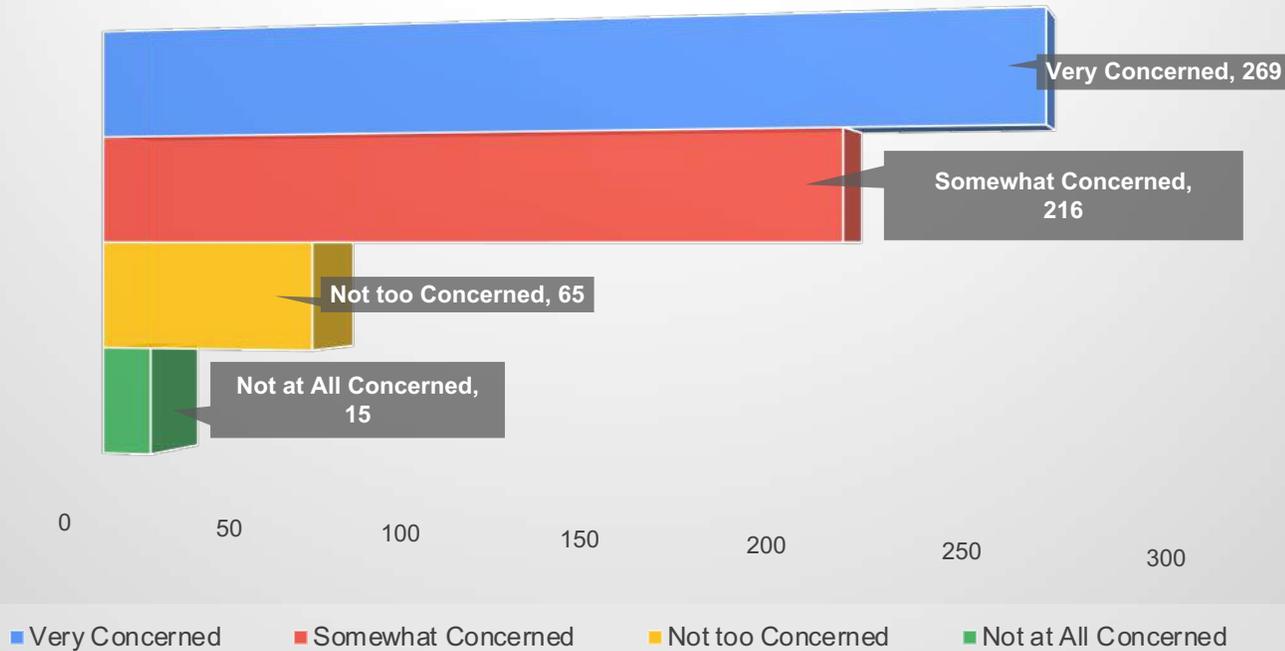
**Other Includes: REIT, Financial Advisor, CPA, Student, and Government



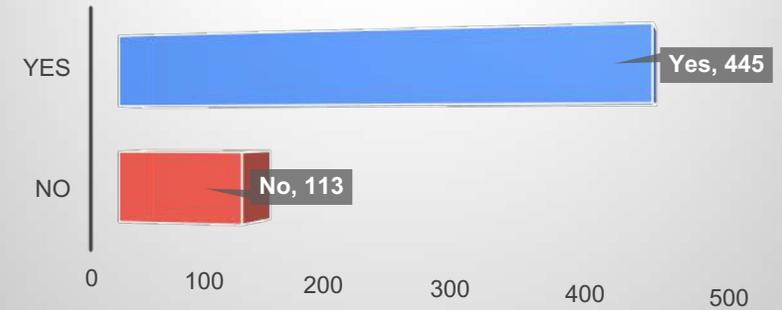
**Other Includes: Self-Storage, Hotel, and Senior Housing

The majority of CRE professionals are somewhat or very concerned about the effects of Coronavirus and indicate a degree of pessimism about the immediate economic future

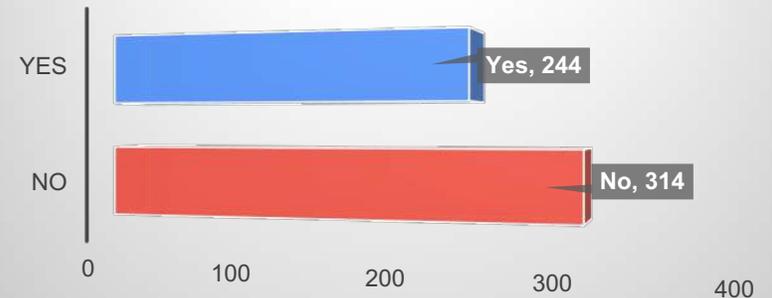
How Concerned Are You About the Coronavirus Effect on CRE?



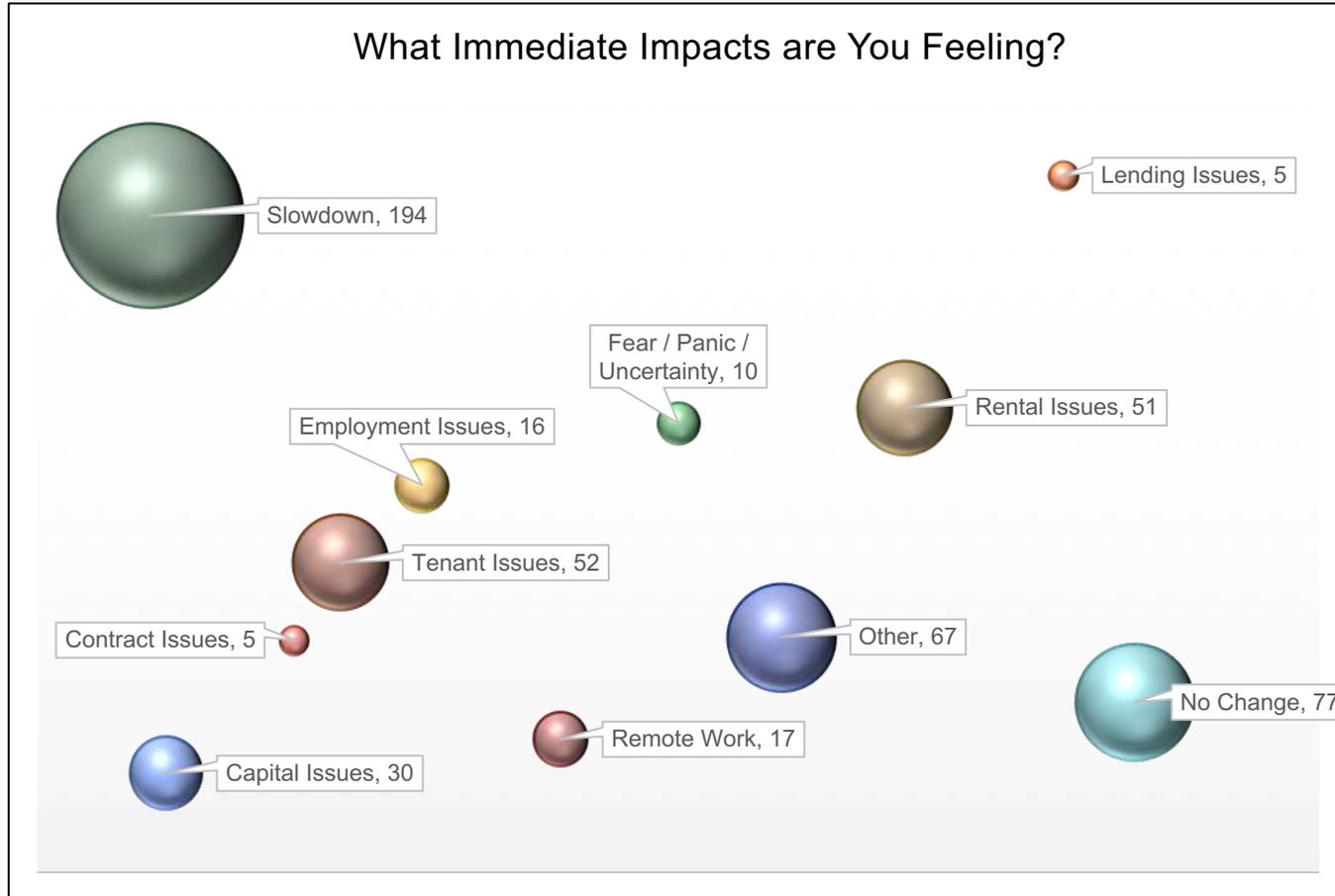
Will There Be a Recession in 2020?



Will There Be a Recession in 2021?



The immediate impacts of the Coronavirus indicate a significant slowdown in all asset classes and a marked number of tenant and rent related issues



Selected Responses

Slowdown

- “Deals/Searches have stalled or stopped.”
- “Responses to Zillow ads are 1/10th what they were two months ago
- “Very low interest in places I have available to rent.”

Tenant Issues

- “Current tenants panicking from non-work & lack of income”
- “Closing of restaurant, hair salon, and nail salons on our property”
- “Student housing is experiencing a significant number or tenants who want out of their leases early.”

Rental Issues

- “Rent reduction negotiations with tenants.”
- “Anticipate difficulty in collecting rents.”
- “Tenants seeking rent relief.”

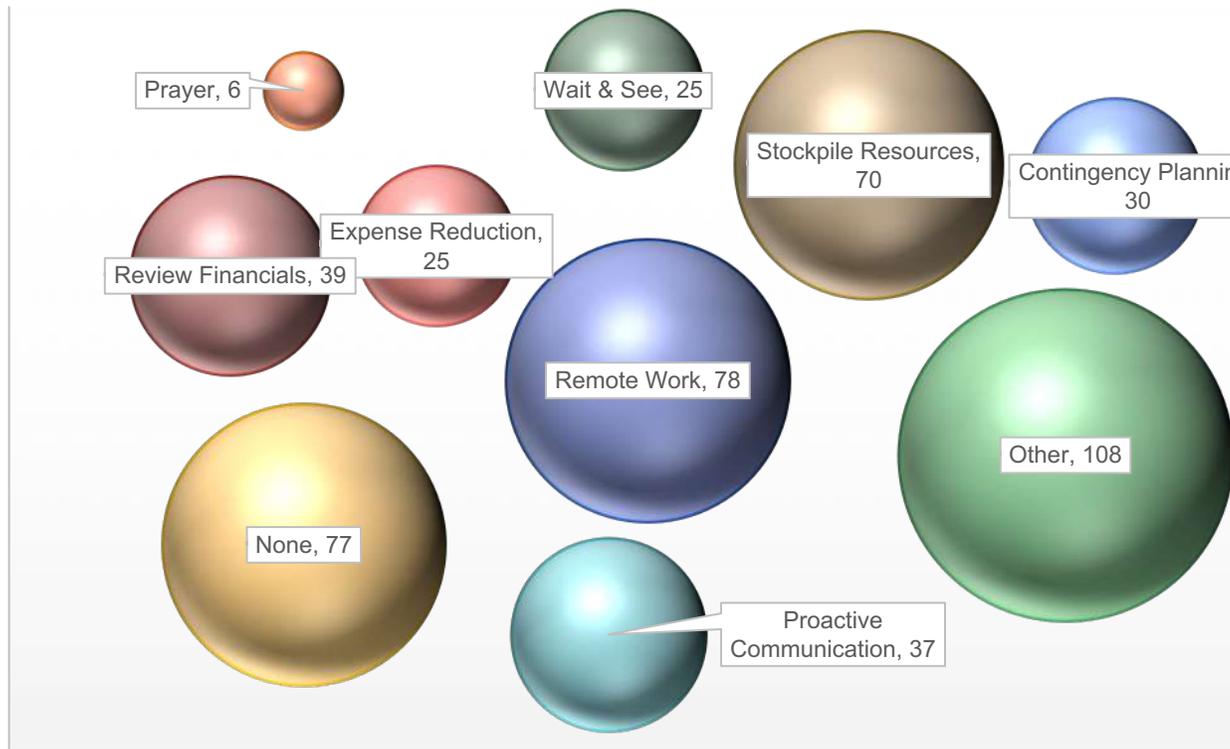
Capital Issues

- “Availability of financing”
- “Debt & equity providers pausing everything.”
- “We have seen an immediate cooling off of lenders.”

Immediate actions to prepare for an extended shutdown are focused on continuity planning, proactively communicating with partners, stockpiling resources, and shifting to remote work

Selected Responses

What Actions Are You Taking for An Extended Shutdown?



Remote Work

- “Virtual tours, immediate responses electronically.”
- “Our office is fully remote at this point.”
- “Remote workplace, shifting online for most essential functions”

Stockpiling Resources

- “Bought 3 weeks of food and have cash reserves for about a year.”
- “Having liquid cash and adequate food on hand.”
- “Conserving cash, laying off employees, may slow pay debt payments.”

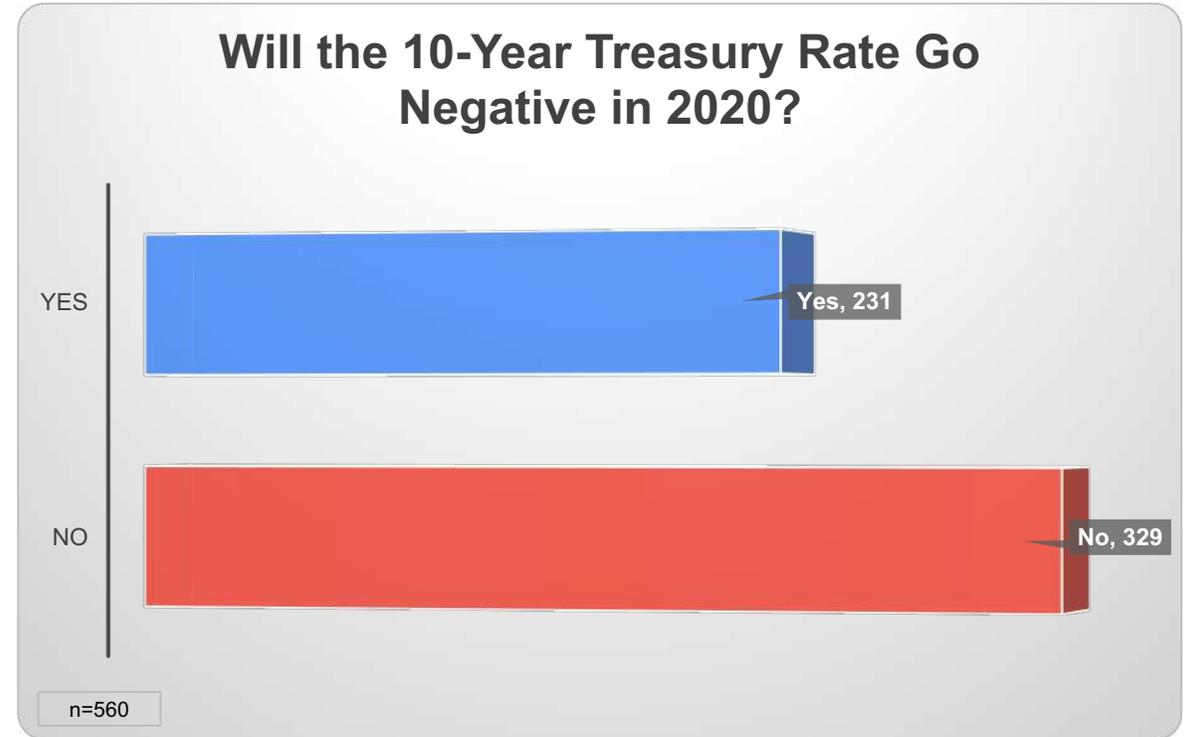
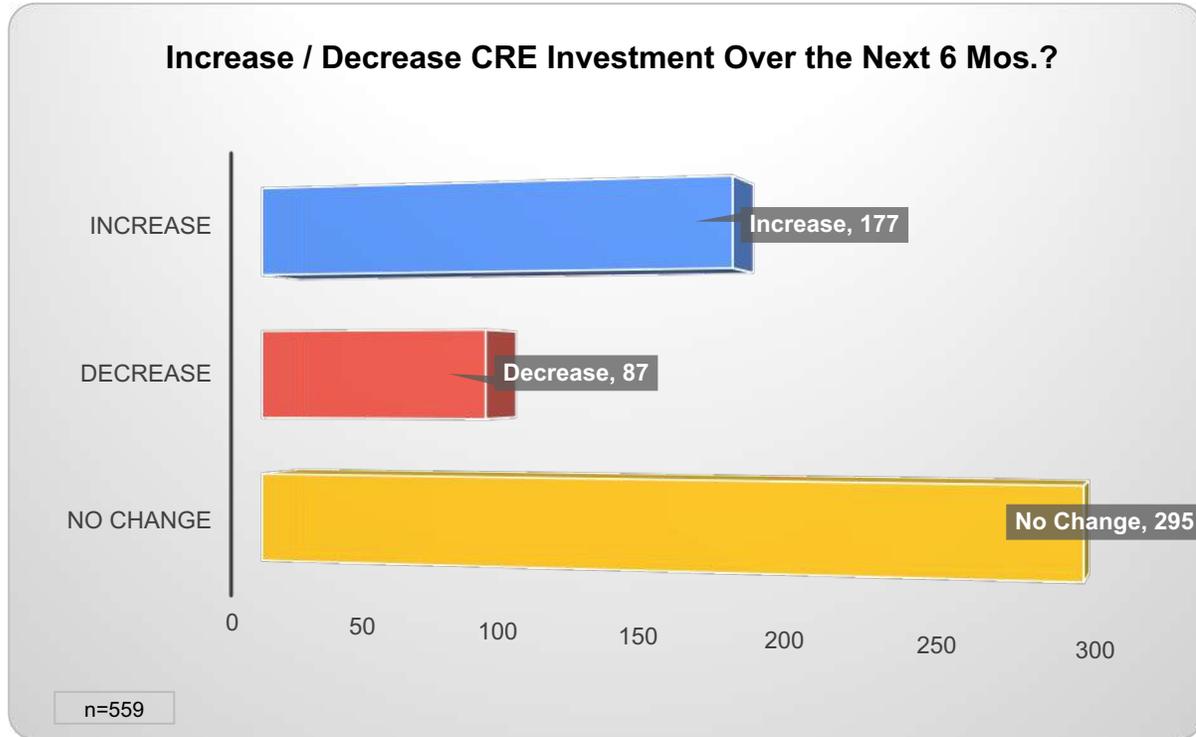
Other

- “Backyard gardening”
- “Sanitizing and assuring homeowners that we will take all measures possible”
- “We will share the losses together with our clients.”

None

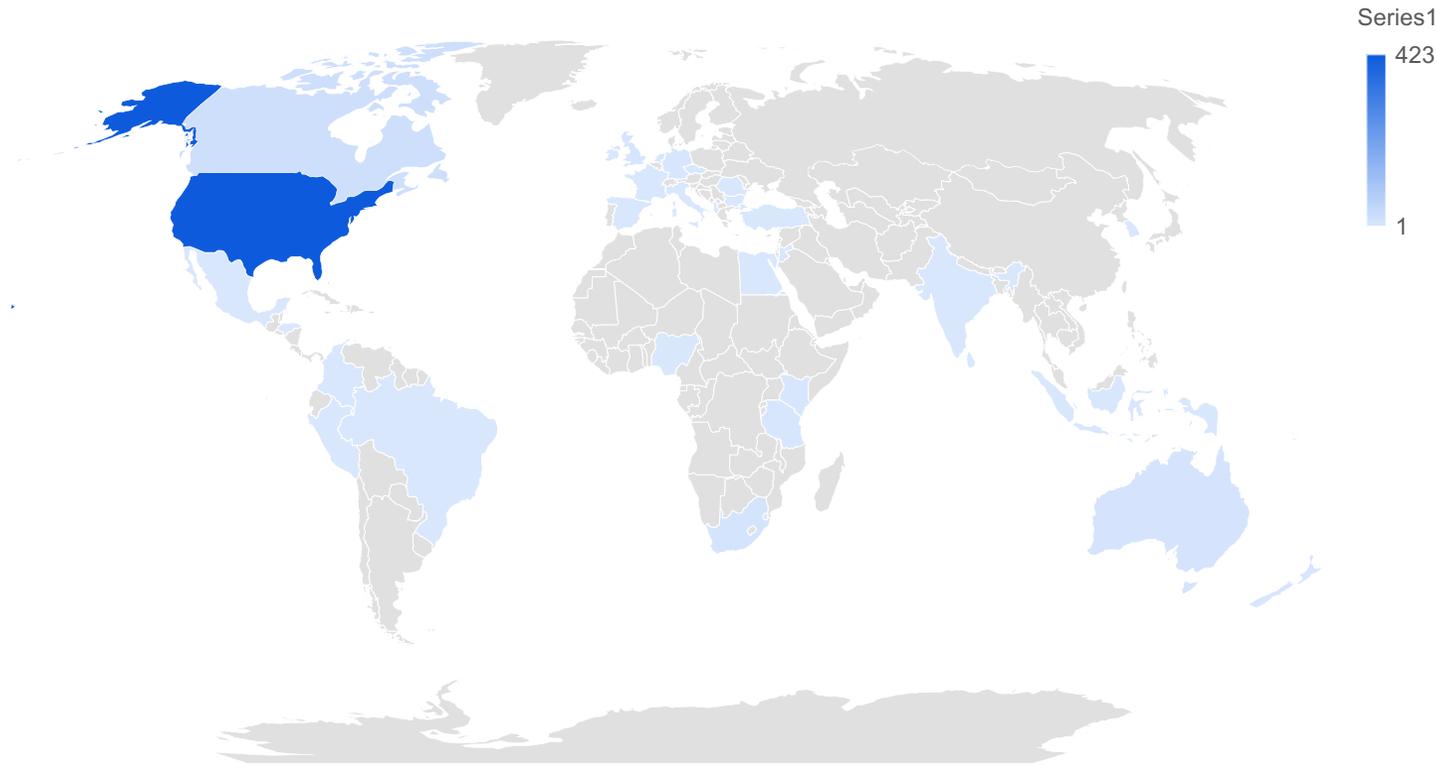
- “Nothing. This will be over shortly and we will wonder why we panicked.”
- “None. This is a media induced panic.”
- “None at this point. We will re-evaluate in 30 days.”

For the time being, most respondents plan to make no change to their CRE investment plans and do not think 10-year Treasury rates will go negative



Respondents originate from 35 countries, with the majority concentrated in the United States and Canada

Respondant Location



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Respondent Countries

United States	423
Canada	24
South Africa	11
Australia	10
United Kingdom	7
New Zealand	6
Germany	3
Kenya	3
Tanzania	3
Peru	2
Sri Lanka	2
Turkey	2
Other	23

Key Conclusions

- The impacts of the Coronavirus pandemic are felt across all CRE job titles, asset classes, and locations
- The majority of CRE professionals report being either very concerned or somewhat concerned about the economic fallout of the crisis
- The impacts have been sudden with CRE professionals reporting a significant slowdown in all phases of the transaction lifecycle, a high number of tenants asking for immediate rent relief, mass layoffs, and tenants asking to be let out of their leases early
- To prepare for an extended shutdown, CRE professionals are stockpiling resources, including cash, reducing expenses where possible, shifting to remote work, and revisiting business continuity plans.
- However, a significant number of respondents also felt like this is a short-term event that is being exacerbated by intense media coverage and social media induced panic.
- As of March 2020, the majority of CRE professionals are not planning any major increases or decreases in their investment activity over the next 6 months.
- The majority of respondents think there will be a recession in 2020, but are more optimistic about 2021. Most also do not believe the 10-year Treasury rate will go negative in 2020.