



**COVID-19 UPDATE**

**THE SCOOP - POWER HOUR Q&A**

**Q:** Do you anticipate any conversion of apartment to commercial to get some product out there?

**A:** As discussed by Steve, we'll know more in the months ahead the adjustments commercial tenants and landlords will need to make to remain in business. The impact of COVID-19 will be different for every business, and while some landlords may be able to renegotiate lease terms to provide relief to tenants, lenders and capital partners may prohibit others from doing the same.

**Q:** How is the high unemployment rate going to play into all of this, especially once the federal subsidies disappear?

**A:** As discussed in the briefing, we'll know in the coming months how businesses will adjust their model to adapt or choose to shut down operations. Meanwhile, for multi-unit residential, Alan Nevin shared that rent collections remain above 90% and that he anticipates a strong rebound in second half of 2020.

**Q:** How stringent is the commercial financing at this time?

**A:** Morgan shared that the debt market is struggling to value assets, which has slowed financing. However, Brian discussed that larger banks such as Wells Fargo are active again and offering financing options.

**Q:** As mentioned by Alan, offices will contract and reduce their footprint. As this happens, vacancy rates will increase, and any leveraged owners will have a very difficult time making mortgage payments. What type of assistance or subsidies will assist in keeping these building owners afloat? If no assistance is provided, foreclosures will hockey stick and prices will decline?

**A:** This is a great question and something we'll be exploring on a future episode of "The Scoop." The federal government previously authorized funds through the CARES Act, and additional support is already being discussed.

**Q:** Word is, 25% of restaurants nationally will close. Does Steve see similar numbers for San Diego County?

**A:** As shared by Steve, the impact will not be known for a few months. Some restaurants may have success in adopting a drive-through component and also could have the ability to restructure lease agreements to remain in their location.

**Q:** What is the Facebook page of the Commercial Real Estate Alliance of San?

**A:** <https://www.facebook.com/CRASANDIEGO>