

WORKOUTS & WORKAROUNDS



CONTRIBUTORS

Boulder Valley Real Estate Conference - Workouts and Workarounds panel includes:



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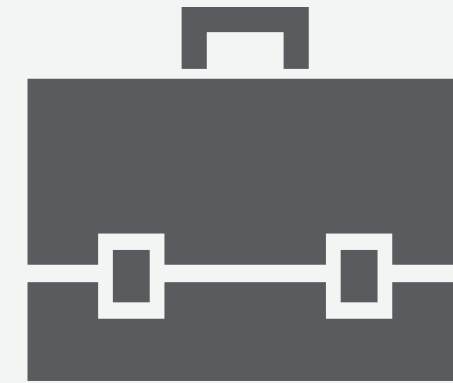
KEY TOPICS



TRENDS



WORKOUTS



LEGAL




COMING UP


2020 REVIEW THROUGH Q3

TRENDS

 **8.1%**
June 2019
 Office Vacancies

 **9.9%**
June 2020
 Office Vacancies

 **5.7%**
June 2019
 Flex Vacancies

 **7%**
June 2020
 Flex Vacancies

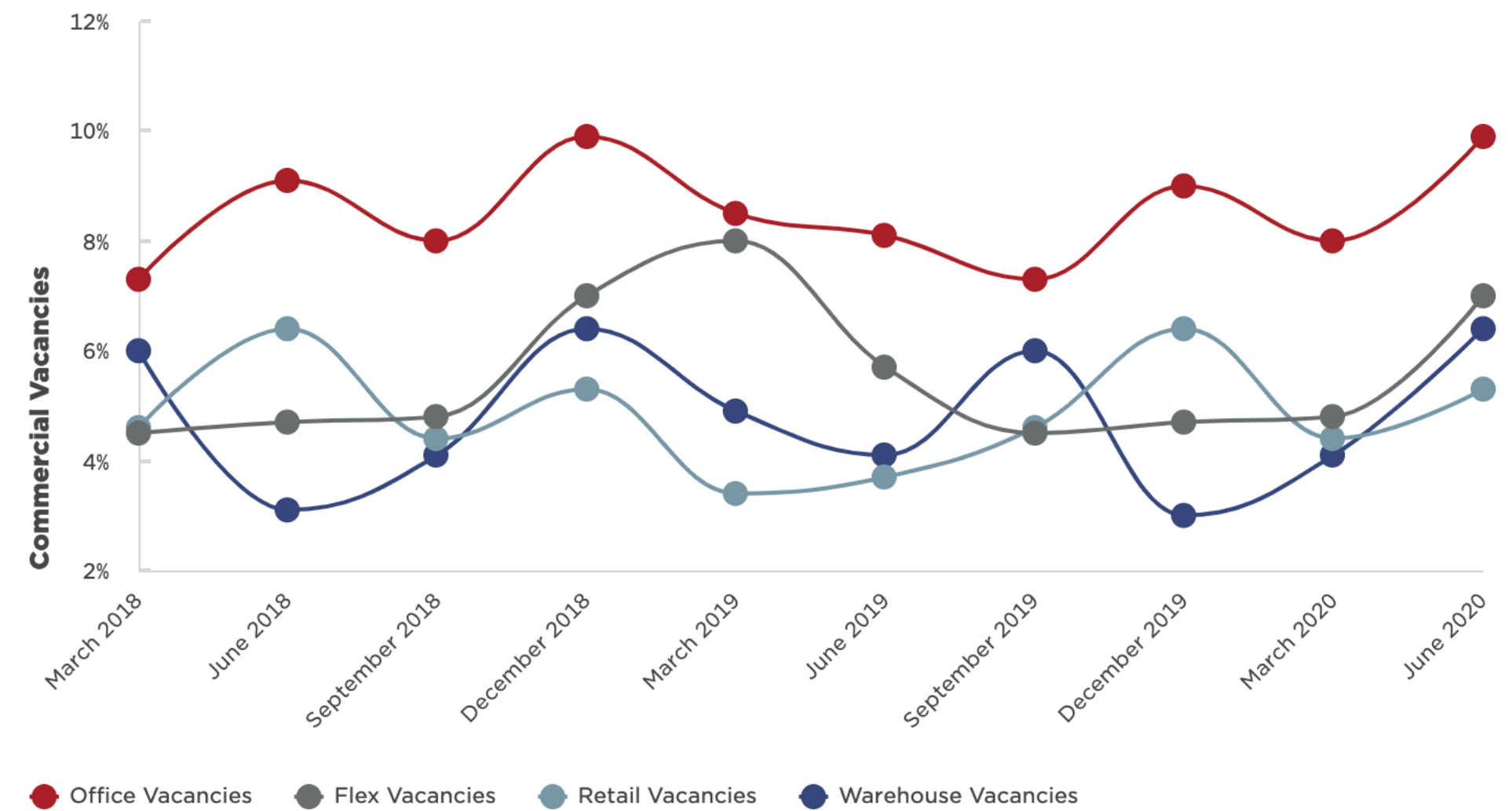
 **3.7%**
June 2019
 Retail Vacancies

 **5.3%**
June 2020
 Retail Vacancies

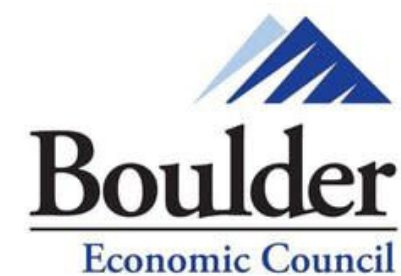
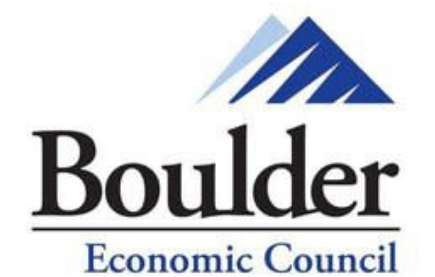
 **4.1%**
June 2019
 Warehouse Vacancies

 **6.4%**
June 2020
 Warehouse Vacancies

**Longmont not included
 Newmark Grubb Knight Frank*



**Longmont not included
 Newmark Grubb Knight Frank*



THE MARKET

RETAIL/RESTAURANT

HAVE BEEN HIT THE HARDEST WITH THE STRONG MANDATED OPERATIONAL RESTRICTIONS

- What happens when PPP funds run out?
- Boulder Valley was already seeing some struggles in the commercial space prior to the pandemic.
- Retailers in areas like Pearl St. Mall rely heavily on restaurants.

OFFICE

COMPANIES ARE TAKING AN ABUNDANCE OF CAUTION WHEN APPROACHING OFFICE OPERATIONS

- Many companies have implemented indefinite work-from-home policies.
- Offices won't necessarily become smaller. Business owners will still need to meet social distance requirements.
- In a study done by Dean Callan & Companies, Colorado companies showing 10-20% of the current people working from home will never go back to working the office. 10-20% will need more space to accommodate more private, as well as, "bump into" space and 10-40% of companies expect most of their employees to not be in the office a full 5-days a week.

TECHNOLOGY/BIOTECH/LIFE SCIENCES

COVID-19 OPENS DOORS OF OPPORTUNITIES AND CHALLENGES

- Innovators are rising to the challenge in the Boulder Valley. However, 80% of venture funding comes from outside the state. Travel restrictions have created problems for start-ups and venture capitalists.
 - Human capital is here [Boulder Valley] and it doesn't leave Making this a very busy year for life science firms with many major acquisition and arrivals of new players.
 - Local firms stepping in to develop treatments, vaccines and tests for the coronavirus.
 - Hospitals are continuing their transitions to telemedicine.

OUTDOOR HARD GOODS

GREATER SOCIAL DISTANCING IN OUR VAST OUTDOORS

- Initial drops in sales were seen in the earlier months of COVID-19; however, in June, the market saw an increase. This was do to a surge of people getting outdoors.
- This urge to get outside has created a new consumer group that outdoor industry is adapting to. Requiring many of the Boulder Valley's niche outdoor companies to adapt to beginner level outdoorsmen.
- Manufacturing slowed down in China causing strain on resources local brands use to build their products.
- The demand for multi-use commercial space remains.

FOOD & GROCERY

EVERYONE NEEDS TO EAT BUT THE VIRUS HAS CREATED UNIQUE CHALLENGES

- The industry saw challenges in distribution, bottlenecks in the supply chain and a lack of networking opportunities resulting from cancellations of trade shows.
- Other challenges were related to staffing. Keeping staff healthy. Production lines moving and so on.
- Essential goods are still flying off the shelves. Local companies are working to beat large companies to the shelf space.
- Executive orders are limiting staffing across the board creating many bottlenecks that ultimately are reflected in quarterly financials.

THE WORKOUTS

THE REQUESTS FOR RENT RELIEF, SHORTENED OR TERMINATION OF COMMERCIAL LEASES CONTINUES TO IMPACT LANDLORDS AND LENDERS IN BOULDER VALLEY.

WHAT ARE LANDLORDS DOING TO HELP THEIR TENANTS AND HOW DO THEY EXECUTE THESE WORKOUTS FAIRLY?

1

COMMONLY, REQUESTS ARE TAKEN ON A TENANT-BY-TENANT BASIS.

2

THERE IS A LEVEL OF TRANSPARENCY NEEDED FROM THE TENANT.

3

ALL RELATIONSHIPS NEED TO BE ACKNOWLEDGED - LANDLORD - TENANT AND LANDLORD - LENDER.

4

LANDLORD WORKS WITH TENANT TO PROVIDE THE BEST POSSIBLE OUTCOME FOR ALL PARTIES INVOLVED.

LEGAL

With federal, state and local executive orders impacting the eviction process and more, attorneys have been helping, both, landlords and tenants navigate the processes surrounding rent relief and lease negotiations, and landlord-tenant disputes.

1

DELAYED AND/OR DEFERRED PAYMENTS OF RENT

Landlords seem more willing to make concessions on short-term leases.

2

LONG-TERM EFFECTS IN LARGE COMMERCIAL CENTERS

Major brands going “dark” or leaving a shopping center can have a lasting effect on the overall center.

3

EVICIONS

There are several favorable orders in place protecting tenants from eviction; however, we are seeing filings of breach of contract to avoid restraints on evictions.

HERE'S WHAT WE HAVE NOTICED

COMING UP



THANK YOU!

