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Maintaining & Maximizing Commercial Real Estate Value During Uncertain Times

Thursday, October 29, 2020
@ 10 am PST

Your Presenters



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Your Lender Panel



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Southland Economic
Development
Corporation





Ali Chawla Chase Bank



Rick RowleyCitizens Business Bank





Today's Agenda

- 1. Market overview
- 2. Goals to maintaining & maximizing property value
- 3. Guidance to working with tenants
- 4. Insights & advice from lender panel
- 5. Q & A



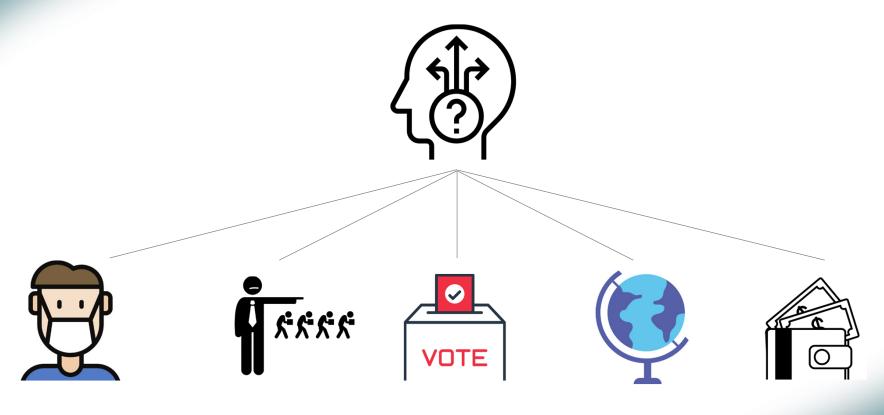
Maintaining & Maximizing Commercial Real Estate Value During Uncertain Times

Goals to Maintain and Maximize Value (Step-by-Step)

- 1. Remember Your Investment Goals
- 2. Know Your Property Value and How it is Determined
- 3. Know Your Tenants and the Market
- 4. Maintain and Maximize Net Income (Try not to lower rent)

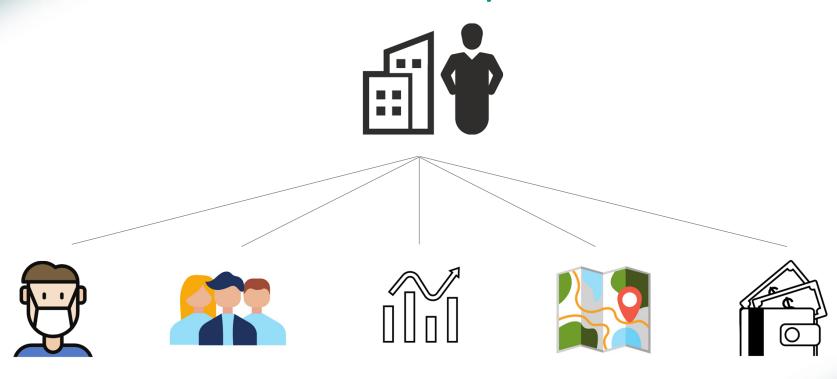


UNCERTAINITY is a BIG CHALLENGE





CREATE CERTANITY by ANTICIPATING





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Step #1 Remember Your Investment Goals



Step #2

Know Your Property Value and How it is Determined

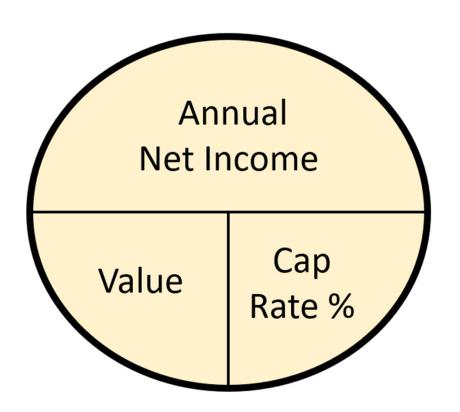


Know Your Property Value and How it is Determined

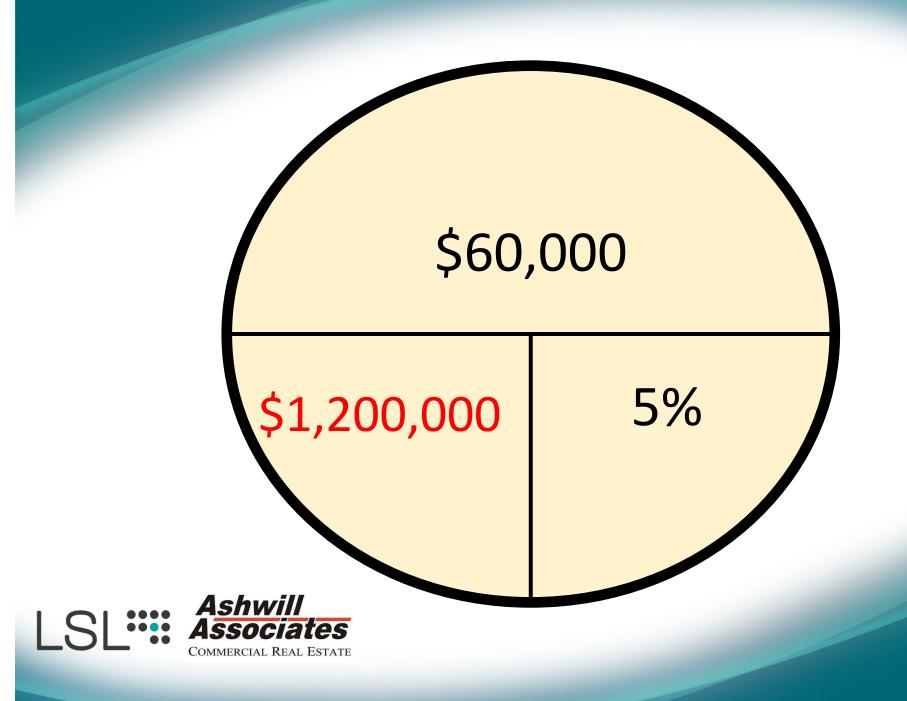
- Comparison Approach
- Replacement Cost
- Income Approach

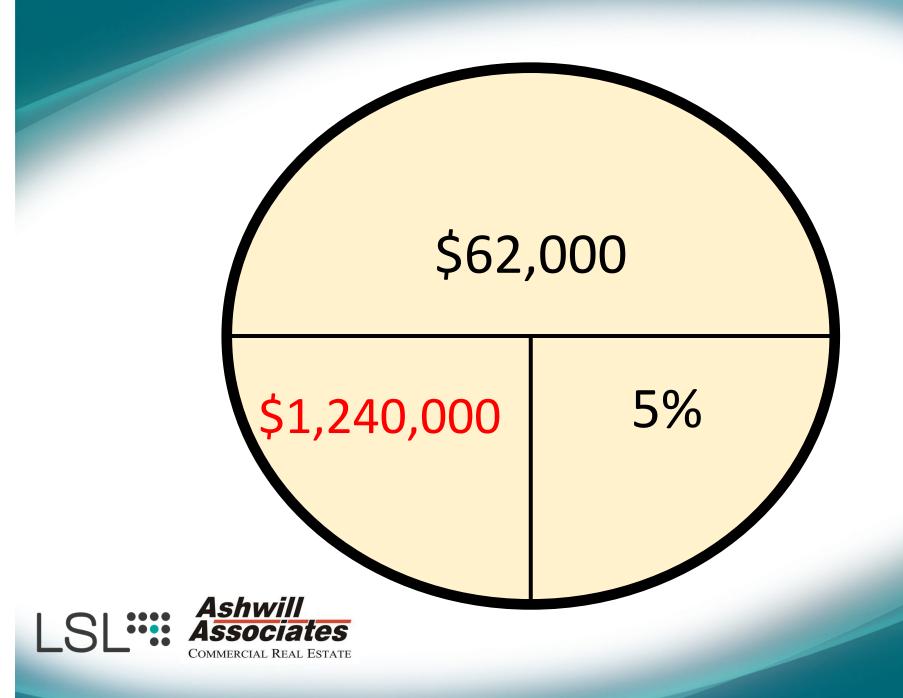


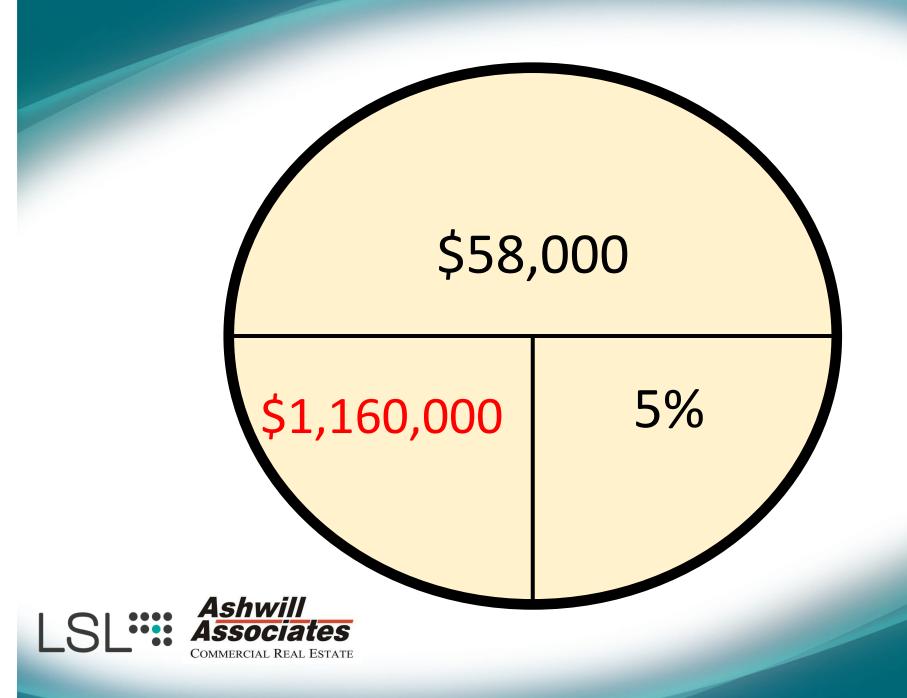
Intro/Review: Income Approach











Step #3

Know Your Tenants and the Market



Tenants to Consider – Employment

Industry	YoY Change
Federal Government excluding Department of Defense	21.8%
Couriers & Messengers	9.5%
Building Material & Garden Equipment Stores	7.4%
Utilities	7.1%
Computer Systems Design & Related Services	3.8%
Warehouse & Storage	3.6%
Grocery Stores	3.4%

SOURCE: September 18, 2020, Employment Development Labor Market Information Division



Tenants that may be Struggling - Employment

Industry	YoY Change
Clothing & Clothing Accessories Stores	-52.7%
Arts, Entertainment & Recreation	-51.2%
Leisure & Hospitality	-32.6%
Restaurants	-24.5%
Information	-16.4%
Durable Goods	-11.1%
City Government	-10.1%

SOURCE: September 18, 2020, Employment Development Labor Market Information Division



Tenants to Watch For – Employment

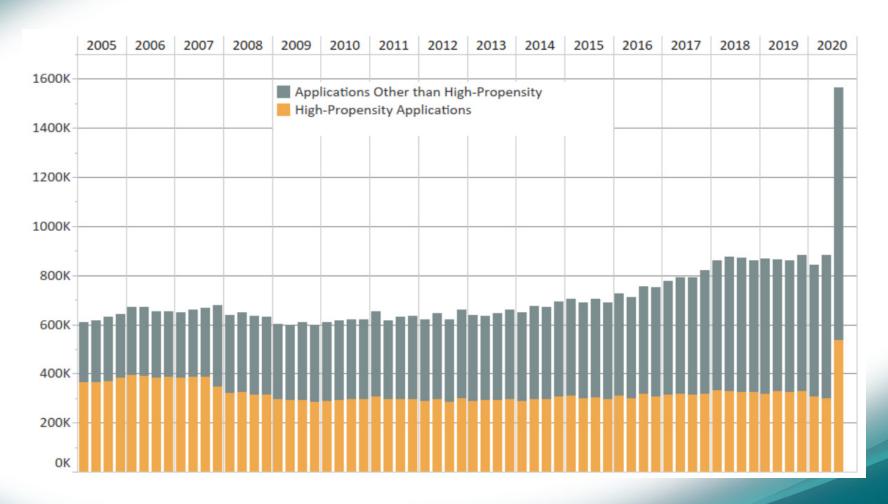
Industry	Monthly Increase	YoY Change
Sporting Goods, Hobby, Book & Music Stores	4.2%	-7.4%
Specialty Trade Contractors	3.1%	-1.9%
Construction	2.6%	-3.1%
Administrative, Support, Employment Services.	2.0%	-14.3%
General Merchandise Stores	2.0%	-4.6%
Motor Vehicle & Parts Dealer	1.3%	-17.0%

SOURCE: September 18, 2020, Employment Development Labor Market Information Division

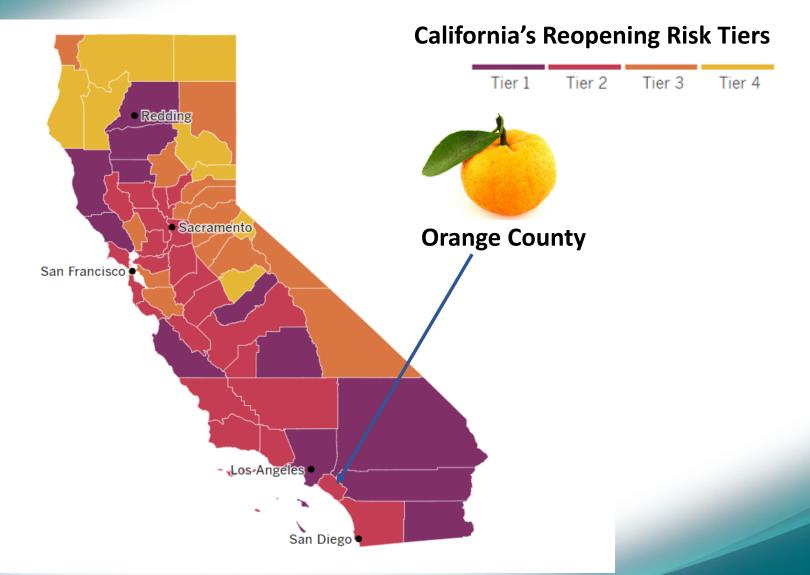


Quarterly Business Applications

(seasonally adjusted)



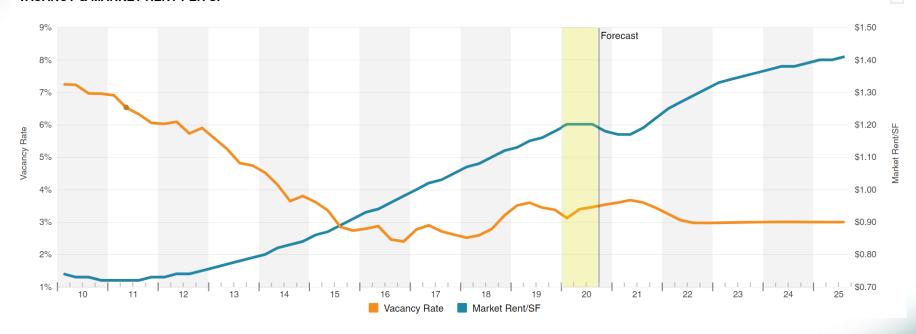
US Census Bureau: https://www.census.gov/econ/bfs/index.html



https://www.latimes.com/projects/california-coronavirus-cases-tracking-outbreak/reopening-across-counties/#ratings

Industrial - Leasing Vacancy & Market Rent Per Sq.Ft.

VACANCY & MARKET RENT PER SF

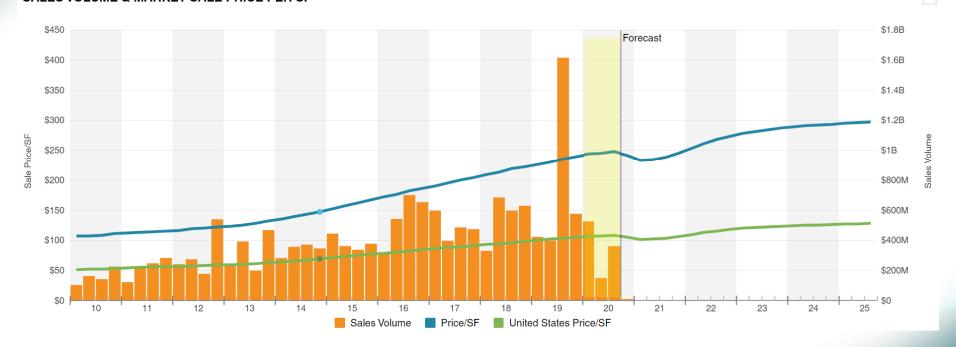




Industrial - Sales

Sales Volume & Market Sale Price Per Sq.Ft.

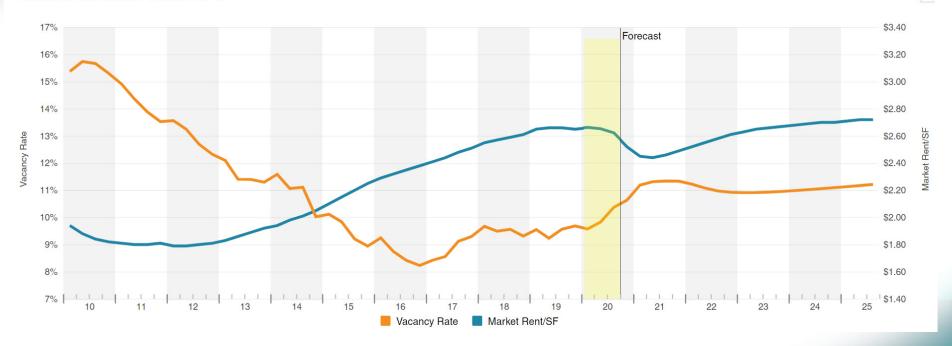
SALES VOLUME & MARKET SALE PRICE PER SF





Office - Leasing Vacancy & Market Rent Per Sq.Ft.

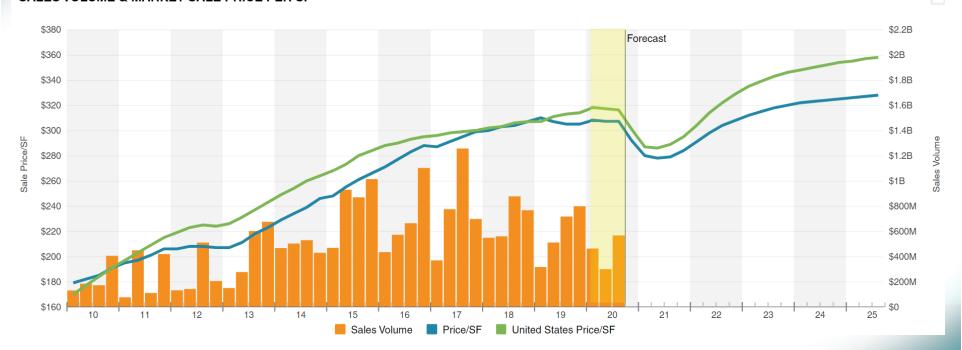
VACANCY & MARKET RENT PER SF





Office - Sales Sales Volume & Market Sale Price Per Sq.Ft.

SALES VOLUME & MARKET SALE PRICE PER SF





Retail - Leasing Vacancy & Market Rent Per Sq.Ft.

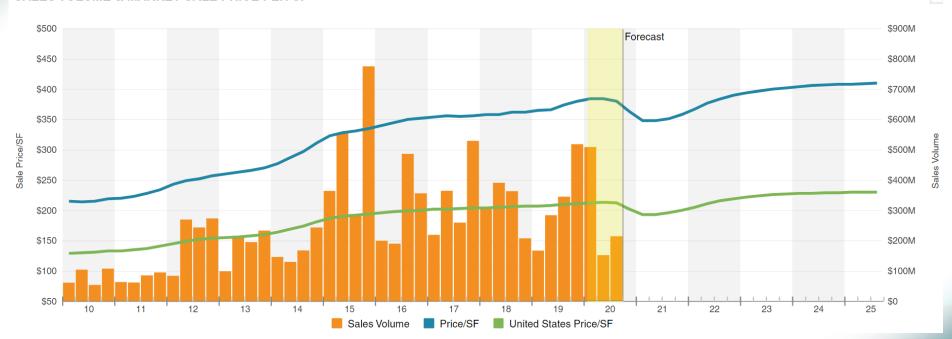
VACANCY & MARKET RENT PER SF





Retail — Sales Sales Volume & Market Sale Price Per Sq.Ft.

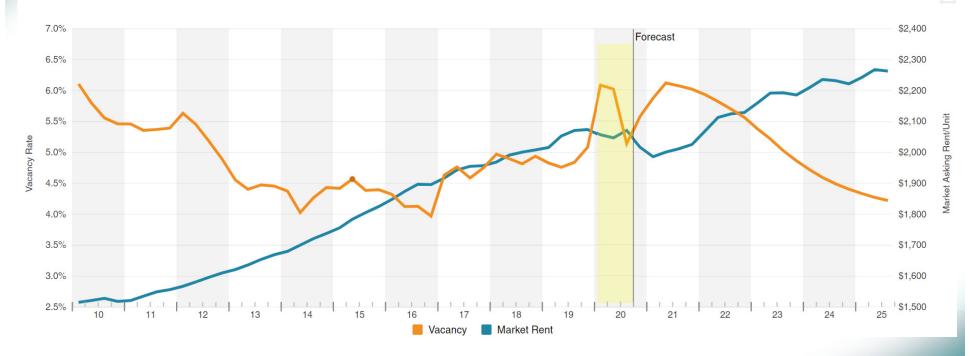
SALES VOLUME & MARKET SALE PRICE PER SF





Multifamily - Renting Vacancy & Market Rent Per Sq.Ft.

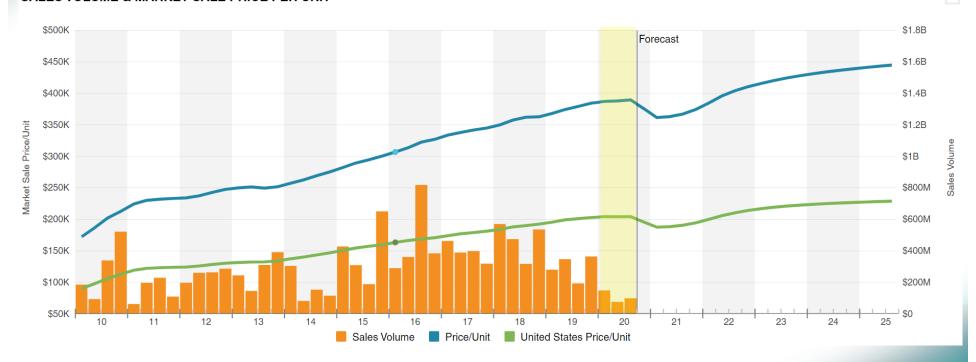
VACANCY & MARKET ASKING RENT PER UNIT





Multifamily - Sales Sales Volume & Market Sale Price Per Sq.Ft.

SALES VOLUME & MARKET SALE PRICE PER UNIT





Step #4 Maintain and Maximize Net Income



When Tenant Asks for Rental Assistance

- 1. Listen to your Tenant
- 2. Share Your Plan
- 3. Request Financial Information
- 4. Request an Offer from the Tenant

Remember This:

Lowering Rent will devalue your property

- III. KEIIL DEIEITIIEIIL
- iv. Blend and Extend
- v. Sublease
- 7. Step Away
- SBA Government Assistance



Goals to Maintain and Maximize Value (Step-by-Step)

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Money is Cheap



Your Lender Panel



Michael Nasr
Southland Economic
Development
Corporation





Ali Chawla Chase Bank



Rick RowleyCitizens Business Bank





Q & A



Thank you from











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