



CV19 “STATE OF THE MARKETS” LANDLORD SURVEY RESULTS

APRIL 2020



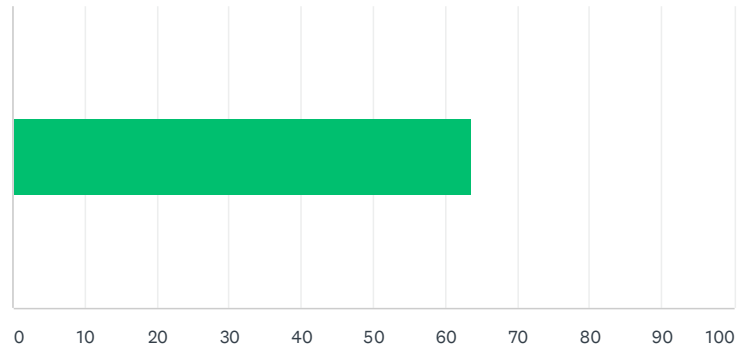
In April 2020, Pegasus Investments released a survey polling its database of commercial real estate landlords, investors and property managers with the following questions about their business response in the wake of the COVID-19 outbreak. 651 responses were received. The survey results are detailed below.

If you have any questions about Pegasus or the data below, please reach out at pegasus@pegasusinvestments.com.

1. What percentage of your typical rent collections did you receive for April?

Answered: 624 Skipped: 27

Average Response: **64%**



2. How have you responded to rent deferral/abatement requests from “mom & pop” tenants?

10.35%: No Concessions Granted

62.10%: Granted Deferral (Tenant Pays Back Over Time)

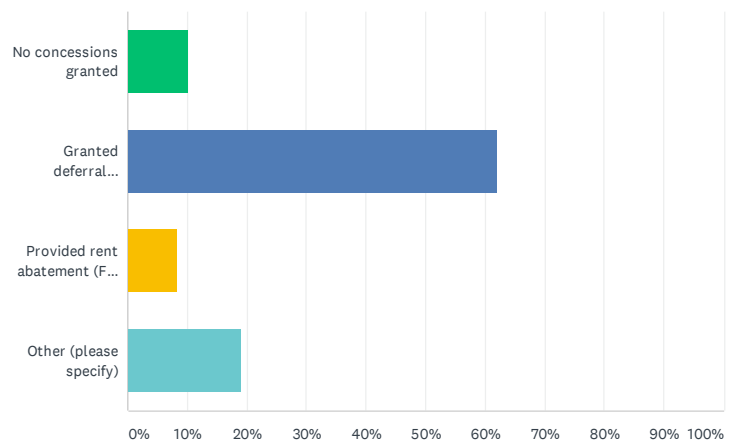
8.44%: Provided rent abatement (Free rent, no payback)

19.11%: Other

Answered: 628 Skipped: 23

A sample of “Other” responses:

- “Free rent, with extension of the lease.”
- “50% from security deposit, 50% deferred (month-by-month basis.)”
- “1/2 deferral. 1/2 collected as due.”
- “Provided April free if they pay the rest of the year. If they don’t it is still owed.”
- “Granted deferrals, but required tenants to apply for SBA Loans and the PPP program.”



3. How have you responded to rent deferral/abatement requests from national tenants?

33.12%: No Concessions Granted

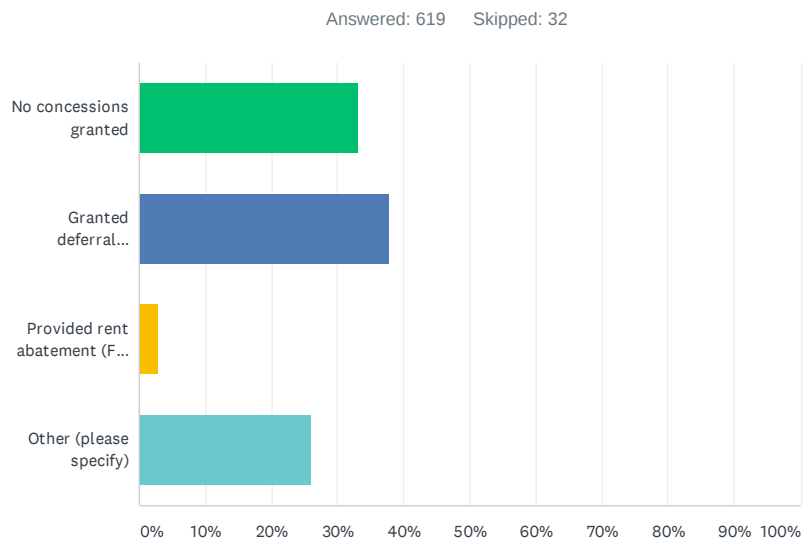
37.96%: Granted Deferral (Tenant Pays Back Over Time)

2.91%: Provided rent abatement (Free rent, no payback)

26.01%: Other

A sample of “Other” responses:

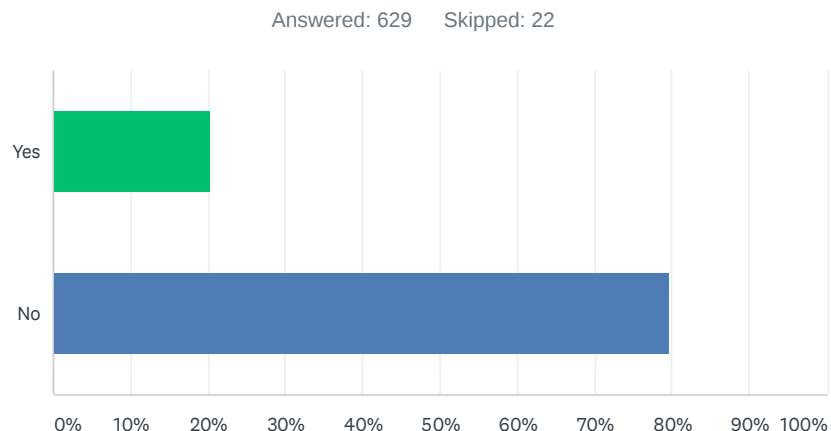
- “Proactively allowed deferral of up to 50% of April and May rent.”
- “A combination, some granted deferral and in some cases, rent abatement with proposed lease extension for those expiring in next ~18mos.”
- “If they are still open, we did not offer any concessions... we assume they have cash reserves, etc. If they are closed, we offered some the 50%+NNNs option. Some of them just sent in NNNs, others sent 50% rent, and some sent nothing.”



4. Have you sent a notice of default to any of your tenants?

20.19%: Yes

79.81%: No



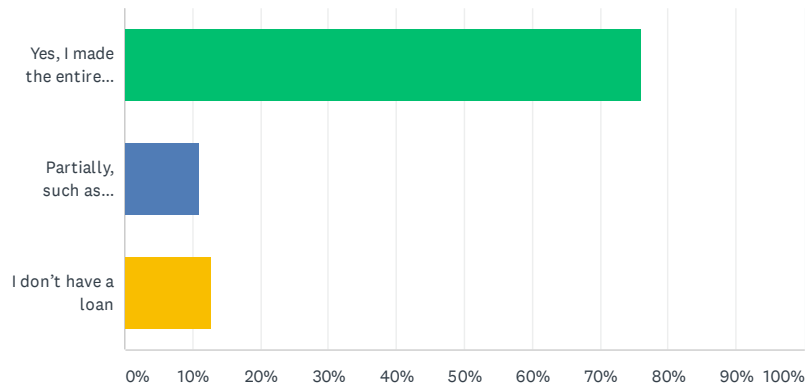
5. Did you make your April mortgage payment?

76.06%: Yes, I made the entire payment

11.18%: Partially, such as interest only

12.76%: I don't have a loan

Answered: 635 Skipped: 16



6. Has your lender offered any flexibility in your loan payments?

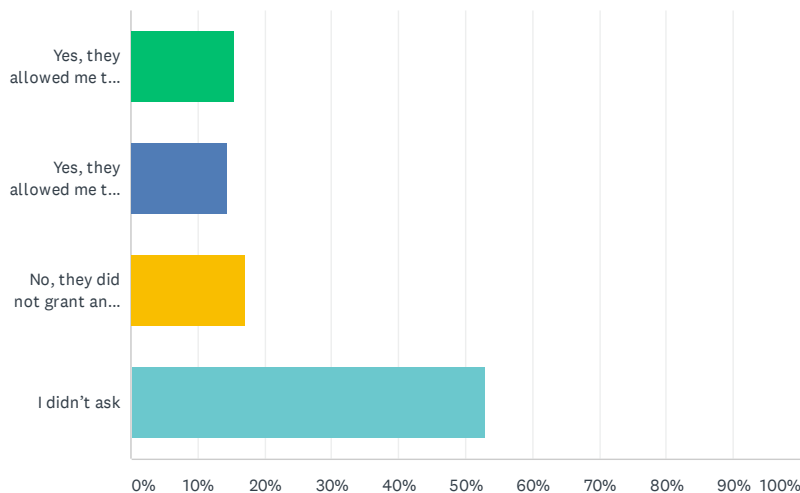
15.48%: Yes, they allowed me to defer my entire payment

14.52%: Yes, they allowed me to make a partial payment

17.10%: No, they did not grant any concessions

52.90%: I didn't ask

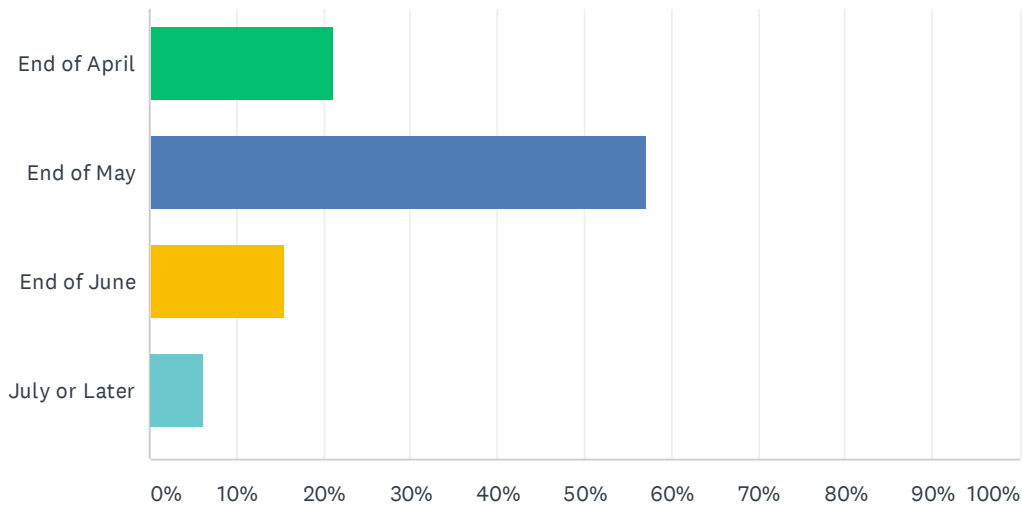
Answered: 620 Skipped: 31



7. When do you believe the government-mandated “stay at home” quarantine will be lifted?

21.12%: End of April
57.14%: End of May
15.53%: End of June
6.21%: July or Later

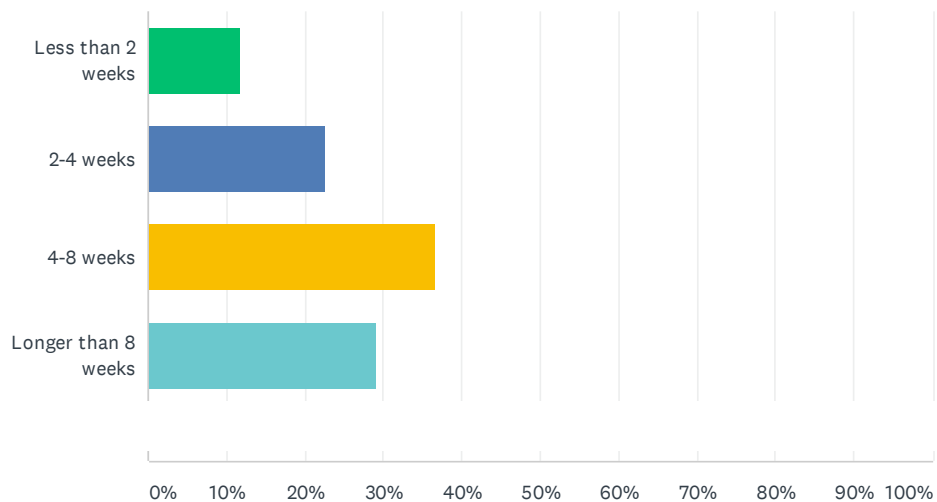
Answered: 644 Skipped: 7



8. After the “stay at home” mandate is lifted, how long do you think it will take the majority of the general public to resume shopping and eating out again?

11.82%: Less than 2 weeks
22.55%: 2-4 weeks
36.55%: 4-8 weeks
29.08%: Longer than 8 weeks

Answered: 643 Skipped: 8



9. How many tenants make up your portfolio?

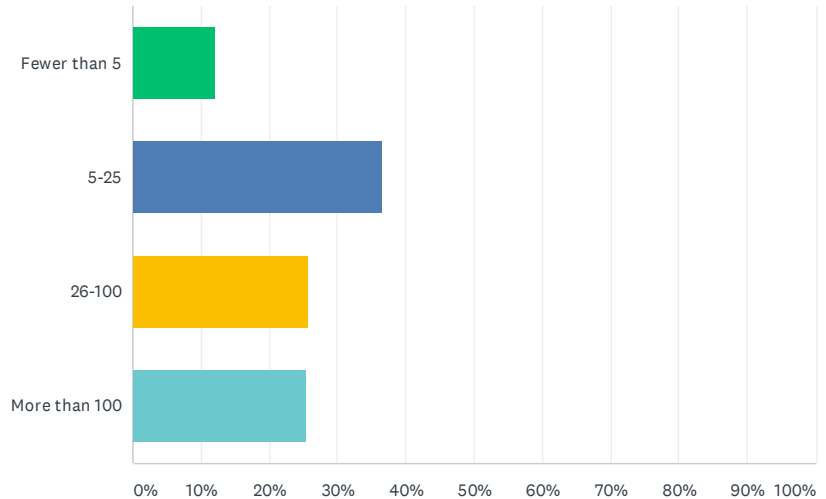
12.09%: Fewer than 5

36.58%: 5-25

25.75%: 26-100

25.59%: More than 100

Answered: 637 Skipped: 14



10. Will people go back to giving handshakes and hugs?

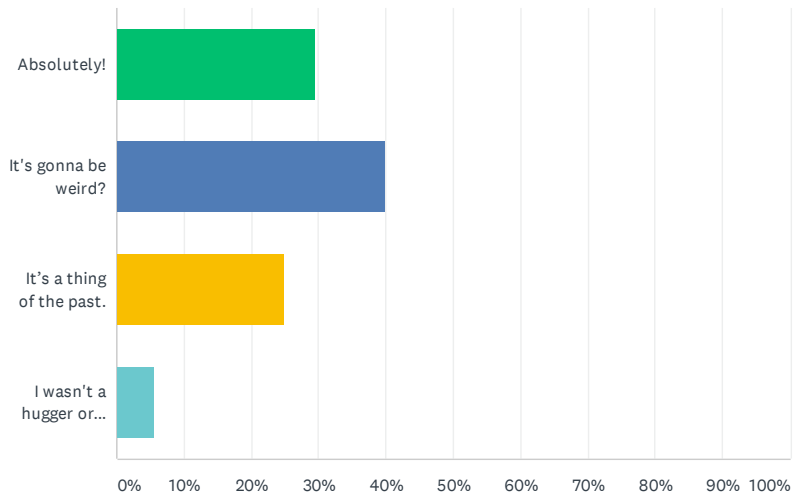
29.55%: Absolutely!

39.97%: It's gonna be weird?

24.88%: It's a thing of the past.

5.60%: I wasn't a hugger or shaker to begin with.

Answered: 643 Skipped: 8



11. Any additional questions or comments? Please share with us below. Thank you.

1	The impact of this virus will create challenges and opportunities for our business. This will be an interesting few months.
2	Majority of this portfolio is industrial product - but many of the tenants are retailers or directly related to retail.
3	Thank you for all the great content and speakers!
4	thanks for your input and webinars
5	This event is deeper and more disruptive than the previous downturns, as this was a 100% shutdown for most retailers all at once!
6	Suggestions For survey questions. What % of tenants do you expect to pay rent in May? In June? Given your current financial liquidity, how many months can you continue to pay the whole mortgage?
7	Life and economy will change forever
8	Should the landlord send delinquent notice for rent to protect themselves after first month? My tenants have asked us to sign 3 month abatement and left it open ended if the pandemic continues.
9	Made all loan payments, however, the SBA Loan offered deferral of payment. Thank you...
10	In some cases I wanted to get multiple answers but was unable to
11	Our portfolio is mostly residential. Questions answered RE STNL have been client work.
12	Bad tenants will be remembered by all - a few clearly had the cash but chose to act poorly...
13	30/40% of restaurants will not reopen
14	For some of the mom and pop tenants we are doing a mixture of abatement and deferment. For some national tenants we are doing deferment and extending leases.
15	Thank you for your time and energies in heading up these discussion boards
16	The survival of at least a third to a half of consumer facing SMB's across the US will be in peril even with the current CARES Act. Perhaps with additional allotments and contingent lender forbearance, then rent deferrals will be seen

17	Good luck and patience to all
18	Unless this is some political game or something we are not seeing, we remain hopeful that we will be able to pull out of this by end of april and get the country back working by June 1 with a lot of fear removed and hopefully a cure
19	we will never be the same again. this is a major shift in our global economy and a major shift of our society. Ultimately we will be better, stronger, and more resilient if we accept the change. Be well, Be Safe!
20	Love Pegasus Investment Banking Guidance !!!
21	Appreciate what the Pegasus Team has done the past month w market communication.
22	How can we pressure banks to deal with the pinch of tenants not paying rent, but still holding us hostage to our debt agreements?
23	landlords need help too
24	Tenants who reached out with initial concerns and requesting a conversation were met with open ears. Tenants who punched me in the face with a 90 day abatement with nothing further met my attorney.
25	I am afraid that LA, West Hollywood and Santa Monica will drag this moratorium out for a long long time. I have 2 tenants who will not pay at all and disappear when it is over.
26	Thanks for doing this
27	We did a combination of all of the above with our properties.
28	My Tenant is a national hamburger franchisees. I know that they have received from the Franchise some concessions in regard to Royalties and Advertising fees. They have also applied for SBA loans. Not sure how much to reduce rent to help them. Any suggestions?
29	Thanks. I have enjoyed your calls. Unfortunately I seem to have the time to listen in.
30	Will be interested in the results
31	I am concerned about MOD
32	Like earthquakes and hurricanes, people forget and resume their old habits. This, too, will pass and be forgotten until the next one.

33	Many of my tenants like Ross are trying to come back at % rent until things become normalized. That will not pay mortgage payments . What do we do?
34	I would be interested in creative solutions for loan payment workouts, if more tenants stop paying rent and NNNs.
35	1. Some tenants are COVID 19 resistant and pay rent as usual. 2. Some tenants are COVID 19 resistant and are taking advantage of the crisis. 3. Some tenants are really struggling and need assistance for Gov and from Landlord.
36	After shut down it will be a phased return to normal watching Europe and China very carefully
37	There is still a “anyone’s guess” as to what recovery is going look like. Likely a slow process that will be assisted by breakthroughs in medical responses.
38	Looking forward to the results and the next webinar!
39	The landscape will be permanently altered for the next 5-10 years. Many storefronts will simply not get filled again and a measureable percentage of office workers will telecommute forever. Not to say that all is gloom. There is always a way to be a winner in real estate. Just need to be sure you are in the right side of this inevitable basis reset.
40	Thanks for what u are doing
41	unknown territory, we will be more wiser hopefully.
42	I really appreciate all of your information. I appreciate being on this feed.
43	Anyone think its funny how Big 5 can not pay April rent but stay open? LOL
44	Our lender has not yet responded to our request for temporary concession.
45	Have another phone call. Good information.
46	I think contact in public will be slow to return and the european double cheek kiss will be rare and reduced for a much longer period.
47	Thanks for all the work in putting these calls together over the past couple of weeks. They have been very interesting, informative, and sometimes entertaining. My summary of the situation for a small developer/ landlord like us, is it has all come down to personal relationships with our loan officers (as one of your panelist pointed out last week). Stay well and safe guys.

48	I enjoy the weekly call and appreciate your team's efforts to coordinate. We believe the net leased market will become bifurcated where credit tenant deals see compression in cap rates while non-credit tenant deals get blown out. We foresee future earnings for companies to be dramatically impacted through Q4 if not longer.
49	The most important thing is to keep the infrastructure in place - keep our tenants in a position to reopen and jump back into business as soon as possible - the worst thing now is to have vacancies or permanently closed stores - it will be much more expensive to lease them, pay brokerage commissions, TI's, give free rent, get permits, etc. than it would be simply to abate rent for a period of time - this will cost everyone, so the key is to manage and minimize that cost
50	Appreciate the weekly calls. A lot of good insight.
51	this survey is very early in the months and so you should do it again toward the end of the month
52	We have taken this time to call our tenants seven great responses and appreciation that we cared about them
53	Though all may think a supermarket is making a lot of money that is not an accurate statement. The health department/owners have closed many departments in markets such as food bars, bulk selling of rolls, pastries etc.-most profitable areas. The vendors have increased product prices which cannot be passed on to the customers. Hazard pay to employees, increased security, plastic dividers to protect the team members, material increase in sanitizing the store and equipment etc. Everyone being in a panic is not a pleasant way to run a store. We also own multiple shopping centers therefore are dealing with all the tenants who are not paying primarily I believe because they were told that they didn't have to by county mandates not because they cannot afford to pay. Note: I was an asset manager for over 20 years for a large national pension fund overseeing Class A properties. We had the rent relief crisis in 1992 and survived. The weak who probably should already be out of business before the pandemic will not survive. Just like an earthquake or massive fire people forget and life will go back to how it was over time. I think the calls are great and appreciate you having them.
54	Stay well!
55	Would be interesting to hear which industries/possible tenants will grow in the post COVID economy.
56	In California, housing providers have been stripped of their constitutional property right protections. This will leave a lasting impact on investors.
57	Thanks

58	We'd be interested in your 3, 6 and 9 month predictions.
59	Love your panels, they helped me to be a bit more objective. Please try to have more.
60	When presenting the results of this survey it would be helpful to have some context. How many survey participants, are they mostly known national operators?
61	In general the tenants we have most of them are very qualified and and strong financially .
62	Thanks for the panel discussions.
63	Thanks for providing this survey to us
64	How are lenders like life insurance companies reacting to borrowers. Is our government going to assist the landlords.
65	We own [REDACTED] they are going to pay \$0.00 for 3 months.
66	how many sale contracts have been cancelled? Are investors still buying?
67	most tenants are reasonable but [REDACTED] is threatening 1/2 payment for 3 months with no payback
68	This will pass
69	I pray people don't watch the news, and the governing authorities look at the average person's livelihood and realize May 1 is critical to change the narrative back to prosperity. Praise God. God bless you:)
70	We canceled all contracts that involve Office. We believe the office market will not recover from this as well as retail, industrial, or multi-family. Our reasoning is based off of how companies are working remote which we think in turn will make them rethink how much office space they actually need to lease in the future.
71	We are working to defer rents with the nationals. However, they continue to ask for rent reduction and abatement. Originally we were deferring rent with a payback period of 6 months(starting when the in shelter order is lifted) within this calendar year so it remained on the 2020 books. Now we are making a counter offer of 9-12 month deferment payback period. With the PPP, Disaster Relief SBA, and now the Main Street loan we aren't really willing to budge.
72	How can we get National Tenants to pay?

73	I would be interested to hear how landlords are dealing with national tenants that are simply refusing to pay anyone, especially when you want to keep their goodwill.
74	Love hearing how other Landlords are handling National Commercial tenants like Mattress Firm, etc.
75	Thanks for your webcasts. One thing is I would encourage you to do is to call out the tenants acting in bad faith during this period - cancelling leases, etc. Those companies should be penalized with higher cap rates going forward and worse overall LTVs for their assets. The investors buying their risk should be compensated more as well. Thanks
76	The facts don't justify the actions being taken in most of the nation, including CA.
77	Any information available on CMBS loans such as modifications, deferral, etc.
78	I have difficulty obtaining any loan neither from PPP or injury disaster loan
79	My strong sense is that a bigger round of rent deferral requests is coming in May and will be somewhat driven by the 26% cap on non-payroll uses of the PPP funds
80	Apartment collections at 95% Office/Industrial collections at 70% Retail collections at 30%
81	Will there be relief offered to Landlord for tenants that don't pay causing pressure on owners to make the loan payments?
82	Stay healthy
83	We are an unleveraged lender with a concentration in [REDACTED], so the answers are based upon the experience with our Borrowers, all loans were paid current on April 1st even though some local credit tenants were not paying.
84	It's about collecting rents and paying mortgages. Market conditions, etc. are not of interest...
85	Please help us understand what happens when lenders start seeing wide spread late payment/non payment of commercial loans across the life, regional bank and CMBS markets. What are the effects for new lending?
86	I am dealing with a lot of national tenants and think that they are taking advantage of the situation. The city and state government should have been more clear on rent payment by commercial tenants.
87	The mom-and-pops have been transparent about their need AND their application for government assistance. The national tenants seem to be coy and could be asking "because they can."

88	Judicial council of California, find these people are and have them all recalled.
89	Thanks for doing this... great info each week. Lots of work for you all undoubtedly.... Well done!
90	What a mess!
91	I think prices of goods and service are going to decline because of lack of demand. Real Estate will not crash but will decline accordingly.
92	Many thanks for your effort in organizing this group
93	Some of the national tenants don't give a damn what the lease states, even if they specifically have no ability to use force majeure as an excuse for non payment of rent and monetary obligations. They don't give a damn for Landlord problems.
94	I think each state and local economy will be a little different as we move through the next 2-3 months in terms of getting back to normal. Hopefully the stay at home order will be given a partial lift at the end of April, and more and more people can go back to work starting in May. If kids are out of school for the rest of the Spring and Summer, it could take longer for jobs and economy to come back.
95	Commercial real estate industry should ask gov't to mandate lenders to MUST work with borrowers whose tenants are not paying rent. We cannot default nor evict but must pay our mortgage loan....HOW??!!
96	What are you going to do with [REDACTED] specifically? Open and operating, no April rent, as of today no comment from them on May rent....
97	This virus is a game changer in terms of people gathering habits. Once a vaccine is approved - it will alleviate many concerns about people gathering and behaviors on human contact.
98	504 SBA for landlords!
99	thanks for doing the calls and surveys - very informative.
100	You are doing a great job for you, me and all of us. Please keep it going. You will look back and thank yourself for donating your time now to help the greater community. That's a real menschy thing to do. Don't give up and definitely don't mess this up!
101	i have found the last two conference calls very helpful - thank you David!
102	Thanks for doing this. You guys are the best!! Stay safe!!

103	Following other complexes decision as it relates to deferral of rent. If they are unable to pay rent now, its not likely they would be able to pay a higher rent to pay back the unpaid portion of their rent.
104	some natiionals like [REDACTED] are gaming the system because the LL can't take action at this time
105	May 1 will be worse
106	our big one is will CMBS lenders be required to offer relief?
107	This was a test
108	Good work Pegasus
109	As a long term owner that is only mid way through my career, I am hesitant to take any concessions on my mortgages for fear of taking a hit on future underwriting. Should this be a real concern?
110	We are in totally uncharted territory and will continue to be until there is a verifiable vaccine or immuno-logical cure. Other than that, it will be spotty with lots of speedbumps.
111	Love the Friday calls...find them super helpful. Know they are a lot of work, but hope to see them continue.
112	Hang in there
113	Some Lenders has yet to get back to us on our deferment request. All of the above regarding public behavior is contingent on timing of effective treatment coming out
114	Thanks for keeping us informed
