

FLASH POLL RESULTS: JUNE 2021

This report is a collaboration between **ULI Northwest** and the **Center for Real Estate at Portland State University**. It presents the results of a survey conducted among commercial real estate market participants in Oregon and Washington at the end of May 2021. Our goal is to understand 1) the impact of the COVID-19 crisis on the real estate community in the Pacific Northwest in 2021 and 2) how this effect has changed from July 2020, when this survey was last conducted. In total, 314 respondents completed the survey.

For questions or comments about the survey, please contact Dr. Freybote at freybote@pdx.edu.

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Executive Summary

- **Impact of COVID-19:** Irrespective of property type focus, state or professional background, respondents most frequently rated the impact of COVID-19 on their business as “moderate.” The percentage of respondents that assessed the impact as “high” or “very high” decreased since July 2020.
- **Length of Impact:** The majority of respondents expect COVID-19 to seriously impact their business operations for six months or less. However, a relatively large number of respondents that are landlords/property managers, lenders or investors expect COVID to impact their business for up to 12 months. Overall, the percentage of respondents that expects an impact of more than six months decreased by 41.28% since July 2020.
- **Business Changes due to COVID-19:** Irrespective of state, property type focus or professional background, the COVID crisis has changed how the vast majority of respondents do business. Changes include supply chain issues, a rethinking of how business is done, remote work and new technologies, client relationships, operational issues with regards to tenants and safety, investment strategy, access to capital and regulations.
- **Staffing Changes:** Respondents most frequently responded that they are currently hiring. For all property types and professional backgrounds (except lenders), “currently adding new hires” has the highest percentage increase since July 2020.
- **Landlords – Rent Collections in Past Month:** The majority of respondents, irrespective of property type, collected 90% or more of their typical rent collections in the previous month. The percentage of landlords that received 90% or more of their typical rent collections increased for apartment, retail and healthcare since July 2020.
- **Landlords – Changes in Rent Collections since March 2020:** Respondents most frequently saw a decrease in their typical rent collections since the start of the pandemic, but it has remained steady. The percentage of respondents that didn’t see any changes in rent collections has increased for apartment, office and industrial since the survey was last conducted in July 2020.
- **Landlords – Tenants with Need for Rent Reduction, Relief and/or Lease Modifications for Upcoming Month:** Irrespective of state or property type focus, the majority of respondents had 10% or less of their tenants approach them about rent relief, reduction and/or lease modification for the upcoming month. The percentage of respondents without any tenants approaching them increased for all property types compared to July 2020. The most common tenant strategies landlords/property managers employ when working with tenants are rent deferrals/abatements (21.86%), adjustments to rent (15.05%) and adjustment to term (14.34%).

- **Landlords – Lost New Leases:** Overall, the majority of respondents lost 10% or less of previously negotiated leases or new lease leads as a result of the COVID-19 crisis. However, except for apartment, the percentage of landlords/property managers that lost 0% of new leases decreased for all other property types (office, industrial, retail and healthcare) since July 2020 while the percentage that lost 1 to 10% increased.
- **Landlords – Approaching Lenders:** The majority of landlords have not approached their lenders for loan modifications and/or relief. However, for apartment and retail, the percentage of landlords that approached their lenders has increased since July 2020. If respondents approached their lenders, the most commonly considered loan adjustments are periods of interest-only payments and deferral of principal payments (19.75%), changes to loan term covenants (12.35%) and extension of loan periods (9.88%).
- **Lenders – Need of Borrowers for Mortgage Relief and/or Modifications:** The majority of respondents had less than 25% of their borrowers approach them regarding mortgage relief and/or modifications of loan terms. Loan adjustments most frequently considered by lenders responding to the survey are periods of interest-only payments and deferral of principal payments (27.08%), delaying payments and amortizing them over the remainder of the term (20.83%) and extensions of loan periods (10.42%).
- **Lenders – Tightened Lending and Underwriting:** The majority of lenders have tightened their lending and underwriting standards as a result of the COVID-19 crisis. The percentage of respondents that tightened their standards has increased since July 2020. Tightened lending and underwriting standards include more scrutiny in the underwriting process, for example, with regard to rental rate or lease rollover assumptions, a higher selectivity with regard to property types and caution with regard to retail, hotel and office, a closer examination of monthly collections, absorption and concessions as well as lower LTVs, higher DSCRs and reserve requirements.
- **Developers – Pipeline:** The majority of respondents put 10% or less of projects in their pipeline on indefinite hold/canceled them since the start of the pandemic. However, for all property types except industrial, the percentage of respondents that put no (0%) projects on hold/canceled them has decreased since July 2020.
- **Developers – Paused and Resumed Projects:** If developers paused projects as result of the crisis, they were most frequently in the conceptual/planning stage. With regard to the percentage of paused projects that have been resumed, respondents for all property types most frequently responded “0%”.

- **Developers – Construction:** Except for retail and healthcare, respondents most frequently have fewer than 50% of their construction projects experiencing significant (90+ days) delays. Except for retail, the percentage of respondents with fewer than 50% of their projects experiencing serious delays has increased since July 2020.
- **Developers – Financing Issues:** The majority of respondents have not run into financing issues for development projects. For all property types except hotel, the percentage of respondents without financing issues has increased since July 2020. Except for retail, respondents most frequently do not anticipate any financing issues for future development projects. The percentage of respondents that expects financing issues for future development projects has decreased for all property types, except healthcare, since July 2020. Reasons for current and/or anticipated financing issues for development projects include increased construction costs and deteriorated real estate market conditions, equity investors and lenders that are cautious with regard to certain property types and locations, more stringent underwriting standards by lenders, increasing inflation and potentially higher interest rates in the future as well as higher equity requirements by institutional investors.
- **Developers – Supply Chain Issues:** All respondents currently face supply chain issues with regard to development. In fact, none of the respondents answered “no” to whether they experience or anticipate experiencing supply chain issues for construction projects. Irrespective of property type, the majority of respondents are experiencing/anticipating more expensive materials, which is followed by materials being/becoming more expensive and scarcer.
- **Investors – Pipeline:** For all property types except healthcare, the majority of respondents put 10% or less of their transactions on hold due to the pandemic. The percentage of respondents that put no project on hold increased for all property types except retail since July 2020. While a large share of respondents was not able to say what percentage of transactions put on hold has been resumed, the next most frequent response to this question is “0%”.
- **Investors – Strategy Changes:** With the exception of healthcare, office and hotel, the majority of respondents have changed their investment strategy as a result of the COVID-19 crisis. However, the percentage of respondents that did not change their investment strategy has increased for all property types since July 2020. Changes include the focus on smaller projects to reduce risk exposure, more suburban properties (e.g., industrial and multi-family) and less urban locations, avoiding certain markets such as Portland due to regulations and other concerns, a stronger focus on existing properties as opposed to development, avoiding certain asset types (e.g., hotel, office, multi-family), less risky investments and more conservative underwriting, conserving cash and changing investment horizons.

- **Investors – Concerns:** The majority of respondents consider the concerns of their equity investors to be “mildly” to “somewhat concerned.” For all property types except for industrial, the percentage of not at all or mildly concerned investors has increased since July 2020.
- **Investors – Financing Issues:** The majority of respondents, irrespective of property type, do not currently experience issues with financing transactions or anticipate issues for future transactions. Overall, the percentage of respondents that currently does not experience any issues or anticipate any financing issues for future transactions has gone up since July 2020. Respondents with financing issues cite more conservative underwriting by lenders, including debt ratios and reserve requirements, the uncertainty and conditions in typological and geographical commercial real estate markets, equity requirements by investors, more scrutiny by lenders with regard to projects as well as inflation and potential interest rate increases as reasons.
- **Respondent Profile:** 17.99% of respondents in 2021 also took the survey in July 2020. 81.85% of respondents are active in Oregon and 75.74% are active in Washington. With regard to submarkets, 40.57% of respondents active in Washington focus on the Seattle market, followed by SW Washington. Of the respondents active in Oregon, 66.18% focus on the tri-county area in the Portland market (Multnomah, Washington and Clackamas County). Respondents are most commonly focused on apartment (22.27%), retail (20.84%), industrial (18.58%) and office (17.75%), followed by healthcare (10.73%) and hotel (8.61%). 18.58% of respondents identify as developers, 14.61% as property and asset managers, 14.40% as investors, 10.44% as brokers, 9.19% as architects, 7.52% as consultants & researchers, 5.64% as lenders, 4.80% as urban planners, 3.34% as legal, insurance or tax service providers and 2.30% as appraisers/valuers.

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General Impact of COVID-19 on Commercial Real Estate Industry

Overall, how would you rate the current impact of COVID-19 on your business?

	Overall	Change (2020)	Oregon	Washington
Very low	4.50%	4.50%	5.48%	4.39%
Low	12.86%	6.09%	13.70%	14.63%
Moderate	42.77%	-6.10%	43.38%	43.41%
High	26.69%	-5.64%	24.66%	25.85%
Very high	13.18%	1.15%	12.79%	11.71%

	Less than 10%
	10 to 19.99%
	20 to 30%
	More than 30%
	Highest %

Note: 64 respondents are only active in Oregon, 49 are active only in Washington and 152 are active in Oregon and Washington.

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Very low	2.98%	2.98%	2.58%	2.58%	4.55%	4.55%	1.71%	1.71%	1.52%	1.52%	1.43%	1.43%
Low	13.10%	7.42%	13.55%	6.30%	12.73%	4.40%	11.97%	-0.03%	15.15%	11.82%	14.29%	8.58%
Moderate	47.02%	-4.12%	45.16%	-4.12%	50.00%	13.89%	47.01%	5.01%	48.48%	5.15%	51.43%	0.00%
High	26.79%	-3.89%	27.10%	-7.68%	25.45%	-18.99%	28.21%	-3.79%	27.27%	-12.73%	27.14%	-4.29%
Very high	10.12%	-2.38%	11.61%	2.91%	7.27%	-3.84%	11.11%	-2.89%	7.58%	-5.75%	5.71%	-5.72%

Note: Apartment is the most frequent property type respondents focus on (168 respondents), followed by office (155), retail (118 respondents), industrial (110 respondents), healthcare (70 respondents) and hotel (66 respondents). Respondents can select more than one property type.

	Landlord/PM	Change	Developer	Change	Lender	Change	Investor	Change
Very low	4.05%	4.05%	6.25%	6.25%	4.35%	4.35%	4.44%	4.44%
Low	6.08%	-1.92%	8.75%	-1.01%	26.09%	26.09%	8.89%	5.32%
Moderate	43.24%	-4.76%	46.25%	-4.97%	34.78%	34.78%	46.67%	7.38%
High	33.11%	-4.89%	26.25%	-7.90%	21.74%	-28.26%	27.78%	-25.79%
Very high	13.51%	7.51%	12.50%	7.62%	13.04%	-36.96%	12.22%	8.65%

Note: 148 respondents identify as landlords or someone representing landlords (property management), 90 as investor, 80 as developers and 23 as lenders. A single respondent can identify as more than one category.

Overall, how much longer are you expecting COVID-19 to seriously impact your business operations?

	Overall	Change	Oregon	Washington
No impact	7.37%	5.87%	8.18%	6.80%
1 to 3 months	15.06%	14.31%	13.64%	16.02%
4 to 6 months	32.37%	21.09%	32.27%	32.04%
7 to 12 months	25.00%	-5.83%	25.00%	24.27%
More than 12 months	18.27%	-35.11%	18.64%	18.45%
No opinion/Unsure	1.92%	-0.34%	2.27%	2.43%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
No impact	5.36%	5.36%	5.16%	5.16%	9.09%	9.09%	5.08%	3.08%	4.55%	4.55%	4.29%	4.29%
1 to 3 months	15.48%	15.48%	18.06%	18.06%	19.09%	19.09%	16.95%	16.95%	16.67%	16.67%	17.14%	17.14%
4 to 6 months	31.55%	21.32%	33.55%	20.51%	31.82%	20.71%	27.97%	15.97%	30.30%	30.30%	34.29%	14.29%
7 to 12 months	26.79%	-2.76%	23.87%	-12.36%	23.64%	-18.03%	27.12%	-0.88%	27.27%	27.27%	22.86%	-11.43%
More than 12 months	18.45%	-38.37%	16.77%	-29.61%	13.64%	-28.03%	19.49%	-34.51%	16.67%	16.67%	17.14%	-22.86%
No opinion/Unsure	2.38%	-1.03%	2.58%	-1.77%	2.73%	-2.83%	3.39%	-0.61%	4.55%	4.55%	4.29%	-1.42%

	Landlord/PM	Change	Developer	Change	Lender	Change	Investor	Change
No impact	4.73%	2.73%	7.50%	5.06%	13.04%	13.04%	6.67%	6.67%
1 to 3 months	14.86%	14.86%	13.75%	13.75%	4.35%	4.35%	12.22%	12.22%
4 to 6 months	29.05%	23.05%	31.25%	26.37%	21.74%	-3.26%	28.89%	18.18%
7 to 12 months	29.05%	3.05%	27.50%	7.99%	39.13%	14.13%	28.89%	3.89%
More than 12 months	21.62%	-42.38%	20.00%	-53.17%	13.04%	-36.96%	22.22%	-42.07%
No opinion/Unsure	0.68%	-1.32%	0.00%	0.00%	8.70%	8.70%	1.11%	1.11%

Overall, has the COVID-19 crisis changed how you do business?

	Overall	Change	Oregon	Washington
Yes	89.71%	-3.52%	92.27%	90.73%
No	7.40%	3.64%	5.45%	6.34%
Not Applicable/Unsure	2.89%	-0.12%	2.27%	2.93%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Yes	89.29%	-6.16%	95.48%	-0.17%	93.64%	1.97%	93.16%	5.16%	98.48%	8.48%	94.29%	2.86%
No	7.14%	6.00%	3.87%	2.42%	4.55%	1.77%	5.98%	1.98%	1.52%	-5.15%	4.29%	-1.42%
NA/Unsure	3.57%	0.16%	0.65%	-2.23%	1.82%	-3.74%	0.85%	-7.15%	0.00%	-3.33%	1.43%	-1.43%

	Landlord/PM	Change	Developer	Change	Lender	Change	Investor	Change
Yes	86.49%	-7.51%	88.75%	-6.37%	95.65%	20.65%	87.78%	-1.51%
No	10.14%	6.14%	10.00%	5.12%	4.35%	-20.65%	8.89%	1.75%
NA/Unsure	3.38%	1.38%	1.25%	1.25%	0.00%	0.00%	3.33%	-0.24%

What has changed?

- **Supply Chain Issues and Changes:** Availability of materials and labor has been difficult; Relying less on Chinese materials and fixtures ventures; Focus on supply chain and material procurement. Reading up on trends and reacting quicker; Disruptions in supply chain is significantly impacting costs, requiring redesign to meet budgets; Product offerings, cost increases; Lead and delivery times for construction materials and FF&E; More volatility in supply chain (materials costs); Increased difficulty in obtaining staff – unemployment benefits not to work; Building materials supply chain cost increases, delaying start of construction.
- **Rethinking Business:** New look at where business is coming from; Experiential retail is no longer the darling of shopping centers, negotiating around pandemic clauses in leases, and in-store fulfillment is the new puzzle to figure out.; Focus away from retail, office and hotel and now industrial and multi-family; More focus on open-air venues and accessibility; To me, "COVID year" means everything that occurred during that time, including racial justice issues. We are a developer, contractor, and property manager, so we were affected on all fronts. Some challenges were for the better, many are still to be determined. We will overcome most of the challenges, but they caused a ton of stress. Inflation caused by the Feds printing money might be the worst challenge. We hope the corp tax rate goes up because as a LIHTC developer, we need more LIHTC equity investors. There aren't currently enough that can take on large projects (~200+ units).
- **Remote Work, New Office Policies and Technology:** Zoom instead of in person; Have gone 100% remotely without any major problems or loss in productivity; We've moved to working remotely, virtual meetings, electronic property showings, etc.; Everyone now has a day or two they work from home, we started using a team communication software system; Our company is being much more flexible on work from home, and we expect to work remotely 2 days/week going forward. Previously, we worked in the office 5 days/week.; Working remotely does not impact productivity or quality.; Creation of flex workstations in the office, reduction of paper & printing needs for

permit filings and plan sets; Much more flexible work hours, location, etc. more nimble; More technology tools required.; With our team working remotely, needed to come up with new methods of communications to complete tasks such as preparing a proposal; Remote work has been successful, but long duration is hurting our office culture, mentoring, client engagement, etc.; Using virtual meetings, online signing tools like DocuSign and improving processes; Reduction in local and distant travel demands = more efficient use of time and resources; More efficiency and higher productivity with fewer staff; Giving employees the option to work from wherever they live; Allowed staff to relocate around the region and country.; Attitude towards employee engagement and retaining staff.

- **Clients and Client Relationships:** Fewer property tours. More uncertainty by clients has resulted in them holding off to do things; Has changed the way we communicate with clients. Impacts on staffing.; Shift to virtual meetings and tours where nearly all client-facing work has been previously done in person; We specifically analyze client real estate portfolios for COVID impacts (i.e., rent collections, vacancy, etc.); I am a hotel broker and the buyer pool shifted from hotel investor to multifamily investor; More aggressive business development; How we interact with our customers. It has also showed us that we can quickly pivot to virtual quickly and efficiently.; Our business is heavily dependent on face-to-face relationships. Virtual does not maintain the same level of connection.

- **Operations - Tenants:** Lowered rents, increased concessions, higher vacancy, slower lease-up absorption, high delinquency, added operational expenses, added time to manage; Slowdown in demand for the near term; Occupancy of customer space changed; Give the evolving trends related to Covid in-person activities and work-from-home, we're having to take more conservative approaches to lease-up timelines and tenant footprints.; Covid 19 crisis has changed how we lease and maintain our multi-family properties, how we construct our properties, and government eviction moratoriums and rent controls have significantly impacted our ability to manage our properties.; Loss of transactions, loss of tenants, increased costs, increase in uncertainty; The touring process, resident use of amenity spaces, resident

events, heavy concession use impacting NOI, fee restrictions and rent increase restrictions impacting NOI, lack of new retail leases and large delinquent balances; As a residential and commercial landlord, we've seen some payment delinquency. Some tenants have actually taken advantage of the situation, by choosing not to pay rent, without having to demonstrate actual "need". We are losing one retail commercial tenant whose business model no longer works.; We are a service provider and housing developer. The clients are the residents and other at-hand individuals in our community, and we have changed in how we provide services and how we design our buildings to accommodate a remote environment.; We cannot evict for any reason. Some of our properties are buried in bad debt.

- **Operations – Safety:** Cleaning protocols changed; Enhanced safety protocols and procedures for our tenants and properties; mandatory PPE use for essential workers; Changed our Health & Safety SOP's to conform with enhanced OSHA & OHA requirements; Cannot do on-site inspections, or it is very limited.

- **Operations – Other:** More nimble operations and management of resources for our multi-office business; More scrutiny on all operational activities. How we manage and interact with staff and clients.; Our current lease happens to be expiring so we are moving our offices and downsizing to about half our prior size; I work in affordable housing, so economic impacts to residents have been felt across the portfolio in rent collections. As a result, new public assistance sources have been developed, but it's reinforced the tenuous financial structure of affordable housing in this country.; As a property management firm, we had to learn how to adopt new contactless tour options and technologies to provide site teams with tools to conduct leasing during the pandemic.; We own a couple of major hospitality assets. Our occupancy and ADR was severely impacted, and we had to furlough most of the employees who worked there.; Changed space planning for multi-family amenities, mixed units, etc.

- **Investments and Access to Capital:** Halted investment if office related assets in the market, particularly the Central City; More stringent lender diligence wrt Covid impairment; Modifying unit layouts/design. Harder to raise capital.; Different financial tools/approaches to respond to economic crisis & recovery needs; I've canceled \$160 million of development in the city and am only developing down the valley or more preferably in WA state.; More risk averse.
- **Regulations:** We've been under heavy new regulations and I do not expect them to go away entirely; Trying our best to follow arbitrary guidelines so we don't get arrested/reported to OSHA; Had to adapt to new rules/regulations regarding tenant/landlord rights and remedies; Making sure that we are always following the rules so we don't get shut down or reported.
- **Other:** Increased jurisdictional review/approval times; Urban master plan needs updating. Developer building models need new "hybrid" options - % office, % retail, % housing ratios need rebalancing to a more @ Home content. Local NetZero goals need to be updated for decarbonized grid (NetZero carbon is easy, NetZero energy doesn't matter – Grid balance & resilience matters!); Less employees in both the short term and long term.

What are your planned changes with regard to full-time staffing over the next three (3) months?

	Overall	Change	Oregon	Washington
No changes	29.17%	-0.10%	28.57%	30.05%
Currently adding new hires	45.83%	32.01%	45.71%	48.70%
Undecided/waiting	9.38%	-3.63%	9.05%	8.81%
Likely reducing staff soon	1.04%	-5.46%	0.48%	0.52%
Total hiring freeze right now	4.17%	-11.28%	4.29%	3.63%
Already made staffing cuts	6.94%	-12.57%	8.10%	5.70%
Other	3.47%	1.03%	3.81%	2.59%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
No changes	31.06%	2.82%	26.35%	-3.34%	33.02%	2.72%	25.22%	-8.11%	23.81%	3.12%	28.36%	10.18%
Currently adding new hires	42.86%	28.74%	45.27%	32.77%	43.40%	34.31%	46.09%	30.53%	49.21%	38.87%	52.24%	37.09%
Undecided/waiting	9.94%	-0.65%	10.14%	-3.92%	7.55%	-4.57%	11.30%	2.41%	14.29%	0.50%	8.96%	-3.16%
Likely reducing staff soon	1.24%	-5.82%	0.68%	-4.01%	0.00%	-6.06%	1.74%	1.74%	1.59%	1.59%	1.49%	-1.54%
Total hiring freeze right now	4.97%	-11.50%	4.73%	-14.02%	6.60%	-8.55%	5.22%	-12.56%	4.76%	-22.83%	2.99%	-12.16%
Already made staffing cuts	6.21%	-16.14%	8.11%	-10.64%	6.60%	-20.67%	5.22%	-17.00%	3.17%	-24.42%	5.97%	-27.36%
Other	3.73%	2.55%	4.73%	3.17%	2.83%	2.83%	5.55%	3.33%	3.17%	3.17%	0.00%	-3.03%

	Landlord/PM	Change	Developer	Change	Lender	Change	Investor	Change
No changes	37.23%	-1.41%	40.79%	-1.32%	33.33%	33.33%	37.35%	-1.11%
Currently adding new hires	36.50%	25.14%	39.47%	28.94%	38.10%	13.10%	36.14%	28.45%
Undecided/waiting	10.22%	-3.42%	7.89%	-7.90%	14.29%	14.29%	10.84%	-8.39%
Likely reducing staff soon	1.46%	-3.09%	0.00%	-7.89%	4.76%	-20.24%	0.00%	-7.69%
Total hiring freeze right now	4.38%	-4.71%	5.26%	0.00%	4.76%	4.76%	6.02%	-1.67%
Already made staffing cuts	6.57%	-11.61%	2.63%	-13.16%	0.00%	-50.00%	6.02%	-13.21%
Other	3.65%	-0.90%	3.95%	1.32%	4.76%	4.76%	3.61%	3.61%

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Impact of COVID-19 on Landlords and Professionals Representing Landlords (PM)

What percentage of your typical rent collections did you receive in the past month?

	Overall	Change	Oregon	Washington
Less than 10%	0.79%	-3.38%	0.99%	0.00%
11 to 24%	0.79%	-1.29%	0.99%	0.00%
25 to 49%	0.00%	-2.08%	0.00%	0.00%
50 to 59%	0.79%	0.79%	0.99%	0.00%
60 to 69%	0.00%	-2.08%	0.00%	0.00%
70 to 79%	7.14%	5.06%	6.93%	5.68%
80 to 89%	17.46%	-3.37%	15.84%	15.91%
90 to 99%	47.62%	1.79%	48.51%	52.27%
100.00%	13.49%	3.07%	13.86%	10.23%
Not applicable/Unsure	11.90%	1.48%	11.88%	15.91%

Note: 148 respondents identified as landlords or someone representing landlords (property management).

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Healthcare	Change
Less than 10%	0.00%	0.00%	0.00%	-3.45%	0.00%	0.00%	0.00%	-4.76%	0.00%	0.00%
11 to 24%	1.27%	-1.86%	1.59%	1.59%	0.00%	0.00%	1.89%	1.89%	0.00%	0.00%
25 to 49%	0.00%	-3.13%	0.00%	0.00%	0.00%	0.00%	0.00%	-4.76%	0.00%	0.00%
50 to 59%	1.27%	1.27%	0.00%	0.00%	0.00%	0.00%	1.89%	1.89%	0.00%	0.00%
60 to 69%	0.00%	0.00%	0.00%	-3.45%	0.00%	-6.67%	0.00%	-4.76%	0.00%	0.00%
70 to 79%	6.33%	6.33%	7.94%	4.49%	4.76%	4.76%	13.21%	13.21%	5.26%	5.26%
80 to 89%	17.72%	-13.53%	15.87%	-4.82%	11.90%	-21.43%	16.98%	-2.07%	5.26%	-23.31%
90 to 99%	53.16%	0.03%	47.62%	-4.10%	40.48%	-6.19%	41.51%	3.41%	57.89%	0.75%
100.00%	7.59%	1.34%	11.11%	4.21%	23.81%	17.14%	11.32%	1.80%	15.79%	15.79%
Not applicable/Unsure	12.66%	9.53%	15.87%	5.53%	19.05%	12.38%	13.21%	-5.84%	15.79%	1.50%

	Less than 10%
	10 to 19.99%
	20 to 30%
	More than 30%
	Highest %

Are you seeing a decrease of your typical rent collections since the start of the COVID 19 crisis in March 2020?

	Overall	Change	Oregon	Washington
No	24.00%	7.33%	25.00%	25.29%
Yes, but it has remained steady	41.60%	4.10%	42.00%	42.53%
Yes, and it has steadily decreased over the past four months	9.60%	-2.90%	10.00%	8.05%
Yes, and it has fluctuated over the past four months	16.00%	-4.83%	14.00%	12.64%
Unsure	8.80%	-3.70%	9.00%	11.49%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Healthcare	Change
No	17.72%	5.22%	22.22%	11.88%	33.33%	20.00%	11.54%	-7.51%	26.32%	-2.25%
Yes, but it has remained steady	44.30%	0.55%	39.68%	-1.70%	40.48%	7.15%	46.15%	12.82%	52.63%	-4.51%
Yes, and it has steadily decreased over the past four months	11.39%	-1.11%	12.70%	-1.09%	7.14%	-6.19%	15.38%	10.62%	10.53%	10.53%
Yes, and it has fluctuated over the past four months	17.72%	-7.28%	14.29%	-6.40%	7.14%	-19.53%	21.15%	2.10%	5.26%	5.26%
Unsure	8.86%	2.61%	11.11%	-2.68%	11.90%	-1.43%	5.77%	-18.04%	5.26%	-9.03%

What percentage of tenants in your properties have approached you regarding rent reduction, relief and/or lease modifications for the upcoming month?

	Overall	Change	Oregon	Washington
0%	15.87%	9.62%	16.83%	14.77%
1-10%	42.06%	0.39%	42.57%	43.18%
11-24%	14.29%	-6.54%	9.90%	14.77%
25-49%	9.52%	1.19%	10.89%	7.95%
50-74%	3.17%	-3.08%	3.96%	3.41%
75-99%	3.17%	1.09%	2.97%	1.14%
100%	0.00%	-2.08%	0.00%	0.00%
NA/Unsure	11.90%	-0.60%	12.87%	14.77%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Healthcare	Change
0%	11.39%	8.26%	9.52%	9.52%	23.81%	23.81%	13.21%	13.21%	21.05%	21.05%
1-10%	45.57%	-4.43%	49.21%	7.83%	42.86%	2.86%	35.85%	2.52%	47.37%	-24.06%
11-24%	20.25%	-7.88%	9.52%	-14.62%	9.52%	-17.15%	13.21%	-15.36%	5.26%	-9.03%
25-49%	5.06%	-1.19%	14.29%	3.95%	9.52%	-3.81%	15.09%	0.80%	10.53%	10.53%
50-74%	2.53%	2.53%	3.17%	-0.28%	0.00%	0.00%	7.55%	-1.97%	0.00%	0.00%
75-99%	3.80%	0.67%	3.17%	-0.28%	0.00%	-6.67%	3.77%	3.77%	0.00%	0.00%
100%	0.00%	-3.13%	0.00%	-3.45%	0.00%	-6.67%	0.00%	0.00%	0.00%	0.00%
NA/Unsure	11.39%	5.14%	11.11%	-2.68%	14.29%	7.62%	11.32%	-2.97%	15.79%	1.50%

Which tenant strategies are you considering right now when working with your tenants?

	2021	Change from 2020
Rent deferrals/abatements	21.86%	-2.80%
Adjustments to rent (e.g., lower rent or partial rent payments)	15.05%	1.35%
Adjustments to term (e.g., extending term in exchange for rent relief)	14.34%	-2.10%
Requesting financials and/or proof of distress	12.90%	-3.54%
No adjustments to in-place contracts at this time	12.54%	4.32%
Financial assistance (e.g., helping apply for unemployment or other help)	7.53%	4.79%
Helping tenants applying for SBA loans	7.53%	0.68%
Asking tenants about their business interruption insurance	5.38%	-2.15%
Other	2.87%	-0.55%

*Other:

- HVAC maintenance and replacement included in current discussions to protect properties and the tenants at the same time
- We were awarded a portion of the past due rents for both residential and commercial tenants but have yet to see the checks
- Concessions on renewals and on-site transfers.
- We are a state government, and our tenant are state agencies. Some space reductions may be allowed on a case-by-case basis, but budgets are already set, and we are using the upcoming budget cycle to experiment with how agencies use their space so we can right-size instead of cut space willy-nilly.
- Concessions on renewals, net effective rent pricing, landlord compensation fund submissions, etc.
- We have created a pool of funds allocated out to assist residents whose incomes were impacted by Covid
- Seeking assistance from Housing Authority and State housing services
- We ask restaurant tenants to pay only % rent that they are allowed to be open. 25% open, 25% rent.
- We are a state agency with state agency tenants, and budgets are currently set. So we have not had this problem; we do have agencies wishing to reduce footprints.

What estimated percentage of previously negotiated leases or new lease leads did you lose as a result of the COVID-19 crisis?

	Overall	Change	Oregon	Washington
0.00%	23.81%	2.98%	24.75%	15.91%
1-10%	34.92%	5.75%	31.68%	37.50%
11-24%	15.87%	5.45%	15.84%	17.05%
25-49%	1.59%	-4.66%	1.98%	2.27%
50-74%	3.17%	-3.08%	3.96%	3.41%
75-99%	1.59%	-2.58%	1.98%	1.14%
100.00%	0.00%	-2.08%	0.00%	0.00%
NA/Unsure	19.05%	-1.78%	19.80%	22.73%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Healthcare	Change
0.00%	25.32%	6.57%	17.46%	-6.68%	23.81%	-2.86%	24.53%	-4.04%	21.05%	-7.52%
1-10%	34.18%	-3.32%	38.10%	17.41%	30.95%	10.95%	33.96%	19.67%	31.58%	31.58%
11-24%	12.66%	3.28%	15.87%	8.97%	11.90%	5.23%	18.87%	9.35%	10.53%	-18.04%
25-49%	1.27%	-4.98%	1.59%	-5.31%	0.00%	-6.67%	1.89%	-7.63%	0.00%	-28.57%
50-74%	2.53%	-0.60%	4.76%	-2.14%	4.76%	-1.91%	3.77%	-0.99%	0.00%	0.00%
75-99%	2.53%	-0.60%	1.59%	-5.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100.00%	0.00%	-3.13%	0.00%	-3.45%	0.00%	-6.67%	0.00%	-4.76%	0.00%	0.00%
NA/Unsure	21.52%	2.77%	20.63%	-3.51%	28.57%	1.90%	16.98%	-11.59%	36.84%	22.55%

Have you approached your lender regarding loan modifications and/or relief?

	Overall	Change	Oregon	Washington
Yes	32.00%	2.73%	28.21%	27.94%
No	68.00%	-2.73%	71.79%	72.06%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Healthcare	Change
Yes	43.08%	10.94%	34.78%	-2.72%	30.00%	-20.00%	34.15%	2.90%	16.67%	-16.66%
No	56.92%	-10.94%	65.22%	2.72%	70.00%	20.00%	65.85%	-2.90%	83.33%	16.66%

Which loan adjustments are you considering with your lender?

	2021	Change from 2020
NA/Unsure	27.16%	10.94%
Periods of interest-only payments and deferral of principal payments	19.75%	3.53%
No adjustments	16.05%	-5.57%
Changes to loan term covenants	12.35%	-1.16%
Extension of loan periods	9.88%	-3.63%
Delaying payments and amortizing them over the remainder of the term	8.64%	-4.87%
Other	2.47%	-2.94%
Adjustments to interest rates	1.23%	1.23%
Requesting tenants pursue SBA loans	1.23%	1.23%
Requesting tenants use business interruption insurance	1.23%	1.23%

* Other: PPP; As a nonprofit and owner of affordable rental, we applied for and received mortgage payment assistance.

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Impact of COVID-19 on Lenders

What percentage of your borrowers approached you regarding mortgage payment relief and/or modification of loan terms since the start of the COVID 19 crisis in March 2020?

	Overall	Change	Oregon	Washington
0.00%	7.69%	7.69%	4.17%	10.00%
1-10%	26.92%	6.92%	29.17%	30.00%
11-24%	26.92%	26.92%	29.17%	30.00%
25-49%	11.54%	-8.46%	12.50%	5.00%
50-74%	3.85%	3.85%	4.17%	5.00%
75-99%	0.00%	0.00%	0.00%	0.00%
100.00%	0.00%	-20.00%	0.00%	0.00%
NA/Unsure	23.08%	-16.92%	20.83%	20.00%

Note: 23 respondents identified as lenders. Due to the small sample, a property-type level analysis was not conducted.

Which loan adjustments are you considering right now when working with borrowers?

	2021	Change from 2020
Periods of interest-only payments and deferral of principal payments	27.08%	27.08%
Delaying payments and amortizing them over the remainder of the term	20.83%	-22.03%
No adjustments	16.67%	16.67%
Extension of loan periods	10.42%	-3.87%
Changes to loan term covenants	6.25%	-8.04%
Not applicable/Unsure	6.25%	-22.32%
Requesting borrowers have tenants pursue SBA loans	6.25%	6.25%
Requesting borrowers have tenants use business interruption insurance	4.17%	4.17%
Other	2.08%	2.08%
Adjustments to interest rates	0.00%	0.00%

Less than 10%
10 to 19.99%
20 to 30%
More than 30%
Highest %

Have you tightened your lending and underwriting standards as a result of the COVID-19 crisis?

	Overall	Change	Oregon	Washington
Yes	57.69%	17.69%	58.33%	65.00%
No	26.92%	6.92%	25.00%	20.00%
NA/Unsure	15.38%	-24.62%	16.67%	15.00%

How?

- Certain industries most affected are being looked at more cautiously.
- Lease rollovers and underwritten rents are highly scrutinized
- Being selective on new originations with very small appetite for hotels or retail. A lot of concern and unknowns as it relates to office properties, so there is much scrutiny on that property type too right now. As such, industrial and multi-family are the game in town and lots of capital chasing those deals.
- We did briefly in 2020 but have since returned to our old standards.
- Lenders we represent remain more cautious in every respect: leverage, amortization, structure.
- Looking more closely at monthly collections, absorption and concessions
- Debt service reserves are required for certain high-risk property types
- Slightly lower LTVs, debt service reserves to offset tenants not repaying, increased DSCR
- Increased DSC, lower LTV/LTC, these are now being loosened again.

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Impact of COVID-19 on Developers

What percentage of the development projects in your pipeline have been put on indefinite hold or been canceled since the start of this crisis in March 2020?

	Less than 10%
	10 to 19.99%
	20 to 30%
	More than 30%
	Highest %

	Overall	Change	Oregon	Washington
0.00%	41.77%	-0.73%	41.82%	41.07%
1-10%	21.52%	11.52%	23.64%	17.86%
11-24%	10.13%	-7.37%	10.91%	10.71%
25-49%	6.33%	-3.67%	5.45%	8.93%
50-74%	10.13%	2.63%	10.91%	8.93%
75-99%	5.06%	2.56%	3.64%	7.14%
100.00%	3.80%	-3.70%	3.64%	3.57%
NA/Unsure	1.27%	-1.23%	0.00%	1.79%

Note: 80 respondents identified as developers.

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
0.00%	35.59%	-6.72%	28.57%	-4.76%	38.89%	13.89%	37.04%	-12.96%	9.09%	-10.91%	44.44%	-5.56%
1-10%	25.42%	17.73%	25.71%	25.71%	22.22%	22.22%	14.81%	-5.19%	36.36%	16.36%	33.33%	33.33%
11-24%	13.56%	-5.67%	14.29%	-5.71%	11.11%	-13.89%	11.11%	-8.89%	9.09%	-30.91%	0.00%	-25.00%
25-49%	8.47%	-3.07%	5.71%	-7.62%	5.56%	-19.44%	3.70%	3.70%	9.09%	9.09%	11.11%	-13.89%
50-74%	8.47%	0.78%	17.14%	10.47%	11.11%	11.11%	14.81%	4.81%	36.36%	16.36%	0.00%	0.00%
75-99%	3.39%	-0.46%	0.00%	-6.67%	11.11%	-1.39%	11.11%	11.11%	0.00%	0.00%	0.00%	0.00%
100.00%	3.39%	-4.30%	5.71%	-7.62%	0.00%	-12.50%	3.70%	3.70%	0.00%	0.00%	11.11%	11.11%
NA/Unsure	1.69%	1.69%	2.86%	-3.81%	0.00%	0.00%	3.70%	3.70%	0.00%	0.00%	0.00%	0.00%

If you paused projects, which phase of development were you generally in?

	Overall	Oregon	Washington
Conceptual/Planning Phase	53.06%	62.86%	40.00%
Permitting/Pre-Construction	38.78%	28.57%	51.43%
Construction	2.04%	2.86%	2.86%
Close out/Occupancy	2.04%	2.86%	0.00%
Can't be generalized	4.08%	2.86%	5.71%

	Apartment	Office	Industrial	Retail	Hotel	Healthcare
Conceptual/Planning Phase	56.10%	52.00%	60.00%	63.16%	50.00%	66.67%
Permitting/Pre-Construction	34.15%	36.00%	30.00%	26.32%	40.00%	16.67%
Construction	2.44%	4.00%	0.00%	5.26%	10.00%	16.67%
Close out/Occupancy	2.44%	4.00%	0.00%	0.00%	0.00%	0.00%
Can't be generalized	4.88%	4.00%	10.00%	5.26%	0.00%	0.00%

What percentage of paused projects have been resumed?

	Overall	Oregon	Washington
0.00%	31.43%	28.00%	36.00%
1-10%	1.43%	2.00%	2.00%
11-24%	2.86%	4.00%	2.00%
25-49%	4.29%	6.00%	4.00%
50-74%	8.57%	10.00%	8.00%
75-99%	4.29%	2.00%	4.00%
100.00%	7.14%	10.00%	4.00%
NA/Unsure	40.00%	38.00%	40.00%

	Apartment	Office	Industrial	Retail	Hotel	Healthcare
0.00%	34.62%	43.75%	43.75%	39.13%	45.45%	57.14%
1-10%	1.92%	0.00%	0.00%	0.00%	0.00%	0.00%
11-24%	1.92%	3.13%	0.00%	0.00%	0.00%	0.00%
25-49%	5.77%	3.13%	6.25%	4.35%	9.09%	0.00%
50-74%	9.62%	6.25%	6.25%	8.70%	9.09%	0.00%
75-99%	3.85%	0.00%	0.00%	4.35%	0.00%	0.00%
100.00%	9.62%	6.25%	0.00%	13.04%	9.09%	28.57%
NA/Unsure	32.69%	37.50%	43.75%	30.43%	27.72%	14.29%

What percentage of the construction projects you are working on are continuing without significant (90+ days) delays?

	Overall	Change	Oregon	Washington
Fewer than 50%	27.85%	7.85%	32.73%	30.36%
50 to 59%	1.27%	-3.73%	1.82%	1.79%
60 to 69%	1.27%	-1.23%	1.82%	0.00%
70 to 79%	8.86%	1.36%	9.09%	5.36%
80 to 89%	10.13%	7.63%	9.09%	10.71%
90 to 99%	7.59%	0.09%	1.82%	8.93%
100.00%	25.32%	-9.68%	27.27%	23.21%
NA/Unsure	17.72%	-2.28%	16.36%	19.64%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Fewer than 50%	30.51%	1.28%	31.43%	24.76%	44.44%	31.94%	25.93%	-4.07%	36.36%	16.36%	33.33%	33.33%
50 to 59%	0.00%	-3.85%	2.86%	-3.81%	0.00%	-12.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
60 to 69%	1.69%	-2.16%	0.00%	-6.67%	0.00%	-12.50%	0.00%	-10.00%	0.00%	-20.00%	0.00%	0.00%
70 to 79%	10.17%	2.48%	8.57%	-4.76%	5.56%	-19.44%	11.11%	-8.89%	18.18%	-1.82%	11.11%	-38.89%
80 to 89%	13.56%	13.56%	17.14%	10.47%	11.11%	11.11%	11.11%	11.11%	27.27%	27.27%	0.00%	0.00%
90 to 99%	6.78%	2.93%	8.57%	-4.76%	11.11%	-1.39%	3.70%	3.70%	0.00%	-20.00%	0.00%	-25.00%
100.00%	23.73%	-22.42%	20.00%	-6.67%	5.56%	5.56%	25.93%	5.93%	9.09%	-10.91%	44.44%	44.44%
NA/Unsure	13.56%	-1.82%	11.43%	-8.57%	22.22%	-2.78%	22.22%	2.22%	9.09%	9.09%	11.11%	-13.89%

Are you running into issues for financing development projects (e.g., getting construction loans)?

	Overall	Change	Oregon	Washington
Yes	29.11%	-15.89%	30.91%	33.93%
No	62.03%	22.03%	60.00%	58.93%
Not sure	8.86%	-6.14%	9.09%	7.14%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Yes	33.90%	-19.95%	31.43%	-15.24%	22.22%	-27.78%	18.52%	-1.48%	36.36%	16.36%	33.33%	-16.67%
No	57.63%	19.17%	60.00%	13.33%	72.22%	34.72%	66.67%	6.67%	54.55%	-5.45%	55.56%	5.56%
Not sure	8.47%	0.78%	8.57%	1.90%	5.56%	-6.94%	14.81%	-5.19%	9.09%	-10.91%	11.11%	11.11%

If “Yes”, why are you running into these financing issues?

- Lenders hesitant to lend in our product type.
- Construction costs and guarantee requirements.
- Issue on LIHTC side as equity market tightens. We have found investors for all our projects, but the market is tighter than usual.
- Lenders have changed terms to require lower LTC, higher DSCR thresholds, and higher spreads over LIBOR.
- Skiddish equity partners and degradation in loan terms.

- Investor hesitancy in multi-family.
- Cautious lenders.
- Significantly higher equity requirements by institutional lenders.
- Uncertainty, status of downtown Portland, impossible to lock in pricing.
- Rates and challenges in converting finance structures with new requirements.
- Rents are not appraising.
- Urban market impacts.
- Ran into an issue at start of pandemic with lenders. Things have since improved.
- Concerns regarding lawless and Antifa riots in Portland.
- Lending standards have gotten more stringent (i.e., conservative), so it is harder to get construction financing. It is also harder to raise equity.
- No one wants to lend for new hotel construction.
- Rents are down, harder to underwrite, investors are nervous about core assets.
- Lenders are being very cautious and not wanting to extend loans as they have in the past, even for very good clients with solid teams. We had to create a new relationship with an aggressive lender to get a construction loan.
- Market conditions in Portland; investors are not interested.
- LTC ratios are low.

Do you see financing issues becoming a problem for future development projects?

	Overall	Change	Oregon	Washington
Yes	33.33%	-21.67%	33.33%	32.73%
No	50.00%	30.00%	51.85%	47.27%
Not sure	16.67%	-8.33%	14.81%	20.00%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Yes	37.93%	-19.76%	31.43%	-41.90%	27.78%	-22.22%	40.74%	-9.26%	36.36%	-23.64%	33.33%	8.33%
No	46.55%	31.17%	54.29%	47.62%	50.00%	25.00%	37.04%	7.04%	54.55%	34.55%	66.67%	16.67%
Not sure	15.52%	-11.40%	14.29%	-5.71%	22.22%	-2.78%	22.22%	2.22%	9.09%	-10.91%	0.00%	-25.00%

If “Yes”, please explain:

- Lenders negative view of dynamics in Portland, e.g., violence, city mismanagement
- I think banks are still a bit wary.
- Construction costs.
- Too many unknowns – material costs up and rents got driven down a bit in certain sectors.
- Construction and labor and material costs.
- Higher interest rates, worse terms.
- No investors for new office.
- Unstable financial markets.
- In Portland only.
- Valuations relative to construction cost.
- Banks are more conservative and equity wants higher yields (as they hope to see in distressed properties).
- Material price increase and volatility.
- Lenders are late to the game and will have a hard time ramping back up quickly for construction financing.
- Lenders see reduced rents, but steady construction cost...
- Interest rates are increasing and so are cap rates.
- Some investors and lenders red-lined Seattle, given the political environment and challenges with the CBD.

Are you experiencing or do you foresee experiencing supply chain issues for construction projects?

	Overall	Change	Oregon	Washington
Yes, materials are or will become more expensive	60.76%	45.76%	58.18%	64.29%
Yes, materials are or will become more scarce	6.33%	-8.67%	5.45%	8.93%
Yes, materials are or will become more expensive and scarce	27.85%	20.35%	29.09%	23.21%
Yes, materials are and will become more expensive, scarce and for other reasons	2.53%	0.03%	3.64%	1.79%
Yes, but due to other issues	0.00%	-7.50%	0.00%	0.00%
No	0.00%	-22.50%	0.00%	0.00%
Not sure	2.53%	-27.47%	3.64%	1.79%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Yes, materials are or will become more expensive	59.32%	55.47%	62.86%	49.53%	77.78%	65.28%	55.56%	45.56%	54.55%	34.55%	44.44%	19.44%
Yes, materials are or will become scarcer	8.47%	-10.76%	8.57%	1.90%	5.56%	-19.44%	7.41%	-2.59%	9.09%	9.09%	22.22%	-2.78%
Yes, materials are or will become more expensive and scarcer	27.12%	15.58%	25.71%	19.04%	16.67%	16.67%	33.33%	33.33%	36.36%	36.36%	33.33%	33.33%
Yes, materials are and will become more expensive, scarce and for other reasons	3.39%	-0.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Yes, but due to other issues	0.00%	-11.54%	0.00%	-6.67%	0.00%	-12.50%	0.00%	-20.00%	0.00%	-20.00%	0.00%	0.00%
No	0.00%	-23.08%	0.00%	-33.33%	0.00%	-25.00%	0.00%	-30.00%	0.00%	-20.00%	0.00%	0.00%
Not sure	1.69%	-25.23%	2.86%	-30.47%	0.00%	-25.00%	3.70%	-26.30%	0.00%	-40.00%	0.00%	-50.00%

If you answered “Yes, but due to other issues”, please explain:

- Wood has increased but overall materials have increased significantly.
- Shortage of skilled labor impacts cost and risks timeline.
- Supplier issues with steel + wood; transportation cost increases; inflation
- Material (e.g., lumber) costs are way up. It is also hard to secure FF&E because of supply chain disruption.
- Lumber, windows, steel are all a MAJOR problem.
- Lumber, cabinets, countertops.
- We're already seeing significant price increases in not only lumber, but other commodities.

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Impact of COVID-19 on Investors

What percentage of transactions in your pipeline have been put on indefinite hold or been canceled since the start of this crisis in March 2020?

	Less than 10%
	10 to 19.99%
	20 to 30%
	More than 30%
	Highest %

	Overall	Change	Oregon	Washington
0%	27.06%	9.20%	27.27%	23.33%
1-10%	18.82%	11.68%	19.70%	18.33%
11-24%	9.41%	5.84%	10.61%	10.00%
25-49%	8.24%	-6.05%	7.58%	10.00%
50-74%	9.41%	-8.45%	10.61%	11.67%
75-99%	7.06%	-7.23%	7.58%	6.67%
100%	7.06%	-7.23%	6.06%	6.67%
NA/Unsure	12.94%	2.23%	10.61%	13.33%

Note: 90 respondents identified as investors.

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
0%	26.32%	12.03%	20.93%	2.18%	25.00%	8.33%	21.95%	-3.05%	17.65%	17.65%	9.09%	9.09%
1-10%	19.30%	14.54%	16.28%	10.03%	14.29%	14.29%	19.51%	19.51%	23.53%	3.53%	9.09%	9.09%
11-24%	14.04%	14.04%	11.63%	11.63%	10.71%	10.71%	12.20%	-0.30%	17.65%	-2.35%	18.18%	-1.82%
25-49%	5.26%	-13.79%	9.30%	-3.20%	7.14%	-9.53%	4.88%	-7.62%	5.88%	5.88%	9.09%	-10.91%
50-74%	7.02%	-7.27%	11.63%	-7.12%	10.71%	-5.96%	9.76%	-2.74%	11.76%	-8.24%	9.09%	-10.91%
75-99%	7.02%	-12.03%	4.65%	-20.35%	10.71%	-14.29%	9.76%	-15.24%	11.76%	11.76%	18.18%	-21.82%
100%	8.77%	-10.28%	6.98%	-5.52%	3.57%	-13.10%	9.76%	-2.74%	0.00%	-20.00%	9.09%	9.09%
NA/Unsure	12.28%	2.76%	18.60%	12.35%	17.86%	9.53%	12.20%	12.20%	11.76%	-8.24%	18.18%	18.18%

What percentage of projects put on hold have been resumed?

	Overall	Oregon	Washington
0.00%	28.92%	31.25%	23.33%
1-10%	6.02%	4.69%	5.00%
11-24%	6.02%	7.81%	6.67%
25-49%	6.02%	7.81%	6.67%
50-74%	8.43%	7.81%	10.00%
75-99%	6.02%	6.25%	3.33%
100.00%	4.82%	4.69%	6.67%
NA/Unsure	33.73%	29.69%	38.33%

	Apartment	Office	Industrial	Retail	Hotel	Healthcare
0.00%	30.91%	25.58%	18.52%	27.50%	17.65%	18.18%
1-10%	7.27%	4.65%	7.41%	7.50%	11.76%	9.09%
11-24%	5.45%	6.98%	11.11%	5.00%	11.76%	18.18%
25-49%	7.27%	9.30%	11.11%	7.50%	17.65%	18.18%
50-74%	9.09%	11.63%	11.11%	10.00%	5.88%	18.18%
75-99%	3.64%	0.00%	3.70%	5.00%	0.00%	0.00%
100.00%	3.64%	6.98%	0.00%	2.50%	5.88%	9.09%
NA/Unsure	32.73%	34.88%	37.04%	35.00%	29.41%	9.09%

Has your investment strategy changed as a result of the COVID-19 crisis?

	Overall	Change	Oregon	Washington
Yes	56.47%	-7.82%	59.09%	52.46%
No	35.29%	10.29%	34.85%	37.70%
NA/Unsure	8.24%	-2.47%	6.06%	9.84%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Yes	57.14%	-19.05%	48.84%	-13.66%	62.07%	-29.60%	61.90%	-13.10%	47.06%	-12.94%	36.36%	-43.64%
No	37.50%	18.45%	39.53%	20.78%	31.03%	22.70%	33.33%	20.83%	41.18%	21.18%	45.45%	25.45%
NA/Uncsure	5.36%	0.60%	11.63%	-7.12%	6.90%	6.90%	4.76%	-7.74%	11.76%	-8.24%	18.18%	18.18%

How has your investment strategy changed?

- Doing smaller projects to reduce exposure.
- Staying out of urban Portland.
- More suburban.
- We are not pushing towards non-operational occupied investments for the time being and only growing or expanding real estate markets where we can owner-occupy some or all of a property.
- Returns on investment will change dramatically. Does not pay to develop any longer unless things go back.
- Moved away from office some.
- More development, less existing product.
- New project planning was put on hold.
- Drive thru only.
- Looking at non-suburban opportunities, considering cannabis portfolios, etc.
- Change in risk assessment, preferred markets and property types.
- Less risk.
- Shift to urban distressed opportunities.
- Target rates for investment are much higher in retail than prior. No restaurants whatsoever.
- Not investing in any hospitality.
- Due to the law of “no evictions” during the Covid 19 crisis. The rule affects a lot of people in the real estate industry.
- No speculative office; slightly lower leverage loan expectations.

- Conserving cash, difficult to find deals that make sense given uncertainty regarding retail tenant demand.
- Nothing multi-family or hospitality.
- We are diversifying out of Portland geographically.
- We had several big asset dispositions/acquisitions that were placed on hold or terminated. We tend to favor 1031x and that's been challenging with the market.
- We've gotten closer to our lenders, hoarded cash, so that we can execute.
- Uncertainty and no tenants in market.
- Investment horizons have changed with regards to time.
- Avoiding City of Portland urban.
- Focus on industrial and suburban town center multi-family.
- Opportunity to increase land holdings.
- Switch to bnb to avoid renting over 30 days.
- Industrial more desirable, office off the table, multi-family deals don't pencil.
- More conservative underwriting.
- Land prices are coming down, I am patient.
- Higher return thresholds and focusing on existing relationships. We are also focused at this stage on supporting BIPOC affordable housing developers in generating wealth.
- Shift away from multi-family in rent control and eviction-restrictive areas.
- Building costs are chilling.
- Accelerated single family lot development and home building.

How would you rate the concerns of investors you are working with (e.g., limited partners) regarding their investments?

	Overall	Change	Oregon	Washington
Not at all concerned	10.26%	6.56%	11.48%	7.41%
Mildly concerned	34.62%	19.81%	36.07%	31.48%
Somewhat concerned	37.18%	-7.26%	31.15%	44.44%
Very concerned	17.95%	-19.09%	21.31%	16.67%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Not at all concerned	9.43%	4.43%	7.50%	1.25%	4.00%	-4.33%	8.11%	8.11%	5.88%	5.88%	10.00%	10.00%
Mildly concerned	32.08%	17.08%	40.00%	15.00%	36.00%	11.00%	35.14%	22.64%	35.29%	35.29%	30.00%	10.00%
Somewhat concerned	43.40%	3.40%	30.00%	-13.75%	40.00%	-10.00%	35.14%	-27.36%	41.18%	-58.82%	40.00%	-20.00%
Very concerned	15.09%	-24.91%	22.50%	-2.50%	20.00%	3.33%	21.62%	-3.38%	17.65%	17.65%	20.00%	0.00%

Are you running into issues for financing transactions (e.g., obtaining permanent financing)?

	Overall	Change	Oregon	Washington
Yes	27.06%	2.06%	28.36%	30.00%
No	63.53%	24.24%	65.67%	61.67%
Not sure	9.41%	-26.30%	5.97%	8.33%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Yes	28.57%	4.76%	30.23%	-1.02%	24.14%	7.47%	29.27%	16.77%	35.29%	15.29%	36.36%	36.36%
No	62.50%	14.88%	65.12%	21.37%	72.41%	22.41%	68.29%	30.79%	64.71%	24.71%	63.64%	-16.36%
Not sure	8.93%	-19.64%	4.65%	-20.35%	3.45%	-29.88%	2.44%	-47.56%	0.00%	-40.00%	0.00%	-20.00%

If “Yes”, why are you running into these financing issues?

- Lenders have required reserves for COVID related rent collection issues.
- Fannie Mae and Freddie Mac had some onerous Covid reserve requirements. Those got dropped just last week.
- Equity, construction debt.
- Underwriting has increased.
- State of Oregon’s rent deferrals.
- More work and range of feedback.
- Cautious lenders.
- Limited availability for retail properties.
- Significantly higher equity requirements required by institutional lenders.
- Debt ratios.
- Very difficult to underwrite with such high uncertainty.
- But less on our side and more with the other buyer/seller’s perspective with complicates exchange.
- I wouldn’t call them issues, I’d just say the “Covid world view” from a lender’s perspective has made them more cautious, asking for additional metrics/conditions, and scared of a few asset types altogether.
- Uncertainty with Covid, civil unrest and political turmoil.
- Economic vacancy has hurt proceeds levels.
- Banks shying away from small scale investors.
- More conservative lending standards.
- Office vacancy and rates have been affected negatively for rollover leases.
- Lenders are digging deeper into the performance of the asset being financed and other assets in the borrower’s portfolio.

Do you see financing issues becoming a problem for future transactions?

	Overall	Change	Oregon	Washington
Yes	24.71%	-28.86%	22.39%	23.33%
No	50.59%	32.73%	53.73%	48.33%
Not sure	24.71%	-3.86%	23.88%	28.33%

	Apartment	Change	Office	Change	Industrial	Change	Retail	Change	Hotel	Change	Healthcare	Change
Yes	28.57%	-23.81%	27.91%	-28.34%	17.24%	-32.76%	29.27%	-20.73%	23.53%	-16.47%	9.09%	9.09%
No	46.43%	27.38%	51.16%	32.41%	51.72%	35.05%	51.22%	26.22%	58.82%	18.82%	72.73%	32.73%
Not sure	25.00%	-3.57%	20.93%	-4.07%	31.03%	-2.30%	19.51%	-5.49%	17.65%	-2.35%	18.18%	-41.82%

If “Yes”, please explain why

- Interest rates are unusually low. I'm not sure when this will end.
- Hopefully construction lenders loosen up.
- If state continues to work that way, it will have lasting effects.
- Tighter liquidity markets and loan to cost ratio
- Real estate prices are getting to the point of not making financial sense.
- It depends on the asset type; I think office, retail, and hospitality will be very strictly underwritten, if there are loans at all for them in the next few years.
- Too many potential downside risks.
- Particularly in the office market; concerns about inflation and interest rate increases.
- Potential rise in interest rates and capital gains
- Lenders are more conservative.
- Interest rates are increasing and LTV financing ratios will be further pinched.

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Respondent Information

Did you respond to this survey when we last sent it out in July 2020?

Yes	17.99%
No	46.40%
Unsure	35.61%

What is your background?

Real estate investment - Institutional	4.38%
Real estate Investment - Non-Institutional	10.02%
Real estate development	18.58%
Lending	5.64%
Property and asset management	14.61%
Corporate User	1.67%
Brokerage - Investment Sales	4.18%
Brokerage - Tenant representation	3.13%
Brokerage - Landlord representation	3.13%
Valuation	2.30%
Consulting/advisory and research	7.52%
Architecture and Design	9.19%
Urban planning	4.80%
Legal, insurance or tax services	3.34%
Other*	7.52%

***Other:** General contractor; construction contracting; accounting with real estate focus; city jurisdiction inspection program; construction; government; civil engineer; construction cost estimating; non-profit organization; title and escrow company; title insurance; economist; urban redevelopment agency/public sector

Which property sub-types do you focus on?

Apartment - Luxury	7.85%
Apartment - Affordable	7.55%
Apartment - Other	6.87%
Office - CBD	9.06%
Office - Suburban	8.69%
Industrial - Warehouse	7.10%
Industrial - Manufacturing	5.44%
Industrial - Flex	6.04%
Retail - Neighborhood shopping centers	6.34%
Retail - Regional shopping center	3.85%
Retail - Power centers	2.95%
Retail - Lifestyle	4.00%
Retail - Other	3.70%
Hotel - Luxury	3.85%
Hotel - Economy	2.42%
Hotel - Budget	0.98%
Hotel - Other	1.36%
Healthcare - Medical Office	4.31%
Healthcare - Senior and assisted living	2.95%
Healthcare - Other	1.28%
Healthcare - Hospitals or specialized surgical facilities	2.19%
Not applicable	1.21%

Are you active in Washington State?

Yes	75.74%
No	24.26%

In which of the following WA sub-markets are you active?

Seattle - Downtown (CBD, Belltown, Waterfront, Pioneer Sq., Denny Regrade)	9.80%
Seattle - South Lake Union	7.48%
Seattle - Capitol Hill/Central District	7.11%
Seattle - Northgate/N. Seattle	5.39%
Seattle - Queen Anne/Magnolia	4.29%
Seattle - South Seattle	6.50%
East King County: Redmond, Bellevue, Mercer Island, Kirkland, Issaquah	9.80%
South King County: Seatac/Burien, Vashon, Kent Valley, Federal Way/Auburn	8.46%
North King County: Bothell/Kenmore, Mill Creek/Woodinville, Edmonds/Lynnwood	6.13%
Pierce or Thurston County: Tacoma, Lakewood, Spanaway, Fort Lewis, Dupont	6.37%
Snohomish, Skagit or Whatcom County	4.29%
Olympic Peninsula/Coast	3.06%
Central Washington	2.94%
Eastern Washington	4.78%
SW Washington	12.75%
Other*	0.86%

***Other:** Across the state, Greenwood, Eastlake

Are you active in Oregon State?

Yes	81.85%
No	18.15%

In which of the following OR sub-markets are you active?

Multnomah county	26.02%
Washington county	21.40%
Clackamas county	18.76%
Columbia county	4.89%
Yamhill county	6.47%
Marion county	9.78%
Deschutes county	7.53
Other Oregon market	5.15%

***Other Oregon market:** Linn, Benton, Polk, Lane, Coos, Lincoln, Douglas, Klamath, Jackson, Hood River, entire state

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