



TOP STORIES

Observations and Opportunities

APRIL 1, 2020



Join us each week as ULI Arizona leaders and members share their experiences and perspectives in this ever-changing world. Their views represent various real estate industry segments and delve into both professional and personal thoughts and ideas in this snapshot in time, and what positive opportunities can be found today, and in the future.



April 27, 2020

Observations:

One of the byproducts of these strange times is the time and space to think. I have heard a lot of people talk about being bored. While I have not personally experienced boredom during this period, I have learned that Zoom can be a more efficient substitution for meeting-filled days, and I am embracing this as a time to reflect and plan.

As I think about it, these reflections are really about observation itself. Taking myself out of normal routines and well-worn habits has allowed me to notice things that I might otherwise take for granted.

I see a public bus roar by on Camelback Road, and I think, "Wow, imagine being a bus driver in today's environment, not knowing who is stepping on for a ride."

I think about the delivery services bringing food to someone's grandma. The grocery clerks. The postal workers. The doctors, nurses, and EMTs. The teachers figuring out online classrooms on the fly. All of them out there, doing what needs to be done, not asking to be called heroes, but acting like it just the same. I will be honest that I feel a pang of guilt—knowing that many of them are also people that society has not necessarily valued monetarily, while so many of us safely mitigate the risk by sitting behind a desk and choosing carefully when to venture outside. It is humbling.

Opportunities:

Challenging times force us to be more creative and entrepreneurial in the ways that we solve problems and think about big-picture issues. Opportunities will come, even though it sometimes does not feel like it. We will figure it out.

There is a human component, though, to all of this too. Like most of us, I have always reflexively, and maybe unthinkingly, thanked the person bagging my groceries. Now, my perspective is a little bit different. "Thank you for ringing me up," I say. *"And thank you for being here."*

Through the past few weeks, I feel like I have seen more kindness and patience, and I have witnessed people doing whatever they can to help one another. While we do not know what societal changes will endure, I am hopeful that gratitude will be part of the mix.

Beth Jo Zeitzer, Esq.

President and Designated Broker
R.O.I. Properties

Observations:

Week six of working from home and while I've settled into a rhythm I am still feeling somewhat disoriented. I shaved off the beard I started to grow on the first day we worked from home. I've never fully grown one before and now I know why.

The government ordering the shutdown of the economy on purpose is something that we never even remotely considered. The speed with which it was done was breathtaking. The executive orders which effectively allowed tenants to stop paying rents was another thing we never considered. Twenty-six million folks filing for unemployment, unbelievable.

All this, however, creates opportunities. In the last Great Recession, the area where we had expertise – residential housing and lot development – was the center of the storm. There was a lot of collateral damage, but housing was the most decimated asset class. This time it feels like retail and hospitality have the bullseye on their chests. Maybe lessons learned from our past experiences can be applied here.

In the Great Recession we saw potential huge opportunities while at the same time we were fighting huge battles to keep our projects alive and to somehow satisfy our lenders. I started bifurcating my days into two compartments, problems and opportunities. When working on problems, I tried to focus completely on them and give them 100% of my attention. When working on the opportunities, I did the same. It was exhausting and stressful.

We realized that while we had deep expertise in the how and the where of the most affected asset class, we did not have a lot of extra bandwidth. We needed someone knowledgeable to spend 100% of their time on the opportunities. So, against the prevailing thought of not hiring, we hired Tim Brislin, a great guy, who had that expertise.

We also did not have sufficient capital (as in zero) to take advantage of what we thought were opportunities. We had never really raised significant outside capital. We learned we weren't really ready for prime time when it came to that skill. We spoke with – and were turned down by – over 70 groups before we found our first investor. Nobody was looking to buy land. We got better at our pitch, learned where we needed to have better data and refined our approach. After we landed our first investor, others followed. We were off to the races and purchased lots and land to build many thousands of homes on. We are fortunate to have exited most of those positions by the time the Virus hit.

The lessons we learned were many:

- Upheaval creates opportunities.
- To seek them you have to dedicate yourself to the task.
- While at the same time you have to focus on the problems you face.
- You have to be an absolute expert in the asset class you seek to invest in.
- You need to create a great business plan.
- You need to refine and practice your pitch.
- You will have sleepless nights.
- You need to be doggedly persistent.

And finally, always be thankful you have an opportunity to work on opportunities.

Thanks and take care.

Craig Krumwiede

President, Harvard Investments, Inc.
Mentor, ULI Arizona Partnership Forum

Observations:

Over the last six weeks, I have spent innumerable hours on the phone with businesses, organizations, downtown counterparts and colleagues and there is one central element in all the conversations – uncertainty. When will things reopen? How long will it take to return to normal? Will there be a new normal? What will that look like? If we do reopen, will people have money to spend? Will people be afraid to leave their homes? These questions are weighing heavy on all of us. This feeling of uncertainty, and at a deeper level, change, is generating anxiety and fear.

There are companies and motivational speakers who have built their entire business models and careers on assisting both companies and people to overcome the fear of change. Afterall, that fear of change is manifested into resistance and if we cannot overcome that resistance, we don't act. Oftentimes, I don't have answers to the questions that I am being asked about returning to life as we knew it before COVID 19. But what I do know is that change is necessary for growth.

As I think about recovery, I continually ask myself, what we could have done better or what should we have been doing differently. I have heard from several businesses that are approaching this

time in the same manner. Are the conversations about their struggles to pay employees or keep afloat still tough? Of course, they are. But it is also energizing to hear about the new concepts they want to implement as they reopen. Their creativity is palpable. One thing is for certain, those who are using this disruption to innovate, transform or pivot are positioned for success.

Opportunities:

There is no time like the present to be bold. It's not an easy task but those that are truly worthwhile never are. As downtown revitalization has been my focus, I thought it appropriate to share some of the ideas I have heard from my counterparts in city centers across the globe: Allow for temporary extension of premises for restaurant patios in order to better serve social distancing requirements. Examine areas where a lane of traffic could be easily altered to a pedestrian pathway to allow for larger "sidewalks". Create flexible curbs that can accommodate curbside pickup of foods and goods. Add handwashing stations in areas where people congregate. Rethink uses for vacant storefronts. Prioritize adaptive reuse policies.

We realize it will not be one single measure but many calculated measures that will energize our cultural and historical centers. I mentioned this in my piece last week, but I urge you as urban leaders to reach out to your cities and urban place management organizations with your bold ideas. Collaboratively, we will endure.

Amanda Elliott

Town of Gilbert, Office of Economic Development
Redevelopment Program Manager

Observations:

I read a lot of historical fiction. Many of the books I have read depict how people throughout history have coped with various pandemics: from the plague to yellow fever to cholera to the Spanish flu and many others. In reading these accounts, I never thought our lives in the 21st century would be impacted by such a pandemic.

In varying degrees, these books portray the hardships that people faced in times of more limited medical sophistication. For example, in the fourteenth century, it is estimated that during a four-year period from 1347 to 1351, somewhere between one-third to one-half of Europe's population died as a result of the Black Death. Medical science had no effective testing, treatment or vaccine; and the only way the pandemic was ultimately stopped was through individual self-quarantine.

At the early stages of our current Covid-19 pandemic, we are now "social distancing" as the only effective way to curb the spread of the virus because we were not ready with other means for combating the disease. On a personal level, I have taken "social distancing" to the level of "social isolation" together with a limited group of family members and loved ones who are also practicing the isolation strategy. We buy our groceries and toilet paper online and have them delivered, thankful for and tipping well the delivery people who are risking their health and lives to help us. We rarely venture out. As a person over 65 with some periodic respiratory issues, I feel that this is the prudent thing for me to do.

I am optimistic that the number of new cases will decrease in the weeks to come, allowing us to start up our economy on some limited basis. But history has told us that these pandemics ultimately return, sometimes with more force than the original outbreak. When the inevitable renewed outbreak returns, we need to be ready to deal with the virus in more effective ways than shutting down significant portions of the economy. We are fortunate to live in the 21st century, not the fourteenth century or even the early 20th century in the case of the Spanish flu.

Opportunities:

I am happy that we live in a country with the scientific capabilities and the economic resources to fight Covid-19. I am thankful for the efforts of Federal and State governments through the CARES

Act and other measures to quickly put in place programs that seek to mitigate the economic impact of the virus. Unfortunately, we seem to have been slow to listen to the scientists and to fully engage our economic resources to take the needed steps to curb the impacts of the virus when it returns.

The great opportunity in the weeks and months ahead is for our society, together with our Federal and State governments, to listen to our medical professionals. We must also fully engage our vast economic resources to ramp up the testing capabilities and develop more treatment methods to mitigate the effects of the next outbreak. We need to end the political theatre and get busy working together to do what needs to be done. I am confident that this will happen, but we need to move in that direction with informed urgency.

Stanton Shafer

Chief Operating Officer, Holualoa Companies
Advisory Board Member, ULI Arizona

April 20, 2020

Observations:

I recognize the irony that my thoughts, during a time of social distancing and working from home, have turned toward relationships. Funny how the sudden absence of day-to-day contact with business colleagues, coworkers, friends, and even family can shift your perspective to what matters most.

While everyone is still a bit raw and the road ahead uncertain, it is gratifying to see that people are doing whatever they can to help one another. Business moves on at whatever pace it can. Some transactions go forward, while others freeze in place till the time is right. I am impressed, and quite frankly humbled, by my employees, tenants and vendors, all of whom are showing the discipline to do the right thing and remaining highly productive in their work.

From cultural and social perspectives, it seems like we are all rethinking the way that we do things—particularly now that we have viewed the world through the lens of Zoom and the comfort of life in a notch below business casual.

Opportunities:

In good times, relationships matter. In times of crisis and disruption, they are what get us through to the other side. Real estate exists, to an extent, in natural tension: tenants and landlords, buyers and sellers, borrowers and lenders. It is the realm of the deal.

In that respect, it makes me incredibly hopeful to see how many people have taken a step back from the usual rough-and-tumble, to value and solidify their relationships. I have seen landlords being willing to assist their tenants with lease deferrals or waivers when their businesses are suffering, as well as tenants who have made good on their responsibilities when they could have taken the easy way out. I thought it was fantastic when RED Development created a program that reimburses employees for takeout orders from their tenants. In the hard-hit multifamily sector, Camden Property Trust created a \$5 million Camden Cares Resident Relief Fund, waived late fees for rent, implemented a moratorium on evictions, and sent out renewal notices with no rent increases. And look at our banking community hustling to process Payroll Protection Program and Economic Injury Disaster Loan Program loans as fast as humanly possible—creating a much-needed lifeline for Arizona businesses.

People will not forget how others stepped up to help them in these challenging times. Using our renewed awareness of relationships, both business and personal, will serve us well even once the novel coronavirus becomes just a small, spiky dot in the rearview mirror.

Beth Jo Zeitzer, Esq.
President and Designated Broker
R.O.I. Properties

Observations:

A DEFINING TIME IN OUR LIVES

As I stand at my desk writing this, it is week five of working from home. It's getting a little old. Even Jake, our Brittany Spaniel, is no longer excited to have me around all day. Can't say I blame him. I don't even want to know what Alison (my wife) is thinking.

Everyone at the company is working hard, each handling the situation a little differently. Some have kids at home they are home-schooling and otherwise trying to entertain. Others have front line medical people in their lives, including a resident doctor at a hospital in Brooklyn. Others have family members who have contracted Coronavirus. We have twice weekly Zoom meetings and it's great to see all the folks we're so used to seeing in person every day. I now know all their dogs.

I have had several Zoom calls and a Zoom Happy Hour with my ULI Partnership Forum members. None of them have been through something like this before. I have had great conversations with them, and they all want to know, "When and how this will this end?" Other than to give a non-answer answer that it will end when we have a cure and a vaccine, I tell them this will unfold and evolve in ways that aren't clear at this time and we will look back at it all and wonder why we didn't see it coming. What I am sure of is that this will be a defining time in their lives.

This is my fourth Black Swan event. Like the others, I didn't see this one coming. Each of the Black Swans has had lasting impacts on my life, my family, our companies and our communities. The first, however, had the most profound impact on me. I think this is probably true for most of us. That would be the RTC Saving and Loan crash for me. Yes, I'm an old goat.

I was young, newly married, and thought I was a big deal. In that crash I learned not only that I wasn't a big deal but that all the things I counted on and took for granted can change and even evaporate overnight. The rich guys I signed a loan guaranty with? They went bankrupt or left the country, leaving me with a judgment which I couldn't pay. The big balance sheet? Wiped out. And so on and so forth.

Ultimately, however, those were not the biggest impacts. I learned that character matters, really matters. I learned that being honest and transparent will set you apart from others who chose the other paths. I learned that the world is forgiving if you do the right things and treat others the way you should treat them. I learned that if you don't do these things, the community will remember that for a really long time.

There are other lessons as well. Be kind. Keep your sense of humor, it will help you reduce stress. Think creatively, if there was ever a time to think outside the box, this is it. Be grateful for what you have. Help whoever you can, it will make a big difference in their lives and yours as well.

So, here's the opportunity for all of us – we will have an incredible opportunity to learn from this. Pay close attention. If you do, you will learn lessons that you will carry with you for the rest of your life and will make you a better, stronger person.

I'm reminded of the old saying, "Remember a diamond is a lump of coal that responded well under pressure."

Take care and be safe.

Craig Krumwiede
President, Harvard Investments, Inc.
Mentor, ULI Arizona Partnership Forum

Observations:

The Tale of Two Downtowns: Six weeks ago, I toured a colleague through Gilbert's downtown Heritage District. The District was brimming with visitors of all ages. On any given night, including weekdays, restaurants saw a two hour wait. Hale Theatre which recently underwent a major renovation was seeing sold out shows and even extended some performances. Our weekend makers markets and farmers market saw scores of visitors. Downtowns are a special place. They are often the historical and cultural center of a community. In Gilbert, we like to think of our downtown as the community living room – a place where people come together with friends and family members, feed their souls, support local, be creative, laugh, have fun and feel connected.

The day Governor Ducey announced the stay home order, I was in the Heritage District. It seemed fitting that it was an overcast day. It was quiet; eerily so. My heart ached for this place. A place, I have had the honor to nurture and grow over the last five years. I know the business owners and property owners; I know the residents and the artists, and I know their stories and their family members. I have built relationships with each of them over the years and my heart ached knowing that today's environment would create hardships for these incredible, hardworking people.

But as I walked around Downtown, completing my maintenance checklist, I saw ways the restaurants pivoted for takeout, I saw high school seniors having their graduation photos taken by their parents, I saw smiling people walking along the Powerline Trail path. Downtowns are resilient places. Studies have shown that because of the density and diversity of resources they weather economic hardships better than any other area in a community. The District is full of small businesses, unique restaurant offerings, handmade goods and it is the place that we meet our loved ones. There is no doubt that our downtown businesses, like others throughout Gilbert are suffering. Yet, I still see the community rallying around them and I see the businesses supporting each other and I see the sense of pride the community has in this center that they created. The Heritage District and the many other downtowns across the state may look different today than they did in early March, but I am optimistic about their recovery.

Opportunities:

If as a community, you haven't rolled up your sleeves and started planning for recovery, you best get started. There are opportunities for brokers, developers, cities and urban place management organizations (UPMO) to come together to develop a course of action to get your downtowns online. For cities and UPMOs this may be activating public spaces while also providing safe and clean environments. Perhaps this comes in forms of more hand washing stations. For developers and brokers, its considering ways your municipality may connect you with makers or artists to temporarily fill empty space left by a shuttered business. Pull together industry specific brainstorming sessions and with a few moderated questions, you have now enabled businesses to assist each other in reopening. I see opportunity in listening to our businesses and pulling out our rolodex to connect them to resources. If you hear your tenants have a need and city code or policy is hindering their ability to operate, contact your city officials – we want to be flexible and responsive. Don't be shy to share your needs – someone out there has a solution. We can all do this together.

Amanda Elliott

Town of Gilbert – Office of Economic Development
Redevelopment Program Manager

Observations:

Shortly over a month ago, two NBA players had positive Covid-19 tests, leading the NBA, NHL and NCAA to cancel sporting events across the nation. This grabbed the awareness of the American

public and started the process of social distancing that has now evolved into state and local stay-at-home orders.

In the week that followed the NCAA tournament cancellation, we started a methodical process to help us understand the effect of the pandemic on our retail, office and industrial portfolio. We enlisted our property managers to reach out to our tenants to determine the impact on their businesses. We found a wide range of stories, from businesses that were thriving to small restaurateurs who were effectively put out of business. This helped us understand the potential impact on our portfolio's cash flows, but also provided us with insight into our tenants' problems as we responded to the inevitable requests for rent relief.

After hearing from our tenants, we proactively encouraged those tenants who were facing hardship to apply for either Paycheck Protection Program or Economic Disaster Relief Loan financing. Most of these tenants applied for this financing, which should allow them to pay salaries and deferred rent. One interesting trend that emerged was that many small tenants may be in a better position to pay deferred rent than larger "credit" tenants, who are not eligible for government relief programs.

The other interesting trend was that several tenants whose businesses were only marginally impacted by the pandemic were asking for rent relief. Interestingly, this phenomenon was more prevalent in our California properties where the prevailing societal attitude seems to be geared toward having the landlords and lenders take the brunt of the pandemic related economic burden.

As we follow best practices among property owners, we have seen the full range of approaches from landlords who generously offer blanket free rent to tenants, to landlords who threaten to default tenants who do not keep their rents current. Our approach seeks a middle ground, trying to understand our tenants' individual needs and crafting individual rent relief approaches to accommodate their issues, while preserving for our investors and lenders as much cash flow as possible.

Opportunities:

We see the Covid-19 pandemic as an opportunity to strengthen relationships with our tenants and our lenders. We hope to accomplish this by working with our troubled tenants to craft solutions designed to keep them in business after the crisis has passed. We hope to strengthen our relationship with our lenders by being transparent with them as to the plight of our tenant base and preserving enough cash to keep loans current with only minimal request for debt relief. The world has recovered from many pandemics over the course of history and we will recover from this one. As we do, we hope to do so with deeper and stronger relationships as we work together with our tenants and lenders.

Stanton Shafer

Chief Operating Officer, Holualoa Companies

Advisory Board Member, ULI Arizona

April 13, 2020

Observations:

Work in the time of Coronavirus. . .

I'm thinking it's Friday. That day which came, about a decade ago to be the start of the weekend, where you pretended to work until noon and then cut out. Or maybe it's Tuesday. Really hard to tell. Days used to be distinguished by different kinds of activity like meetings, moving around,

stuff like that. And then there were deadlines for things to be done and filed that made you mark time.

Even leisure time had markers. TV shows that were at regular times on certain days. You could look forward to when "Modern Family" would be on. Hard to imagine the same anticipation for the new episode of Tiger King. There was the news: 6 PM every night a credible anchorperson would tell us what happened that day. Now the news is a 24/7 loop of endless repetition.

The line between work and not work wasn't very porous. Commuting marked the transition. You walked in the door of an "office" and sat down to "work". Working at home was either occasional, or for the obsessive and guilt ridden, chronic, but even then it was theoretically optional. And it wasn't easy—there were too many papers to move back and forth.

First came connectivity. Place didn't matter anymore because you could access whatever you were working on from whenever you were. Next came the weirdness of the distancing. So then work couldn't just be *anywhere*, but it had to kind of be *nowhere*. At least it had to be where no one else was.

So in the time of Coronavirus, work is no longer limited by either space or time. I guess it is theoretically still a distinct activity, but it's really hard to tell. And what are the other activities anyway? Socializing? Family gatherings? Sporting events? Concerts? Yeah, none of that.

Of course there are opportunities here. Mr. Zoom figured out the first big one. I'd guess the next one is an app built into a pillow that cuts hair while you're sleeping.

Grady Gammage, Jr.

Founding Member, Gammage & Burnham

Advisory Board Member, ULI Arizona

Observations:

With daily changes in COVID-19's impact and guidance, the sands shift beneath us and we seek solid footing. I am grateful to be in a connected world and equally grateful for disconnected moments. There is no courage in the absence of fear. Just consider the fear and hopelessness during the 1918 pandemic without the benefit of our contemporary knowledge in science, tech and communications. Today we can react and respond more quickly toward safer practices, containment and development of therapies and vaccines.

In this spring we will never forget, we celebrate Cushman & Wakefield | PICOR's 35th anniversary with a big hat tip to our founder and ULI member, Mike Hammond. Because we can't 'party' in the traditional sense of the word, we partnered with a local restaurateur rocked by the shutdown. Together, we are providing meal kits to our 50 team members and their families. Win win. And to share a true 'pay it forward' anecdote, one broker assistant donated her household's meals to a neighboring mother/daughter RN team working on the frontline.

From our corner of the industry, April ushered in rent relief requests from about 20% of commercial tenants. Heaviest in retail, lightest in office. Although the Governor's executive order protected COVID-19 impacted tenants from evictions and encouraged lessors to enter into payment plans, landlords' mortgage and utility obligations continued. The interrelationship of the economy and money flows was again laid bare. Our workout advice to both owners and occupants has largely been: *We are in it together and want to get out of it together*. It's in our mutual interest to see businesses healthy on the other side. Let's find a way.

Opportunities:

While your competition is either checked out or challenged by change management, it's a great time to work harder and more creatively. Pivot to client solutions and prepare for the other side.

The silver linings may not become apparent until we have the benefit of hindsight. But they are there. They are always there. We have the chance to leverage learning from this unimaginable interlude and incorporate it into our best practices going forward. What will that look like, and how will our industry be reshaped by necessity, choice or design? Brainstorming those answers will give us a leg up. Improved financial health in all sectors, even those outside CRE will lift all boats. The economy and human condition are inextricably interconnected. I have hope. I have always had hope, though more on some days than others...

Barbi Reuter, RPA

CEO/Principal, PICOR Commercial Real Estate Services /Cushman & Wakefield

Observations:

Fragility is a qualitative measurement on the vulnerability of something. It's an interesting concept. Engineers understand this when we stress test various systems in order to calculate the robustness and error handling capability of a given system. Our economy failed the stress test given to it, the test found a fragile and interdependent system interwoven with a complex web of supply chains. Only to be completely dysfunctional after a couple cogs in the wheel stopped turning. We were promised a robust and strong economy and we are now amid a frail and feeble one.

However, fragility in the real estate market may not be as bad as other markets. Tolstoy put it best in the start of Anna Karenina: "Happy families are all alike; every unhappy family is unhappy in its own way." I can twist that with 'good markets are all alike; bad markets do poorly in their own way', including various submarkets of real estate. For example, an economic plus for the residential housing sub-market is that there are still almost 40 million millennials between the prime home-buying ages of 28 to 36. Also, before the virus struck the United States was still short around 3 million housing units. An unhappy residential real estate submarket statistic is that AIRBNB super hosts are getting hit hard in the valley as their prime vacation time is being wasted away. There is also a worry in the residential mortgage market with servicers and how they will be paying investors their required interest payment given that loan borrowers (homeowners) are choosing to defer on their payments.

Opportunities:

One of the greatest attributes we have is that of adaptation. All biological species go through the same formula for adaptation in order to continue in the game of life. Stress and recovery. With that we have the magic formula that sets us up for long term success of getting faster, stronger, and better. The principle of fitness in a gym works on this very premise. Right now, many of us are feeling the stresses of the accumulation of uncertainty and risk in the marketplace. However, with the right time and recovery we will be all the better for it and adapt to the changed landscape. I am not a fortune teller nor a forecaster so I can't say what the best adaptation to this new stress is, but I am 110% sure that the best and only solution to this current predicament is to adapt to the environment at hand.

Maybe our social interactions will change in the future for retail, maybe we will have less desire for renting a portion of our home given sanitary standards, maybe electronic interfacing will play a bigger part in our work lives affecting the value of office space, maybe we have grown an affinity of cooking our own meals diminishing the demand for restaurants. All I know is those who adapt to the changing environment will be the better for it. It is from the ingenuity of the individuals, families, businesses, developers, and entrepreneurs to observe these gaps in the structure of a city and market. Then by adapting to the stresses applied, be able to utilize the opportunities for continued growth and prosperity in our wonderful City.

Massimo 'Max' Sommacampagna

Founder, CIMA Homes

Vice Chair, YLG Programs, ULI Arizona

Observations:

What time/day is it? Am I late for a virtual meeting? I'm not talking to you, I'm on a conference call.

You're not the only one struggling with what day it is! I'm struggling to confine my work to standard hours and maintain family time. I needed structure. My commute was when I finalized my daily thoughts, strategized or listened to podcasts/books. This week I decided to start and end my day with a simulated commute. Walking the neighborhood, reverting to my productive habits.

Our industry is inherently full of Type A personalities, high energy, driven, competitive, in control of situations assuring a desired outcome. Like many of you, I fit this description. I spent the last three weeks assured my family will "thrive" in quarantine. I put together a list and goals to keep us focused on positive outcomes. And we've been killing it. And then there was yesterday. On my "morning commute" a sinking feeling hit me, fear and anxiety came rushing in. Wait, what is happening!?

Instead of thinking, I began feeling and I was feeling overwhelmed. Sixteen million people in our country have registered for unemployment in the last three weeks, that is 11% of the country's workforce. My 74-year-old mother who lives in our casita has begun to run a fever. The next few weeks and months will be hard. I made a pact with myself, today surviving is enough. I put away the "to-do" list, dealt with critical deadlines and made room for my feelings. "What is resilience?" Resilient people have a firm reliable acceptance of reality, a deep belief supported by strongly held values that life is meaningful and an ability to be creative, adaptable and improvise. Even for the resilient, some days we thrive, some days we survive. The next day I was ready to move forward again. Recognize where you are, where individuals in your circle are.

Opportunities:

We must be creative, adapt, and improvise but not hold. The Federal Reserve released a \$500 billion lending program for states and municipalities to assure cash flow. Some cities, such as City of Tempe, are working with their small businesses to find solutions.

We had a new employee start this week with a little creativity and help from technology. She is up and running from her home office. Skype calls with her supervisor and the rest of her department have integrated her into the team. Obviously not our normal format to onboard, but we improvised.

I experienced my first virtual client selection interview. Selling virtually presents new challenges. Your presence is reduced to a thumbnail image, you are competing for attention with a highly distracting environment, your content becomes the focus instead of being a backdrop to an in-person connection. How do you win new work in this environment? Creativity around a highly memorable message to inspire decisive action and a presentation that engaged the audience was our approach. Fingers crossed!

In time, we will all see positive impacts come from this crisis. I enjoy seeing families being active daily. Spending quality time together 100% present, not distracted, hearing laughter from my neighbor's backyards after dinner. My kids have, potentially the first time in their lives, experienced true boredom and picked up new hobbies and interests. I believe people are reevaluating which relationships deserve their time and energy and which obligations will no longer be worth our time when "normal" returns.

Tammy Carr

Principal, Mortenson
WLI Chair, ULI Arizona

April 6, 2020

Observations:

In Joel Kotkin's book "The City" he summarizes the history of cities in three words: sacred, safe and busy. Cities arose for one of these reasons: a place to worship; a place of refuge to be defended; or an intersection of commercial activity. Before the coronavirus hit, it seemed like cities were migrating toward a fourth fundamental reason to exist: fun.

Clearly for the last couple of hundred years, "busy" has been the driving force of urbanization. Trade, commerce, work, transactions of all kinds became the dominant characteristic of cities. But digital activity was beginning to disrupt that model. We can work on line and without physical offices, communicate without being face to face, and get goods delivered without shopping. And so offices were shrinking, bricks and mortar retail was vanishing, and transportation was changing.

Yet cities were thriving amidst this challenge. The new urban form was based on the simple desire for human interaction. The reason to live in a city was to be near a coffee shop, or a bar, a sports venue, a festival site.

Well, crap. Now what? Suddenly the fundamental benefit of gathering together for social interaction is threatened. Restaurants, bars, concert halls and sports arenas are dangerous. Mass transit is spooky. Seeing people on the street makes us nervous, and we circle around to keep a safe distance. High density is confining. We will survive by hunkering down, physically distancing and avoiding crowds and public spaces. So cities are dangerous. Are they destined to be obsolete? Should we all just stay sheltered at home, living by Zoom and waiting for the Amazon trucks?

I remember thinking after 9/11 that tall trophy buildings might go away. Why build something that is so obviously a target? Why risk putting business operations in a concentrated located that could be so totally disrupted? I was wrong. Business continuity back up did change and disperse, but tall buildings came back—for efficiency, as statements of defiance, to generate profits, because they're cool. Cities will similarly survive, and ultimately thrive. We will return to coffee shops. We will still seek to have fun.

Opportunities:

But cities will change. Therein lies the opportunity. Real estate development is all about figuring out how people will want to live, to play, shop, and gather. In the changes that Covid19 will begat trends will emerge. People may even more strongly want private automobiles and individual backyards. Meetings will seamlessly blend in person and on line participants. We will all work daily with people we never physically meet. New models of take out and curbside delivery will be created. Restaurants will be reconfigured. And someone, somewhere, will develop a new and better alternative to Amazon, which at some point will be regarded the way today we think of Sears.

Grady Gammage, Jr.

Founding Member, Gammage & Burnham
Advisory Board Member, ULI Arizona

Observations:

As always in times of crisis, the blessings are mixed, but plenty. I am stricken by generosity and resilience once we get over the phases of adapting to change like bewilderment, anger, grief, or guilt. I'm a member of the Glass Half Full Club and consider empathetic and agile leadership a hot commodity these days. I remain optimistic that we will navigate and gain strength on the other

side, but do have a twinge of guilt at my own lack of suffering (today). Regardless, we pray for wellness beyond the circles of our home and work families.

At this writing, our team of 50 in a boutique firm remains an "essential" service. Despite this, 90% of our brokerage and management teams are now working remotely to protect health. We are grateful for the many leadership networks, communities and forums that have afforded us wisdom and best practices.

Our multifamily/capital markets sales team is as busy as ever. New commercial lease and sale activity has slowed but not stopped; the pause allowing the parties to navigate uncertainty. Asset services teams are addressing rent relief and deferral requests. As we know from past crises, in good times and bad, we can be a resource, and CRE is a relationship business.

We have clients on both the investor and user side across the property spectrum, from healthcare to retail, office, industrial and multifamily. The degrees of impact vary. We have upped communications and serve as resource connectors and advisors throughout our client base and the greater Tucson business community as a whole. Everyone has their own "here and now" to address, from homeschooling, WFH, job loss, war at the virus' front. The best advice I have heard this week is to "work with one eye on the present and one eye on the future."

Opportunities:

The end will come, and normal will have changed in different ways across the sectors. We can use this time with one eye on the future to think ahead, strategically, and creatively. Where will the needs be, and how are we uniquely positioned to serve them? The way organizations and leaders treat employees and stakeholders in difficult times becomes part of our brand, creating opportunities to build value for the long term.

Barbi Reuter, RPA

CEO/Principal, PICOR Commercial Real Estate Services /Cushman & Wakefield

Observations:

What uncertain times we live in. I feel like this pandemic is the dog Toto in The Wizard of Oz who is uncovering the veil while we were busy being mesmerized by the beautiful Emerald City, only to reveal an oblivious operator trying to "manage" the machinery under the disguise of some Grand Wizard. As the Grand Wizard yells "Pay no attention to that man behind the curtain!" Mother nature has always had a wicked way of bringing us in line with ourselves when we sway too much from our path. Even the Athenians had to wrestle with the plague. Pandemics are a known historical tail risk, seems like we were a little less prepared for this one.

What do we do now with the largest financial stimulus package our Country has ever seen? We can read the 800+ page document (if you are having trouble sleeping at night) and understand the short-term effects of it but what about the long-term effects of a financial stimulus package like this? What will be the economic repercussions for our future? One thing I kept from economics class, there are no free lunches. What about the concern of all the landlords who will have tenants these months that refuse and/or cannot pay their lease? Most landlords I know, are 'mom and pops', do they not all deserve the same financial treatment for their business's viability? What about the payment of their taxes and insurance? It's an interesting time to see what the short-term effects of these policies and procedures set precedence to in the long-term future of the economy and our real estate market.

This is also a time now when we get to observe the true colors of the people we work with, the individuals we look up to, and even the leaders we elect. As Kipling starts in his poem If: "If you can keep your head, when all about you are losing theirs and blaming it on you." The true light of individuals is shown the most in the darkest times. Observations of the follies of man are many, observations of their triumphs in these times can be few.

Opportunities:

Before the calamity struck, it felt we were all going 200% trying to 'do deals', finish projects, sell, buy, hold, flip, cash in, and any other element involved in a real estate transaction. I call it a 'Bruce Lee' moment. The great martial artist Bruce Lee had a tendency to be too fast for the cameras of his time. The cinematography in frames per second that was used to record him couldn't catch all his martial art moves. Sometimes, we need to slow down and have life catch up, so we don't blur our own movie.

As such, an opportunity presents itself when a calamity strikes, because time slows down. As Einstein has taught us, time is relative to the observer. This is a beautiful opportunity that we have been given to reflect with our friends, our colleagues, our loved ones, and most importantly ourselves. Business and deals will always be around, but sometimes we don't make the time to be with the ones that truly matter in our lives. Now we have that time. It's a slower market right now, everyone is skeptical, and transactions are on hold, rightfully so. Let's keep our families safe and healthy and triumph over this tragedy. Take the time, enjoy a book, be in your mind, ponder decisions, phone an old friend, check in with the parents, think and plan about the opportunities ahead.

"The unprepared mind cannot see the outstretched hand of opportunity" – Alexander Fleming

Massimo 'Max' Sommacampagna

Founder, CIMA Homes

Vice Chair, YLG Programs, ULI Arizona

Observations:

I've never felt more connected to globalization than I do today. The Governor just held a televised Town Hall stating 40% of our community are unemployed, from 4% to 40%, those are not the kind of added zeros we like! These people did not see it coming. We all process information and adapt to change at a different pace.

It feels like 25% of people are still attempting business as usual, they seem to be displaying the most anger and frustration which I think is rooted in fear, over a lost sense of control, an ability to protect loved ones physically and financially. If we are honest with ourselves, don't we all share this fear? These individuals are more like us than different. We need to recognize that children are also experiencing fear with the rapid change and uncertainty around them. Do not shrug off their feelings or redirect their fears. Listen and acknowledge, help them move forward, but only after you have allowed them to share where they currently are.

Another 25% are trying hard to control the situation, hoarding a community supply of essentials instead of what their residence needs. This leaves lower income or recently unemployed more vulnerable. What can we do to share what we have with those less fortunate? The Boys and Girls Clubs are open providing a safe, educational and fun environment for families of essential workers, targeting healthcare providers. To support them: <https://bgcmp.org/>. The American Red Cross is experiencing a severe shortage of supply due to blood drives being cancelled. To participate: <https://www.redcross.org/give-blood.html>

The remaining 50% are trying to adapt quickly. After the Governor issued his executive order, I heard some of our community listed as "essential" feel the term means "expendable". I share my gratitude daily with those on the front line adapting and providing critical services. Let's find ways to support them assuring them they are far from expendable.

Despite different responses, we are all just human. As humans, we all have the same basic wants and needs for ourselves and families. To be happy, healthy and safe.

Opportunities:

From a business perspective, creativity and adaptability are exploding! It has been helpful to understand which market sectors are experiencing the most uncertainty, change or rapid adaptation. To spend time thinking how our industry or company can respond filling a gap.

From a construction standpoint, project sites quickly adapted to CDC recommendations, assuring the safety of all team members. Teams have to problem solve for shelter-in-place implications affecting procurement and moving materials, first internationally and now domestically, as more states issue orders with varying definitions of essential services.

Companies contingency plans have been tested and many found the need for additional data storage, cyber security and systems capabilities. Data providers have often been touted as recession proof, I believe this pandemic will become a catalyst for this sector.

Organizations have begun to find efficiencies with team members working remotely and I believe this will impact their future real estate portfolio. I know, not what most of us want to hear, but we must face the brutal reality in front of us and adapt (Stockdale paradox). Simply stated, the balance of optimism with realism seems very applicable today.

On the personal side, take time to evaluate assignment of unpaid responsibilities in your home, acknowledge things have changed, redistribute workload appropriately to everyone on your home team. Speaking of home, it is a really great time to refinance if you can! We will come out of this stronger if we chose, this has all the makings of a key defining moment in our lives.

Tammy Carr

Principal, Mortenson
WLI Chair, ULI Arizona

March 30, 2020

Observations:

Greetings! I truly hope this finds you all healthy, if not a bit stir crazy. I know a lot of you are enjoying this time with family, and probably doing more cooking than you're used to. I've become more adept at Zoom (love the virtual backdrop, thank you Mark Davis!). I really appreciate the numerous webinars and virtual gatherings that are happening, it helps to stay in touch and it's especially wonderful to see the faces of so many of you. Thank you to all of you who are taking the time to host these events and provide some continuity in these uncertain times, it's quite comforting.

We are still seeing land deals moving forward even with the current uncertainty. I agree that once the COVID contagion is under control, either through herd immunity or an effective treatment, Arizona will be well-poised to rebound. Whether this takes 3, 6 or 12 months remains to be seen, but we will recover from this.

If you haven't read Mark Stapp's editorial in last week's Phoenix Business Journal, you should. Mark makes a compelling case for the widespread use of empathy and forbearance for landlords and lenders alike during this impossible time. I know that several commercial landlords are offering rent deferment now, with a month-for-month extension of the lease term and/or repayment of the deferred rent over time. This will hopefully help struggling small businesses make it through this crisis, but landlords and lenders must work together to make this happen.

Of course, the massive CARES Act was passed by Congress and signed by the President last week. While the bill certainly has some controversial components, the aid that will be provided to small businesses is unprecedented. This includes non-profits, which are suffering greatly in this crisis. Please remember that these organizations depend on us for their very existence, which is

gravely imperiled by this disaster. Most rely heavily on galas and events that have been canceled or postponed, but we can make a difference by making those donations and providing the support they so desperately need. Life after COVID will be bleak indeed without a robust arts and nonprofit community.

And finally, please take every precaution to keep you and your family safe and healthy. This was driven home to me earlier this week when I developed symptoms of the virus despite being scrupulously careful. Because I hadn't left the state or had personal contact with someone that had been diagnosed, I wasn't able to get tested. My symptoms were mild and went away pretty quickly, and I feel fine now, but it gave me quite a scare, and now I'm sequestered at home and left wondering if I had IT, or something else entirely. At any rate, I am grateful for Door Dash!

Opportunities:

A couple of weeks ago my son and I enjoyed a day at the Boyce Thompson Arboretum, near Superior. I discovered while writing this that the Arboretum is still open, but with limits on the numbers of people admitted. It's a delightful way to get outside and enjoy some beautiful wildflowers and gardens. Visit their website for information on reservations, but go while you can!

Heidi Kimball

Senior Vice President, Sunbelt Holdings
Chair, ULI Arizona
Urban Land Institute

Observations:

For those of us that deal with income producing properties this Wednesday, April 1st is an extremely important date. This is the date when the next round of rent payments and loan payments become due. We are all living in a world of uncertainty with significant financial deterioration. If a tenant is not open for business, particularly due to a government mandated shutdown, how are they going to pay the rent? If a landlord is not receiving rent payments from its tenants, how are they going to make their loan payments? Most everyone is anxious to learn the details of the new government stimulus program to see what actual help will be available. Much has been written about individuals receiving \$1,200 checks, but at the time of this writing, much less is known about help to businesses.

Everyone is sympathetic to the problems, but ultimately business will largely pay the price. While the government assistance is welcome, it is not realistic to believe that most of the financial problems will be solved by the government. Funds are supposed to be made available through the Small Business Association, however, initial reports cite concerns about the lack of personnel and resources at the SBA to get help out fast enough. Businesses are scouring their business interruption insurance policies looking for help. One of the most overlooked clauses appearing in most leases, the force majeure clause, is now being carefully scrutinized by tenants, landlords and their lawyers across the Country to see if leases and guarantees can be broken and if rent payments can be delayed or avoided. The force majeure clause generally excuses performance of obligations due to Acts of God, government restrictions and other items beyond the control of the parties. The effect of these clauses on the respective obligations of tenants and landlords will likely be the subject of significant disagreements. I fear that our court system will become clogged for years with landlord/tenant disputes.

Opportunities:

Our Country has suffered crises before, such as 9/11, tornadoes, hurricanes and mass shootings. One of the big differences between those events and the current pandemic is that when those events occurred, almost immediately people came together in groups to deal with the pain, agony and the aftermaths to move forward and heal together. The corona virus crisis is the opposite. We are forbidden and fearful from coming together in groups. We are left to deal with this catastrophe either alone or in very small groups. One mitigating factor in this isolation is technology that is available to us. Although I am not much of a user of social media, I am informed that usage has shot up as we are all shut in. While like most these days, I spend too much time with my head tilted down at my phone. I am, however, trying to use this downtime as an opportunity to use my phone as it was originally intended, as a phone! Join me in actually dialing some numbers and

speaking to your friends and family, instead of just typing out short messages. As AT&T used to say, "it's the next best thing to being there!"

Mark Winkleman

President, MGS Realty Partners
Vice Chair, ULI Arizona
Urban Land Institute

Observations:

As a working mom to three children, this week has been challenging in a number of ways. I remember thinking before this pandemic hit how busy our lives were...with soccer practices and variety shows and Brownies and all the things. Now all of that busyness is gone, replaced with a somewhat monotonous, slower pace of life where I sometimes wonder what day it is. I've been thinking of downloading I Got You, Babe by Sonny and Cher so I can play it every morning when I wake up and get the full Bill Murray experience from Groundhog Day. I do remain hopeful that this too shall pass, but in the meantime, I'd like to share a few observations that may be helpful to others who are also juggling multiple hats during this time.

We can be flexible. I am fortunate to have the ability to work from home and have witnessed a number of businesses offering the same opportunity to their employees, both for health and safety reasons and to accommodate school closures. While I used to sometimes feel guilty if I had to stay home with a sick child, many of us are now in the same position, and we are all doing our very best and supporting one another. Let's adapt to when we work and where we work so we can get through this without compromising our commitments to our clients, partners and families.

We can be creative. The nice thing about having fewer activities is the time it gives us to really think, to come up with creative solutions to challenges we have been and will be faced with. Personally, and professionally, I am finding more success and comfort channeling my thoughts to what can be versus what is. The current state of affairs is scary, but I am confident it will also result in some brilliant and creative new lines of business, ways of learning and ways of living our lives. I look forward to seeing those opportunities emerge.

We can be patient. With ourselves and others. We are dealing with a once-in-a-lifetime black swan event, and there is no guidebook we can easily follow to give us all the answers. Difficult times call for new inventive solutions, and we don't have to get them right the first time. For us new telecommuters, we are all now in the exact same situation so we can have empathy if we jump on a call and hear kids yelling and dogs barking—WE ARE ALL THERE. If there were ever a time to remember that while we can't control the situation, we can control our reaction—which may be to just laugh—it is NOW.

Take a deep breath. We will get through this. Wine helps.

Opportunities:

In a time when we are faced with new worries, an overload of information and a requirement to take on more and different roles at home, I am pushing myself to remain positive and to focus on the silver lining that is emerging through the chaos. We are eating together as a family more often, enjoying new creative meals and continuing to support local businesses. Our PE game is strong – the kids are playing outdoors, building bike ramps and teaching us pickleball (thank goodness our neighbor is an orthopedic surgeon). We are learning new things as a family, and I am beyond amazed at how quickly my kids can adapt to all of the technology they are now using in their online education (me, not so much). Everyone is pitching in and helping more at home. And, perhaps most importantly, the layer of dust that had been accumulating on my Peloton is GONE! Keep looking...there are still opportunities and things for which we can all be grateful.

Heather Personne

Managing Principal, Evolve Ventures
Treasurer, ULI Arizona
Urban Land Institute

Observations:

Lockdown: Week 2

Knowing that my colleagues are brilliant and entertaining writers has not helped me write this week! It has been a very different week, and my observations are steered more towards people than business this time. People are starting to settle in and grasp the gravity of the situation. The virus is scary, and all the news is shocking. Wall Street and Washington are spasming terribly, we all are forced into new routines that are bizarre and challenging, and the only certainty is uncertainty.

We all are trying to maintain order in our work lives, while learning new technology and practices within our teams. In one day, I participated in meetings via GoTo, MS Teams, Zoom, and conferencing on my iPhone. Since virtually all educational institutions are closed for an undetermined time, work-from-home parents have found themselves cooped up with their children, from infants to adults, in their "office" space, 24/7. Parents who have never taught or done daytime care are learning about lesson plans, changing diapers and trying to figure out when the nightmare stops. It ranges from hysterically funny, watching friends and coworkers balancing parenting and conferencing, to tragic, knowing that many are collapsing under the added responsibility and stress. Fear and exhaustion are beginning to show – and that is among people who are fortunate to be employed.

Our industry began to suffer badly this week as hotels were vacated and shuttered, office buildings were closed and locked, industrial buildings struggled to manage through labor and transportation crises while trying to support vital supply chains, airlines began to shut down, and deals of every kind began to unravel. All that before retail, which was just starting to show signs of hope, got slammed heartlessly again.

Oh, and "normal" life goes on. As if not enough going on, our coworker lost a parent, one of my best friends just started a fight with cancer, and so many are high risk due to age and existing conditions but afraid to leave their house or go to medical facilities. Brutal. This is not a good time to be an empath. (Oh, and we just learned our son in Denver was likely exposed to COVID from an office mate!)

And I am an optimist.

In spite of all that, random acts of kindness are breaking out. Neighbors and friends are shopping for families who have been buried at home, companies are showing amazing compassion to their employees, communities are coming together and ordering take-out to keep favorite local restaurants alive, and some people have gone as far as leaving toilet paper on their porches with signs reading "take one if you need it" for delivery drivers. I've spent a lot of time fighting back tears this week.

The two best things happening around me are: Families being families. Parks are busy – mostly properly spaced – with kids on bikes and playing games, back yards are full of kids and families together like we haven't seen in decades. The "quality time" that we all wished we had time for is within our grasp and we dream of keeping it after this is over. Most encouraging to me is that communication is at an all-time high in both quantity and quality. People are reaching out to family and friends, many who have not connected for years. The last time I saw this happen was after 9/11. It's powerful to witness and comforting to be in it.

This is a great country, and times like this bring out the best in us. Take care of yourselves and those around you. This is not going away soon.

Opportunities:

This week it's hard to focus on business opportunities other than the obvious. Stay home and do your part to flatten the curve and slow the spread. Connect with everyone you can – it's good for everyone. Stay healthy and help people who need it. Keep the greater community in mind and consider supporting organizations who are helping the less fortunate among us. It's my good

fortune to serve on the board of the Arizona Community Foundation who established the statewide Arizona COVID-19 Community Response Fund and are collaborating with Valley of the Sun United Way to support their United for the Valley COVID-19 Fund. St. Vincent de Paul is doing great work feeding and housing victims of this crisis, as are countless churches and other organizations. Your help is needed and will be appreciated. Be safe and stay healthy. I will see you on the other side.

Charley Freericks

Senior Vice President, Catellus
Governance Chair, ULI Arizona

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