



BeauBeery.com
Multifamily Real Estate Advisors



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BANKER
COMMERCIAL**

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We help investors find multifamily assets to buy (and sell when appropriate) using our unique procurement system. It's a proven system to deploy and optimize more of their hard earned equity, grow portfolio unit count, keep productive staff busy, and maximize returns for themselves, their partners and their investors.)

This survey was sent to several hundred owners of multifamily assets in the 6 central and north Florida markets we cover. Those markets include:

- Orlando
- Jacksonville/St. Augustine
- Gainesville
- Tallahassee
- Ocala
- Volusia County (Daytona, Ormond, Deland, New Smyrna, etc.)

We received nearly 150 responses, which makes the survey reliable from a data standpoint. The Florida owners that the survey was sent to are located in 37 different states, primarily in the following locations:

- Florida 50.35%
- New York 8.06%
- California 6.34%
- Georgia 5.41%
- Texas 3.80%
- Foreign 1.03% (mostly Canada)

Beau Beery May COVID Market Survey

*Questions 1-6 compare April and May answers

Questions 7-13 were new questions added in May

1 What type of assets is your portfolio primarily composed of?

| | <u>April</u> | <u>May</u> | <u>Difference</u> | <u>% Inc/Dec</u> |
|--------------|--------------|------------|-------------------|------------------|
| Conventional | 78.08% | 77.85% | -0.23% | -0.29% |
| Student | 8.90% | 10.07% | 1.17% | 13.15% |
| Affordable | 13.01% | 12.08% | -0.93% | -7.15% |

2 Comparing current rent collections to January thru March pre-COVID

| | <u>April</u> | <u>May</u> | <u>Difference</u> | <u>% Inc/Dec</u> |
|-----------------------|--------------|------------|-------------------|------------------|
| about the same | 24.32% | 49.66% | 25.34% | 104.19% |
| up 5.00-9.00% | 3.38% | 1.34% | -2.04% | -60.36% |
| up 10.00-19.00% | 2.03% | 0.67% | -1.36% | -67.00% |
| up more than 20.00% | 0.00% | 0.67% | 0.67% | |
| down 5.00-9.99% | 37.84% | 38.26% | 0.42% | 1.11% |
| down 10.00-19.99% | 21.62% | 7.38% | -14.24% | -65.86% |
| down 20.00-29.99% | 8.78% | 2.01% | -6.77% | -77.11% |
| down more than 30.00% | 2.03% | 0.00% | -2.03% | -100.00% |

3 Are you a willing and able buyer for the right property and terms?

| | <u>April</u> | <u>May</u> | <u>Difference</u> | <u>% Inc/Dec</u> |
|-----|--------------|------------|-------------------|------------------|
| Yes | 78.91% | 86.58% | 7.67% | 9.72% |
| No | 21.09% | 14.09% | -7.00% | -33.19% |

4 Number of months at April/May performance before you'd need to sell

| | <u>April</u> | <u>May</u> | <u>Difference</u> | <u>% Inc/Dec</u> |
|---------------------------|--------------|------------|-------------------|------------------|
| 1-3 more months | 4.08% | 4.05% | -0.03% | -0.74% |
| 4-6 more months | 9.52% | 7.43% | -2.09% | -21.95% |
| 7-9 more months | 4.08% | 3.38% | -0.70% | -17.16% |
| 10-12 more months | 2.04% | 2.70% | 0.66% | 32.35% |
| 13-15 more months | 2.72% | 1.35% | -1.37% | -50.37% |
| don't need to sell at all | 77.55% | 81.08% | 3.53% | 4.55% |

5 When will multifamily values return to pre-COVID levels?

| | <u>April</u> | <u>May</u> | <u>Difference</u> | <u>% Inc/Dec</u> |
|------------------------|--------------|------------|-------------------|------------------|
| b/w June and Dec 2020 | 11.64% | 13.01% | 1.37% | 11.77% |
| b/w Jan and June 2021 | 26.03% | 17.81% | -8.22% | -31.58% |
| b/w July and Dec 2021 | 21.92% | 25.34% | 3.42% | 15.60% |
| b/w Jan and June 2022 | 13.70% | 13.70% | 0.00% | 0.00% |
| b/w July and Dec 2022 | 7.53% | 10.96% | 3.43% | 45.55% |
| b/w Jan and June 2023 | 6.16% | 1.37% | -4.79% | -77.76% |
| b/w July and Dec 2023 | 1.37% | 2.74% | 1.37% | 100.00% |
| after January 2024 | 8.22% | 4.11% | -4.11% | -50.00% |
| values haven't dropped | 3.42% | 10.96% | 7.54% | 220.47% |

6 Expectations for the following month of rent compared to the current month

| | <u>April</u> | <u>May</u> | <u>Difference</u> | <u>% Inc/Dec</u> |
|----------------------------|--------------|------------|-------------------|------------------|
| same as previous month | 25.00% | 55.70% | 30.70% | 122.80% |
| better than previous month | 8.11% | 14.77% | 6.66% | 82.12% |
| worse than previous month | 66.89% | 29.53% | -37.36% | -55.85% |

7 Have you already, or do you plan to, apply for PPP loan?

| | <u>May</u> |
|-----|------------|
| Yes | 57.05% |
| No | 42.95% |

8 Have you, or do you plan to apply for forbearance with your lender?

| | <u>May</u> |
|-----|------------|
| Yes | 9.40% |
| No | 90.60% |

9 What % below pre-COVID market value would you offer a property unaffected by COVID

| | <u>May</u> |
|---|------------|
| None, I'd expect to pay pre-COVID market values | 10.96% |
| 1-5% below pre-COVID values | 19.18% |
| 6-10% below pre-COVID values | 32.88% |
| 11-15% below pre-COVID values | 16.44% |
| 16-20% below pre-COVID values | 11.64% |
| 21% or more below pre-COVID values | 8.90% |

10 Occupations of tenants who paid reduced rent or no rent for April/May

| | <u>May</u> |
|--|------------|
| Hotel, restaurant, retail, hair stylists, airline, dental, child care, casino, | |

11 What will Universities decide regarding returning in the fall?

| | <u>May</u> |
|--|------------|
| No in-class courses, only online | 9.93% |
| Some in-class courses, some online | 56.74% |
| All in-class courses with livestream or recorded options | 29.79% |
| Other | 3.55% |

12 What % of students will seek housing if all Universities return to in-class courses?

| | <u>May</u> |
|---------------|------------|
| 96-100% | 12.77% |
| 91-95% | 20.57% |
| 86-90% | 24.82% |
| 81-85% | 13.48% |
| 76-80% | 14.18% |
| Less than 75% | 14.18% |

13 Student Housing ONLY - Comparing April/May pre-leasing 2019 vs 2020

| | <u>May</u> |
|--------------------|------------|
| down 1-10% | 18.18% |
| down 11-20% | 38.64% |
| down 21-40% | 18.18% |
| down 41-60% | 2.27% |
| down more than 60% | 11.36% |
| the same or better | 11.36% |

The "Skinny" on the May COVID Market Survey

- 1 Distribution of respondents was 78% conventional, 10% student and 12% affordable.
- 2 In May, nearly 52% of investors collected the same amount of rent or better than pre-COVID months. In April, it was only 30% of investors.

Those investors who were down more than 10% in rent collections went from 32% of investors in April to only 9% in May and those who were down more than 20% in rent collections went from 11% in April to only 2% in May.
- 4 The number of investors who are willing and able buyers went from 79% in April to 87% in May.
- 5 The number of investors who may need to sell in the next 1-6 months stayed about the same, which was 13.5% in April down to 11.5% in May. The number of investors who won't need to sell at all increased slightly from 78% in April to 81% in May.
- 6 Investors in May are less optimistic that values will return to pre-COVID levels between now and the first half of 2022 and even less optimistic it will happen before the first half of 2021.
- 7 Investors are exceedingly more optimistic about the following month of rent; 70% of investors believe June rent collections will be the same or better than May vs in April only 33% of investors felt like May would be the same or better than April.
- 8 57% of investors applied for the PPP loan and nearly 9.5% of investors applied for mortgage forbearance.
- 9 Only 11% of investors would pay the same price today as pre-COVID. The largest group of investors, about 1/3, said they expect a 6-10% discount on pricing however another 37% of investors would be seeking some level of discount above 10% (see "Survey Results" tab for detail).
- 10 Investors said the vast majority of their non-rent payers (or reduced rent payers) were in hotel, restaurant, retail, hair stylists, airline, dental, child care, and casino.
- 11 Roughly 57% of investors said universities will have some live classes and the rest online and 30% said classes will be in full session with live and/or recorded options
- 12 The largest percent of investors (25%) felt like 86-90% of students will be back in class in the fall if universities are fully open. However, 42% of investors said some amount less than 85% of students will be back on campus.
- 13 The biggest group of student housing investors (39%) said they were down between 11-20% in pre-leasing this year vs last year but another 32% are down 21% or more.