



## Learners Guide

### National Net Lease Leadership Insights 2020

Hear from industry experts on a number of topics including: the supply of for-sale net lease product in the current environment; what deal flow and buyer competitiveness look like, compared to either the "up" cycle or the prior downturn; whether some normally attractive categories of net lease retail might look like riskier propositions, given current circumstances and the presence of lenders in the space

Throughout the course, Connect Classroom has created course content, which encourages ongoing conversations rather than rote memorization. Enjoy listening to panel conversations about topics relevant to your work.

*CE Credit: 1 hour*

*Written section length: 57 minutes*

*Estimated time to complete course: 1.5 hours*

#### **Disclaimer Statement**

*This course is approved for continuing education credit by the California Department of Real Estate. However, this approval does not constitute an endorsement of the views or opinions which are expressed by the course sponsor, instructors, authors, or lecturers.*

#### INSTRUCTORS

- Daniel Cenicerros – Founder and CEO, Connect Commercial Real Estate

#### LESSONS

#### **LESSON 1: EXPERTS DISCUSS SUPPLY OF FOR-SALE PRODUCT IN THE CURRENT ENVIRONMENT**

##### **Lesson 1: Video**

**Video Link:**

***Est. Time: 16:00***

##### **Lesson 1: Key Points**

- Are sellers confident right now and is there good ROI?
- There is more demand than supply right now

- A number of restaurant and retail assets have been disrupted by the COVID-19 pandemic. Those have been slow to trade and if there is any trading at all it is in the distressed category
- Stabilized assets are seeing more demand than supply
- In the initial part of COVID-19 experts were focused on making sure tenants were paying rent. Now they are seeing private capital coming in and leading to increased deal flow.
- Envoy Lease Partners' Ralph Cram Discusses His Recent Experiences in Current Market
  - Effects of the recession: A lot of corporations are still moving forward with 2020 commitments and part of 2021. A number of operators are pulling back on deals at the back end of 2021.

## **LESSON 2: WHAT DOES DEAL FLOW LOOK LIKE RIGHT NOW AND WHAT ARE EXPERTS SEEING WITH SO MUCH MOMENTUM?**

### **Lesson 2: Video**

**Video Link:**

***Est. Time: 17:00***

### **Lesson 2: Key Points**

- We are seeing a lot of unusual pressures in the market right now.
- There is a lot of capital coming into the market as of this Summer
- In terms of deal flow there's a lot of moving parts, according to Camille Renshaw
- When entering into long-term leases owners should be careful of who they are signing due to the current environment
- Zachary Pasanen discusses what he has seen recently on the deal flow front
- Renshaw: "Any broker would tell you right now that they would love to be working with CMBS and they would love to be working with buyers that work with banks. Every broker is looking for all equity buyers or Life Cos.
- Kyle Gore: "Our deal requests have just elevated every single week."
  - Requests are very high and capitalization rates are very low.
  - It's a lot like the stock market right now. People don't know where to put their money.
- Experts are seeing a lot of deal flow but that deal flow is based on a lot of assumptions right now.

## **LESSON 3: ARE EXPERTS SEEING MORE FINANCING REQUESTS OR REDEVELOPMENT/REPOSITIONING REQUESTS?**

### **Lesson 3: Video**

**Video Link:**

***Est. Time: 9:30***

### **Lesson 3: Key Points**

- Are there lenders active in the space and what do they look like?
- Experts predict that the biggest trend that will come up in the next several years will be what's called "renovation to suit"
  - There are a lot of 'retreaded drug store deals.' - 15-20 year drug store that now has a new 15 year lease. The rent is now \$14 per square foot not \$21 or \$22.
- There is a growing trend for mall owners to demolish the mall and split the property into a number of smaller retail boxes with separate parking lots.
- Unlike in 2008-2009 when things just shut off and there was an obvious liquidity crisis. This feels more like a rolling liquidity crisis because the fed is pumping so much money into the market.

## **LESSON 4: WHAT DO EXPERTS THINK ABOUT BIDEN'S 1031 EXCHANGE PROPOSAL?**

### **Lesson 4: Video**

**Video Link:**

***Est time: 15:00***

### **Lesson 4: Key Points**

- Camille Renshaw: Most politicians have wanted to get rid of 1031 exchange
  - It seems incredibly unlikely that Biden would actually be able to get that done at this point in time.
- Some experts are more worried about a 15 or 20-year time horizon than the next year.
  - However, near-term it may affect the seller activity
- Net lease is one of the most stable asset classes so long-term capital will flow into this asset class
  - Near-term if there is a repeal in 1031 exchanges in 2021 there could be a disruption in the market.
- The industries that would get hit hardest by a repeal of 1031 exchange would be smaller law firms, smaller title companies and similar.
- Camille Renshaw sees repealing 1031 exchanges as a huge negative.

## **INCREMENTAL ASSESSMENT**

### **Quiz Directions**

Quiz questions are true/false. Choose the best answer. You will have an opportunity to answer the questions a second time if you fail the first time. Correct answers allow you to move forward in the course.

## **FINAL EXAM**

Please complete the following exam to receive full continuing education credit. You will be able to take the exam twice and must have a 70% score to pass.

While taking this exam, please ensure that you are in a private room to avoid distraction with a stable wi-fi connection. Once you begin the exam you will be unable to pause it or restart it. If you do not pass within 2 attempts, the course will need to be retaken.

Once you have successfully passed the course exam, you will be directed click a button to continue on to receive your certificate.

Before the learner can download their certificate, they must verify the following information:

I, NAME, certify and ensure that by written statement signed under penalty of perjury that the participant enrolled is the person completing the course.

**First Name:**

**Last Name:**

**State Recognized ID:**

**Professional License Number:**

If any of this information is missing or incorrect – STOP NOW! – and click the “**Update Information**” button.

This is important as it’ll be used on your certificate!

A pop-up dialog box will give the learner an opportunity to correct erroneous information or add in missing information. When all of the information has been updated, click “**Update**” button. Finally click the “**I Confirm My Details Are Correct**” button to return to the Course home page. The course certification will be available to download from the top of the page.

Thank you for completing the National Net Lease Leadership Insights 2020 Course!

**FINAL EXAM – TEST BANK: 10 Questions Pulled from a Question Bank of 30 Questions**  
*10 questions, 1 minute each question = 10 minutes to complete*