

Survey: Retail landlords hurt by unpaid rents

BY TORY N. PARRISH
tory.parrish@newsday.com



Business shutdowns related to the coronavirus pandemic have hit the retail sector harder than other segments of the commercial real estate industry on Long Island, according to a new survey.

In fact, 46.4% of retail landlords on Long Island that completed the survey said that more than 50% of their tenants missed or were unable to pay their full rent in April because of the pandemic, according to "COVID-19 Long Island Economic Impact Survey."

Conducted by the Association for a Better Long Island and Long Island Builders Institute, the survey polled landlords of commercial and multifamily residential units from April 14 to April 21.

The survey, which will be taken monthly, will illustrate to elected officials the severe impact that the pandemic is having on Long Island's economy, which will need a multifaceted effort to recover, said Kyle Strober, executive director of the association, a Hauppauge-based economic development group. The situation is going to get worse before it gets better, he said.

"We anticipate May's results, after a full six weeks of economic shutdown, to be worse. . . . The results will be a potent tool when stating the need for federal, state and local assistance in order to jumpstart our economy," Strober said.

Some of the highlights of the survey:

- The survey found that 37% of respondents with leased office space did not receive rent from 10% to 20% of their tenants.

- Also, 40.9% of respondents with leased multifamily residential units did not receive April rent from 10% to 20%.

- Also, 42.1% of respondents with leased industrial space did not receive April rent from less than 5% of their tenants.

All of the property owners are expecting a decrease in revenue in the 2020 fiscal year, with 41.5% expecting revenue to be down 21%-50%, and 12.2% expecting revenue down more than 50%, the survey found.

Of the respondents, 34.1% reported that they expect it to take one to two years for Long Island's economy to recover to the level that existed before COVID-19, while 29.3% predicted the recovery will take two to five years.

The survey's 41 respondents represent a combined 61.4 million square feet of leased commercial space and 32,718 residential units.

Valley Stream-based Serota Development LLC owns about 2 million square feet of commercial property on Long Island, including 15 shopping centers.

"Everything was going very well in February and March. Rents were coming in and then,



Kyle Strober, executive director of the Association for a Better Long Island, says LI's economic situation will get worse before it gets better.

of course, we get into April and things just pretty much stop," said Dan Serota, president.

Retail tenants' registers stopped ringing, leaving them with insufficient money to pay the rent, said Serota, whose company's shopping centers in-

clude Brooktown Commons in Stony Brook and Sun Wave in Patchogue.

"It's very frustrating. Our hearts go out to them," said Serota, who said his company could offer more rent flexibility to tenants if its lenders were

more flexible.

Gov. Andrew Cuomo's 90-day moratorium on residential and commercial evictions went into effect March 20, but it does not erase tenants' financial responsibility.

More needs to be done at the state level to provide some relief, said Mitch Pally, chief executive officer of the Long Island Builders Institute, an Islandia-based trade association representing residential and mixed-use property builders and other professionals in the real estate industry.

"The solution of 'everybody is now going to pay three months' rent on July 1' is not a solution," Pally said.

The institute supports legislation proposed by New York Sen. Brian Kavanagh (D-Manhattan) on March 29 that would provide emergency rental assistance vouchers to residential tenants who have lost their jobs or income due to COVID-19, Pally said. The bill is in the Housing Committee of the Senate.

Assemb. Steve Cymbrowitz (D-Brooklyn), chair of the housing committee in the Assembly, carries the same bill in the Assembly.

On Wednesday, Cuomo was a guest on "The Daily Show With Trevor Noah," a Comedy Central program.

Asked by Noah about state plans to alleviate rent stress, Cuomo said officials were discussing it but did not have a specific plan yet because of the extent of the COVID-related damage was still unknown.

Saudi Arabia takes stake in Live Nation amid pandemic

Los Angeles Times (TNS)

Saudi Arabia has taken a 5.7% stake in Beverly Hills-based Live Nation, the world's largest concert promoter, according to a document filed with the U.S. Securities and Exchange Commission on Monday.

The investment, valued at about \$500 million, comes as businesses like Live Nation that depend heavily on live events have been hard hit by COVID-19 pandemic. Concerns about the disease have shut down or postponed music festivals and concerts, including ones hosted by Live Nation.

The company said 8,000



Live Nation, the country's largest concert promoter, has been hit hard by the pandemic. Saudi Arabia paid \$500M for a 5.7% stake.

shows were impacted by the suspension of events from mid-March through March 31. Live Nation sold 15 million

tickets for those shows, many of which were postponed. About 10% of the tickets sold were for shows that were can-

celed, Live Nation said.

Earlier this month, Live Nation said it was implementing a salary reduction program where the salaries of senior executives by up to 50% and that its CEO would also forgo his salary. There will also be hiring freezes, rent re-negotiations, furloughs, among other cost-cutting measures, the company said.

"Given the uncertainty associated with the duration of current conditions globally, the company has launched a number of initiatives to reduce fixed costs and conserve cash," Live Nation said earlier this month.

The Kingdom of Saudi Ara-

bia's Public Investment Fund has 12,337,569 Live Nation shares, worth about \$500 million on Monday.

Despite efforts by the kingdom to build ties in Hollywood, some companies have been reluctant to take investment from Saudi Arabia following the murder to Saudi journalist Jamal Khashoggi. Beverly Hills-based Endeavor returned the kingdom's \$400 million investment amid concerns about Khashoggi's death.

Saudi Arabia has also invested in other companies that are reeling from the coronavirus crisis, including Miami-based cruise operator Carnival Corp.