PSBQ120
Maria Hawthorne
PS Business Parks Incorporated
04/30/20
1:00 pm ET

Operator: Good afternoon, and welcome to the PS Business Parks First Quarter 2020 Earnings Results Conference Call and Webcast. At this time, all participants have been placed in a listen-only mode, and the floor will be open for your questions following the presentation. If you would like to ask a question at that time, please press * and 1 on your touchtone phone. If at any point your question has been answered, you may remove yourself from the queue by pressing the # key. If you should require operator assistance, please press * and 0. It is now my pleasure to turn the floor over to Jeff Hedges, PSB's Chief Financial Officer. Sir, you may begin.

Jeff Hedges: Thank you. Good morning, everyone, and thank you for joining us for the first quarter 2020 PS Business Parks' investor conference call. This is Jeff Hedges, Chief Financial Officer. Here with me is our Interim Chief Executive Officer and COO, John Petersen; and our Chief Accounting Officer, Trenton Groves.

Before we begin, let me remind everyone that all statements, other than statements of historical facts, included in this conference call are forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond PS Business Parks' control, which could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. All forward-looking statements speak only as of the date of this conference call. PS Business Parks undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For additional information about risks and uncertainties that could adversely affect PS Business Parks' forward-looking statements, please refer to the reports filed by the Company with the Securities and Exchange Commission, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K.

We will also provide certain non-GAAP financial measures. Reconciliation of these non-GAAP financial measures to GAAP is included in our press release and earnings supplement, which can be found on our website at psbusinessparks.com. I will now turn the call over to JP.

John Petersen: Thanks, Jeff. Good morning. Thank you for joining us today, and we hope you and yours are well. As many of you know, our President and CEO, Maria Hawthorne, is currently out on medical leave not related to COVID-19. We are wishing her well and hoping for her speedy and complete recovery.

We will spend most of our time today discussing the effects of the COVID-19 pandemic and our response, but I would like to start by highlighting our strong first quarter. Our leasing team led the way with a robust 1.9 million square feet of production and 9.5% cash rent growth, with positive rent growth in each of our markets. Included in our production during the quarter was a 144,000-square-foot renewal in Seattle that we signed in March with 52% rent growth. As you may recall, we had signaled that this customer may vacate in July of this year, but our team did a fantastic job executing the strategic renewal that not only produces significant rent growth for us but also eliminates a repositioning capital project that we had planned for the property. Regarding the two other large vacancies we have discussed previously in Hayward and Santa Fe Springs, activity is strong, and we continue to expect to have these spaces re-leased over the next several quarters.

In Q1, we also commenced construction of an 80,000-square-foot, $8-million industrial building in Dallas. This project is proceeding as planned, and we are expecting delivery in Q4. Concerning a similar industrial development in Seattle, we remain engaged on this development and are pursuing permits, but we will hold off on commencing construction until we are satisfied with market conditions and construction pricing. Similarly, regarding Brentford at The Mile, our planned 400-plus-unit multifamily development in Tysons, Virginia, we are completing pre-development site work that will put construction of that project on hold as we evaluate pricing and market fundamentals.

Jeff will walk through Q1 financial results in a moment, but needless to say, we are very pleased with what we accomplished in Q1. Of course, much has changed over the last several weeks, but our parks have remained open for business and our teams have been highly productive working remotely. I'd like to acknowledge the tremendous effort of our team throughout the organization in our field and home offices as they have risen to the occasion and tackled these unique and unprecedented challenges. I'm extremely proud of what we have accomplished over these past several weeks.

As we all know, the COVID-19 pandemic and the resulting shelter-in-place orders have significantly impacted commerce. Although much of the disruption began in the month of March, our March collections were unaffected. April collections have lagged. As of today, we are over 88%

collected and progress continues to be made. Jeff will provide more on this in a minute and also discuss our rent relief requests.

In March, as the magnitude of the pandemic took hold, our team quickly developed a standardized process to manage the intake and evaluation of rent relief requests. Of course, not all requests will be granted, but we have been and will continue to be willing to partner with our loyal customers whose businesses have been impacted by this pandemic. Importantly, most of our customers are eligible for and in fact have already applied for one or more of the government assistance programs.

Moving now to leasing activity in our parks, when the shelter-in-place orders went into effect in mid-March, tour and leasing volumes slowed dramatically as companies tried to deal with the uncertainty and put most of their requirements on hold. Over the last couple of weeks, we are beginning to see an uptick in calls and touring activity. Much of the current demand is coming from essential businesses, e-commerce, medical supply and warehouse users. While some of the activity is short term in nature, we are working with some credit customers whose businesses are growing during this pandemic and are searching for long-term requirements. Additionally, we have been able to accommodate some existing customers' decisions to take the conservative approach and renew or downsize with us instead of relocating to other parks, and we expect more opportunities like this as we move forward.

Looking ahead, while we are optimistic about recent activity, we expect reduced leasing demand and lower occupancy through the remainder of 2020 as we anticipate the economic effects of this pandemic will endure for some time. Now, I'll turn the call over to Jeff.

Jeff Hedges: Thank you, JP. I'll begin with a brief recap of our Q1 financial results. As JP mentioned, we had a productive first quarter, led by net income of $1.51 per diluted common share. Same Park cash NOI grew 4.5% and Highgate at The Mile, our multifamily property, also performed well with NOI growth of 8.2%. FFO for the quarter was $1.72 per share. Funds available for distribution, or FAD, was $49.3 million for the quarter, an increase of 6.6% from the prior year. In addition to cash NOI growth, the increase in FAD was driven by lower total Same Park recurring capital expenditures, which were approximately 9.4% of total cash NOI. Lastly on Q1, I'll point out that we paid a dividend of $1.05 to common shareholders in the first quarter, and our Board recently declared a dividend of $1.05 to be paid in the second quarter on June 30th to shareholders of record on June 15th.

Shifting now to the impact of the COVID-19 pandemic on current operations. In the month of March, we billed 34.4 million and collected over 98% of that amount. In April, we billed 34.4 million of total rent, and as of today, we've collected over 88% of that amount. The collection rate attributable to the industrial segment of our portfolio is 85%. A large portion of the industrial tenants that have not yet paid April's rent are retail-oriented customers such as furniture warehouses and bedding stores, because retail storefronts have been shuttered. We also have some retail exposure within our flex portfolio, which as a segment had a slightly higher collection rate at 87%, but still well below historic average. Our office portfolio has performed well with 97% of April's rent collected, as this segment of our portfolio is anchored with GSA leases and leases with government contractors who have not been as affected by the shelter-in-place orders. At Highgate, our loan multifamily property, we have collected 90% of April's rent.

Across all product types, the majority of our customers who have not paid their April rent have indicated they may be seeking rent relief of some sort. As of today, roughly 20% of our customers have given an indication that they may be seeking rent relief. However, we have received rent relief applications from only 10% of customers. We are evaluating each rent relief application on a case-by-case basis. The rent relief requests that we have agreed to thus far and what we expect as we move forward have generally been in the form of base rent deferral for an average of one to three months with payback periods averaging six to 12 months. In limited instances, we have agreed to small amounts of rent abatement, but this form of relief has generally been reserved for our small retail tenants and the cafes and gyms that serve as amenities in our parks.

Although we do not provide formal guidance, we do expect that Same Park cash NOI for the last three quarters of 2020 will be negatively impacted by lower occupancy levels, rent deferrals and an expectation that customer defaults will rise to levels higher than what we have experienced over the past several years. The magnitude of the impact created by these items will depend on the length and severity of the pandemic and the economic recovery at the regional and national levels. Importantly, our fortress balance sheet and liquidity provides us with the ability to react to these challenges from a position of strength. We have no debt outstanding. We have very little in the form of future capital commitments. We have approximately 340 million of liquidity, including 90 million of cash and 250 million of borrowing capacity on our credit facility.

Our strong liquidity position, combined with our lack of material capital commitments and the strength of our portfolio cash flow leading into the crisis, affords us the ability to make appropriate strategic decisions with the goal of maximizing long-term cash flow generation. With that, I'll turn it back to JP.

John Petersen: Thanks, Jeff. Before we turn the call over for questions, I want to reiterate the point Jeff just made. As always, we operate our business for the long term, and PSB's business prospects are strong. While many of our customers have been impacted, we believe most will emerge from this and our customer base will lead the recovery. Our parks are well-positioned in great markets, and our experienced team is battle-tested over many cycles and will respond quickly and act upon opportunities as they arise. Lastly, with our pristine balance sheet, we are able to manage through the cycle and continue to pursue our long-term strategic objectives. With that, we will now open the call for questions. Operator?

Operator: If you would like to ask a question today, please press * and 1 on your touchtone phone. You may withdraw yourself from the question queue by pressing the # key. We do ask that while you pose your question, you pick up your handset to provide optimal sound quality. We'll go first to Manny Korchman with Citi.

Katy McConnell: Good morning. This is Katy McConnell on for Manny. Could you provide some just bigger picture commentary on how the crisis has been impacting the small versus large format industrial tenants in your portfolio differently? Thinking about how long-term demand trends could change as a result of all this, what opportunities do you think could come out of it?

Jeff Hedges: Sure, Katy. Good question. As we look at this impact, first of all, we're still very early into this pandemic. As we've seen over the last six to eight weeks, the impact has been dramatic. Unemployment, 30 million jobless and down the list, which we all know. So, I think all of the economy has been impacted, and some of our smaller come companies have been impacted maybe more so than some of the larger companies. So, how are we dealing with that, and how are they dealing with it?

Well, we're all trying to bridge this gap here as the economy starts to reopen. Some of our smaller companies, as Jeff pointed out, have requested rent relief. Guess what, some of our larger companies have also requested some deferrals. It's important to note that just because a customer may have a small space with us, doesn't mean they are a small company. On the other hand, just because they have a large space with us, it doesn't mean they are a large company. So, I think you have to be careful about how you bifurcate those user sizes. So, for example, we have a small company that has a large warehouse, but they only have 40 employees, but they have a 100,000-square-foot warehouse. They've requested deferral, for example.

One of the things, as you mentioned, looking forward that we're starting to see a little bit is a concentration from both size companies, large and small, in some of our key parks and locations for some short-term requirements. As I mentioned earlier, there could be e-commerce. There could be warehouse demand. We could see warehousing needs shift going forward in terms of the need to store more goods. Again, it's too early to determine what the long-term shifts are going to be, but we think where our parks are located, the infill nature of our parks, close to freeways, ports, etcetera, are going to benefit going forward once we get through this pandemic and even as we transition through it. We've done some short-term leases with companies we might not otherwise have done, because they are growing in this environment, and we're trying to address their needs, hoping that we can generate some long-term business for us through these short-term needs. A little bit long there, but does that answer your question?

Katy McConnell: Yes, that's great. Thank you. Then maybe just one quick follow-up. Based on the dip in rent collections that you've seen so far in April, can you talk a little bit about what you're underwriting for collections in the remainder of Q2, and what percentage of those tenants do you expect to grant rent relief, if you can provide any sort of parameters around that?

Jeff Hedges: Yes, Katy. This is Jeff. As JP said, we believe we're still early in this. In all of our regions, we're just now starting to talk about the reopening. So, we do expect that the months of May and June are going to continue to be challenging for a lot of our tenants. We have been very proactive in communicating with our tenants. As I said, 20% of our tenants have indicated at this point that they may be seeking relief. Only 10% have translated to formal rent relief applications thus far, but we do expect that that 10% will grow. We don't have any real guidance to give in terms of exactly how large that will grow, because that's going to depend on the length and severity of the shutdowns and how quickly our various regions can get back to business. Needless to say, we do expect that some of our customers who are effectively shuttered right now are going to have cash flow challenges in the months of May and June. How far beyond that is TBD. We are, as we said, continuing to work with and partner with the loyal customers that we have. I think, as JP put it, we try and help bridge the gap here as we work through the next few weeks and months of the pandemic. Then, JP, do you want to talk about our expectations on the percentage of requests that we'll grant?

John Petersen: Yes. As we look at these, and I think Jeff discussed in his prepared remarks, we do take each request on an individual basis, and we have a pretty thorough process of looking into their financials, their statements, etcetera, and evaluating their long-term business needs. There are some companies that are opportunistic, let's say, with these requests and may or may not need it. Our goal is to determine who needs help and who doesn't. So, it's too early for us to put a percentage on this really. As Jeff said, only 10% of those who have inquired have actually filled an application. So, we go through a pretty thorough process. Have they applied for the government assistance? Have they submitted the requisite bank statements, financial statements to us? In terms of April collection, we're only four weeks into it. So, it's too early for me to say that it's going to be 20% or 40% or anything like that. We just don't know as it's so new.

Katy McConnell: Got it. Okay, thank you.

Operator: We can go next to Brendan Finn with Wells Fargo. Go ahead.

Brendan Finn: Hey, guys. Thanks for taking my questions. I guess I really appreciate the color you guys gave on the rent collections and deferral requests. For those 10% of customers that you know are likely seeking rent relief but haven't filed the formal application, is that in your opinion tied to them requesting relief in terms of loans or grants from the government?

John Petersen: Yes, Brendan. What we've seen over the last four weeks, let's say, is especially recently, in the last two weeks - and this is also fluid, right? It's a different world on April 30th than it was on April 10th or 12th. So, what we've seen is with each passing day, we'd see some companies, and as Jeff pointed out, as some markets start to reopen, these companies will - first of all, for us to start the application process with them, we need to see that, okay, they have applied for a government relief, and there are a number of programs, as you know. So, once they do that, and then we evaluate that request on a standalone basis and try and decide. Okay, that relief request from the government, did they get it and have they paid the rent? Then they need to pay the rent from those requests, from the government assistance program. Sometimes we say, "Fill out the application." Then they say, "Forget about it. I'm just going to pay the rent. I don't want to go through the process. Maybe I don't need the money. Maybe the economy is going to reopen sooner than I thought it would be." Again, as I said earlier, it's really fluid, and it's hard to really pinpoint, I guess, a theme here. I think, Jeff, wouldn't you agree?

Jeff Hedges: Yes. Maybe I'll just add that, Brendan, the process that we've designed here is such that we are focused on ensuring the customers who really do need relief, we're going to be cooperative with and partner with where appropriate. The customers who do not need relief, we're not giving handouts. Our process is designed to make sure we're reviewing each case thoroughly. For that reason, as JP mentioned, I think some of the customers who may have just initially been opportunistic saying, "We would like relief," as we get a little deeper in here, they've decided, "You know what, for now I'm fine." They have, at least at this point, opted not to formally apply for any type of relief from us. We'll continue to keep a close eye on it, and we'll continue to be very diligent in evaluating the requests that come in.

Brendan Finn: Okay, great. I appreciate that, guys. Then just switching gears here a little bit, you guys have talked before about seeking acquisition opportunities, I guess, similar to the industrial assets you acquired last year. So, I guess you're continuing to monitor the environment and look for those opportunities. I guess, given where your balance sheet is and the low leverage, would you be comfortable taking on some debt if you saw some particularly attractive opportunities?

John Petersen: Yes, Brendan. As we've discussed, we're well-prepared from a balance sheet standpoint to capitalize on acquisition opportunities. Jeff will talk about the debt piece in a minute. We're actively looking at whatever acquisitions are out there right now, but frankly, the market has dried up. For us to source an acquisition right now, frankly, it's very hard to underwrite what the future looks like in terms of rent growth, in terms of rent collections and in terms of occupancy, because no one knows really where this is going. So, there will be opportunities in the future, and we'll be ready. If you look back at our past, whether it was after the tech wreck or during the great financial crisis, that's really when we were able to grow the company. We had the balance sheet then and we do now to really capitalize on opportunities. We're very hopeful that this affords us the ability to pounce on acquisition opportunities once the market settles down a little bit. Frankly, right now, there is really nothing out there to pursue. If there were, we're not going to pay yesterday's prices for a future that we're really unsure of at this point. Jeff, do you want to talk about the debt piece?

Jeff Hedges: Yes. As JP said, we do expect that there will be opportunities at some point. When those opportunities present themselves, we will get aggressive at the right time, and we'll look to capitalize those growth opportunities from all sources of capital, including debt, which we currently don't have on balance sheet. You've heard us say on prior calls that we will look to common equity, preferred equity and debt as sources of growth capital when and where appropriate; and as we're talking here today, that remains the case. We would be open to issuing debt if it were tied around a strategic growth opportunity that we thought was appropriate.

Brendan Finn: Sounds good. Thanks, guys.

John Petersen: Thanks, Brendan.

Operator: We'll go next to Craig Mailman with KeyBanc Capital. Please go ahead.

Artie: Hey, guys. This is Artie on for Craig. Just a quick update on the two bigger backfills, the 460,000 square feet and 288,000 square feet. Just some color on the timing expectations and mark-to-market? I know you guys said several quarters, but should we think about it kind of more as a 2021 backfill?

John Petersen: Well, that's a good question. As you can imagine, we're pushing really hard to not to do 2021 backfills. There is interest in both spaces, either parts of the space or all of the spaces. Frankly, in this environment, we're encouraged with the level of activity but, with this new normal, there is no - what pre-COVID we might have done is maybe a little bit different now. We like our chances. I'll stand by the several quarters comment. I hope to have some good announcements here in 2020, but we'll see. These are still good buildings. They've attracted a lot of interest, and we're confident about our ability to move these buildings here going forward. Does that help?

Artie: Got it, thanks. Yes, thank you.

Jeff Hedges: Okay.

Artie: Then just a follow-up on the rent relief. You guys said that, obviously, most of the relief requests are coming from flex and industrial tenants with a little more retail exposures. Sorry if I missed it, but did you guys put a percentage behind how many or what makeup of your portfolio are those types of retail-exposed tenants?

Jeff Hedges: Hi, this is Jeff. No, we did not release those details. I just want to clarify something. What we said is the exposure on retail was in reference to the customers who have not paid April. The relief requests, I think as a general statement, are a little more kind of spread across all industries; but certainly, the retail exposure has been where we've seen the most pressure with regard to the customers who have been having difficulty making their April payments.

Artie: Got it. Okay. Thank you. That's it for me.

Operator: Again, that is * and 1 to ask a question. We'll go next to Anthony Paolone with J.P. Morgan. Please go ahead.

Anthony Paolone: Great. Thank you. Is there anything geographic emerging out of the rent collection dynamic in terms of better or worse in certain areas?

John Petersen: Yes, Tony. Surprisingly, it's better in Washington Metro. The government economy there is healthy right now, I would say, and we've seen more favorable rent relief requests there. Southern California maybe has a disproportional higher amount of requests, partially because some of that service retail that we have in the front of our industrial parks, like Jeff mentioned, partially because we have a high concentration of small businesses. Lastly, maybe Florida, we've had a bit more requests because of maybe some ties to the Latin America in the trade, with that slowing down a bit. Texas, kind of what you'd expect. Look, everybody is seeking - not everybody, but it's across industry types for this rent relief request. It's especially, I'd say, good in DC and maybe some more in Southern California and Florida. Does that help?

Anthony Paolone: Yes, that's helpful. Then thinking through just the rest of the year here, like if we look at your just total lease expiration schedule, it's about 16% of rent. Where has tenant retention been running, and what do you think happens from here in trying to put some brackets around? Like if you only keep half or three quarters of your tenants and there is a decent delay in backfilling, I'm trying to understand the order of magnitude on occupancy this could have in the near term.

John Petersen: Yes, Tony. As you know, we had a really strong Q1 with 75% retention. Can we do that in the rest of the year? Maybe unlikely, but what we are doing already is being much more aggressive with our rent renewal. We're reaching out a little bit further. Some of our customers have taken advantage of that, and some of our customers said, "Look, I'm willing to renew now. Maybe I'm not going to grow and relocate out of the park. Maybe I'll stay here." So, we're working hard to keep our retention in the kind of 60% to 70% range, I would think. That's going to force us to be really proactive with our customers in terms of how we structure the leases going forward. We still think there are opportunities in certain markets to maintain rent because, as you know, heading into this pandemic, we were at all-time low vacancy rates, and there is still not a lot of space out there. So, that should help us. What also should help us is as the economy starts to reopen, our customers may have more visibility into what their future looks like, and they may be more confident in just staying put where they are than moving somewhere else. So, we think that will help us with retention going forward. Does that help?

Anthony Paolone: Yes, it does. You are in such a flow business, just given the amount of leasing and average ticket size. What has historically been the cycle time to get a lease done? I'm just trying to understand like how much of that could be delayed right now. Is it like a couple of months going to a quarter, or is it a couple of months normally and it ends up being a quarter or two pushed out?

John Petersen: Yes. The good news about some of our smaller businesses is the turnaround time is pretty quick. What we're doing now is we're reaching out further, like I mentioned earlier. So, we have a dialog with them earlier and earlier than we might otherwise have. We're still getting deals done each and every week, and I'm proud of our teams for what they've accomplished here. We're still doing renewals, and we're trying to short circuit the process right now. We're being more aggressive in the timeline versus less. Now, that's always a give and take with what the customer wants, as they try and look forward. Our goal is, hey, if we can get a deal done now, that's a good thing, and that's what we're working really hard to do across all of our markets in terms of renewals.

Anthony Paolone: Got it. Then just last question for Jeff. I know it's not huge numbers, but what do you think capital spending will be over the balance of the year?

Jeff Hedges: I think that capital, especially our transaction capital, of course is going to be directly impacted by how much leasing production we're able to accomplish between now and the end of the year. We probably were a little lower than what was expected in Q1 from a recurring capital perspective. We think that that's probably a pretty good run rate, although we really hesitate to give any type of indication of what the remainder of the year looks like, because it's really going to be directly resulting from what types of renewals we're able to do and what type of new leasing we're able to do. From a maintenance capital perspective, and then also from a development perspective, JP mentioned that we have the Dallas development that is ongoing. That will continue through the year, and roughly $8 million total of development spend there. Then we have some small capital dollars that will be spent on site work in Tysons, getting ready for the next phase of development there, but we have no requirement to move forward on that project, nor do we have any time sensitivity on the Seattle project. So, from both the maintenance and development capital perspective, it's going to be pretty minimal through the remainder of the year.

Anthony Paolone: Okay, got it. Thank you.

Jeff Hedges: Thanks, Tony.

Operator: We'll go next to Eric Frankel with Green Street Advisors. Please go ahead.

Eric Frankel: Thank you. I was hoping you can maybe just highlight what your bad debt expenses had been historically and just in terms of your overall rent collection, what you've experienced this month. It's just something that we can probably think about for the rest of the year.

Jeff Hedges: Yes, Eric. Just to clarify your question, when you say historically, do you mean looking back to prior cycles, or just for the recent quarter?

Eric Frankel: Yes.

John Petersen: Okay. So, our...

Eric Frankel: Both if possible.

Jeff Hedges: Okay. Well, I'll start with bad debt in Q1 was actually fairly minimal. We did have some write-offs in Q1, as you'd expect. Actually, we had quite a bit of recovery of prior amounts that have been written off. So, net-net, it was pretty negligible in Q1 from an AR write-off perspective. Going back to the great financial crisis, the highest our write-offs ever got was 53 basis points of total annual revenue, and that was back in 2010. We haven't come close to that percentage since then. So, we've averaged right in that 20 to 30 basis points area over the last several years.

Eric Frankel: Got you. So, generally, tenants just leave if they paid the rent and stuff. If they paid the rent, they just leave. If they can't pay any further, then you try to backfill as quickly as possible. Is that generally how it worked in the past cycle?

Jeff Hedges: Yes, that's right. Go ahead, JP.

John Petersen: Yes, that's exactly right, Eric. If you don't pay, you don't stay. It's been that way since I've been here. We have a pretty short fuse with customers that don't pay.

Eric Frankel: Got you. That's a helpful color. Then just circling back on the quasi-retail exposure, did you actually mention what percentage of your tenant base actually is either quasi retail or is actually direct retail in terms of a cafe or something like that or some sort of restaurant establishment?

John Petersen: Yes, Eric. I'll start, and then I'll turn it to Jeff. We didn't talk about a specific percentage. One way to look at that is we may have an industrial park, and maybe the front of that park with the street with a major thoroughfare interface might have either a showroom component or an auto component or some kind of service center. So, some of those service-oriented spaces, units within an industrial park may be part of our retail. So, some of those, to what Jeff said earlier, those have been shut down by the shelter-at-home orders. So, some of that is going on. In a lot of our parks, we have various amenities like delis and cafes and some gyms and workout facilities or little customer - I don't know what I'm thinking about here, but it's like areas where the customers can go, congregate or eat or workout or things like that. So, those things have been shuttered too, but it's not a huge number in terms of true retail. We do have some of that primarily in Southern California. We do have a park that has a furniture store. We do have a park that has other retail, mattresses, things like that, but that's on the front of an otherwise industrial park. So, we have some of that, Eric, but not a lot. Jeff, do you want to elaborate, or is that…?

Jeff Hedges: I think that's a pretty good explanation. The only thing, Eric, as you're aware, we do include in our earnings supplement an industry concentration table. While it's not perfect to answer your question, we do have a retail, food and automotive category. Then I would also say that within home furnishing is some of the other retail type uses that JP mentioned, with regard to mattress and furniture stores and things of that nature. I'd say that, while not a perfect answer to your specific question, that characterizes in general where the retail exposure is.

Eric Frankel: Okay, thank you very much. I appreciate it.

Operator: There are no further questions at this time, so I'll turn it back to Jeff for any closing remarks.

Jeff Hedges: All right. Well, thank you everyone for joining us here today. We hope that everyone remains safe and healthy, and we look forward to talking with you all again very soon. Have a great day.

END