

Jeff Matthews Interviewed by Dallas Regional Chamber

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Winstead PC Shareholder and Chair of the Business & Transactions Department, Jeff Matthews, was interviewed by the Dallas Regional Chamber as part of an ongoing series of Q&As with representatives from member organizations about how they are facing the COVID-19 pandemic. An excerpt is below.

Q: What is happening between lessors and tenants, now that many of the tenants have had cash flow interruptions due to COVID-19? Is there a common legal basis for not paying rent during a pandemic?

A: The idea that tenants won't have to pay rent (due to the pandemic) isn't there. Everyone seems to want to make those who hold investment properties America's banker. Banks, investors, and other creditors still expect their payments from lessors. Those things don't stop because of a pandemic.

We haven't seen many evictions or lockouts, yet; most of our clients are trying to work things out with their tenants. I think that will change if people continue to not pay rent without an agreement with their lessor. But lessors don't want to lose tenants who should be able to return to profitable operations. If tenants go away, those lessors will be competing for new tenants in a very tenant friendly market, which will drive down the value of the lessor's property. I think most banks (and other sources of finance for lessors) have good people working for them. They are not looking to foreclose immediately on loans, and they are aware that commercial real estate is driven by relationships.

Q: What other work is keeping your department busy?

A: The cliché of every crisis being an opportunity is true – there will be new market opportunities. If you look at changes in healthcare, the changes in how healthcare is delivered, and reimbursement models for telemedicine, those hold many real estate implications. Following COVID-19, we expect there to be policy discussions about increasing access to healthcare for the poorer communities. At the same time, hospitals have faced staggering losses during COVID-19 because of the cancellation of elective surgeries and other treatments. We are already discussing this interplay with our industry partners to understand how our healthcare industry clients should begin preparing for the opportunities ahead.

We've also been working with clients and brainstorming in-house to identify other implications. For example, if you're a millennial stuck in an apartment with a dog for six months, are you going to start looking for a house when this is all over? Will there be an uptick in childbirth as a result of stay-at-home orders, and will those parents want to buy homes? It's starting to look like that's where things are heading.

[Read the full interview.](#)

Jeff Matthews is a member of Winstead's Real Estate Development & Investments Practice Group. He advises clients in complex real estate transactions, including mixed-use and condominium developments, joint ventures, multifamily developments and portfolio transactions.