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HARRISBURG COMMERCIAL

real estate REPORT

Modifying Collection Practices Amid the COVID-19 Pandemic

By Ryan Fishman



The coronavirus crisis has unleashed serious wreckage unto the American economy, with businesses both large and small suffering the consequences. As discussed in our previous article, commercial real estate has been on the receiving end of much of the economic destruction the U.S. has seen as a result of the coronavirus pandemic. As commercial tenants are handcuffed in their ability to operate by new regulations in light of this pandemic, their revenues have nosedived while the bills have kept piling up. Many landlords across this country now

find themselves waiting for late rent payments which may never even come. It seems there is little possible recourse in such a desperate situation. However, there are steps which commercial real estate firms can and should take in light of this crisis to protect their commercial rental income and protect the viability of their properties.

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Supporting Your Tenants

As an owner of commercial properties, maintaining a strong relationship with your tenants is undoubtedly already part of your company's procedure. But the robustness of this association has never been more critical to the success of both the tenant and your firm, as the crisis has added new dimensions of problems that should be addressed. Certain actions can be taken by your firm to reinforce to the tenant that you are in their corner throughout this crisis, and can help them get the resources they need to remain operable.

Making calls to your tenants and asking about their experiences throughout this crisis is the first step. Checking in on the wellbeing of your tenants and their employees can go a long

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Commercial Listings



Sale - 25 Carlisle Street, Hanover

- Stunning landmark in the Borough of Hanover available for sale
- This former bank building was beautifully constructed with great attention to detail and has been well-maintained throughout its years
- Over 55' frontage along Carlisle Street



Lease - 415 Market Street, Harrisburg

- First floor space available in the Harrisburg Transportation Center in downtown Harrisburg
- Within walking distance to all the downtown restaurants, amenities, and Riverfront Park



Sale - 2801 North Third Street, Harrisburg

- Stunning landmark in the City of Harrisburg available for sale
- The Zembo Shrine Center was beautifully constructed with the Moorish Revival style architecture and has been well-maintained throughout its years
- Over 300 lined parking spaces

New Listing



NEW Office Lease - 4823 E. Trindle Road, Mechanicsburg

- Professional office space for lease in a highly visible, conveniently located building
- Space is available for lease on the first floor and the ground level and these areas can be leased together or separately
- Expansive lot with abundant on-site parking



Sale - 453 Jonestown Road, Jonestown

- Over 2 acres of commercial land located just moments from Route 72 and Route 22
- Two-story home on the property could be utilized or removed for a redevelopment opportunity
- Excellent access and visibility from heavily traveled Jonestown Road



Sale - 1440 State Street, Camp Hill

- Single-story, freestanding commercial building on heavily traveled State Street in Camp Hill
- The former NAPA store has an open floorplan which would allow for many commercial/retail uses
- Good parking and excellent visibility are just a few of this site's notable features



Sale - 650 S. Enola Road, Enola

- Well-maintained block building could be utilized by multiple services
- The waiting/reception area flows into office and work space which continues into two sizable shop areas with five drive-in's total
- Accessible location and surrounded by other commercial users

Showcase Articles in 2020

Bill Gladstone Group of NAI CIR Accepting Articles for Harrisburg Publications



What Are We Looking For? Industry related articles that our readership of nearly 5,000 business decision makers and industry leaders would benefit from reading in print and online through social media and our website.

Articles are typically 1,200 – 1,500 words and include an author bio, headshot, and recognition for your company.

Contact: Leah Wentz (717) 761-5070, ext. 116 or lwentz@naicir.com.

(Featured article...Continued from page 1)

way in expressing your sympathy for the struggles they're facing. It's also important to check in on their game plan (hoping they have one) for this crisis. Do they plan on cutting areas of their business? Are they looking at laying off employees, or have they done so? Do they have plans to find short-term cash infusions if need be? What are their long-term operations plans if the "stay in home" orders drag on or are reinstated? Asking these questions helps fortify the symbiotic relationship between landlord and tenant, but it also benefits you in your strategy to combat this crisis. Based on the information given in the phone call, you can probably reasonably discern how hard that tenant has been hit by this crisis, and what the chances are that they may miss their payment at the end of the month. You'll be significantly better off basing your strategy and planning off direct information from your tenants than on hunches based off anecdotal information from the media.

Another key action to take in regard to your tenants is ensuring that they're utilizing the resources available to them. The CARES Act's Paycheck Protection Program, discussed more at length in the previous article, is an outstanding resource for your small business tenants who are eligible. If the tenant has not already applied, direct them through the application process and ensure they are maximizing their potential benefit. Their benefit is yours as well. The forgivable loans provided by the PPP program can be the difference between them making rent at the end of the month and not doing so, thus helping you avoid an uncomfortable situation.

Staying Above Water

If after your conversations with your tenant it is evident that they are extraordinarily struggling financially, proposing a forbearance plan would help the tenant avoid financial calamity and work to protect your commercial rental income as well. The typical route when tenants are missing payments-eviction-may not be an option in this case, given new statutes at local, state, and federal levels which create eviction moratoriums. This payment plan would come as a signed addendum to the lease, so if you

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Industrial Listings



Lease - 651 Gibson Boulevard, Harrisburg

- Clean, well-maintained, functional flex space in established industrial setting
- Easy access to and from I-83 makes the site attractive for users with nearby truck traffic
- The space has one drive-in, one dock, and a second knock-out door



Sale - 700 Angenese Street, Harrisburg

- Functional warehouse property for sale along the 6th Street industrial corridor
- Convenient access to I-81, Route 22/322 and the City
- A 5,500 SF temporary canvas building has been setup at this location, which can also be purchased for an additional cost

Office Listings



Sublease - 1801 Oberlin Road, Suites 302, 303, 304, Middletown

- Charming three-story stone structure with professional office tenants
- Great office setup featuring reception/waiting area, private offices with good views, a conference room, break room, and in-suite restroom
- Convenient access to both Harrisburg and Lancaster



Sale - 75 E. Derry Road, Hershey

- Attractive, well-maintained, single-story office building located 0.5 miles from Chocolate Avenue in downtown Hershey
- The building sits on 1.4+/- acres and has approximately 45 parking spaces on-site
- Interior includes private offices, open areas, conference/meeting room and plenty of storage

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did not previously have a personal guarantee in place, this is your chance to include it in a signed contract. By showing your tenants your willingness to adjust your expectations for their benefit, they will likely be much more cooperative with you in the future.

If it comes to the point where you need to pursue eviction, be sure to consult a landlord-tenant attorney, given how perilous the fluctuating legal circumstances can be. Post-eviction, though, there is the question of what to do with the remaining balance on the tenant's account? There are multiple options available. Collection agencies are perhaps the most oft-opted for alternative, but they have many deficiencies that pose a risk to your firm's bottom line, in the forms of ineffective practices and liability-inducing mistakes. With an "industry standard" collection rate of about 5% for agencies, it should be no wonder why many businesses are abandoning collection agencies and hiring collection law firms instead.

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Collection agencies have very dull tools in their ability to collect on your behalf. They will typically call the tenant and ask for payment, but how fruitful can this be when you've done that repeatedly? It won't help that this time, the source is more distant and unfamiliar than before, as they have no relationship with the agency. The agency may end up tossing the delinquent payment onto the debtor's credit report, but there will probably be a long line of creditors waiting to collect before you. The debtor probably allowed many other payments to go into delinquency before they stopped paying rent and had to close up shop. Adding one more credit derogatory does not give the debtor much incentive to make the payment now. Collection agencies also represent a danger to your firm because of their often irresponsible actions. The collection agency industry isn't exactly known for its scrupulous legal compliance and ethical standards. When you consider the increased body of regulations due to the crisis along with a greater focus on ethics in a sensitive time, your firm cannot risk a lawsuit or reckless damage to its image.

An alternative that far exceeds the collection agency in its effectiveness in collection and security is the debt collection law firm. Collection law firms have real legal tools they can use to collect on your behalf. With your guidance, the collection law firm may try to put together a payment plan with the debtor, or go directly to filing a lawsuit. From there, they obtain a judgement from the court, allowing them to pursue garnishment of new wages, bank accounts, state income tax refunds, compel the appearance of your debtor in court, or seize assets to satisfy the debt. Especially in the recessionary times we live in, adding an extra source of cash flow by collecting on these delinquent accounts is what can keep your firm above water and maintain your properties' viability. Beyond the numbers, collection law firms

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Office Listings



Lease - 1665 Roosevelt Avenue, York

- Join OSS Health at their brand new location on Roosevelt Avenue, just off Route 30 and moments from I-83
- Approximately 14,438 USF available on the second floor with stunning views of York County
- Excellent opportunity for tenant to help design and customize their new facility to meet their unique space needs



Lease - 300 N. 2nd Street, Suite 704, Harrisburg

- Seventh floor (sublease) office space available in this downtown high-rise with excellent access to Harrisburg amenities
- The building boasts a marble and glass entranceway
- The suite has a waiting area, large conference room, private office, a storage area, kitchenette, and all furniture is included in the rent



Sale/Lease - 500 N. Progress Avenue, Harrisburg

- Two-story, well-maintained office building for sale
- Conveniently located in Susquehanna Township and minutes away from I-81, I-83, downtown Harrisburg, PA Farm Show Complex, and Harrisburg Area Community College
- Ample parking available
- Contact Nik Sgagias or Amber Corbo for details: (717) 761-5070

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are also far more cautious in their actions as they have a better understanding of the law than most. They deal with oscillation in laws regarding debt collection on a constant basis, so their actions are measured to comply with legal boundaries, along with maintaining ethical constraints.

Conclusion

The situation, as of now, seems bleak, and it may continue to appear that way for quite some time. But the solution to that is not inaction- in fact, far from it. To ensure your firm's survival in the coronavirus crisis, you must be proactive in your strategy and conscious of your options every step of the way. Otherwise, you could be left in an even more strenuous financial situation in the future with unpaid rent stacking up and unfilled units as well. The bright side, though, is that these changes could be beneficial as long-term practices for your firm, thus exposing you to an upside benefit in your response to an unprecedented time. ■

About the Author:



Ryan J. Fishman is the firm's managing partner. Fishman Group, P.C. represents the owners and operators of commercial and industrial properties across the United States. The firm has succeeded in making the recovery of accounts receivable a profitable endeavor for more than four decades.

Today, they use automation technology partnered with the experience of their attorneys and staff to seamlessly integrate with our clients; manage compliance in multiple jurisdictions; and collect for their clients. For more information, visit www.thefishmangroup.com or call (248) 353-4600.



1,449 - 20,193 SF

Lease - 30 N. Third Street, Harrisburg

- 1,449 - 20,193 SF contiguous available in Class A office building
- Skywalk to Strawberry Square, Walnut Street Garage, Harrisburg Hilton, Whitaker Center, etc.
- This building is Energy Star Certified and utilizes the latest energy management systems for optimal energy efficiency



800 - 885 SF

Lease - 1773 W. Trindle Road, Suites B & D, Carlisle

- Newly updated office space for lease along busy Trindle Road
- Easy access to I-81 and the rapidly growing areas of Carlisle
- Located right in the heart of new retail and adjacent to Target anchored Carlisle Crossing Shopping Center

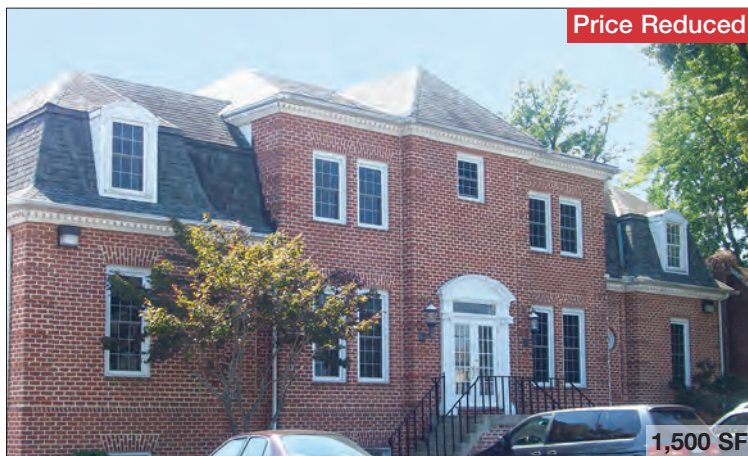
Office Listings



544 - 10,918 SF

Lease - 301 Chestnut Street, Harrisburg

- Located at Pennsylvania Place, this is a one-of-a-kind development for the Harrisburg market that includes over 50,000 SF of Class A office space in the City's thriving downtown district
- The building offers an ultimate level of visibility, functionality and sophistication
- On-site parking, workout facility, a swimming pool and high-end finishes embody the urban luxury of this high-rise mixed-use building
- Call for **FREE RENT** details and certified opportunity zone benefits



Price Reduced

1,500 SF

Lease - 3507 Market Street, Suite 102, Camp Hill

- Located within the heart of the West Shore, this aesthetically pleasing building has one suite available for lease
- The property is centralized on Camp Hill's main travel artery and is close to many restaurants and businesses
- 45 Parking spaces available

Office Listings



Sale - 1002 N. 7th Street, Harrisburg

- This former bank is located just moments from the heart of the business-friendly City of Harrisburg, and less than 0.5 miles away from the Capitol and downtown restaurant and retail areas
- The property features excellent on-site parking, an open first-floor layout and many private offices on the second floor
- 36+/- parking spaces available



Sale/Lease - 1001 S. Market Street, Mechanicsburg

- Two-story professional medical office available with efficient layout
- Recently renovated with high quality finishes
- Desirable location in Southpoint Office Center at the intersection of Market Street and Shepherdstown Road and near Cumberland Parkway exit of Route 15



Lease - 4109 Derry Street, First Floor, Harrisburg

- Freestanding, newly renovated office space situated at a dedicated signalized intersection
- Accessible directly from I-83 ramp on Derry Street
- Space is functional and the location has high traffic, perfect for your business sign exposure



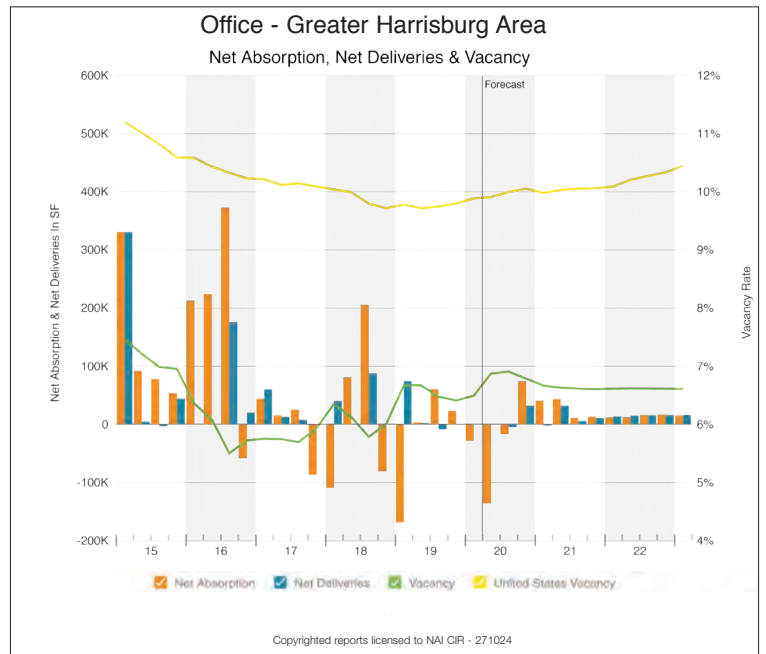
Lease - 208 N. Third Street, Harrisburg

- Office space in a prime central business district location
- Historic building faces the Capitol Complex with great window lines
- Downtown amenities are just a few steps away and parking is a block in every direction



Lease - 4300 Devonshire Road, Harrisburg

- Great corner location at Devonshire and Colonial Roads
- The property is well-maintained and the available space offers multiple private offices, an open area, reception/waiting areas, a kitchenette and four restrooms
- The space could be split into two separate suites if desired



Investment Listing



Sale - 905 E. Chocolate Avenue, Hershey

- 15 unit Travel Inn ideally located off E. Chocolate Avenue with excellent roadside visibility and moments from Hershey attractions
- This facility is made up of 2 buildings consisting of 10 exterior guest rooms, 5 apartments and a spacious on-site manager's suite with three bedrooms, living area and kitchen
- The Hershey Travel Inn has been renovated over the years and also has solid revenue history for many years

Featured Land



Sale - Peters Mountain Road & River Road, Halifax

- Good retail site in growth corridor of Northern Dauphin County
- The 5+/- acre tract is generally level and has over 600 feet of frontage on busy Route 147/225
- Over 14,575 average daily traffic along Peters Mountain Road (Route 147)

Land Listings

Location	Acres	Zoning	Type
370 W. Main Street, Leola, Lancaster County	1.3 - 2.8	General Commercial	Sale/Lease
1301 Eisenhower Boulevard, Harrisburg, Dauphin County	1.77	ML-Light Industrial	Sale
Pending - Bent Creek Boulevard, Lot 2, Mechanicsburg, Cumberland County	2.02	Community Commercial	Lease
453 Jonestown Road, Jonestown, Union Township	2.05	Commercial	Sale
Price Reduced - 7700 Derry Street, Harrisburg, Dauphin County	2.12 (lot 4)	Commercial District General	Sale
Price Reduced - I-81 and W. Trindle Road, Carlisle, Cumberland County	2.18 (2 parcels)	Commercial Highway	Sale
Price Reduced - 100 Narrows Drive, NEC of US Route 422 & Narrows Drive, Lebanon	2.2	Commercial	Sale
Pending - 7700 Derry Street, Harrisburg, Dauphin County	2.3 (lot 8)	Commercial District General	Lease
1345 Eisenhower Boulevard, Harrisburg, Dauphin County	4.46	ML-Light Industrial	Sale
Kriner Road, Chambersburg, Franklin County	4.64	Commercial Industrial	Sale
Price Reduced - 755 Kriner Road, Chambersburg, Franklin County	4.73 - 7.83	Commercial Industrial	Sale/Lease
W. Suncrest Drive and Spring Road, Carlisle, Cumberland County	4.87 (4 parcels)	Commercial/Light Industrial	Sale
Peters Mountain Road & River Road, Halifax, Dauphin County	5.1	None	Sale
700 S. Baltimore Street, Dillsburg, York County	5.23 - 57.5	Agricultural - Conservation (AC)	Sale
Eisenhower Boulevard, Harrisburg, Dauphin County	5.39	Commercial General	Sale
503 Jonestown Road, Jonestown, Lebanon County	7.91	Commercial	Sale
Route 441 and Orchard Drive, Harrisburg, Dauphin County	8.34	Single Family Residential District	Sale
730 Limekiln Road, New Cumberland, York County	8.64	Commercial Business	Sale
Carlisle Pike (Route 11) Waterford Square, Mechanicsburg, Cumberland County	8.78 (8 lots)	Community Commercial (C2)	Sale
1900 State Road, Duncannon, Perry County	9.46	Commercial	Sale
Pending - Eisenhower Blvd & Highspire Road, Harrisburg, Dauphin County	10.0	Commercial District General	Sale
Pending - Gettysburg Pike & Spring Lane Road, Dillsburg NWC, York County	14.92	Commercial	Sale
Price Reduced - Allentown Boulevard, Harrisburg, Dauphin County	17+	Commercial Highway (CH)	Sale
Price Reduced - 349 Pleasant View Road, New Cumberland, York County	45.48	Commercial Business	Sale

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Check Out Our Recent Deals

Visit www.billgladstone.com to view listings and deals not included in this issue.



SOLD - 7200 Derry Street, Harrisburg
JACK 1996 LLC purchased this 2,500 SF freestanding commercial building along Derry Street in Harrisburg. The buyer plans on establishing a restaurant at this location. The Bill Gladstone Group of NAI CIR represented the seller and Nik Sgagias of NAI CIR represented the buyer.



SOLD - 6484 Carlisle Pike, Mechanicsburg
Shee Group, LLC purchased this 13,190 SF one-story building located along the heavily traveled Carlisle Pike. The owners plan on renovating the retail space in the near future. The Bill Gladstone Group of NAI CIR facilitated the transaction.



LEASED - 5053 Ritter Road, Suite 201, Mechanicsburg
Simon Lever, LLC leased 5,578 SF of office space in Mechanicsburg. The company moving into the space is a professional accounting office. The Bill Gladstone Group of NAI CIR represented the lessee and Linlo Rossmoyne, LLC represented the lessor.