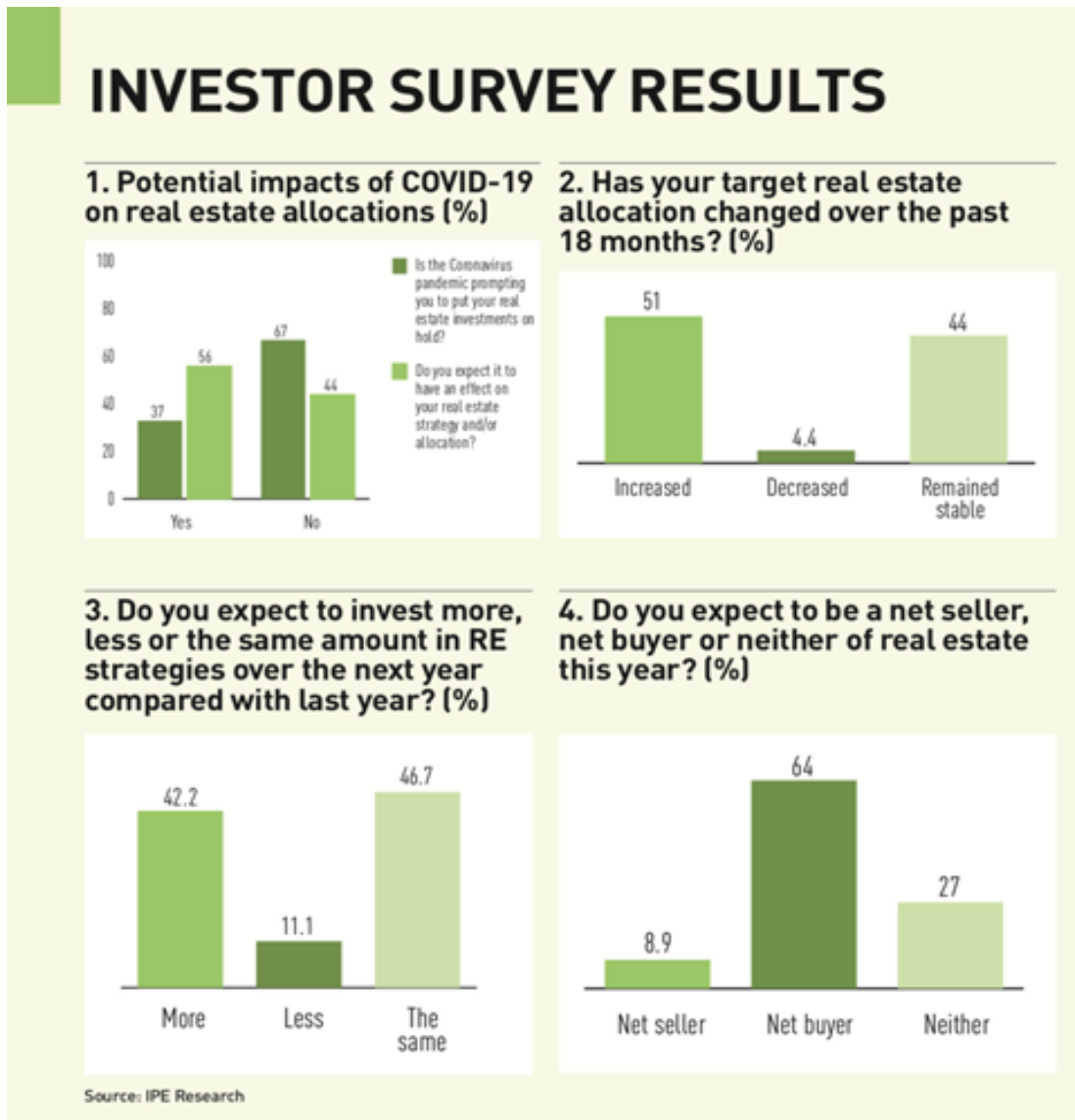


Profimex Market Research Update – May 11, 2020

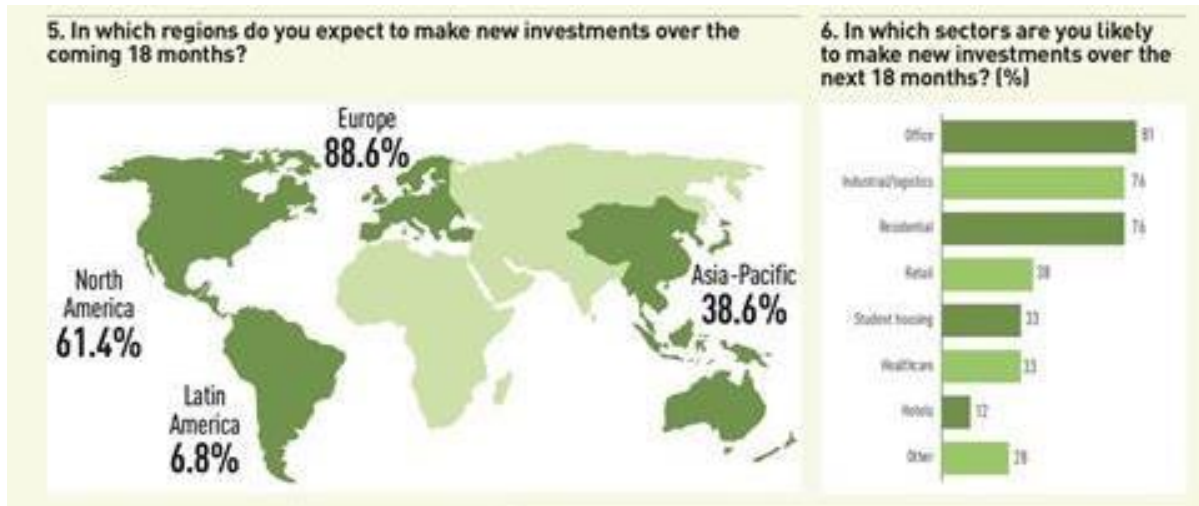
Top 100 Real Estate Investors 2020

As the institutional real estate investor arena tries to assess the full extent of the Covid-19 pandemic, a recent survey, conducted annually by IPE Real Assets', proves that most investors had planned to increase the level of investment (42%) over the next 12 months compared to the previous 12 months, or to maintain the same level (47%) (figure 3). Most real estate allocations had been rising (51%) or remaining stable (44%) over the past 18 months (figure 2). In fact, 64% of the survey participants are planning to buy more real estate than to sell, while only 27% are planning to keep their current allocation level (figure 4). The survey also shows that a third of the institutional investors put their investment pipeline on hold and that more than 50% of the survey participants will alter their real estate strategy and equity allocation because of the pandemic (figure 1). Also the real estate investment performance will be affected by the corona virus, with total return expectations for 2020, averaging 5.8%, down on the average actual return of 10.4% generated in 2019.



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With regards to the geographic component of new investments, 89% of survey participants are planning to invest in Europe and 61% in North America (figure 5). The investor appetite for different sectors over the next 18 months shows that 81% are interested in office, 76% in industrial and 76% in residential (figure 6).



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Suburban Offices Could Make A Return Due to Pandemic



A new report on suburban offices, conducted by Moody's Analytics brings some light on important factors expected to affect demand for office space because of the Covid-19 pandemic. The report states that “the evolutionary processes prompting change in the office sector—demographic shifts, economic development, and technological change—will be kicked into high gear by the

COVID-19 pandemic”. As a result of this trend in the overall sector, suburban offices might come back in favour over central business district spaces. One decision to relocated is that dense urban areas constitute a higher risk to be infected by the disease. “The very same attributes that make these places such desirable places to live and work—the spatial clustering of businesses, cultural centres, households, and service establishments—are predisposing them to the spread of the virus,” according to the report. Moving a firm’s office space to a suburb could not only have positive effects on a firm’s employee’s health, but also save on rental costs, as suburban office is normally a less expensive option. However, as the public is still trying to figure out what the new “normal” will look like, some people rather predict companies to cut on the rented space, as more people have started to partially work from home. To decrease physical human interactions, other firms structure their work force in teams that will work at different days or times.

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How Multifamily can be Adapted to Minimize Public Contact

The Covid-19 pandemic has affected lives and economies all around the world. One of the things that all of us witness is the increased awareness for one's hygiene and the increased risk of getting infected with the virus in public places. For this reason, people started to reduce the time they spent outside and increase the degree of isolation. Multifamily operators and developers see this as a challenge and an opportunity. The challenge is that many tenants choose to live in a multifamily community in order to be surrounded by other people and to have the option to use the amenities that come with some properties, such as a swimming pool and entertainment rooms. While operators had to close some of those amenities for the time-being, operators and developers are now thinking about ways to give people the option to minimize physical interaction with others, but still feel connected to the community and maintain their overall well-being. One of the options is to redefine indoor/outdoor space ratios to ensure that people will have access to private outdoor spaces. When those private spaces will overlook a common open space, people will still feel connected and are less likely to develop feelings of loneliness. For community spaces, there are design options to create smaller breakaway spaces within larger spaces, such as roof tops and entertainment rooms and thereby maximizing relevancy when facing viruses. Dahlin Group Architecture Planning points out that these spaces should have ample sunlight, air circulation and purification systems, viral and bacterial -resistant furnishings and fixtures as well as integration of touchless automated door systems or sanitation stations that provide an array of multi-faceted solutions to reduce the spread of illness within shared spaces. Other interesting designs and services can be found in the following. ([Read](#))