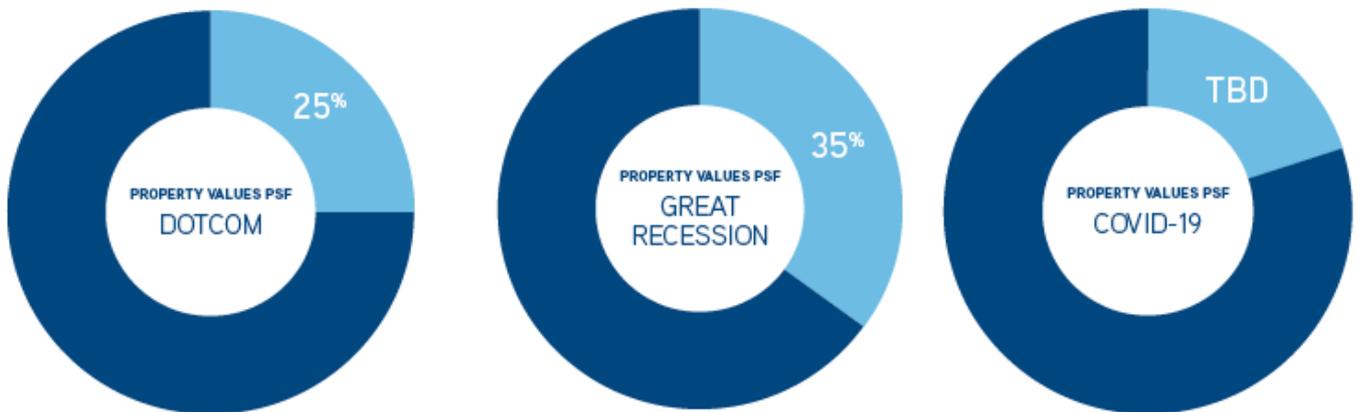


## Profimex Market Research Update – May 4, 2020

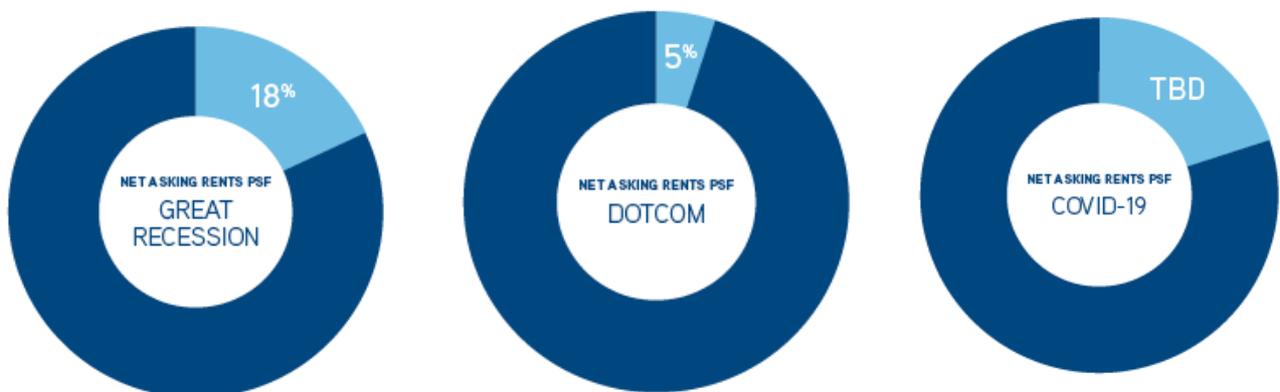
### How Past Recessions Leave Clues for the Future of the Industrial Sector

With the current crisis emerging from COVID-19, the world has entered a new down cycle which will affect all sectors in real estate. While retail, travel and hospitality sectors have been the hardest hit thus far, data centers and industrial space are expected to sustain activity. One of the drivers of declining values appears to be the density of interaction within an asset class as retail, hospitality and even office sectors often require people in close proximity.

The current impact on pricing sales is not yet known; however, compared to other property sectors, industrial has been able to better weather economic crisis. That being said, on average, industrial sale prices per square foot dropped 30% during the previous two economic downturns — the Dotcom bust in the early 2000s and the recession that began in 2008 after the financial crisis.



On the positive side, before the COVID-19 crisis, rental rate for industrial properties grew 7.5% on average per year. Additionally, in the previous two economic downturns, rental rates were slower to decline than sale prices.



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## More Apartment Residents Say They Can't Pay Rent for May

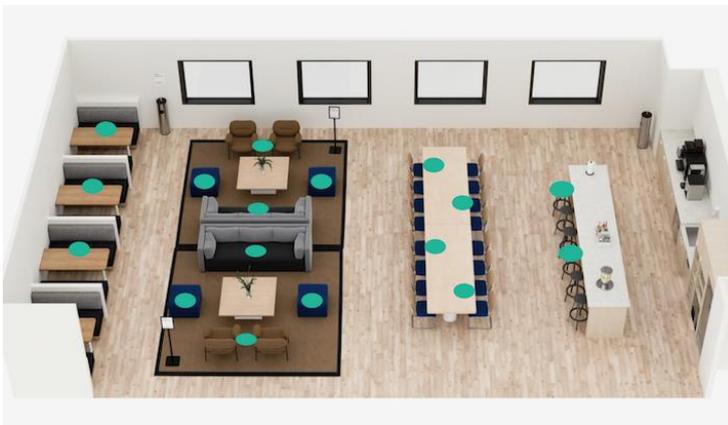
While rent collection on April 1<sup>st</sup> for multifamily properties reached about 69% (close to 90% collection by mid-April), according to Grace Hill (software company surveying multifamily properties), most multifamily operators are more concerned about May and June collections. The reason is because May will begin to reflect the full impact of the coronavirus induced shutdown where about 22 million Americans lost their jobs. The survey, that ended in the middle of April, found that Covid-19-related related income losses have impacted nearly two-thirds, or 63%, of all renters surveyed. Furthermore 52% indicated they would be able to pay the May rent in full. "For many respondents, uncertainty still loomed just two weeks, or one pay period, before the rent was due. About one-in-five respondents, or 21%, said they still didn't know whether they would be able to make their May rent payments."



That being said, since the survey was conducted at the height of the infection rates and before most Americans received their stimulus check the survey results could be skewed negatively. Additionally, the report stressed that tenant management is an important indicator at whether tenants will move apartments and pay their rents

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## WeWork Rolls Out New Social Distancing Workspace Designs



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Last week, WeWork, the coworking industry leader, began implementing social distancing and cleaning measures in order to adapt for the future of shared office space brought about by the coronavirus pandemic. To improve the cleanliness of the spaces, WeWork said it plans to add hand sanitizer and wipe stations to spaces, and install touch-free soap dispensers in restaurants and kitchens. It also said it will increase the frequency of cleaning its spaces during the workday.