Profimex Market Review Update – August 13, 2020

Buying Opportunities Could Arrive in November

According to Michael T. Fay, principal, managing director and global head of Avison Young's asset resolution team, there is more equity waiting for the deployment in this downturn than in any other before. Most of the capital is placed in opportunistic funds, distressed funds, and mezzanine equity loans. "We see a lot more money out there, and there's a lot of money chasing deals," he says. "My belief is starting in November and going through next year and probably the year after, we're going to see all sorts of opportunities." He further asserts that "there is going to be a lot of movement, in my opinion, as we start to understand the risks post-pandemic. You cannot rely on putting money in banks or bonds in this low-interest-rate environment. You're going to look at real estate and maybe some REITs."

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Big Box Retail Transforms into Industrial Warehouses

According to a recent CBRE report, about 14 million SF of retail space has already been converted to industrial space, supported by the increase in ecommerce shopping. "Reduced demand for malls and big box retail combined with a shift in consumer buying patterns have greatly increased demand for industrial and logistic space. As a result, retail investors are evaluating the highest and best uses for their properties, which lines up with the escalation of industrial demand," Matt Siegel, retail leader for the Pacific Southwest region at CBRE. The optimal retail assets that fit this strategy are big box stores. Limitations and challenges that many times must be overcome in, are zoning restrictions by local governments and trucking traffic.

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Consumers Expected to Spend Less Post-Pandemic

A new study predicts that even when the pandemic is over, millions of Americans will continue to spend their money differently than they used to prior to COVID-19. According to a poll released by creditcards.com, the areas were consumers will spend less money on are entertainment, including concerts, movie theaters, dining out, gym memberships, childcare, haircuts and styling, housekeeping, and donations.

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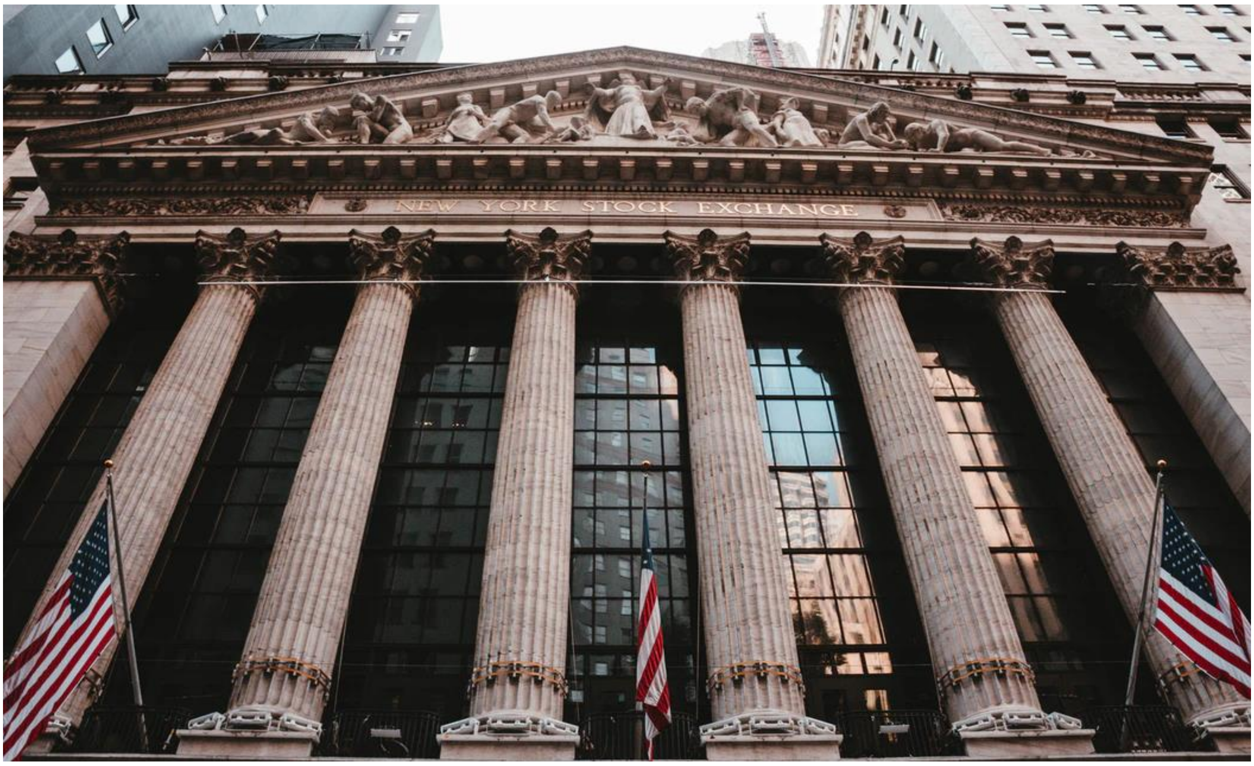
Airbnb plans to confidentially file for IPO this month



Rumors are spreading about Airbnb resuming their IPO plans. The company was expected to go public earlier this year, however due to COVID-19, this plan for set on hold. As a result of the pandemic, Airbnb had to lay-off 1,900 employees and estimates 2020 revenues to be cut in about half, compared to 2019. With travel and the overall hospitality sector being hard by the pandemic, Airbnb has not been an exception. Its value dropped to $18 billion, down from $31 billion when the company the raised a round of funding in 2017.

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09-7774400 :פקס • 09-7774444 :טלפון • 4310101 רעננה • 1155 .ת.ד • 10 רחוב זרחין • פרופימקס בע"מ
PROFIMEX LTD. • 10 Zarhin Street • P.O.B 1155 • Ra'anana 4310101 Israel • Tel: +972-9-7774444 • Fax: +972-9-7774400
profimex@profimex.com • www.profimex.com