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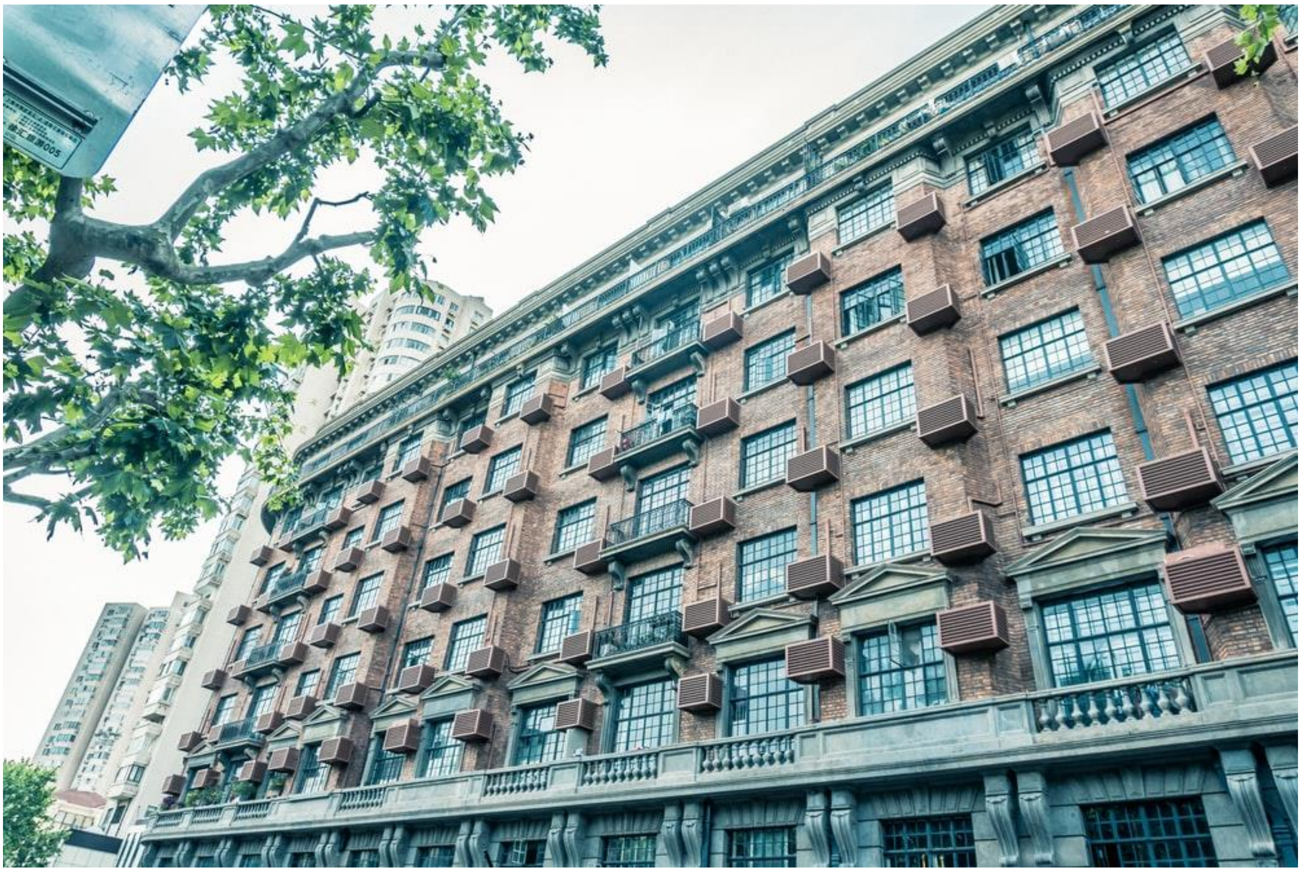
Profimex Market Review Update – August 30, 2020

Cheapest Apartments at Biggest Foreclosure Risk as Payments Fall



The residential sector has so far been quite robust considering the COVID-19 pandemic. However, the lockdowns continue to put pressure on renters, especially lower- and middle-income renters. This can be seen by the decreasing rent collections rate, which has been 54% of total rents due in June for Class C building. The rate has decreased even further to only 37% in July. Many of these projects are managed by "mom-and-pop" landlords, which are now at the highest risk of not being able to pay their loan obligations.

(Read)

Some Investors See Now as the Time to Buy Hotels. Here's What to Keep in Mind.

It is well known by now that the Hospitality sector is most likely the sector that as been hit the hardest by the pandemic. CBRE mentioned recently that many operators are failing to cover the costs of their mortgage payments and as a result face foreclosure, which in turn will offer opportunistic acquisitions to investors. "For well-capitalized investors who can afford to ride out the storm, material discounts to 2019 asset values are available." says Nick Plasencia, managing director at The Plasencia Group. Further, "investors should pay close attention to the small items that, when added together, can be very meaningful. Keeping an experienced eye trained on revenue generation and expense reduction is critical to exceeding return on investment expectations." For further considerations, visit the following article.

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