

## Profimex Market Review Update – August 5, 2020

### Suburban Garden-Style Apartments Will Be the Future of the Multifamily Sector

As renters demand greater open spaces and implementation of social distancing norms, garden style multifamily properties may likely experience an increase in demand, making these types of properties undervalued at today's pricing. Compared to high rise multifamily properties, garden style apartments offer more opportunities for social distancing with open space, lower density, and outdoor access, as well as greater air circulation. Vintage class B multifamily properties can offer investors an even greater opportunity, as they present potentially great value add investment opportunity. Additionally, these multifamily properties are often close to both professional and manufacturing jobs, schools, retail, and other drivers of value. Furthermore, the rental rates for these apartments are also generally lower than for class-A urban properties, which is crucial given the high unemployment rates and uncertainty in the job markets. Therefore, aside for the additional space these properties have to accommodate new health norms, these class B garden style apartments typically have lower rental rates with similar amenities to class A properties.



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### Only 17% Of New York Restaurants And Bars Paid Full July Rent

According to a recent survey of 500 restaurants, bars, and nightlife establishments, by the NYC Hospitality Alliance, about 83% of these retailers could not pay their full rental obligation in July. About 37% of those surveyed didn't pay any rent in July. At the same time, about 90% of landlords would not agree to renegotiate lease terms that these many of the retailer needed. "Restaurants and nightlife venues are essential to the economic and social fabric of our city, but they are struggling to survive, and absent immediate and sweeping relief, so many will be forced to close permanently," NYC Hospitality Alliance Executive Director Andrew Rigie said in a statement. These small businesses owners explain that they need government support to combat the drop in demand for their products.



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## Brookfield Ends Redevelopment Plans for Mall, Sparks Feud With City

Brookfield Property Partners announced that it is canceling its plans to help redevelop a former mall in Vermont into office and residential units. The real-estate firm has been involved in the Burlington project since 2017. Brookfield demolished the shopping mall and planned to build apartments and a 10-story office tower. The company explained that the expected future returns on this project are too low to continue, and continued to say that “We made a lot of progress over the past three years, completing the assembly of the site and progressing approvals, but the long-term nature of the next phase of this development doesn’t fit with our funds mandate,” said a Brookfield spokeswoman. While many of its other real estate peers have been investing outside of shopping mall retailers, Brookfield continued to invest in shopping malls in recent years.



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