

Profimex Market Review Update – August 9, 2020

Blackstone Building Its Next Empire: Studio Space For Streaming Companies

Blackstone has begun investing in film studios as its latest investment theme. “Our business comes down to identifying themes we believe in, and then finding ways to invest in those themes,” Blackstone Head of Real Estate in the Americas Nadeem Meghji told Bisnow in an interview. “Content creation is a megatrend, and there has been explosive growth in both the demand for content and the spend among traditional media companies and the big film studios.” In addition to strong demand and growth in the sector, lease maturities have grown longer. This is opposed to the recent theme in office leases, which have become shorter. For example, Netflix recently signed a 10-year lease to rent out Sunset Bronson its main production studio. Additionally, Blackstone has invested in Hudson Pacific’s Hollywood Media Portfolio, also known as Sunset Studios, a 2.2M SF collection of Los Angeles studio facilities and office buildings valued at \$1.65B. The investment represents a 49% stake and was signed in June 2020.



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Is The Property Market Gambling On A V-Shaped Recovery?

While at the start of the pandemic many experts had hoped for v-shaped recovery in the UK real estate market, the Bank of England may be revising its growth target downwards. Andrew Angeli, from CBRE Research, points to two data sets that worry him. The first is the lag in investment activity in London and the UK, compared to continental peers like the German cities and Paris. “The disconnect between Germany and London is stark,” he said. The second is the bid-ask spreads in the German, Paris and London office property markets. “Discounts are being demanded in the UK, and whilst in Paris or Munich you are now at or better than pre-COVID pricing, in London that’s not true.”



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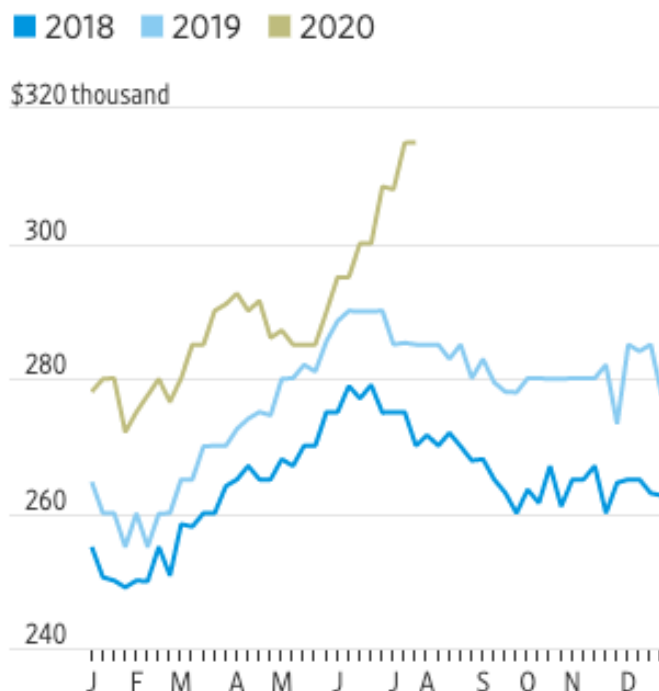
Why Your House Could Be Your Best Performing Asset Class

Traditionally, homes were primarily used as shelter; however, COVID-19 has changed that as more employees are working from home. By working from home employees are able to save a lot of on their time and direct expenses like lunch and transportation. Therefore, telecommuting makes having a home where one is able to work in much more valuable. Buyers are gravitating away from dense, expensive cities to single-family homes in affordable suburbs. According to Redfin, condominium prices were down 1.4% in June from a year earlier while single-family homes were up 2.6%. Sales growth has been strongest in the least-dense areas, especially around major cities, according to mortgage and home-sales data analyzed by Edward Pinto and Tobias Peter of the American Enterprise Institute. Coupled with this theme of re-suburbanization, we are living in a world of low to zero interest rates and a relatively highly priced stock market.

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A Seller's Market

Median price of homes sold, by week



Source: Redfin