PROFIMEX®

Profimex Market Research Update – July 12, 2020

Multifamily Market Expected to Recover in Two Years

According to a new research report by CBRE, the US multifamily sector is expected to experience a sharp contraction till Q4 2020, which will be followed by a sharp recovery (assuming the pandemic is contained). Vacancy is expected to rise to 7.2% by the end of Q4 2020. The immediate negative impact on the multifamily sector was a result of the loss of 25 million jobs in April 2020. Additionally, cities dependent on tourism such as Las Vegas and Orlando were hardest hit by the pandemic. Markets with high growth such as San Jose and Seattle were also hard hit, as these areas experienced more non-corporate labor losses coupled with higher rents. Fiscal stimulus has been effective in helping the multifamily market regain its footing after an initial shock in March 2020. Specifically, the CARES act gave additional benefits to individuals which allowed them to be able to pay their rent.

(Read)

Gyms Were One of the Few Bright Spots for Retail Owners Until Covid-19

With retail real estate hit hard by a shift towards online shopping, many retail investors had focused on wellness trends and gyms to help revive shopping centers. The reason is because these fitness centers are able to offer experiences that are difficult to replicate over the internet, and some fitness centers drew other retail tenants as a cluster effect. However, the COVID-19 pandemic has had a negative impact on gyms and wellness centers. States have closed or delayed reopening of fitness centers.

Additionally, shopping center and mall landlords are beginning to feel the pain from recent bankruptcy filings by renowned gyms such as Gold's Gym and 24 Hour Fitness. These companies are strapped with high debt loads and were not able to survive the temporary closures that went into effect. Furthermore, overall foot traffic in the fitness sector was down 57% year-over-year, said Placer.ai; which tracks large and regional gyms and fitness centers including 24 Hour Fitness, Planet Fitness Inc., Anytime Fitness, Gold's Gym, Orangetheory Fitness and LA Fitness.

(Read)

פרופימקס בע"מ • רחוב זרחין 10 • ת.ד. 1155 • רעננה 4310101 • טלפון: 09-7774444 • פקס: 09-7774400
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

Apartments Become Silicon Valley's Hot New Thing

A rendering of a Juno apartment building. The company's apartment projects will have the same components and basic designs.
PHOTO: JUNO AND AIDAN KIM/ENNEAD ARCHITECTS

The current housing crisis in California has brought about many new venture-backed start-ups to address housing development in the area. A recent start-up addressing this crisis is Juno Residential Inc., which is founded by Apple and Tesla veterans and backed by major venture capital firms. The company is working to make the building of apartments more efficient by using mass-production techniques such as those employed in automotive and electronics manufacturing. This is contrast to traditional multifamily developers which typically analyze projects on a one-time basis. Juno's buildings will have the same components and basic designs, although some elements, such as building size, facades, and lobbies, will vary and look different at different properties. Juno is looking to make apartment development quicker and more cost efficient in the same way car or smartphone manufacturers save time and money by using assembly lines to make identical products.

(Read)