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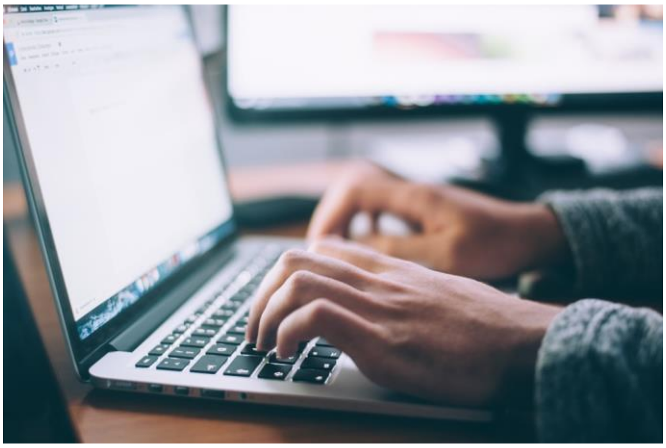
Profimex Market Research Update – July 13, 2020

In a Post-Pandemic World Apartment Will Need Greater Connectivity



DWS Group described in its latest report on ESG investing in Real Estate that work and school life have shifted online from home. The firm claims that the system and infrastructure at most homes is not built for people working from home. "Everybody is doing their virtual calls or zoom conferences from home, which is not something that a residential system may be able to accommodate." The firm believes that upgrading residential systems, including better servers will improve tenant experience, especially, in times like these. "One thing we think about is how many other systems within the building are actually using this technology as well. So the smarter our buildings become, the more bandwidth you need to both support the back of the house as well as tenant needs."

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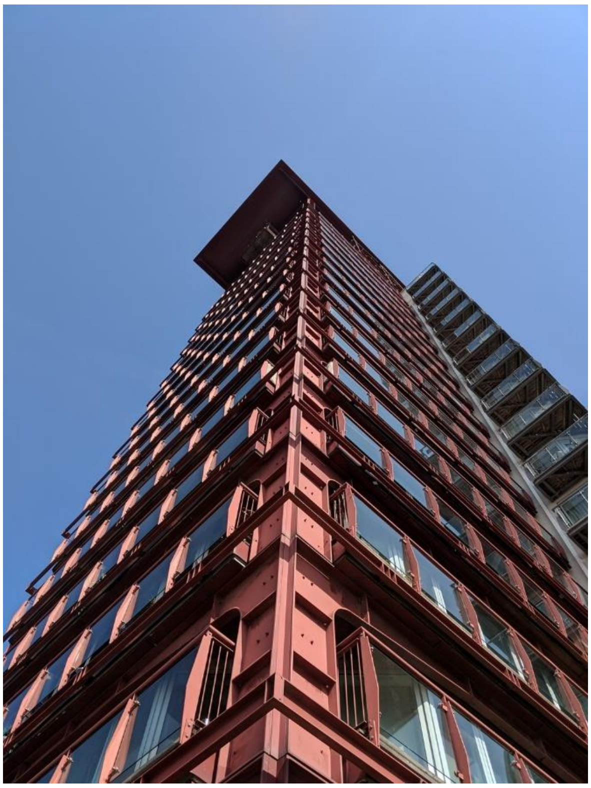
All Cashed Up, Investors Are Expected to Flock to Multifamily Product



We have been in this crisis for a few months now and have learned that some asset classes are more crisis resistant than others. The winning sectors are logistics and multifamily. The National Multifamily Housing Council's rent payment tracker showed a collection rate for the months of April, May, and June of 94.6%, 95.1% and 95.9%, respectively. Experts believe that much of this performance is due to the $2B Coronavirus Aid. This is also one of the reasons why there has not been a wave of distressed multifamily projects on the market yet. Swapnil Agarwal, founder and CEO of Nitya Capital says that "People are starting to see how recession-resilient multifamily assets are, and what that's going to do is really increase the demand for multifamily assets going forward."

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NYC Investment Sales Fell Nearly 80% in Q2

Avison Young, released a frequent report on the New York City commercial real estate market and found that the second quarter transaction volume across all five boroughs was only $1.5B, a 77% decrease to the same period last year. Asset class specific, office, multifamily, and development sites were down 93%, 77% and 60%, respectively. "Every single borough saw declines. … It does feel a bit like 2009, in that there are very few sellers. A big difference comparing this to 2009 is [however] that there is a lot more capital in the market … [but] owners that can wait to sell will wait. The sales you hear about will be estate, partnership disputes or distress."

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