

## Profimex Market Research Update – June 29, 2020

### The Role of Great Offices in the Future of Work

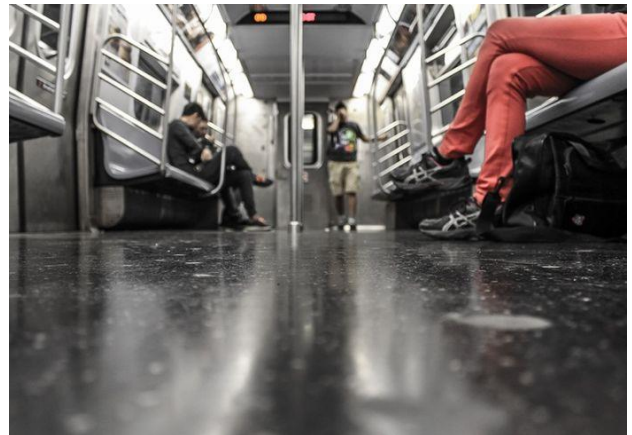
CBRE recently released its latest report on the future of the office market and how people may work in the future. The report illustrates that COVID-19 has accelerating the telecommuting and flexible work trends seen over the last decade. Additionally, in the near-term works in traditional offices will experience heightened social distancing procedures. In the future, we are likely to experience a hybrid between from working from home and at the office. The reason is because most companies see their office space as essential to their DNA and how they interact with their employees. This idea of offering flexibility stems from peoples' desire to be able to choose how they are working. Recent surveys suggest that most employees want to work at least two or three days in the office. It remains a desired place because it helps employees achieve a heightened level of collaboration and innovation among colleagues. Overall, COVID-19 will likely decentralize the place of work.



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### The Car Is King Once More: Markets With Less Transit Could Be More Popular

While over the last decade, mass transit has been one of the driving forces in the growth of urban living and cities in the US. The long-term implications of the COVID-19 pandemic on the US may be the resurgence in the usage of cars again. “The winners in part are going to be the car,” said Mario Polèse, the urban economist at the Institut National de la Recherche Scientifique in Quebec. “Cities which are less dependent on transit probably will recover more quickly.” Additionally, government agencies are encouraging greater usage in cars instead of mass transits in order to further social distancing norms. Furthermore, transit systems across the country are suffering from a huge drop in ridership. Global transit ridership was down on average by more than 70% in April compared to pre-pandemic levels, as people sheltered in place and experts warned about exposure in trains and subways, according to data compiled by Transit, a transportation app provider. Ridership levels have slowly recovered since, but are still down by more than 50%.

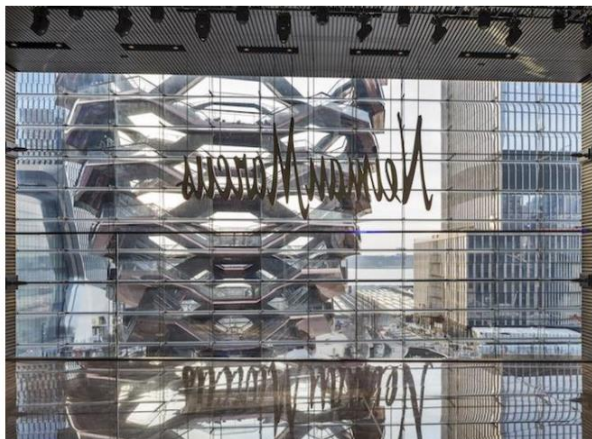


Cities that are less dependent on mass transit should be able to recover faster than other cities and experience greater migration to the cities. Additionally, these cities typically have a lower cost of living than cities that depend more heavily on mass transit. For example, Cities such as New York and Chicago have experienced accelerated of people leaving. As those markets lost people, markets such as those in the Sun Belt won them, and companies followed because those cities are generally cheaper to live.

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## Facebook Looks to Lease Neiman Marcus' Hudson Yards Flagship As Office

With Neiman Marcus filing for bankruptcy last month, Facebook is considering taking over the 188k SF space in Hudson Yards. Last year, Facebook announced it would lease more than 1.5M SF across 30 floors at the \$25B project, with about 1.2M SF at 50 Hudson Yards, 265K SF at 30 Hudson Yards and approximately 57K SF at 55 Hudson Yards, where it had planned to move employees this year. Related Cos., the landlord, has yet been informed by Neiman Marcus about its departure and which stores it plans on closings as part of its bankruptcy filing.



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