



DANGER: 3 Coronavirus-Hit Industries That Will NEVER Be the Same

Description

The coronavirus disease 2019 (COVID-19) [pandemic](#) has decimated various sectors of the economy. Some of the hardest-hit industries will probably never recover to pre-pandemic levels, even after this insidious coronavirus is eradicated. The post-pandemic environment will be tough to predict. Still, as an investor, you need to be aware of the severity and duration of damage to industries so that you can adjust your long-term theses and your portfolio's risks accordingly.

Without further ado, let's have a brief look at three industries that have been heavily impacted by COVID-19 to get a better sense of what a recovery will look like, so you can tell the difference between a "value trap" and a stock that's trading at a massive [discount](#) to its intrinsic value.

The travel industry

First up, we have the travel industry, which got dealt a one-two punch to the chin amid the coronavirus crash. Warren Buffett has given up on the air travel industry (although he still owns Precision Cast Parts in full through **Berkshire Hathaway**), throwing in the towel on his U.S. airline stocks.

I'd warned Canadians to sell their shares of **Air Canada** back in January, citing sky-high risks associated with the coronavirus, which was largely shrugged off by investors at the time. The stock ended up imploding +75%, and with more pain the cards for the travel industry, it could take years, if not decades, for Air Canada to return to pre-pandemic profitability, if it even survives this ordeal.

The recovery trajectory for the airlines in post-pandemic will be more L-shaped in nature after the pandemic ends, as consumers gradually warm up to flying again. Not to mention that discretionary spending will also be severely hit by the coronavirus-induced recession. Sadly, some of the airlines may not live to see the day the travel industry recovers.

The office real estate sub-industry

The daily commute to the office may soon become a thing of the past. Many firms have discovered that

productivity hasn't been hampered by the rise of the "work-from-home" trend. With the new technologies available, telecommuting may actually be a more efficient way to go for many employers, even after it's safe to venture outside again.

Of course, not all offices are destined to become barren wastelands. But with more firms committing to a "work-from-home" model, many office REITs could find themselves in deep trouble, as they look to deal with what could be a permanently diminished demand for office space.

Brick-and-mortar retail

Finally, we have an industry that I believe is best suited to recover, at least mostly, to pre-pandemic levels in a post-pandemic environment. Brick-and-mortar retail has been fading amid the rise of e-commerce, and some see the coronavirus crisis as the final nail in the coffin for the physical retailers of yesteryear. I find this bear thesis hard to believe, however, as many Canadians are likely itching to return to their favourite retail hot spots after being couped up for months under quarantine.

While brick-and-mortar retailers won't see sales pop immediately to pre-pandemic levels after lockdowns are lifted, I think they will enjoy a slow and steady return to normalcy in the months following the end of the pandemic.

CATEGORY

1. Coronavirus
2. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Investing

Date

2025/07/07

Date Created

2020/05/23

Author

joefrenette

default watermark