

Markets

With WeWork's Very Existence in Doubt, Wall Street's Last Bull Folds

- Stock plunges 99% since IPO after facing numerous headwinds
- Analysts throw in the towel as company's shares take a beating



A WeWork Inc. office in London on Aug. 9. *Photographer: Jose Sarmiento Matos/Bloomberg*

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WeWork Inc. can't catch a break. The co-working space provider has been a penny stock since March, without a CEO for two months and the commercial real estate market has weathered obstacle after obstacle.

And still, BTIG's Thomas Catherwood advised clients that the shares had potential as an investment. Then came Tuesday, when the company

reported dismal quarterly results, said it was burning through cash and announced its board was in disarray.

For the company's last supporter on Wall Street, it was finally enough to fold.

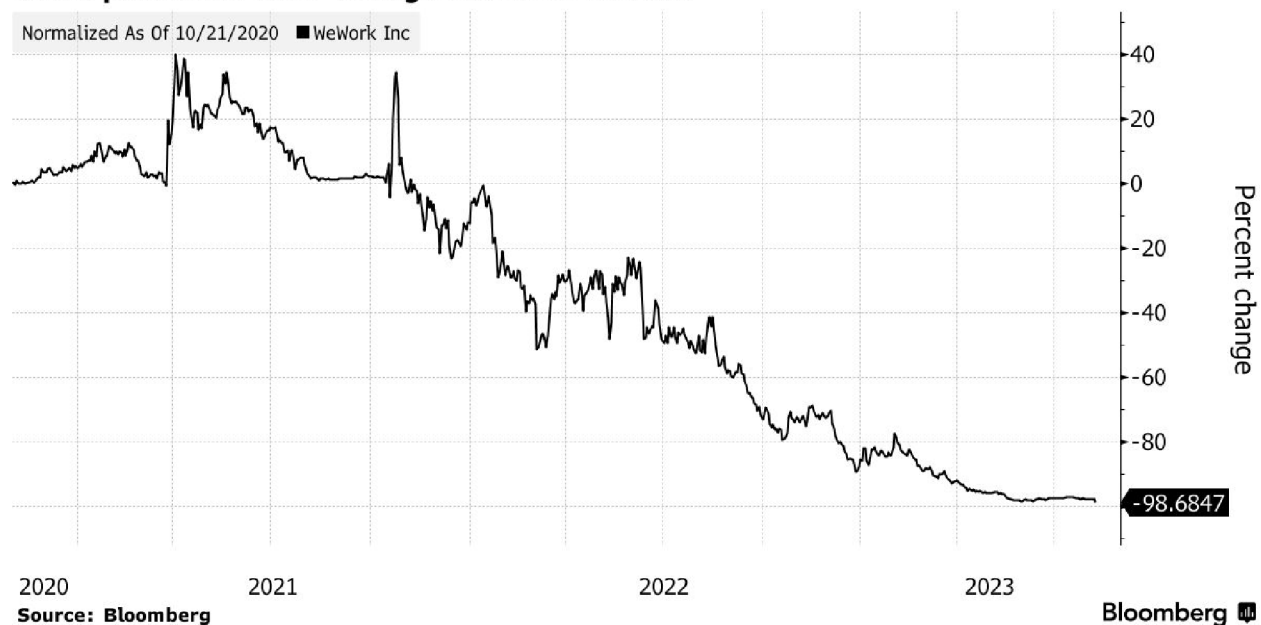
"We were wrong," Catherwood wrote in a note to investors Wednesday. He still rates the New York-based company "neutral" – nevermind that WeWork itself warned it has "substantial doubt □□" about its ability to stay in business.

Catherwood hasn't been alone in suggesting WeWork's fall from unicorn startup to Wall Street bust could provide an opportunity for investors. He was one of six analysts still covering the company at the start of the year. All but one had "buy" ratings even as the shared-workspace company struggled.

WeWork's stock has plunged 99% since the company went public in October 2021, wiping out more than \$11 billion in market value. The stock dropped by a record 39% to an all-time low of 13 cents on Wednesday. Its bonds are also at deeply distressed levels. The company's 7.875% unsecured notes due in 2025 last changed hands for 34 cents on the dollar, according to data from Trace.

WeWork Shares Wipe Out Gains

Stock plummets after facing relentless turmoil



That's not to say there wasn't some reason for analyst optimism this year. WeWork struck a deal in March with some of its biggest creditors and SoftBank Group Corp. to cut its debt load by around \$1.5 billion and extend other maturities.

Signs of turmoil re-emerged just two months later, when in May, after three years on the job, Chief Executive Officer Sandeep Mathrani suddenly stepped down for a job at Sycamore Partners, leaving WeWork without a permanent replacement.

Slowly, the analysts began to lose faith. Piper Sandler's Alexander Goldfarb turned on the company in May as its shares slumped more than 80% year-to-date. UBS analyst Alex Kramm maintained a neutral rating on the stock in June. And just last week, Cantor Fitzgerald's Brett Knoblauch dropped coverage of the company altogether.

Now, with its future in doubt, WeWork has just two companies covering it – neither among the biggest of Wall Street firms. And, for the first time, not one is bullish.

(Updates chart to reflect market close.)

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