

New York Regional Industrial & Flex Sales Volume & Buying Trends – December 2020

Compared to other sectors of the real estate market, the New York regional industrial market is holding relatively strong as the effects of the COVID-19 pandemic crisis continue to unfold. Market fundamentals and investor sales activity were healthy in 2019 and Pre-Covid-19. There was a dip in transactions and leasing in April 2020, but optimism picked up through the end of summer. From September through the end of the year, however, activity has been low overall and fluctuating, with a continued lag in rent growth and skepticism in the investor sales market. This report analyzes trends in investment sales in the industrial and flex market from January 2019 through December 2020 in the New York-Newark, NY-NJ-CT-PA combined statistical area.

The pandemic has caused consumer spending habits to change dramatically, with ecommerce sparking growth in the industrial market and hitting the retail industry hard. Spending habits are not expected to normalize until the end of 2021.

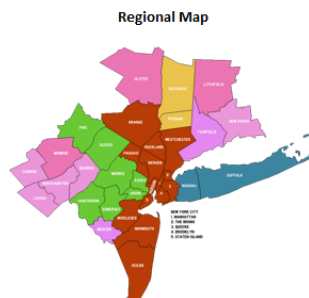
Retail Sales Growth in the US, by Segment (% change)



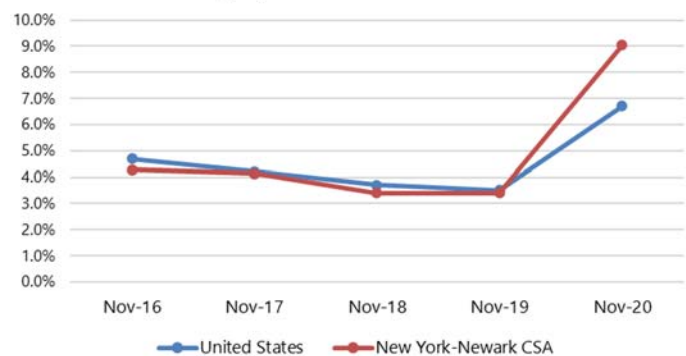
POPULATION		
YEAR	US	CSA
2000 Total Population	281,421,906	21,500,484
2010 Total Population	308,745,538	22,255,491
2020 Total Population	333,793,107	22,997,937
2025 Total Population	346,021,282	23,263,141
10-20 CAGR	0.8%	0.3%
20-25 CAGR	0.7%	0.2%

HOME OWNERSHIP		
YEAR	US	CSA
2010	57.7%	49.2%
2020	56.4%	47.5%
2025	56.2%	47.0%

MEDIAN HH INCOME		
YEAR	US	CSA
2020	\$62,203	\$79,992
2025	\$67,325	\$86,047
CAGR	1.60%	1.47%



Unemployment Rate - Five Year Trend



NOTE: December 2020 unemployment statistics for the New York Region were not available as of the date this report was written.

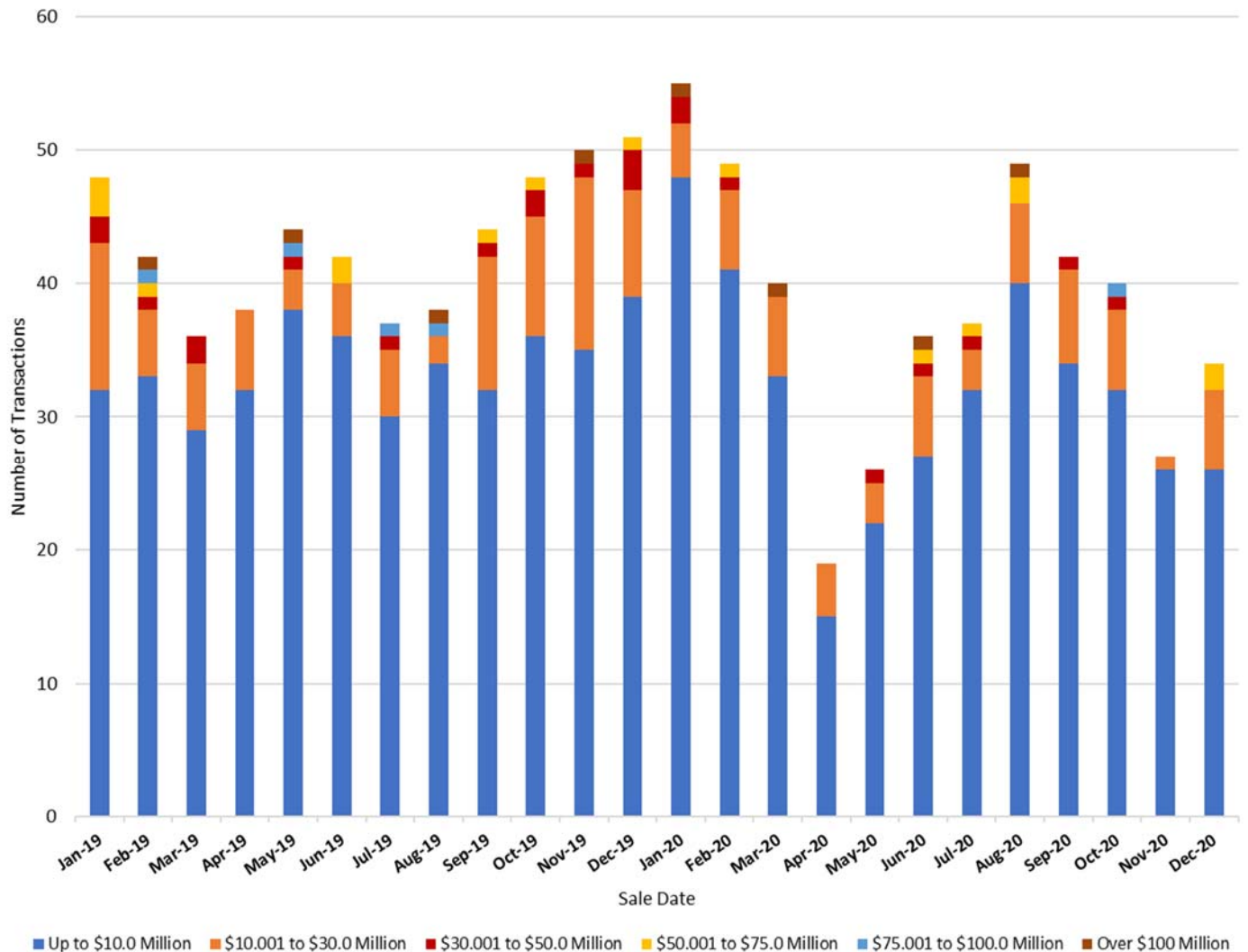
Number of Sales Transactions

We tracked the number of monthly industrial and flex sales recorded in the New York regional market, segmented into tranches as seen below. Over the prior 24-month period, as of December 2020, there were 972 transactions. Approximately 80% of these transactions were below \$10 million, roughly 19% were between \$10 and \$100 million, and approximately 1% were above \$100 million.

Historical Transaction Volume - New York Regional Industrial & Flex																										
Number of Transactions	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	% of Total
Up to \$10.0 Million	32	33	29	32	38	36	30	34	32	36	35	39	48	41	33	15	22	27	32	40	34	32	26	26	782	80.5%
\$10.001 to \$30.0 Million	11	5	5	6	3	4	5	2	10	9	13	8	4	6	6	4	3	6	3	6	7	6	1	6	139	14.3%
\$30.001 to \$50.0 Million	2	1	2	0	1	0	1	0	1	2	1	3	2	1	0	0	1	1	1	0	1	1	0	0	22	2.3%
\$50.001 to \$75.0 Million	3	1	0	0	0	2	0	0	1	1	0	1	0	1	0	0	0	1	1	2	0	0	0	2	16	1.6%
\$75.001 to \$100.0 Million	0	1	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	5	0.5%
Over \$100 Million	0	1	0	0	1	0	0	1	0	0	1	0	1	0	1	0	0	1	0	1	0	0	0	0	8	0.8%
Total # Transactions	48	42	36	38	44	42	37	38	44	48	50	51	55	49	40	19	26	36	37	49	42	40	27	34	972	100.0%
% Change from Prior Month	-	-12.5%	-14.3%	5.6%	15.8%	-4.5%	-11.9%	2.7%	15.8%	9.1%	4.2%	2.0%	7.8%	-10.9%	-18.4%	-52.5%	36.8%	38.5%	2.8%	32.4%	-14.3%	-4.8%	-32.5%	25.9%	-	-

The number of monthly transactions generally increased throughout 2019. The largest number of monthly transactions occurred in January 2020 but dropped off significantly by April. The number of transactions increased in May and each month through the end of August, indicating optimism was returning, but the upward trend did not continue, with significant decreases seen in the fall and through November 2020. There were 34 total transactions in December 2020, reflecting a slight increase from the prior month. The figures are portrayed graphically below.

New York Regional Industrial & Flex - Number of Transactions



Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately \$400 million. Comparatively, the average monthly sales volume in 2020 was roughly \$313 million, reflecting a decrease of approximately 22%. We tracked the dollar volume of monthly sales by tranche as seen below.

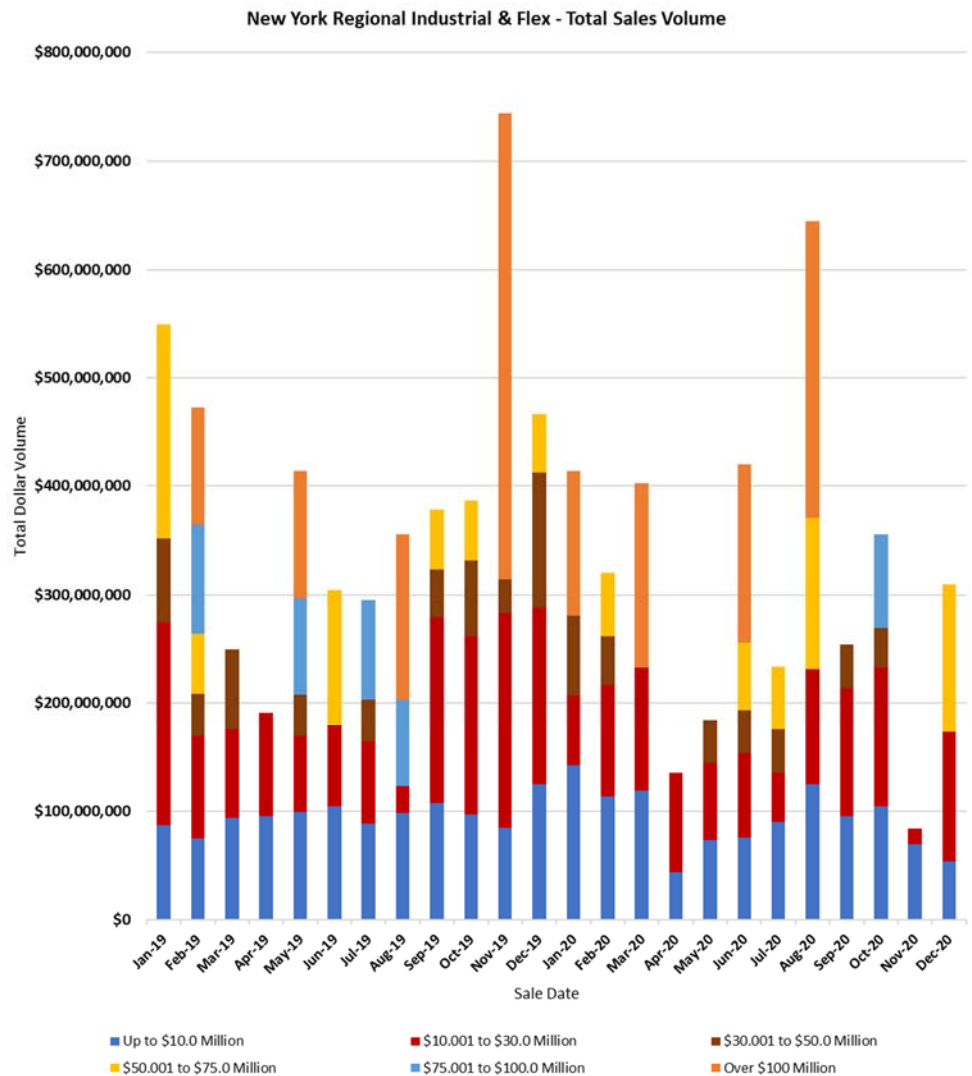
Historical Transaction Volume - New York Regional Industrial & Flex (in Millions)																										
Dollar Volume of Transactions	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	% of Total
Up to \$10.0 Million	\$86.6	\$74.4	\$94.1	\$95.0	\$99.3	\$104.0	\$88.5	\$97.9	\$107.4	\$96.8	\$84.4	\$124.1	\$141.8	\$113.3	\$118.5	\$43.8	\$73.1	\$75.8	\$89.7	\$124.3	\$94.9	\$104.2	\$69.4	\$53.0	\$2,254.2	26.3%
\$10.001 to \$30.0 Million	\$187.8	\$94.5	\$80.7	\$95.7	\$69.8	\$74.5	\$75.1	\$24.8	\$171.7	\$165.1	\$198.5	\$164.2	\$65.1	\$103.6	\$114.6	\$90.9	\$70.9	\$77.3	\$45.0	\$107.3	\$118.9	\$128.8	\$14.2	\$119.5	\$2,458.4	28.7%
\$30.001 to \$50.0 Million	\$77.3	\$39.6	\$74.5	\$0.0	\$38.5	\$0.0	\$39.5	\$0.0	\$44.1	\$69.6	\$31.0	\$123.9	\$74.0	\$45.2	\$0.0	\$0.0	\$40.0	\$40.0	\$40.0	\$0.0	\$40.0	\$36.8	\$0.0	\$0.0	\$853.9	10.0%
\$50.001 to \$75.0 Million	\$198.0	\$55.5	\$0.0	\$0.0	\$0.0	\$126.1	\$0.0	\$0.0	\$55.0	\$55.0	\$0.0	\$54.3	\$0.0	\$58.5	\$0.0	\$0.0	\$0.0	\$62.5	\$59.0	\$138.5	\$0.0	\$0.0	\$0.0	\$137.2	\$999.6	11.7%
\$75.001 to \$100.0 Million	\$0.0	\$100.0	\$0.0	\$0.0	\$89.0	\$0.0	\$92.3	\$80.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$85.3	\$0.0	\$0.0	\$447.0	5.2%
Over \$100 Million	\$0.0	\$108.0	\$0.0	\$0.0	\$116.9	\$0.0	\$0.0	\$152.0	\$0.0	\$0.0	\$430.0	\$0.0	\$133.0	\$0.0	\$169.0	\$0.0	\$0.0	\$164.0	\$0.0	\$275.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,547.9	18.1%
Total Dollar Volume	\$549.7	\$472.0	\$249.3	\$190.7	\$413.5	\$304.6	\$295.3	\$355.2	\$378.1	\$386.5	\$743.9	\$466.4	\$414.0	\$320.6	\$402.1	\$134.7	\$184.0	\$419.6	\$233.7	\$645.1	\$253.8	\$354.9	\$83.6	\$309.7	\$8,560.9	100.0%
% Change from Prior Month	-	-14.1%	-47.2%	-23.5%	116.8%	-26.3%	-3.1%	20.3%	6.5%	2.2%	92.5%	-37.3%	-11.2%	-22.6%	25.4%	-66.5%	36.6%	128.0%	-44.3%	176.0%	-60.7%	39.9%	-76.4%	270.5%	-	-

Over the analysis period, the category with the highest transaction volume is in the “\$10.001 to \$30.001 Million” category, which comprises just over 28% of all dollar volume. There have been only been a handful of transactions over \$10 million in the last several months, but there were recently two transactions over \$30 million in December. There were signs of returned activity at the start of the summer, but since July 2020, dollar volume has fluctuated.

Total Dollar Volume - New York Regional Industrial & Flex

Jan-19	\$549,653,074
Feb-19	\$472,007,395
Mar-19	\$249,300,719
Apr-19	\$190,747,464
May-19	\$413,452,412
Jun-19	\$304,626,680
Jul-19	\$295,264,150
Aug-19	\$355,158,079
Sep-19	\$378,119,500
Oct-19	\$386,478,220
Nov-19	\$743,931,875
Dec-19	\$466,435,147
Jan-20	\$413,972,830
Feb-20	\$320,584,492
Mar-20	\$402,065,679
Apr-20	\$134,695,000
May-20	\$184,001,727
Jun-20	\$419,576,499
Jul-20	\$233,727,500
Aug-20	\$645,101,750
Sep-20	\$253,751,963
Oct-20	\$354,947,000
Nov-20	\$83,592,076
Dec-20	\$309,721,994
Min	\$83,592,076
Max	\$743,931,875
2019 Ave	\$400,431,226
2020 Ave	\$312,978,209

Dollar volume fluctuated in 2019 but was relatively high throughout the year. There was a significant drop in April 2020 and dollar volume has been fluctuating significantly since then. Current figures are well below the levels seen one year prior.



TOTAL NUMBER OF TRANSACTIONS - NEW YORK REGIONAL INDUSTRIAL & FLEX



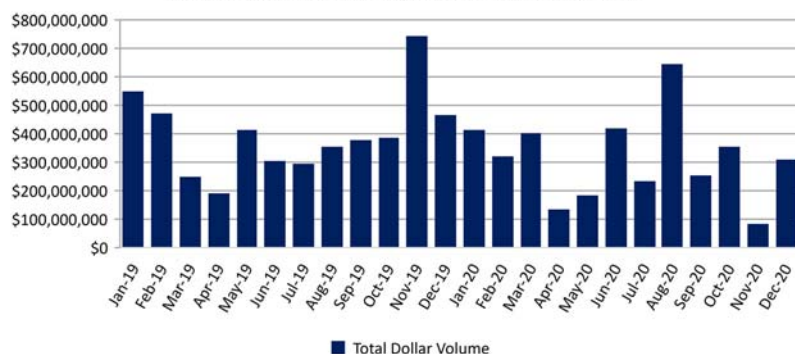
SALES (2019-2020): Volume

Pre-COVID-19, sales volume fluctuated at a relatively high level, ranging from 36 to 55 sales per month from January 2019 through March 2020. April 2020 marked a significant drop in the number of transactions, and there have been some increases since then, but figures started declining again in September. There were only 34 transactions in December 2020, which marks a significant drop from the 51 sales seen in the same month in 2019.

Dollar Volume of Sales

Dollar volume increased in the last month, following fluctuations after the drop in April. Dollar volume increased 128% from May to June and 176% from July to August, indicating optimism in investment activity, but the minimal activity seen since then indicates that might have been premature. It is important to note that March 2020 exhibited a healthy volume of sales, indicating the market was well positioned leading up to the crisis. Market participants are hoping sales activity will return to pre-crisis levels in the near term, but only time will tell.

TOTAL SALES VOLUME - NEW YORK REGIONAL INDUSTRIAL & FLEX



TRANSACTIONS OVER \$30 MILLION - NEW YORK REGIONAL INDUSTRIAL & FLEX



Transactions over \$30M

The graph on the left illustrates investor concern committing to deals above \$30 million. There were no sales above \$30 million in April 2020 and again, zero sales above \$30 million in November 2020. Activity seemed to pick up from June through August but dropped off again in September. Prior to that, between January 2019 and March 2020, the average number of sales over \$30 million was 2.5 per month. This metric will be tracked carefully by market participants going forward and the increase in the last month is a positive sign.



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SOURCE: eMarketer, CoStar, STDB, US Bureau of Labor Statistics, and Marshall & Stevens