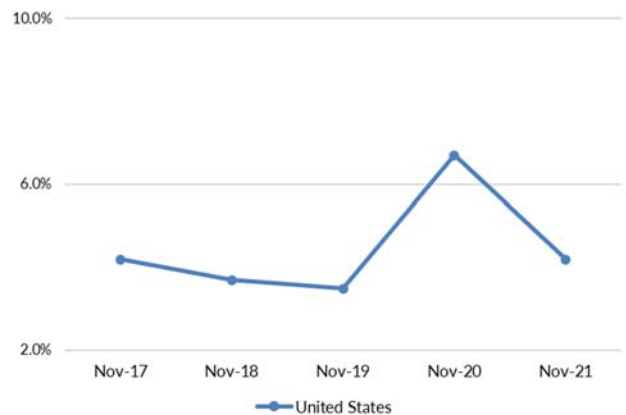


U.S. Class A Industrial-Distribution Sales Volume & Buying Trends – November 2021

COVID-19 surfaced in the United States in Mid-March 2020. Federal, state, and local governments responded by issuing strict stay-at-home orders and closing nonessential business. Trends in retail sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. Consumer sentiment undoubtedly improved during the first half of 2021 as vaccines were introduced and new cases and hospitalizations decreased. As we near the end of 2021, the outlook for the remainder of the year and 2022 remains hazy with the spread of the Delta and Omicron variants. As of December 19, 2021, new cases were on the rise again as exhibited in the graphic below, which continues to trigger the number of vaccine doses given. Legislators have reintroduced indoor mask mandates to slow the spread of the virus, which will likely be exacerbated by close contact during the holiday season. Investors will be monitoring developments over the next few months to assess the overall health of the economy and impacts on the major commercial property types.

With COVID-19 still on the forefront, fundamentals in many major markets have been greatly altered. This publication analyzes sales trends in terms of number of transactions and dollar volume for Class A Industrial properties across the United States national market.

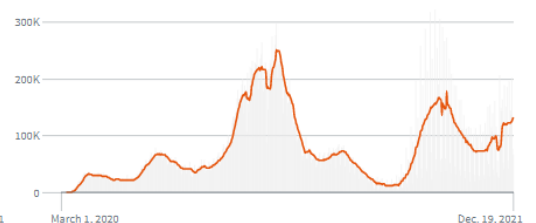
Unemployment Rate - Five Year Trend



Vaccine doses given
7-day avg: 1,558,720
72.8% at least one dose



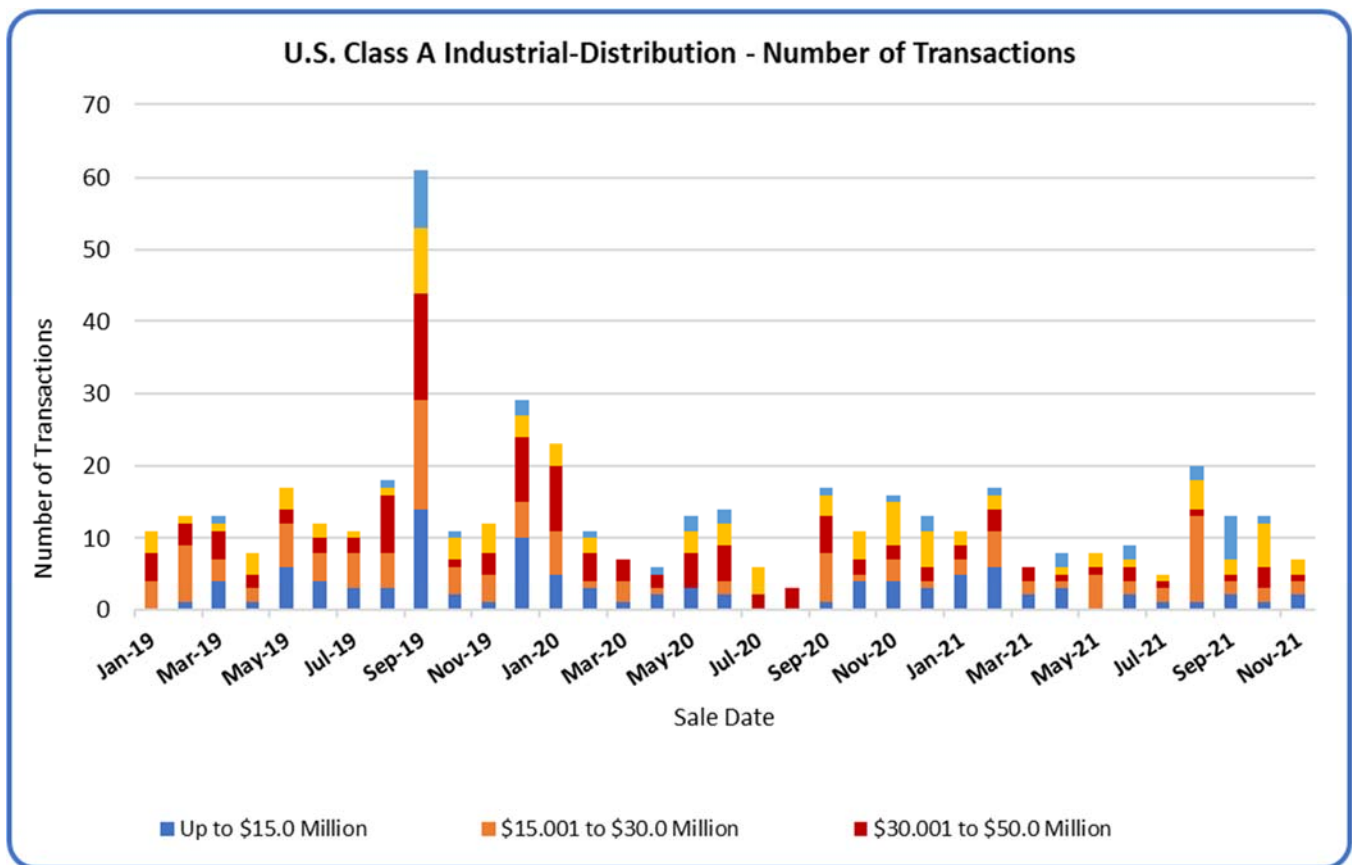
New cases
7-day avg: 132,283



Source: Reuters

Number of Sales Transactions

- Parameters: All Class A industrial-distribution investment sales in the United States national market, segmented by price tranche.
- Consistent transaction volume from January 2019 to March 2020, except for a large spike in September 2019.
- March 2020- initial COVID shockwaves grip market, number of transactions falls but does not plummet.
- Average of 17 Class A Industrial transactions per month from January 2019 to March 2020
- Average of 11 Class A Industrial transactions per month from April 2020 through November 2021
- Steady transaction volume from September 2020 through February 2021
- Less than 10 monthly transactions in all months from March 2021 through July 2021
- Steady transaction volume from August 2021 through October 2021
- 7 total sales in November 2021- third-lowest monthly total of period



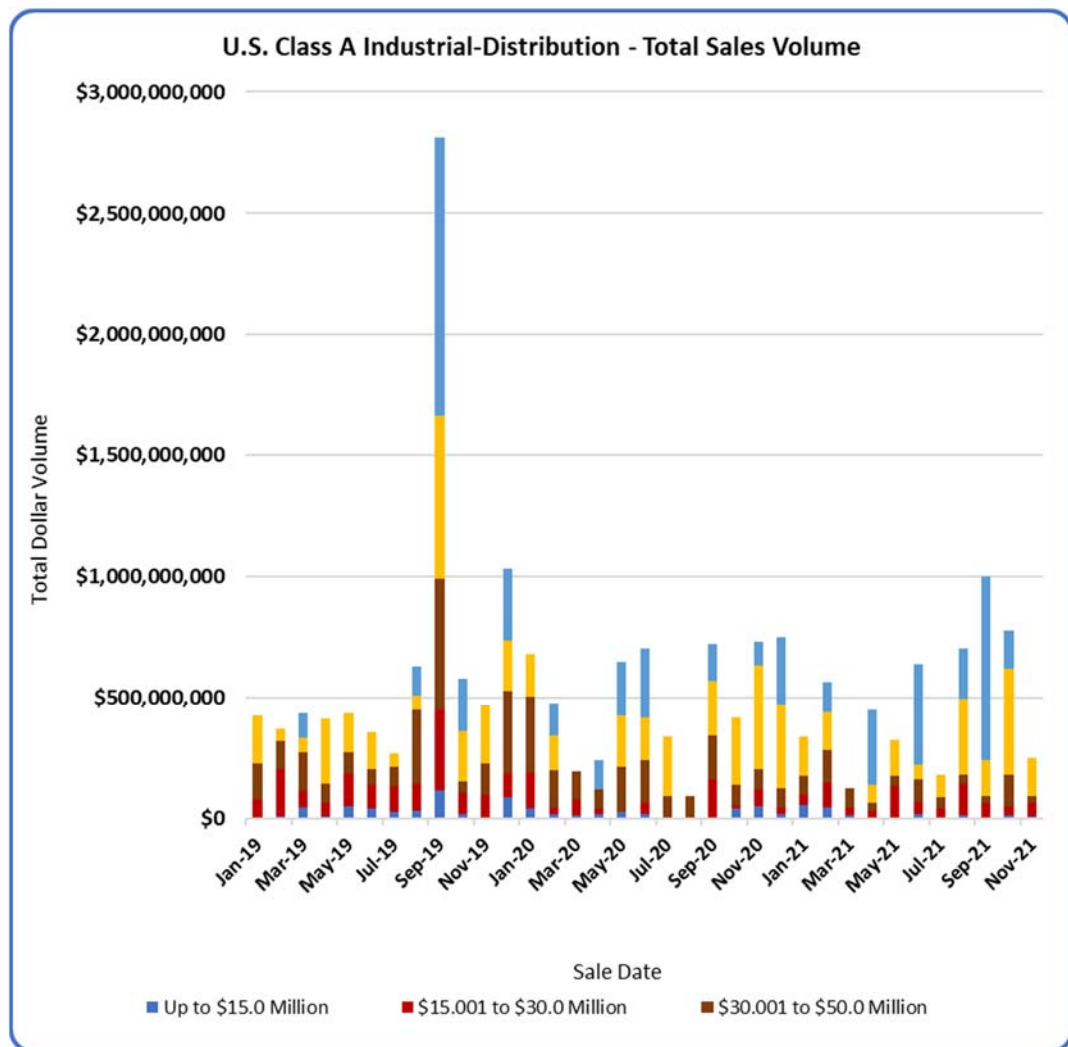
The Class A Industrial-Distribution markets have fared better than other markets during the COVID era. Transaction volume was quick to rebound after the onset of COVID-19. Average sales per month are not too far off from pre-COVID levels, as evidenced by the chart. However, the market has not experienced the same level of consistency as was seen prior to March 2020.

Dollar Volume of Sales Transactions

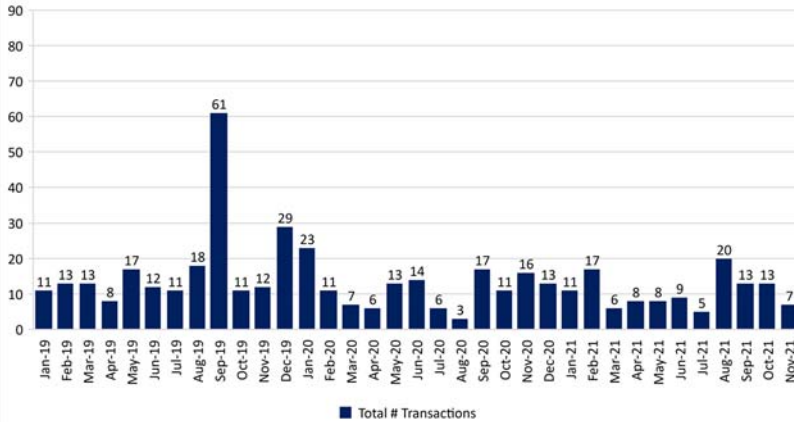
In 2019, the average monthly sales volume was approximately \$685 million. Comparatively, the average monthly sales volume in 2020 was roughly \$500 million, reflecting a decrease of approximately 27%. In 2021 through November, the monthly average decreased -2.7% from the 2020 average. We tracked the dollar volume of monthly sales by tranche as seen below.

| Total Dollar Volume - U.S. Class A Industrial-Distribution | | | |
|--|-----------------|---------------|----------------|
| Year | 2019 | 2020 | 2021 (Jan-Nov) |
| Min | \$266,701,000 | \$94,230,500 | \$123,071,330 |
| Max | \$2,811,664,531 | \$750,444,834 | \$999,900,000 |
| Average | \$685,239,363 | \$499,828,029 | \$486,314,169 |
| % Difference | - | -27.1% | -2.7% |

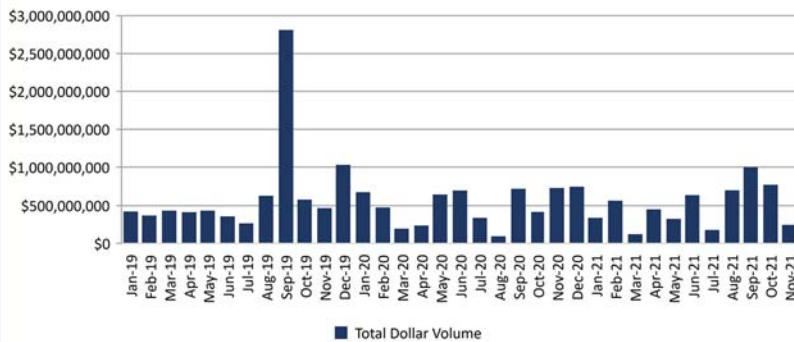
- March, July, August, October 2020, and January, March, May, July and November of 2021 did not log any sales over \$100 million.
- Sales from \$50.001 to \$100 million have generally comprised the largest share of all total sales.
- 62% of November 2021 sales are in the \$50 to \$100 million tranche.



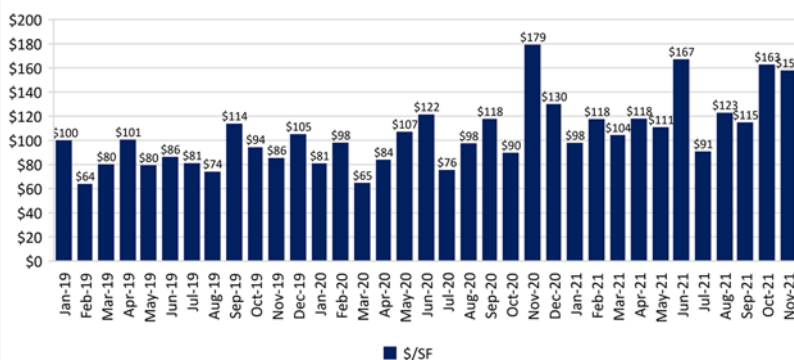
TOTAL NUMBER OF TRANSACTIONS - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



TOTAL SALES VOLUME - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



SALE PRICE PER SF - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



SALES (2019-2021): Volume

Pre-COVID-19, sales volume fluctuated, ranging from 8 to 61 sales per month from January 2019 through February 2020 while March 2020 marked a slight drop in the number of transactions. Sales volume fluctuated from 5 to 20 sales per month from April 2020 through November 2021. September 2019 saw an atypically high number of sales, which skews the pre-COVID average upward. Sales volume waned in early and mid-2021 before rebounding in August 2021. November saw a drop in the number of transactions.

Dollar Volume of Sales

Average sales volume in 2020 was approximately \$500 million. In 2021, 5 of the first 11 months surpassed this average, mainly attributable to the strong dollar volume recorded from August 2021 through October 2021. Total sales volume in 2021 was greater than 2020 through October, but a slow November put 2021 slightly below 2020. There were no sales over \$100 million in November 2021.

Sale Price Per Square Foot

Price per square foot in the Class A Industrial market ranged from \$64 to \$114 from January 2019 through March 2020, averaging \$87. Price per square foot from April 2020 through November 2021 ranged from \$76 to \$167, averaging \$116. Price per square foot over the last 3 months averaged \$119, with November 2021 accounting for the third highest price per square foot of the year,

While demand remains high in the Class A industrial-distribution sector, market participants will be watching price trends very carefully. It is noted that this sector has been fueled by rising ecommerce spending since the onset of the COVID-19 pandemic.

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



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