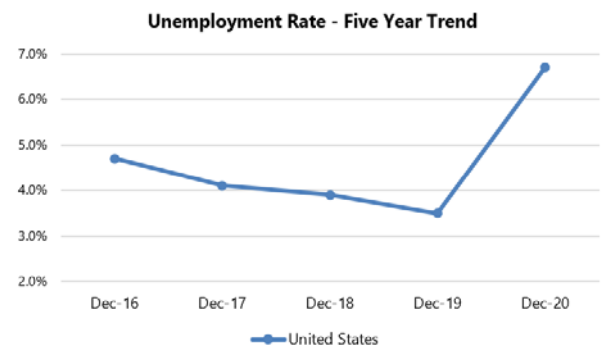


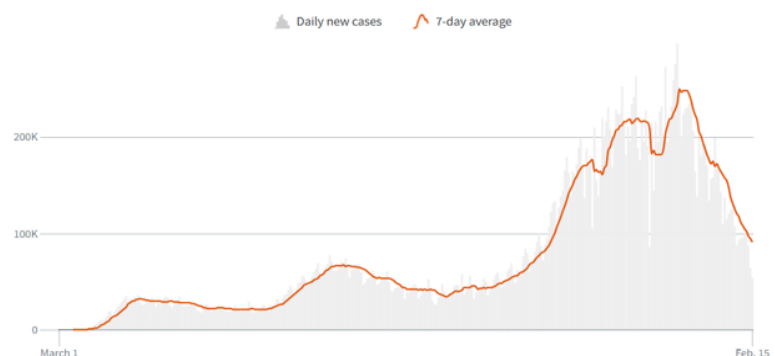
# US Property Portfolio Sales Volume & Buying Trends - January 2021

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. The United States Daily New Case table below highlights the progression of daily case counts relative to legislation imposed by state and local governments. A new high in case counts led to the implementation of the mask mandate in April 2020. Effective social distancing and mask mandates helped curb case counts over spring and summer 2020, and restrictions loosened. Colder weather coupled with the holidays in late fall and winter sent case counts surging again, shattering the previous high set in April 2020. Unemployment spiked over the period, reaching a high of 14.8 percent in the US in April. The unemployment rate has decreased in the consecutive months since, which is an encouraging sign. Attention now turns to the rollout of the COVID vaccine and its effects on consumer sentiment and underlying market performance.

With COVID 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 portfolio sales across the United States national market.



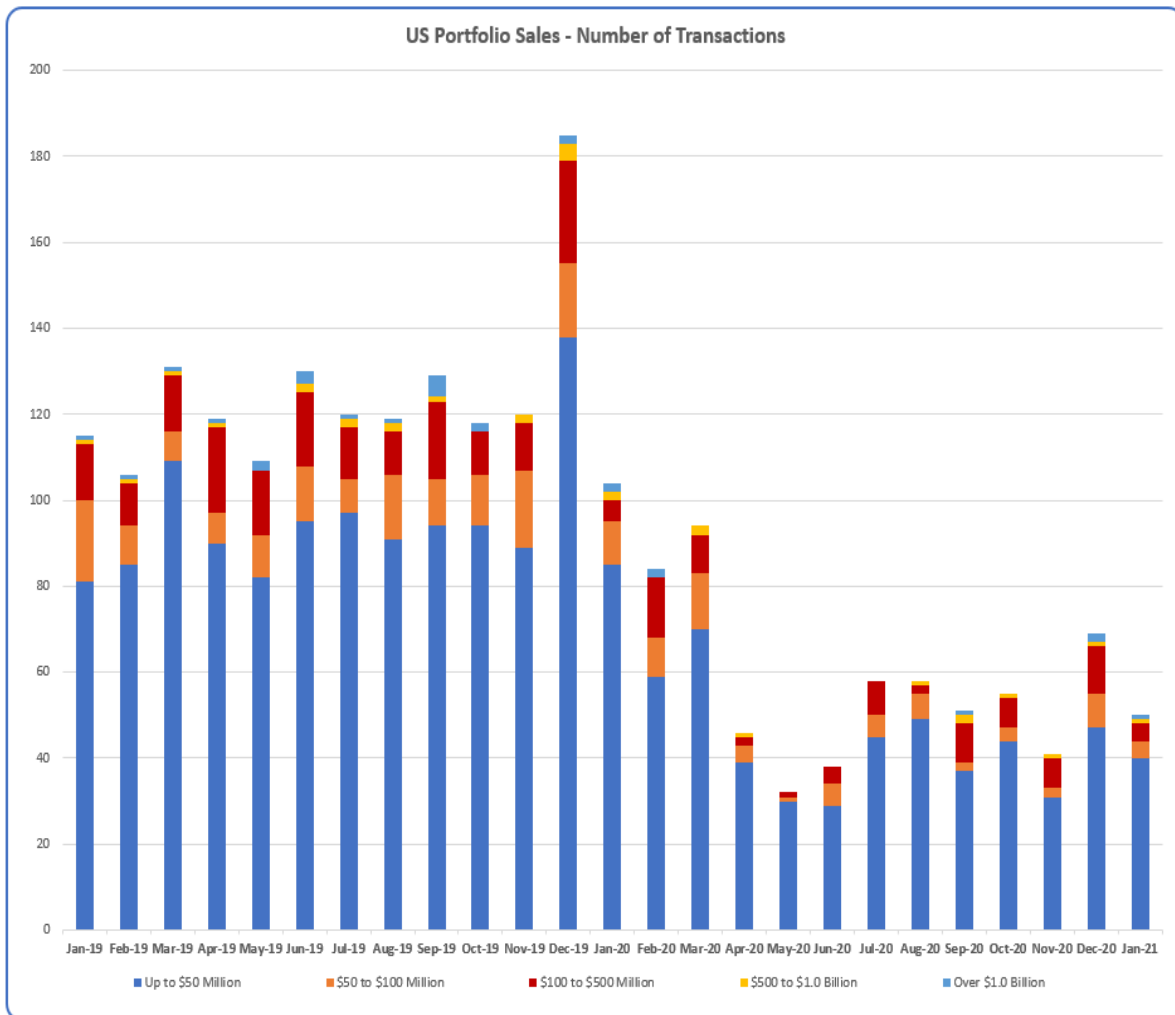
## United States - Daily New Cases



Source: Reuters

## Number of Sales Transactions

- Parameters: All portfolio investment sales in the United States, segmented by price tranche.
- Consistent transaction volume from January 2019 to March 2020.
- April 2020- initial COVID shockwaves grip market, number of transactions plummets.
- Uptick in transaction volume from May 2020 to August 2020 coincides with lower case counts.
- September 2020 – November 2020- experienced a fluctuating trend in number of transactions.
- December 2020- 69 total transactions- a slight increase from previous months in 2020.
- January 2021- 50 total transactions, 19 transactions lower than the previous month.



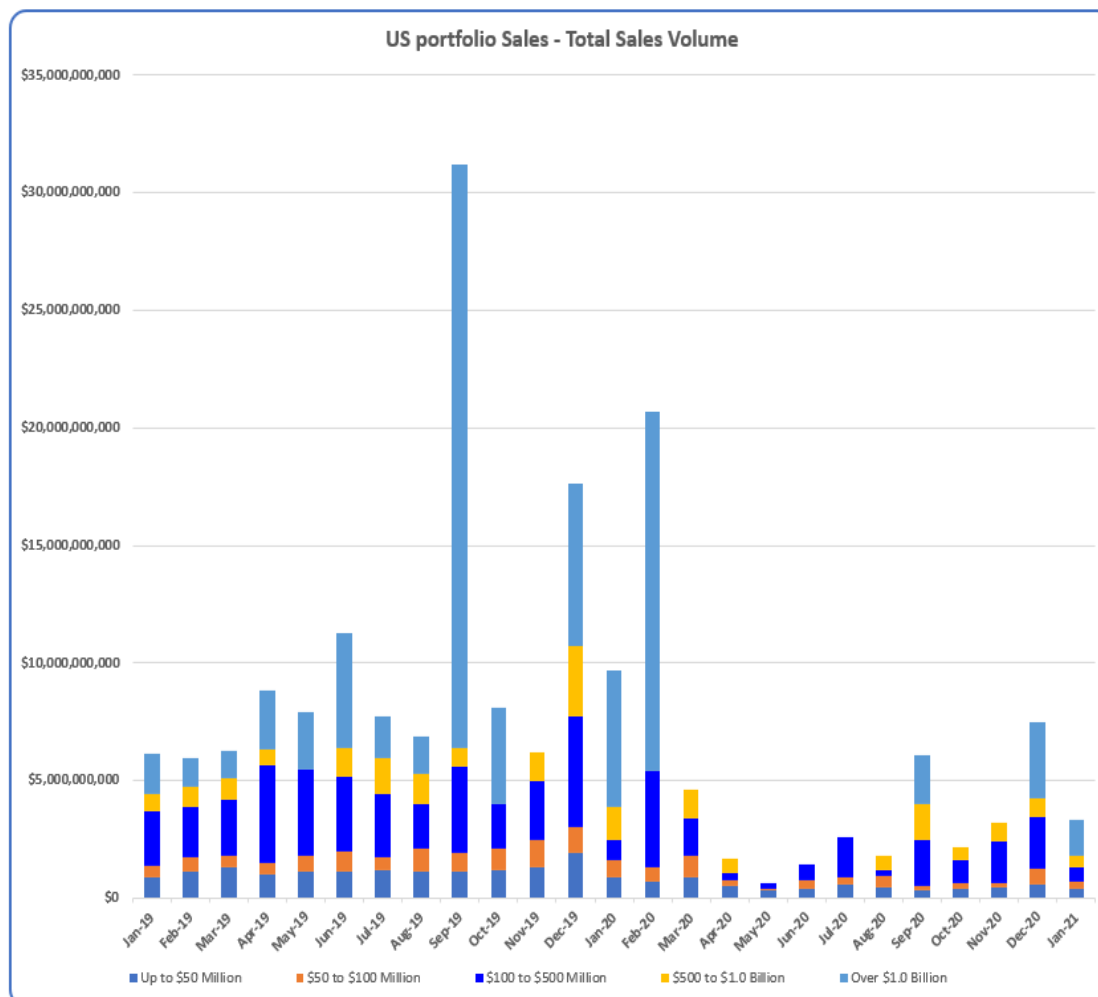
The portfolio investment sales market has been significantly affected during the post-COVID era. Transaction volume has continued to struggle to return to its normal activity. Average sales per month are significantly lower from pre-COVID levels, as evidenced by the chart above.

## Dollar Volume of Sales Transactions

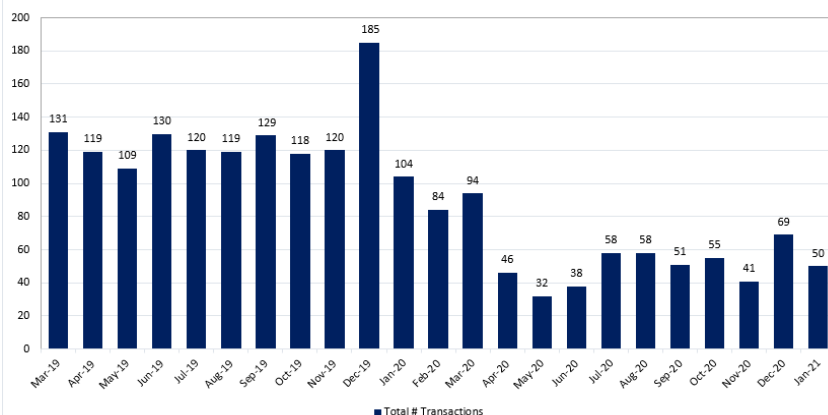
In 2019, the average monthly sales volume was approximately \$10.4 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$5.2 billion, reflecting a decrease of approximately 50.0%. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Portfolio Sales			
YEAR	2019	2020	2021 (Jan)
Min	\$6,114,000,000	\$619,000,000	\$3,324,000,000
Max	\$31,207,000,000	\$20,710,000,000	\$3,324,000,000
Average	\$10,337,916,667	\$5,170,000,000	\$3,324,000,000
% Difference	-	-50.0%	-35.7%

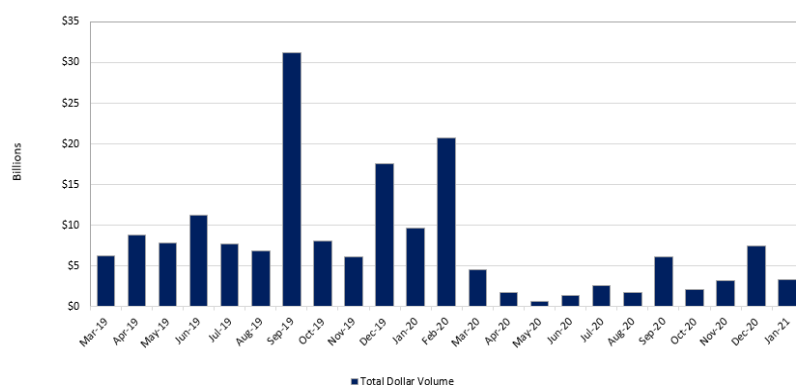
- Average sales volume from January 2019 to March 2020 was \$10,603,200,000.
- Average sales volume from April 2020 to January 2021 was \$3,037,100,000.
- The largest increase in dollar volume for 2020 was 239.3% from August to September.
- The largest decrease in dollar volume for 2020 was 77.8% from February to March.
- March, April, May, June, July, August, October, and November did not log any sales over \$1.0 billion.
- The over "\$1.0 billion" tranche is the largest contributor to US portfolio investment sales total dollar volume.
- December 2020 dollar volume significantly increased from the prior month, reflecting a 132.5% increase in total dollar volume.
- January 2021 reflected a decline of 55.5% in total dollar volume, as shown in the figure below.



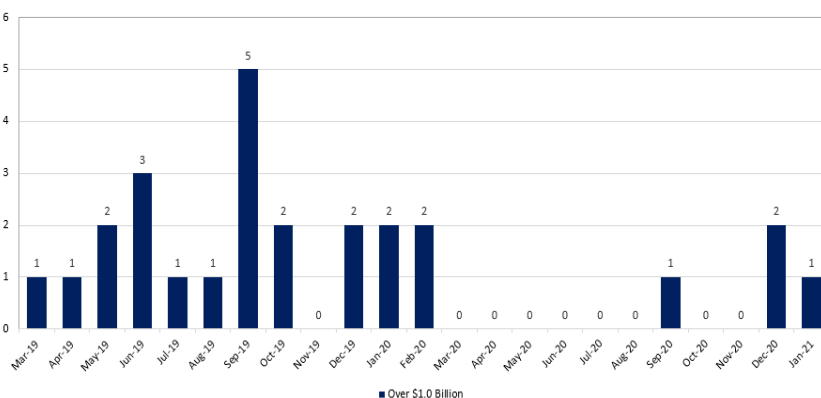
TOTAL NUMBER OF TRANSACTIONS - US PORTFOLIO SALES



TOTAL SALES VOLUME - US PORTFOLIO SALES



TRANSACTIONS OVER \$1.0 BILLION - US PORTFOLIO SALES



SOURCE: CoStar and Marshall &amp; Stevens

**SALES (2019-2020): Volume**

Pre-COVID-19, sales volume fluctuated at a relatively high level, ranging from 84 to 185 sales per month from January 2019 through March 2020. April 2020 marked a significant drop in the number of transactions. Transaction volume fluctuated for the rest of the 2020 at a significantly lower level, ranging from 32 to 69. December 2020 saw the highest number of transactions throughout the pandemic. The number of transactions in January 2021 fell to 50.

**Dollar Volume of Sales**

In December 2020 there was a solid uptick in sales volume from the prior month, however this trend reversed in January 2021. Only \$3.3 Billion transacted in January 2021, which reflects a decrease of over 55%. The market for property portfolios remains stagnant, due to the continued impact of COVID-19 on the real estate market and economy.

**Transactions over \$1.0 Billion**

There were significant declines in sales exceeding \$1.0 billion beginning in March 2020, when COVID-19 emerged in the United States. In the "Over \$1 Billion" category, there were no sales from March to August 2020, and only three during the final four months of the year. In 2021, there was only one portfolio that sold in this tranche. Given the uncertainty heading into 2021, this was anticipated. As we proceed through the year, it is expected that investors will await more certainty until they resume investment into property portfolios of this magnitude.



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