

Dollar Volume of Sales Transactions

As seen below, we have tracked the dollar volume of quarterly net lease sales by region. Total transaction volume ranged from \$3.36 to \$4.21 billion between Q1 2019 and Q1 2020, with the peak occurring in Q4 2019. Comparatively, quarterly sales volume in Q2 2020 was \$1.94 billion, reflecting a decrease of 46% from the prior quarter.

Historical Transaction Volume - Net Lease Market (in Millions)								
Dollar Volume	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Total	% of Total
Midwest	\$655.4	\$1,139.9	\$901.5	\$993.8	\$890.2	\$498.2	\$5,079.2	24.1%
Mountain	\$355.0	\$529.5	\$592.9	\$522.6	\$385.3	\$293.3	\$2,678.5	12.7%
Northeast	\$363.2	\$548.8	\$827.2	\$502.3	\$515.6	\$287.2	\$3,044.4	14.5%
South	\$1,305.5	\$548.8	\$827.2	\$502.3	\$515.6	\$287.2	\$3,986.6	18.9%
West	\$678.8	\$976.6	\$1,033.4	\$1,689.1	\$1,307.8	\$573.9	\$6,259.7	29.7%
Total Dollar Volume	\$3,357.9	\$3,743.5	\$4,182.3	\$4,210.2	\$3,614.5	\$1,939.9	\$21,048.3	100.0%
% Change from Prior Month	-	11%	12%	1%	-14%	-46%	-	-

Over the analysis period, the West and Midwest regions saw the highest dollar volume in sales. Not included in this analysis is sale leaseback of the Bellagio Hotel and Casino in Las Vegas, Nevada by MGM Resorts International for \$4.25 billion. This transaction was a net lease recorded in the hospitality/gaming specialty sector, which is not covered in this analysis. Dollar volume dropped considerably in all regions in Q2 2020.

Amid the significant decrease in dollar volume was an emphasis on quality, lower-risk investments. CVS, 7-Eleven and McDonalds, three businesses that remained open during the Pandemic, registered some of the lowest cap rates on long-term leases. Conversely, non-essential net lease properties saw the brunt of the market decreases.

Market participants will be monitoring policy on re-openings and potential shutdowns as the COVID-19 Pandemic continues, and financial health of tenants will remain on the forefront. Below are sales trends pertaining to the key property sectors within the NNN market.

