

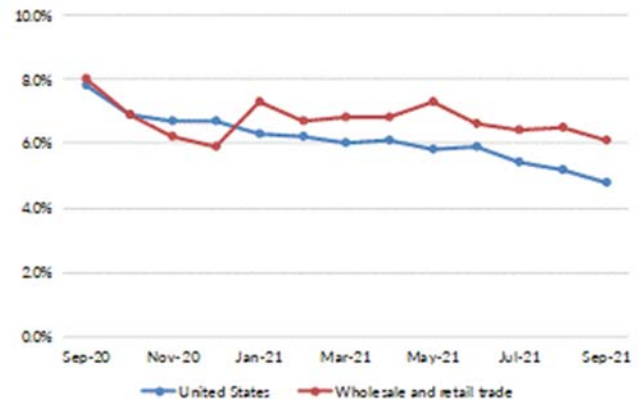
U.S. Class A Industrial-Distribution Sales Volume & Buying Trends – September 2021

COVID-19 surfaced in the United States in Mid-March 2020, over one year ago. 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 underscored the crippling effects of COVID-19 on American consumers and businesses alike. Pre-crisis, there was uncertainty surrounding the retail market as well. Given the rise in e-commerce, shopping patterns and preferences have changed, questioning the demand for brick-and-mortar retail, and multi-tenant shopping centers in particular.

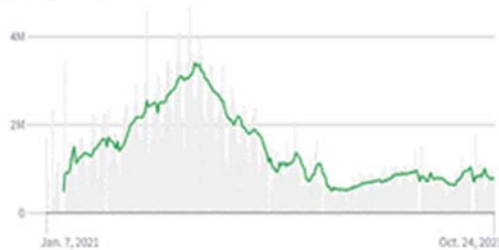
This report analyzes trends in investment sales in the United States Class A Industrial-Distribution market from January 2019 through September 2021.

National unemployment increased significantly in 2020, from 3.5% in February to a peak of 14.8% in April 2020. Job losses in the wholesale and retail trade sector were particularly significant. Since April 2020, businesses have re-opened, and unemployment is showing signs of improvement. However, the recent rising number of new cases due to the delta variant is slowing down this progress. This metric will be watched carefully as we continue through 2021 and into 2022.

Unemployment Rate



Vaccine doses given
7-day avg: 768,503
66.4% at least one dose



Source: Reuters

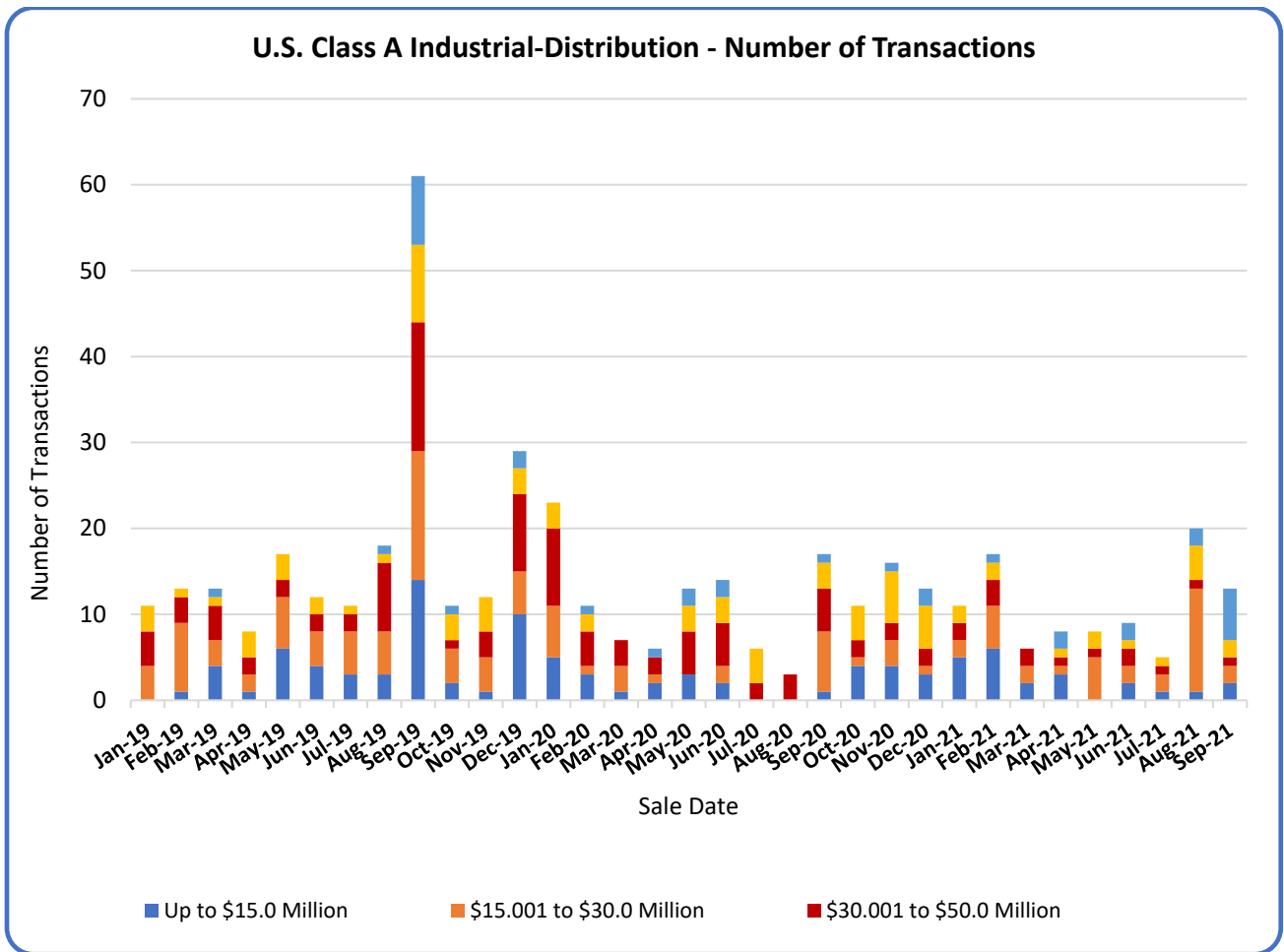
United States

New cases
7-day avg: 72,782



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.
- Uptick in transaction volume May and June 2020, but steep declines in July and August 2020.
- September 2020 – February 2021- general upward trend in number of transactions with a decline beginning in March 2021.
- April-June 2021 saw 25 transactions total.
- July-August 2021- 35 total transactions, indicating a strong recovery.
- September 2021- 13 transactions, a deviation from the positive recovery assumed.



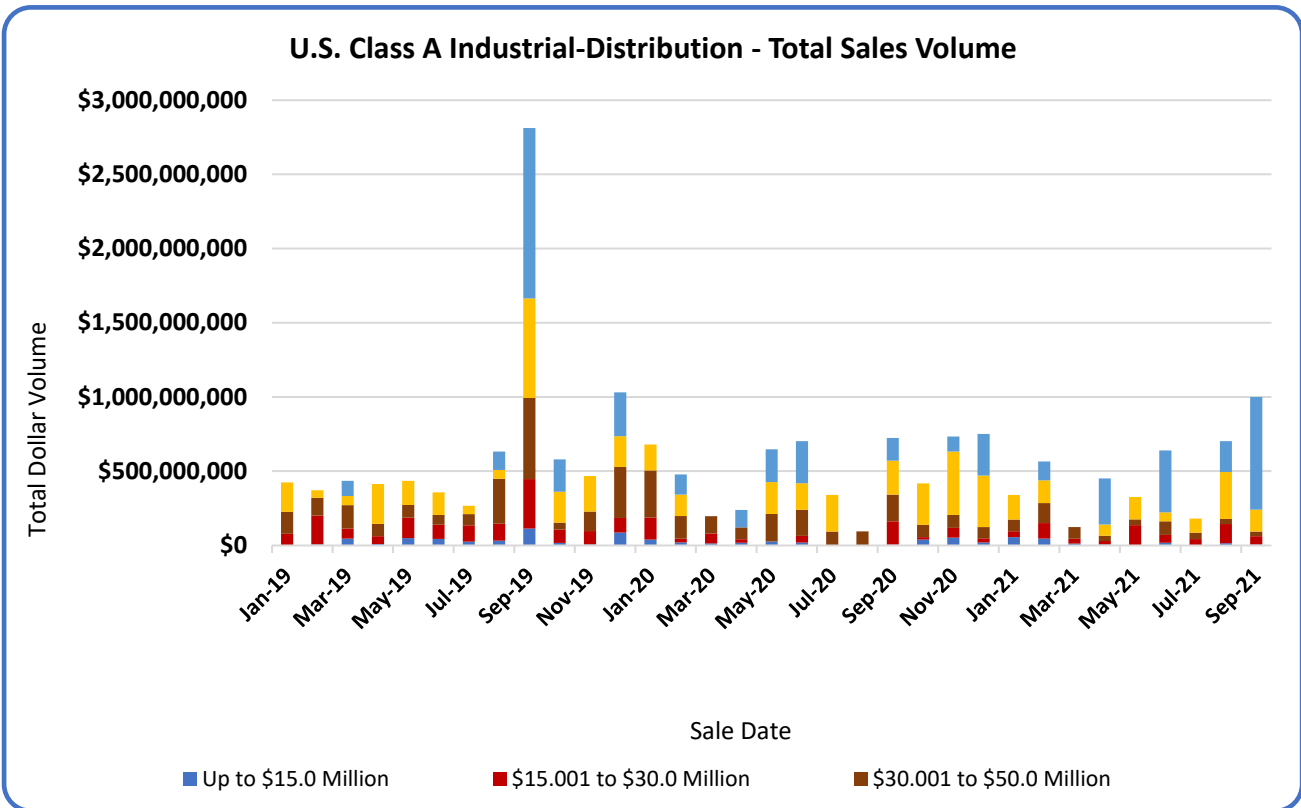
The Class A Industrial-Distribution markets have fared better than other markets during the post-COVID era. Transaction volume was quick to rebound after the onset of COVID-19. Average sales per month are not too far off from pre-COVID levels, as evidenced by the chart. However, the market has not experienced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

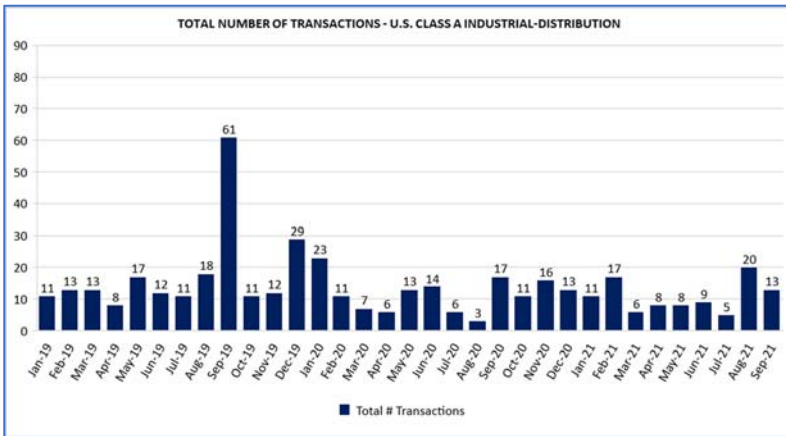
Dollar Volume of Sales Transactions

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 September, the monthly average declined 3.8% 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-Sep)
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	\$480,589,563
% Difference	-	-27.1%	-3.8%

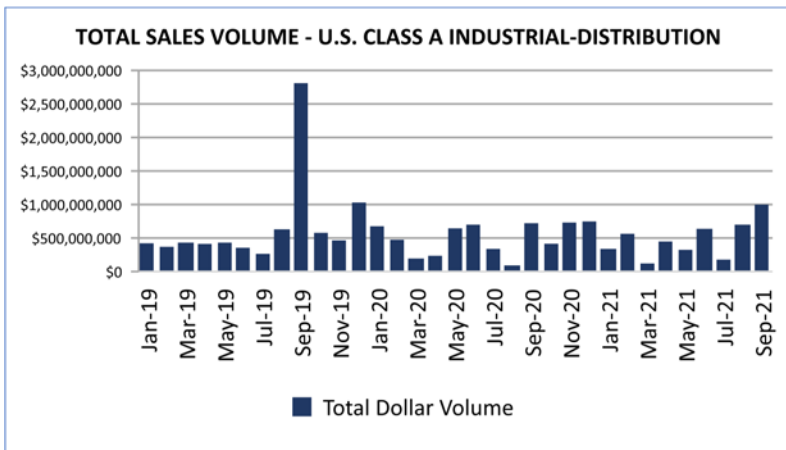
- The largest increase in dollar volume was 466% from August 2020 to September 2020.
- The largest decrease in dollar volume was 82% from September 2019 to October 2019.
- March, July, August, October 2020, and January, March, May, and July of 2021 did not log any sales over \$100 million.
- Sales from \$50.001 to \$100 million have generally comprised the largest share of all total sales.
- September 2021 recorded the highest total sales volume in 2021.





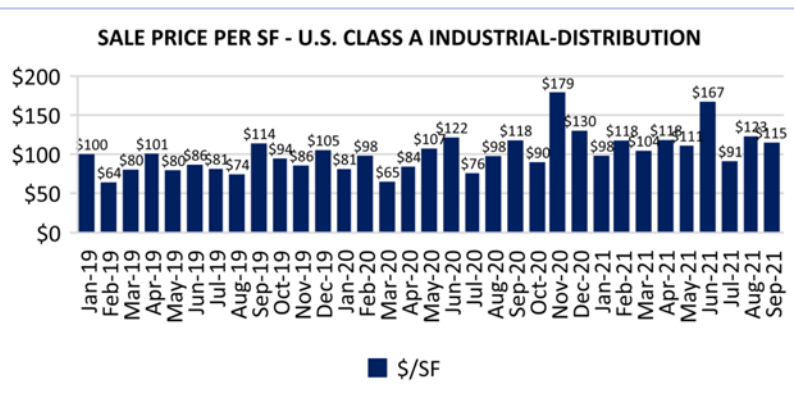
SALES (2019-2021): Volume

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 increased over the next few months, except for July and August 2020. December 2020 also saw a slight decrease from the previous month. The number of transactions in July 2021 further declined, likely because of the ongoing pandemic. August 2021 indicated a positive direction due to its sharp increase before declining slightly in September.



Dollar Volume of Sales

The number of transactions decreased in September while total sales volume increased inversely. Dollar volume increased commensurately.



Sale Price Per Square Foot

From January 2019, sales price per square foot has ranged from \$64 per square foot to \$179 per square foot, averaging \$101 per square foot. From January 2019 to February 2020, industrial and flex properties sold at an average price of \$89 per square foot. From March 2020 to August 2021, these properties sold at an average of \$112 per square foot. September 2021 showed a slight decline in price per square foot at \$115.

While demand remains high in the Class A industrial-distribution sector, market participants will be watching price trends very carefully. It is duly 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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