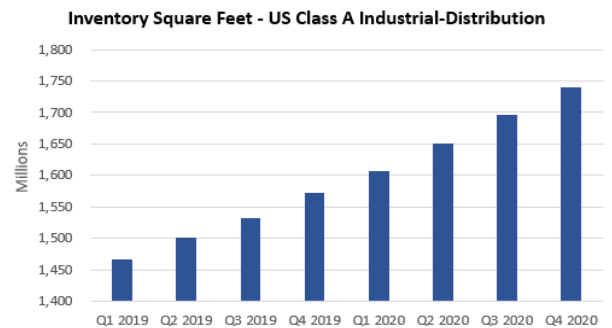


US Class A Industrial-Distribution Sales Volume & Buying Trends – December 2020

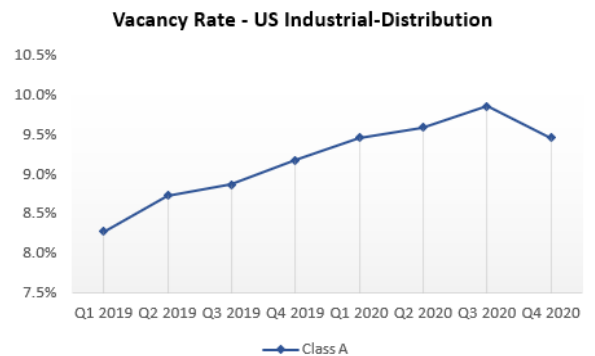
The Industrial sector has been the only core property type to show a positive return on share price YTD through December 2020., according to NAREIT. A key contributor to the success of the industrial sector are distribution centers. Given the rise in e-commerce, shopping patterns and changes in consumer preferences, the need for distribution centers is increasing. In addition, rising geopolitical tension is creating the political will to bring back manufacturing to the US, which will bolster the industrial sector even further.

The parameters for this search were focused on investment sales of Class A Industrial-Distribution buildings in the US over a 24-month period, from January 1, 2019 to December 31, 2020. Bulk portfolio sales and properties sold for land value were excluded from the search.

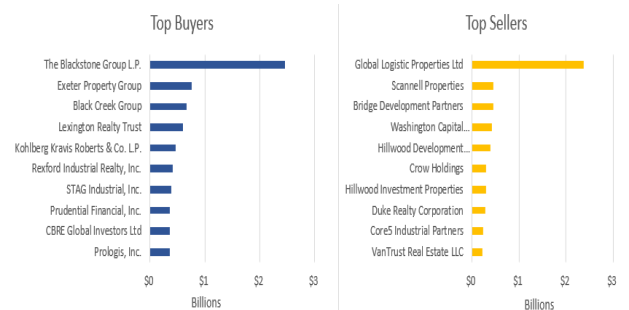
Inventory of square feet has steadily increased since Q1 2019 and grew by 13% in the given period, according to the graphic on the right. Despite the recent economic downturn, the increase in inventory shows that this property type is in demand, and developers are continuing to build new industrial buildings.



With increased new supply coming online, there has been a correlating rise in the vacancy rate for Class A product. In combination with the graphic on the right, it appears that newer inventory is favored over the older inventory, where vacancies are continuously rising, despite a decrease in the most recent quarter.



REITs and Private Equity firms continue to be top buyers and sellers for Class A Industrial & Distribution facilities over the study period. The Blackstone Group L.P. is the top buyer of this asset type and Global Logistic Properties Ltd. is the top seller. The top buyers are reflective of the shift to investing in core properties that are performing well under current economic conditions.



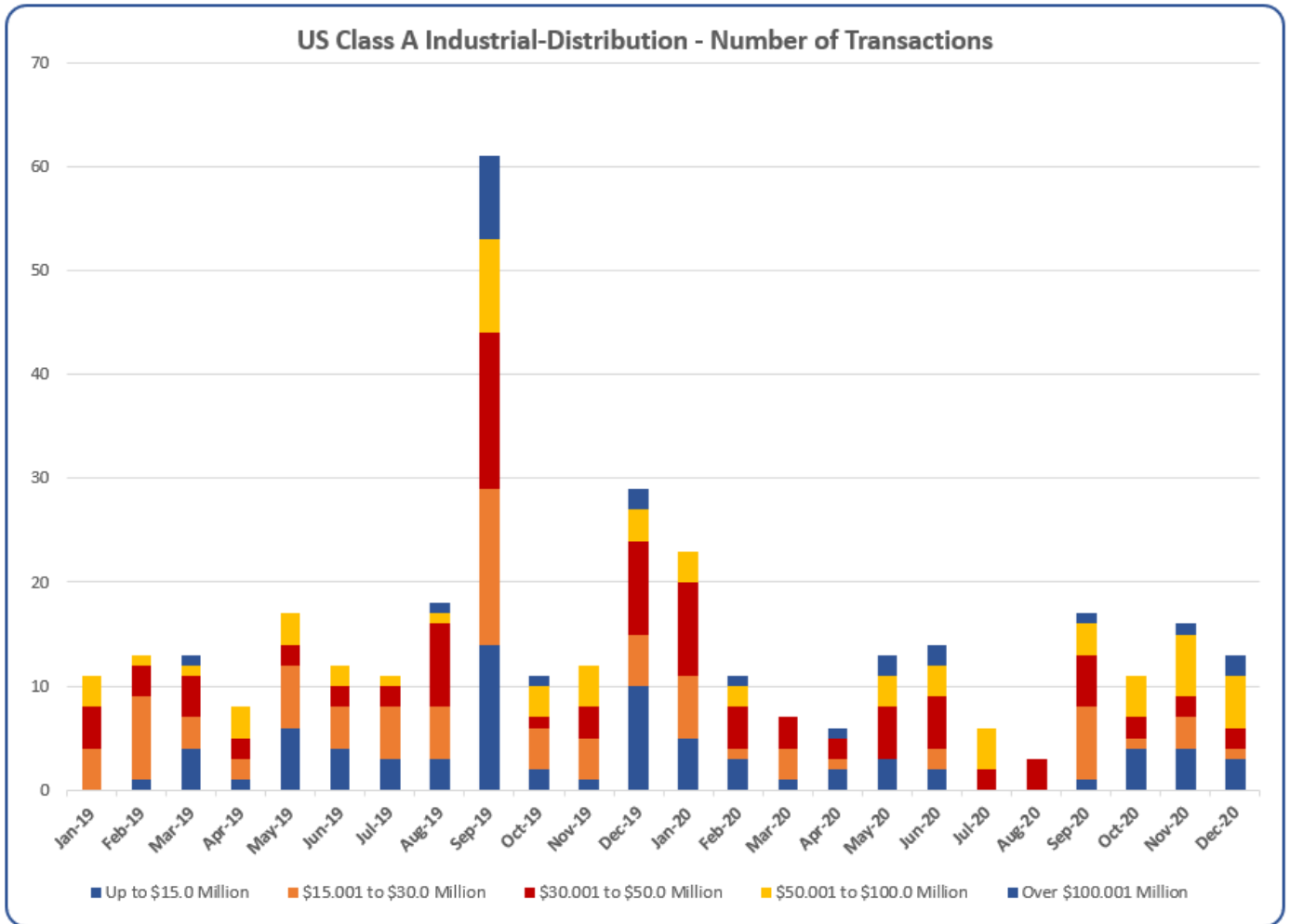
Number of Sales Transactions

We tracked the number of monthly class A industrial-distribution sales recorded in the United States, segmented into tranches as seen below. Over the prior 24-month period as of December 2020, there have been a total of 356 transactions. Approximately 47% of these transactions were below \$30 million, roughly 47% were between \$30 and \$100 million, and 6.5% were above \$100 million.

Historical Transaction Volume - US Class A Industrial-Distribution

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 \$15.0 Million	0	1	4	1	6	4	3	3	14	2	1	10	5	3	1	2	3	2	0	0	1	4	4	3	77	21.6%
\$15.001 to \$30.0 Million	4	8	3	2	6	4	5	5	15	4	4	5	6	1	3	1	0	2	0	0	7	1	3	1	90	25.3%
\$30.001 to \$50.0 Million	4	3	4	2	2	2	2	8	15	1	3	9	9	4	3	2	5	5	2	3	5	2	2	2	99	27.8%
\$50.001 to \$100.0 Million	3	1	1	3	3	2	1	1	9	3	4	3	3	2	0	0	3	3	4	0	3	4	6	5	67	18.8%
Over \$100.001 Million	0	0	1	0	0	0	0	1	8	1	0	2	0	1	0	1	2	2	0	0	1	0	1	2	23	6.5%
Total # Transactions	11	13	13	8	17	12	11	18	61	11	12	29	23	11	7	6	13	14	6	3	17	11	16	13	356	100.0%
% Change from Prior Month	-	18.2%	0.0%	-38.5%	112.5%	-29.4%	-8.3%	63.6%	238.9%	-82.0%	9.1%	141.7%	-20.7%	-52.2%	-36.4%	-14.3%	116.7%	133.3%	-53.8%	-78.6%	183.3%	266.7%	-5.9%	18.2%	-	-

In terms of number of transactions, the largest number of monthly transactions occurred in September 2019, which represented a 239% increase from the prior month. This spike is due to a multibillion-dollar deal for 45 properties between The Blackstone Group and Global Logistics Properties. Compared to the peak of 61 sales in September 2019, the results for July and August 2020 saw the fewest transactions since the lows of March and April 2020. However, the last four months of 2020 have been more active, with monthly sales ranging between 11 and 17. The figures are portrayed graphically below. In December 2020, most transactions were in the "\$50,001 to \$100.0 Million" category, which contrasts with the high transaction volume trend seen over the analysis period. It should be noted that transactions in the "\$30,001 to \$50.0 Million" category were not as heavily impacted by the pandemic, which is in contrast to the "\$15,001 to 30.0 Million" and "\$50,001 to \$100.0 Million" categories that saw months with zero transactions.



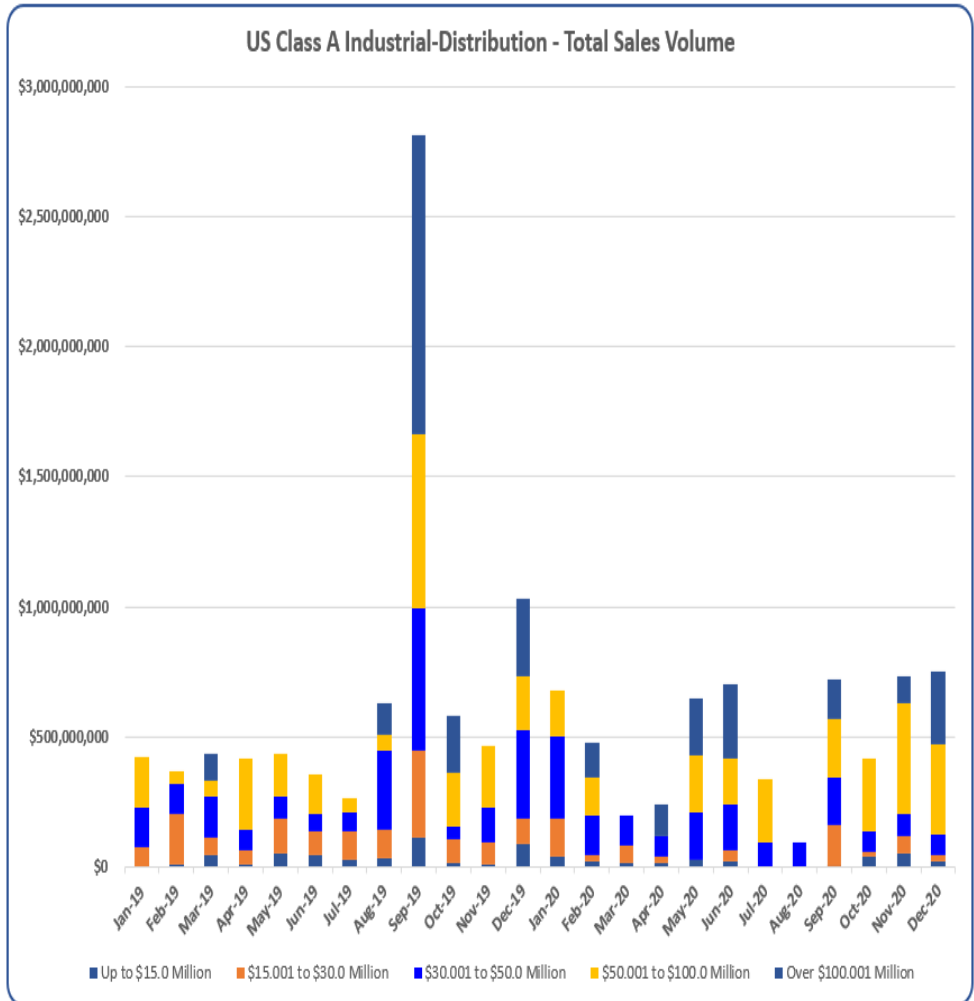
Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was about \$685 million, with the peak occurring in September 2019 at over \$2.8 billion. Comparatively, the average monthly sales volume in 2020 is roughly \$500 million, reflecting a decline of nearly 30%. The dollar volume of monthly sales is tracked by tranche as seen below.

Historical Transaction Volume - US Class A Industrial-Distribution (in Millions)																											
Dollar Volume	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 \$15.0 Million	\$0.0	\$6.8	\$45.4	\$8.5	\$48.4	\$43.5	\$25.5	\$31.6	\$113.7	\$16.1	\$6.5	\$86.8	\$39.5	\$19.5	\$13.5	\$17.3	\$26.7	\$19.1	\$0.0	\$0.0	\$5.0	\$39.1	\$52.3	\$19.8	\$684.6	4.8%	
\$15.001 to \$30.0 Million	\$77.8	\$194.6	\$68.7	\$53.7	\$138.2	\$95.9	\$109.1	\$113.8	\$333.1	\$89.5	\$89.3	\$97.4	\$148.0	\$26.0	\$66.4	\$24.3	\$0.0	\$44.5	\$0.0	\$0.0	\$156.7	\$15.8	\$66.0	\$28.0	\$2,036.9	14.3%	
\$30.001 to \$50.0 Million	\$148.2	\$118.7	\$157.4	\$82.6	\$85.8	\$65.6	\$76.0	\$302.8	\$546.5	\$47.5	\$132.5	\$344.0	\$316.9	\$151.6	\$116.3	\$79.3	\$184.3	\$176.2	\$93.0	\$94.2	\$180.0	\$83.1	\$87.1	\$75.2	\$3,744.7	26.3%	
\$50.001 to \$100.0 Million	\$198.4	\$50.8	\$80.5	\$268.8	\$162.2	\$152.6	\$56.1	\$59.8	\$670.0	\$208.2	\$239.0	\$206.9	\$174.5	\$144.5	\$0.0	\$0.0	\$215.2	\$178.6	\$246.9	\$0.0	\$228.5	\$279.1	\$426.7	\$347.4	\$4,574.5	32.2%	
Over \$100.001 Million	\$0.0	\$0.0	\$102.5	\$0.0	\$0.0	\$0.0	\$0.0	\$123.8	\$1,148.2	\$218.3	\$0.0	\$295.5	\$0.0	\$136.0	\$0.0	\$0.0	\$220.6	\$283.2	\$0.0	\$0.0	\$153.0	\$0.0	\$101.1	\$280.0	\$3,062.2	21.5%	
Total Dollar Volume	\$424.3	\$370.8	\$434.4	\$413.5	\$434.5	\$357.6	\$266.7	\$631.7	\$2,811.7	\$579.6	\$467.3	\$1,030.7	\$678.9	\$477.6	\$196.2	\$238.8	\$646.8	\$701.6	\$339.8	\$94.2	\$723.2	\$417.0	\$733.3	\$750.4	\$14,220.8	100.0%	
% Change from Prior Month	-	-12.6%	17.2%	-4.8%	5.1%	-17.7%	-25.4%	136.9%	345.1%	-79.4%	-19.4%	120.6%	-34.1%	-29.6%	-58.9%	21.7%	170.9%	8.5%	-51.6%	-72.3%	667.5%	-42.3%	75.6%	2.3%	-	-	

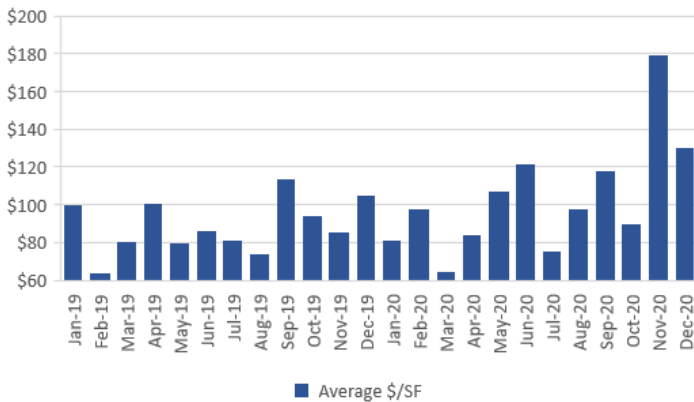
Over the analysis period, the tranche with the highest transaction volume is the "\$50.001 to \$100.0 Million" category, which comprises 32.2% of all dollar volume. In 2020, sales volume in this category was consistently over \$144 million, except for March, April, and August, which indicates that investors still have an appetite for deals of this size. The tranche that recorded the second highest number of transactions was the "\$30.001 to \$50.0 Million" category, which comprises approximately 26.3% of all dollar volume. This category saw a large increase from the previous month.

Total Dollar Volume - US Class A Industrial-Distribution	
Jan-19	\$424,314,244
Feb-19	\$370,762,000
Mar-19	\$434,388,842
Apr-19	\$413,537,247
May-19	\$434,524,331
Jun-19	\$357,647,000
Jul-19	\$266,701,000
Aug-19	\$631,721,787
Sep-19	\$2,811,664,531
Oct-19	\$579,614,032
Nov-19	\$467,317,251
Dec-19	\$1,030,680,085
Jan-20	\$678,888,963
Feb-20	\$477,602,969
Mar-20	\$196,200,000
Apr-20	\$238,798,454
May-20	\$646,844,294
Jun-20	\$701,617,000
Jul-20	\$339,810,610
Aug-20	\$94,230,500
Sep-20	\$723,202,996
Oct-20	\$417,017,194
Nov-20	\$733,278,533
Dec-20	\$750,444,834
Min	\$94,230,500
Max	\$2,811,664,531
2019 Ave	\$685,239,363
2020 Ave	\$499,828,029

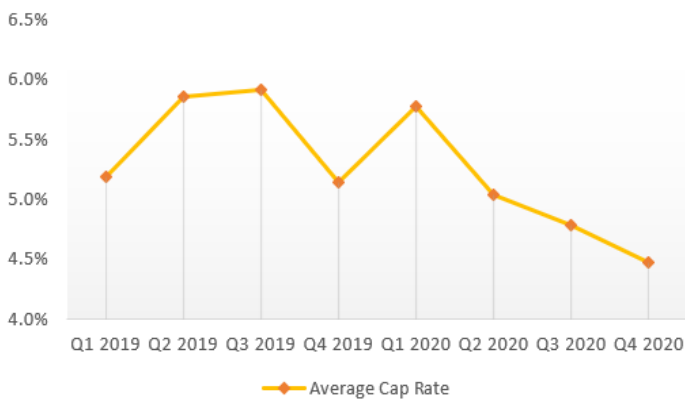


The graphic on the right indicates that participants were hesitant to pursue Class A industrial assets during March and April 2020. After some recovery in May and June 2020, there were declines in July and August. With September showing increased volume, this faltered in October before picking back up in November and December 2020. The results from December were in fact better than most months during the study period. This correlates with the increased demand spurred by increasing e-commerce and last mile delivery services. It should also be noted that sales volume in December 2019 outpaced December 2020 by approximately 37%.

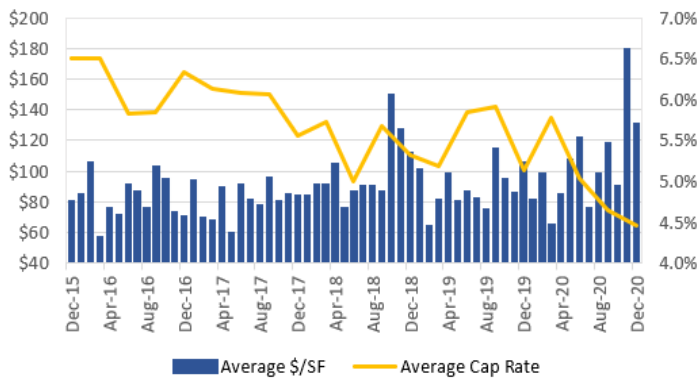
AVERAGE PRICE PER SQUARE FOOT - US CLASS A INDUSTRIAL-DISTRIBUTION



AVERAGE CAP RATE - US CLASS A INDUSTRIAL-DISTRIBUTION



FIVE YEAR TREND OF PRICE PER SQUARE FOOT AND CAP RATE - US CLASS A INDUSTRIAL-DISTRIBUTION



Average Monthly Price per Square Foot

The average monthly price per square foot shows an upward trend over the given period. The trend can be difficult to discern due to the significant declines in March, April, and July 2020, which can be attributed to the pandemic, and a spike in November 2020. Pricing was generally around \$100 per square foot in previous months, while December 2020 exceeded the average sales price per square foot. The e-commerce market is currently growing, and demand for distribution space will continue into the foreseeable future.

Average Quarterly Cap Rate

With a lack of data on a monthly basis, the cap rate will be analyzed on a quarterly basis. The cap rate trend from Q1 2019 to Q1 2020 was relatively stable. According to the graph on the left, the average cap rate fluctuated from 5% to 6%. Cap rates continue to trend downward in Q4 2020 with the average cap rate decreasing to below 4.5%. The decrease is due to high demand for this asset class, and lower levels of risk associated with this segment of the market. Cap rates will be directly impacted by quality of the property, creditworthiness of the tenant, and the direction of the economy.

Five Year Trend of Average Monthly Price per Square Foot and Quarterly Cap Rate

The graph on the left shows the average cap rate as well as average price per square foot over a five-year period. There is an inverse relationship between cap rates and average price per square foot. From December 2015 to December 2020, the average quarterly cap rate has decreased from 6.51% to 4.47%. During the same period, average monthly price per square foot increased from approximately \$79 per square foot to approximately \$130 per square foot. The increases in price per square foot are not directly represented in the average cap rate. Both metrics have fluctuated but in general the market appears to remain strong near term given the demand for Class A industrial-distribution assets going forward.



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