

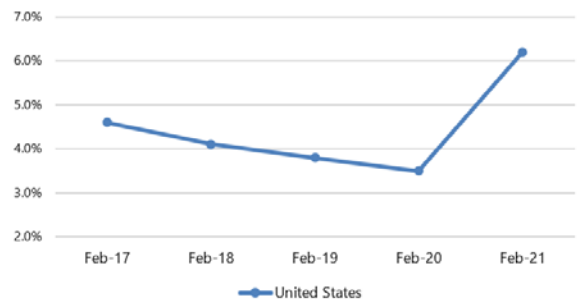
U.S. Class A Industrial-Distribution Sales Volume & Buying Trends – February 2021



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 and an increase in indoor gatherings around the holidays sent case counts surging again in the late fall and winter, shattering the previous high set in April 2020. Unemployment spiked over the period, reaching a high of 15.9 percent in United States in July. The unemployment rate decreased over the preceding months and continued to decrease in February 2021. Attention now turns to the rollout of the COVID vaccine and its effects on consumer sentiment and underlying market performance.

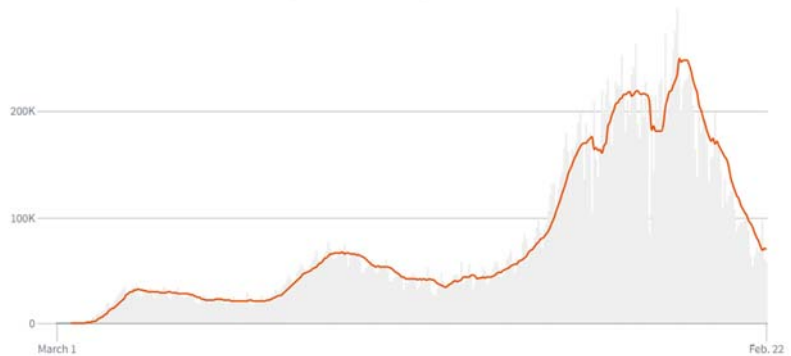
With COVID on the forefront, fundamentals in many major markets have been greatly altered. This publication analyzes sales trends in terms of number of transactions and dollar volume for Class A Industrial properties across the United States national market.

Unemployment Rate - Five Year Trend



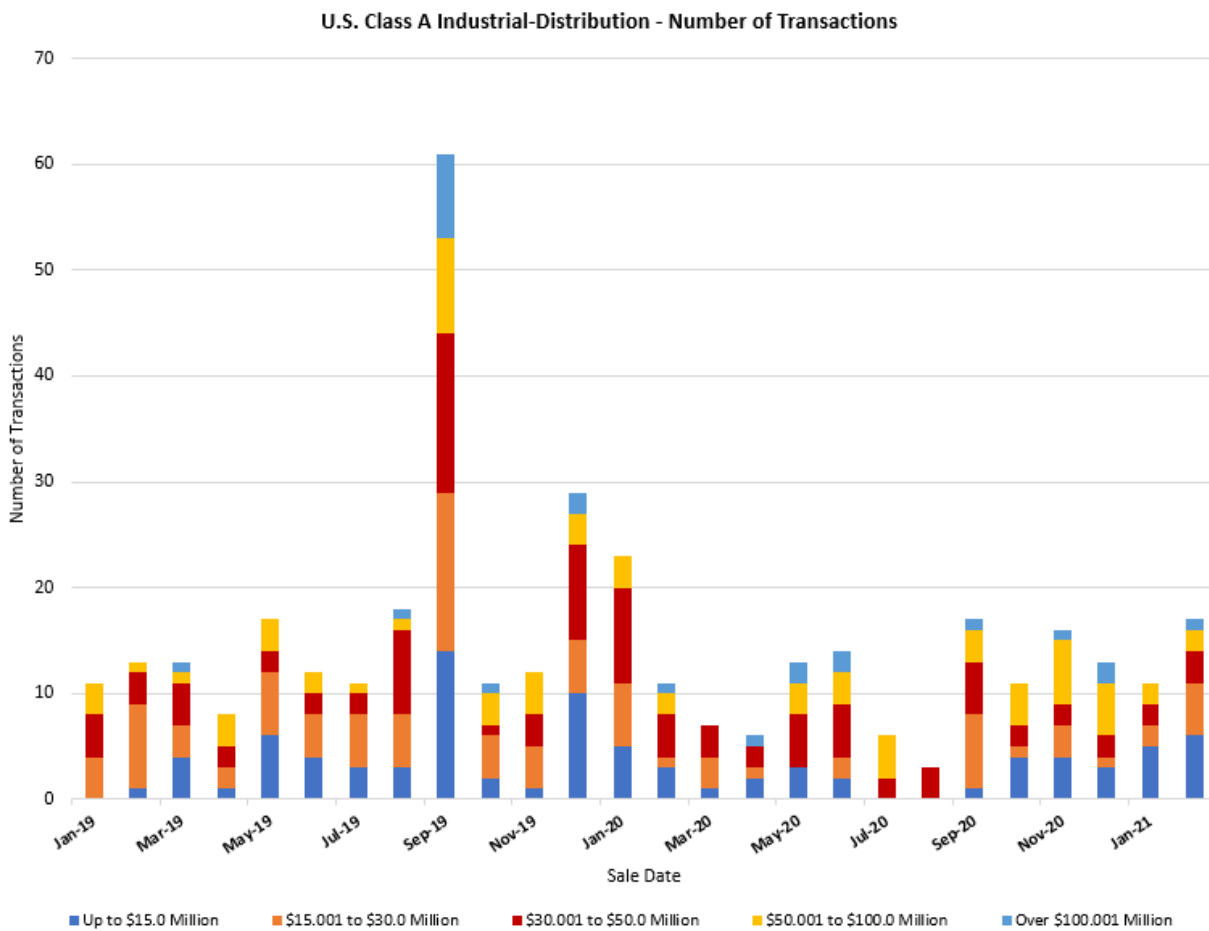
Daily reported cases

United States
 ▲ Daily new cases ▲ 7-day average



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 – November 2020- general upward trend in number of transactions.
- December 2020- 13 total transactions- 16 less than December 2019.
- February 2021- 17 total transactions, around the average of the prior 26-month period.
- The market remains strong, with February 2021 showing a rebound from downward trend over the previous three months.



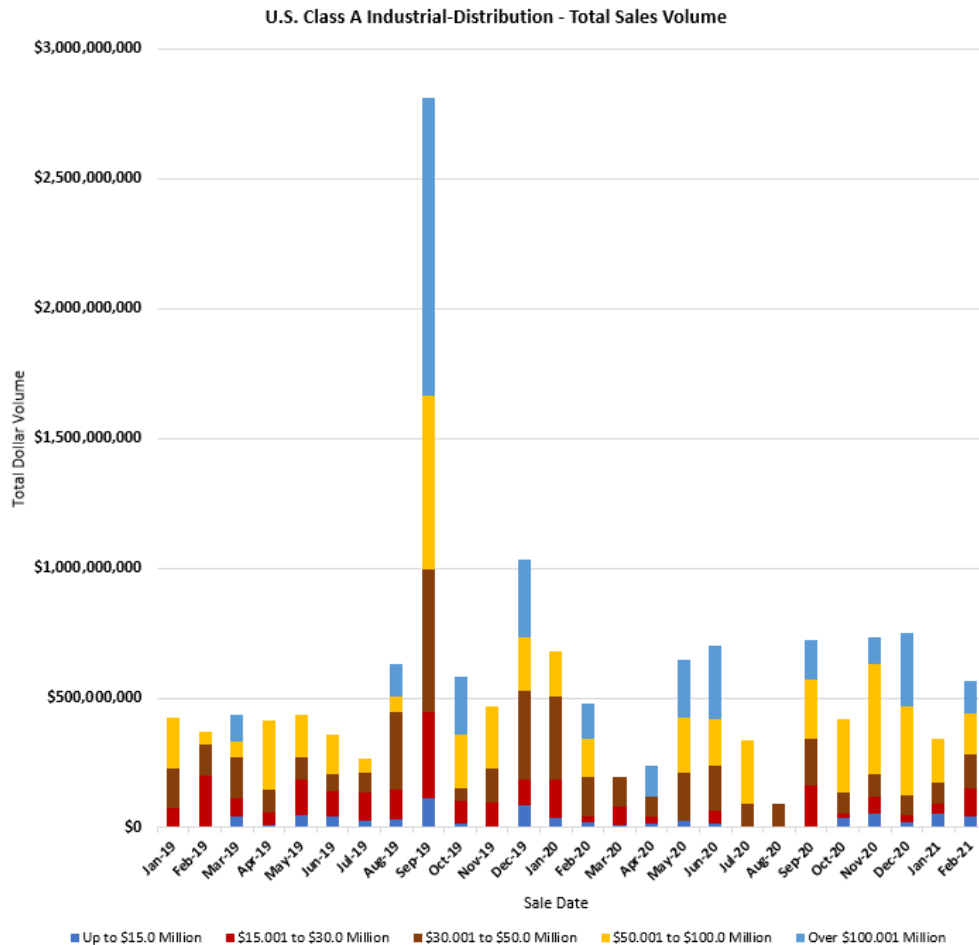
The Class A Industrial-Distribution markets have fared better than other markets during the post-COVID era. Transaction volume was quick to rebound after the onset of COVID-19. Average sales per month are not too far off from pre-COVID levels, as evidenced by the chart. However, the market has not experienced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

Dollar Volume of Sales Transactions

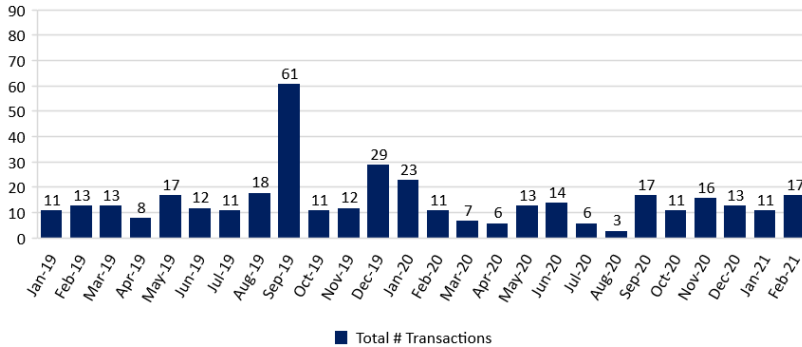
In 2019, the average monthly sales volume was approximately \$685 million. Comparatively, the average monthly sales volume in 2020 was roughly \$500 million, reflecting a decrease of approximately 27%. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - U.S. Class A Industrial-Distribution			
YEAR	2019	2020	2021 (Jan-Feb)
Min	\$266,701,000	\$94,230,500	\$340,064,909
Max	\$2,811,664,531	\$750,444,834	\$564,988,395
Average	\$685,239,363	\$499,828,029	\$452,526,652
% Difference	-	-27.1%	-9.5%

- Average sales volume from January 2019 to February 2020 was \$669,954,592.
- Average sales volume from March 2020 to February 2021 was \$478,874,810.
- The largest increase in dollar volume was 667.5% from August 2020 to September 2020.
- The largest decrease in dollar volume was 79.4% from September 2019 to October 2019.
- March, July, August, October 2020, and January 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.
- 48% of January 2021 sales fell within the \$50.001 to \$100 million tranche.



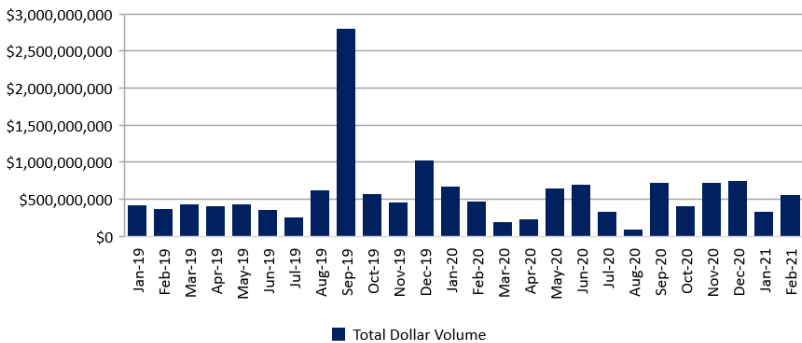
TOTAL NUMBER OF TRANSACTIONS - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



SALES (2019-2021): Volume

Pre-COVID-19, sales volume fluctuated at a relatively high level, ranging from 8 to 61 sales per month from January 2019 through February 2020. March 2020 marked a slight drop in the number of transactions. Transaction volume increased over the next few months, except for July and August 2020. December 2020 saw a slight decrease from the previous month. The number of transactions in February increased and is above the average of the 26-month period.

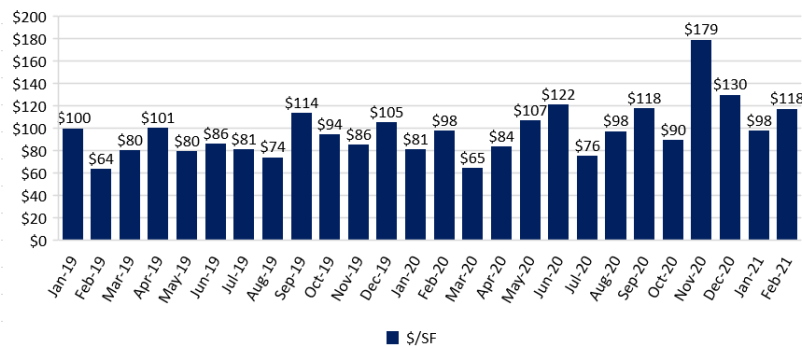
TOTAL SALES VOLUME - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



Dollar Volume of Sales

The number of transactions increased in February, leading to an increase in dollar volume. Totalling 17 transactions, 6 more than January 2021, dollar volume increased by almost 66%. The increase in total sales volume is due to the return of high dollar transactions. Of the 17 total sales, 8 (47%) were between \$15 million and \$50 million, and there were 3 (18%) transactions between \$50 million and \$100 million.

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



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 \$96 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 February 2021, these properties sold at an average of \$107 per square foot. February 2021 ranks higher than both averages with an average price per square foot of \$118. Demand remains high in the Class A industrial-distribution sector. The sector has been fueled by rising ecommerce spending since the onset of the ongoing COVID pandemic.



Patrick T. Craig, MAI, MRICS
 Executive Managing Director
 Real Estate Valuation Practice
 212.897.9481
 pctcraig@marshall-stevens.com



Catherine Gu, MAI
 Senior Director
 Real Estate Valuation Practice
 646.438.7602
 cgu@marshall-stevens.com



Vinnie Ratamess
 Analyst
 Real Estate Valuation Practice
 215.630.9550
 vratamess@marshall-stevens.com

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