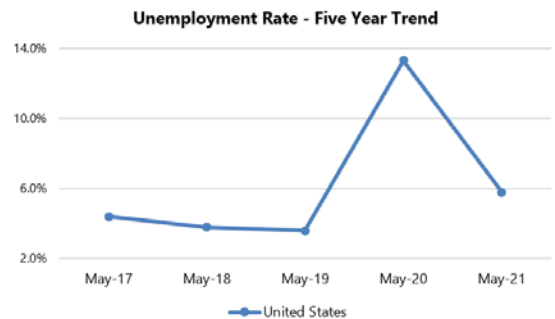


# U.S. Class A Industrial-Distribution Sales Volume & Buying Trends – May 2021

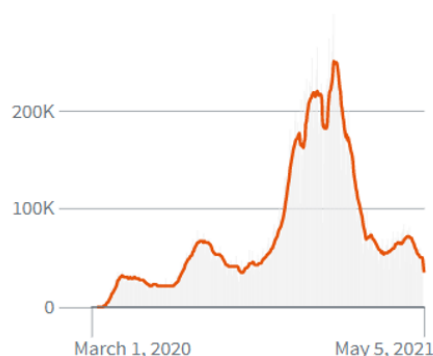
COVID-19 surfaced in the United States in Mid-March 2020. Federal, state, and local governments responded by issuing strict stay-at-home orders and closing nonessential business. Trends in investment sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. The United States Daily New Case table below highlights the progression of daily case counts. As of Q2 2021, societal conditions surrounding the COVID-19 Pandemic have undoubtedly improved. Vaccines are now available to all individuals aged 16 or older across the United States and hospitalizations and number of new cases continue to decrease. In addition, many states have ended their preventative mandates for businesses and individuals, while other states have opted to only loosen their regulations. Whereas social conditions continue to improve, markets are still being affected by COVID-19. As the calendar turns toward summer and restrictions continue to be lifted, investors will be looking for sustainable trends in transaction volume and pricing that have yet to occur.

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.



### New cases

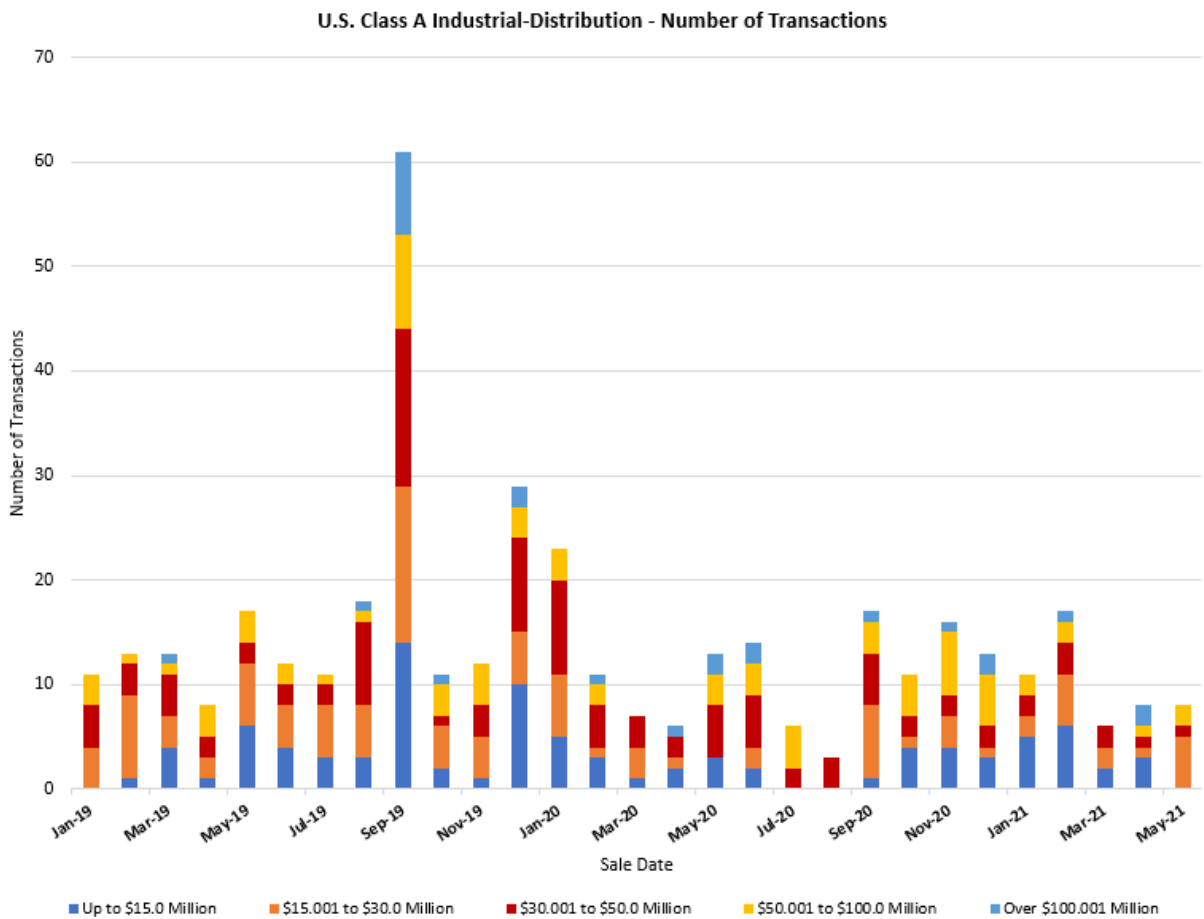
7-day avg: **34,725**



Source: Reuters

**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 2021- 8 total transactions- 2 more than April 2020.
- May 2021- 8 total transactions, well below the average of the prior 29-month period.
- May 2021 has the third lowest number of transactions in 2021, which follows the trend of the previous month.



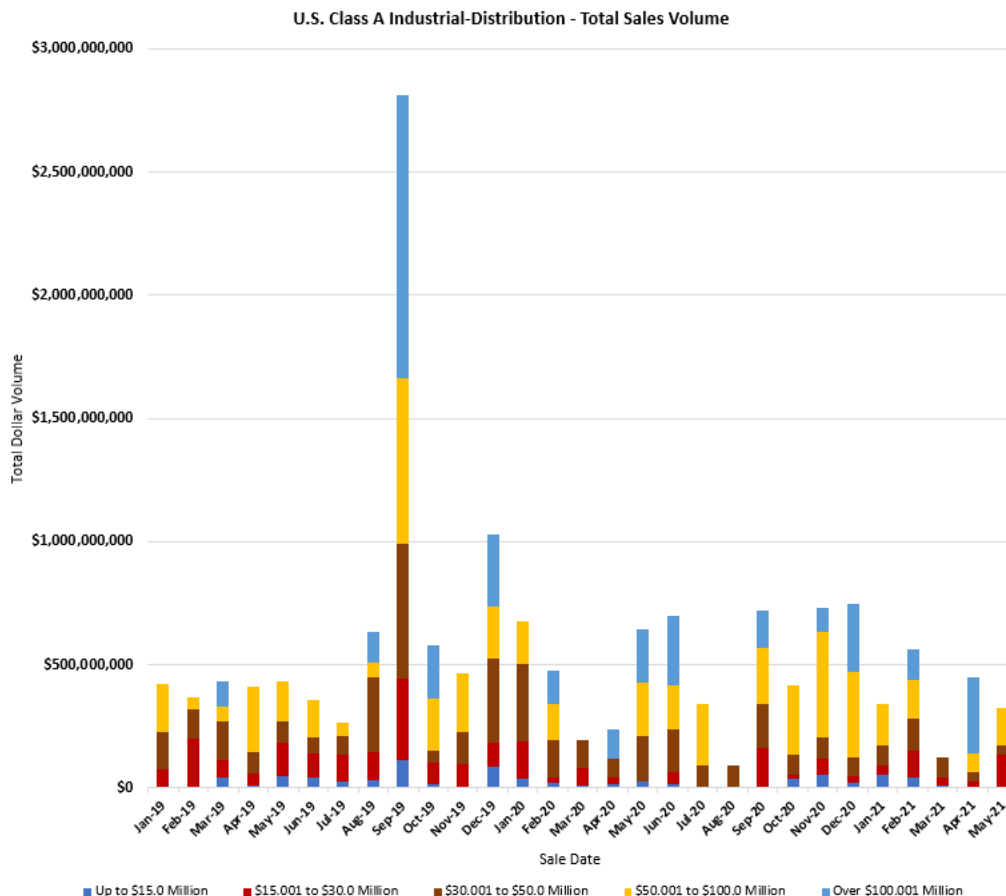
The Class A Industrial-Distribution markets have fared better than other markets during the post-COVID era. Transaction volume was quick to rebound after the onset of COVID-19. Average sales per month are not too far off from pre-COVID levels, as evidenced by the chart. However, the market has not experienced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

**Dollar Volume of Sales Transactions**

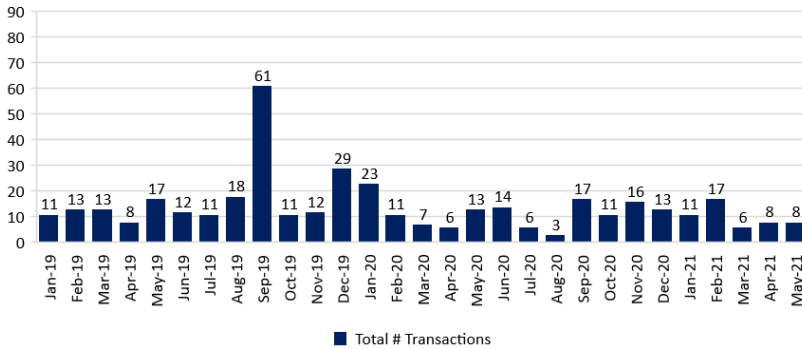
In 2019, the average monthly sales volume was approximately \$685 million. Comparatively, the average monthly sales volume in 2020 was roughly \$500 million, reflecting a decrease of approximately 27%. In 2021 through May, the monthly average declined 28% from the 2020 average. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - U.S. Class A Industrial-Distribution			
YEAR	2019	2020	2021 (Jan-May)
<b>Min</b>	\$266,701,000	\$94,230,500	\$123,071,330
<b>Max</b>	\$2,811,664,531	\$750,444,834	\$564,988,395
<b>Average</b>	\$685,239,363	\$499,828,029	\$360,849,213
<b>% Difference</b>	-	-27.1%	-27.8%

- Average sales volume from January 2019 to February 2020 was \$669,954,592.
- Average sales volume from March 2020 to May 2021 was \$443,046,032.
- 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, March, and May 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.
- May 2021 recorded the second lowest sales volume in 2021.



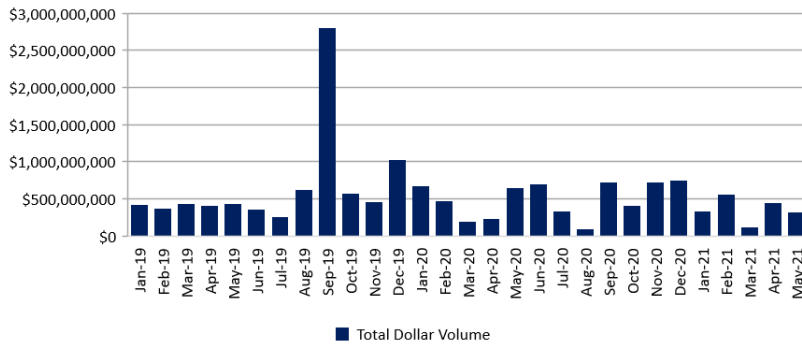
TOTAL NUMBER OF TRANSACTIONS - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



**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 count 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 May remained static and ranks as one of the lower monthly totals of the 29-month period.

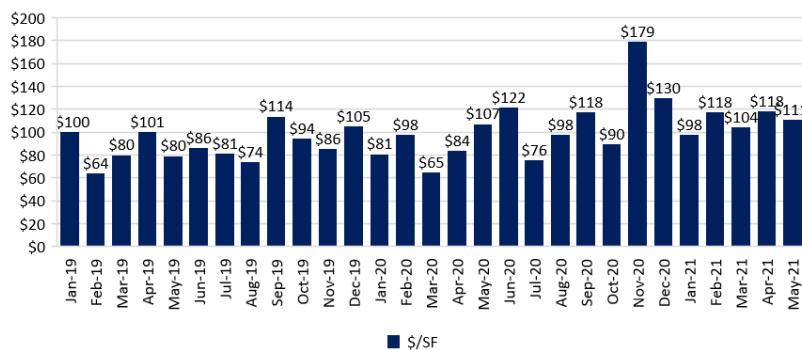
TOTAL SALES VOLUME - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



**Dollar Volume of Sales**

The number of transactions remained static in May but led to a decrease in dollar volume. Totalling 8 transactions, equal to April 2021, dollar volume decreased by almost 28%. The decrease in total sales volume is due to the lack of high dollar transactions. Of the 8 total sales, 5 (63%) were up to \$30 million and there were 2 (25%) transactions over \$50 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 \$99 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 May 2021, these properties sold at an average of \$108 per square foot. May 2021 ranks above both averages with an average price per square foot of \$111. 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-19 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