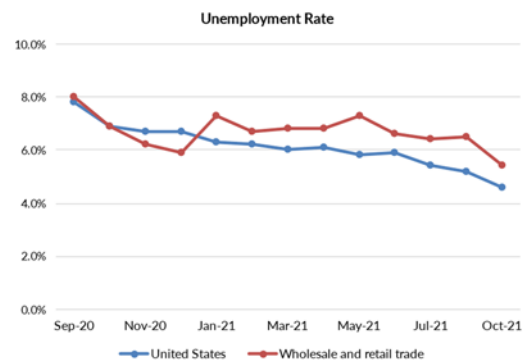


U.S. Class A Industrial-Distribution Sales Volume & Buying Trends – October 2021

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. As a lead barometer, national unemployment increased significantly in 2020, from 3.5% in February to a peak of 14.8% in April 2020. Since April 2020, businesses began re-opening, and unemployment has been declining. However, new variants of the virus continue emerging, slowing down this progress.

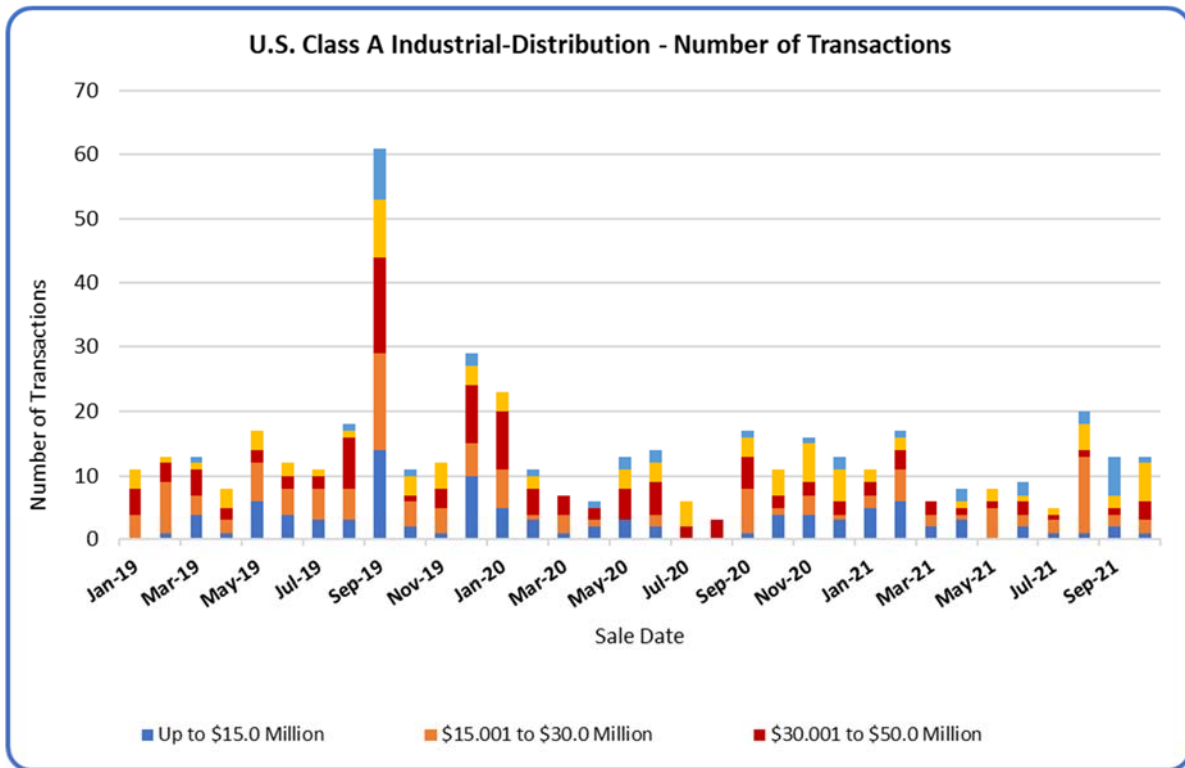
The second graphic below illustrates how the new case counts have spiked as new variants of the virus have appeared. Counteracting those spikes in new cases are the vaccines that became available in late 2020. As more of the population becomes vaccinated, the hope is that new cases will continue to drop, and the population will not be overcome by new strains. These figures will be watched carefully as we continue through 2021 and into 2022.

With COVID-19 still 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.



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.
- Average of 17 Class A Industrial transactions per month from January 2019 to March 2020
- Average of 11 Class A Industrial transactions per month from April 2020 through October 2021
- Steady transaction volume from September 2020 through February 2021
- Less than 10 monthly transactions in all months from March 2021 through July 2021
- 46 total transactions from August 2021 to October 2021, a sign of a strengthening market



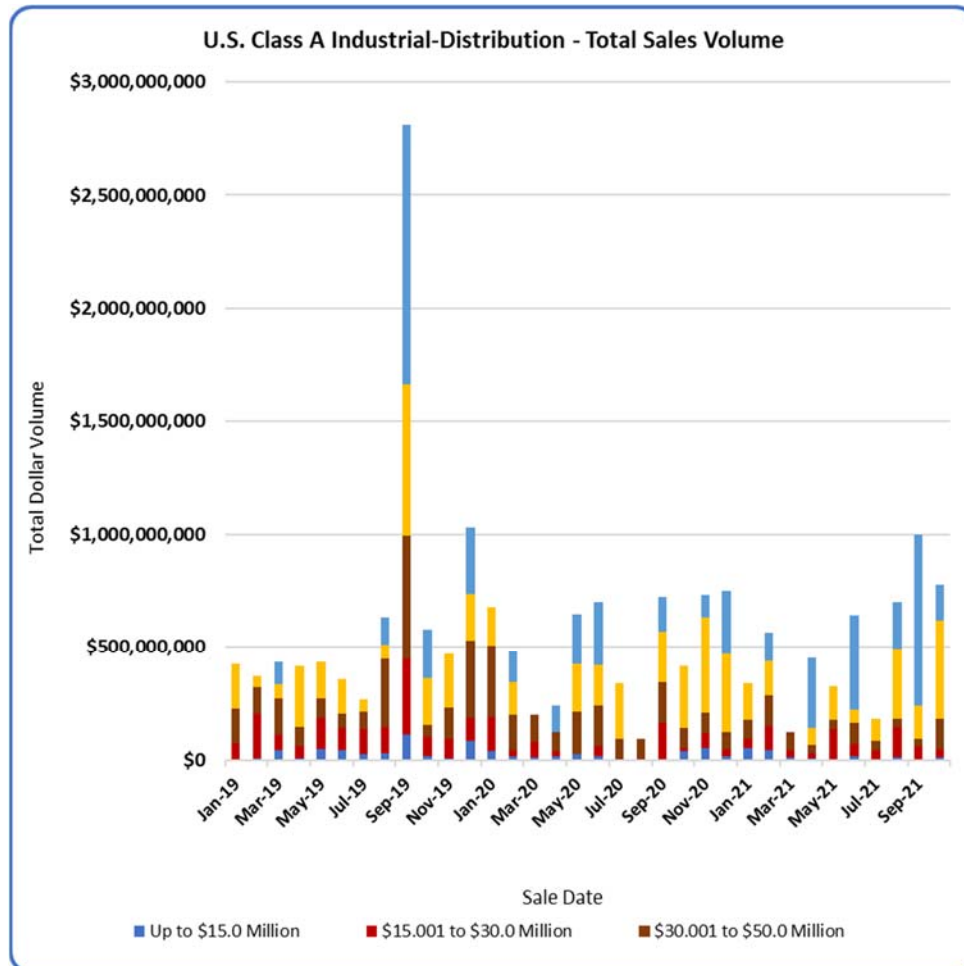
The Class A Industrial-Distribution markets have fared better than other markets during the post-COVID era. Transaction volume was quick to rebound after the onset of COVID-19. Average sales per month are not too far off from pre-COVID levels, as evidenced by the chart. However, the market has not experienced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

Dollar Volume of Sales Transactions

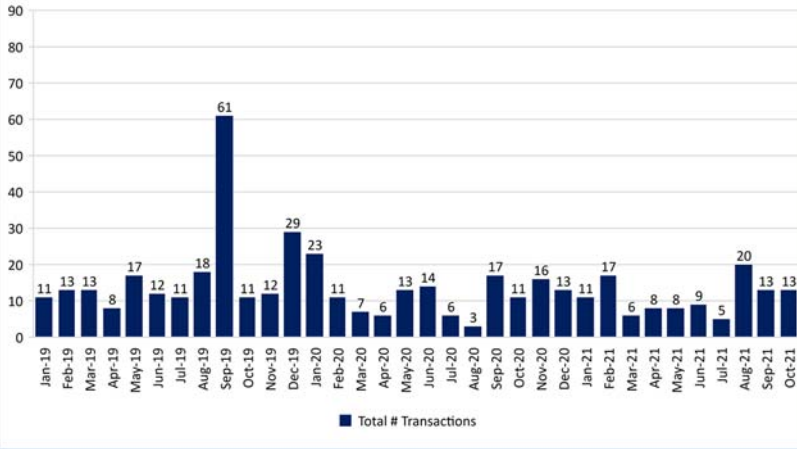
In 2019, the average monthly sales volume was approximately \$685 million. Comparatively, the average monthly sales volume in 2020 was roughly \$500 million, reflecting a decrease of approximately 27%. In 2021 through October, the monthly average increased 2.1% from the 2020 average. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - U.S. Class A Industrial-Distribution			
Year	2019	2020	2021 (Jan-Oct)
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	\$510,166,336
% Difference	-	-27.1%	2.1%

- The largest increase in dollar volume was 668% from August 2020 to September 2020.
- The largest decrease in dollar volume was 79% 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.
- October 2021 recorded the second highest total sales volume in 2021.



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



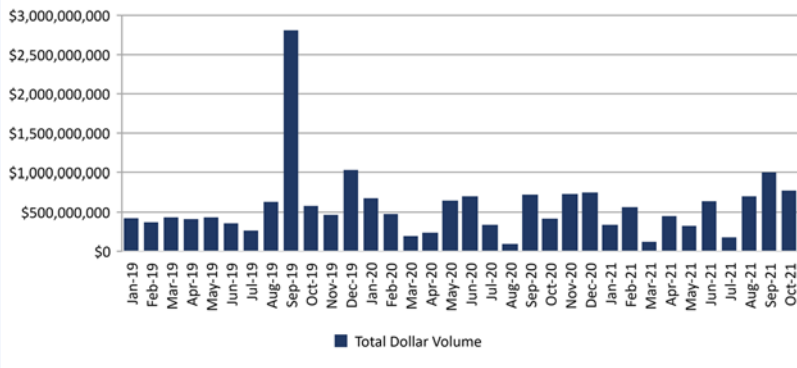
SALES (2019-2021): Volume

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 fluctuated from 5 to 20 sales per month from April 2020 through October 2021. September 2019 saw an atypically high number of sales, which skews the pre-COVID average upward. Sales volume waned in early and mid-2021 but appears to be on the rebound, evidenced by number of transactions over the last three months,

Dollar Volume of Sales

Average sales volume in 2020 was approximately \$500 million. In 2021, 5 of the first 10 months surpassed this average, with each of the last 3 months posting significantly above-average sales volume. Average sales volume is up slightly in 2021 compared to 2020.

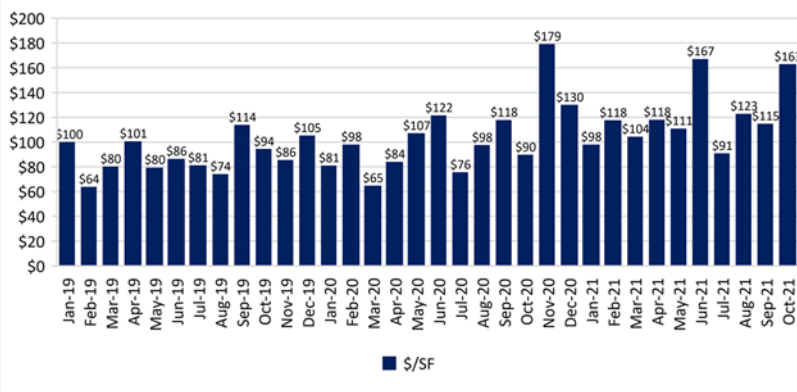
TOTAL SALES VOLUME - U.S. CLASS A INDUSTRIAL-DISTRIBUTION



Sale Price Per Square Foot

Price per square foot in the Class A Industrial market ranged from \$64 to \$114 from January 2019 through March 2020, averaging \$87. Price per square foot from April 2020 through October 2021 ranged from \$76 to \$167, averaging \$116. Price per square foot over the last 3 months averaged \$134, with October 2021 accounting for the second highest price per square foot of the year,

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



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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