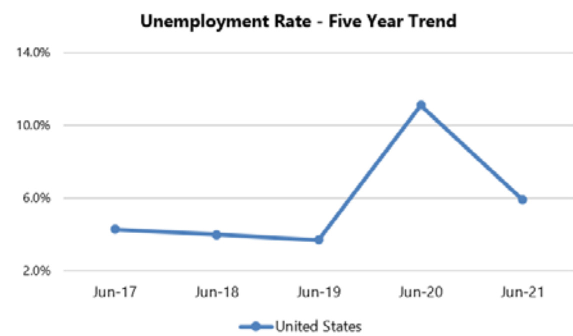
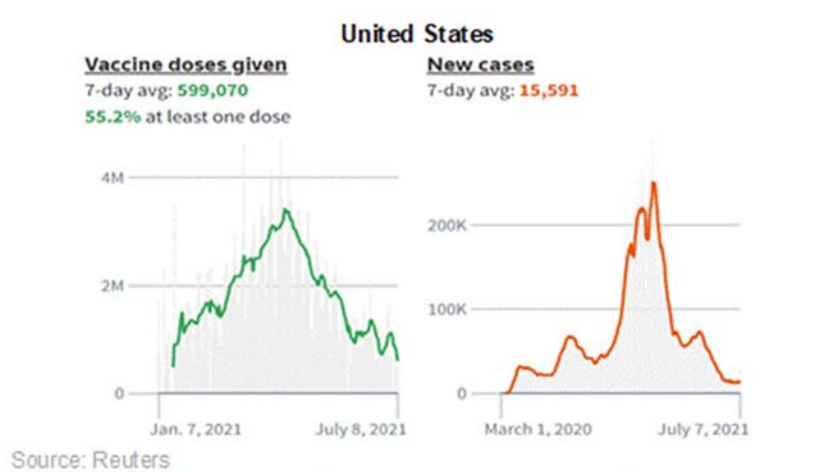
U.S. Class A Multifamily Sales Volume & Buying Trends – June 2021

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 in across the United States and hospitalizations and number of new cases continue to decrease. In addition, many states have ended their preventative mandates for individuals and businesses, 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 multifamily properties across the United States national market.

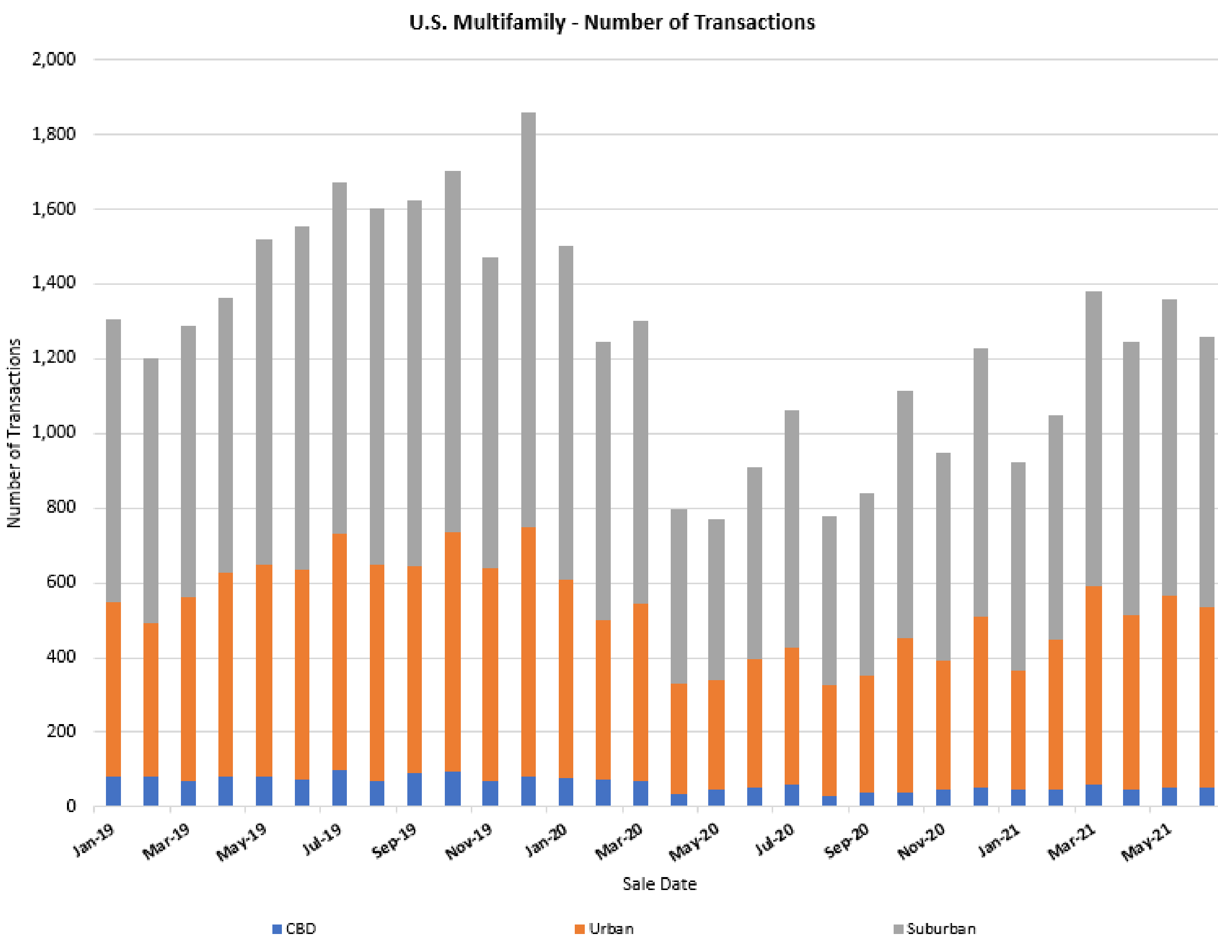




Source: Reuters

Number of Sales Transactions

- Parameters: All multifamily investment sales in the United States national market, segmented by location category.
- Consistent transaction volume from January 2019 to March 2020, with a high in December 2019.
- March 2020- initial COVID shockwaves grip market, number of transactions falls but does not plummet.
- Uptick in transaction volume June and July 2020, followed by declines in August and September 2020.
- October 2020 – June 2021- general upward trend in number of transactions.
- May 2021- 1,358 total transactions, the second highest total of 2021.
- June 2021- 1,260 total transactions, the third highest total of 2021.
- The market is trending up steadily since Summer 2020, which is a good sign of recovery.



The multifamily markets have fared better than other markets during the post-COVID-19 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 April 2020. July 2021 statistics should shed light on whether the market can continue to increase following a busy June.

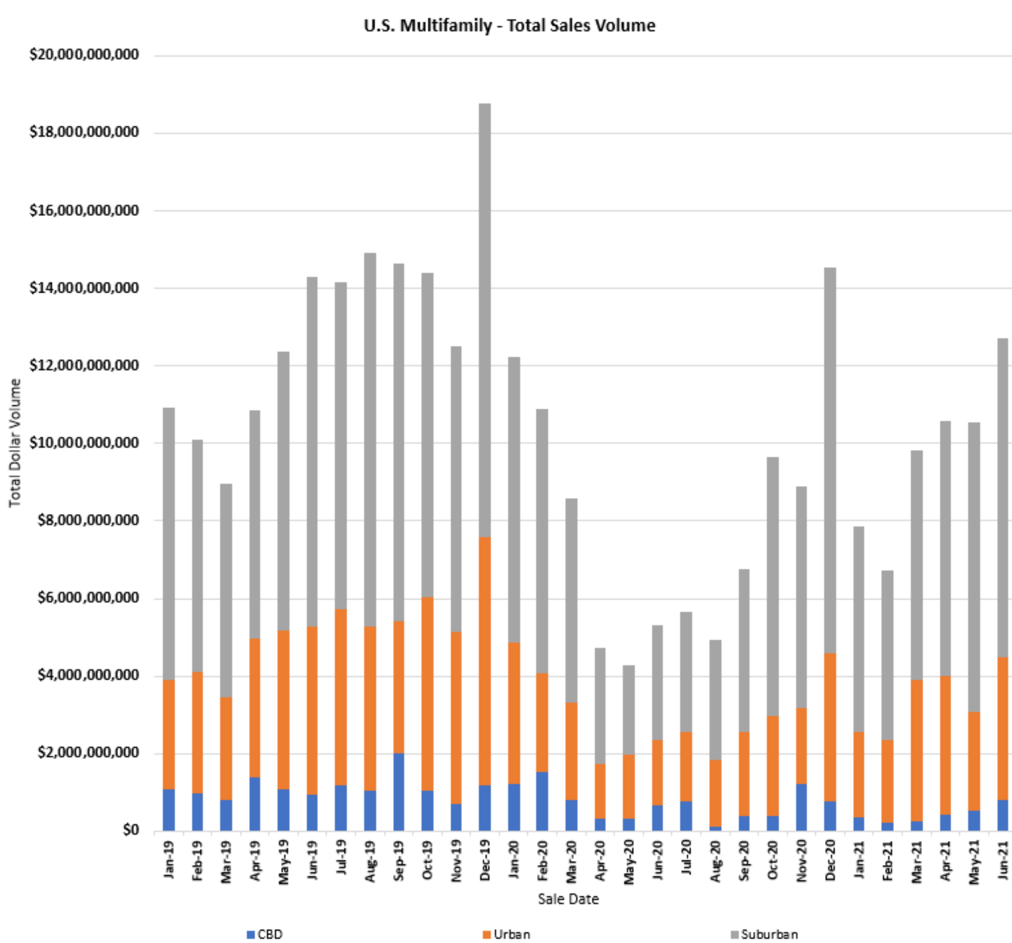
Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately $13.1 billion. Comparatively, the average monthly sales volume in 2020 was roughly $8 billion, reflecting a decrease of approximately 38.5%. Thus far in 2021, the monthly average has risen 20.8% to a monthly average of $9.7 billion. This is positive news. We tracked the dollar volume of monthly sales by category as seen below.

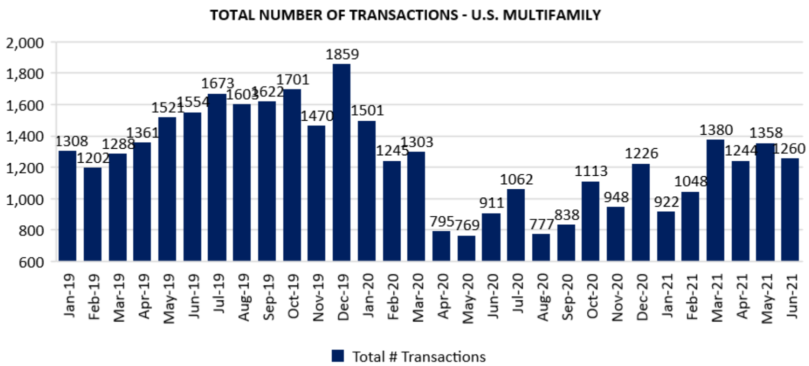
Total Dollar Volume - U.S. Multifamily

YEAR	2019	2020	2021 (Jan - June)
Min	$8,970,174,443	$4,282,592,767	$6,739,757,742
Max	$18,780,564,765	$14,539,362,992	$12,702,993,763
Average	$13,078,796,346	$8,037,539,126	$9,711,223,710
% Difference	-	-38.5%	20.8%

- Average sales volume from January 2019 to March 2020 was $12,577,514,039.
- Average sales volume from April 2020 to June 2021 was $8,200,043,822.
- The largest increase in dollar volume was 63.8% from November 2020 to December 2020.
- The largest decrease in dollar volume was 45.9% from December 2020 to January 2021.
- April 2020 through November 2020 did not eclipse total sales volume over $10 billion.
- Sales from Suburban locations have generally comprised the largest share of all total sales.
- 70% of May 2021 sales fell within the Suburban category.
- 65% of June 2021 sales fell within the Suburban category.
- June 2021 sales volume is the highest in 2021, and highest since December 2020.

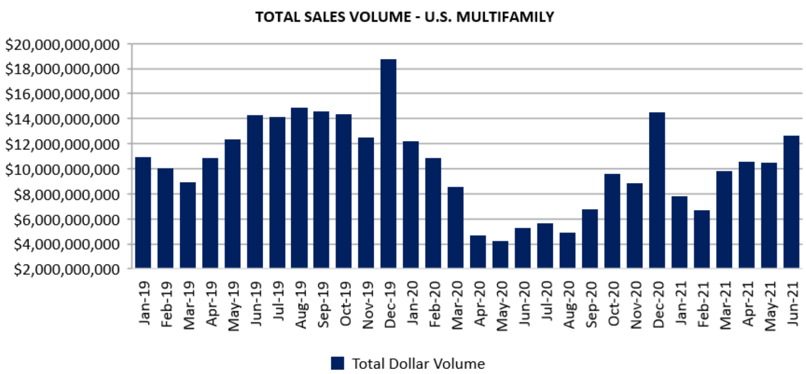


SALES (2019-2021): Volume



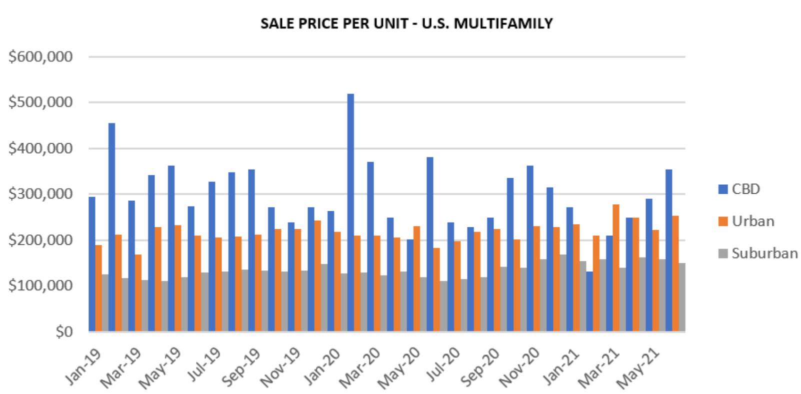
Pre-COVID-19, sales volume fluctuated at a relatively consistent level, ranging from 1,202 to 1,859 sales per month from January 2019 through March 2020. April 2020 marked a significant drop in the number of transactions. Transaction volume increased over the next few months, except for August and September 2020. December 2020 saw an increase from the previous month. The number of transactions in June 2021 decreased from May 2021.

Dollar Volume of Sales



Whereas the number of transactions decreased in June, there was a significant increase in dollar volume. Totaling 1,260 transactions, 98 less than May 2021, dollar volume increased by 20.3%. The significant increase in total sales volume is a positive sign for the sector. June saw a 51% increase in CBD sales volume, a 45% increase in Urban sales volume, and a 10% increase in Suburban sales volume from May.

Sale Price Per Unit



Over the period, sale price per unit in the Urban and Suburban segments has fluctuated very little, while the CBD segment has shown wider fluctuations. The CBD markets continue to suffer from COVID-19 related uncertainties. In the given period, CBD has averaged $301,411 per unit, Urban has averaged $218,500 per unit, and Suburban has averaged $134,198 per unit. For the Urban and Suburban markets, the COVID-19 pandemic has not had a significant impact on the sales price per unit. Demand remains high in these segments, while the CBD markets remain off the radar for many investors.

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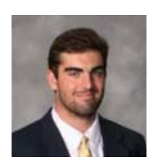

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SOURCE: CoStar, STDB, US Bureau of Labor Statistics, and Marshall & Stevens