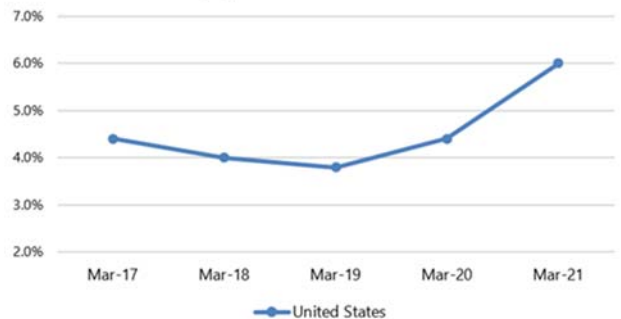


# US Property Portfolio Sales Volume and Buying Trends - March 2021

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 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 its highest levels in July. The unemployment rate decreased over the following five months before a slight increase in January 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 portfolio sales throughout the U.S.

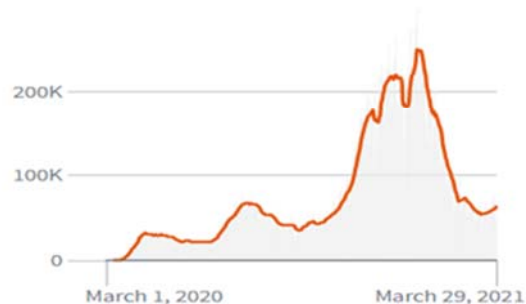
Unemployment Rate - Five Year Trend



United States - Daily New Cases

**New cases**

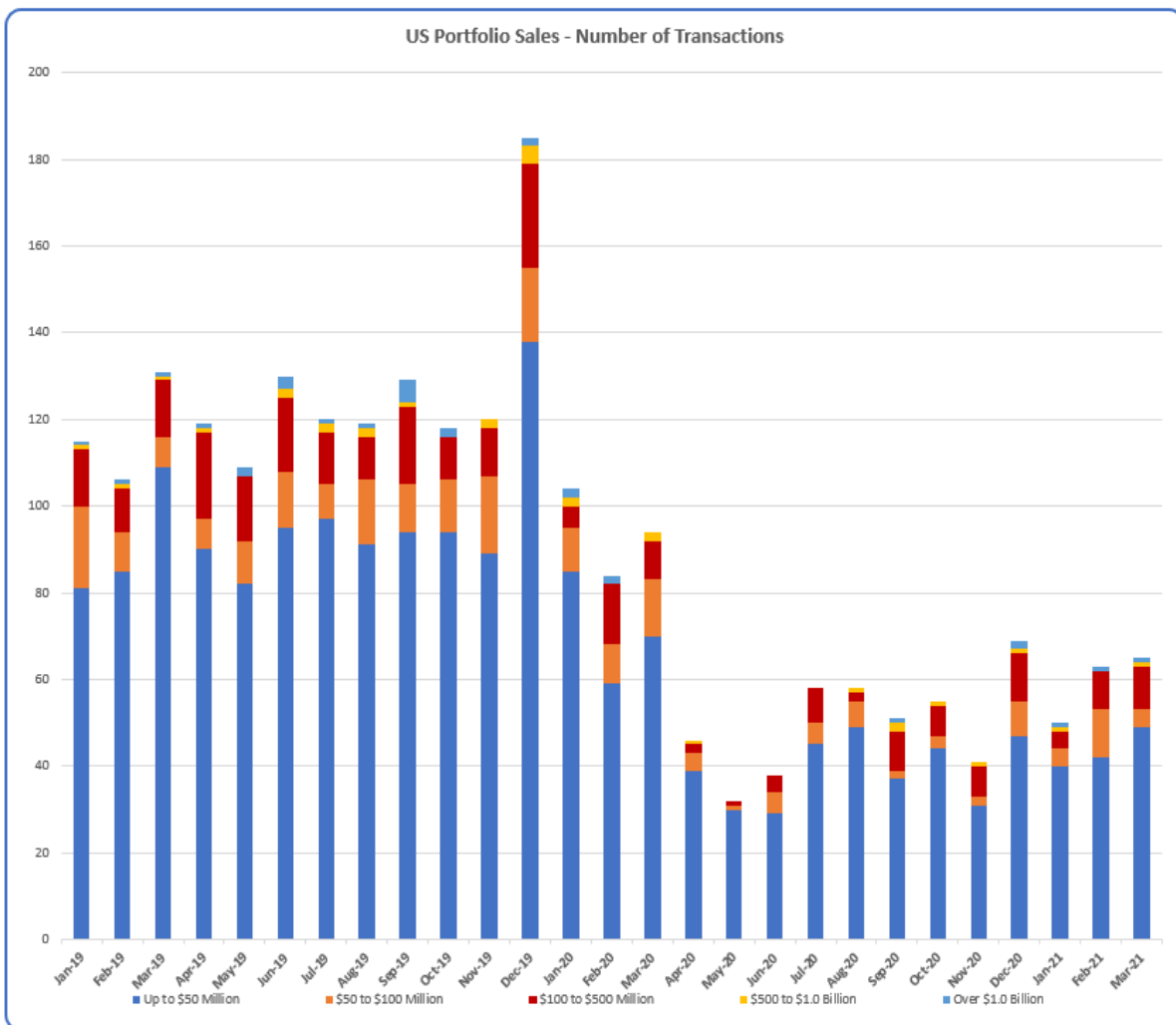
7-day avg: **63,643**



Source: Reuters

**Number of Sales Transactions**

- Parameters: All portfolio investment sales in the United States, segmented by price tranche.
- Consistent transaction volume from January 2019 to March 2020.
- April 2020- initial COVID shockwaves grip market, number of transactions plummet.
- Uptick in transaction volume from May 2020 to August 2020 coincides with lower case counts.
- September 2020 – December 2020- experienced a fluctuating trend in number of transactions.
- January 2021- 50 total transactions, 19 transactions lower than the previous month.
- February 2021 – 63 total transactions, 13 transactions higher than previous month and six less than the most recent high.
- March 2021 – 65 total transactions, two transactions higher than the previous month.
- The market remains in a steady upward trend in terms of the number of transactions over the last three months.



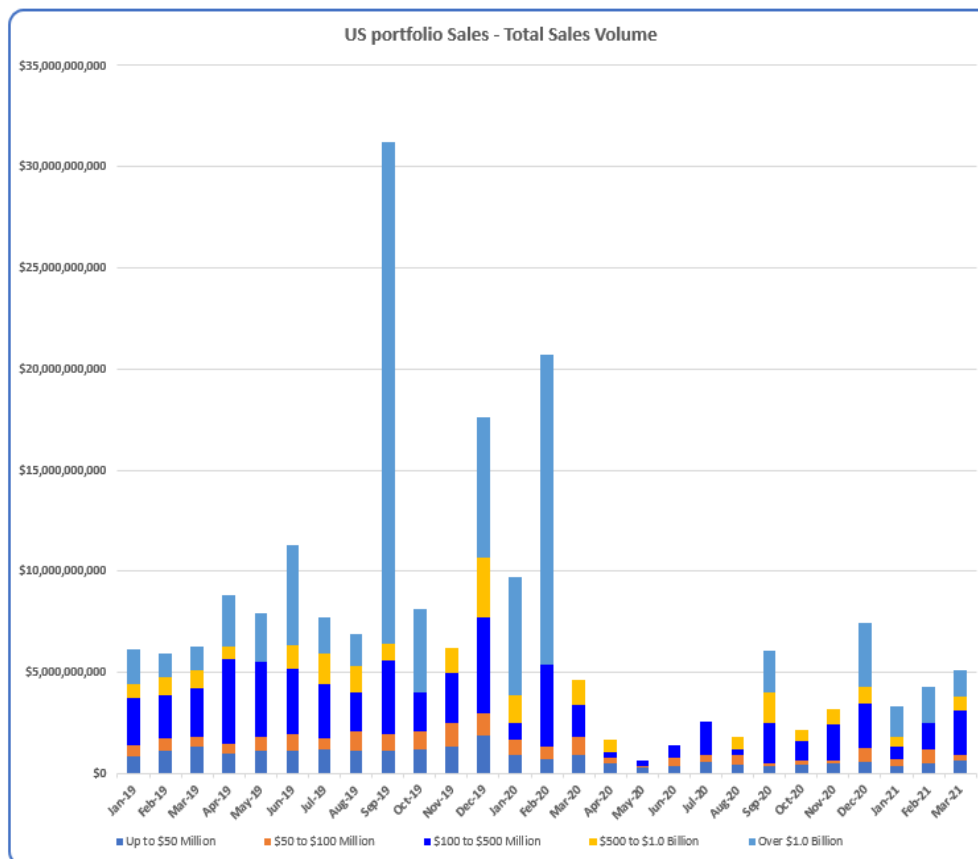
The portfolio investment sales market has been significantly affected during the post-COVID era. Transaction volume has continued to struggle to return to its normal activity. The number of sales per month are significantly lower compared to pre-COVID levels, as evidenced by the chart above.

**Dollar Volume of Sales Transactions**

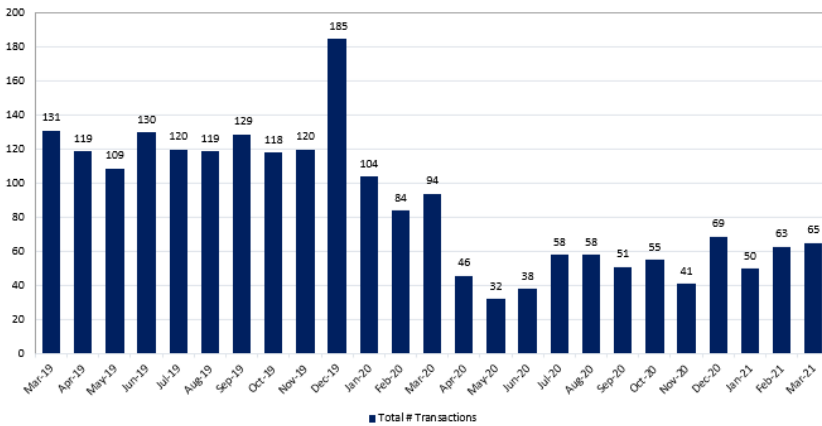
In 2019, the average monthly sales volume was approximately \$10.4 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$5.2 billion, reflecting a decrease of approximately 50.0%. Thus far in 2021, monthly sales volume is down nearly 18% versus 2020. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Portfolio Sales			
YEAR	2019	2020	2021 (Mar)
Min	\$6,114,000,000	\$619,000,000	\$3,324,000,000
Max	\$31,207,000,000	\$20,710,000,000	\$5,127,000,000
Average	\$10,337,916,667	\$5,170,000,000	\$4,243,000,000
% Difference	-	-50.0%	-17.9%

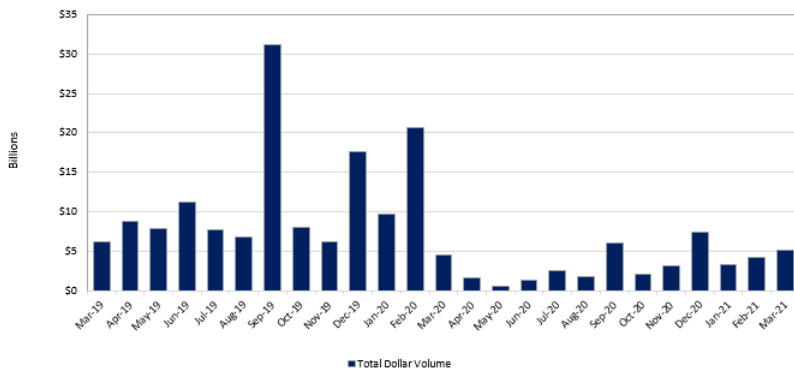
- Average sales volume from January 2019 to March 2020 was \$10,603,200,000.
- Average sales volume from April 2020 to March 2021 was \$3,314,666,667.
- The largest increase in dollar volume for 2020 was 239.3% from August to September.
- The largest decrease in dollar volume for 2020 was 77.8% from February to March.
- March, April, May, June, July, August, October and November did not log any sales over \$1.0 billion.
- Sales over "\$1.0 billion" tranche is the largest contributor to US portfolio investment sales total dollar volume.
- December 2020 dollar volume significantly increased from the prior month, reflecting a 132.5% increase in total dollar volume.
- January 2021 reflected a decline of 55.5% in total dollar volume, as shown in the figure below.
- February 2021 slightly rebounding with a 28.7% increase in total dollar volume, while having one sale in "over 1 million" tranche.
- March 2021 mimicked the prior month with another slight increase, reflecting a 19.8% jump in total dollar volume.



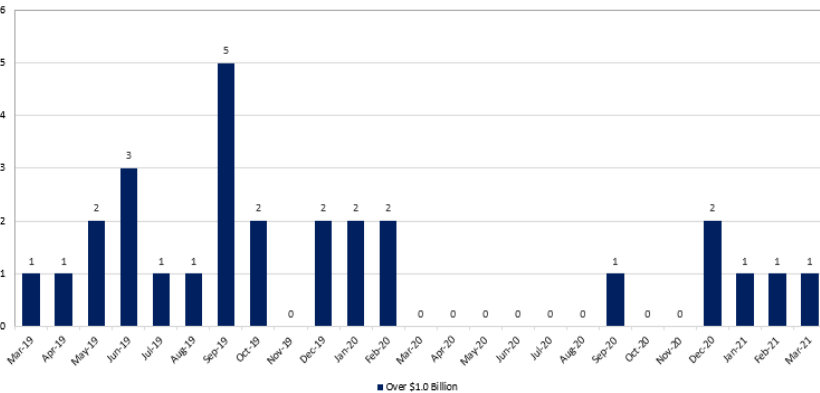
TOTAL NUMBER OF TRANSACTIONS - US PORTFOLIO SALES



TOTAL SALES VOLUME - US PORTFOLIO SALES



TRANSACTIONS OVER \$1.0 BILLION - US PORTFOLIO SALES



**SALES (2019-2020): Volume**

Pre-COVID-19, sales volume fluctuated at a relatively high level, ranging from 94 to 185 sales per month from January 2019 through March 2020. April 2020 marked a significant drop in the number of transactions. Transaction volume fluctuated for the rest of the 2020 at lower level, ranging from 32 to 69. December 2020 saw the highest number of transactions (69) throughout the pandemic. The number of transactions in January 2021 fell to 50, while February and March both experienced slight increases.

**Dollar Volume of Sales**

Whereas number of transactions increased sharply in December, the increase in dollar volume followed suit. Totalling 69 transactions, dollar volume experienced its highest level since February 2020, reflecting a sales volume of approximately \$7.5 billion. Of the 69 total sales, 47 were under \$50 billion. January 2021 experienced a sharp decrease, reflecting a 55.5% decline in total dollar volume. However, February 2021 rises 28.7% in total dollar volume, along with March 2021 reflecting a 19.8% increase.

**Transactions over \$1.0 Billion**

There were significant declines in sales exceeding \$1.0 billion beginning in March 2020, indicating that high transaction volume decreased due to market uncertainty. These transactions are a major contributor accounting for nearly half of the market’s dollar volume over the study period. According to the graphic on the left, there has only been three sales in the over \$1.0 billion category from March 2020 to December 2020, which is a notable indication of market participants feeling cautious about investing in high dollar volume portfolios.

SOURCE: CoStar and Marshall & Stevens



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