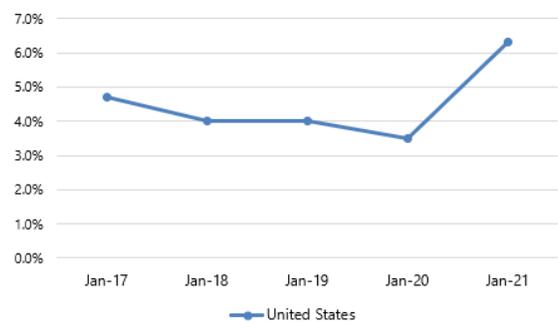


US Property Portfolio Sales Volume and Buying Trends - May 2021

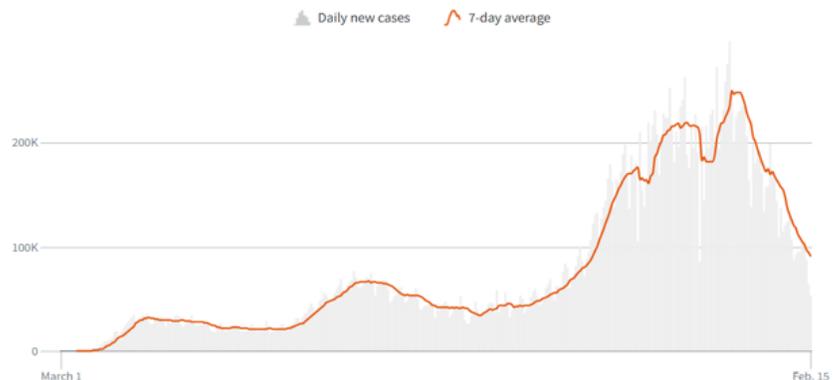
COVID-19 surfaced in the United States in Mid-March 2020. Federal, state, and local governments responded by issuing strict stay-at-home orders and closing nonessential business. Trends in investment sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 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 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 portfolio sales throughout the U.S.

Unemployment Rate - Five Year Trend



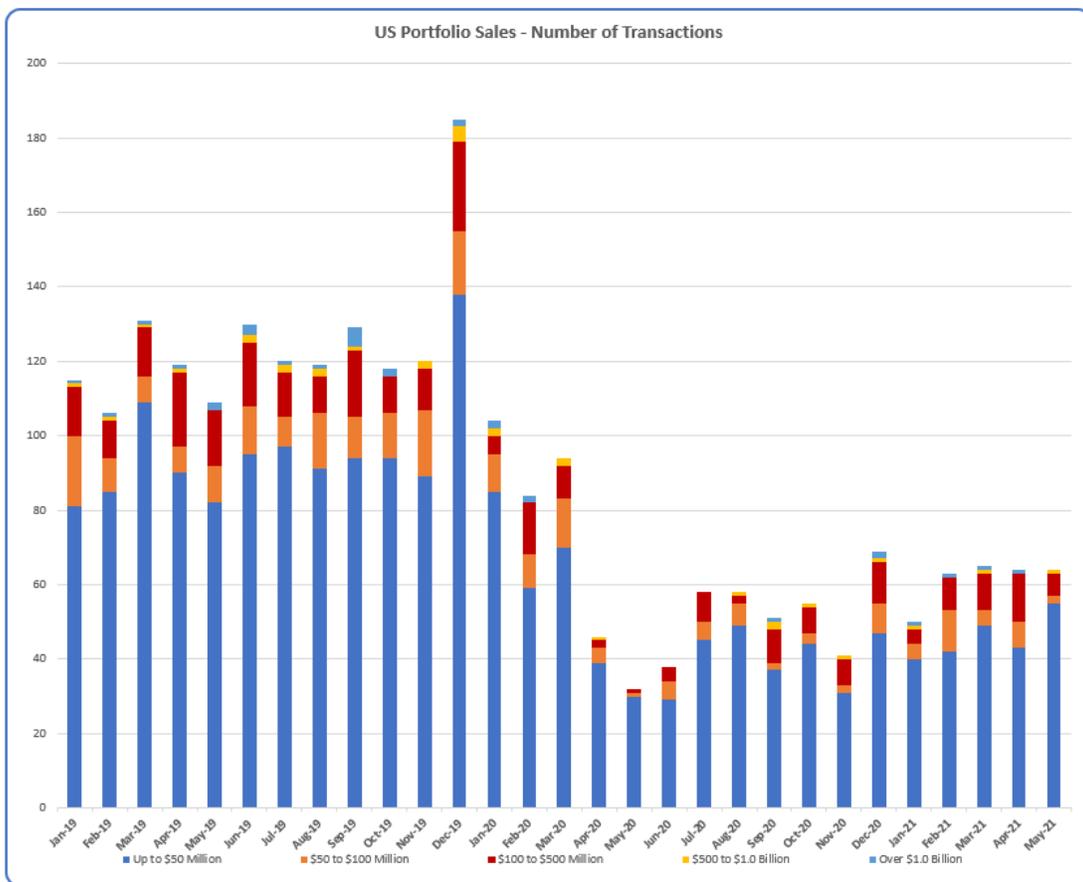
United States - Daily New Cases



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, with a spike in December 2019.
- April 2020- initial COVID shockwaves grip market, number of transactions plummets.
- 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.
- April 2021 – 64 total transactions, one transaction lower than the previous month.
- May 2021 – 64 total transactions, the same number of transactions as the previous month.
- The market remains in a steady upward trend in terms of the number of transactions over the three most recent months.



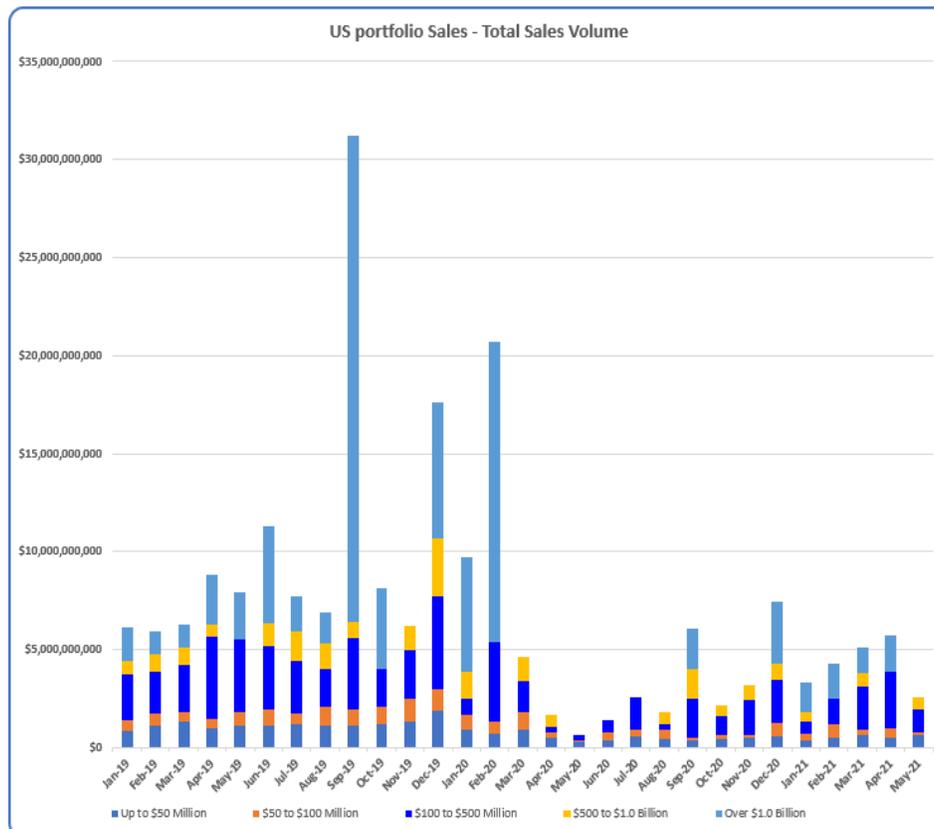
The portfolio investment sales market has been significantly affected during the post-COVID era. Transaction volume has continued to struggle to return to its normal activity. Average sales per month are significantly lower from pre-COVID levels, as evidenced by the chart above.

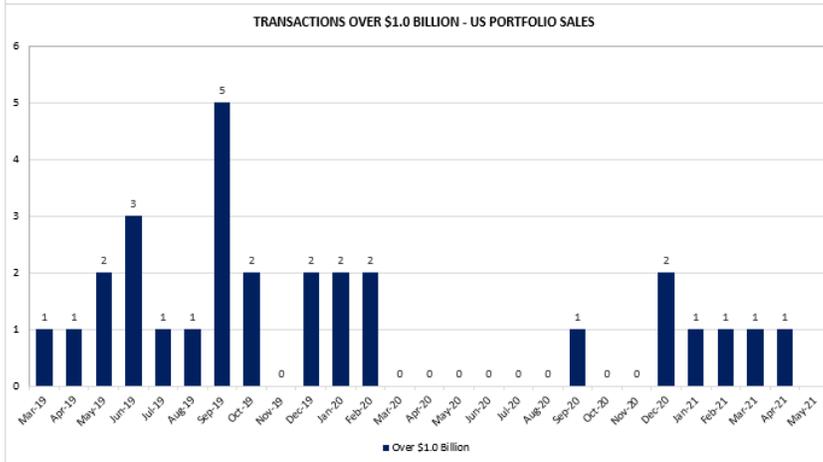
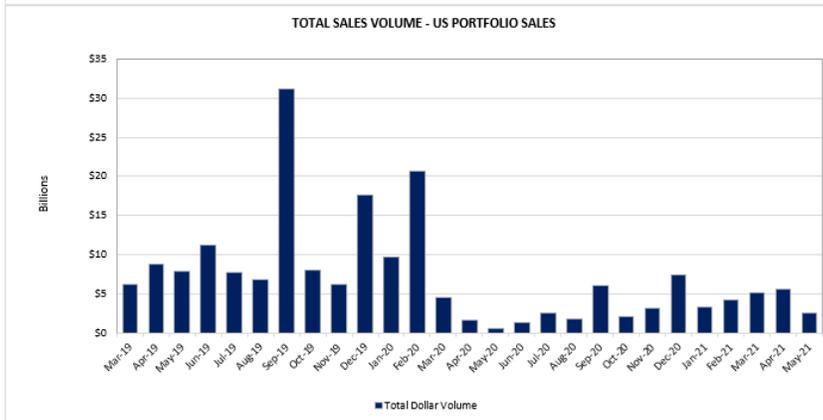
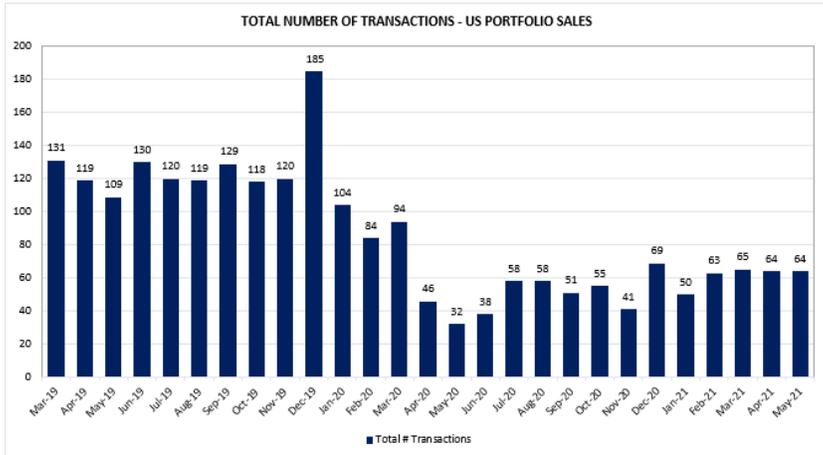
Dollar Volume of Sales Transactions

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, the monthly average has declined 13.4% to a monthly average of \$4.1 billion. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Portfolio Sales			
YEAR	2019	2020	2021 (May)
Min	\$6,114,000,000	\$619,000,000	\$2,534,000,000
Max	\$31,207,000,000	\$20,710,000,000	\$5,691,000,000
Average	\$10,337,916,667	\$5,170,000,000	\$4,190,800,000
% Difference	-	-50.0%	-18.9%

- Average sales volume from January 2019 to March 2020 was \$10,603,200,000.
- Average sales volume from April 2020 to May 2021 was \$3,428,642,857.
- 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.
- March 2021 mimicked the prior month with another slight increase, reflecting a 19.8% jump in total dollar volume.
- April 2021 continued with another slight increase, reflecting a 11.0% jump in total dollar volume.
- May 2021 reflected a 55.5% decrease despite the consistency in number of transactions.





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 a significantly low level, ranging from 32 to 69. December 2020 saw the highest number of transactions throughout the pandemic. The number of transactions in January 2021 fell to 50, while February, March, April, and May all experienced minimal fluctuations.

Dollar Volume of Sales

The number of transactions increased sharply in December 2020, and 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. Thus far in 2021, sales volume was improving through April 2021, but it declined in May 2021 to \$2.5 Billion. Market participants will be watching monthly sales volume going forward, hoping for a positive trend as we head into the second half of 2021.

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, since March 2020, there have only been seven sales in the over \$1.0 billion category. IN 2021, each month has recorded at least one sale in this category. This is a sign of consistency, which is good for the market, but market participants are hoping for increased sales in this category.

SOURCE: CoStar and Marshall & Stevens



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