

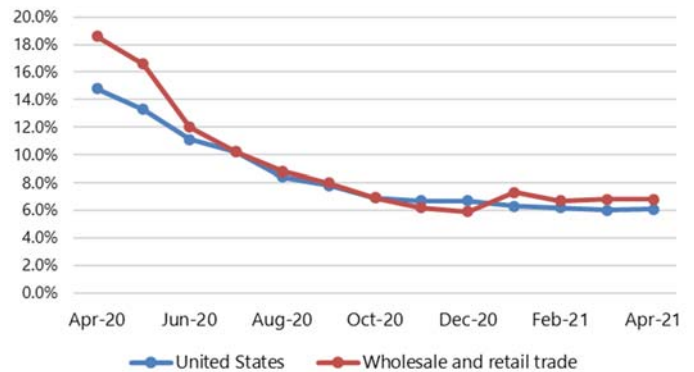
US Shopping Center Sales Volume & Buying Trends – April 2021

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. Pre-crisis, there was uncertainty surrounding the retail market as well. Given the rise in e-commerce, shopping patterns and preferences have changed, questioning the demand for brick-and-mortar retail, and multi-tenant shopping centers in particular.

With COVID at the forefront, fundamentals in many major markets have been greatly altered. This report analyzes trends in investment sales in the United States shopping center market from January 2019 through April 2021.

National unemployment increased significantly since the start of 2020, from 3.5% in January to a peak of 14.8% in April 2020. Job losses in the wholesale and retail trade sector were particularly significant. Since April 2020, businesses have re-opened, and unemployment is showing signs of improvement. This metric will be watched carefully as we continue into 2021.

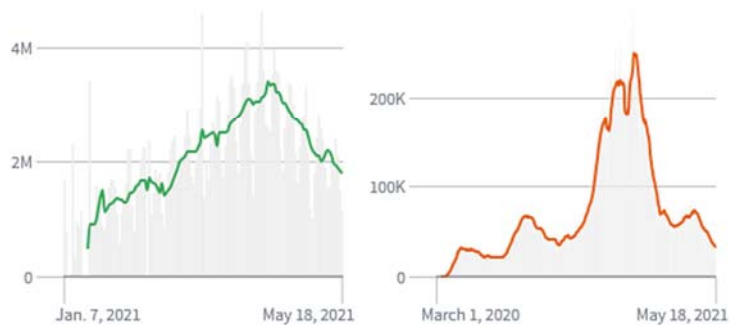
Unemployment Rate



United States

Vaccine doses given
7-day avg: **1,771,807**
47.7% at least one dose

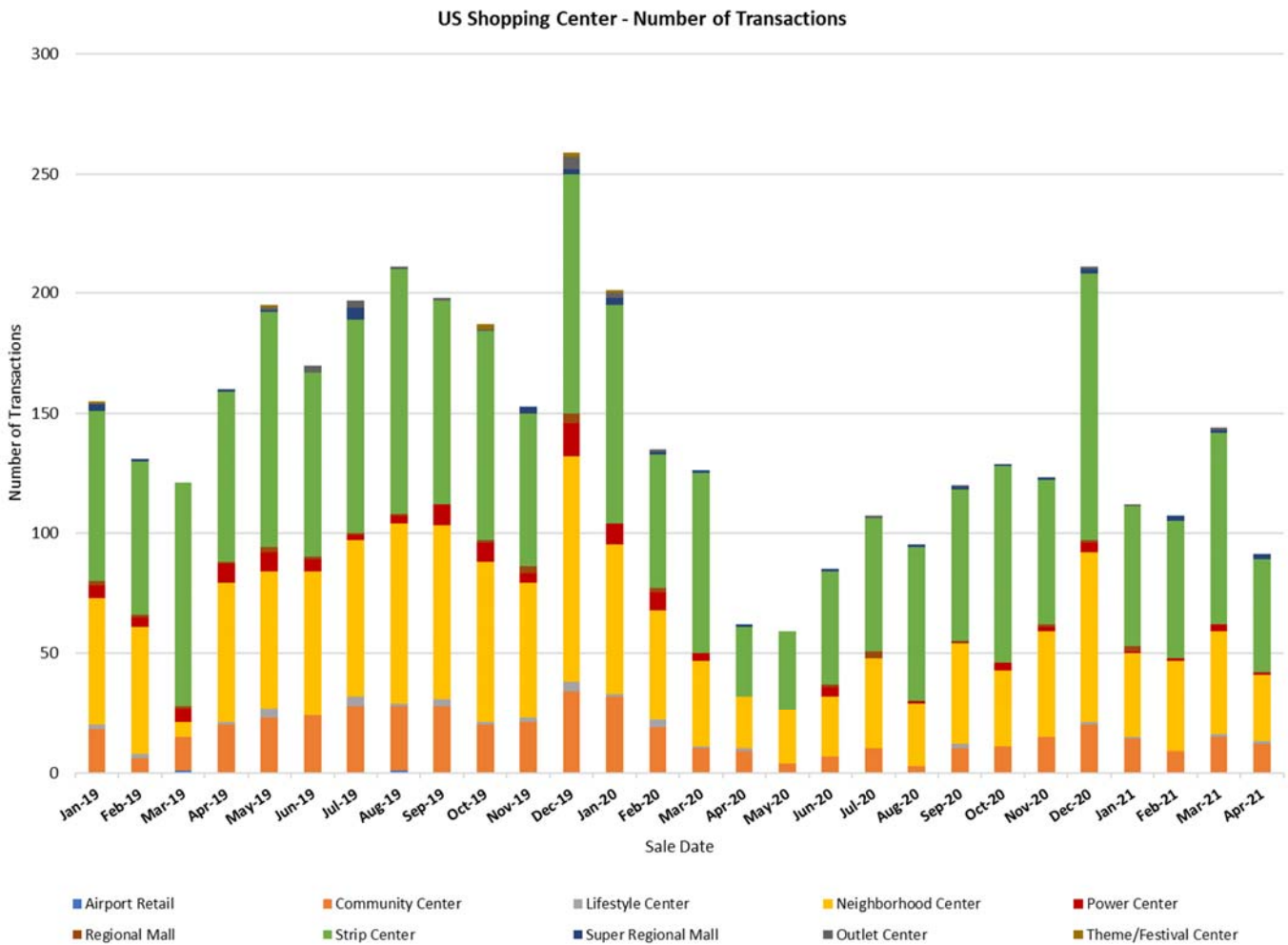
New cases
7-day avg: **32,322**



Source: Reuters

Number of Sales Transactions

- Parameters: Multi-tenanted, shopping center, investment sales from January 2019 through April 2021, segmented by type of shopping center.
- Going into 2020, shopping centers were viewed as a relatively risky property type, and the ongoing crisis is perpetuating this trend.
- Originally focused on traditional retail use, shopping centers are looking at more work, play, live uses, and interim uses such as drive-through movie theaters, as the outlook for dry retail is grim.
- April 2020- initial COVID shockwaves grip market, number of transactions plummets.
- Uptick in transaction volume from May 2020 to October 2020 coincides with lower case counts.
- December 2020- 211 total transactions- the highest number of sales seen since December 2019.
- April 2021- 91 total transactions, slightly higher than the 62 transactions seen in April 2020, one year prior.
- The market remains in flux and volume will be watched carefully throughout 2021 as businesses re-open and vaccinations continue.



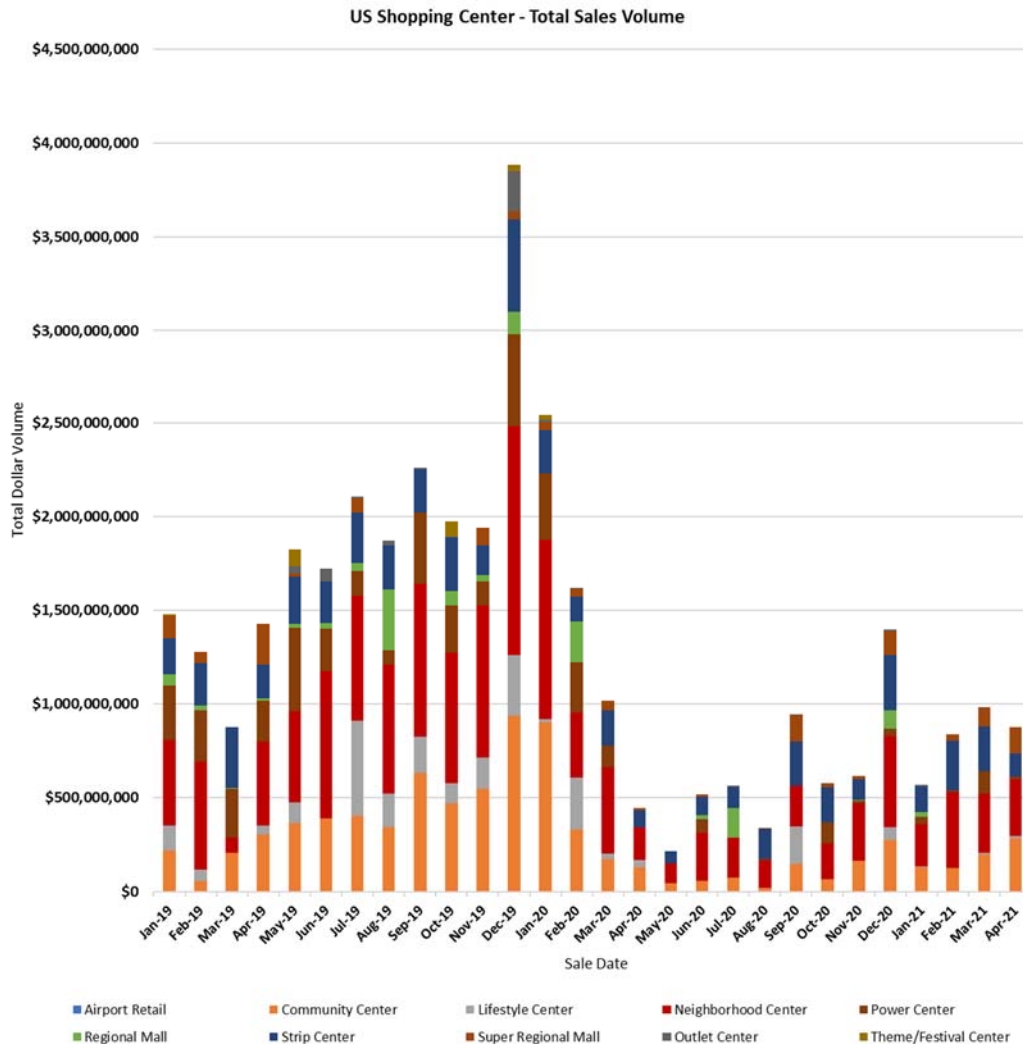
The pandemic has caused consumer spending habits to change dramatically, with ecommerce offering convenience and safety to consumers. Dry retail has suffered and will face a lot of questions in the near term, likely leading to revised store formats and greater use of in-store technology. Grocery anchored centers, and centers having “essential” services have fared better than most other segments. So far this year, sales volume has been relatively low and fluctuating coming out of 2020.

Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately \$1.9 billion, with the peak occurring in December 2019 at \$3.9 billion. Comparatively, the average monthly sales volume in 2020 was roughly \$0.9 billion, reflecting a decrease of approximately 53%. As of April 2021, year to date volume averaged \$814 million, which is 9.4% below the 2020 Average.

Monthly Dollar Volume - United States Shopping Center			
YEAR	2019	2020	2021 (Jan-Apr)
Min	\$873,381,448	\$214,186,891	\$567,978,701
Max	\$3,881,909,114	\$2,545,692,745	\$976,928,751
Average	\$1,887,257,965	\$898,288,182	\$813,570,952
% Difference	-	-52.4%	-9.4%

- The category with the highest transaction volume is in the "Neighborhood Center" category, which comprises approximately 35% of total dollar volume. There were 28 sales in this category in April 2021.
- The category that recorded the second highest amount of transaction volume was in the "Community Center" category, which comprises approximately 21% of total dollar volume. There were only 12 sales in this category in April 2021.
- There were zero sales in the Airport Retail, Regional Mall, Outlet Center, and Theme/Festival Center categories in April 2021.



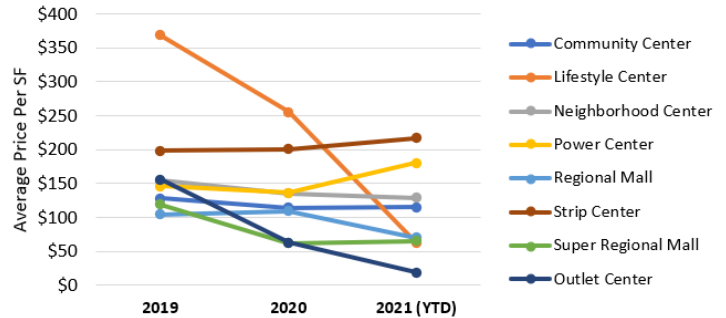
Price Per Square Foot

In 2019, the average price per square foot was \$181, which is higher than 2020 figures at an average price per square foot figure of \$142, and higher than year to date figures as of April 2021. For all property types, overall price per square foot has dropped 41% when comparing 2019 to 2021.

Price Per Square Foot from 2019 to 2021

Average \$ Per SF	2019	2020	2021 (YTD)	% Change
Airport Retail	\$142	N/A	N/A	N/A
Community Center	\$128	\$115	\$115	-9.8%
Lifestyle Center	\$369	\$255	\$63	-82.9%
Neighborhood Center	\$154	\$135	\$129	-16.5%
Power Center	\$146	\$137	\$180	23.2%
Regional Mall	\$105	\$109	\$70	-32.9%
Strip Center	\$199	\$201	\$217	9.4%
Super Regional Mall	\$119	\$62	\$65	-44.9%
Outlet Center	\$156	\$63	\$19	-87.6%
Theme/Festival Center	\$297	\$205	N/A	-31.1%
Average	\$181	\$142	\$108	-40.8%

US Shopping Center - Price Per Square Foot



The "Outlet Center" category demonstrated an 87.6% decrease in average price per square foot from 2019 to 2021 YTD, the most significant decrease seen in the various shopping center types. Almost every segment is seeing declines compared to the past two years. The "Strip Center" category has seen slight growth, with a 9.4% increase in average price per square foot over the past two years.

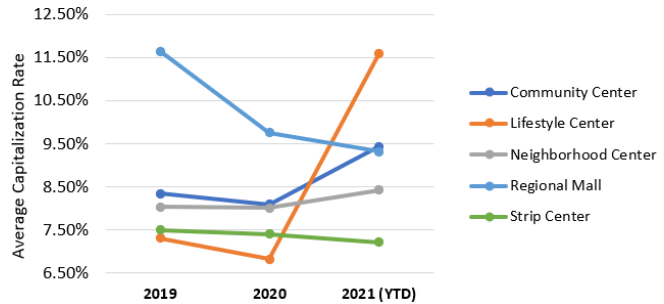
Average Capitalization Rates

In 2019, the average cap rate for the US shopping center market was 8.51%. This figure dropped to 8.46% in 2020, but so far there have been significant increases in 2021.

Average Capitalization Rate from 2019 to 2021

Average OAR	2019	2020	2021 (YTD)	Basis Point Change
Airport Retail	8.47%	N/A	N/A	N/A
Community Center	8.34%	8.09%	9.44%	109.16
Lifestyle Center	7.31%	6.83%	11.60%	428.30
Neighborhood Center	8.03%	8.01%	8.43%	39.06
Power Center	8.22%	8.41%	N/A	19.52
Regional Mall	11.65%	9.75%	9.31%	-233.50
Strip Center	7.49%	7.40%	7.21%	-27.93
Super Regional Mall	11.43%	12.20%	N/A	77.50
Outlet Center	9.19%	7.00%	N/A	-219.22
Theme/Festival Center	5.00%	N/A	N/A	N/A
Average	8.51%	8.46%	9.20%	68.25

US Shopping Center - Capitalization Rates



We note that the 2021 stats may include un-stabilized properties, or distressed sales, which both can lead to higher cap rates. Given the large amount of uncertainty, price discovery has proven to be an area of difficulty and landlords may wait for the dust to settle before they trade their assets at low valuations. Given the current climate, which has been marked by rent collection issues, and vacancy increases, we could see cap rates push upwards as 2021 continues. The magnitude to which cap rates move is still up in the air and market participants will be eager to see what the data shows, as more transaction information becomes available.



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