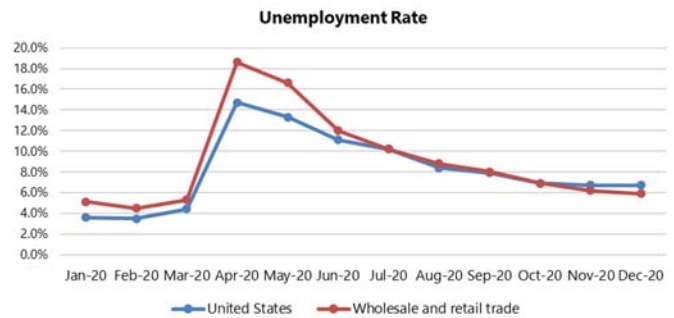


US Shopping Center Sales Volume and Buying Trends - December 2020

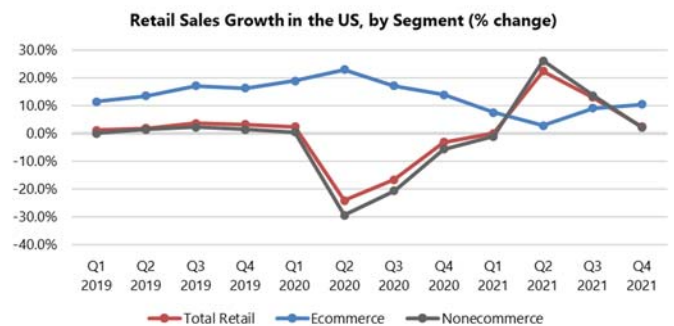
The global COVID-19 pandemic surfaced in the United States in Mid-March. Federal, State, and local governments responded by issuing strict social distancing orders to curb the spread of the virus. The US retail market is facing hardships as the effects of the crisis continue to unfold. Pre-crisis, there 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.

Transaction volume decreased significantly, month over month, from December 2019 through May 2020. Volume increased from May through the summer, showing signs of optimism, but levels fluctuated and remained low overall through the end of the year. This report analyzes trends in investment sales in the United States shopping center market from January 2019 through December 2020.

National unemployment increased significantly since the start of 2020, from 3.6% in January to a peak of 14.7% in April. Job losses in the wholesale and retail trade sector were particularly significant. Since April, businesses have started to re-open and unemployment is showing signs of improvement.



The pandemic has caused consumer spending habits to change dramatically, with e-commerce sparking growth in the industrial market and hitting the retail industry hard. Spending habits are not expected to normalize until the end of 2021.



Rent collection issues have been a major topic of discussion for retail properties, and shopping centers in particular. With stores closed for several months, and consumer preferences changing, this is a metric that will be watched closely going forward.

Rent Collection Rates							
Sector	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Trendline
Industrial	97.0%	95.7%	97.8%	99.4%	N/A	N/A	
Office	93.2%	92.6%	97.5%	96.4%	N/A	N/A	
Apartments	93.8%	94.8%	96.0%	95.4%	96.0%	95.7%	
Healthcare	90.2%	89.9%	94.8%	95.2%	N/A	N/A	
Retail							
Free standing	72.6%	70.0%	79.5%	90.0%	90.5%	94.9%	
Shopping center	50.3%	49.3%	60.9%	72.8%	80.2%	81.6%	

Source: PwC Commercial Real Estate Valuation / NAREIT

Overview

We tracked the number of monthly shopping center sales recorded in all 50 states, over a period beginning in January 2019 through December 2020. The analysis is segmented by type of center and includes only multi-tenant properties. With bankruptcies and store closures increasing, investors are focusing capital on distressed assets and opportunistic targets. Even leading into the crisis, 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.

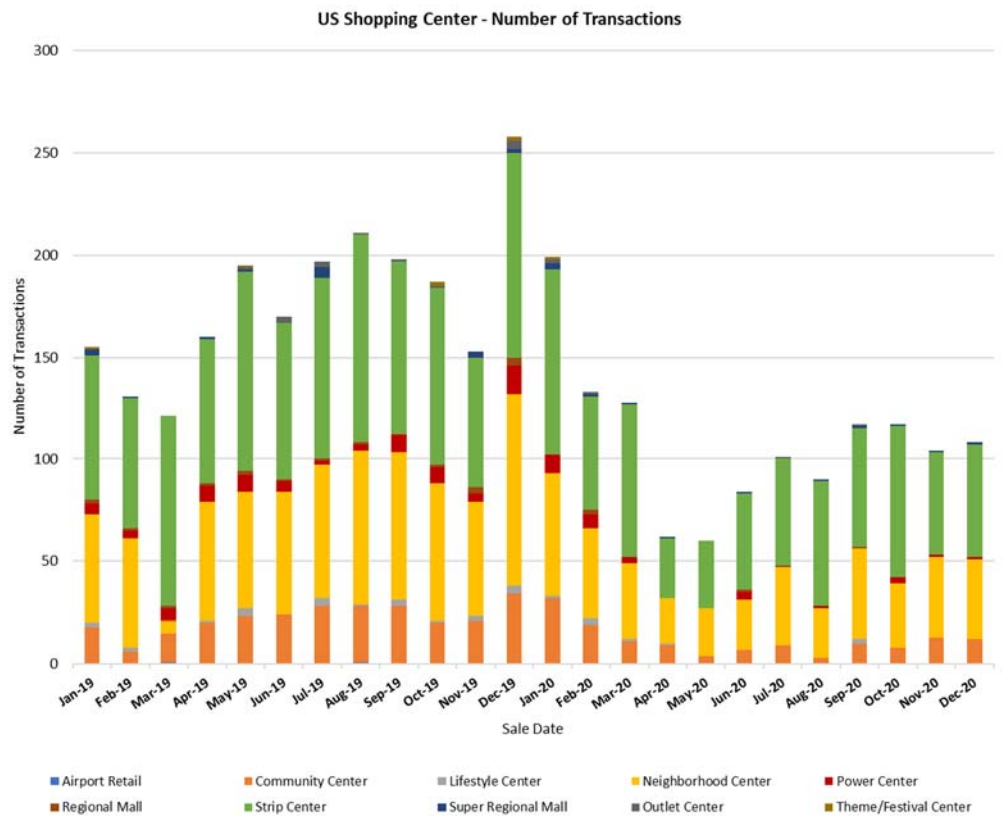
Number of Sales Transactions

Over the prior 24-month period, as of December 2020, there were a total of 3,439 transactions. Approximately 49% of these transactions are contained in the "Strip Center" category, roughly 33% are contained in the "Neighborhood Center" category, and nearly 12% of them are contained in "Community Center" category.

Historical Transaction Volume - US Shopping Center																											
Number of Transactions	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	% of Total	
Airport Retail	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0.1%
Community Center	18	6	14	20	23	24	28	27	28	20	21	34	32	19	11	9	4	7	9	3	10	8	13	12	400	11.6%	
Lifestyle Center	2	2	0	1	4	0	4	1	3	1	2	4	1	3	1	1	0	0	0	0	2	0	0	0	32	0.9%	
Neighborhood Center	53	53	6	58	57	60	65	75	72	67	56	94	60	44	37	22	23	24	38	24	44	31	39	39	1,141	33.2%	
Power Center	5	4	6	8	8	5	2	3	9	8	4	14	9	7	3	0	0	4	0	1	0	3	1	1	105	3.1%	
Regional Mall	2	1	1	1	2	1	1	1	0	1	3	4	0	2	0	0	0	1	1	0	1	0	0	0	23	0.7%	
Strip Center	71	64	93	71	98	77	89	102	85	87	64	100	91	56	75	29	33	47	52	61	58	74	50	55	1,682	48.9%	
Super Regional Mall	3	1	0	1	1	0	5	0	0	3	2	3	1	1	1	1	0	1	0	1	1	1	1	1	28	0.8%	
Outlet Center	0	0	0	0	1	3	3	1	1	1	0	4	2	1	0	0	0	0	1	0	1	0	0	0	19	0.6%	
Theme/Festival Center	1	0	0	0	1	0	0	0	2	0	0	2	1	0	0	0	0	0	0	0	0	0	0	0	7	0.2%	
Total # Transactions	155	131	121	160	195	170	197	211	198	187	153	258	199	133	128	62	60	84	101	90	117	117	104	108	3,439	100.0%	
% Change from Prior Month	-	-15.5%	-7.6%	32.2%	21.9%	-12.8%	15.9%	7.1%	-6.2%	-5.6%	-18.2%	68.6%	-22.9%	-33.2%	-3.8%	-51.6%	-3.2%	40.0%	20.2%	-10.9%	30.0%	0.0%	-11.1%	3.8%	-	-	

From December 2019 to May 2020, the number of transactions in the US shopping center market steadily declined. There were signs of activity returning through the summer, but volume has remained relatively low in recent months. Levels are still well below pre-pandemic levels.

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.



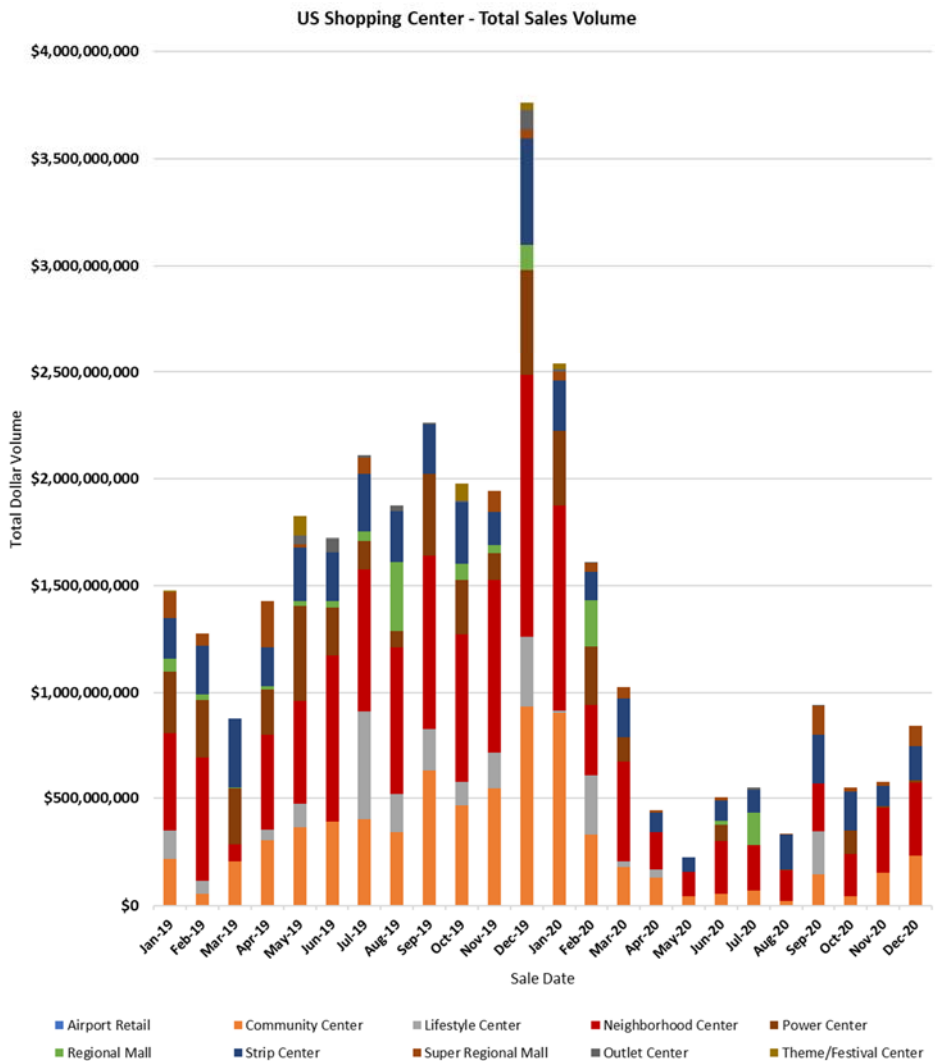
Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately \$1.9 billion, with the peak occurring in December 2019 at \$3.8 billion. Comparatively, the average monthly sales volume in 2020 is roughly \$0.8 billion, reflecting a decrease of approximately 55%. We tracked the dollar volume of monthly sales by center type as seen below.

Historical Transaction Volume - US Shopping Center (in Millions)																											
\$ Volume of Transactions	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	% of Total	
Airport Retail	\$0.0	\$0.0	\$2.4	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.3	0.0%	
Community Center	\$215.0	\$52.7	\$201.6	\$300.9	\$363.8	\$388.5	\$402.0	\$338.0	\$630.9	\$467.1	\$546.8	\$935.7	\$901.9	\$327.8	\$177.2	\$128.3	\$40.4	\$52.5	\$67.1	\$21.3	\$143.9	\$41.9	\$150.5	\$229.1	\$7,125.0	21.8%	
Lifestyle Center	\$134.8	\$59.6	\$0.0	\$49.9	\$109.4	\$0.0	\$508.3	\$179.0	\$191.5	\$108.0	\$166.3	\$326.6	\$14.8	\$279.0	\$27.6	\$38.3	\$0.0	\$0.0	\$0.0	\$0.0	\$200.9	\$0.0	\$0.0	\$0.0	\$2,393.9	7.3%	
Neighborhood Center	\$455.7	\$579.2	\$79.7	\$446.6	\$488.4	\$784.8	\$666.6	\$690.6	\$819.5	\$696.9	\$813.8	\$1,222.7	\$956.3	\$335.4	\$465.0	\$172.1	\$115.6	\$245.0	\$213.6	\$141.2	\$224.0	\$197.3	\$304.3	\$345.0	\$11,459.3	35.1%	
Power Center	\$291.8	\$274.2	\$262.9	\$218.3	\$445.5	\$226.3	\$132.6	\$75.6	\$381.8	\$255.4	\$126.9	\$497.4	\$352.0	\$272.5	\$116.9	\$0.0	\$0.0	\$76.7	\$0.0	\$4.8	\$0.0	\$109.9	\$8.4	\$9.0	\$4,138.7	12.7%	
Regional Mall	\$62.3	\$24.7	\$4.7	\$12.6	\$21.4	\$30.1	\$41.0	\$325.0	\$0.0	\$75.0	\$35.8	\$115.7	\$0.0	\$218.8	\$0.0	\$0.0	\$0.0	\$21.0	\$153.0	\$0.0	\$1.6	\$0.0	\$0.0	\$0.0	\$1,142.6	3.5%	
Strip Center	\$190.3	\$229.0	\$322.1	\$181.9	\$249.7	\$225.6	\$272.5	\$234.6	\$229.7	\$288.4	\$155.5	\$493.7	\$234.3	\$132.2	\$186.8	\$91.9	\$64.8	\$95.6	\$105.9	\$161.4	\$227.2	\$181.6	\$93.7	\$160.9	\$4,809.4	14.7%	
Super Regional Mall	\$120.8	\$57.0	\$0.0	\$219.1	\$16.6	\$0.0	\$74.1	\$0.0	\$0.0	\$0.0	\$95.7	\$43.5	\$41.4	\$41.0	\$52.3	\$11.0	\$0.0	\$12.5	\$0.0	\$1.3	\$141.3	\$20.2	\$18.0	\$95.0	\$1,060.7	3.2%	
Outlet Center	\$0.0	\$0.0	\$0.0	\$0.0	\$39.8	\$68.0	\$12.0	\$27.8	\$8.3	\$4.4	\$0.0	\$92.3	\$11.8	\$3.1	\$0.0	\$0.0	\$0.0	\$0.0	\$11.5	\$0.0	\$1.2	\$0.0	\$0.0	\$0.0	\$280.0	0.9%	
Theme/Festival Center	\$7.5	\$0.0	\$0.0	\$0.0	\$90.0	\$0.0	\$0.0	\$0.0	\$0.0	\$80.3	\$0.0	\$34.4	\$27.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$240.0	0.7%	
Total Dollar Volume	\$1,478.1	\$1,276.3	\$873.4	\$1,429.2	\$1,824.7	\$1,723.3	\$2,109.1	\$1,873.4	\$2,261.6	\$1,975.3	\$1,940.8	\$3,761.9	\$2,540.4	\$1,609.8	\$1,025.8	\$441.6	\$220.8	\$503.3	\$551.1	\$330.0	\$940.1	\$550.8	\$574.9	\$839.1	\$32,654.8	100.0%	
% Change from Prior Month	-	-13.7%	-31.6%	63.6%	27.7%	-5.6%	22.4%	-11.2%	20.7%	-12.7%	-1.7%	93.8%	-32.5%	-36.6%	-36.3%	-57.0%	-50.0%	127.9%	9.5%	-40.1%	184.9%	-41.4%	4.4%	45.9%	-	-	

The category with the highest transaction volume is in the "Neighborhood Center" category, which comprises approximately 35% of total dollar volume. There were 39 sales in this category in both recent months of November and December 2020. The category that recorded the second highest amount of transaction volume was in the "Community Center" category, which comprises approximately 22% of total dollar volume. There were only 12 sales in this category in December 2020, reflecting a large drop off compared to 2019.

Total Dollar Volume - US Shopping Center	
Jan-19	\$1,478,119,852
Feb-19	\$1,276,303,600
Mar-19	\$873,381,448
Apr-19	\$1,429,183,560
May-19	\$1,824,702,251
Jun-19	\$1,723,251,643
Jul-19	\$2,109,059,231
Aug-19	\$1,873,425,430
Sep-19	\$2,261,587,298
Oct-19	\$1,975,344,385
Nov-19	\$1,940,827,765
Dec-19	\$3,761,909,114
Jan-20	\$2,540,420,959
Feb-20	\$1,609,785,887
Mar-20	\$1,025,788,443
Apr-20	\$441,590,551
May-20	\$220,811,891
Jun-20	\$503,260,240
Jul-20	\$551,144,988
Aug-20	\$329,995,665
Sep-20	\$940,137,000
Oct-20	\$550,775,741
Nov-20	\$574,948,116
Dec-20	\$839,068,541
Min	\$220,811,891
Max	\$3,761,909,114
2019 Ave	\$1,877,257,965
2020 Ave	\$843,977,335



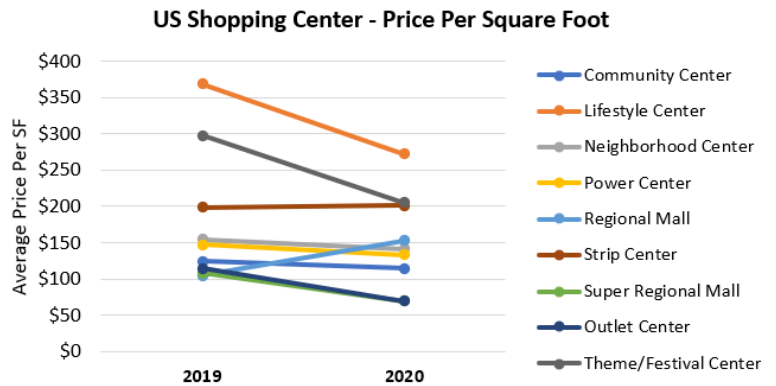
May 2020 demonstrated the lowest volume of sales over the entire analysis period. Dollar volume has been fluctuating since June. Volume in December 2020 was \$839 million, approximately 78% below the volume seen in December 2019, one year prior. Market participants will be eager to see what trend develops going forward.

Price Per Square Foot

In 2019, the average price per square foot was \$176, which is higher than 2020 figures at an average price per square foot of \$151. For all property types, overall price per square foot has dropped 14.1% when comparing 2019 to 2020.

Price Per Square Foot from 2019 to 2020

Average \$ Per SF	2019	2020	% Change
Airport Retail	\$142	N/A	N/A
Community Center	\$125	\$115	-8.1%
Lifestyle Center	\$369	\$272	-26.2%
Neighborhood Center	\$154	\$142	-8.2%
Power Center	\$147	\$133	-9.5%
Regional Mall	\$105	\$153	45.8%
Strip Center	\$199	\$201	1.2%
Super Regional Mall	\$108	\$69	-35.6%
Outlet Center	\$114	\$70	-39.0%
Theme/Festival Center	\$297	\$205	-31.1%
Average	\$176	\$151	-14.1%



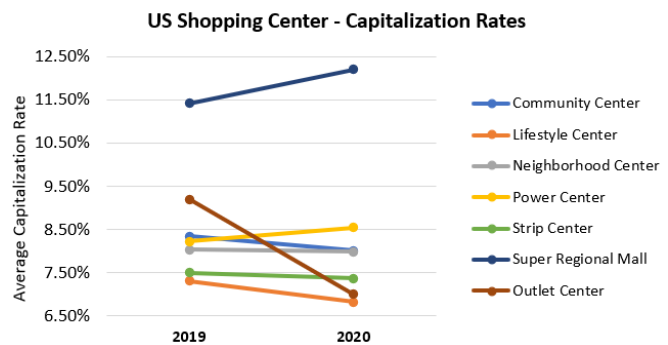
The "Outlet Center" category demonstrated a 39.0% decrease in average price per square foot from 2019 to 2020, the most significant decrease seen in the various shopping center types. Strip Centers and Regional Malls increased by 1.2% and 45.8%, respectively, in average price per square foot, but every other segments are seeing declines compared to one year prior.

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, a drop of roughly 5 basis points. The biggest decrease is seen in the "Outlet Center" category, demonstrating a drop of approximately 219 basis points.

Average Capitalization Rate from 2019 to 2020

Average OAR	2019	2020	Basis Point Change
Airport Retail	8.47%	N/A	N/A
Community Center	8.34%	8.01%	-33.47
Lifestyle Center	7.31%	6.83%	-48.70
Neighborhood Center	8.03%	7.99%	-4.97
Power Center	8.22%	8.54%	32.27
Regional Mall	11.65%	9.75%	N/A
Strip Center	7.49%	7.37%	-12.25
Super Regional Mall	11.43%	12.20%	77.50
Outlet Center	9.19%	7.00%	-219.22
Theme/Festival Center	5.00%	N/A	N/A
Average	8.51%	8.46%	-5.34



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