

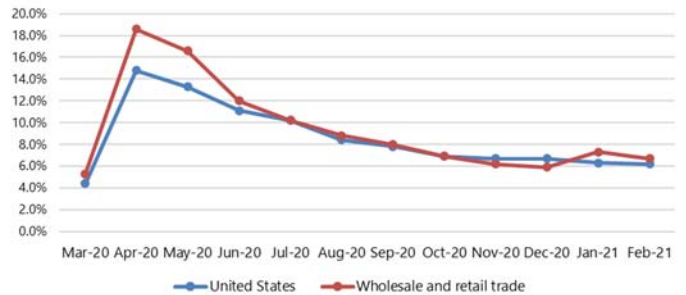
US Shopping Center Sales Volume & Buying Trends – February 2021

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.

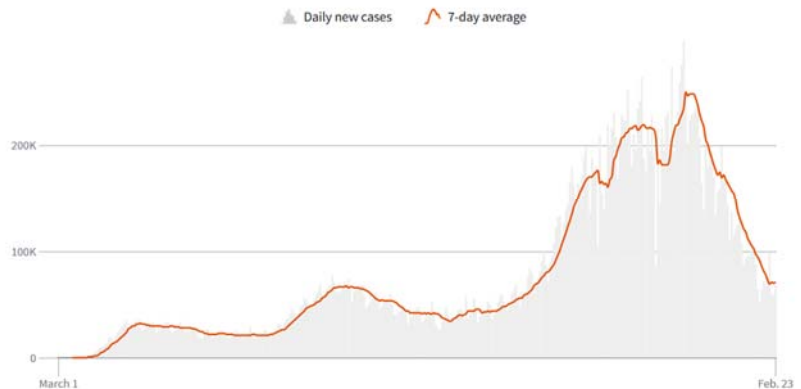
With COVID at the forefront, fundamentals in many major markets have been greatly altered. This report analyzes trends in investment sales in the United States shopping center market from January 2019 through February 2021.

National unemployment increased significantly since the start of 2020, from 3.5% in January to a peak of 14.8% 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. This metric will be watched carefully as we continue into 2021.

Unemployment Rate



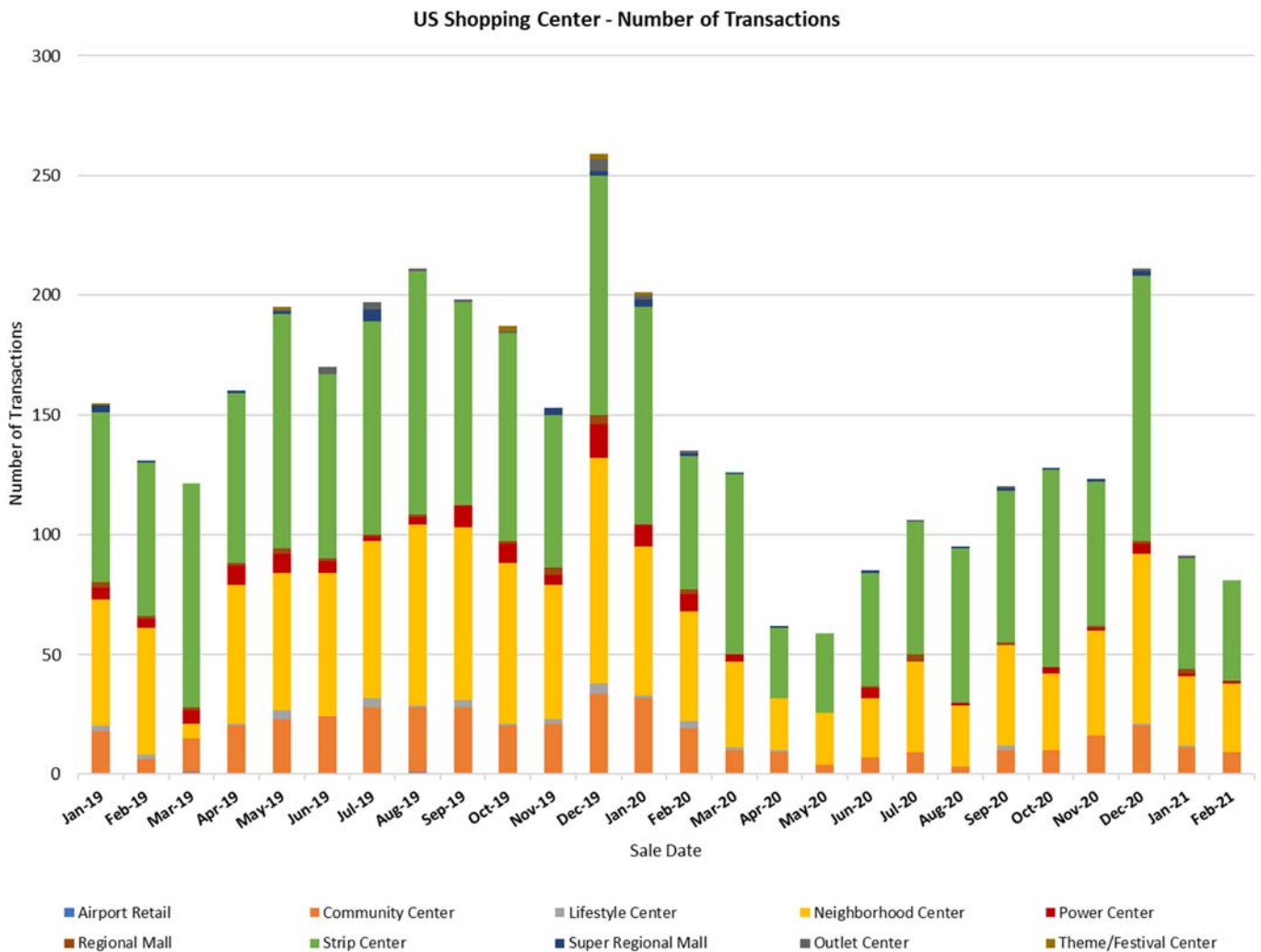
United States - Daily New Cases



Source: Reuters

Number of Sales Transactions

- Parameters: Multi-tenanted, shopping center, investment sales from January 2019 through February 2021, segmented by type of shopping center.
- Leading 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.
- February 2021- 81 total transactions, significantly lower than the 135 transactions seen in February 2020, one year prior.
- The market remains in flux and volume will be watched carefully throughout 2021.



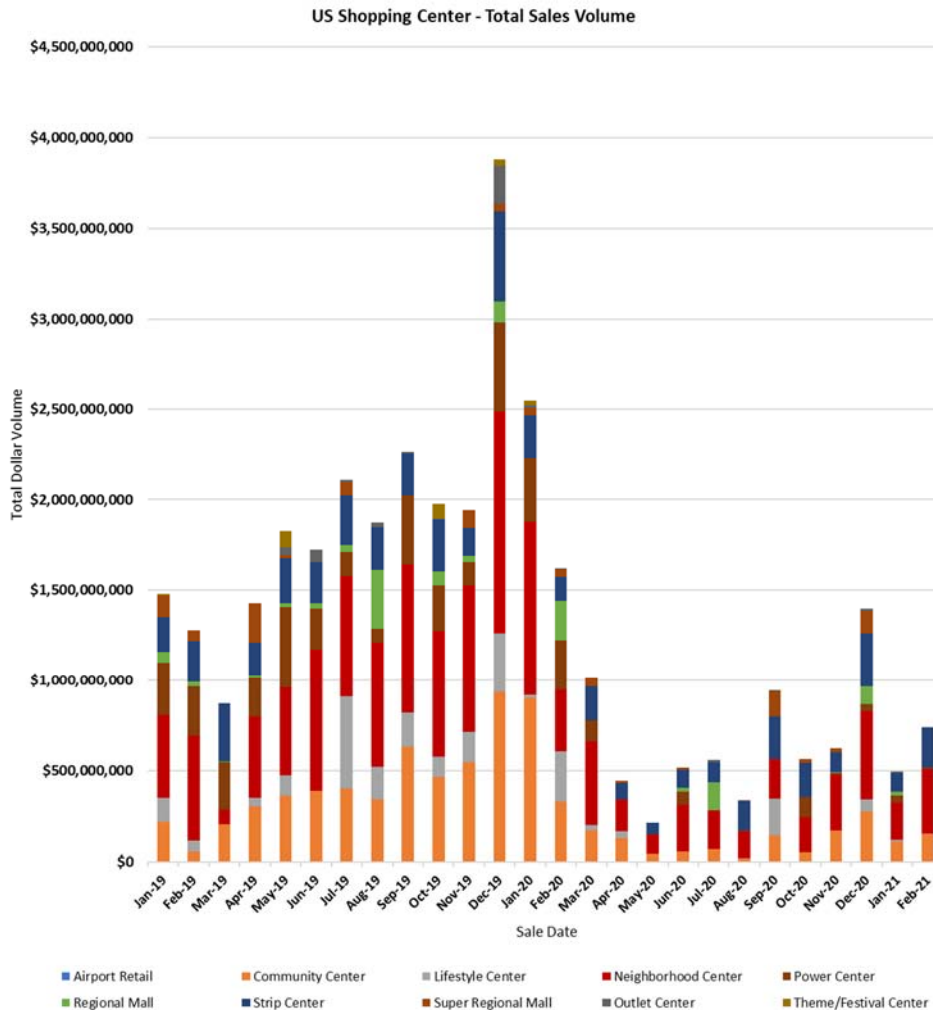
The pandemic has caused consumer spending habits to change dramatically, with ecommerce offering convenience and safety to consumers. Dry retail has suffered and will face a lot of questions in the near term, likely leading to revised store formats and greater use of in-store technology. Grocery anchored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

Monthly Dollar Volume - United States Shopping Center			
YEAR	2019	2020	2021 (Feb)
Min	\$873,381,448	\$214,186,891	\$493,646,207
Max	\$3,881,909,114	\$2,545,692,745	\$738,508,979
Average	\$1,887,257,965	\$897,227,979	\$616,077,593
% Difference	-	-52.5%	-31.3%

- The category with the highest transaction volume is in the "Neighborhood Center" category, which comprises approximately 35% of total dollar volume. There were 29 sales in this category in February 2021.
- 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 9 sales in this category in February 2021, reflecting a large drop off compared to 2019.
- There were zero sales in the Airport Retail, Lifestyle Center, Power Center, Regional Mall, Super Regional Mall, Outlet Center, and Theme/Festival Center categories in February 2021.



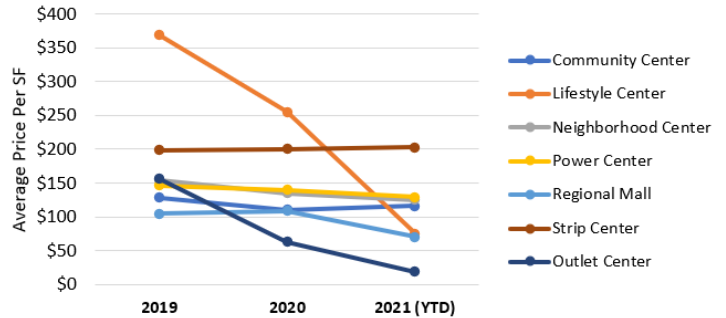
Price Per Square Foot

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 February 2021. For all property types, overall price per square foot has dropped 52% 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	\$111	\$116	-9.1%
Lifestyle Center	\$369	\$255	\$75	-79.6%
Neighborhood Center	\$154	\$135	\$125	-19.1%
Power Center	\$146	\$140	\$129	-11.8%
Regional Mall	\$105	\$109	\$70	-32.9%
Strip Center	\$199	\$201	\$203	2.2%
Super Regional Mall	\$109	\$62	N/A	-42.9%
Outlet Center	\$156	\$63	\$19	-87.6%
Theme/Festival Center	\$297	\$205	N/A	-31.1%
Average	\$181	\$142	\$105	-41.6%

US Shopping Center - Price Per Square Foot



The "Lifestyle Center" category demonstrated a 79.6% 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 remained relatively stable, with a 2.2% increase in average price per square foot over the past two years.

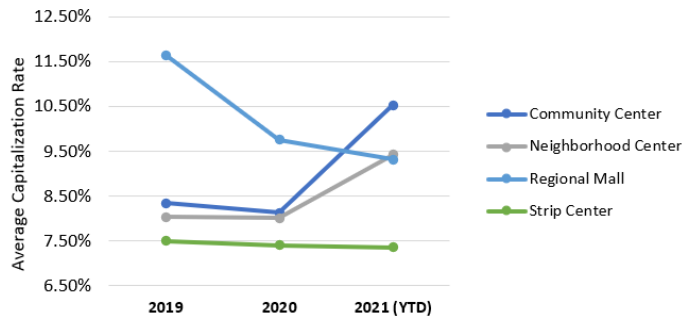
Average Capitalization Rates

In 2019, the average cap rate for the US shopping center market was 8.51%. This figure dropped to 8.47% 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%	8.13%	10.53%	218.97
Lifestyle Center	7.31%	6.83%	N/A	-48.70
Neighborhood Center	8.03%	8.01%	9.42%	138.34
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%	7.35%	-14.15
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%	8.47%	9.15%	63.98

US Shopping Center - Capitalization 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