



# — SIOR — SNAPSHOT SENTIMENT SURVEY

**AUGUST 2020**

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## SUMMARY

On August 19-21, 2020, SIOR distributed a Snapshot Sentiment Survey to SIOR designees and Member Associates, for a total response rate of 10.8%.

- Most notably, industrial specialists are reporting 49.7% of transactions are proceeding on time, compared to 36% for their office colleagues.
- Office specialists also share a lower level of confidence in their local markets within the next six months, compared with their industrial counterparts, 5.9 for office, compared to 7.0 for the industrial side (on a 10-point scale).
- Industrial brokers in the Global, Canadian, and Mid-Atlantic regions reported the strongest market confidence. The lowest levels of confidence were reported by office brokers in the Northeast, Canadian, Northwest, and West regions.
- Looking at the differences in local market confidence between independent and large firm/network brokers, those in large firms and networks reported notably higher confidence across the board, with the exception of higher confidence by independent brokers in the Global and Southwest regions, and equal levels in the Mid-Atlantic and Great Lakes regions.



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## COMPARED TO LAST MONTH

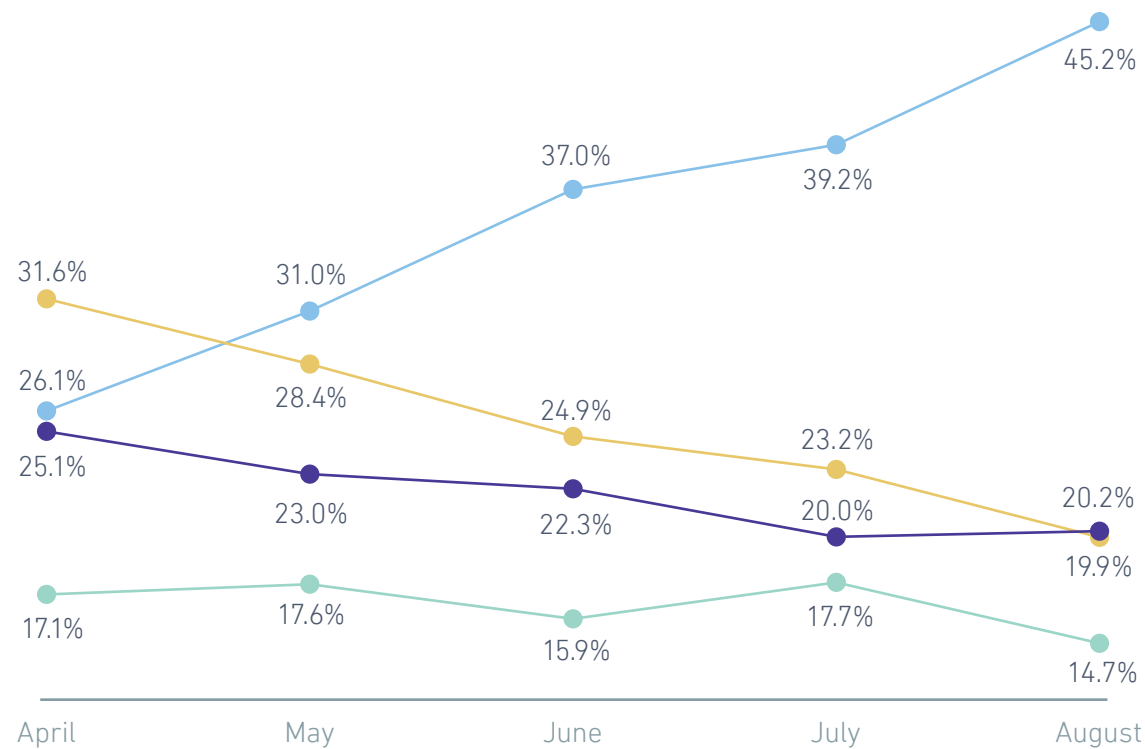
In comparison to the [July 2020 Sentiment Survey](#) results:

- Overall, market confidence bounced back, regaining most of the dip it saw in July, increasing **from 6.30 to 6.58** (on a 10-point scale).
- Regionally, the biggest gains in confidence were made by industrial brokers in the Central, Canadian, and Southwest regions. The biggest drops in confidence, while less extreme than the gains, were by industrial brokers in the Global and Great Lakes regions, and office brokers in the Northeast.
- On-schedule transactions continued their steady increases, moving from 39.2% to 45.2% with corresponding declines in client holds and cancelled projects. The industrial sector jumped 42.3% to 49.7% on time, while the office sector showed a solid increase in the last month with on-schedule transactions gaining 32.5% to 36%.

## IMPACT OF COVID-19 ON IN-PROGRESS TRANSACTIONS

Average percent of the status of all respondents' in-progress transactions.

**KEY** ● Transaction On Schedule ● Transaction On Hold ● 3rd Party Delay ● Transaction Cancelled



## FROM THE EXPERTS

“My sense is that the fallout from COVID will extend for 2+ years. It will start with elevated sublet activity and then pair back in concert with the economic retraction that will follow the wind down of government subsidies. We will recover from this, however it may take upwards of a couple of years.”

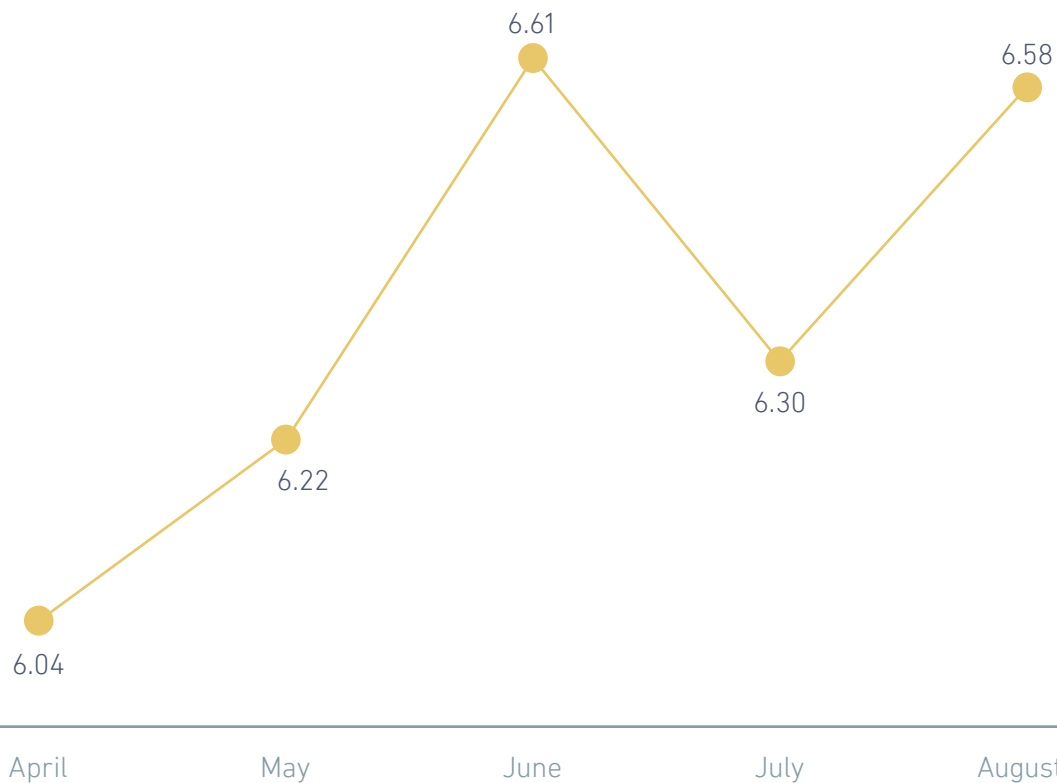
- Office Specialist  
SIOR Canada East Chapter



## LEVEL OF CONFIDENCE IN LOCAL MARKET IN 6 MONTHS

*Data reflects average level of confidence for each month.*

*Confidence rated on a 10-point scale - 1 is lowest confidence, 10 is highest confidence.*



“FROM THE EXPERTS

I believe we are in the eye of the storm. Hard to avoid the impact of massive problems in the greater financial sector.”

- Industrial Specialist  
SIOR Greater LA Chapter

## IMPACT OF COVID-19 ON IN-PROGRESS TRANSACTIONS - INDUSTRIAL VS. OFFICE

Data reflects average percent breakdown of current transactions by specialization.

### KEY

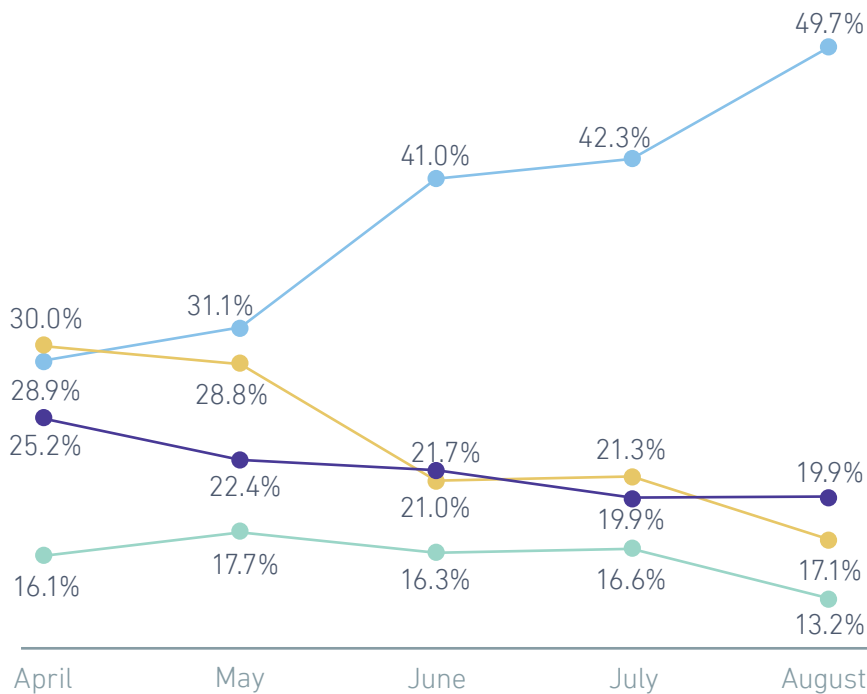
Transaction On Schedule

Transaction On Hold

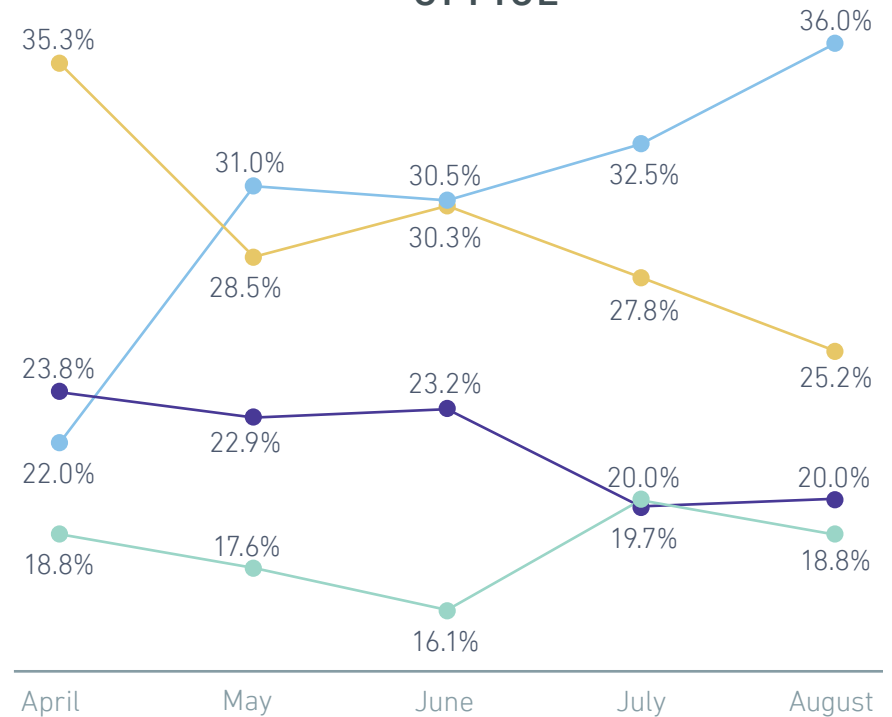
3rd Party Delay

Transaction Cancelled

### INDUSTRIAL



### OFFICE



Totals may not equal 100% due to rounding.

## IMPACT OF COVID-19 ON IN-PROGRESS TRANSACTIONS - INDEPENDENT VS. LARGE FIRM/NETWORK BROKERS

Data reflects average percent breakdown of current transactions by specialization.

### KEY

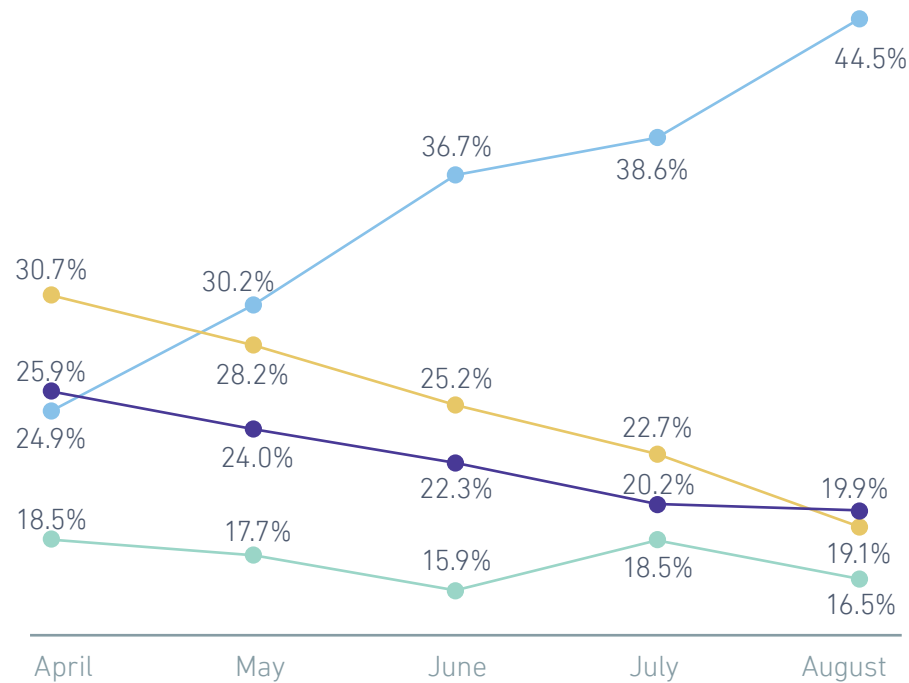
Transaction On Schedule

Transaction On Hold

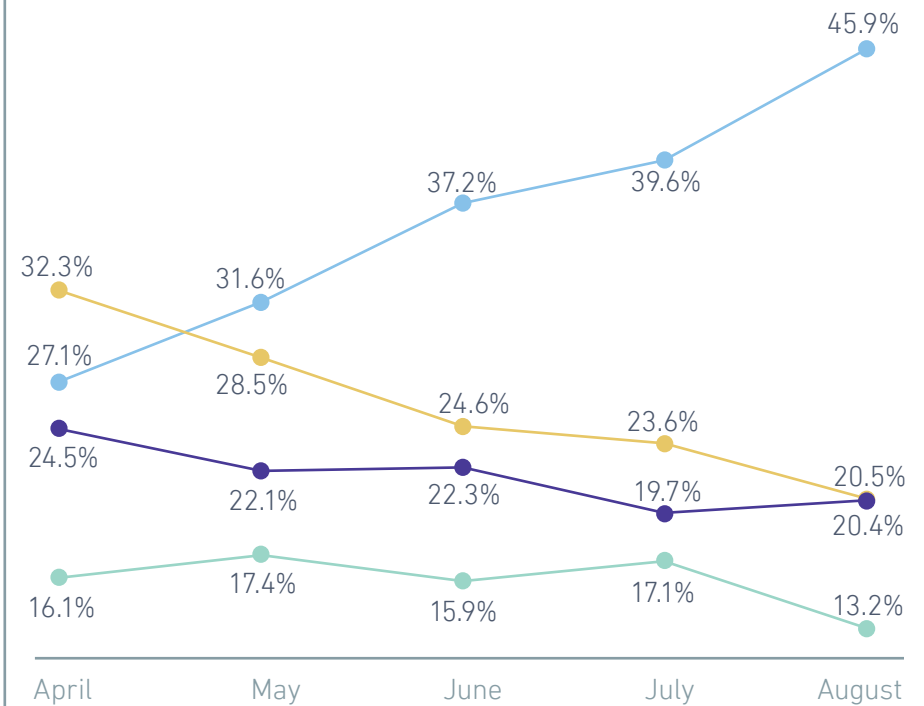
3rd Party Delay

Transaction Cancelled

### INDEPENDENT



### LARGE FIRM / NETWORK

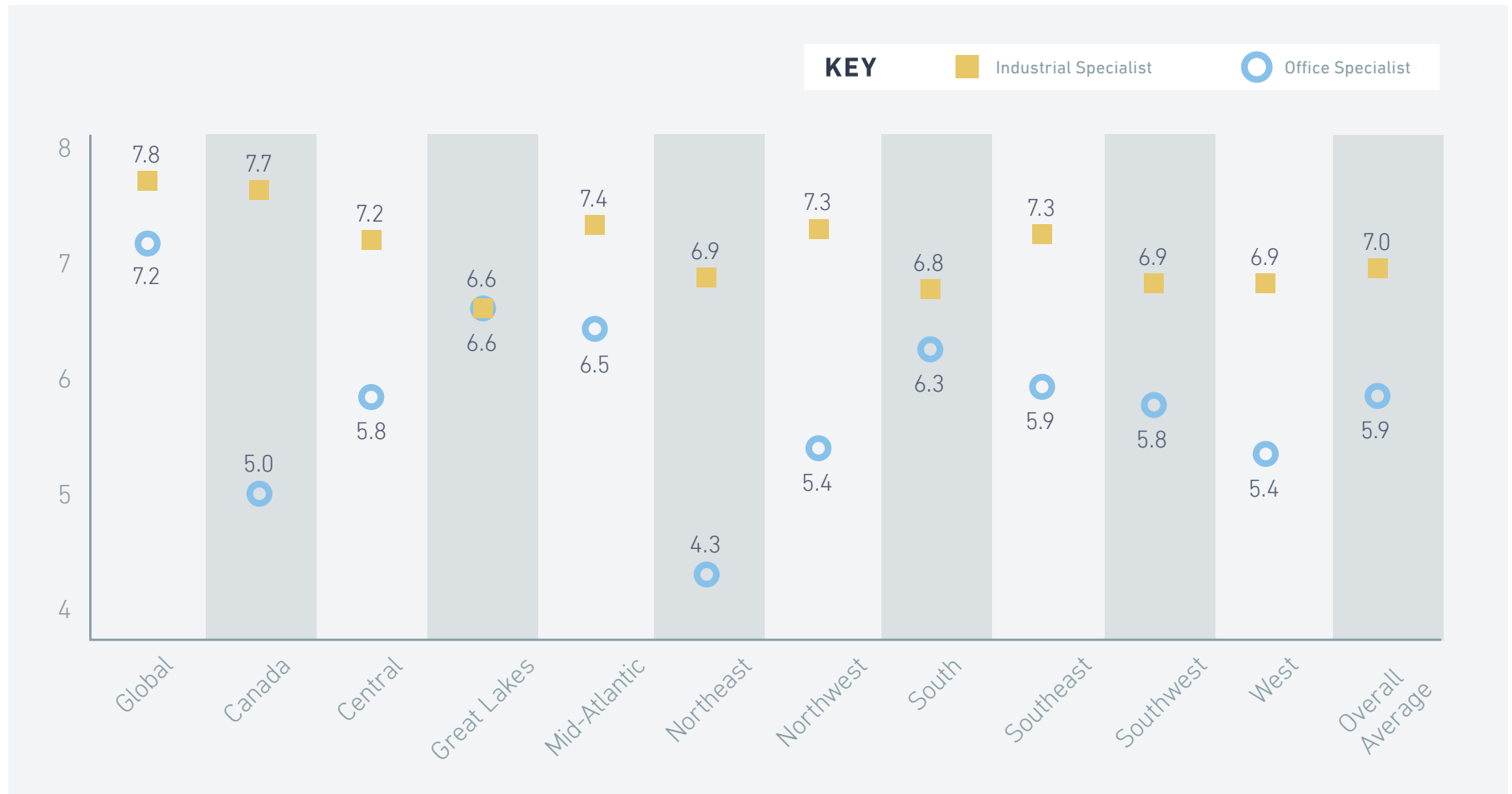


Totals may not equal 100% due to rounding.



## LEVEL OF CONFIDENCE IN LOCAL MARKET IN 6 MONTHS BY REGION\*

Confidence rated on a 10-point scale - 1 is lowest confidence, 10 is highest confidence.

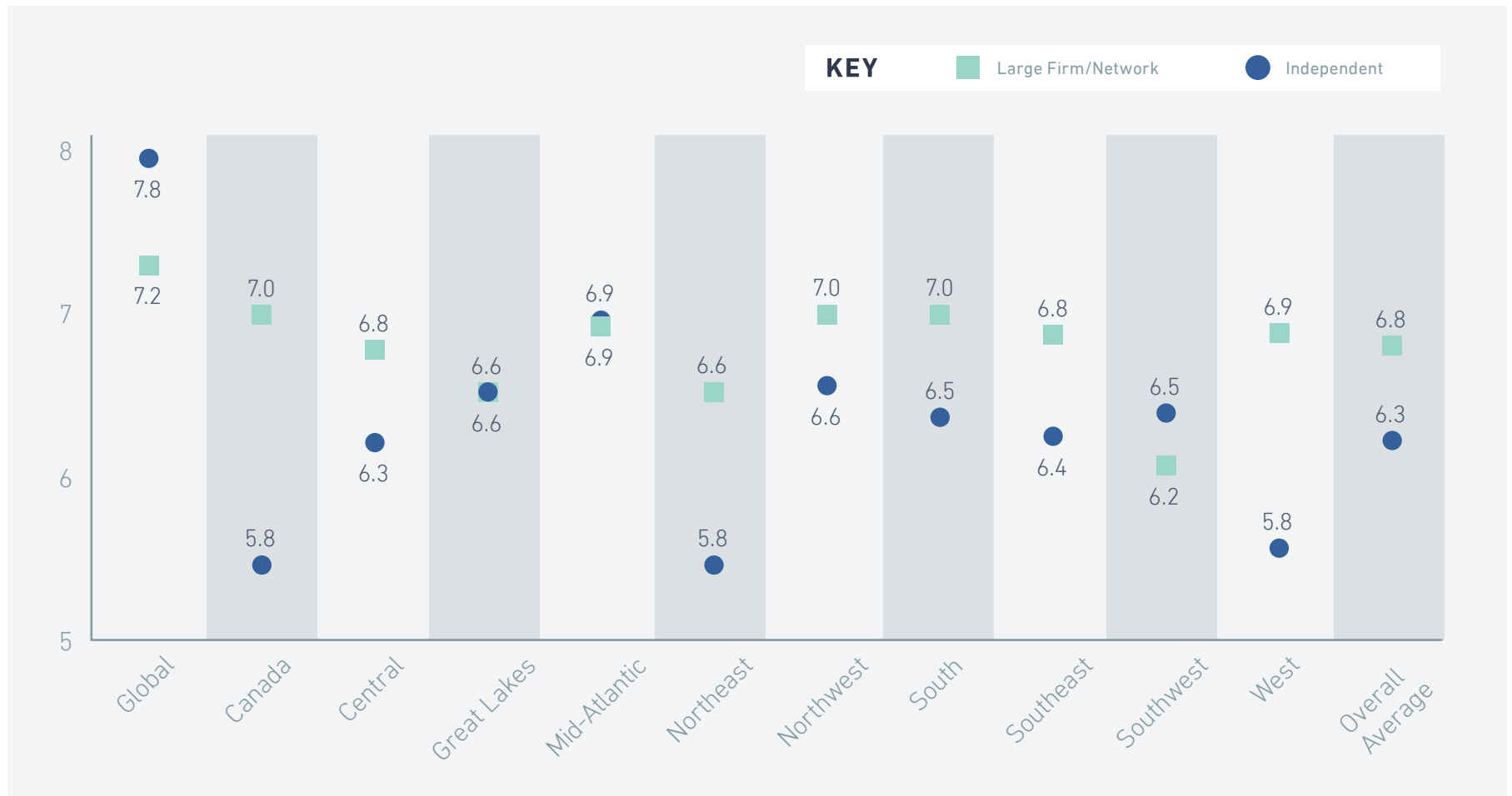


\*Global region includes all countries outside of U.S. and Canada



## LEVEL OF CONFIDENCE IN LOCAL MARKET IN 6 MONTHS BY REGION - INDEPENDENT VS. LARGE FIRM/NETWORK BROKERS\*

Confidence rated on a 10-point scale - 1 is lowest confidence, 10 is highest confidence.



\*Global region includes all countries outside of U.S. and Canada



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## REPRESENTATIVE COMMENTS FROM RESPONDENTS

“Damn the torpedoes, full speed ahead.”

- Industrial Specialist, SIOR Northern California Chapter

“Buckle up for the balance of 2020.”

- Industrial Specialist, SIOR Idaho Chapter

“We are seeing a big comeback in activity and I believe we will see a significant re-shoring effort in the coming months. We have had a lot of deliverables to our market in the last couple of quarters, so there is plenty of space to fill and good activity to fill it.”

- Industrial Specialist, SIOR Wisconsin Chapter

“We are about as busy as we have ever been. Most deals are moving forward and many companies are purchasing to take advantage of low interest rates. Some office deals have reduced the size of their space requirement, but most have not, and continue with same size [and] people spaced out more.”

- Industrial & Office Specialist, SIOR Ohio Chapter

“We are seeing office tenants delaying re-occupancy of their space until a vaccine is developed and out to market for public use.”

- Office Specialist, SIOR Upstate New York Chapter

“In an already skeptical environment, end of cycle concerns, this uncertain delay has pushed many deals to next year, at the earliest. Wait and see is the current state of affairs.”

- Industrial Specialist, SIOR Northern California Chapter

“Uncertainty is how I would describe the office segment and ‘Cautious Optimism’ for the industrial segment.”

- Industrial & Office Specialist, SIOR DFW/North Texas Chapter

“I have never been happier to be in industrial. No it’s not sexy but it’s stable. I’ve never been busier.”

- Industrial Specialist, SIOR Western Missouri - Kansas Chapter

## REPRESENTATIVE COMMENTS FROM RESPONDENTS

"Things will get worse toward the end of the year due to the continued virus, and the unknown outcome of the presidential election."

- *Industrial Specialist, SIOR Greater Los Angeles Chapter*

"Even though tech companies say they will reopen in January, that will be the height of flu season and I feel it will be summer of '21 before everyone is back in the office."

- *Office Specialist, SIOR Northern California Chapter*

"Fear of virus [is] still creating irrational or delayed decision-making. As fear subsides from vaccine and therapeutic treatment advancements, decision-making should resume quickly. [In] a matter of months, the outlook should improve."

- *Office Specialist, SIOR Georgia Chapter*

"I believe there will be consolidation in the office market. Occupiers will generally begin to downsize their footprint and create great vacancy."

- *Office Specialist, SIOR Arizona Chapter*

"Small office tenants are renewing with less space. Expect to see some migration from CBD's to suburban locations. Short-term, competition for office tenants is going to be quietly fierce."

- *Sales Management Specialist, SIOR Minnesota Chapter*

"Lease rates are still remaining high and increasing. Properties for sale (industrial) are selling at all time high prices psf."

- *Member Associate, SIOR Florida Chapter*

"It will take a long time to get true correction from the impact on COVID-19, especially in the retail/restaurant & office categories. Conversely, industrial has been on the move and will continue to improve as businesses shift to more direct product to customer online sales."

- *Office Specialist, SIOR Arkansas Chapter*

"Business development is the difficult part right now. The overall deal process is slower than normal due to complexities in showing space to multiple key employees."

- *Sales Management Specialist, SIOR Greater Los Angeles Chapter*

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## APPENDIX

### Survey Questions:

1. What percentage of your in-progress transactions have been impacted by COVID-19? (Answers must total 100%)
  - Transactions have been cancelled outright
  - Transactions are on hold by clients
  - Transactions are delayed/slowed (due to closed agencies/no inspections, no access to properties, etc)
  - Transactions are moving forward on schedule
2. What is your level of confidence in your local commercial real estate market six months from now?
  - 1 (lowest)-10 (highest) Scale
3. Please share any additional comments related to your forecast for the future, such as trends, market changes, etc.
  - Opportunity for open-ended responses.

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