



— SIOR — SNAPSHOT SENTIMENT SURVEY

JUNE 2020

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SUMMARY

On June 17-19, 2020, SIOR distributed a Snapshot Sentiment Survey to SIOR designees and Member Associates, for a total response rate of 13%.

- Most notably, industrial specialists are reporting 41% of transactions are proceeding on time, compared to 31.1% 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, 6.24 for office, compared to 6.82 for the industrial side (on a 10-point scale).
- Industrial brokers in the Northwest, Southwest, and Global regions shared the highest levels of confidence, while industrial brokers in the Central Region were the least confident, followed by office brokers in Canada, Central, and Global regions.
- Looking at differences in local market confidence between independent and large firm/network brokers, members in the Global region showed the greatest disparity, with an 8.5 measure of confidence by those within large firms and networks, compared to just 5.6 for their independent colleagues.



COMPARED TO LAST MONTH

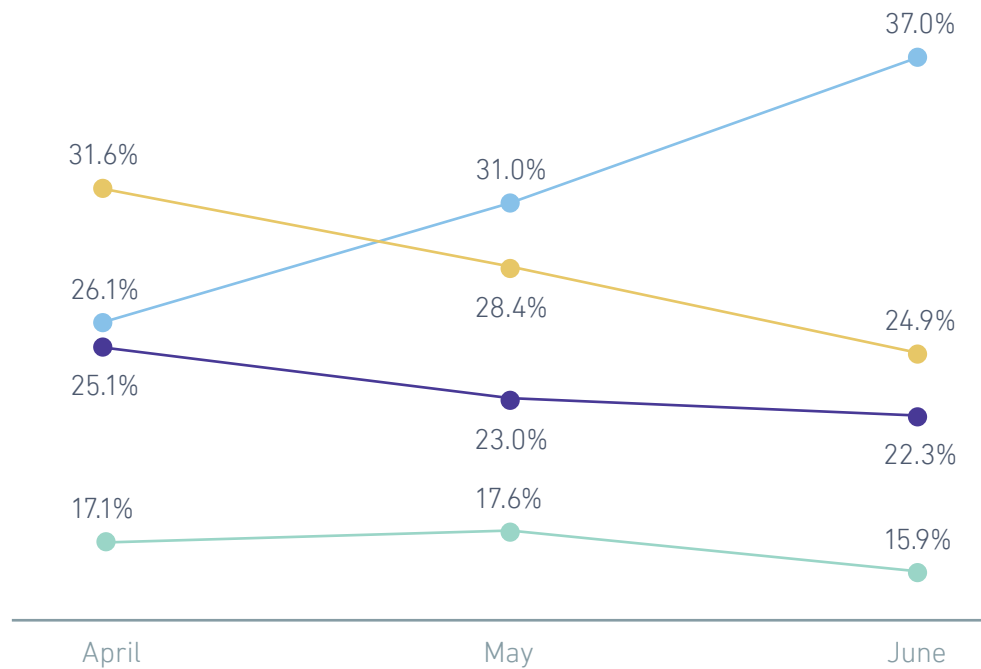
In comparison to the [May 2020 Sentiment Survey](#) results:

- Overall, market confidence is up again, **from 6.22 to 6.61** (on a 10-point scale).
- Regionally, the Central region is experience some of the lowest market confidence, particularly for industrial brokers, falling 6.1 to 5.21 from May to June. Members in the Global region reported the greatest shifts up and down, with industrial confidence increasing 6.3 to 7.3 and office confidence dropping 6.8 to 5.9. The Northeast saw the greatest increase for the office sector, jumping from 5.5 to 6.6.
- There were significant changes in the overall status of current transactions. On-schedule transactions jumped from 31% to 37%, with corresponding dips across the other categories as transactions get back on track. The greatest gains were on the industrial side, jumping 31.1% to over 41% moving ahead on schedule, while there was little change for office brokers, showing a stagnant 30.5% on time compared to 31% in May.

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

“I’m starting to see deal velocity return. There’s still some concern that a second wave of COVID will hurt demand, but for right now clients seem to be proceeding similar to pre-COVID.”

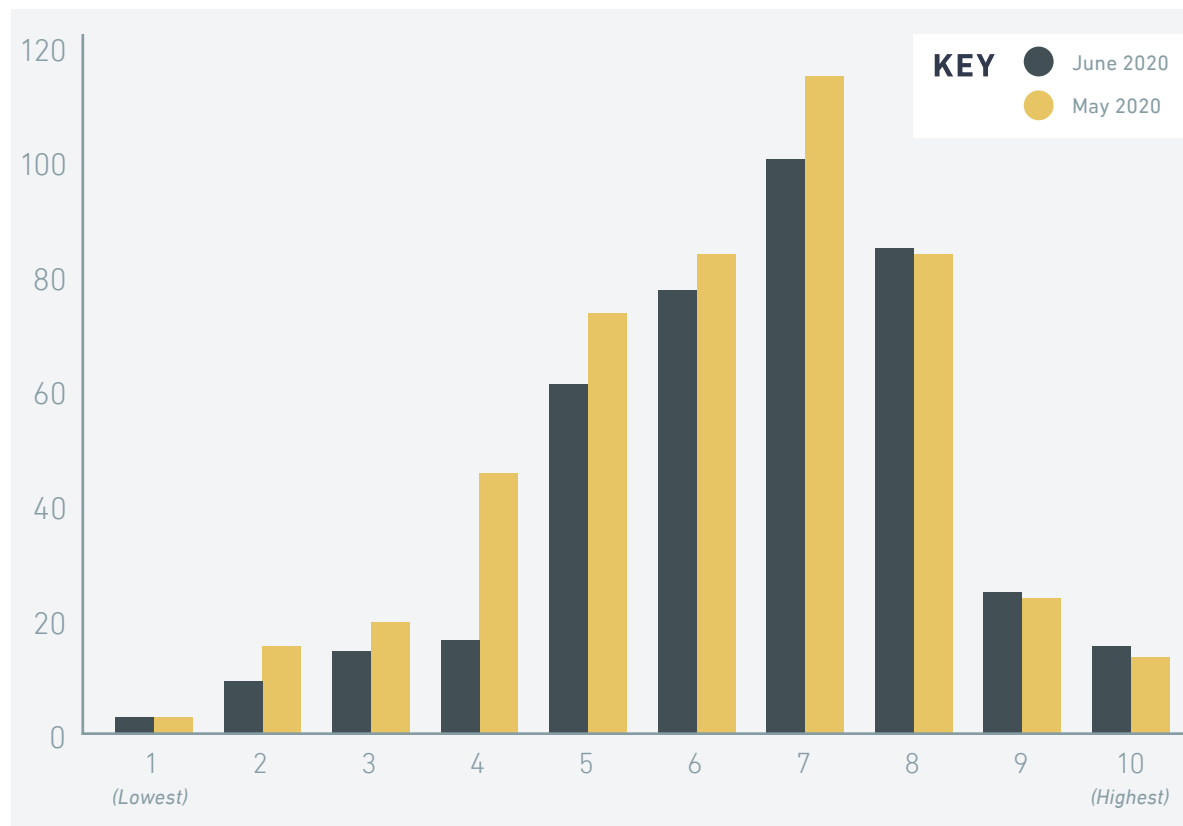
- Industrial Specialist
SIOR Northern California Chapter

LEVEL OF CONFIDENCE IN LOCAL MARKET IN 6 MONTHS

Data reflects total number of responses at each level of confidence.

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

June Avg Level of Confidence: 6.61 | May Avg Level of Confidence: 6.22



FROM THE EXPERTS

The level of confidence is low simply due to uncertainty. Many decisions are being delayed. We have a lot of office space under construction now and a significant amount of second generation office space coming available as a result. We expect to see some motivated landlords and a tenant's market in 2021."

- Office Specialist
SIOR Iowa-Nebraska Chapter



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

Data reflects average percent breakdown of current transactions by specialization.

KEY

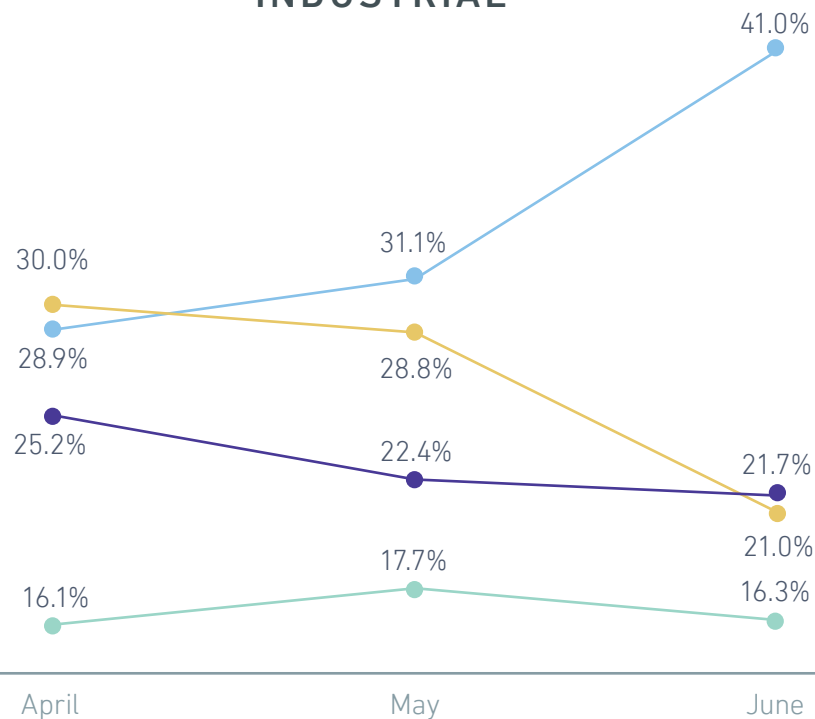
● Transaction On Schedule

● Transaction On Hold

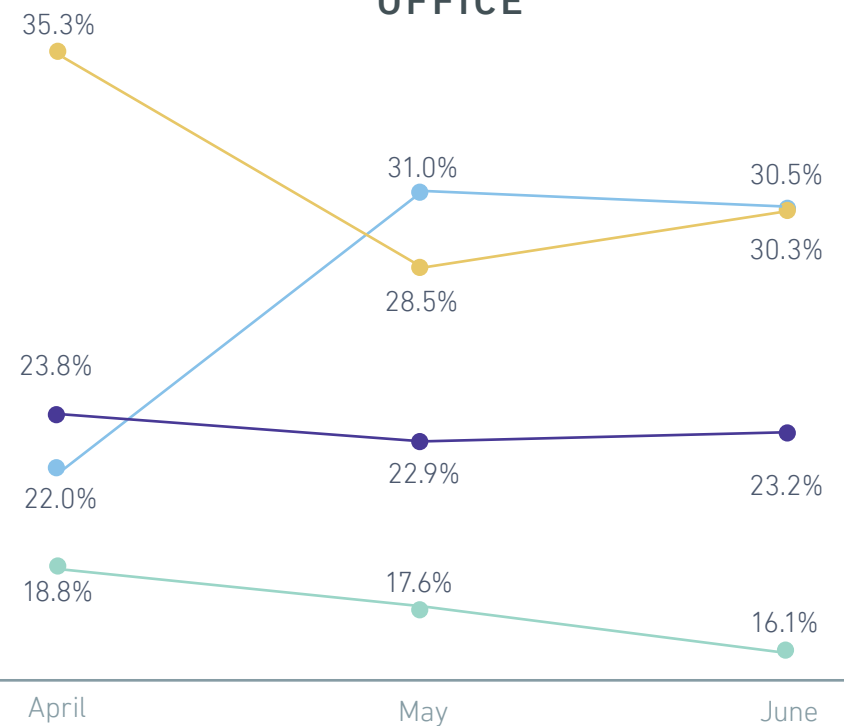
● 3rd Party Delay

● Transaction Cancelled

INDUSTRIAL



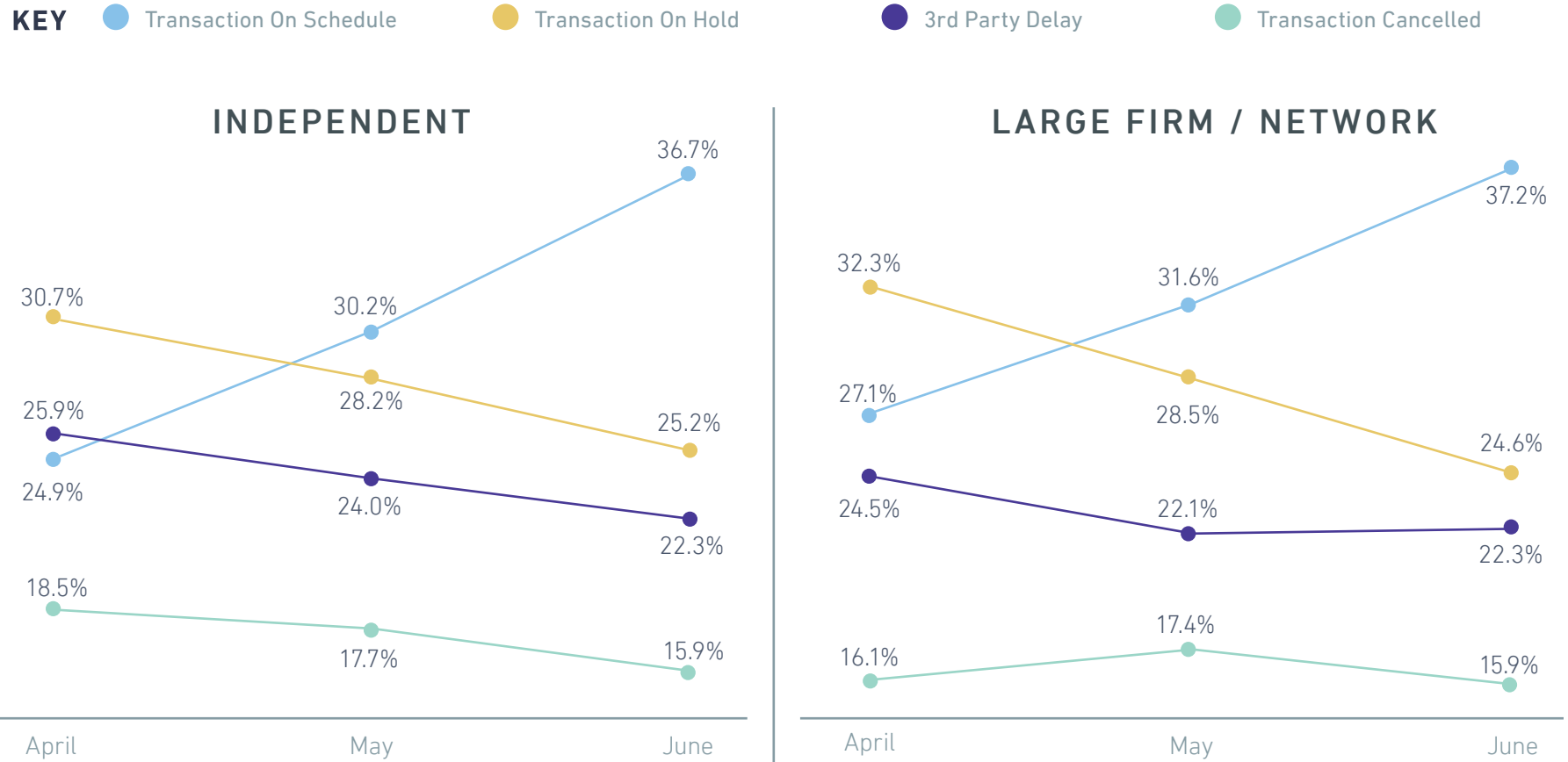
OFFICE



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.

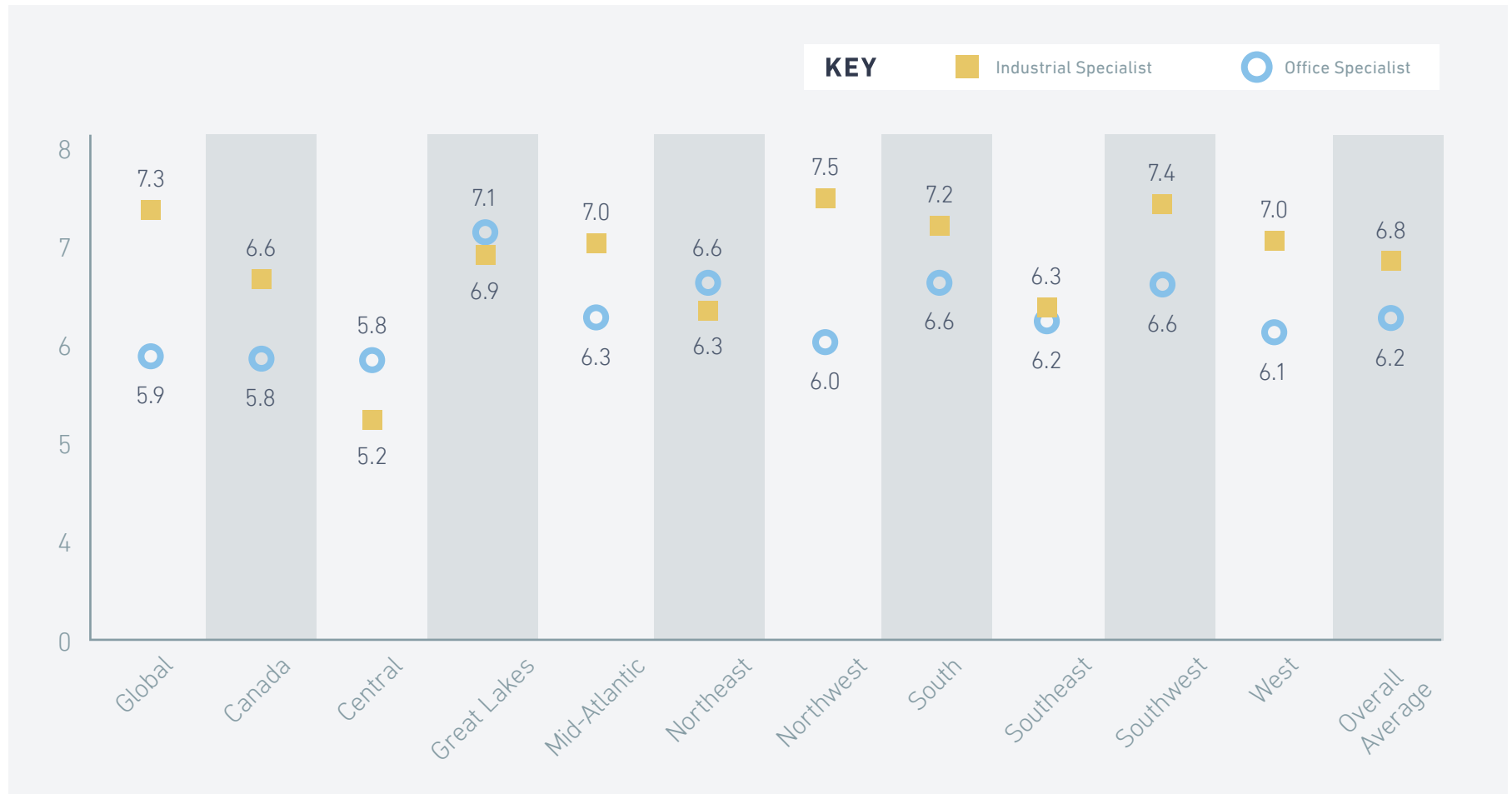


Totals may not equal 100% due to rounding.



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

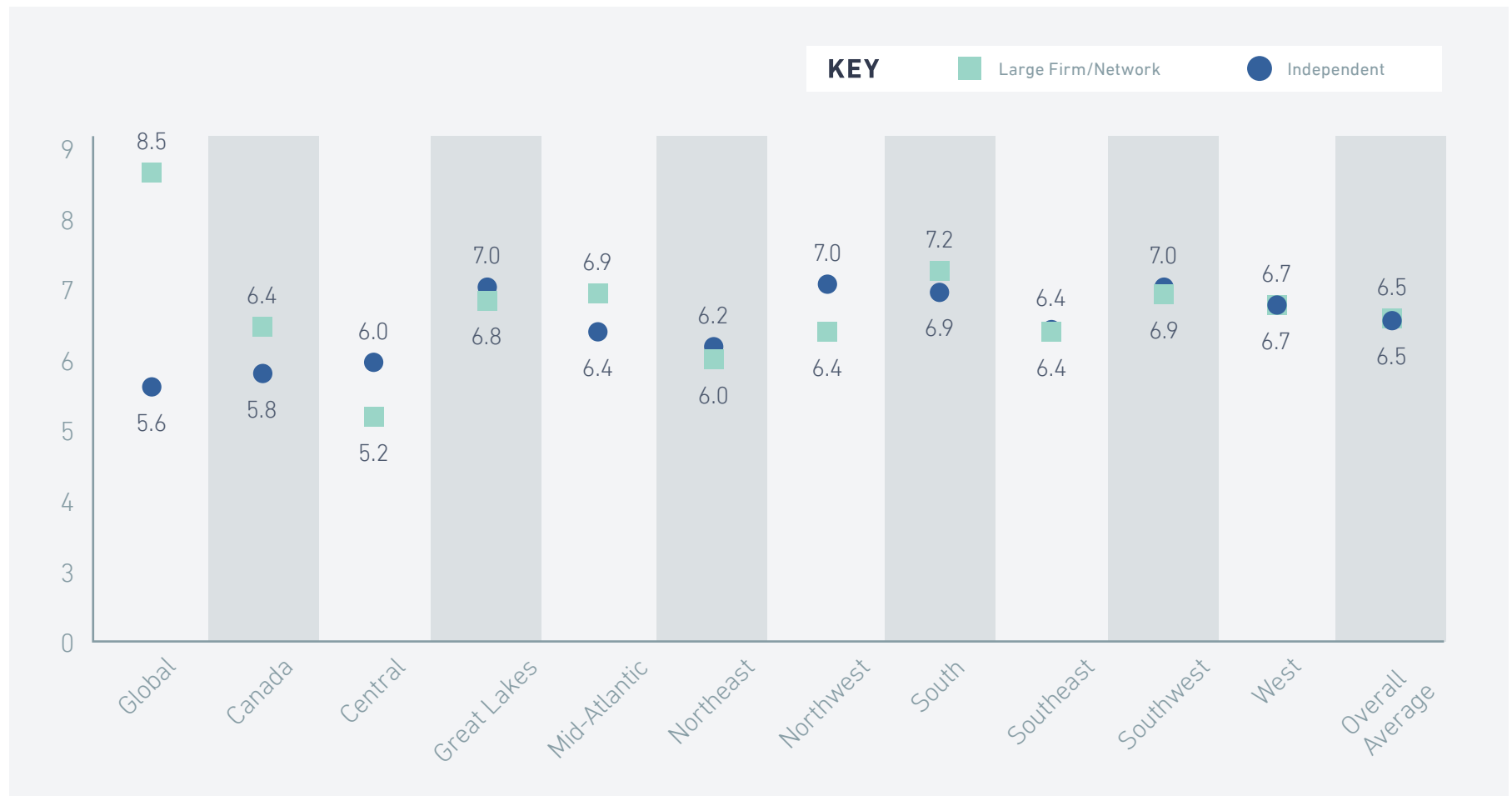
Confidence rated on a 10-point scale - 1 is lowest confidence, 10 is highest confidence.



*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



REPRESENTATIVE COMMENTS FROM RESPONDENTS

"I foresee a complete economic recovery by June of 2021."

- *Industrial Specialist, SIOR Arizona Chapter*

"We are in a unique position to benefit from the crisis in the sense that a potential shift in location of people and business[es] away from urban areas would directly impact our market."

- *Industrial Specialist, SIOR Philadelphia Chapter*

"As far as will people come back to offices after all this if working from home went well, I think a good analogy is: will people go back to gyms after all this if exercising at home went well? I think many will, as they like having a place to go that's built for a specific purpose [where] you are surrounded by those also focused on that purpose and [which] gets you away from distractions. So I feel many people will want to get back to an office, even though it may look different."

- *Office Specialist, SIOR Western Missouri - Kansas Chapter*

"There is still some uncertainty in the office market as people try to figure out how much space they need moving forward, but people still want social interaction, collaboration, and greater efficiency, so the majority will come back to the office. But we need to get through the current uncertainty period. We are also in an election year which adds more uncertainty and gives people another reason not to make long term decisions now, which causes delays or short term leases. Overall the economy is still healthy as long as the consumer keeps spending and due to [both] the amount of capital held by investors and to stimulus. We will experience a strong recovery in 2021."

- *Industrial & Office Specialist, SIOR Ohio Chapter*

"Instability and changing policies will keep buyers, sellers and tenants on the sidelines."

- *Office Specialist, SIOR New Mexico Chapter*



REPRESENTATIVE COMMENTS FROM RESPONDENTS

"Industrial is bulletproof. Office is shattered and retail is pulverized."

- Industrial Specialist, SIOR DFW/North Texas Chapter

"Seems like touring activity has increased, but still waiting for those tours to translate to deals."

- Industrial Specialist, SIOR Greater Los Angeles Chapter

"Activity is picking up. Not sure if that's because companies are anxious to do things or a sign that things are getting back to where they were."

- Office Specialist, SIOR Ohio Chapter

"A lot of tenants are renewing for one year while they determine how effective working from home impacts their business. Several companies have found this to be effective and are relocating to smaller spaces. Call centers will most likely require more space."

- Office Specialist, SIOR Virginia Chapter

"Market is showing signs of picking up, but still well below pre-COVID levels."

- Office Specialist, SIOR New Jersey Chapter

"Industrial activity is strong; the difference between today and 30 days ago is like night and day. We're optimistic about the industrial market continuing to strengthen moving forward."

- Industrial Specialist, SIOR San Diego Chapter

"We have never been busier."

- Industrial Specialist, SIOR Indiana/Kentucky Chapter

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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