



— SIOR — SNAPSHOT SENTIMENT SURVEY

MAY 2020*

UPDATED JUNE 10, 2020

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SUMMARY

On May 20-22, 2020, SIOR distributed a Snapshot Sentiment Survey to SIOR designees and Member Associates, for a total response rate of 14.9%.

- Status of in-progress transactions was fairly comparable for industrial and office specialists. The status was also similar for independent brokers compared to those in large firms and networks.
- Office specialists also share a lower level of confidence in their local markets within the next six months, compared with their industrial counterparts.
- Industrial brokers in the Mid-Atlantic and Northwest continued to share the highest levels of confidence, while office brokers in Canada, the Northeast, and West were the least confident.
- Looking at the differences in local market confidence between independent and large firm/network brokers, those in large firms and networks noted lower confidence in the Central, Great Lakes, and Northwest regions, while substantially higher confidence in the South and West.

*Corrected June 10, 2020 to update minor data inconsistencies.

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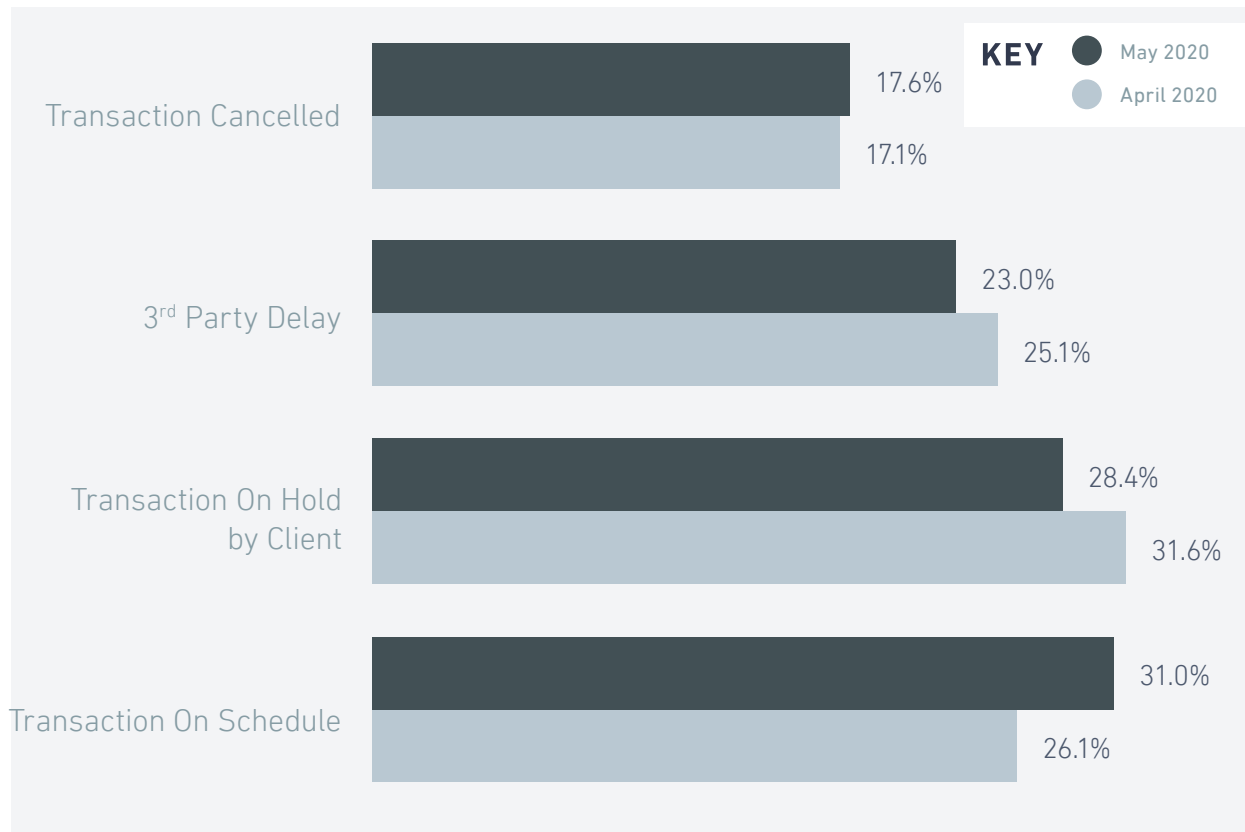
COMPARED TO LAST MONTH

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

- Overall, market confidence is up slightly, from 6.04 to 6.22 (on a 10-point scale).
- Regionally, Canada, the West, and Northeast continued to show some of the lowest confidence levels. Canada saw some of the biggest changes, with industrial specialists lowering confidence from 6.9 to 5.7 and office specialists reporting a drop from 5.0 to 4.8. Office specialists noted an increase in the Northeast, jumping 4.8 to 5.5 in the last month.
- There were significant changes in the overall status of current transactions. There was just under a 5% increase in transactions progressing on schedule and a slight decrease in the number of transactions on hold by clients, dropping just over 3%.

IMPACT OF COVID-19 ON IN-PROGRESS TRANSACTIONS

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



Totals may not equal 100% due to rounding.

FROM THE EXPERTS

“Our industrial deals seem to be moving forward, some delayed, but will close in due time. The office lease transactions have stopped or have slowed down to a school zone pace.”

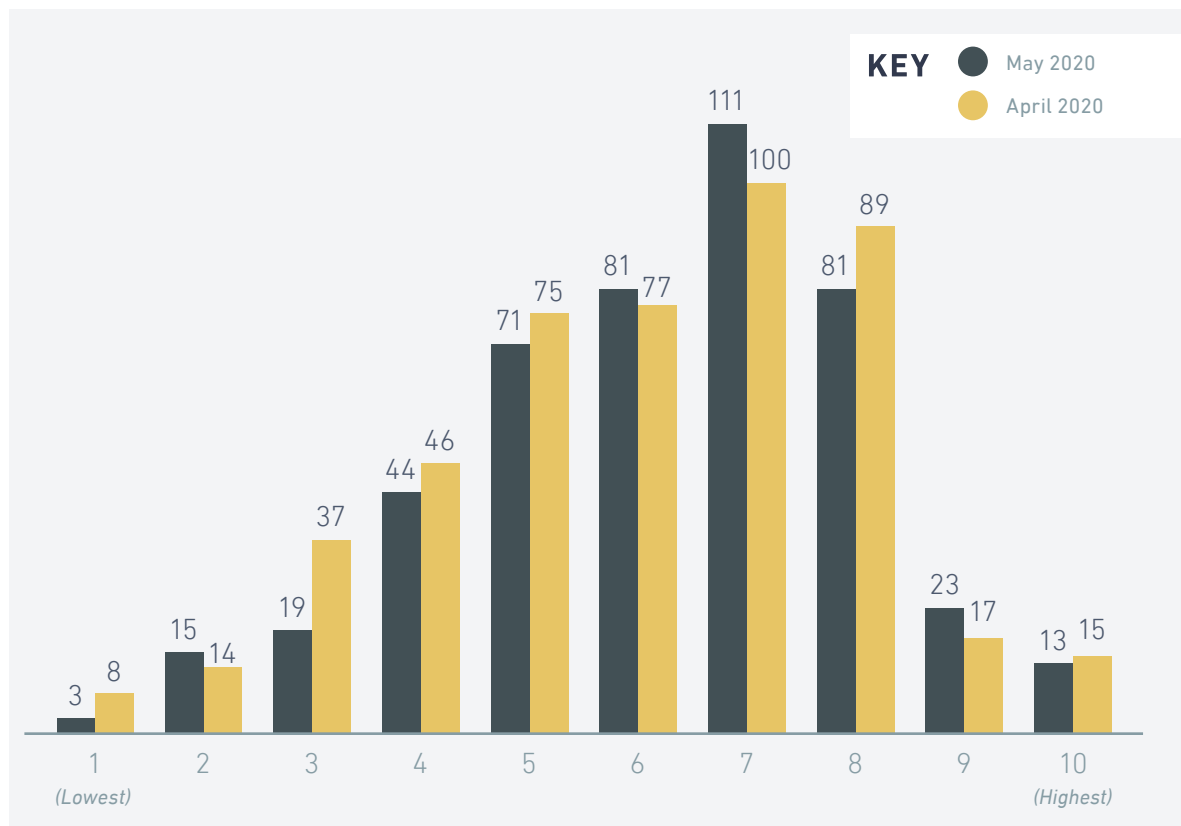
- Industrial Specialist
SIOR Florida Chapter

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.

May Avg Level of Confidence: 6.22 | April Avg Level of Confidence: 6.04



“FROM THE EXPERTS

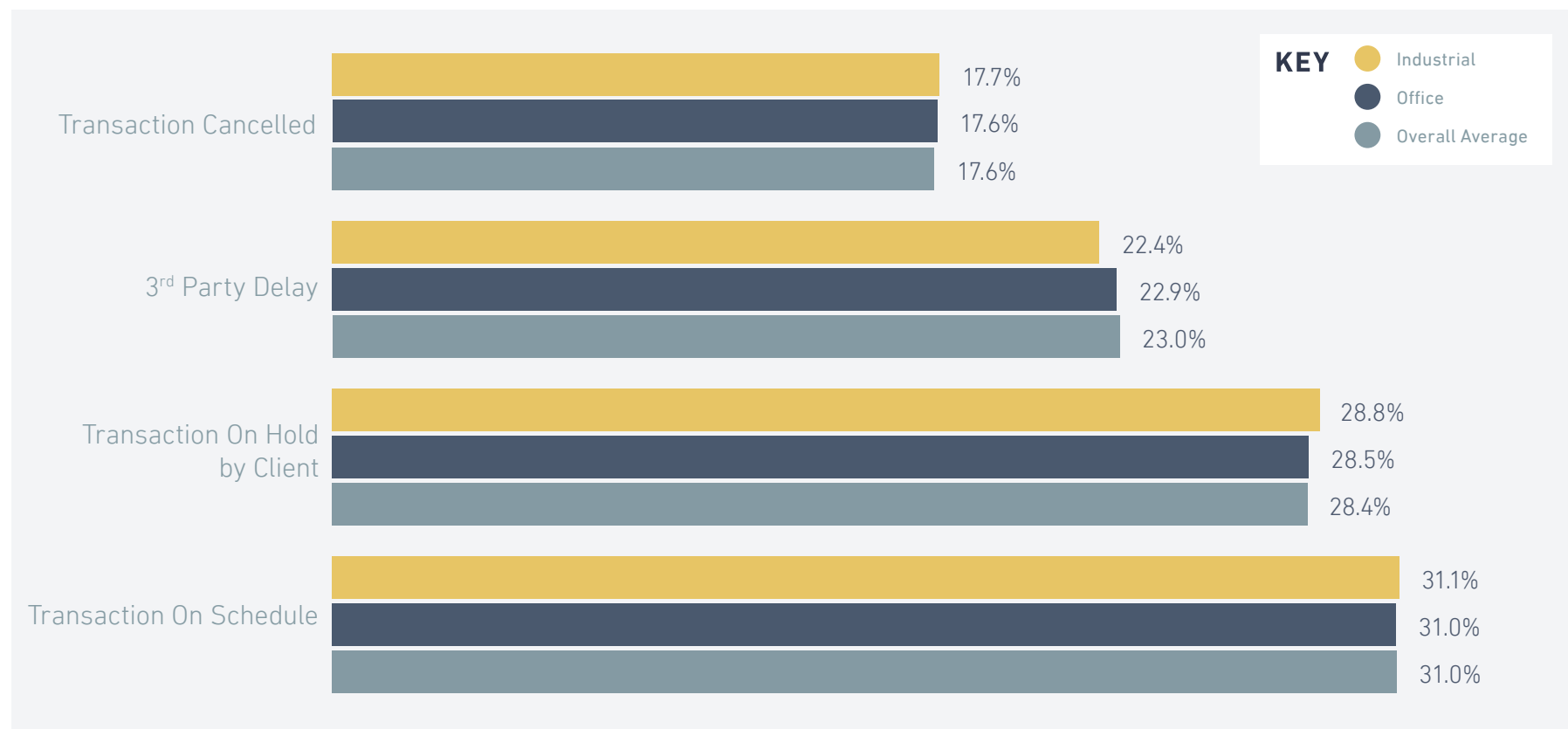
People forget, we lag the economy in commercial real estate as our deals take months and years. The real pain of this shutdown will be felt over the next six to 12 months.”

- Office Specialist
SIOR Washington Chapter



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

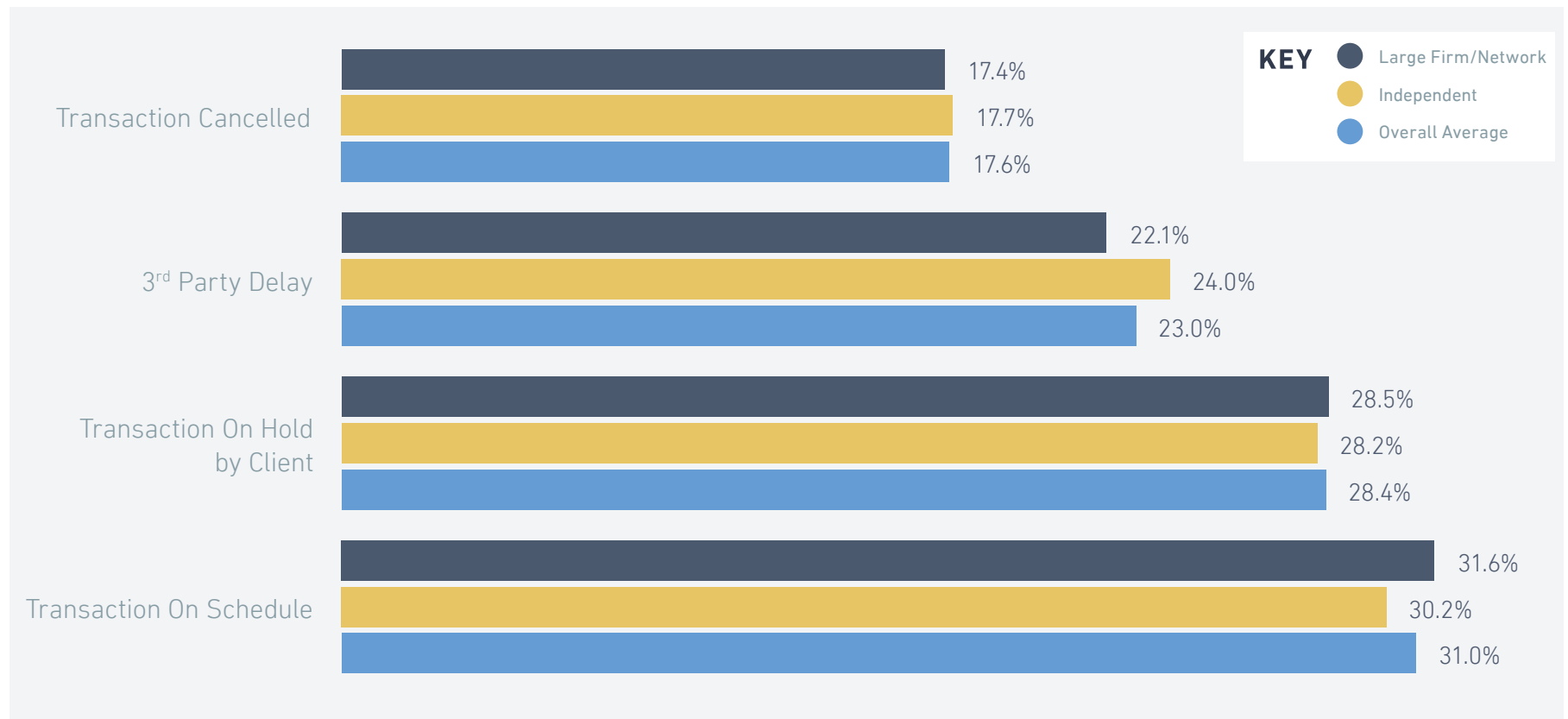
Data reflects average percent breakdown of current transactions by specialization.



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.

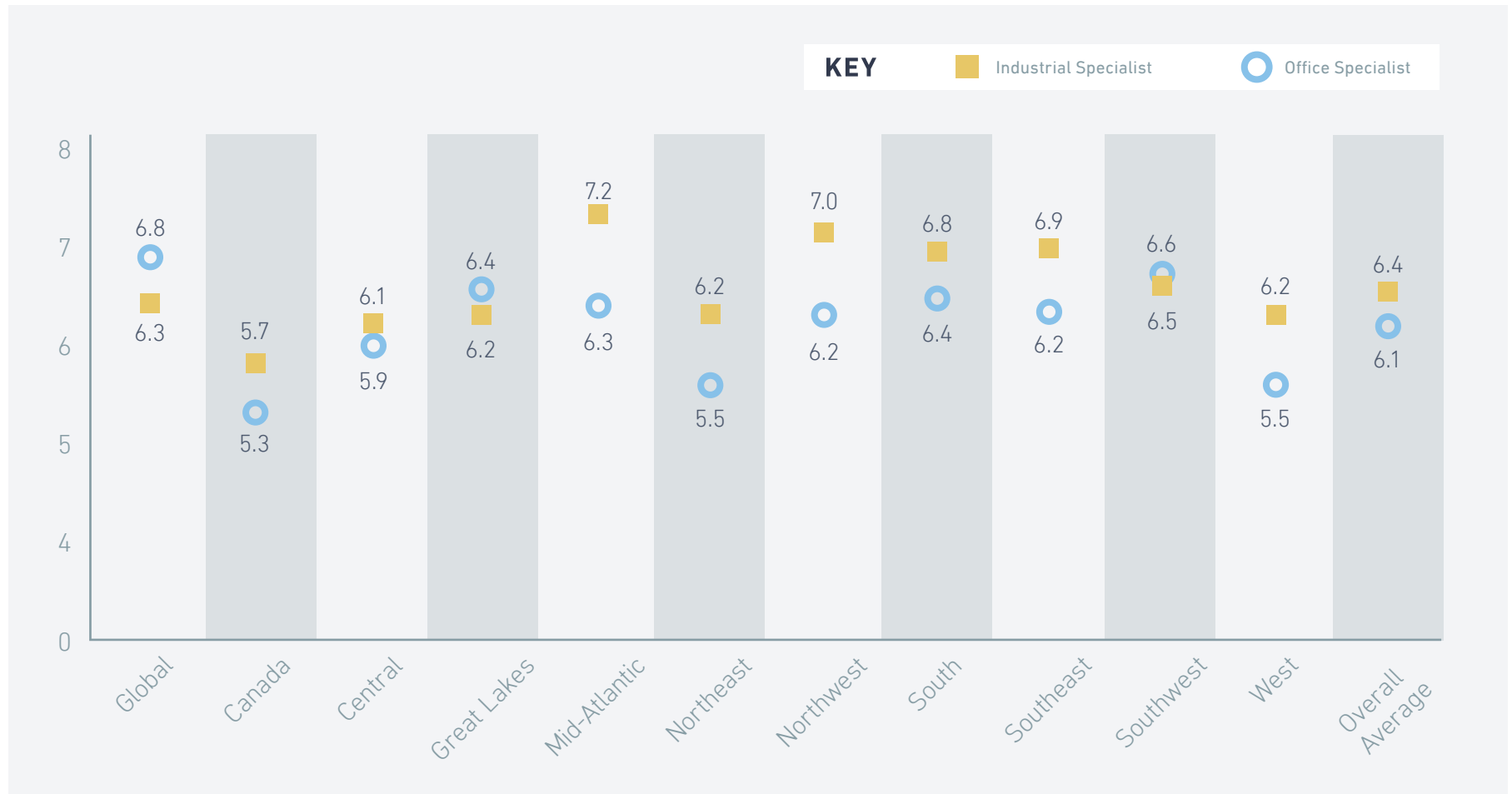


Totals may not equal 100% due to rounding.



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

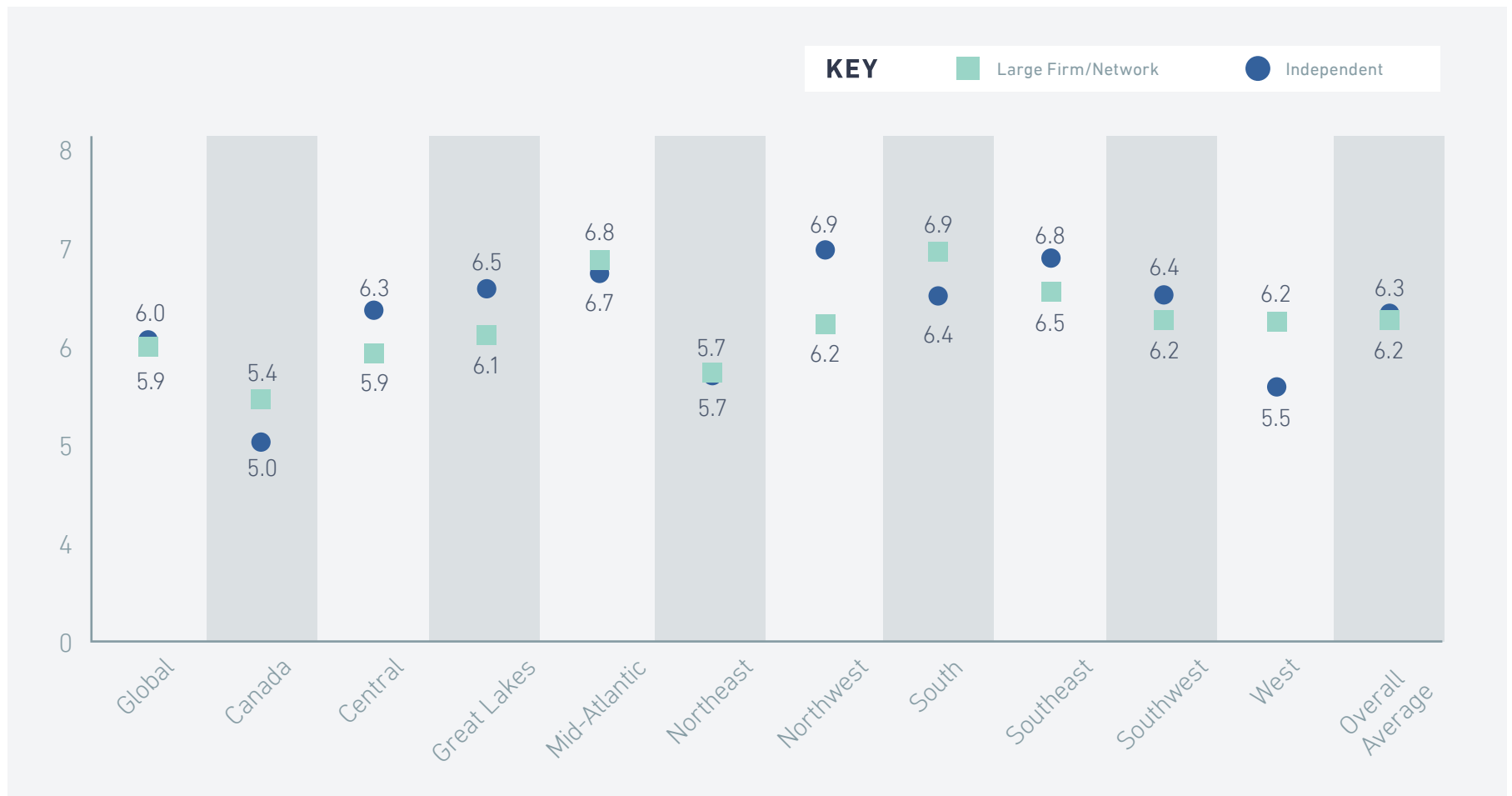
Confidence rated on a 10-point scale - 1 is lowest confidence, 10 is highest confidence.



*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

“Have a little faith baby, have a little faith!”

- Office Specialist
SIOR Maryland, District of Columbia, and Northern Virginia Chapter

“Out of state and international tenants travel restrictions have negatively impacted showings for large space users. Tenant confidence for national multi site users was initially very negatively impacted but seems to be improving as states reopen.”

- Industrial Specialist, SIOR Utah Chapter

“Anxious to see if social distancing and a more spacious work environment will offset the effect of the remote working trend. Will office space demand increase or decrease as result of the COVID crisis?”

- Office Specialist, SIOR Connecticut - Western Massachusetts Chapter

“People will use office space differently. Some clients will need more space, some less, and others may work from home. But the changing workplace is an opportunity for CRE professionals to provide real value to our clients.”

- Office Specialist, SIOR Minnesota Chapter

“Who makes major real estate decisions in times like these?”

- Industrial & Office Specialist, SIOR Virginia Chapter

“Industrial real estate is about as busy as it's ever been. [There's been a] large uptick in name brand retailers and others looking for short term warehousing space.”

- Member Associate, SIOR Carolinas Chapter



REPRESENTATIVE COMMENTS FROM RESPONDENTS

“Until there is a vaccine or extensive testing and contract tracing, confidence and therefore momentum will be minimal”
- *Industrial Specialist, SIOR Arizona Chapter*

“Larger social distancing will require larger spaces!”
- *Industrial Specialist, SIOR Northern California Chapter*

“Next to the Hospitality and Retail probably going through a rough time, Office downsizing looks to be one of the bigger changes in our market. Many larger companies have reach out to us now that they have had time to analyze the production of workers from home.”
- *Industrial Specialist, SIOR Florida Chapter*

“Recovery will spur new ideas and opportunities.”
- *Industrial Specialist, SIOR Northern California Chapter*

“There are too many unknowns to predict the future. All we can do is move forward and work around obstacles we encounter.”
- *Industrial & Office Specialist
SIOR Connecticut - Western Massachusetts Chapter*

“Activity the first 3-4 weeks was at a complete standstill. Activity has picked up and has become busy. It is difficult to get deals done because tenants and buyers want deals and the landlords and sellers aren’t quite ready to do major deals. I believe industrial will be good, office will have a major setback and will be slow to come back, and retail will be squashed for a while.”
- *Industrial Specialist, SIOR Arizona 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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