



# — SIOR — SNAPSHOT SENTIMENT SURVEY

**APRIL 2020\***

UPDATED JUNE 10, 2020

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## SUMMARY

On April 22-24, 2020, SIOR distributed a Snapshot Sentiment Survey to all current SIOR designees and Member Associates with 479 total responses, for a response rate of 15.4%.

- Office specialists report a more significant negative impact of COVID-19 on their current transactions compared to industrial specialists, with a lower number of transactions progressing on schedule.
- Both office and industrial specialists report a comparable number of transactions slowed by 3rd parties (such as permit or inspection delays).
- Office specialists also share a lower level of confidence in their local markets within the next 6 months, compared with their industrial counterparts.
- Industrial brokers in the Mid-Atlantic and Northwest share the highest level of confidence, while office brokers in the Northeast and West were the least confident.

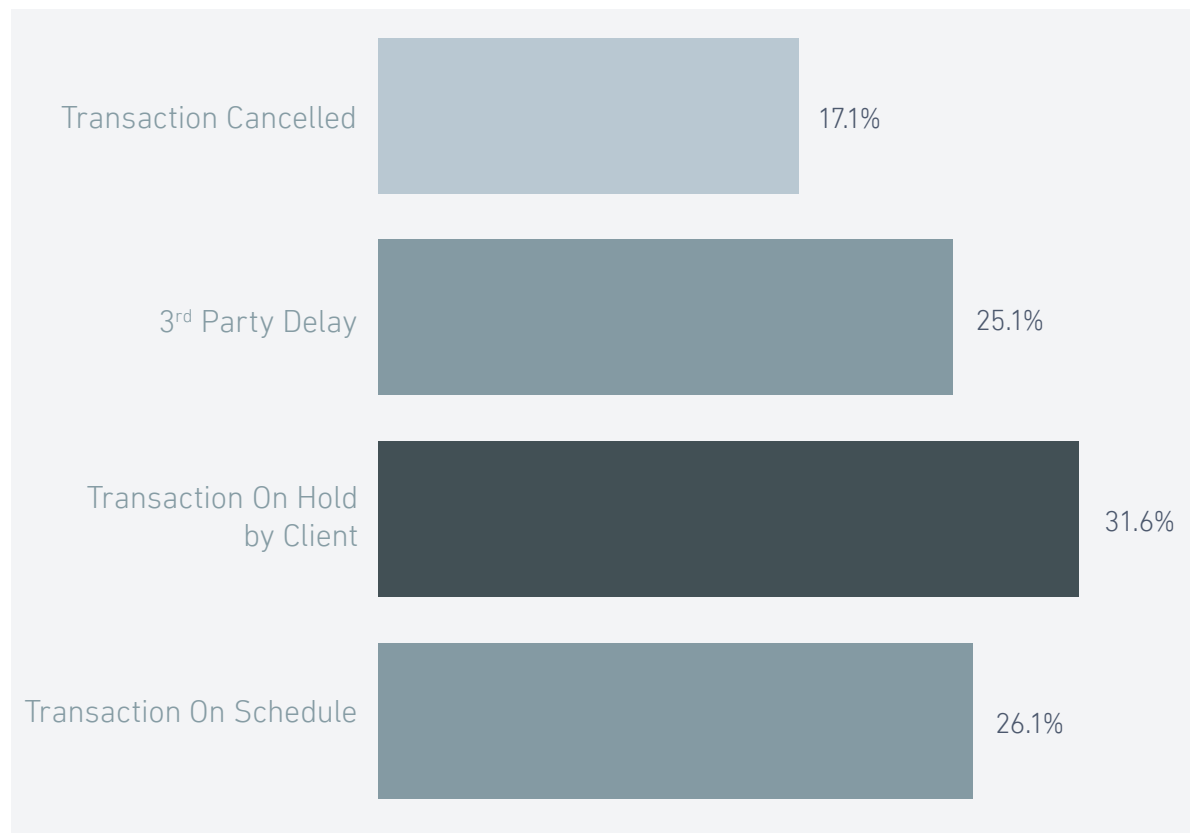
\*Corrected June 10, 2020 to update minor data inconsistencies.

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## 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”

All of our deals have experienced delays but they are still moving towards close. I do feel buyers are going to be nervous coming out of this but there should be some opportunities for sale/leaseback and consulting owners on how to navigate post COVID-19.”

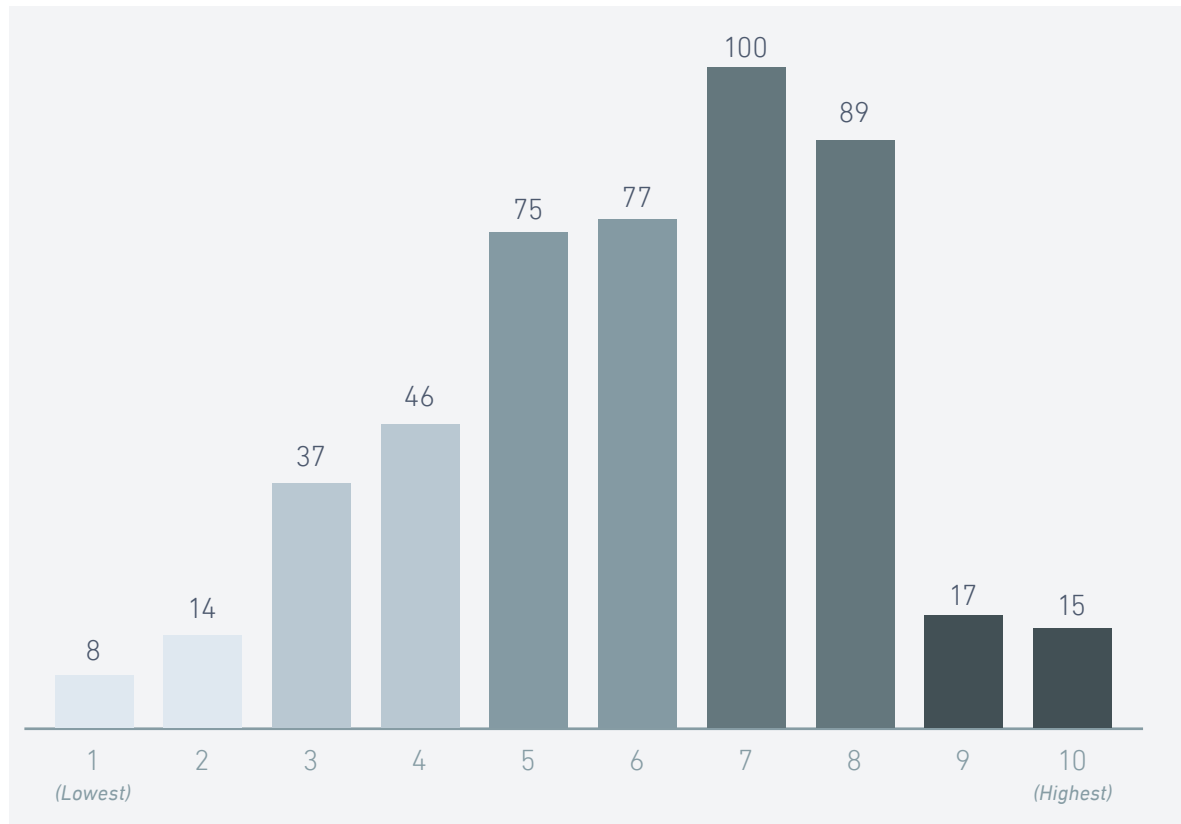
*- Industrial Specialist  
SIOR Indiana/Kentucky Chapter*

## 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.

Average level of confidence: 6.035.



## FROM THE EXPERTS

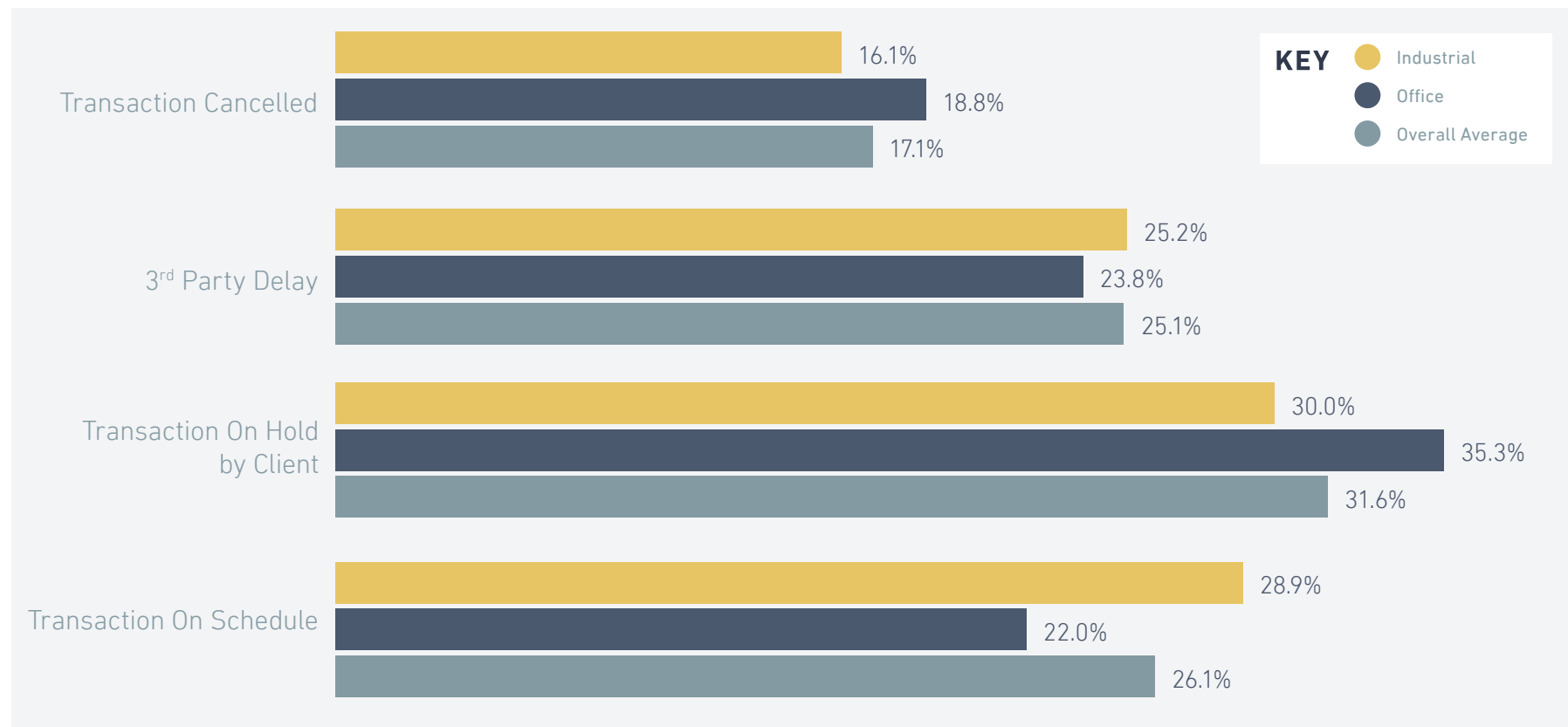
“As we re-enter the workplaces, I suspect there will be a lag for office deals to ramp back up. So many pressing items like re-configuring existing spaces as well as some not returning to work right away. Corporations may allow much more flexibility for working remotely which may delay or counter any current expansion needs.”

- Office Specialist  
SIOR Minnesota Chapter



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

Data reflects average percent breakdown of current transactions by specialization.

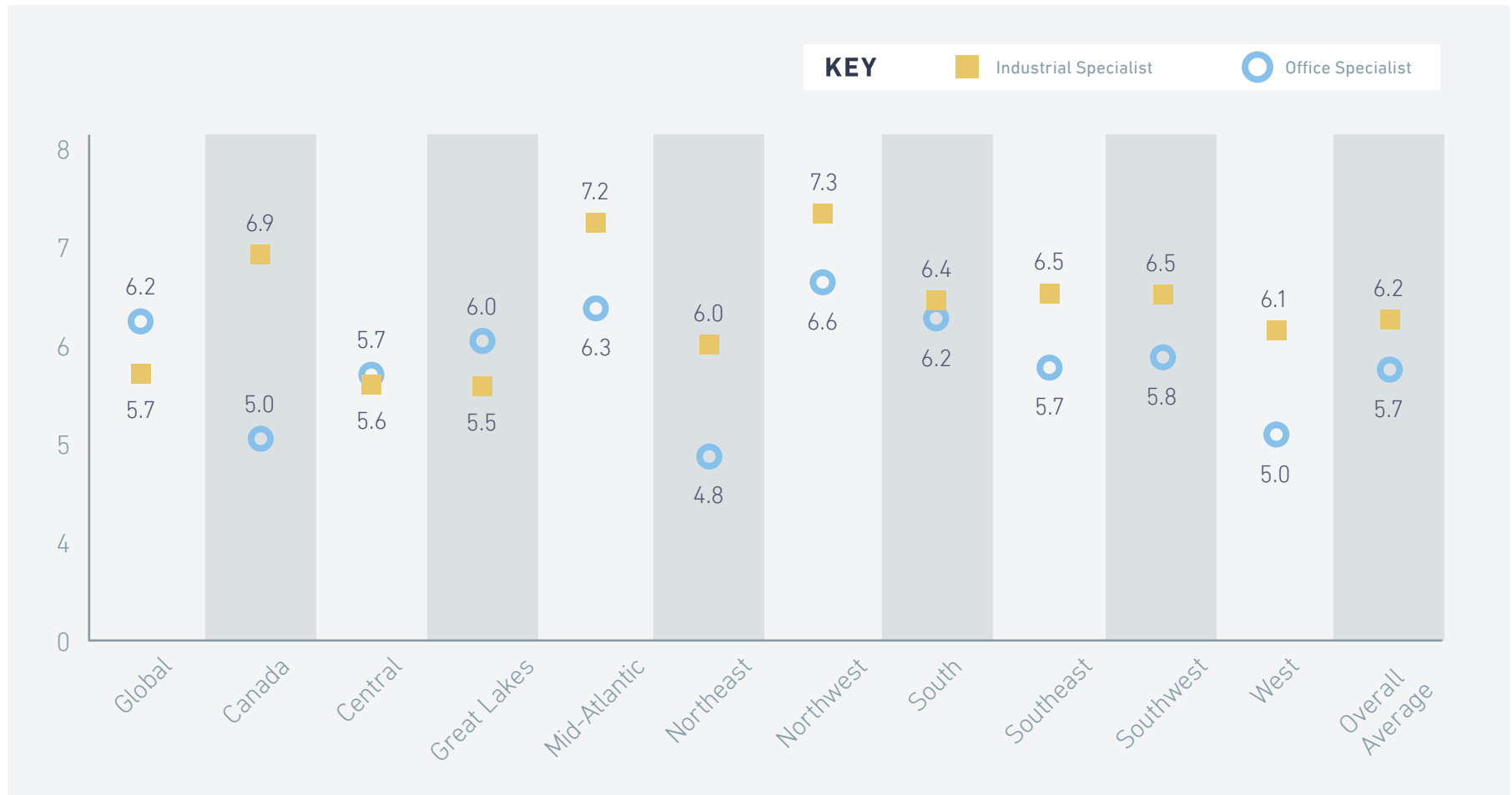


Totals may not equal 100% due to rounding.



## 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



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## REPRESENTATIVE COMMENTS FROM RESPONDENTS

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"Some office users will reassess their needs for the amount of office space they need depending on how productive they found their staff to be during this event. All office users will have to phase back into occupancy and may have to change their floor plans to make less density initially, but they will probably go back to their normal density as a vaccine is implemented. Industrial will continue to be strong and may continue to implement more automation. This will be acquisition opportunities that open up for buyers and some tenant spaces that may not have been available for this event."

- *Industrial & Office Specialist, SIOR Ohio Chapter*

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"I see most offices with open office environment changing. Working at home will become much more prevalent as it is working in these times. Cubicles will need to be rethought as in larger, taller or more space apart along with walking paths in the office."

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

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"Oversupply will keep industrial occupancy up, but office space may soften, and retail will have a long road to recovery."

- *Industrial Specialist, SIOR Florida Chapter*

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"I think the industrial sector will remain steady and eventually gain business from COVID-19 via reshoring and supply chain modifications."

- *Industrial Specialist, SIOR Carolinas Chapter*

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"I believe market demand for industrial will be greater post-vaccine. As manufacturers reshore production and e-commerce shifts become more permanent."

- *Industrial Specialist, SIOR Utah Chapter*



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## REPRESENTATIVE COMMENTS FROM RESPONDENTS

"Landlords are more competitive for tenants with great credit. I expect longer rent abatement periods and TI concessions on new leases."

- *Industrial Specialist, SIOR Houston/Gulf Coast Chapter*

"I anticipate numerous companies reevaluating how they are utilizing office space after they have analyzed effervescence of working remotely. Right now I don't see a lot of companies needing less space but I do think we will see variations on space layouts as a result of the pandemic."

- *Office Specialist, SIOR Chicago Chapter*

"It should be a hell of a 2021."

- *Industrial Specialist, SIOR Arizona Chapter*

"No one knows anything right now and everyone can't wait until we do."

- *Industrial Specialist, SIOR Greater Los Angeles Chapter*

"I believe the office market will suffer in the long run as many business owners will see that their operations function just fine with personnel working from home therefore need less space....just my thoughts."

- *Industrial & Office Specialist, SIOR Northern California Chapter*

"It's going to be a rough 12 months, but our American ingenuity and spirit will carry us, and those business shuttering will either come back (demand isn't what shut them down), or the vacuum will be filled by something similar or better."

- *Industrial Specialist, SIOR Middle and East Tennessee 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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