



— SIOR — SNAPSHOT SENTIMENT SURVEY

SEPTEMBER 2020

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SUMMARY

On September 16-18, 2020, SIOR distributed a Snapshot Sentiment Survey to SIOR designees and Member Associates, for a total response rate of 8.2%.

- Market confidence remains highest with industrial brokers, almost consistently outpacing office counterparts in all regions (6.9 for industrial, compared to 6.0 for office overall). Exceptions include even reporting in the Central region, and office brokers in the Southwest region reporting higher confidence.
- Highest confidence is reported by industrial brokers in the Global, Mid-Atlantic, and Southeast regions. Lowest is reported by industrial and office brokers in Canada and office brokers in the Northeast region.
- Differences between independent and large firm/network brokers are negligible overall (6.5 and 6.6, respectively). The largest differentials between large firm/network brokers and independents are found in the Global, Central, and Mid-Atlantic regions.



COMPARED TO LAST MONTH

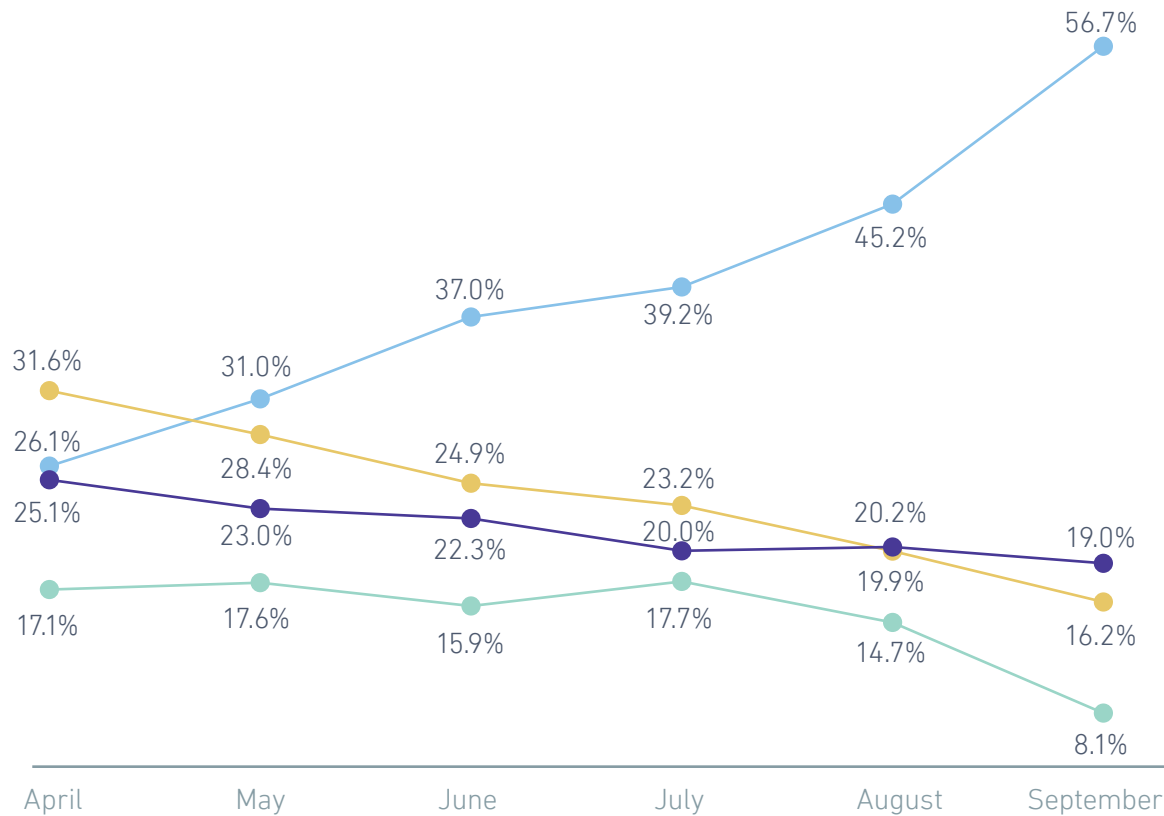
In comparison to the [August 2020 Sentiment Survey](#) results:

- Overall, market confidence held steady, with only the slightest dip **from 6.58 to 6.57** (on a 10-point scale).
- Regionally, there were some wide swings in confidence by segment. Industrial brokers in the Canadian region noted a huge drop in confidence (down from 7.7 to 5.0) and significant gains in confidence for office brokers in the Central, Northwest, and Southwest regions.
- Comparing confidence regionally by large firm/network brokers against independent brokers, the biggest changes were in Canada. Confidence plummeted with firm/network brokers by 2.7, dropping 7.0 to 4.3 with independent brokers in the same region noting a marked increase of 1.2, rising from 5.8 to 7.0.

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



*The wording of this question was modified beginning in September, from "What percentage of your in-progress transactions have been impacted by COVID-19?" to "In the last month, what has changed for your in-progress transactions?"

FROM THE EXPERTS

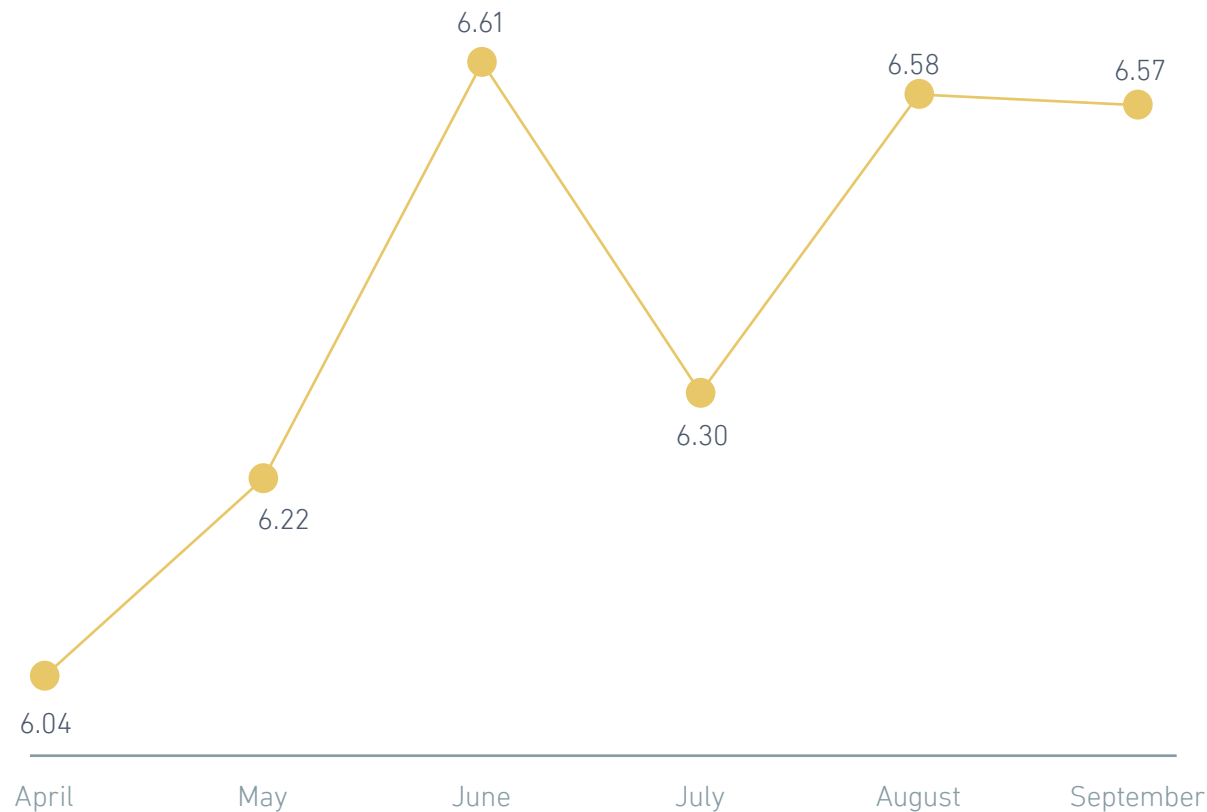
As we progress through the year, things are continuing to loosen up... but we have a long way to go until the end of the year, a vaccine is found and frankly the election is behind us."

- Office Specialist
SIOR Pittsburgh/W. Pennsylvania/
N. West Virginia 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

Everyone, at least in our industry, is busy, all contractors, suppliers, builders busy and can't hire enough people, qualified, fast enough. That said, many new projects are being more carefully looked at and I see developers reevaluating risks of speculative development.”

- Industrial 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.

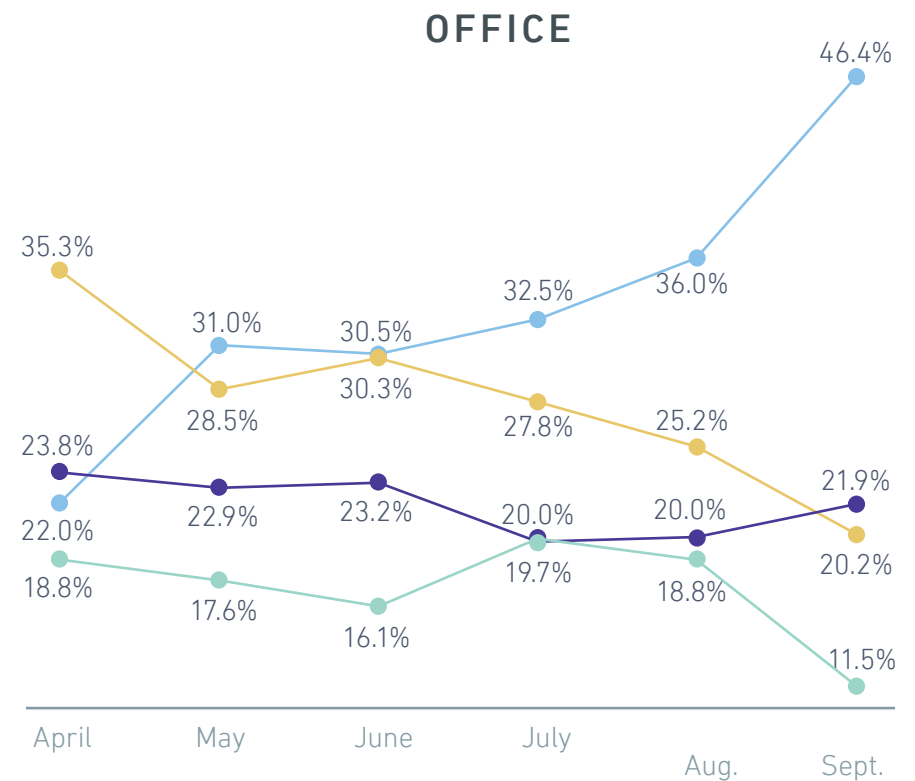
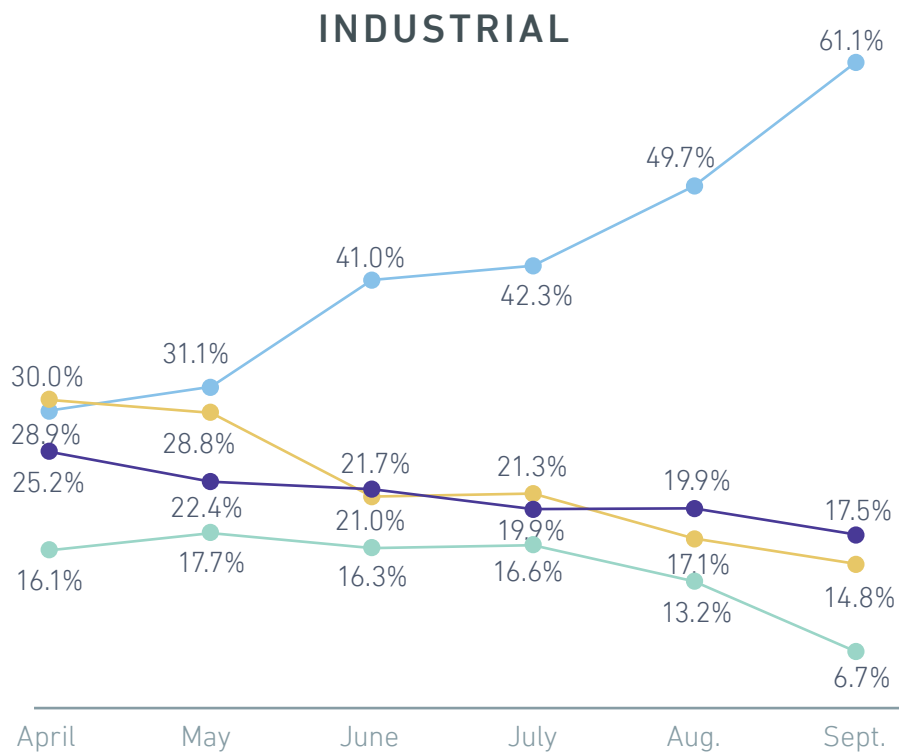
KEY

Transaction On Schedule

Transaction On Hold

3rd Party Delay

Transaction Cancelled



*The wording of this question was modified beginning in September, from "What percentage of your in-progress transactions have been impacted by COVID-19?" to "In the last month, what has changed for your in-progress transactions?"

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

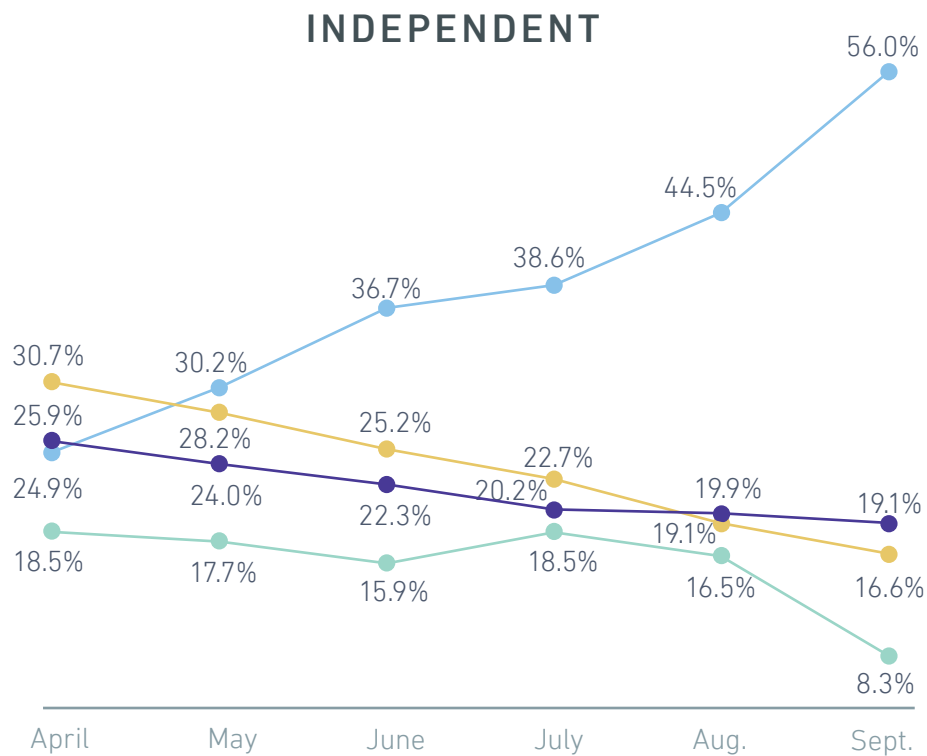
Transaction On Schedule

Transaction On Hold

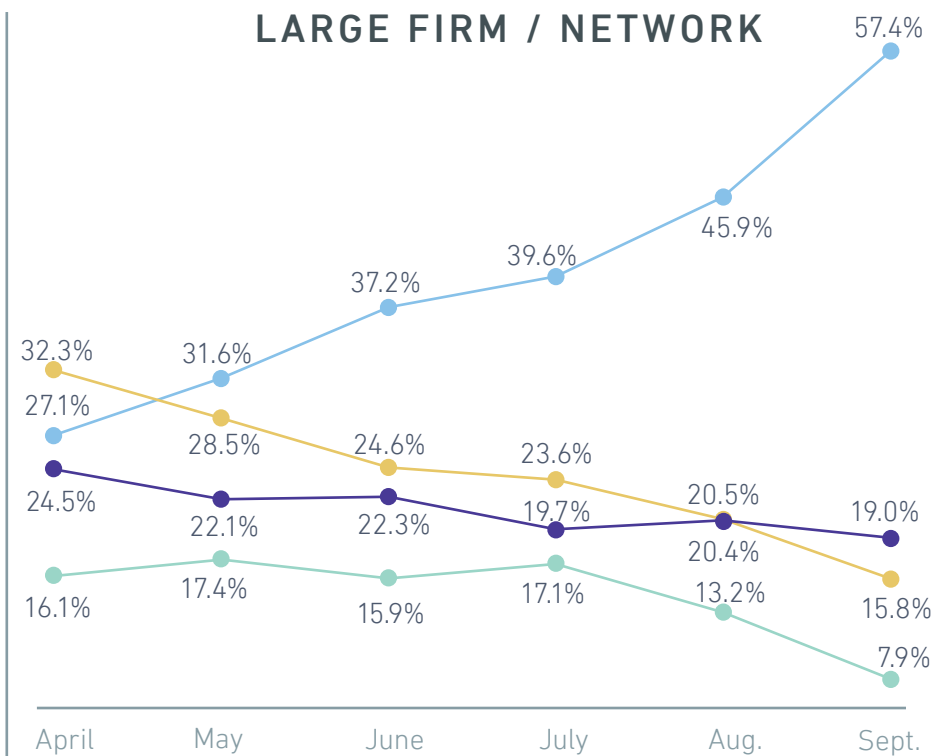
3rd Party Delay

Transaction Cancelled

INDEPENDENT



LARGE FIRM / NETWORK



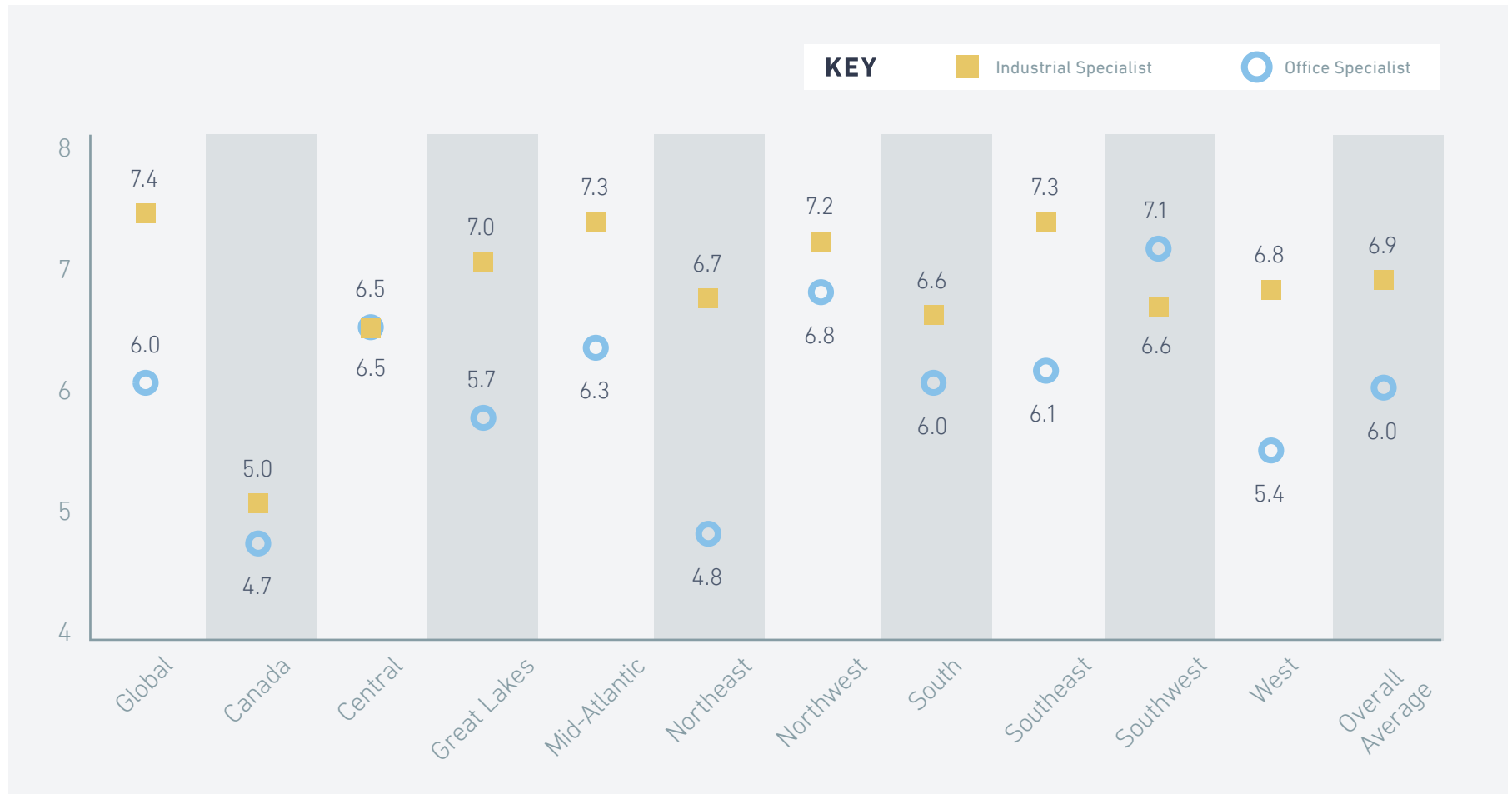
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LEVEL OF CONFIDENCE IN LOCAL MARKET IN 6 MONTHS BY REGION*

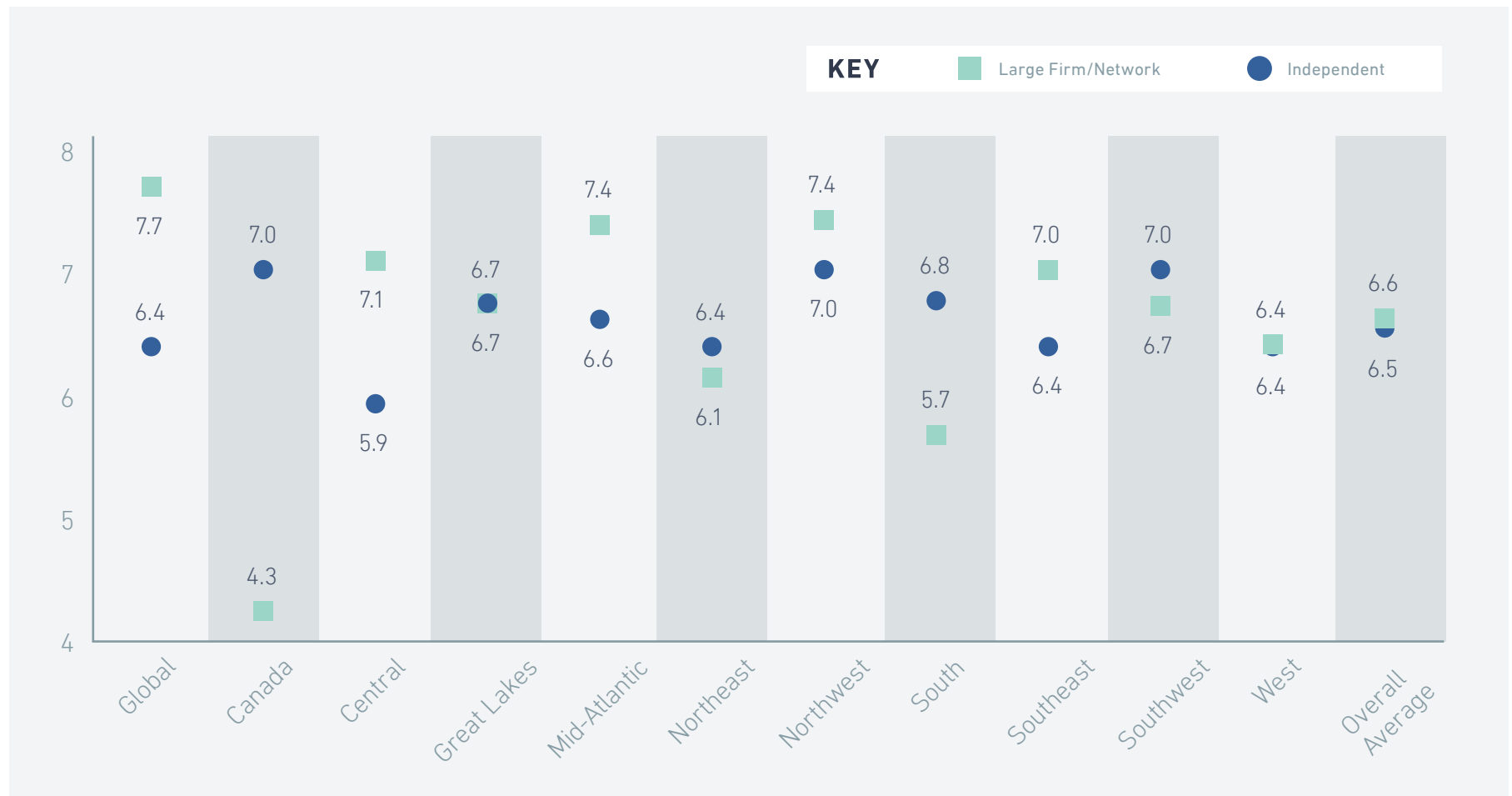
Confidence rated on a 10-point scale - 1 is lowest confidence, 10 is highest confidence.



*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

“Industrial is red hot. All product classes. I have never been happier to be an industrial broker.”

- Industrial Specialist, SIOR Western Missouri Kansas Chapter

“Subject to COVID making a re-occurrence, the commercial market will continue to grow. Retail is very soft and office will pick up a bit, subject to internal design changes.”

- Industrial Specialist, SIOR Connecticut Western Massachusetts Chapter

“Land sales are up. A lot of deals are just continuing on as though everything is normal in the world.”

- Office Specialist, SIOR DFW/North Texas Chapter

“Activity is picking up. Investors have money to spend.”

- Office Specialist, SIOR Southern Nevada Chapter

“Q4 [2020] and Q1 [2021] are lining up to be very slow. [I’m] hopeful for a strong mid-2021 recovery.”

- Office Specialist, SIOR Minnesota Chapter

“Generating new business is getting tougher. My pipeline is not as full as it was as I look forward [to] the coming months.”

- Industrial Specialist, SIOR Philadelphia Chapter

“Office is at a standstill; few want to make any decisions. [I]f a lease is expiring, most are seeking shorter term extensions.”

- Industrial & Office Specialist, SIOR Wisconsin Chapter

“Due to the shortage of industrial space inventory, prospects and clients are considering conversion of some retail space for light industrial use.”

- Industrial Specialist, SIOR Philadelphia Chapter

REPRESENTATIVE COMMENTS FROM RESPONDENTS

"Short term leases are very common, which adds to the instability of the market."

- Industrial Specialist, SIOR Chicago Chapter

"Office will continue to be poor for the next year. Industrial will continue to move forward like there was no COVID."

- Industrial Specialist, SIOR Philadelphia Chapter

"Unless Congress renews them, once PPP loans expire, many more companies could go into bankruptcy or fold. That will affect the industrial market substantially."

- Industrial Specialist, SIOR Ohio Chapter

"Demand for short-term space is at an unprecedented high. Some companies seem to continue to delay making long-term decisions."

- Industrial Specialist, SIOR Carolinas Chapter

"I don't expect a recovery of the office market until 2024."

- Office Specialist, SIOR Canada Central Chapter

"Investor appetite for quality office building is coming back after the summer break."

- Office Specialist, SIOR European Regional Chapter

"The uncertainty in the world has definitely been noticed in our market. Overall, I believe most people are moving forward with plans as though things will get better as time goes on."

- Office Specialist, SIOR DFW/North Texas Chapter

"Banks are increasing scrutiny on deals."

- Industrial Specialist, SIOR Northern California Chapter

APPENDIX

Survey Questions:

1. In the last month, what has changed for your in-progress transactions? (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 what is working well in your local market right now.
4. Please share what challenges you currently see in your local market.
5. 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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