



# — SIO — SNAPSHOT SENTIMENT SURVEY

JULY 2020

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## SUMMARY

On July 15-17, 2020, SIOR distributed a Snapshot Sentiment Survey to SIOR designees and Member Associates, for a total response rate of 12.4%.

- Most notably, industrial specialists are reporting 42.3% of transactions are proceeding on time, compared to 32.5% 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, 5.8 for office, compared to 6.5 for the industrial side (on a 10-point scale).
- Industrial brokers in the Global, Mid-Atlantic, and Northwest regions reported the strongest market confidence. The Canadian, Central, and Southeast regions were the only ones to report higher levels of confidence in office over industrial. The lowest levels of confidence were reported by office brokers in the Northeast, Northwest, and West regions, as well as industrial brokers in the Central region.
- 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 in the Global, Canadian, South, and Southwest regions, compared to their independent counterparts.

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## COMPARED TO LAST MONTH

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

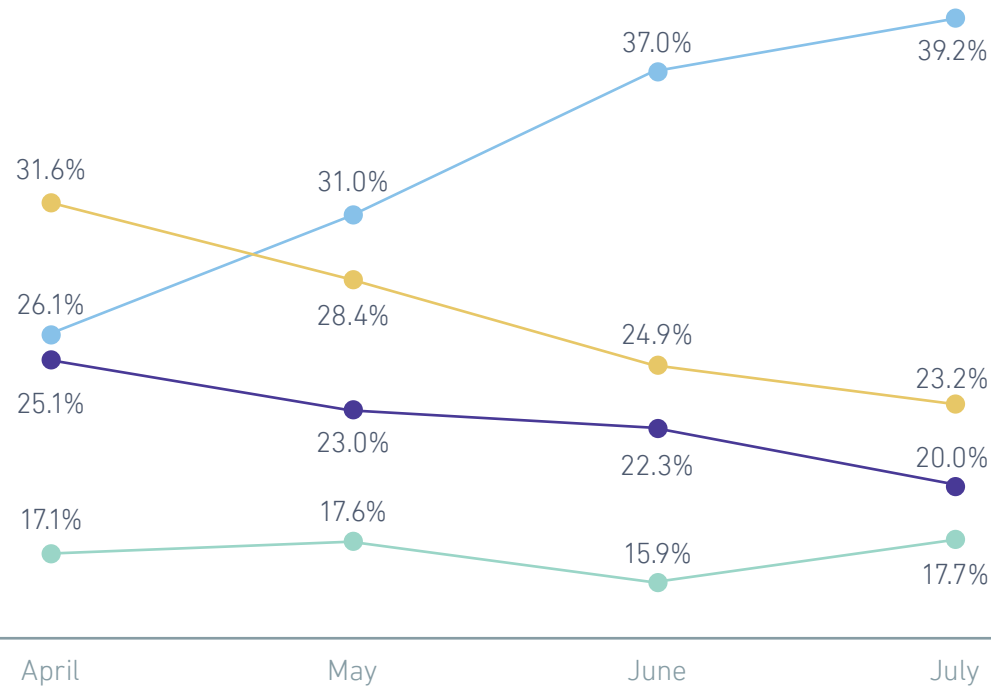
- Overall, market confidence dipped, **from 6.61 to 6.30** (on a 10-point scale).
- Regionally, the biggest gains in confidence were made by industrial and office brokers in the Global and Canadian regions. The biggest drops in confidence were made by industrial and office brokers in the West, Southwest, and Northwest regions and office brokers in the Northeast.
- There was continued improvement in the overall status of current transactions. On-schedule transactions steadily increased 37% to 39.2% with corresponding declines in 3rd party delays and delayed projects. The industrial sector continued to show steady gains, while the office sector showed ongoing uncertainty in the last month with on-schedule transactions gaining 30.5% to 32.5% but cancelled transactions increasing 16.1% to 20%.



## 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

“Every week my sentiment changes! A week is the equivalent of 3 months pre-COVID. Developments will depend on a vaccine! Fingers crossed.”

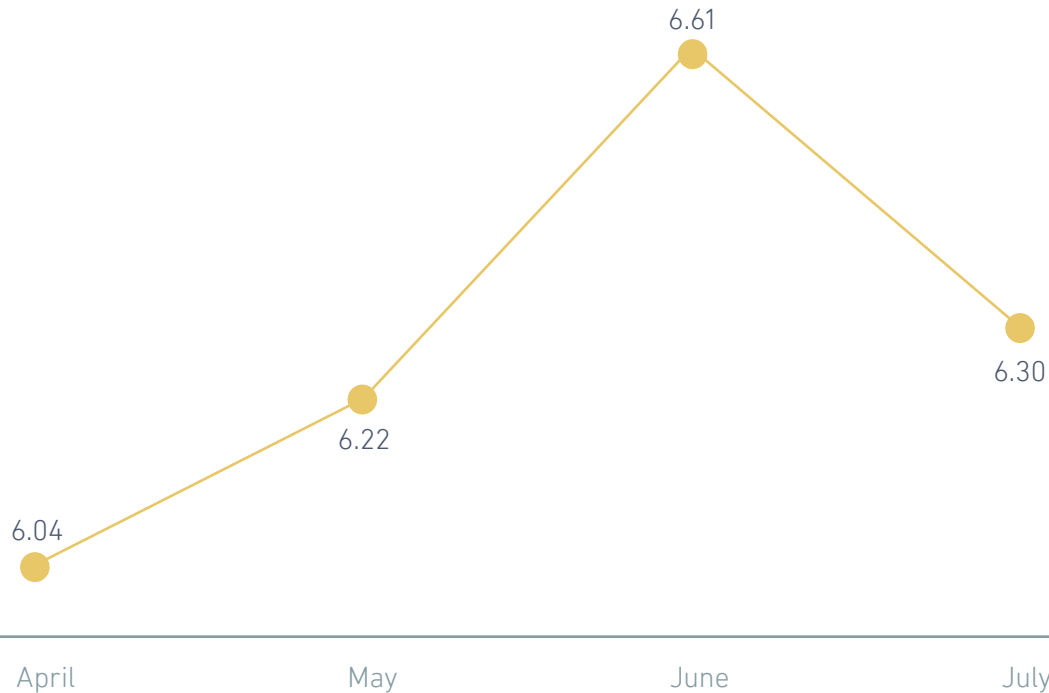
— Office Specialist  
SIOR Florida Chapter

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## 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

“As COVID cases drop and provided we SLOWLY open, I think consumer confidence will improve over the next 4 - 6 months. People will adapt and find new ways of getting their business handled. The smart men and women are using this time to add value to existing clients, rekindle old relationships and begin forging new ones... and by all means stay positive! This time too will pass!”

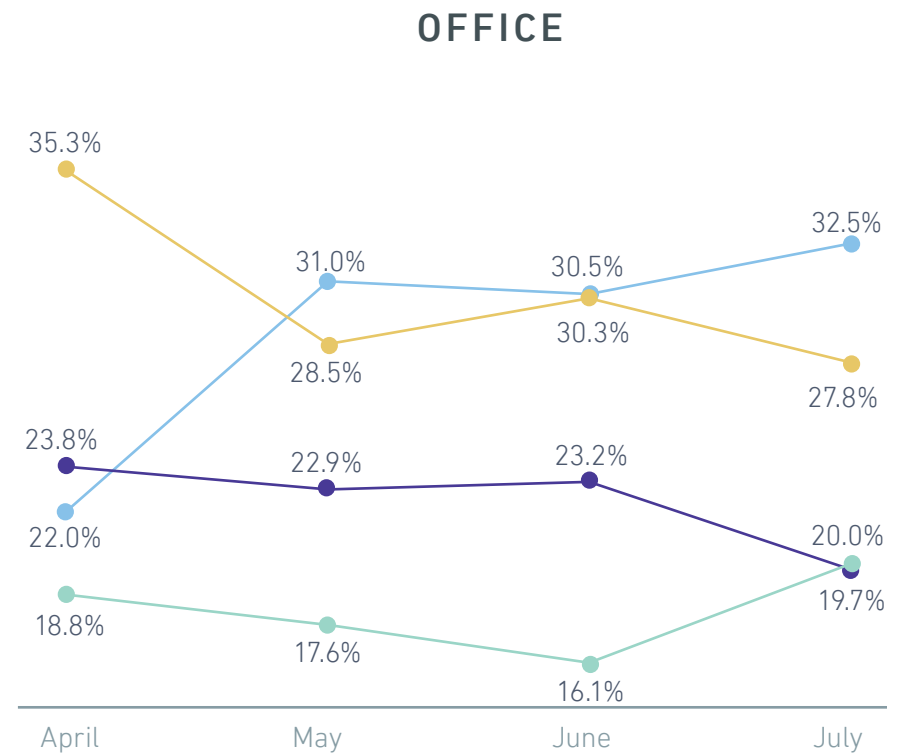
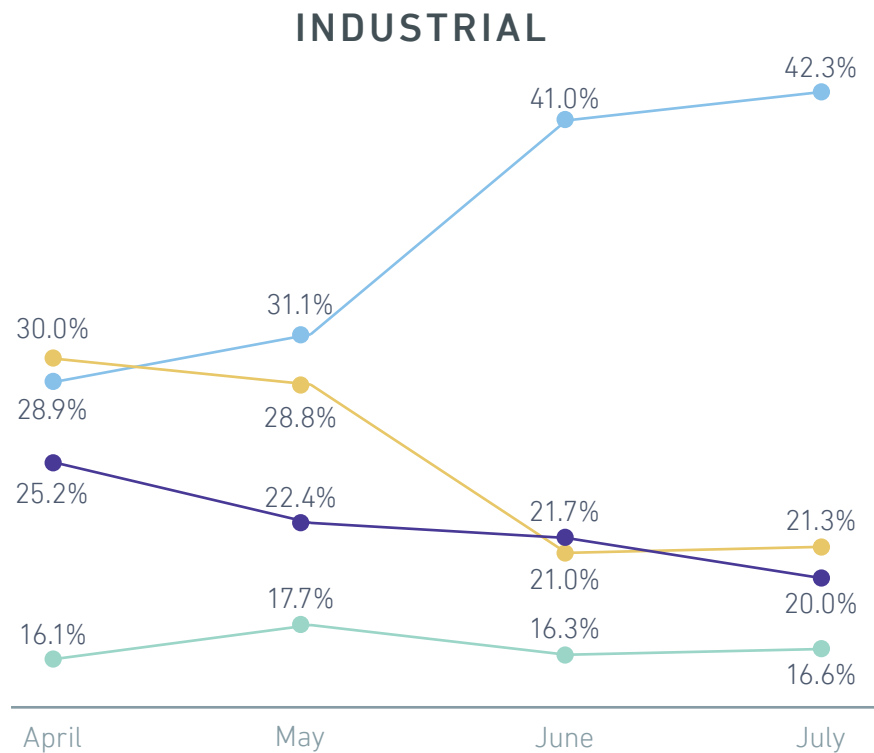
- Office Specialist  
SIOR DFW/North Texas Chapter



## 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



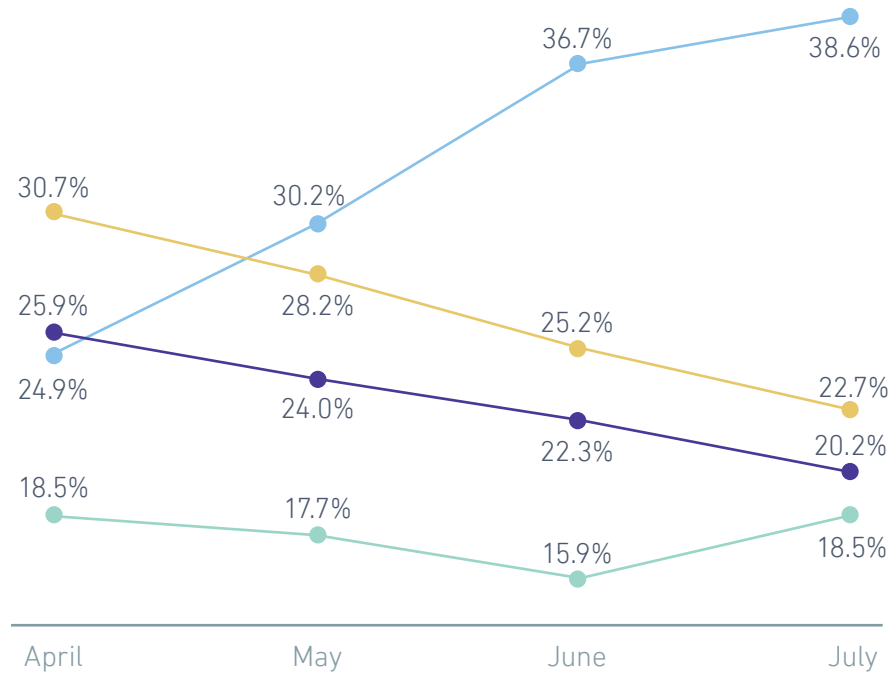
Totals may not equal 100% due to rounding.

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

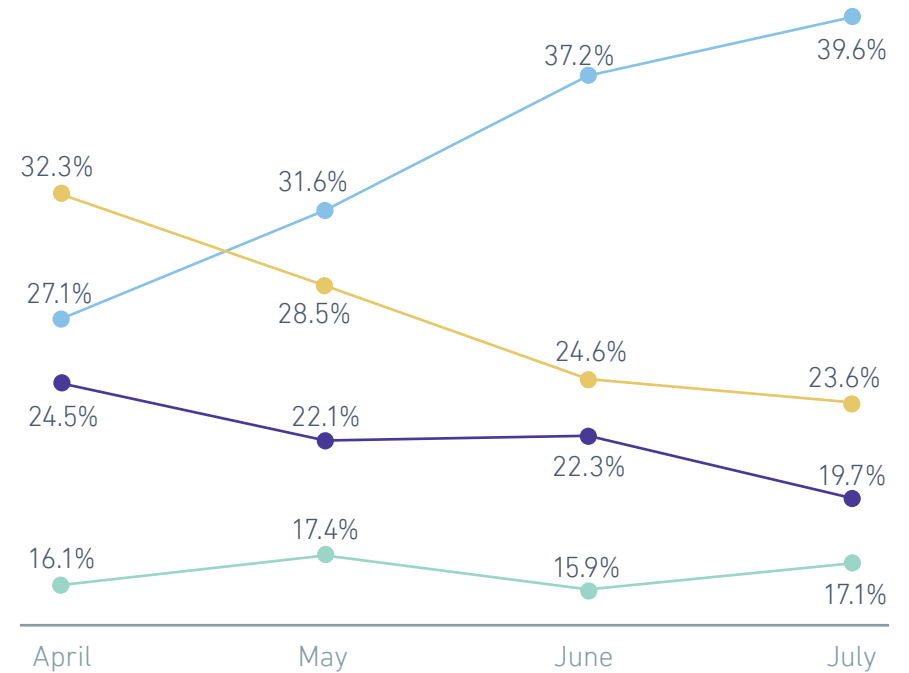
Data reflects average percent breakdown of current transactions by specialization.

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### INDEPENDENT



### LARGE FIRM / NETWORK

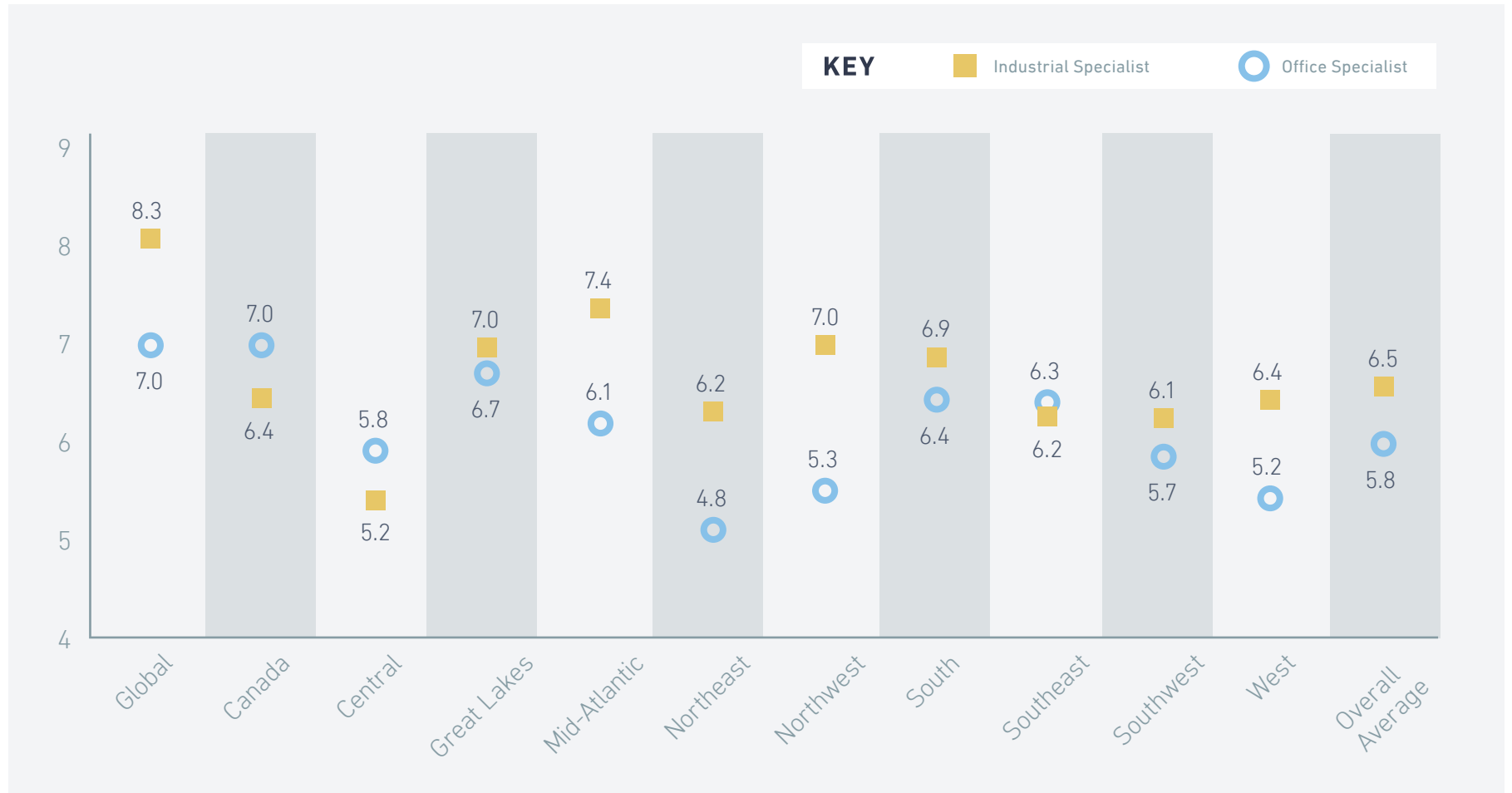


Totals may not equal 100% due to rounding.



## 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.

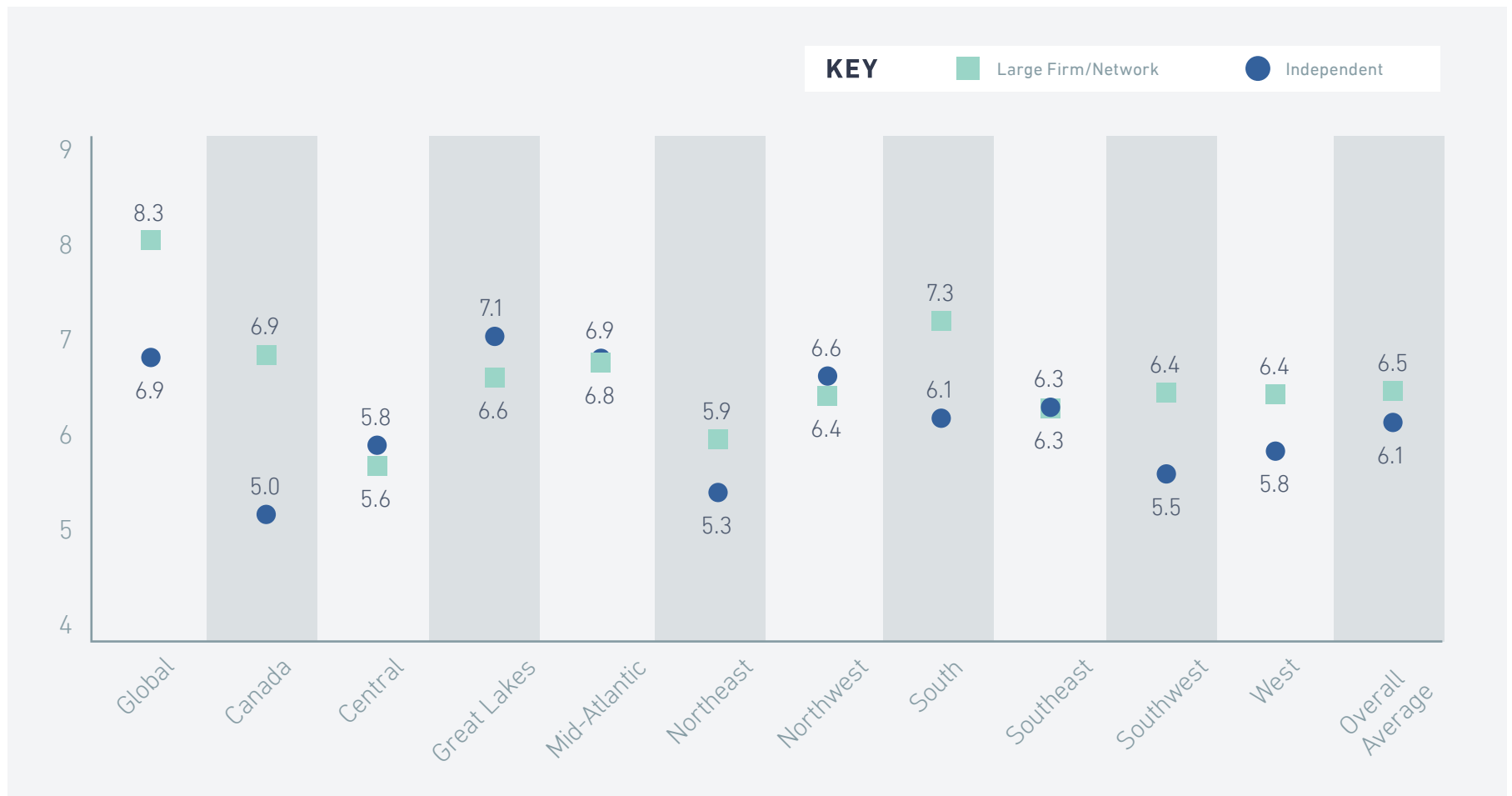


\*Global region includes all countries outside of U.S. and Canada



## 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

“COVID issues will last longer than any of us expected when we were first heavily exposed to this in March 2020.”

- Office Specialist, SIOR Canada Central Chapter

“With the recent second wave of COVID-19 cases, clients are showing a second wave of concern and hesitation to proceed with deals.”

- Industrial Specialist, SIOR Colorado Chapter

“Obviously....everything depends on the public response to COVID-19 restrictions and the country’s ability to control the outbreak. A country-wide second wave will likely be devastating in the near term. We will survive.”

- Industrial Specialist, SIOR Memphis Chapter

“Market is starting to show some signs of life, adjusting to COVID-19, with deal flow starting to pick up again. Distressed deals are still few and far between, although I have received numerous calls from groups with capital to jump in if any distressed deals pop-up.”

- Industrial Specialist, SIOR Northern California Chapter

“Industrial in our high density areas appear to be safe and in good relative demand, office getting softer as we move deeper to the abyss, and retail feels at the threshold of being splintered with older infill properties ready to take a bad hit.”

- Industrial Specialist, SIOR Greater Los Angeles Chapter

“I don’t anticipate much of a bounce back for demand for office space until usage improves with the distribution of an effective vaccine.”

- Office Specialist, SIOR Minnesota Chapter

“Office will go down in price and we will have a 5 year supply of existing space.”

- Industrial & Office Specialist, SIOR Ohio Chapter

“In addition to COVID, my markets in Mexico have to deal with a Peso/US Dollar devaluation.”

- Industrial Specialist, SIOR Mexico Chapter

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## REPRESENTATIVE COMMENTS FROM RESPONDENTS

“Warehouse continues to be tight. Office [is] in limbo trying to determine how to deal with more private space per employee but less employees at office. All experience-type retailers (food, hotel, travel, entertainment, sports) will remain at current low levels until antidote or vaccine.”

- Office Specialist, SIOR Florida Chapter

“[I’m] very concerned with the effect of remote working (that has proven to be viable) on office demand and the drawn out pace of a recovery.”

- Office Specialist, SIOR Connecticut/W. Massachusetts Chapter

“Obviously, things will eventually stabilize, but there’s going to be some bumps in the road. How big and how long the bumps are going to be will depend on how this virus progresses and how the government reacts and responds to the new developments.”

- Industrial Specialist, SIOR Greater Los Angeles Chapter

“Industrial warehouse and distribution continues to be the darling of all product types.”

- Industrial Specialist, SIOR Connecticut/W. Massachusetts Chapter

“COVID will change office use forever. It will be a 12 to 24 month shake out.”

- Industrial & Office Specialist, SIOR Iowa/Nebraska Chapter

“The office market will be in a state of transition as some clients continue to work remote and others convert from bullpen plan to private office floor plan. The industrial market will remain strong.”

- Office Specialist, SIOR Ohio Chapter

“Northeast Florida industrial activity is as strong, or stronger, than pre-COVID.”

- Industrial Specialist, SIOR Florida 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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