When will we see price corrections?
ASIA PACIFIC LEAD THE WORLD INTO THE PANDEMIC

220 days into the year, cumulative deal activity is down from 2019 levels

- Americas: -38%
- EMEA: -20%
- Asia Pacific: -41%

Global deal volume floor of $10 million
At least we are not at the 2009 levels of deal activity … will we get there?
NO SECTOR WAS SPARED IN Q2’20

Though some were hurt more than others.

<table>
<thead>
<tr>
<th>Sector</th>
<th>$b</th>
<th>YOY Chg</th>
<th>#Props</th>
<th>YOY Chg</th>
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</thead>
<tbody>
<tr>
<td>All Types</td>
<td>44.7</td>
<td>-68%</td>
<td>3,338</td>
<td>-62%</td>
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<tr>
<td>6 Major Metro All Types</td>
<td>16.5</td>
<td>-68%</td>
<td>931</td>
<td>-64%</td>
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<tr>
<td>Non-Major Metro All Types</td>
<td>28.2</td>
<td>-68%</td>
<td>2,407</td>
<td>-61%</td>
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<tr>
<td>Office</td>
<td>11.0</td>
<td>-71%</td>
<td>596</td>
<td>-62%</td>
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<tr>
<td>Industrial</td>
<td>10.3</td>
<td>-50%</td>
<td>866</td>
<td>-53%</td>
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<tr>
<td>Retail</td>
<td>4.6</td>
<td>-73%</td>
<td>652</td>
<td>-65%</td>
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<tr>
<td>Apartment</td>
<td>13.9</td>
<td>-70%</td>
<td>808</td>
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</tr>
<tr>
<td>Hotel</td>
<td>0.6</td>
<td>-91%</td>
<td>71</td>
<td>-85%</td>
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<tr>
<td>Seniors Housing &amp; Care</td>
<td>1.3</td>
<td>-68%</td>
<td>85</td>
<td>-70%</td>
</tr>
<tr>
<td>Dev Site</td>
<td>3.0</td>
<td>-52%</td>
<td>260</td>
<td>-54%</td>
</tr>
</tbody>
</table>
A DISTRESS CYCLE IN THE US REAL ESTATE MARKET

This cycle is different from the last but many features will rhyme.

Graph showing the quarterly flows and prices (RCA CPPI) over the years 2007 to 2013.
DISTRESSED DEBT SITUATIONS ARE SPIKING

This spike is however only the tip of the iceberg since CMBS is most of this data.

$ Billions

- Newly Troubled
- Worked out
- Net Change

'08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
DISTRESSED SALES ARE STILL MINIMAL

We have not yet reached that price discovery or work out phase.
Thank You!

Jim Costello
@JimCostelloCRE
rcanalytics.com
PROPERTY PRICE DECLINES LAG RECESSIONS

Prices have not dropped like in the ‘08–’09 period in every recession.

Sources: Real Capital Analytics, NREI, Fed Flow of Funds Database, NBER