

When will we see price corrections?



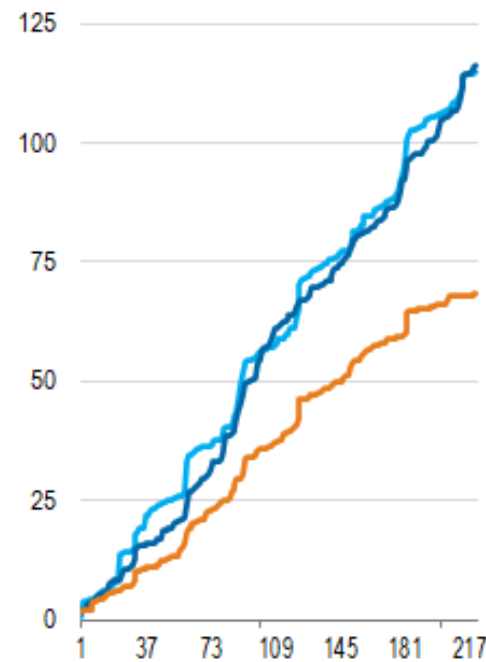
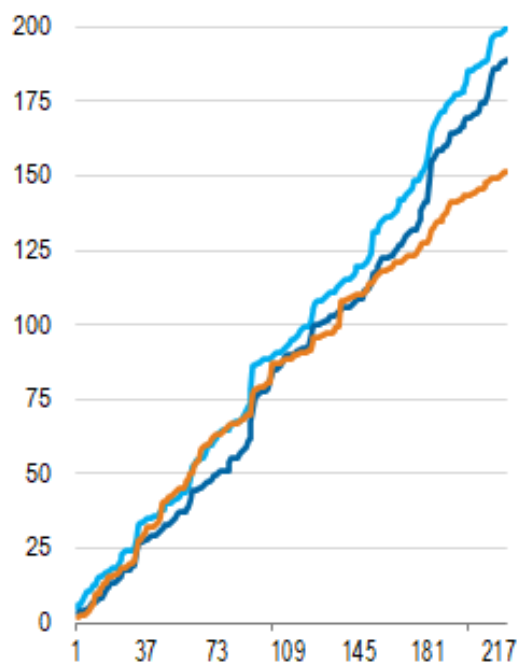
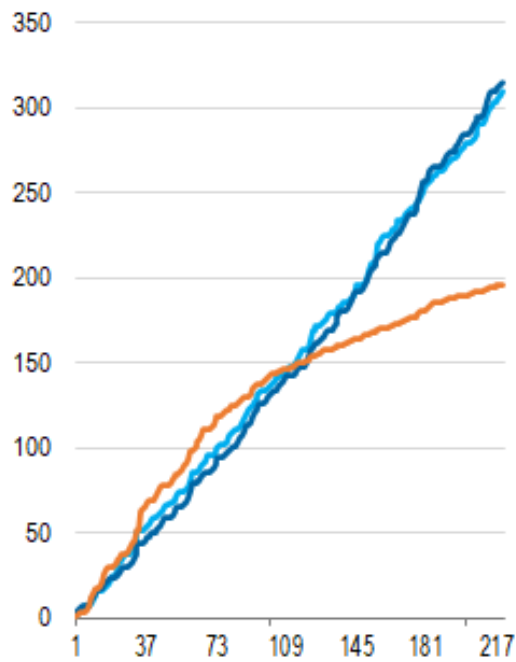
ASIA PACIFIC LEAD THE WORLD INTO THE PANDEMIC

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

Americas -38%

EMEA -20%

Asia Pacific -41%



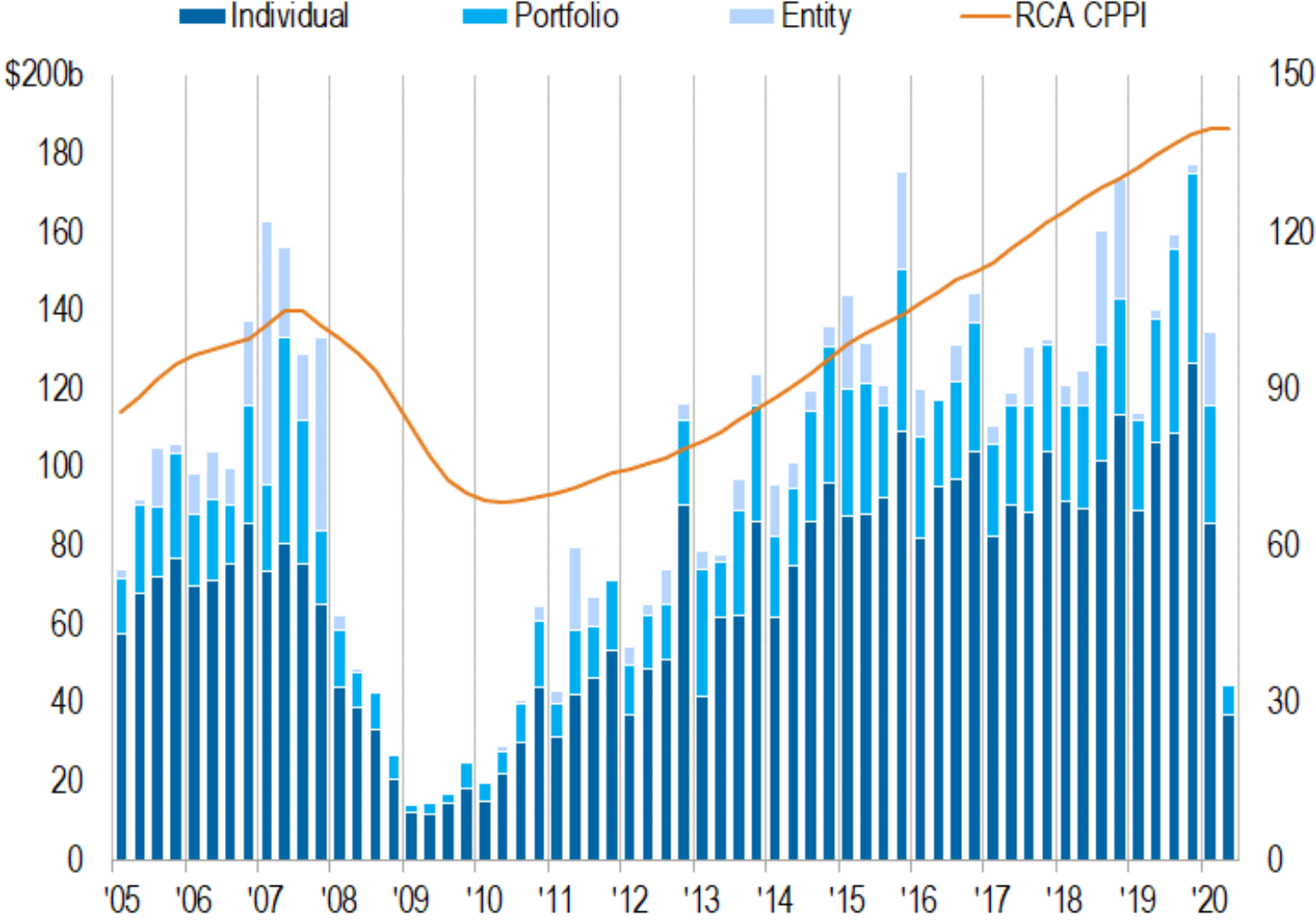
Days from Start of 2020

—●— 2018 —●— 2019 —●— 2020

Global deal volume floor of \$10 million

US DEAL VOLUME

At least we are not at the 2009 levels of deal activity ... will we get there?

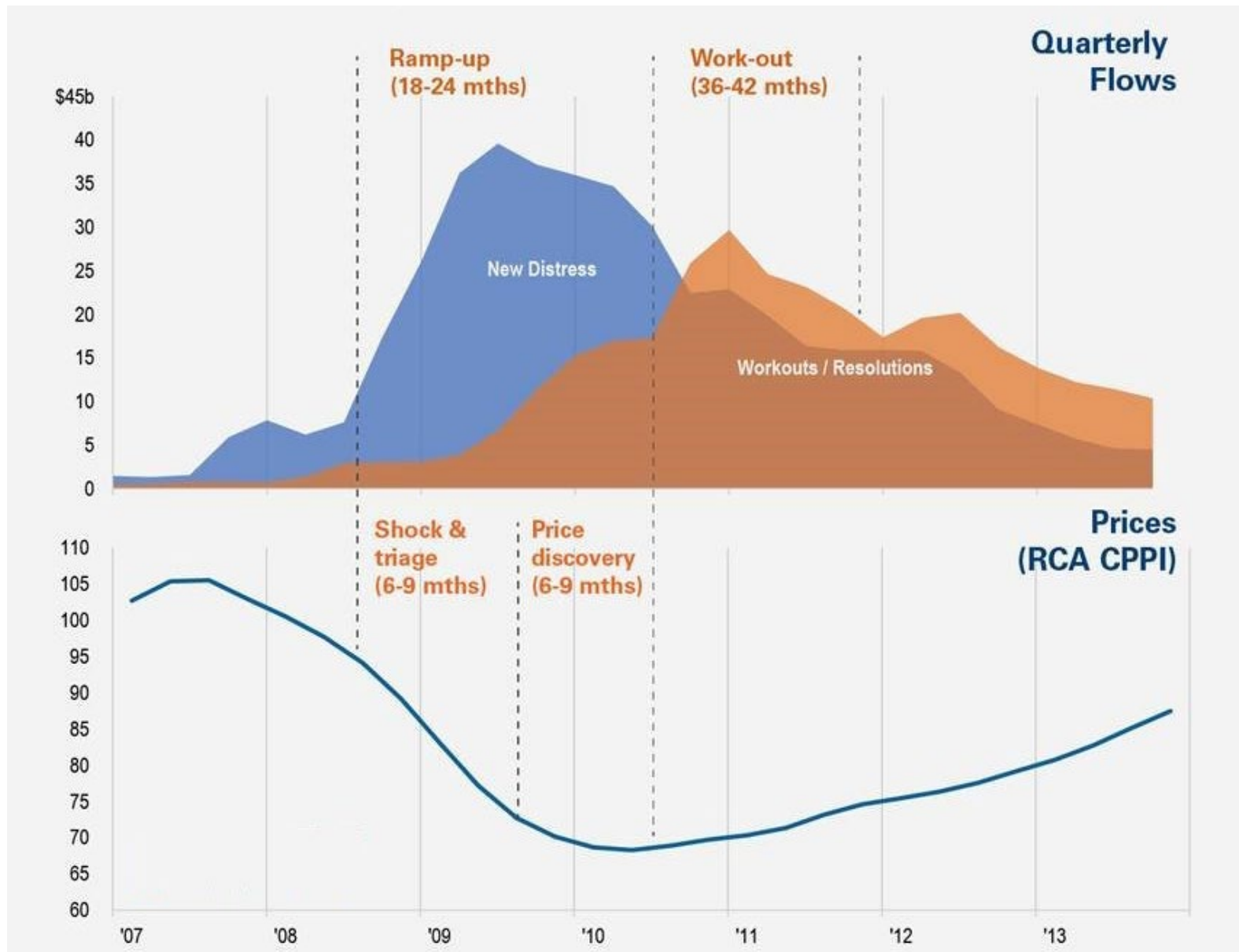


NO SECTOR WAS SPARED IN Q2'20

Though some were hurt more than others.

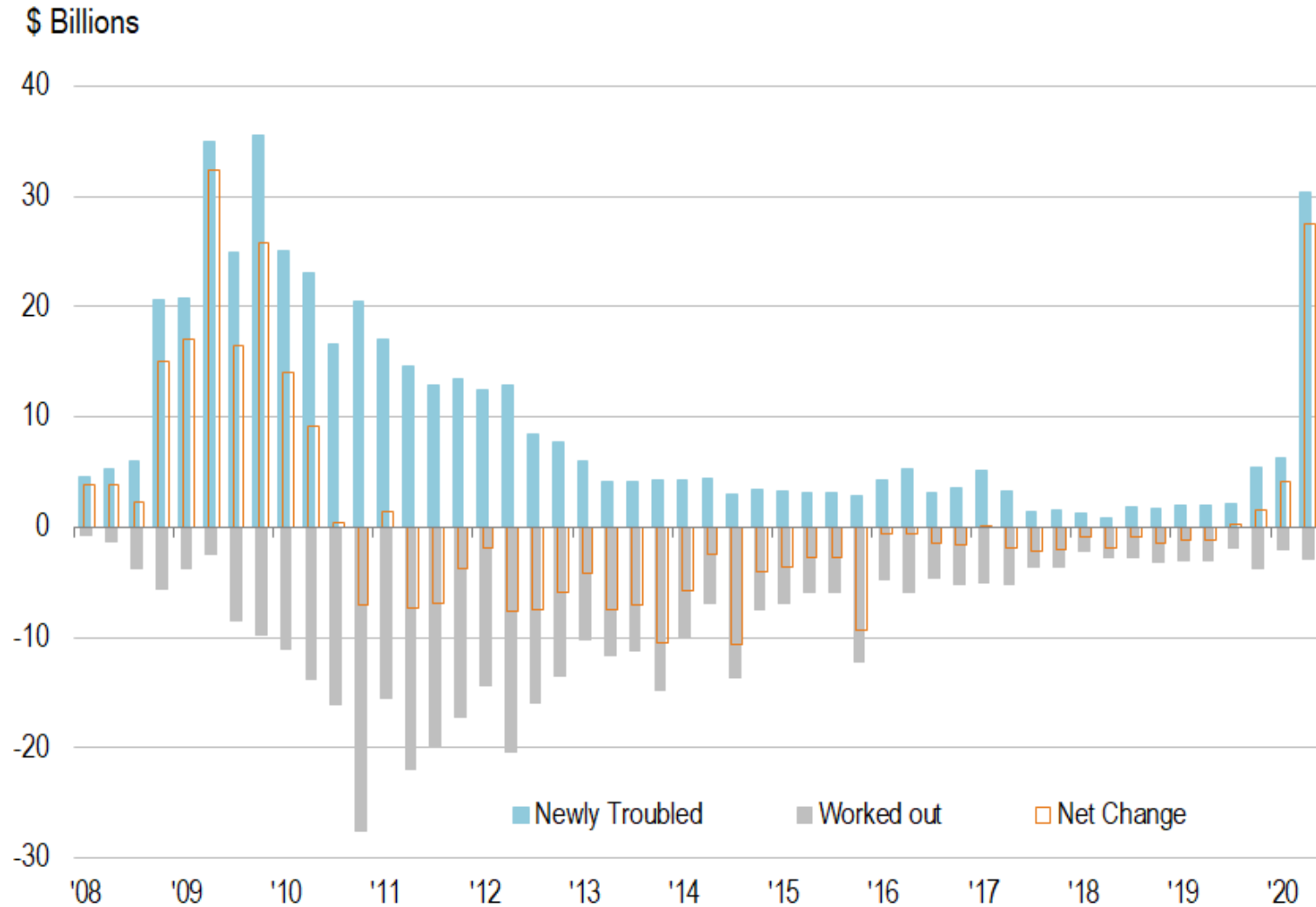
	\$b	YOY Chg	#Props	YOY Chg
All Types	44.7	-68%	3,338	-62%
6 Major Metro All Types	16.5	-68%	931	-64%
Non-Major Metro All Types	28.2	-68%	2,407	-61%
Office	11.0	-71%	596	-62%
Industrial	10.3	-50%	866	-53%
Retail	4.6	-73%	652	-65%
Apartment	13.9	-70%	808	-65%
Hotel	0.6	-91%	71	-85%
Seniors Housing & Care	1.3	-68%	85	-70%
Dev Site	3.0	-52%	260	-54%

A DISTRESS CYCLE IN THE US REAL ESTATE MARKET



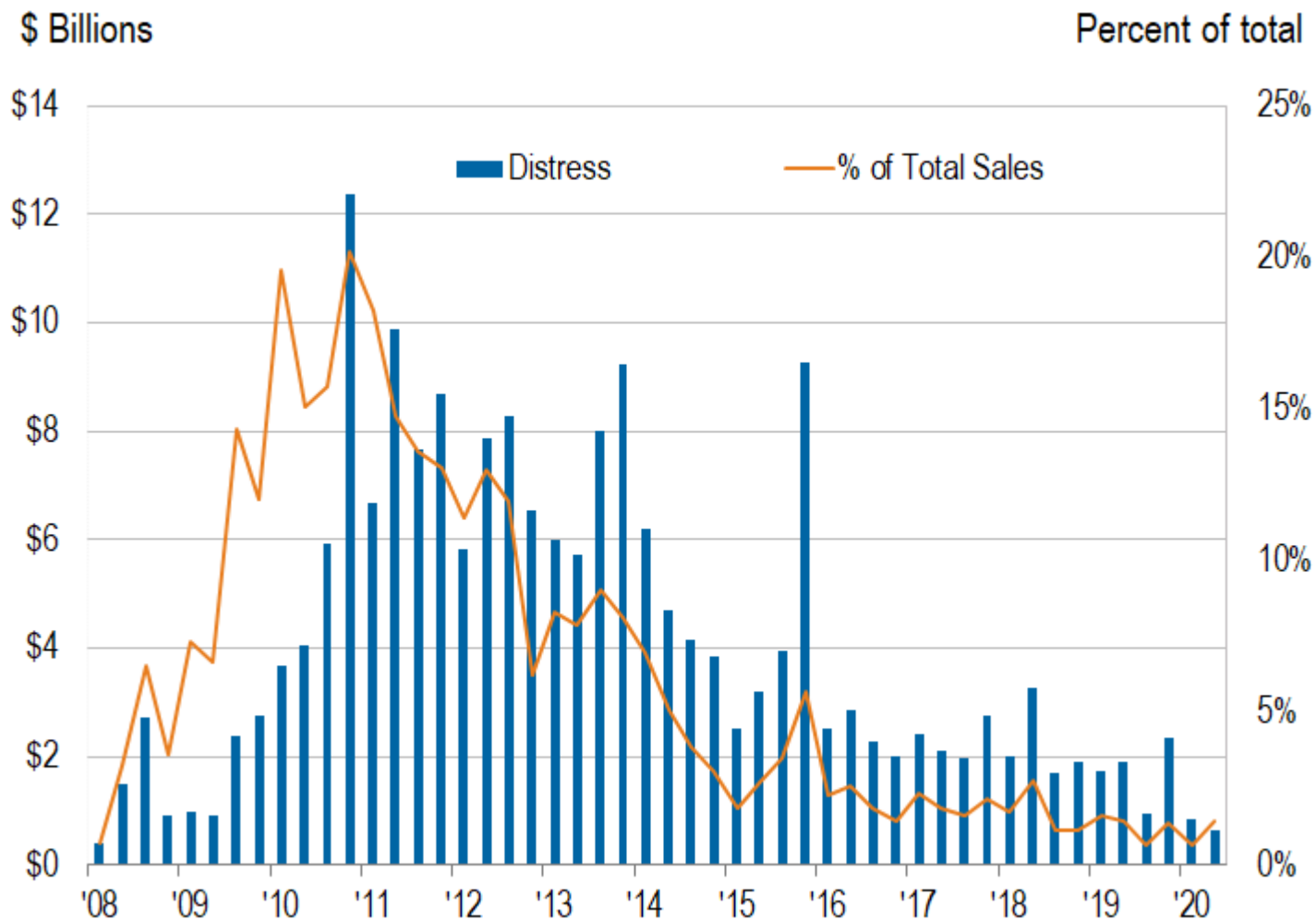
DISTRESSED DEBT SITUATIONS ARE SPIKING

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



DISTRESSED SALES ARE STILL MINIMAL

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





Thank You!

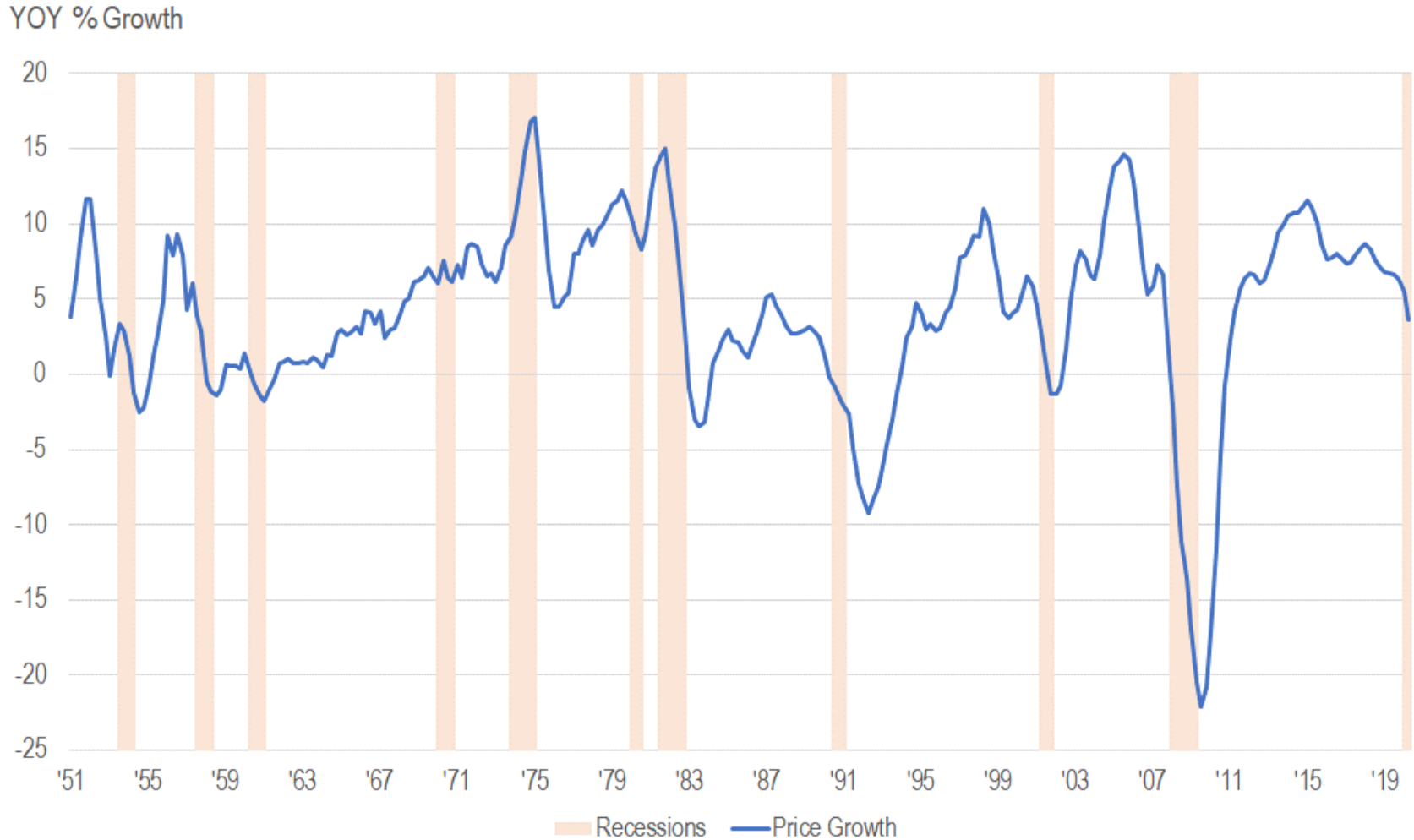
Jim Costello

 @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