COMMERCIAL REAL ESTATE TRENDS & OUTLOOK 2019.Q1

National Association of REALTORS® Research Group

COMMERCIAL
Real Estate

REALTOR®

NATIONAL ASSOCIATION of REALTORS®

COMMERCIAL REAL ESTATE TRENDS & OUTLOOK 2019.Q1

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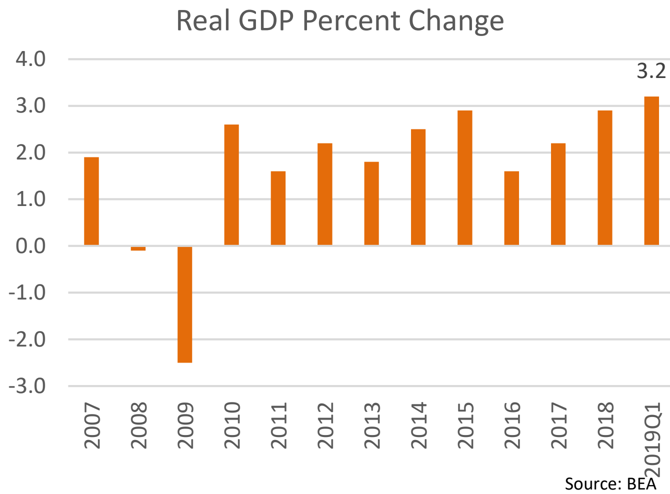
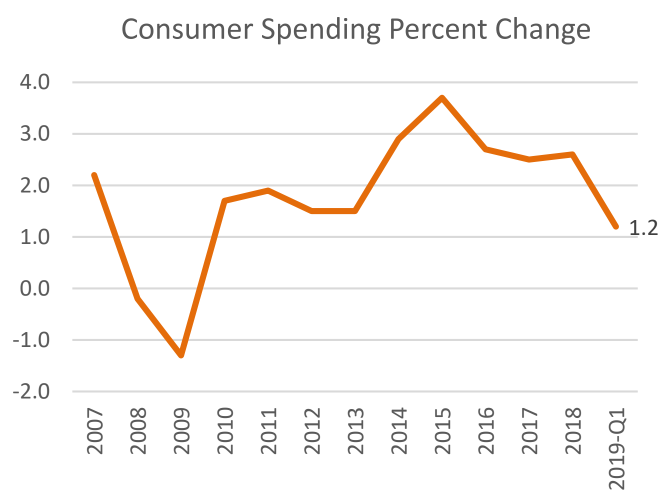
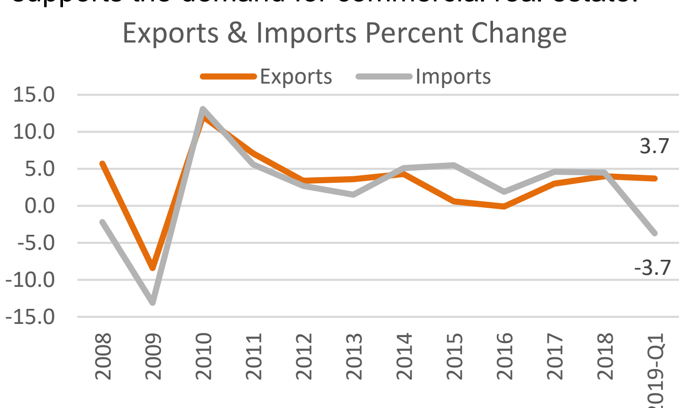
1 | ECONOMIC OVERVIEW

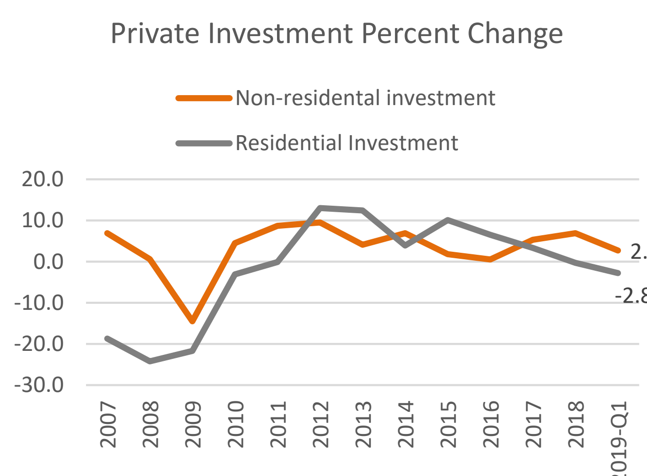
Economic Growth

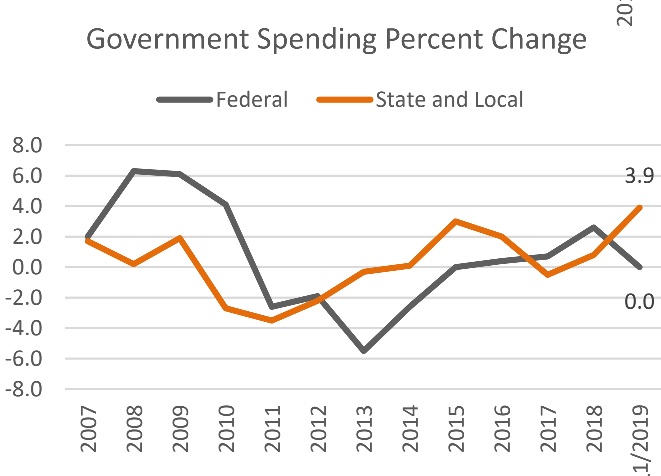
The economy expanded at a stronger pace of 3.2 percent in 2019 Q1 from 2.9 percent in 2018. The stronger growth was underpinned by private investment (5.1%) arising from the buildup in inventory. Commercial real estate investment (non-residential fixed investment using U.S. Census Bureau's terminology) rose (2.7%) while residential fixed investment contracted (-2.8%). Private consumption rose at a subdued pace (1.2%) as the pace of spending for food, fuels, and durable items moderated. Amid the higher tariffs imposed by the U.S. and China, U.S. exports nonetheless increased (3.7%) due to higher minerals/fuels, chemicals, food, machinery, and transport equipment exports while imports decreased (-3.7%), mainly from lower imports of minerals/fuel oil and manufactured items. Government spending picked up (2.4%) on account of the increase in state and local spending. A growing economy supports the demand for commercial real estate.





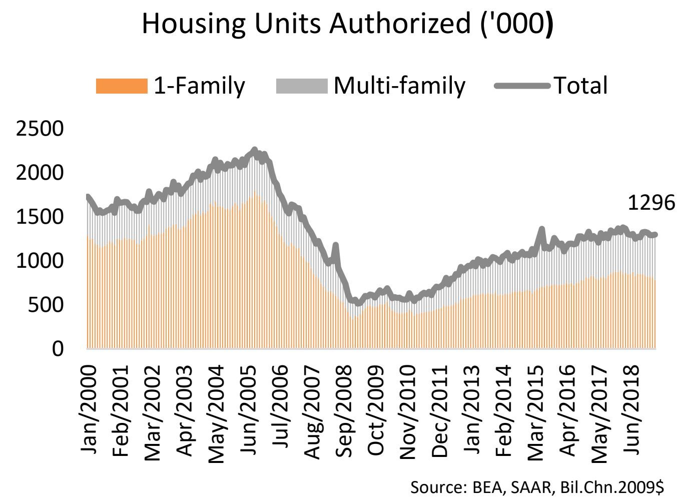






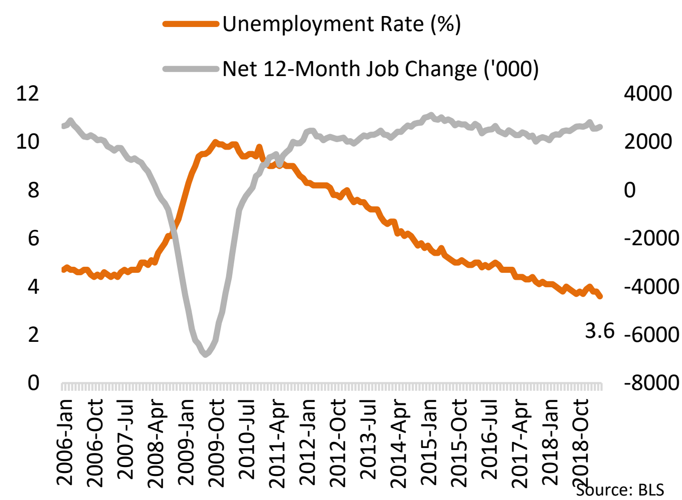
1 | ECONOMIC OVERVIEW

In April 2019, the number of authorized housing units decreased to a seasonally adjusted annual level of 1.27 million (1.36 M one year ago) as 1-family housing permits declined (782,000 in April 2019; 863,000 one year ago) while multi-family housing permits increased (514,000 in April 2019; 501,000 one year ago).



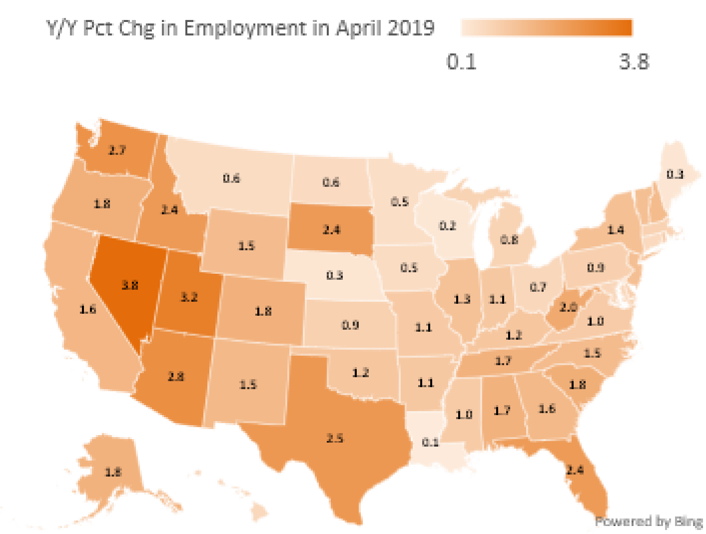
Employment

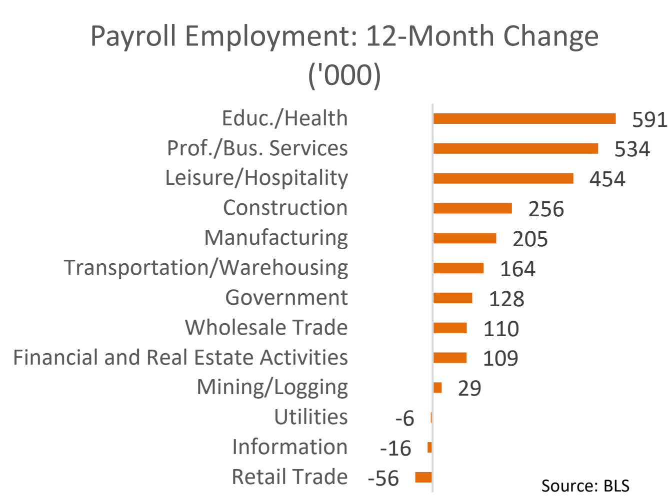
Job growth remains strong. The unemployment rate fell to 3.6 percent in April 2019, the lowest since 1953. During the 12-month period of May 2018–April 2019, the economy created 2.6 million payroll jobs, exceeding the 2.3 million jobs that were added in the 12-month period one year ago. Since October 2010 and through April 2019, payroll employment has increased by 20.7 million, which more than offsets the 9.1 million jobs lost during 2007 – 2010.



Payroll employment increased in all sectors, except for retail trade, information services, and utilities.

The states that had the strongest change in payroll employment in April 2019 from one year ago were Nevada (3.8%), Utah (3.2%),Arizona (2.8%), Washington (2.7%), Texas (2.5%), South Dakota (2.4%), and Florida (2.4%).





1 | ECONOMIC OVERVIEW

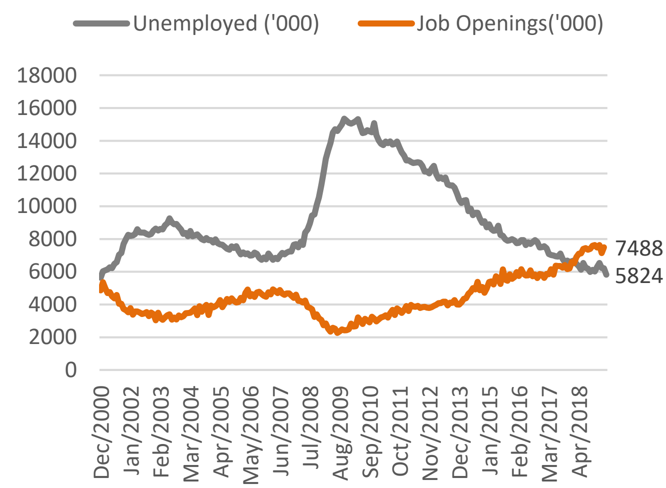
As of the end of April 2019, there were more job openings than job seekers, with 7.5 million job openings compared to 5.8 million unemployed.

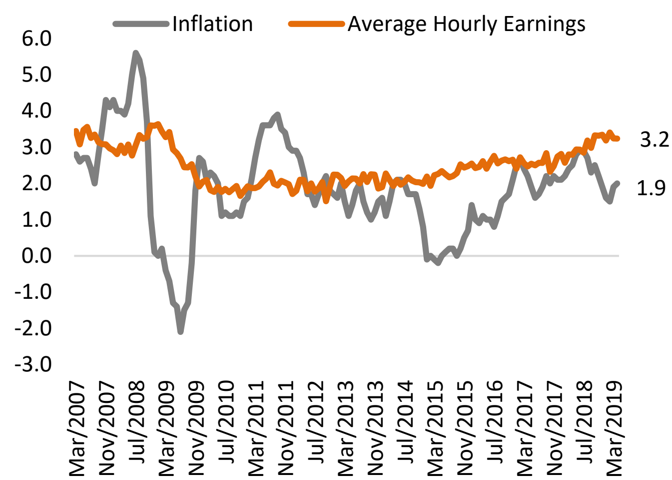
Earnings, Inflation, and Interest Rates

With sustained growth and low unemployment rate, wages continued to increase in real terms. The average hourly earnings rose 3.2 in April 2019 from one year ago while prices rose 1.9 percent.

Given the Federal Operations Market Committee (FOMC) monetary policy stance to be patient in raising the federal funds rate (after four rate increases in 2018, to 2.25 to 2.5 percent by December 2018), the 30-year fixed mortgage rate has trended down to a monthly average of 4.1 percent in April 2019 from nearly five percent in November 2018.

Since February 2019, the 5-year Treasury Note yield has trended slightly below the 1-year Treasury Note yield (a yield inversion, which analysts and economists usually associate with an upcoming recession). As of April 2019. the 1-year note yield was 2.4 percent, while the 5-year note yield was 2.3 percent. However, most economic data point to a strong economy and the FOMC has adopted a patient stance to fulfill the Federal Reserve Board’s mandate to promote maximum employment and stable prices.





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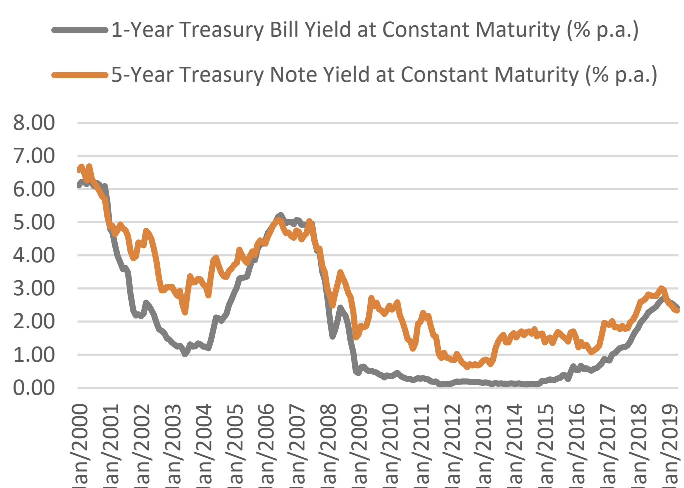
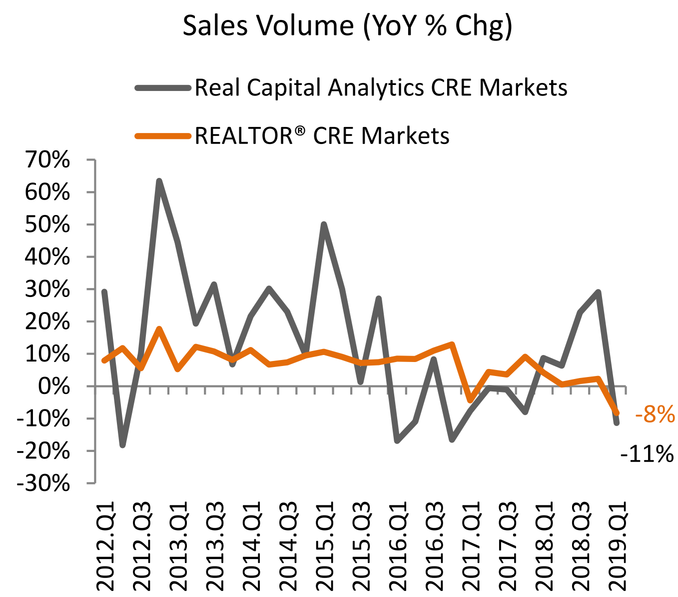


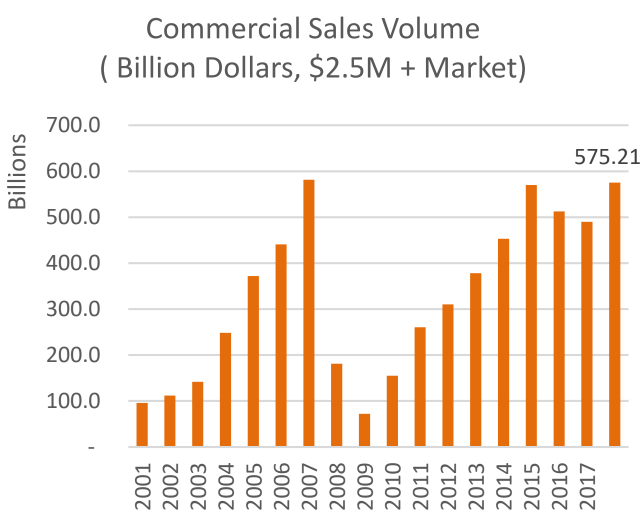
2 | COMMERCIAL SALES

Commercial Sales Transactions

Despite the strong economic fundamentals in 2018 and 2019 Q1, the dollar volume of commercial sales transactions declined in both large ($2.5 M+) and small (less than $2.5 M) markets in 2019 Q1 from one year ago. In the small market, REALTORS® and affiliates who responded to NAR's 2019 Q1 Quarterly Market Survey reported on average an eight percent decline in sales volume. In the large market, Real Capital Analytics reported that commercial sales volume decreased by 11 percent to $106.3 billion in 2019 Q1. The weakness in 2019 Q1 volume of sales transactions comes on the heels of a rebound in 2018 to $575.2 billion after sales tapered in 2016 and 2017.



Sources: National Association of REALTORS®, Real Capital Analytics



Source: Real Capital Analytics

Commercial sales transactions at the higher end—$2.5 million and above—comprise a large share of investment sales.

Most REALTORS®' are active in serving smaller markets with sale transactions of less than $2.5 million; in the 2019 Q1 survey, the average sales transaction was $1.2 million. These smaller properties (e.g. neighborhood shopping centers, warehouses, small offices, supermarkets, etc.) make possible the conduct of daily economic activity and comprise a larger fraction of total commercial buildings (according the Energy Information Administration 2012 Commercial Buildings Energy Consumption Survey, properties 10,000 square feet or less in size make up 72 percent of all commercial buildings).

Given the different yet equally important roles of both large and small commercial buildings in providing the space where people live, work, and play, this report discusses trends in both markets.

2 | COMMERCIAL SALES

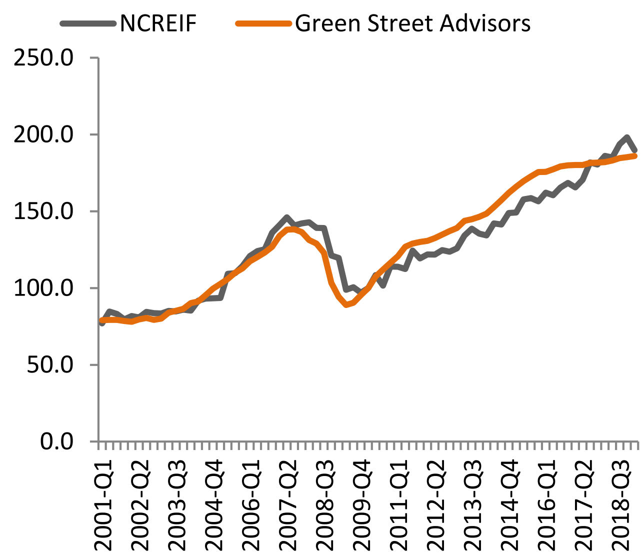
Commercial Property Prices

Commercial property prices are still broadly trending upwards, although at a modest pace. Both the National Council of Real Estate Investment Fiduciaries (NCREIF) Index and the Green Street Advisors Price Index were up by two percent in 2019 Q2 on a yearly basis. Based on the NCREIF Index, commercial prices have increased by 90 percent since 2010 Q1.

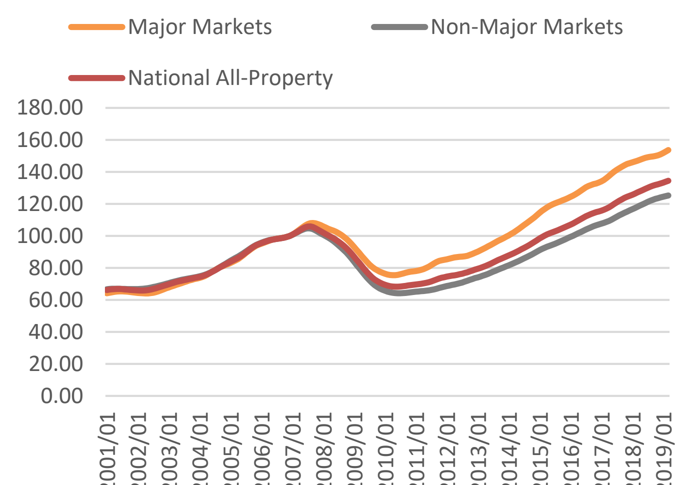
Commercial prices have been increasing at a faster pace 2010 in the six major metro areas of New York, Boston, Washington DC, Chicago, Los Angeles, and San Francisco than in other metro areas. However, prices in non-metro areas are now ramping up at a faster pace: in March 2019, commercial prices were broadly up by six percent in non-major markets compared to 4.5 percent in the six major metro areas.

By property type, the apartment sector has been the best asset class, followed by industrial sector. In the large market, apartment prices have increased 147 percent since 2010 Q1 while industrial property prices have increased 75 percent.

Commercial Property Price Indices

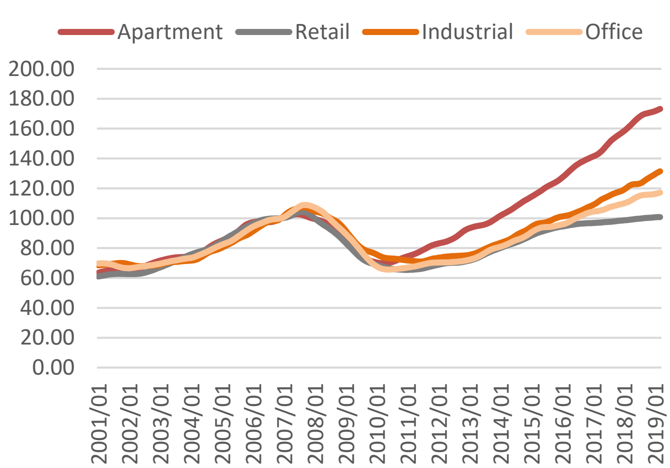


Commercial Property Price Index
($2.5 M + Market)



Source: Reall Capital

Commercial Property Price Index by
Property Type ($2.5 M + Market)

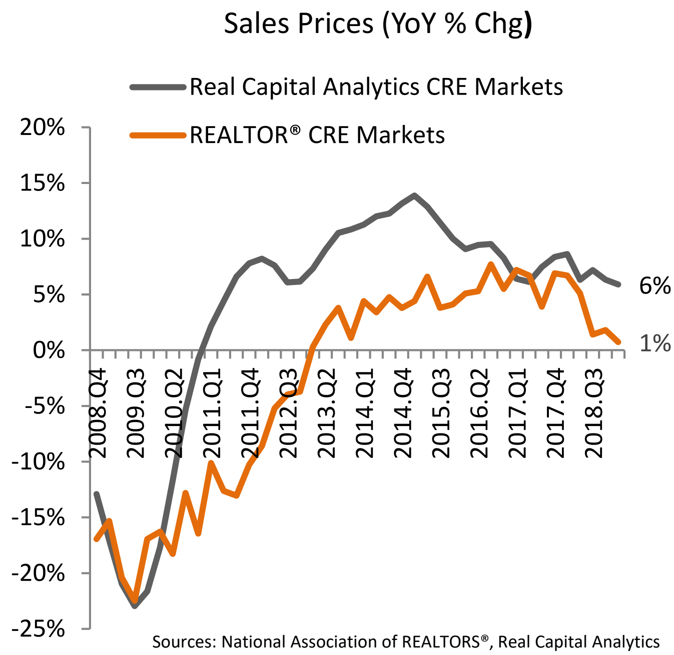


Source: Reall Capital

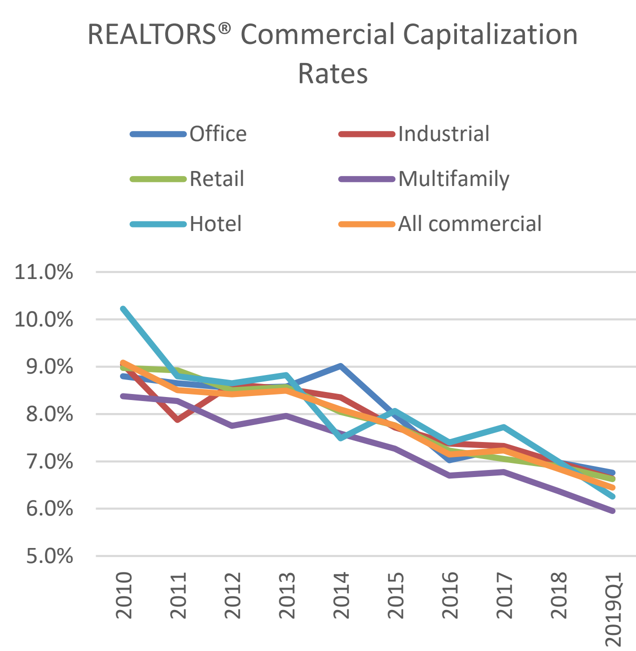
2 | COMMERCIAL SALES

In the small market, commercial property prices rose modestly by one percent from a year ago, according to REALTORS® and affiliate members who responded in the 2019 Q1 survey.

Cap rates continued to trend downwards in the small property market. In both the large and small markets, the cap rates were slightly above six percent. Multi-family was the top-performing asset class in both the small and large market. Industrial properties were the second best performing asset class in the large market while hotels (likely Class B/C) were the next best performing asset class in the small market.



2019 Q1 Cap Rates: $2.5 M +		
Multifamily	5.4%	
Industrial	6.4%	
Retail	6.5%	
Office	6.6%	
Hotel	8.5%	
All	6.3%	
Source: Real Capital Analytics		



2019 Q1 Cap Rates: Less than $2.5 M	
Multifamily	6.0%
Hotel	6.3%
Retail	6.6%
Industrial	6.6%
Office	6.8%
All	6.4%
Source: NAR 2019 Q1 CRE Market Survey	

3 | COMMERCIAL LEASING

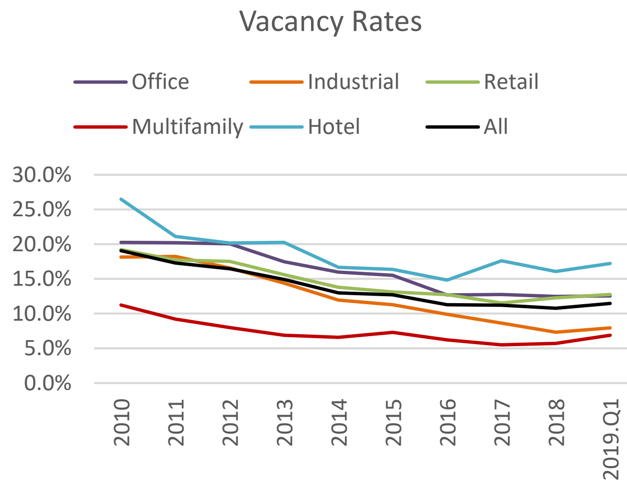
Leasing

REALTORS® and commercial affiliate members reported a slight increase in vacancy rates in 2019 Q1 across all property types compared to the prior quarter.

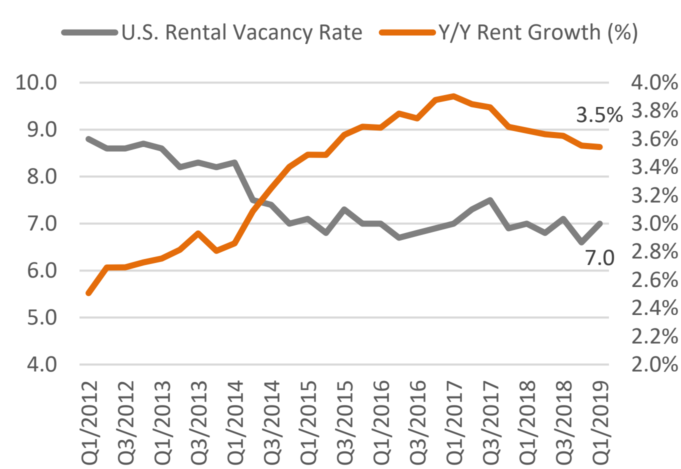
Among property classes, vacancy rates were lowest in the multi-family market, at seven percent, followed by the industrial market, at eight percent. Retail and hotel properties had on average double-digit vacancy rates.

The U.S. Census Bureau reported a national rental vacancy rate of seven percent in 2019 Q1, a slight increase from 6.6 percent in 2018 Q4. CPI-Shelter, a price index for rent, rose 3.5 percent in 2019 Q1212 from one year ago. Rent growth peaked to about four percent in 2017 Q4 and has been moderating since then. However, vacancy rates were still low in many metro areas, such as Boston (1.7%), San Jose (2.5%), Denver (3..2%), Los Angeles (3.6%), and San Francisco (3.9%).

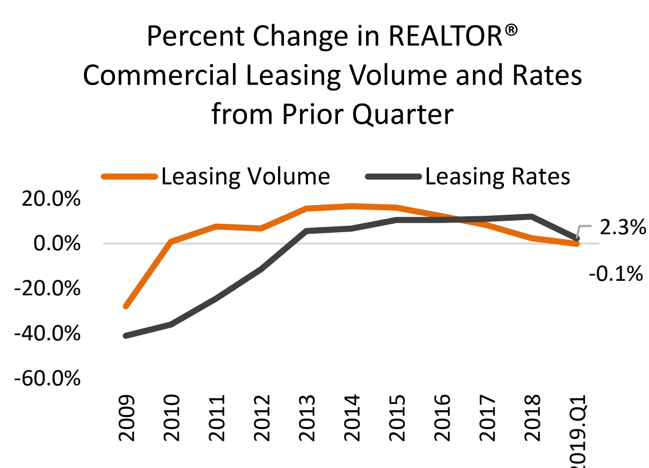
With vacancy rates slightly trending up, REALTORS® reported a slight decrease in leasing volume (-0.10%) and a modest increase in leasing rates (2.3%) in 2019 Q1 from the prior quarter.



Vacancy Rates in 2019 Q1		
Multifamily	7%	
Industrial	8%	
Office	13%	
Retail	13%	
Hotel	17%	
All	11%	
Source: 2019 Q1 NAR CRE Market Survey		
For $2.5 million or less properties		



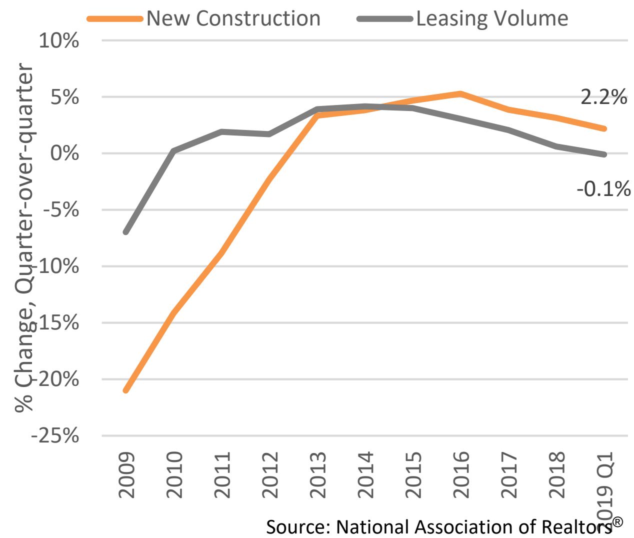
Sources: U.S. Census Bureau, Bureau



Source: National Association of Realtors®

3 | COMMERCIAL LEASING

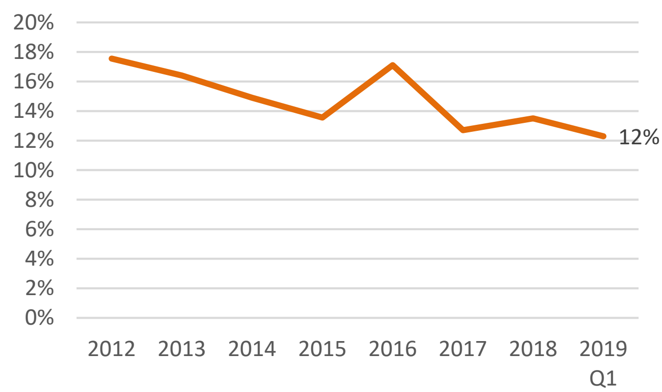
In the small market, the pace of new construction has outpaced the increase in leasing volume since 2015. REALTORS® reported on average a two percent increase in new construction in 2019 Q1 compared to the level in the prior quarter. On the other hand, leasing volume slightly contracted (-0.1%), an indication that vacancy rates are more likely to increase than tighten in the coming months. With vacancy rates rising, the pace of new construction has moderated from five percent in 2018 Q1 to about two percent in 2019 Q1.



Source: National Association of Realtors®

Lease terms are increasingly getting longer, with the fraction of two-year or less leases down to 12 percent in 2019 Q1 from 18 percent in 2012. Longer leases result in more stable rental income for landlords.

Percentage of Lease Terms Up to 24 Months



In 2019 Q1, the average tenant improvement allowances (per square foot) in the small market were $2 for multi-family units, $5 for industrial property, $17 for office, and $21 for retail.

Tenant Improvement Allowance in 2019 Q1, $/SF	
Multifamily	$2
Industrial	$5
Office	$17
Retail	$21
All	$11

Source: 2019 Q1 NAR CRE Market Survey

For $2.5 million or less properties

Macroeconomic Outlook

With the immediate impact on investment and consumer spending of the Tax Cuts and Jobs Act occurring in 2018, GDP growth is expected to moderate to 2.5 percent in 2019. The growth projections assume no increase in the federal funds rate in 2019, with the Fed policy rates currently at 2.25 to 2.5 percent.

With slightly slower growth, the unemployment rate is expected to rise slightly to 4.0 percent in 2019.

Housing starts will increase in 2019, but there will be a shift towards single-family units given the pent-up demand for existing and new homes and with rental vacancy rates trending up nationally. The pace of existing home sales in 2018 will be sustained in 2019. Home prices will continue to appreciate at a modest pace in 2019 towards more affordable levels.

Multi-family and industrial will continue to be strong commercial asset classes. The multi-family market is expected to remain bright in metros with low vacancy rates and affordable rents. E-commerce will continue to sustain demand for industrial properties, particularly flex properties. Retail brick and mortar will continue to do well in growing metros and in retail niches that require face-to-face customer service. The office market will be sustained by the growth in technology-driven jobs. The Opportunity Zone tax break on capital gains is expected to bolster commercial and residential real estate sales in 2019-2020.

	2017	2018	2019	2020
Real GDP, % Growth	2.2	2.9	2.5	2.0
Unemployment Rate	4.4	3.9	4.0	4.3
Fed Funds Rate	1.0	1.8	2.4	2.4
30-Yr Fixed Rate	4.0	4.5	4.3	4.6
Housing Starts ('000)	1,203	1,250	1,266	1,400
% change	2.5%	3.9%	1.3%	10.6%
Single-family	849	876	910	1,010
Multi-family	354	374	356	390
Existing Home Sales ('000)	5,510	5,340	5,340	5,540
% change	1.1%	-3.1%	0.0%	3.7%
Median Existing Home Price ($'000)	$247.0	$259.3	$265.2	$274.0
% change	5.1%	4.9%	2.2%	3.3%
Median New Home Price ($'000)	$323.1	$326.4	$317.3	$323.0
% change	5.0%	1.0%	-2.8%	1.8%

Source: National Association of REALTORS®

Commercial Market Opportunities

- Industrial and multi-family market
- Continued growth of big-box warehouse users
- Logistics/ports and rail distribution
- Availability of capital and bank financing
- Ongoing development for housing and industrial
- Redevelopment/re-purposing of retail space
- Class B retail and office sales
- Office leasing for medical use
- Growing market, clients
- Opportunity Zone projects: development, revitalization, renovation
- Stable interest rates

Commercial Market Challenges

- Finding labor supply
- Construction over-regulation/delays/permitting
- Transportation issues/ access off highways
- Appraisal issues
- Lack of reliable comparable property information
- Tenant financials and low rents
- US-China tariff increases

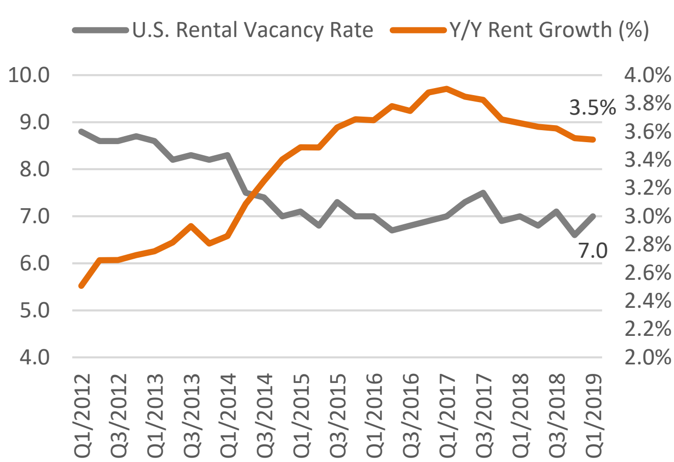
MULTI-FAMILY: POSITVE OUTLOOK IN METROS WITH LOW VACANCY RATES

Lowest Rental Vacancy Rates in 2019 Q1

Boston-Cambridge-Newton, MA-NH	1.7
New Haven-Milford, CT	1.8
Akron, OH	2.0
Cape Coral-Fort Myers, FL	2.4
San Jose-Sunnyvale-Santa Clara, CA	2.5
Hartford-West Hartford-East Hartford, CT	3.1
Denver-Aurora-Lakewood, CO	3.2
Cleveland-Elyria, OH	3.3
Bridgeport-Stamford-Norwalk, CT	3.5
Providence-Warwick, RI-MA	3.5
Knoxville, TN	3.6
Los Angeles-Long Beach-Anaheim, CA	3.6
Sacramento-Roseville-Arden-Arcade, CA	3.7
San Francisco-Oakland-Hayward, CA	3.9
Seattle-Tacoma-Bellevue, WA	3.9
New York-Newark-Jersey City, NY-NJ-PA	4.0
Phoenix-Mesa-Scottsdale, AZ	4.0
Worcester, MA-CT	4.5
Detroit-Warren-Dearborn, MI	4.7
Jacksonville, FL	4.7
Columbus, OH	4.9
Grand Rapids-Wyoming, MI	4.9
Tucson, AZ	5.0
Minneapolis-St. Paul-Bloomington, MN-WI	5.1
Buffalo-Cheektowaga-Niagara Falls, NY	5.2
North Port-Sarasota-Bradenton, FL	5.2

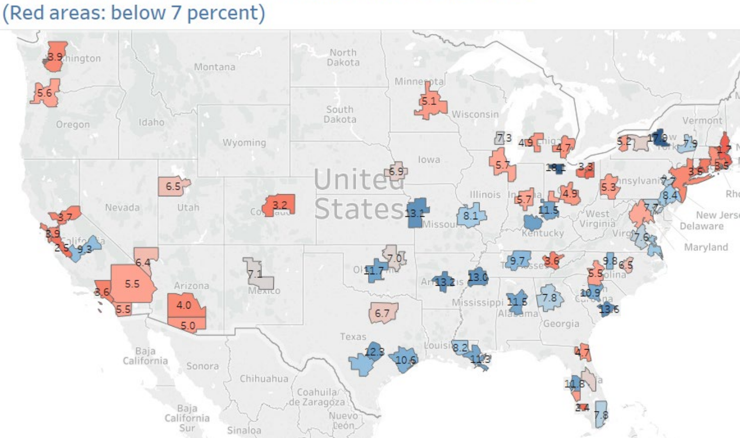
Highest Rental Vacancy Rates in 2019 Q1

Toledo, OH	18.1
Syracuse, NY	17.9
Charleston-North Charleston, SC	13.6
Little Rock-North Little Rock-Conway, AR	13.2
Kansas City, MO-KS	13.1
Memphis, TN-MS-AR	13.0
Austin-Round Rock, TX	12.3
Louisville/Jefferson County, KY-IN	11.9
Tampa-St. Petersburg-Clearwater, FL	11.8
Oklahoma City, OK	11.7
Cincinnati, OH-KY-IN	11.5
Birmingham-Hoover, AL	11.5
New Orleans-Metairie, LA	11.3
Columbia, SC	10.9
Houston-The Woodlands-Sugar Land, TX	10.6
Greensboro-High Point, NC	9.8
Nashville-Davidson-Murfreesboro-Frankli..	9.7
San Antonio-New Braunfels, TX	9.3
Fresno, CA	9.3
Virginia Beach-Norfolk-Newport News, V..	8.5
Philadelphia-Camden-Wilmington, PA-NJ-..	8.4
Baton Rouge, LA	8.2
St. Louis, MO-IL	8.1
Albany-Schenectady-Troy, NY	7.9
Miami-Fort Lauderdale-West Palm Beach,..	7.8
Atlanta-Sandy Springs-Roswell, GA	7.8



Sources: U.S. Census Bureau, Bureau

Rental Vacancy Rates in Top 75 Largest Metros in 2019 Q1
(Red areas: below 7 percent)



INDUSTRIAL: POSITIVE OUTLOOK FROM GROWTH IN E-COMMERCE

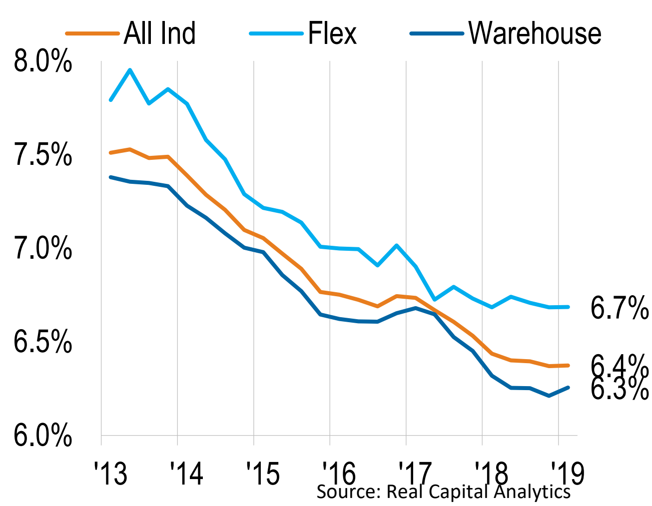
Industrial properties are likely to continue to be a preferred asset given the continued growth in e-commerce. E-commerce sales, which hit $513 billion in 2018, accounted for 9.6 percent of retail sales from less than one percent in 2000, according to U.S. Census Bureau data.

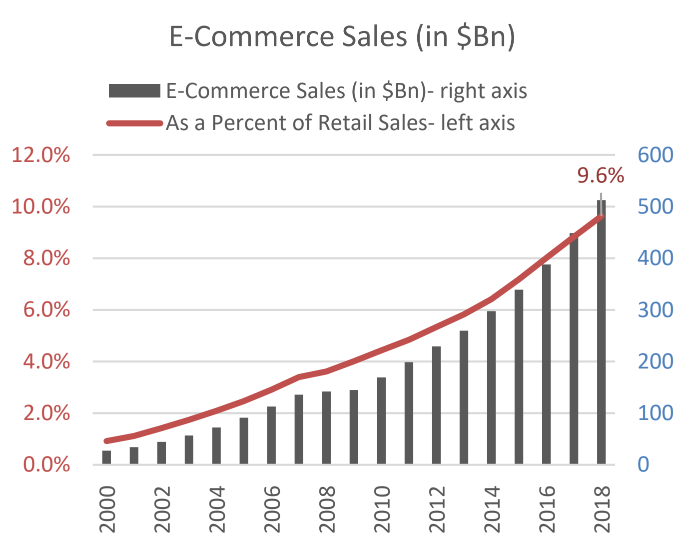
By region, industrial property was most expensive in the West ($149/sf), followed by the Northeast ($136/sf), and cheapest in the Midwest ($65/sf). The huge price difference indicates that the demand for industrial space will be moving towards the Midwest region or in non-major metro areas.

According to Real Capital Analytics, the cap rates for industrial deals of $2.5 million and above continued to trend downwards, to 6.4 percent in 2019 Q1. The cap rate for warehouses was at 6.3 percent while the cap rate for flex properties was at 6.7 percent. (Flex properties typically contain a warehouse and additional office or showroom space). The sustained downtrend in the cap rate for flex space versus the slight upturn in cap rates for purely warehouse space indicates that flex space is becoming an increasingly valued asset, as it can be used for a variety or mix of business activities (e.g. small office, warehouse, call center).

Industrial Deals Closed in 2019 Q1	
Los Angeles	109
Chicago	85
Dallas	60
Inland Empire	53
Atlanta	49
Houston	45
Northern NJ	45
NYC Burroughs	37
Minneapolis	32
Miami-Dade	32
Denver	31
Phoenix	31
Boston	26
Columbus	21

Source: Real Capital Analytics





Sales price per square foot For $2.5M + deals in 2019 Q1	
Industrial	$84.4
Flex	$80.3
Warehouse	$85.6
Mid-Atlantic	$64.8
Midwest	$54.7
Northeast	$136.4
Southeast	$65.6
Southwest	$103.6
West	$148.5

Source: Real Capital Analytics

RETAIL: POSITIVE OUTLOOK IN GROWING AND AFFORDABLE METROS AND RETAIL NICHES

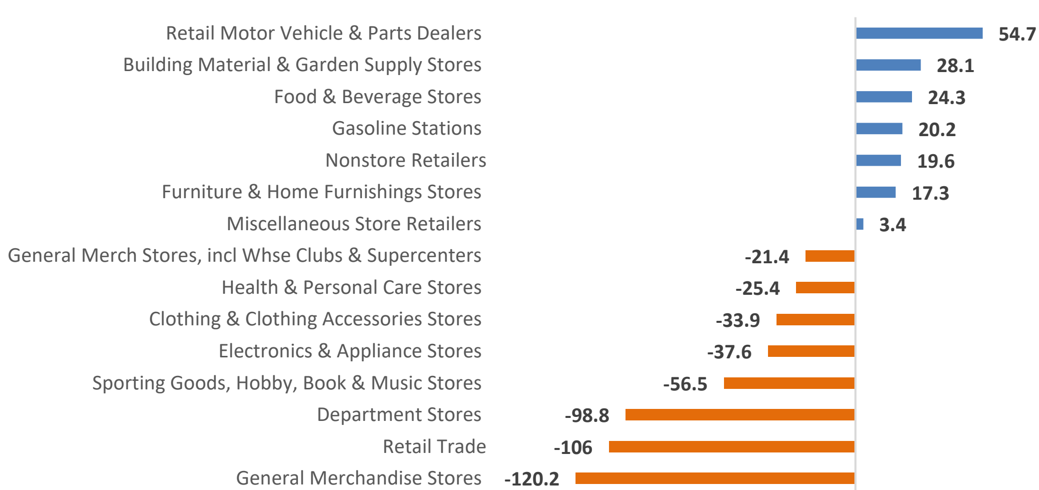
Annual Retail Trade Job Gains in March 2019 (in Thousands)

Dallas-Fort Worth-Arlington TX	5.0
Atlanta-Sandy Springs-Roswell GA	4.0
Charleston-North Charleston SC	2.7
Provo-Orem UT	2.1
Sacramento-Roseville-Arden-Arcade CA	1.8
Riverside-San Bernardino-Ontario CA	1.7
Boise City ID	1.7
North Port-Sarasota-Bradenton FL	1.6
Seattle-Tacoma-Bellevue WA	1.5
Huntsville AL	1.4
Tallahassee FL	1.3
Myrtle Beach-Conway-North Myrtle Beach SC-NC	1.3
Springfield MO	1.2
Lakeland-Winter Haven FL	1.1
St. George UT	1.1
Fresno CA	1.1
New York-Newark-Jersey City NY-NJ-PA	1.1
Albany-Schenectady-Troy NY	1.0
Raleigh NC	0.9
Columbia SC	0.9
Colorado Springs CO	0.9
Syracuse NY	0.9
Olympia-Tumwater WA	0.8
Deltona-Daytona Beach-Ormond Beach FL	0.8
Boston-Cambridge-Newton MA NECTA Division	0.7

Annual Retail Trade Job Loss in March 2019 (in Thousands)

Washington-Arlington-Alexandria DC-VA-MD-WV	-6.8
Houston-The Woodlands-Sugar Land TX	-5.9
Chicago-Naperville-Elgin IL-IN-WI	-5.7
Los Angeles-Long Beach-Anaheim CA	-5.7
Columbus OH	-4.0
Pittsburgh PA	-3.5
Philadelphia-Camden-Wilmington PA-NJ-DE-MD	-3.2
San Diego-Carlsbad CA	-3.2
Las Vegas-Henderson-Paradise NV	-2.6
St. Louis MO-IL	-2.4
Cleveland-Elyria OH	-2.3
Richmond VA	-1.9
Virginia Beach-Norfolk-Newport News VA-NC	-1.8
Milwaukee-Waukesha-West Allis WI	-1.8
New Haven CT Metropolitan NECTA	-1.6
Indianapolis-Carmel-Anderson IN	-1.5
Putnam-Rockland-Westchester, NY	-1.5
Baton Rouge LA	-1.3
Tucson AZ	-1.3
Huntington-Ashland WV-KY-OH	-1.3
San Francisco-Oakland-Hayward CA	-1.2
Louisville/Jefferson County KY-IN	-1.2
Scranton-Wilkes-Barre-Hazleton PA	-1.2
Calvert-Charles-Prince George's, MD	-1.1
Tampa-St. Petersburg-Clearwater FL	-1.1

Retail Trade Job Gains/Losses in April 2019 from January 2017



OFFICE: POSITIVE OUTLOOK WITH DEMAND LIKELY TO INCREASE IN AFFORDABLE SUBURBAN OFFICE MARKET

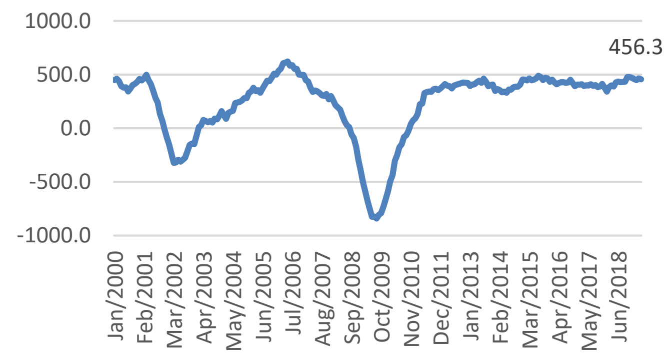
The outlook for office real estate is positive given continued economic and job growth under supportive monetary. Since 2012, the economy has generated 415,000 jobs annually in office-using industries such as finance, real estate/rental/leasing, professional and tech services, management, and administrative/waste services.

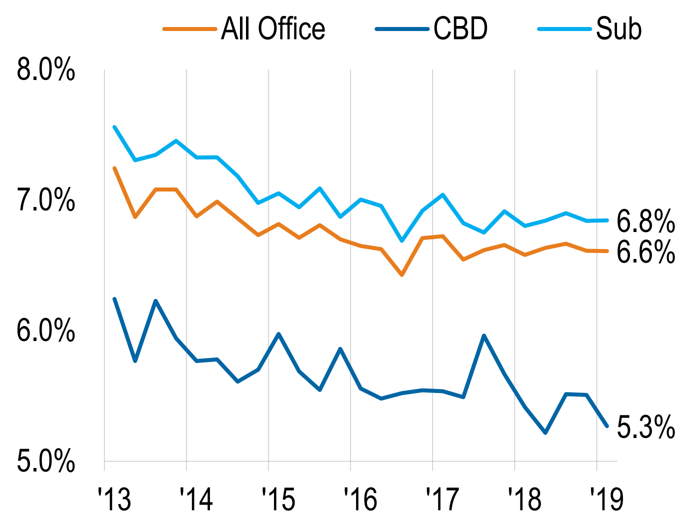
Cap rates for properties in the Central Business Districts have been trending downwards, to 5.3 percent in 2019 Q1, while cap rates for offices in suburban areas have remained stable, at slightly below seven percent.

CBD office properties averaged $331/sf, almost twice the price for suburban office space. Office prices were most expensive in the West ($462/sf) and Northeast ($409/sf) and were least expensive in the Midwest ($120/sf). The price difference is likely to move demand towards suburban office space over time, as long as suburban areas will continue to gain population and jobs. Dallas, Houston, Phoenix, Atlanta, and Seattle were the top areas that saw a huge increase in population from 2015 to 2018, and the population increase will boost demand for consumer and business services over time.

The growth of tech-related jobs will boost the demand for office space. States that have a large share of tech-sector employment to total non-farm employment are Virginia (11%), Massachusetts (9%), Colorado (9%), California (8%), and the District of Columbia (15%).

Annual jobs generated in Finance, Real Estate, Professional, Management, and Administrative Services (in thousands)

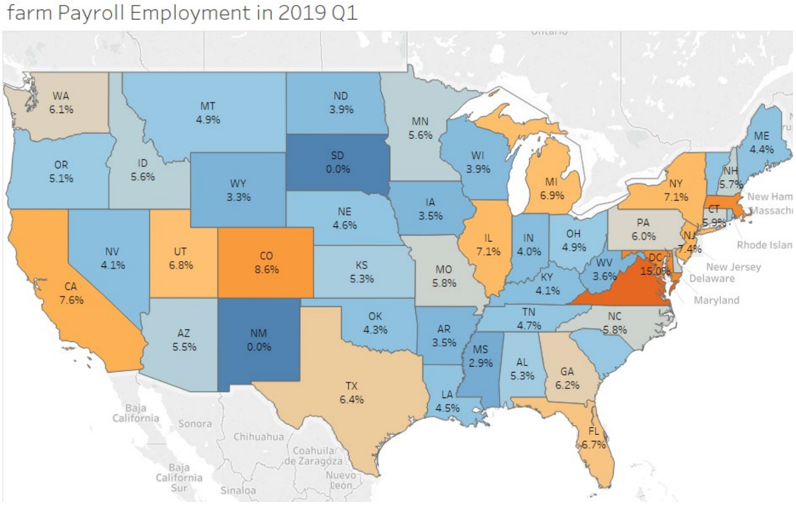




Average Price Per Sq. Ft for $2.5M + Transactions in 2019 Q1	
Office	$211
Office CBD	$331
Office Sub	$166
Mid-Atlantic	$236
Midwest	$120
Northeast	$409
Southeast	$174
Southwest	$160
West	$462

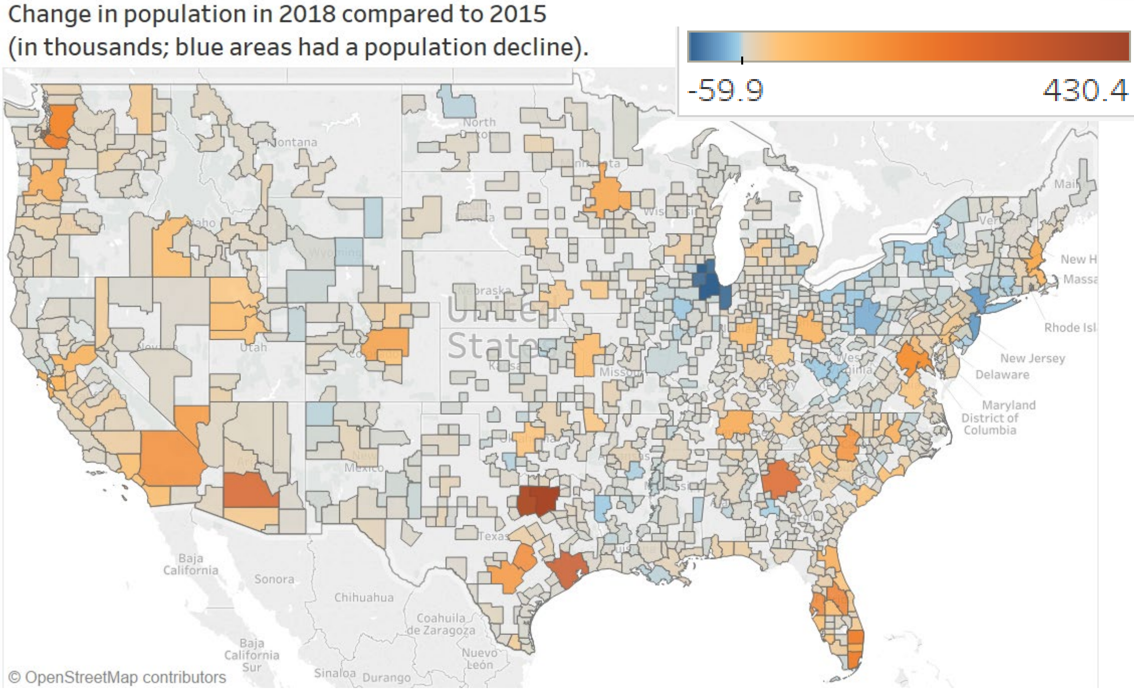
Source: Real Capital Analytics

Share of Employment in Professional and Technical Services (NAICS 54) to Non-farm Payroll Employment in 2019 Q1



OFFICE: POSITIVE OUTLOOK SUPPORTED BY SUSTAINED JOB GROWTH

Change in population in 2018 compared to 2015
(in thousands; blue areas had a population decline).



Change in population in 2018 compared to 2015 ('000)

Dallas-Fort Worth-Arlington, TX MSA	430.4
Houston-The Woodlands-Sugar Land, TX MSA	320.8
Phoenix-Mesa-Scottsdale, AZ MSA	276.8
Atlanta-Sandy Springs-Roswell, GA MSA	261.7
Seattle-Tacoma-Bellevue, WA MSA	201.0
Miami-Fort Lauderdale-West Palm Beach, FL MSA	200.5
Orlando-Kissimmee-Sanford, FL MSA	185.4
Tampa-St. Petersburg-Clearwater, FL MSA	173.4
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	167.5
Austin-Round Rock, TX MSA	165.7
Riverside-San Bernardino-Ontario, CA MSA	157.1
Charlotte-Concord-Gastonia, NC-SC MSA	146.8
San Antonio-New Braunfels, TX MSA	137.4
Fort Worth-Arlington, TX MetDiv	134.8
Las Vegas-Henderson-Paradise, NV MSA	133.5
Denver-Aurora-Lakewood, CO MSA	118.9
Minneapolis-St. Paul-Bloomington, MN-WI MSA	109.7
Nashville-Davidson-Murfreesboro-Franklin, TN MSA	101.6
Portland-Vancouver-Hillsboro, OR-WA MSA	96.4
Boston-Cambridge-Newton, MA-NH MSA	95.6
Raleigh, NC MSA	91.3
Jacksonville, FL MSA	90.0
Sacramento-Roseville-Arden-Arcade, CA MSA	81.1
San Francisco-Oakland-Hayward, CA MSA	79.9
Columbus, OH MSA	79.0
Miami-Miami Beach-Kendall, FL MetDiv	73.4

Change in population in 2018 compared to 2015 ('000)

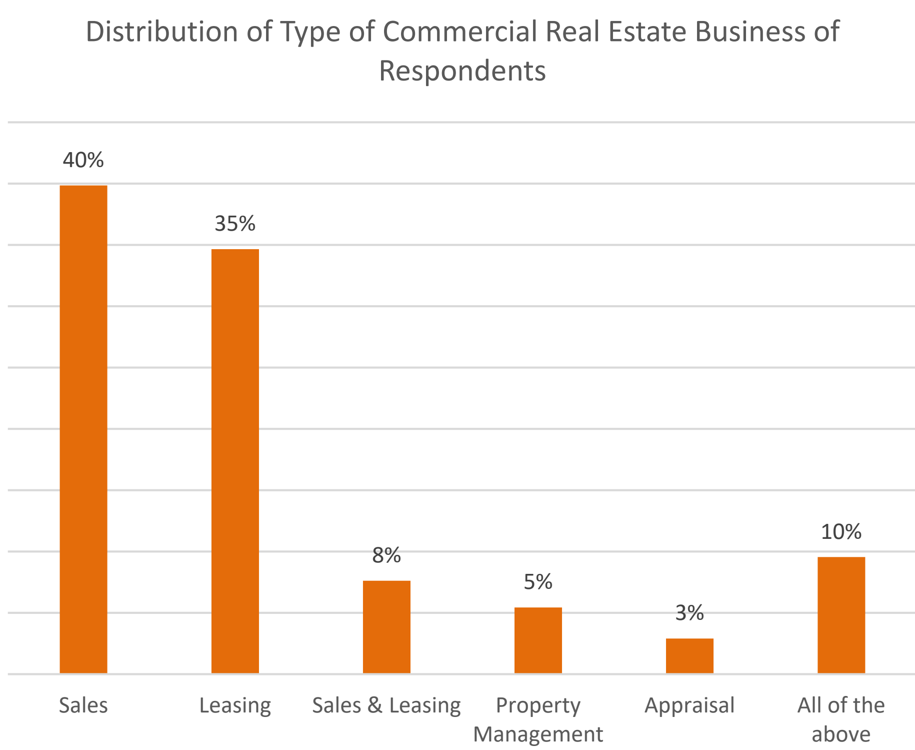
Chicago-Naperville-Elgin, IL-IN-WI MSA	-59.2
Pittsburgh, PA MSA	-23.2
New York-Newark-Jersey City, NY-NJ-PA MSA	-20.5
Urban Honolulu, HI MSA	-11.3
Youngstown-Warren-Boardman, OH-PA MSA	-9.9
Charleston, WV MSA	-9.4
Peoria, IL MSA	-8.8
Huntington-Ashland, WV-KY-OH MSA	-8.2
Shreveport-Bossier City, LA MSA	-7.8
Cleveland-Elyria, OH MSA	-7.3
Syracuse, NY MSA	-7.1
Erie, PA MSA	-6.1
Rochester, NY MSA	-5.7
Hartford-West Hartford-East Hartford, CT MSA	-5.3
Atlantic City-Hammonton, NJ MSA	-5.0
Binghamton, NY MSA	-4.9
Columbus, GA-AL MSA	-4.8
Beckley, WV MSA	-4.8
Watertown-Fort Drum, NY MSA	-4.6
Pine Bluff, AR MSA	-4.5
Johnstown, PA MSA	-4.3
Wheeling, WV-OH MSA	-4.1
Vineland-Bridgeton, NJ MSA	-3.9
Lawton, OK MSA	-3.8
Canton-Massillon, OH MSA	-3.8
Springfield, IL MSA	-3.6

5 | ABOUT THE SURVEY

NAR's Quarterly Market Survey gathers information about the commercial transactions of REALTORS® and members of affiliate organizations (CCIM, SIOR, RLI, IREM, and the Counselors of Real Estate) and the opportunities and challenges facing commercial practitioners.

The 2019 Q1 survey was sent to approximately 69,754 commercial REALTORS® and members of affiliate organizations during April 24 –May 3, 2019. There were 828 respondents who were engaged in sales (40%), leasing (35%), sales and leasing (8%), property management (5%), appraisal (3%), or a mix of these businesses (10%).

Among those engaged in sales, the average sales transaction was $1.2 million.



The National Association of REALTORS® is America's largest trade association, representing more than 1.3 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics. Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

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The Mission of the NATIONAL ASSOCIATION OF REALTORS® Research Group is to produce timely, data-driven market analysis and authoritative business intelligence to serve members, and inform consumers, policymakers and the media in a professional and accessible manner.

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