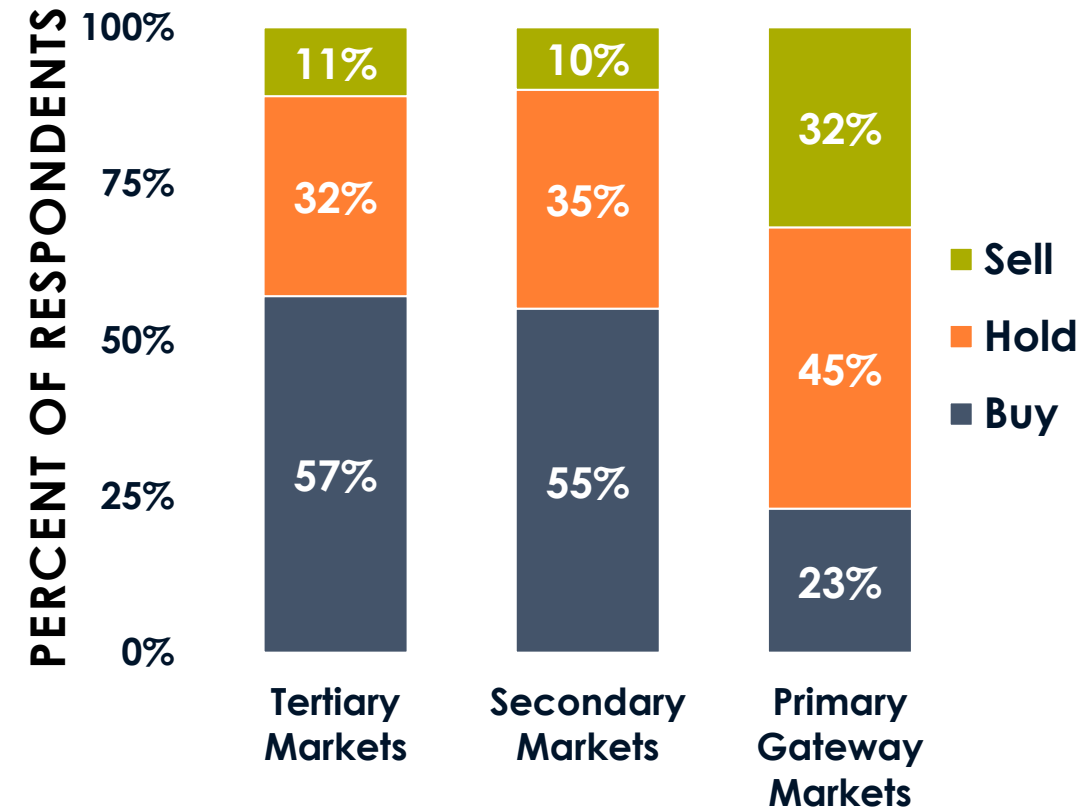


# ARE SMALLER METROS THE NEW INVESTMENT OPPORTUNITY?

- **CRE Transaction Recovery Underway, But Fragmented**
  - Total CRE transactions in 4Q 2020 were near pre-pandemic levels
  - In general, property sales under \$20M recovered faster than sales over \$20M
  - **Apartment** and **Industrial** sales gained traction more quickly than sales of **Hotels, Urban Office** or **Retail Centers**
- **Demographic Trends Driving Sales Activity**
  - The pandemic has accelerated a demographic move out of primary markets into smaller cities
  - Following this trend, investors are focusing more capital in secondary and tertiary markets
- **Will This Population Shift Persist Post-Pandemic?**
  - If this trend continues, investing in smaller, growing markets could help investors get in ahead of the curve
  - However, if primary markets make a comeback, then an opportunity exists to invest in urban areas of larger metros then reap gains as they recover

## Investors Believe Now is the Time to Buy in Smaller Markets



As of 1H 2021  
Base: All respondents (n=509).  
Sources: Marcus & Millichap Research Services, M&M/NREI Investor Survey