Intelligent Investment

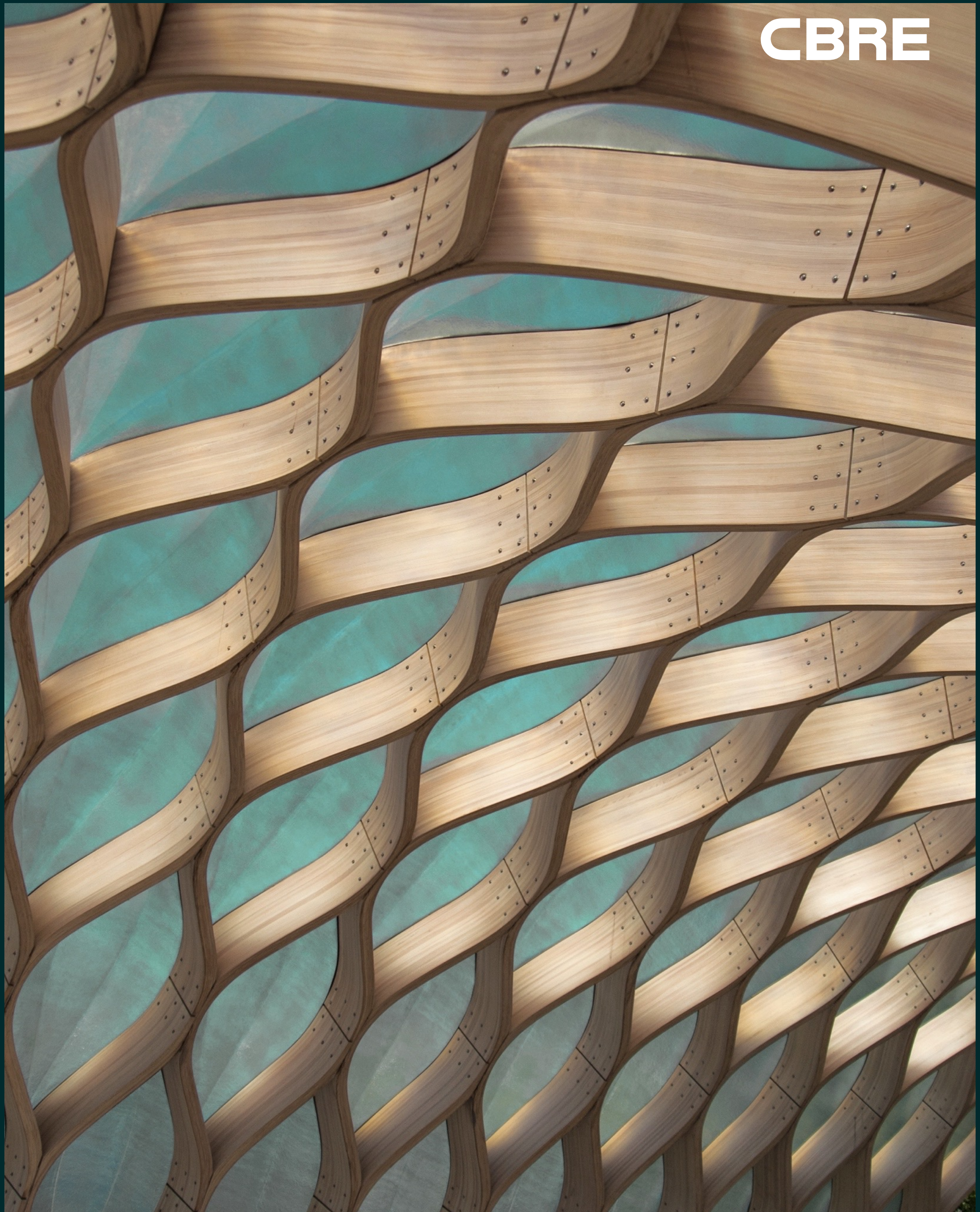
United States

Cap Rate Survey H1 2022

REPORT

Investors expect cap rate expansion amid tighter lending standards.

CBRE RESEARCH
AUGUST 2022



Introduction

Price Discovery

Property price discovery is always a significant challenge when capital markets are under stress. The spring of 2022 was no exception.

Spencer G. Levy

Global Client Strategist

Our H1 2022 Cap Rate Survey was largely conducted in May and early June. Interest rates were rising rapidly at that time, making the impact on cap rates very difficult to discern. Clearly, cap rates have widened further since the spring—a fact that we confirmed with a cross-section of our investment professionals in early August.

The cap rate expansion since early June has been relatively modest at the high end of the market. Property sales have been dominated by all-cash buyers as well as industrial and multifamily investors willing to accept some negative leverage due to their expectations of continued strong rent growth. A 60-basis-point decrease in the 10-year Treasury yield since June 14 has also helped to temper the decline in high-end asset values. On the other hand, cap rates at the low end of the market have widened significantly since early June due to debt market illiquidity for the riskiest assets.

Nevertheless, property investment markets have been more active than they typically are during turbulent times. Total volume rose by 10% in Q2 2022 compared with the same period in 2021. The continued strong volume was driven by investors offering more new deals to get ahead of further interest rate increases and to monetize strong gains in multifamily and industrial assets despite some softening of pricing this year. Out-of-favor office and retail assets also saw higher volume as investors were attracted to the positive leverage (going-in yields higher than the cost of debt) still available.

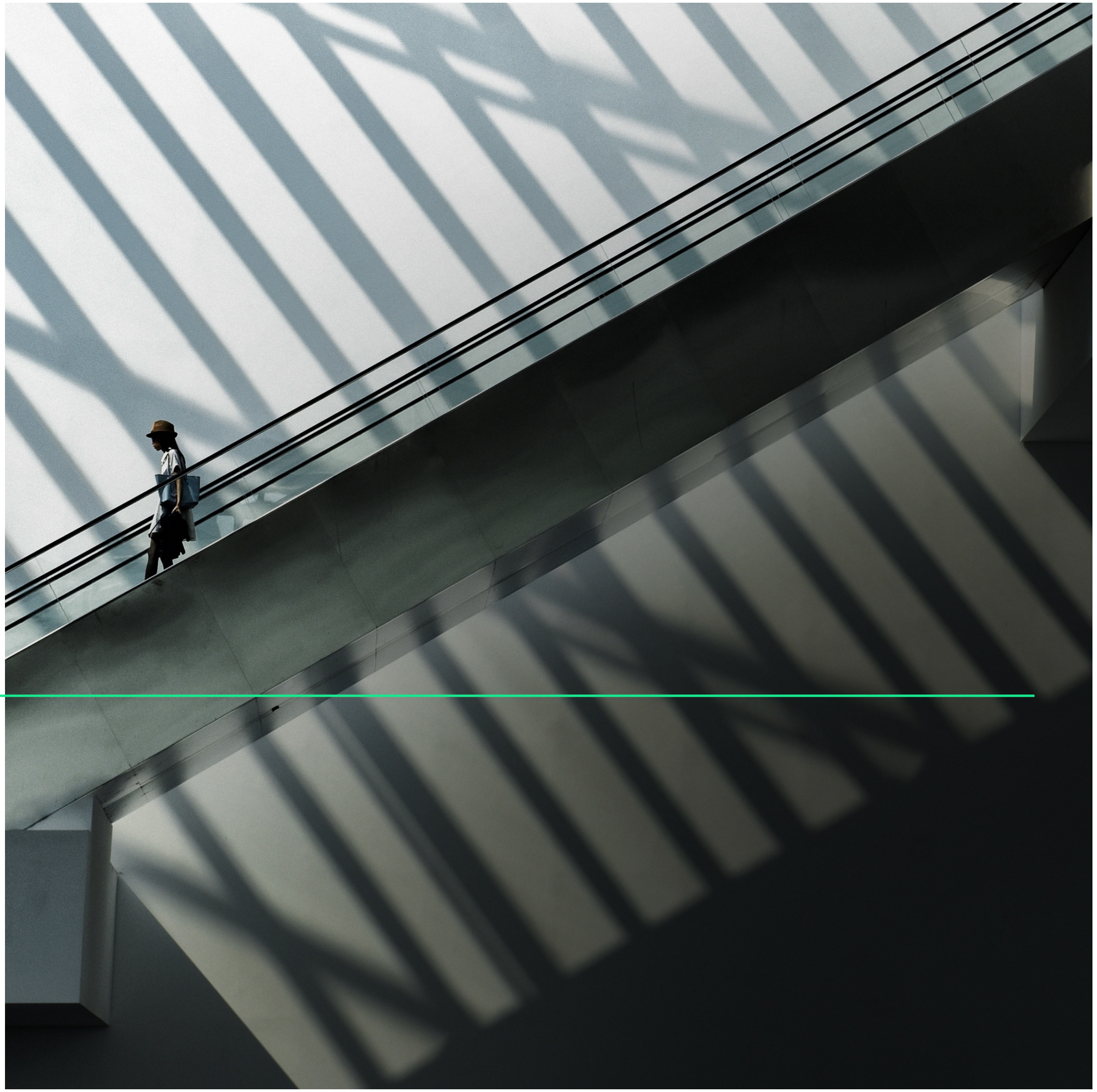
The silver lining to this volatile period should be a shorter route to price discovery given the relatively high deal volume. However, we likely won't achieve full price discovery until investors become convinced that the macroeconomic environment has stabilized—particularly with regard to inflation and the outlook for interest rates.

We encourage you to stay close to your CBRE Capital Markets and Research professionals as more up-to-date deal data becomes available. In the meantime, our H1 2022 Cap Rate Survey is the best reflection of where CBRE professionals see pricing in the market.

Survey Background

Welcome to CBRE's H1 2022 Cap Rate Survey (CRS). The data driving this report was gathered in May and early June, reflecting deals that occurred throughout the first five months of the year. Market conditions are fluid amid high inflation and rising interest rates, but the CRS provides important insights about how investor sentiment is changing.

The CRS captures 3,600 cap rate estimates across more than 50 geographic markets to generate key insights from a wealth of data.



Please note that 214 respondents completed the H1 2022 Cap Rate Survey with their real time market estimates between mid-May and early June 2022. Given the rapidly changing macro environment, estimates may not reflect the most current market conditions. Readers should view all cap rate estimates within this context.

Executive Summary

The Top 5 insights from this report:

Concerns over rising interest rates are fuelling expectations for moderate cap rate expansion.

A weakening economic backdrop and rising rates are leading to tighter underwriting and lending assumptions.

Sturdy fundamentals support milder yield expansion for industrial.

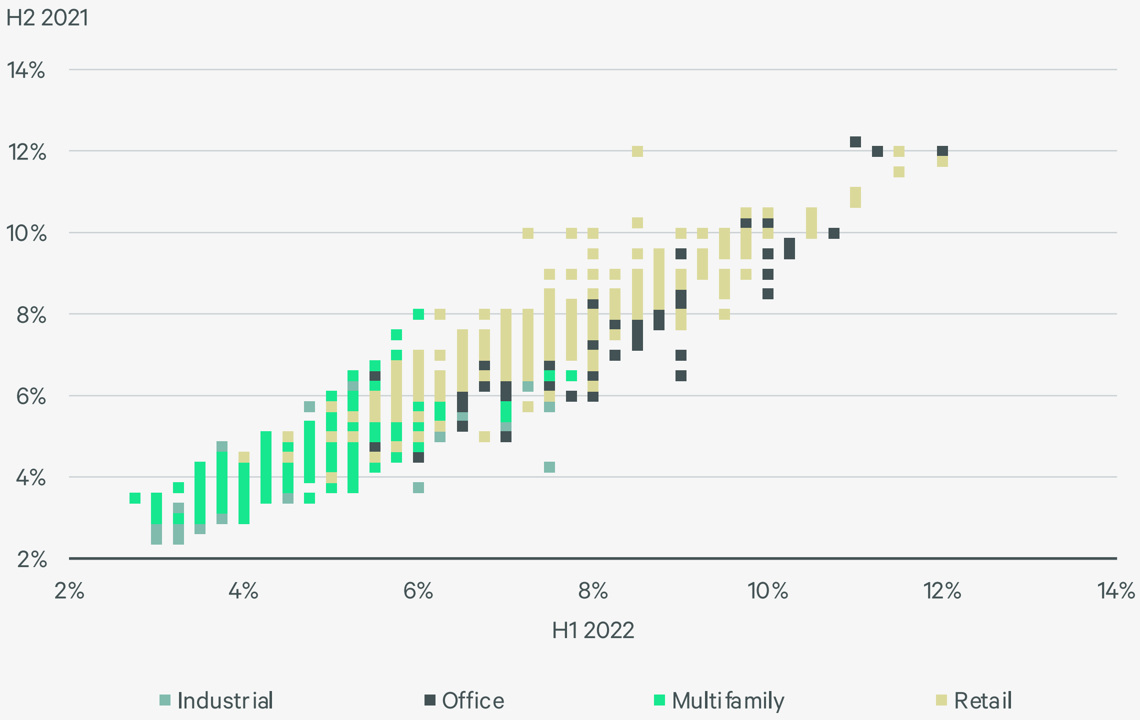
Relative pricing makes quality retail attractive, despite expected weakness in marginal centers.

While concerned with rising operating costs, hotel investors are optimistic about resort properties and markets in the Southeast and Mountain West.

A bird's-eye view on cap rates

- Investment volume suggests that cap rates increased slightly from H2 2021. There is evidence that cap rates have expanded further since then.
- Figure 1 shows the degree to which multifamily and industrial yields dominate the lower end of the pricing curve. Retail reflects falling cap rates.
- Pricing has been firm for well-located neighborhood retail centers and prime offices.
- Reported cap rates do not reflect the more recent volatility and tighter debt capital markets. Perhaps most relevant is most survey respondents' expectations that cap rates will rise over the next six months.

FIGURE 1: H1 2022 Stabilized Cap Rate Estimates Versus H2 2021 Estimates

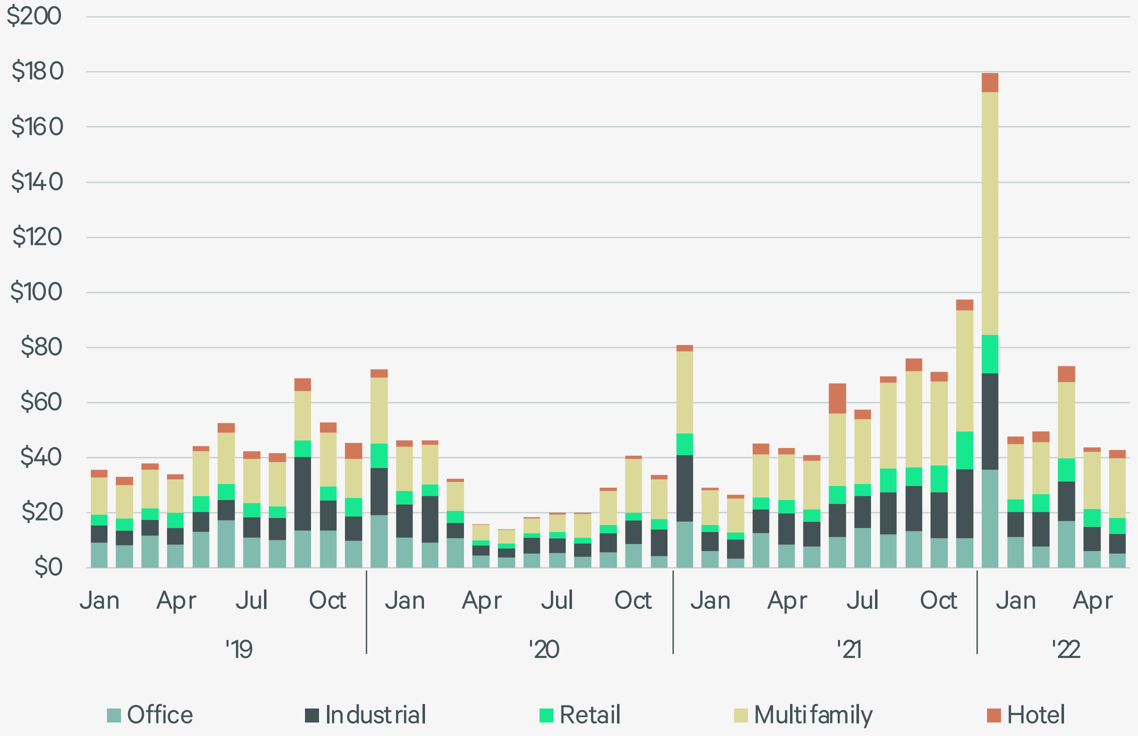


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Investment volume held steady in Q1 2022, but the future is uncertain

- Investment volume hit a record in Q4 2021, at about $180 billion. Activity was overwhelmingly driven by multifamily and particularly large portfolio trades.
- Multifamily activity during H1 2022 has been partly driven by owners expediting disposition plans as interest rates increase. Some of this momentum could carry into H2 2022.
- Ultimately, investment volume will face headwinds from higher interest rates, weaker economic activity, and a strong USD, which likely will limit foreign buyers.

FIGURE 2: Real Estate Investment Volume by Sector, Billions (USD)

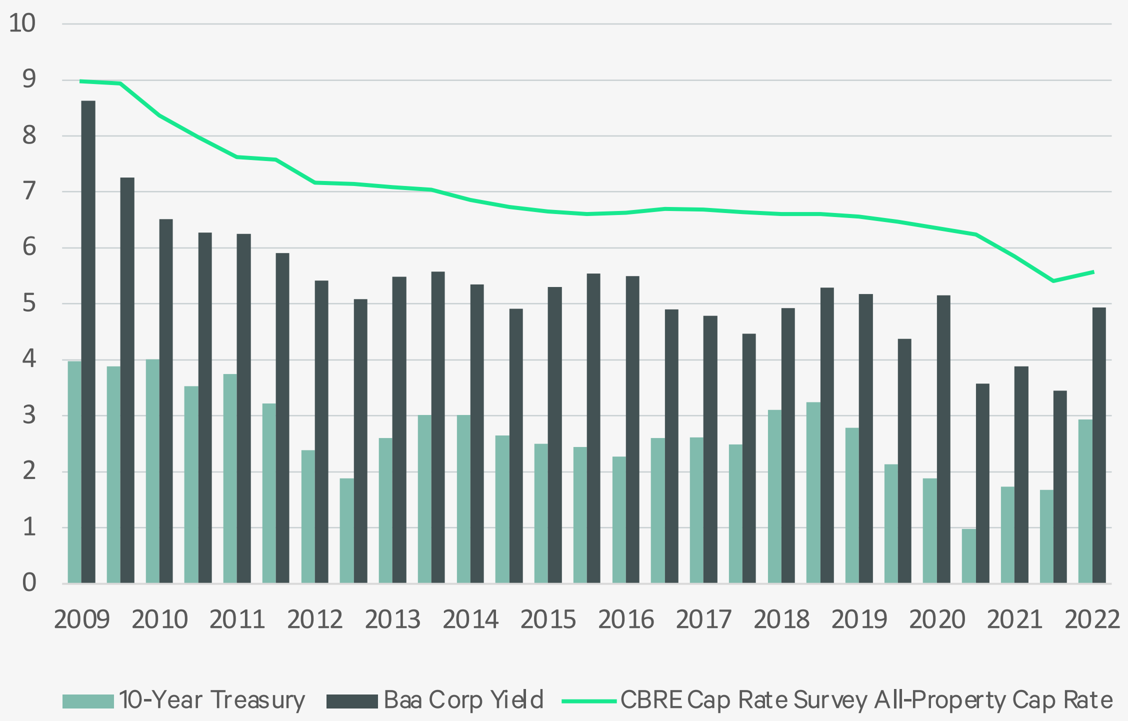


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: Real Capital Analytics.

Rising cost of capital

- The H1 2022 Cap Rate Survey, informed by sales comps from January to early June, shows that yield compression has ceased, and cap rates have started to tick slightly upward.
- Tighter monetary policy has significantly increased borrowing costs, impacting some transactions. In some cases, debt financing costs have drifted higher than market cap rates. Survey respondents overwhelmingly expect cap rates to increase during the next six months.

FIGURE 3: Real Estate Cap Rate and Bond Yields (%)

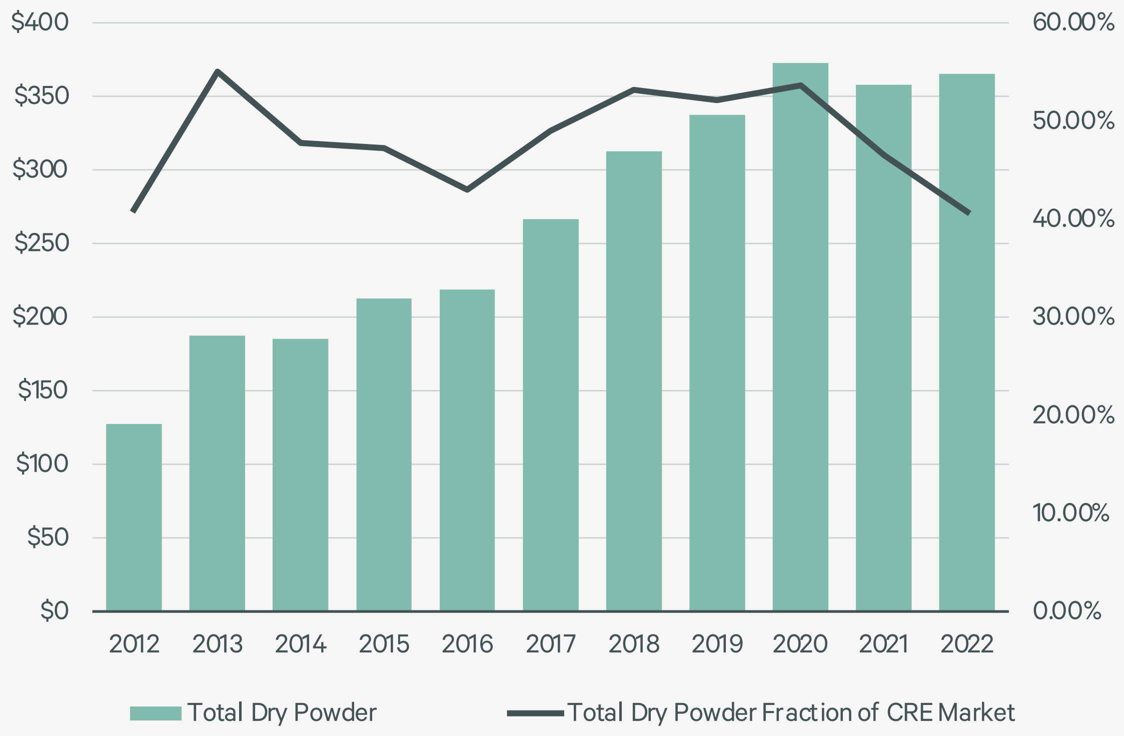


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: Federal Reserve, Macrobond, CBRE Research.

Dry powder to support CRE

- According to Preqin, the amount of dry powder, or funds, raised for investment by closed-end private real estate equity funds has held steady over the past three years. The current $365.2 billion in dry powder is roughly 40% of the overall CRE market size.
- Specifically, a notable amount of capital has been raised for opportunistic and value-add investment strategies. While highly leveraged strategies will be challenged in the current environment, some interesting opportunities may emerge for buyers with a strong cash position.

FIGURE 4: Total Closed-end Private Real Estate Dry Powder

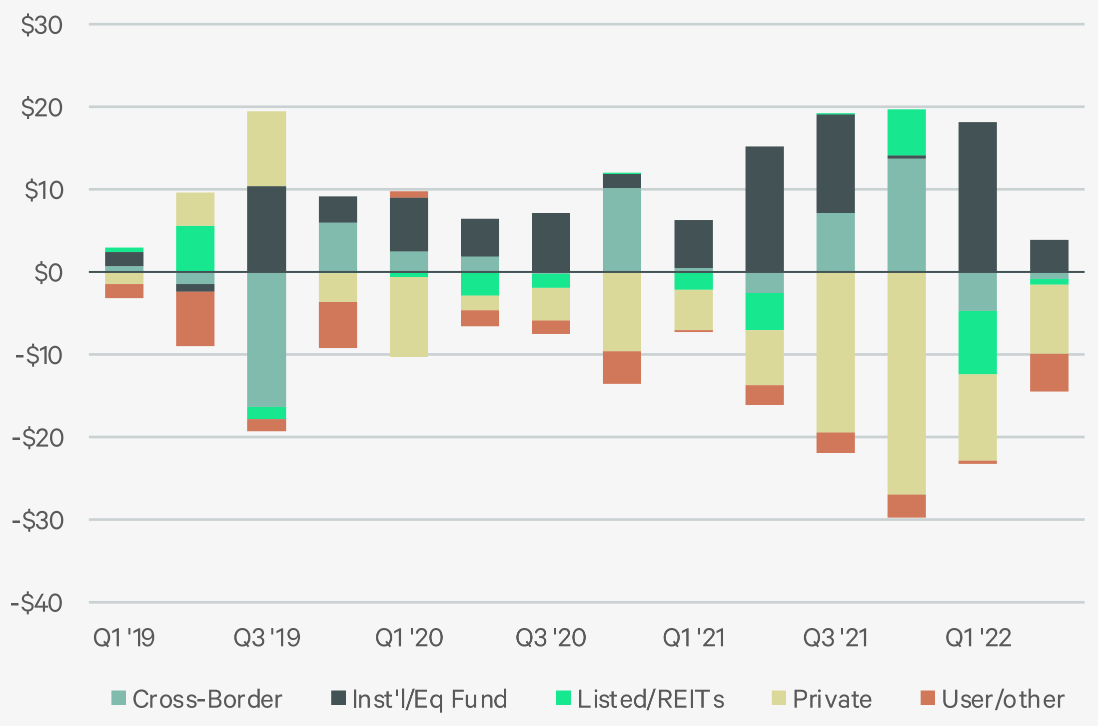


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: Preqin, NCREIF.

Investor composition

- Institutional investors and equity funds were the largest investors in commercial real estate during the first half of 2022 with approximately $22 billion in net acquisitions. This is possibly due to investors with a stronger cash position being better situated than more leveraged buyers as interest rates rise. All other investor types were net sellers in the first half of the year.

FIGURE 5: Net Acquisitions by Investor Type, Billions (USD)

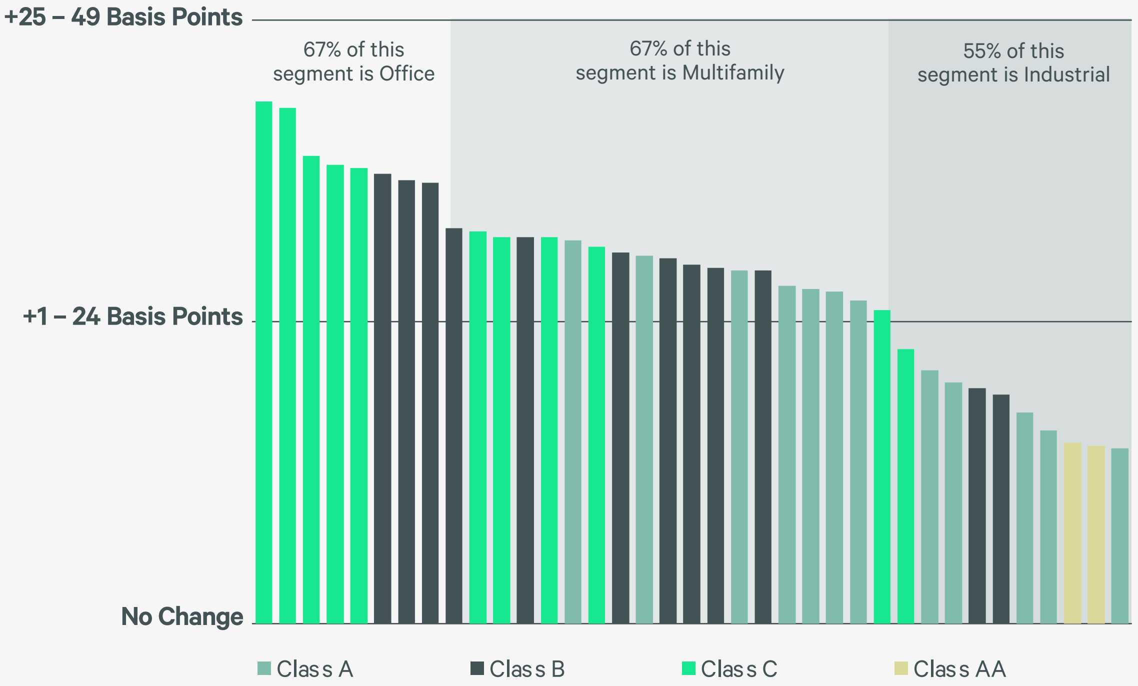


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: Real Capital Analytics

Respondents expect cap rates to rise

- As of late May, survey respondents were largely expecting an increase in cap rates within a 25-basis point (bps) range. It is virtually assured that these expectations would be revised upward if the survey were conducted today.
- Respondents expect the greatest yield decompression among Class B and C assets, particularly lower-tier office properties. 67% of the properties expected to see the most decompression over the next six months are lower-tier office. Lower-tier retail properties are also represented in this group.
- The CRS suggests that strong fundamentals will limit the yield expansion within the multifamily and industrial sectors. Industrial accounts for 55% of the asset segment expected to see the least expansion. Also, Class AA office assets are expected to be relatively insulated.

FIGURE 6: Cap Rate Growth Expectations by Sector and Class. Average of all respondent expectations.

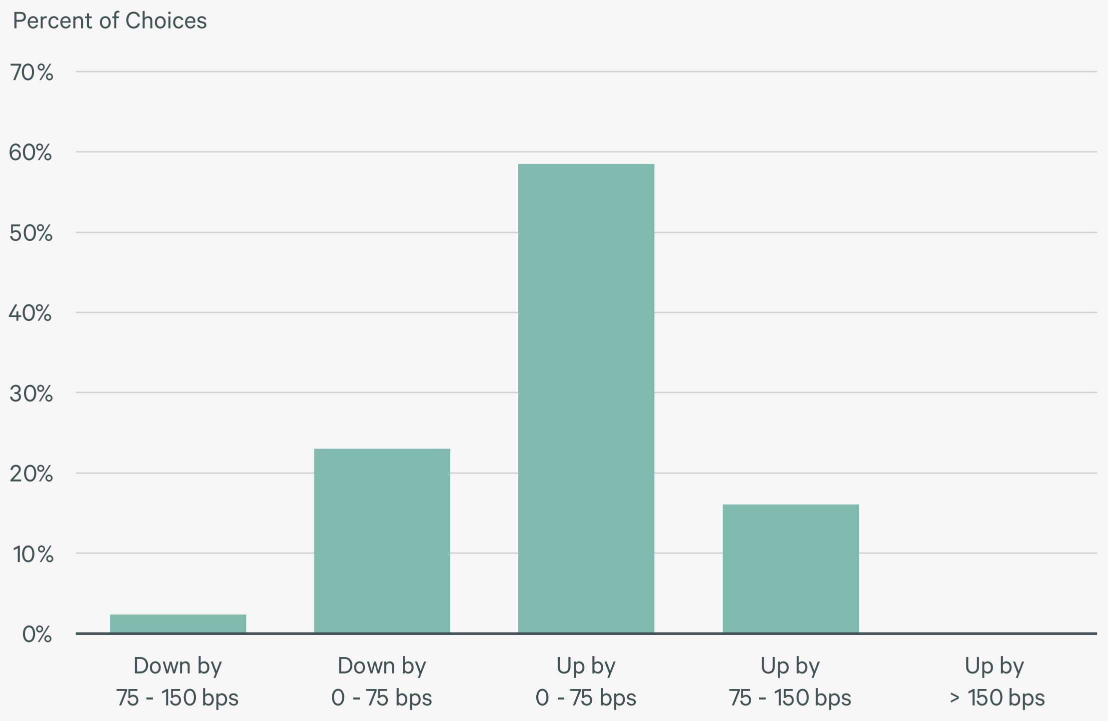


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Loan spreads are expected to widen

- The debt capital markets changed quickly during the second quarter and especially in June. Nearly 60% of CRS respondents expect loan spreads to increase between 0 and 75 bps during the next six months. Slightly less than a quarter of respondents expect an increase between 75 and 150 bps.
- At the time of the survey, in May and early June, nearly a quarter of respondents thought the Federal Reserve's borrowing costs might trend downward in the medium term. But more aggressive monetary policy tightening suggests very few would hold this view if the survey were held today.

FIGURE 7: Where do you think loan spreads will go during the next six months? (Assuming a fixed 10-year term with a 60% LTV)

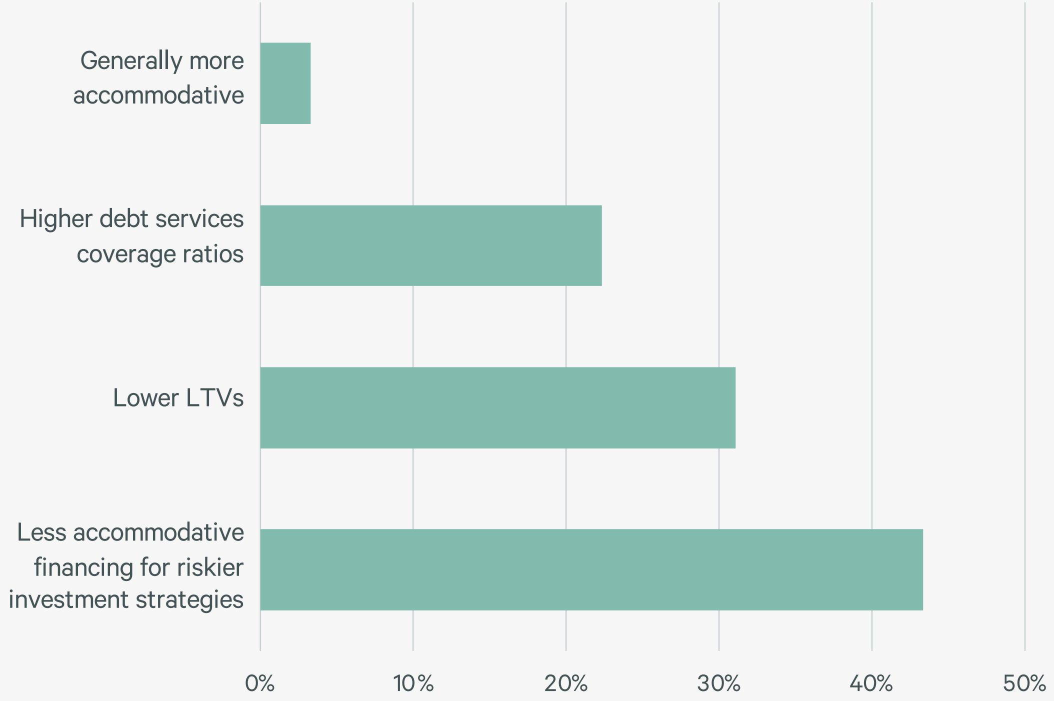


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Lending terms are becoming more restrictive

- Besides higher borrowing costs, most respondents expect less accommodative lending terms during the next six months.
- Concerns about potential value erosion amid worsening economic conditions have necessitated lower LTVs and higher debt service coverage ratios.
- Respondents overwhelmingly anticipate less accommodative financing for riskier strategies such as value-add deals. This coincides with the belief that Class B and C cap rates are likely to increase at a greater pace through year-end.

FIGURE 8: How do you think lending terms will change during the next six months? Share of responses.

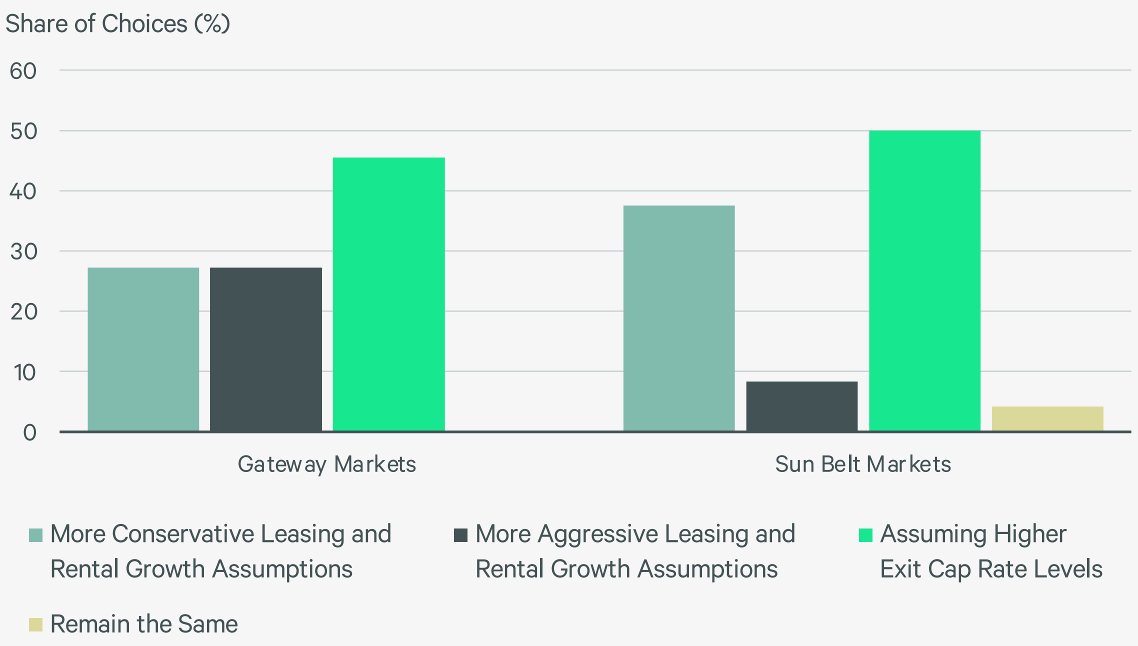


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Multifamily underwriting reflects higher exit cap rate assumptions

- There is a consensus that multifamily underwriting assumptions will change over the next year with exit cap rates drifting higher.
- Interestingly, high-growth Sun Belt markets will see more conservative lease-up and rental growth assumptions than Northern gateway markets with slower population and job growth. This difference in sentiment reflects a strong post-pandemic recovery in dense markets like New York and Boston. Meanwhile, Sun Belt markets that suffered less of a fallout from COVID-19 are expected to see less improvement in market conditions in the coming year. Also, many of these markets must contend with material supply deliveries in coming quarters.

FIGURE 9: How do respondents believe multifamily underwriting assumptions will change during the next 12 months? (Answers are organized by market type.)



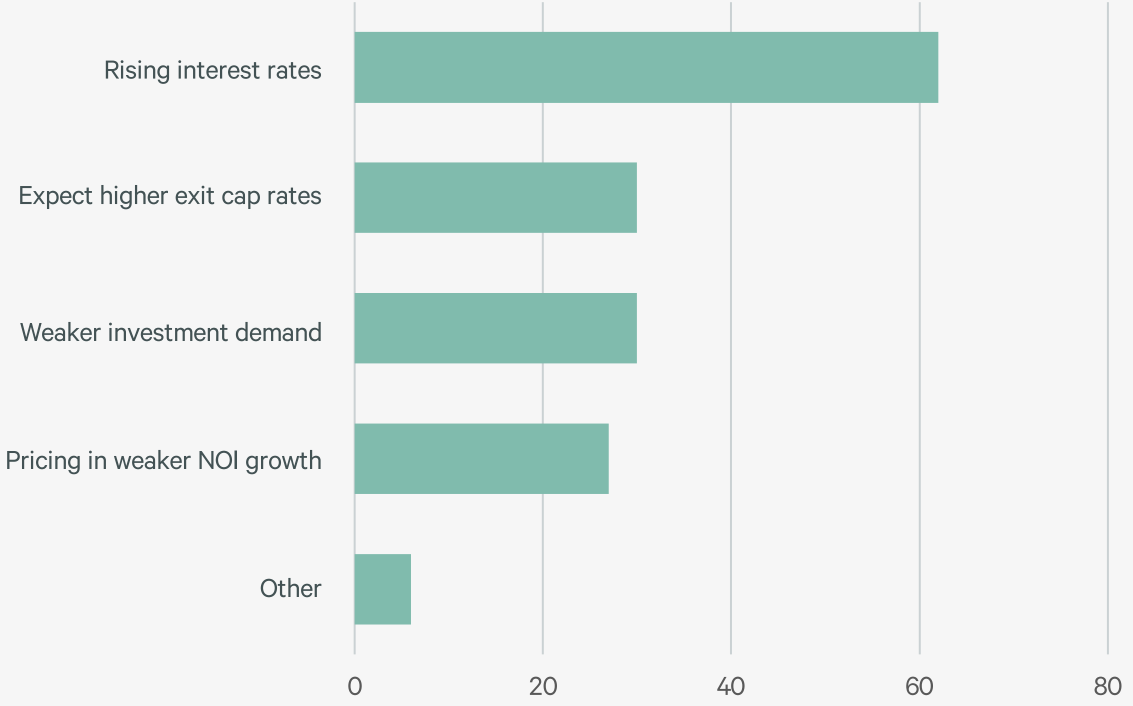
Sun Belt Markets : Atlanta, Charlotte, Dallas, Miami, Nashville, Orlando, Phoenix, Raleigh-Durham, and Austin.
Gateway Markets : Boston, Washington, D.C., Los Angeles, New York City, Seattle, and San Francisco.

Source: CBRE Econometric Advisors.

Why cap rates are poised to rise

- Investors expect office cap rates to rise over the next year primarily because of rising interest rates.
- Many respondents believe yields will rise because of higher borrowing costs, deteriorating investor sentiment and weaker expected NOI growth.

FIGURE 10: Reasons why respondents believe office cap rates will increase during the next year. Number of responses for each category.

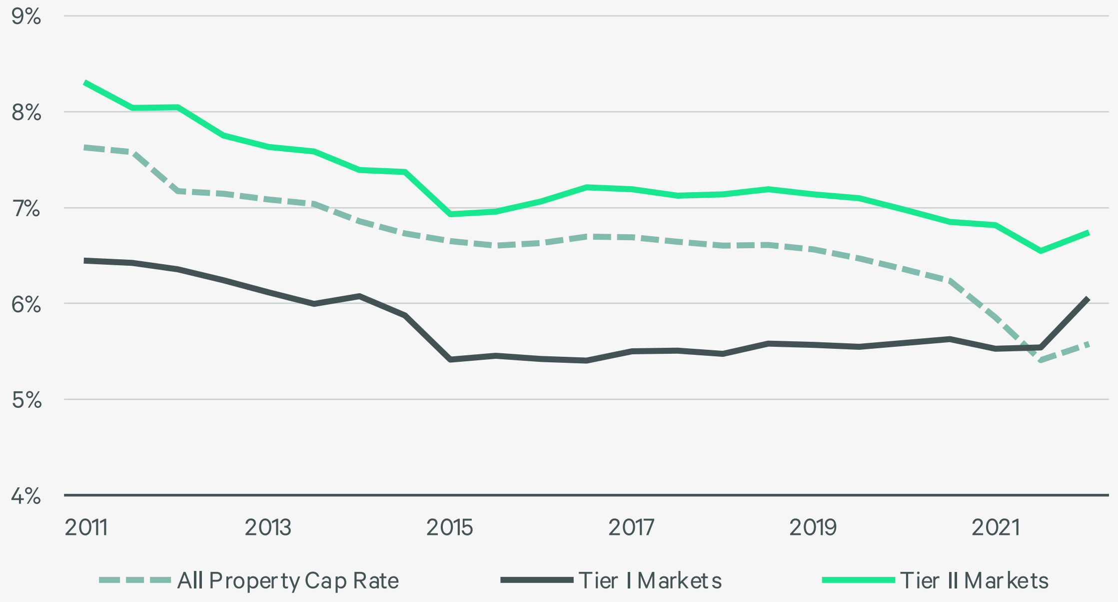


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Large CBD office markets are under pressure

- Tier I CBD office markets saw higher cap rates in H1 2022 with respondents estimating a 50-bps increase compared with the H2 2021 survey. This is likely due to lower space utilization in markets with long commute times and thinner buyer pools.
- Respondents reported a milder increase in cap rates within Tier II office markets, but forward-looking expectations overwhelmingly suggest higher yields on the horizon.

FIGURE 11: Estimated Stabilized Office Cap Rate by Market Tier (%)



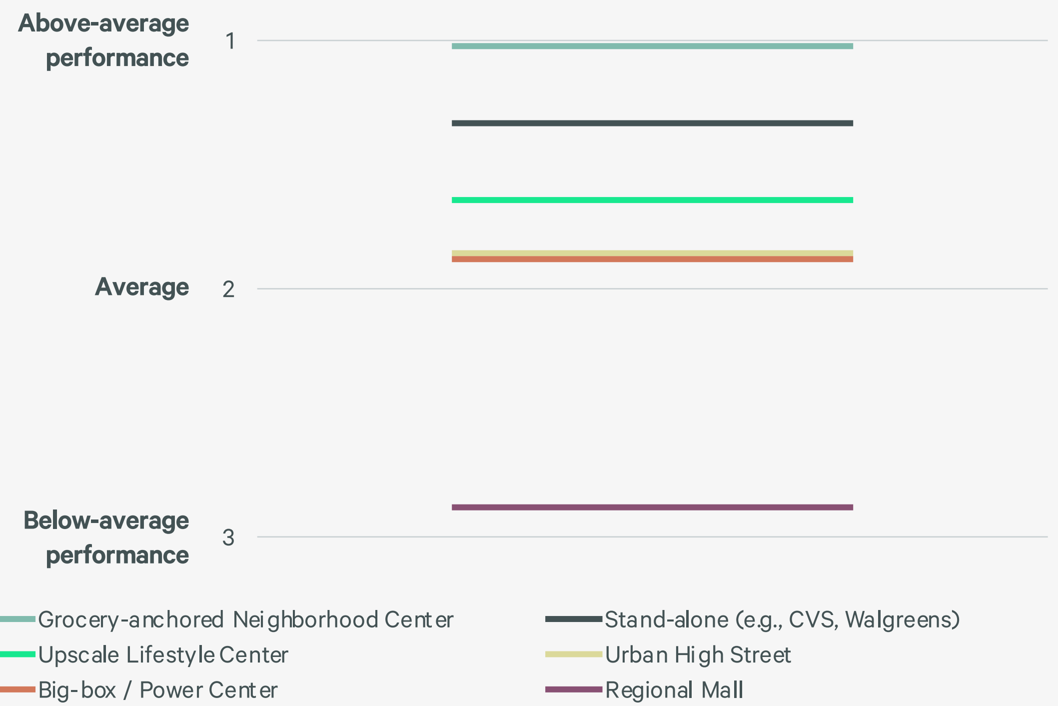
Tier I Markets: Boston, Chicago, Oakland, San Francisco, San Jose, Stamford, New York City, Los Angeles, Orange County, Seattle, Washington, D.C.
Tier II Markets: Atlanta, Austin, Charlotte, Dallas, Denver, Houston, Minneapolis, Philadelphia, Phoenix, Portland, Raleigh-Durham, Miami, San Diego

Source: CBRE Econometric Advisors.

Retail performance and pricing will vary widely by format

- Sentiment has grown more positive for quality suburban neighborhood retail properties, especially as consumers have directed more spending toward local goods and services.
- Similarly, some big box centers are benefiting from improved consumer spending and limited construction. However, weak consumer confidence presents a challenge in coming quarters.
- Sentiment around regional malls remains very weak. Regional mall companies are among the worst performers in the NAREIT index.

FIGURE 12: Retail Sectors by Expectations for Relative Investment Performance During the Next Year

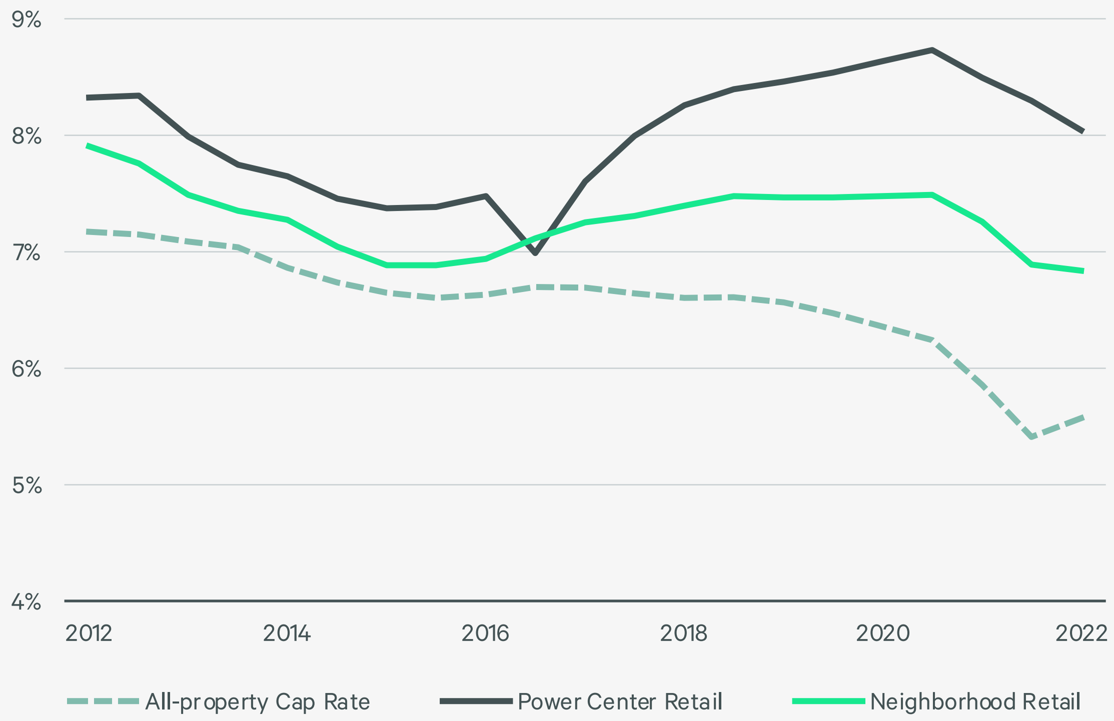


Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Retail is interesting

- The re-pricing of the retail sector in recent years has made cap rates for quality assets appear attractive relative to multifamily and industrial.
- Very little new retail supply has been completed since the Global Financial Crisis. Consequently, when consumer spending increased in recent years the relationship between income growth and current yields attracted investor interest.
- According to Cap Rate Survey estimates retail cap rates were flat to trending downward during H1 2022. Retail cap rates will likely see some upward movement; however, renewed interest from institutional buyers could put a ceiling on the increase in coming quarters.

FIGURE 13: Cap Rate Trend by Retail Type



Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Higher hopes for leisure travel hotels

- In a high-inflationary environment, hotels benefit from short lease terms but suffer from higher operating costs. Nearly 60% of respondents believe that hotel revenue will outpace operating expenses during the next six months. However, the ability to pass along higher operating costs will vary by segment.
- Strong fundamentals for leisure travel destinations, such as luxury and drive-to resorts, are poised to produce sturdy revenue per available room (RevPAR) in coming months. This should support stronger investment performance.
- Conversely, sluggish business and international travel is restraining activity and performance expectations for city-center hotels.

FIGURE 14: Average Rank of Expected Investment Performance During the Next Year by Hotel Property-type, 1 = Greatest Relative Investment Performance

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Econometric Advisors.

Where would hotel investors like to invest during the next year?

- When asked what markets hotel investors would like to invest in, high-end leisure travel was a key theme. Niche destinations, such as Sedona, AZ; Glenwood Springs, CO (adjacent to Aspen); and Charleston, SC, were frequent responses.
- Improved conditions in large cities and the likelihood that international travelers will return has sparked investor interest in large, urban travel markets, such as San Francisco, Washington, D.C. and New York City. However, business travel is proving slow to return to pre-pandemic levels.
- Overall, hotel investors favored leisure travel markets in the Southeast, particularly Florida, and the Inter-Mountain West.

Note: Survey results were collected in May 2022 and may not reflect current market conditions.

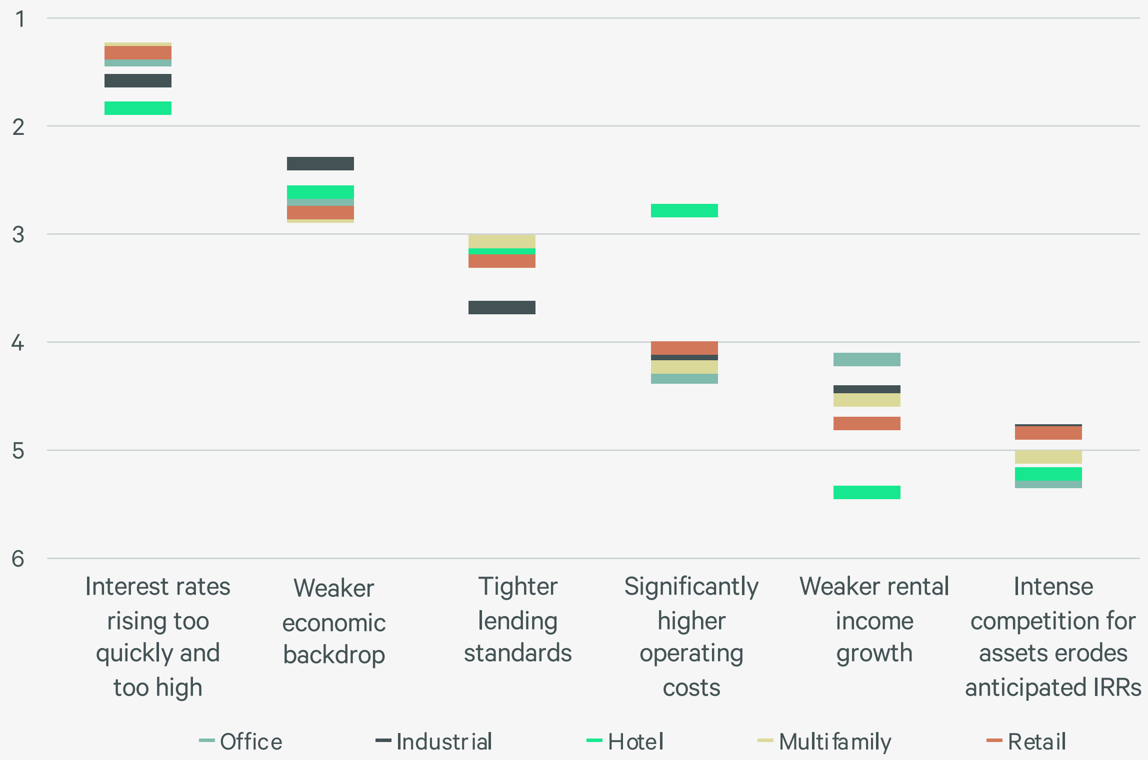
The perception of risk varies by property type

The Federal Reserve's determination to bring inflation down to a 2% target range has rattled real estate credit markets. It is not surprising that interest rate risk is top-of-mind for every sector.

The second greatest concern is a generally weaker economic backdrop, with the high probability of a recession in the near term. Concerns about stretched consumer budgets and weaker e-commerce trade are likely occupying the minds of some logistics specialists.

Hotel investors are threatened by higher operating costs. Conversely, they are less concerned about weaker rental income growth. Perhaps because income growth has already fallen to such low levels during the past two years, investors are optimistic that hotel performance will continue to improve toward pre-pandemic norms.

FIGURE 15: Average Rank of Each Risk Factor by Property Type, 1 = Greatest Risk



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Source: CBRE Econometric Advisors.

Definitions

- Markets conform to metropolitan area and metropolitan divisions as defined by the U.S. Census Bureau.
- The cap rates presented in this report are based upon estimates by CBRE capital markets and valuation professionals. These estimates are informed by recent trades within their respective markets and discussions with investors. The ranges represent the cap rates at which a given asset is likely to trade in the current market. Cap rates within each subtype vary, occasionally falling outside the stated ranges, based on asset location, quality and property-specific characteristics.
- Stabilized properties are assets leased at market rents with typical lease terms and have vacancy levels close to market averages.
- The cap rate is the ratio of net operating income (NOI) to the acquisition price of the asset. The NOI calculation is based on net income less operating expenses. Because hotel occupancies are now extremely low, cap rate estimates are based upon hypothetical stabilized NOIs.

Additional Insights

Multifamily Infill

East

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Baltimore	4.25% - 4.5%	4.25% - 4.5%	5.5% - 5.75%	4.75% - 5.25%
Boston	3% - 3.5%	3.25% - 3.75%	3.75% - 4.25%	3.75% - 4.25%
Northern New Jersey	4% - 4.5%	4% - 4.75%	4.5% - 5%	4.5% - 5%
New York City	4% - 4.75%	4% - 4.75%	5% - 5.75%	-
Stamford	-	4.25% - 4.75%	-	4.5% - 5%
Philadelphia	4.5% - 4.75%	4.75% - 5%	4.75% - 5.25%	6.25% - 7.5%
Pittsburgh	4.5% - 5%	4.5% - 5.25%	-	4.5% - 5%
Washington, D.C.	3.75% - 4.25%	4% - 4.5%	4.75% - 5.25%	5% - 5.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Midwest

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Chicago	4% - 4.5%	4% - 4.5%	4.5% - 4.5%	4.25% - 4.75%
Columbus	4.25% - 4.75%	4.25% - 4.5%	4.5% - 5%	4.5% - 4.75%
Detroit	4.5% - 5.25%	4.5% - 5.25%	5.5% - 6.5%	5% - 6%
Kansas City	4% - 4.5%	4.5% - 4.75%	4.25% - 4.75%	5% - 5.25%
Milwaukee	4.5% - 5%	4.5% - 5.25%	4.75% - 5.5%	4% - 4.75%
Minneapolis	4% - 4.25%	4.25% - 4.75%	4.5% - 4.75%	4.5% - 5%
St. Louis	4% - 5.25%	4.5% - 5.25%	-	5.25% - 5.5%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Multifamily Infill

South

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Atlanta	3.25% - 3.5%	3.5% - 4%	4% - 4.5%	4% - 4.75%
Austin	3% - 3.5%	3.25% - 3.75%	3% - 3.5%	3.25% - 3.75%
Dallas	3% - 4%	3.25% - 3.75%	3% - 4%	3.75% - 4.5%
Houston	3.75% - 4.25%	3.5% - 4%	-	4% - 4.75%
Jacksonville	4% - 4.5%	4% - 4.5%	5% - 5.5%	5% - 5.5%
Charlotte	3.25% - 3.5%	3.5% - 3.75%	3.25% - 3.5%	3.5% - 3.75%
Nashville	3% - 3.75%	3% - 3.5%	4% - 5.25%	3.75% - 4.5%
Raleigh-Durham	3.25% - 3.5%	3.5% - 3.75%	3.25% - 3.5%	3.5% - 3.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

West

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Albuquerque	4.25% - 4.75%	4.25% - 4.75%	-	-
Denver	3% - 3.75%	3.25% - 3.75%	-	-
Las Vegas	3.25% - 3.5%	3.5% - 3.75%	3.25% - 3.5%	-
San Francisco	3.5% - 4%	3.5% - 4%	3.5% - 4%	4% - 4.5%
San Jose	3.25% - 3.75%	3.5% - 4%	4% - 4.5%	4% - 4.5%
Phoenix	3% - 3.5%	3% - 3.5%	4% - 4.5%	4% - 4.5%
Portland	3.75% - 4.25%	4.5% - 5%	3.75% - 4.25%	4.75% - 5.25%
Los Angeles	3.25% - 3.75%	3% - 3.5%	3.25% - 3.75%	-
San Diego	3.75% - 4.25%	3.5% - 4%	4% - 4.5%	4% - 4.5%
Seattle	3.5% - 4%	3.75% - 4%	4.25% - 4.75%	4.25% - 4.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Multifamily Suburban

East

Market	Class A Stabilized		Class A Value-add	
	H2 2021	H1 2022	H2 2021	H1 2022
Baltimore	4% - 4.5%	4.25% - 4.5%	5% - 5.5%	4.75% - 5.25%
Boston	3.25% - 3.5%	3.5% - 4%	4% - 4.5%	4% - 4.5%
Stamford	4.25% - 4.75%	4.5% - 5%	4.5% - 5%	4.75% - 5.25%
Northern New Jersey	4% - 4.5%	4% - 4.75%	4.5% - 5%	4.75% - 5.25%
Philadelphia	4.5% - 5%	4.75% - 5.25%	5% - 5.5%	6.25% - 7.5%
Pittsburgh	4.25% - 5%	4.75% - 5.25%	-	4.5% - 5%
Washington, D.C.	4% - 4.5%	4.5% - 5%	4.75% - 5.25%	5.25% - 5.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Midwest

Market	Class A Stabilized		Class A Value-add	
	H2 2021	H1 2022	H2 2021	H1 2022
Chicago	4% - 4.5%	4.25% - 4.75%	4% - 4.5%	4.75% - 5.25%
Cincinnati	4% - 4.5%	4.25% - 4.75%	5.5% - 6%	5.5% - 6%
Columbus	4.5% - 5%	4.5% - 4.75%	4.75% - 5.25%	4.75% - 5%
Detroit	4.25% - 5%	4.75% - 5.5%	5.25% - 6.25%	5% - 6%
Kansas City	4% - 4.5%	4.5% - 4.75%	4.25% - 4.75%	5% - 5.25%
Milwaukee	4.5% - 5%	4.5% - 5.25%	4.75% - 5.25%	4% - 4.75%
Minneapolis	4% - 4.5%	4.5% - 4.75%	4.75% - 5%	4.75% - 5.25%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Multifamily Suburban

South

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Atlanta	3.5% - 4%	3.75% - 4.5%	4% - 4.5%	4.25% - 5%
Austin	3% - 3.75%	3.25% - 3.75%	3% - 3.5%	3.25% - 3.75%
Dallas	3% - 4%	3.25% - 3.75%	2.75% - 3.5%	3.75% - 4.5%
Houston	3.75% - 4.25%	3.5% - 4%	-	4.25% - 5%
Jacksonville	3.75% - 4.5%	4% - 4.5%	5% - 5.5%	5% - 5.5%
Charlotte	3.25% - 3.5%	3.5% - 3.75%	3.25% - 3.5%	3.5% - 3.75%
Nashville	3.5% - 4%	3% - 3.5%	4.25% - 5.5%	4% - 5.25%
Orlando	3.25% - 4.25%	3.5% - 4.5%	3.5% - 4.5%	3.75% - 4.75%
Raleigh-Durham	3.25% - 3.5%	3.5% - 3.75%	3.25% - 3.5%	3.5% - 3.75%
Ft. Lauderdale	4% - 4.25%	4% - 4.25%	4.75% - 5%	4.75% - 5%
Miami	3.75% - 4.25%	3.75% - 4.25%	4.5% - 5.25%	4.5% - 5.25%
West Palm Beach	3.75% - 4.5%	4.25% - 4.75%	4.5% - 5%	5% - 5.5%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

West

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Boise	-	3.25% - 3.75%	-	4.75% - 5.25%
Denver	3.25% - 3.75%	3.5% - 4%	-	-
Las Vegas	3.25% - 3.5%	3.5% - 3.75%	3.25% - 3.5%	-
San Jose	3.5% - 4%	3.75% - 4.25%	4.25% - 4.75%	4% - 4.5%
Phoenix	3% - 3.5%	3% - 3.5%	4% - 4.5%	4.25% - 4.5%
Portland	3.75% - 4%	4% - 5%	4% - 4.25%	4.25% - 5.25%
Albuquerque	4.25% - 4.75%	4.5% - 4.75%	-	-
Los Angeles	3.5% - 4.25%	3% - 3.5%	5% - 5.75%	-
Orange County	3.5% - 3.75%	3% - 3.75%	3.5% - 3.75%	3.25% - 4.75%
Salt Lake City	3% - 3.25%	3.25% - 3.75%	3.25% - 3.75%	3.75% - 4%
San Diego	3.75% - 4.25%	3.75% - 4.25%	4% - 4.5%	4% - 4.25%
Seattle	3.75% - 4%	4% - 4.25%	4.5% - 4.75%	4.25% - 4.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Hotel

Market	Full Service / Branded			Limited Service / Branded	
	Luxury Destination Resort	City Center	Other	City Center	Other
Seattle	6% - 7%	5.5% - 7%	6.5% - 7.5%	6% - 7%	6.5% - 7.5%
New Orleans	7% - 8.5%	6.75% - 8%	7% - 8.5%	7% - 8.5%	7.5% - 9%
Atlanta	6% - 6.75%	7.5% - 8.5%	7.75% - 8.5%	7.75% - 8.5%	8% - 9%
Los Angeles	4.75% - 6.75%	6% - 7.5%	6% - 7.75%	6.5% - 7.75%	6.5% - 8.5%
Austin	6% - 7.5%	6.5% - 7.75%	6.5% - 7.75%	6.75% - 8.25%	7.25% - 8.75%
Columbus	-	7.5% - 8.5%	7.5% - 8.5%	7.5% - 8%	8% - 8.5%
Dallas	6.75% - 8.25%	6.5% - 8%	7% - 8.5%	6.75% - 8.25%	7.5% - 9%
Denver	6.25% - 6.75%	7.5% - 8%	7.75% - 8.5%	7.5% - 8%	7.75% - 8.5%
Phoenix	6% - 7.25%	6.5% - 7.5%	7% - 8.25%	7% - 8%	7.5% - 8.5%
Las Vegas	7% - 8%	7.5% - 8.5%	9.25% - 9.25%	8% - 10%	8% - 10%
Orlando	6% - 7%	6.75% - 7.75%	7.25% - 8.25%	8.5% - 9%	8.75% - 9.25%
New York City	4% - 6%	4.5% - 6%	6% - 8%	5% - 7%	7% - 9%
Phoenix	6% - 7.25%	6.5% - 7.5%	7% - 8.25%	7% - 8%	7.5% - 8.5%
Chicago	6% - 7%	8% - 9%	7.5% - 8.5%	7.5% - 8.5%	8% - 9%
Philadelphia	-	6.5% - 8%	7% - 9%	6.5% - 8.5%	7% - 9%
San Antonio	-	6.75% - 8.25%	7.25% - 8.75%	7% - 8.75%	7.5% - 9%
Sacramento	5% - 6.5%	6.5% - 8%	6.5% - 8%	7% - 8.5%	7% - 8.5%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Industrial

East

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Northern New Jersey	2.75% - 3%	3.25% - 3.5%	-	-
Baltimore	3.75% - 4.25%	3.75% - 4.25%	4.5% - 5%	4.5% - 5%
Boston	3% - 3.5%	3.25% - 3.5%	3.75% - 4.25%	3.75% - 4.25%
PA I-78/81 Corridor	3.5% - 4%	4.5% - 5.25%	-	-
Philadelphia	3% - 3.5%	3.75% - 4.25%	3.75% - 4.75%	4.5% - 5.5%
Washington, D.C.	3.75% - 4.25%	3.75% - 4.75%	4.25% - 5%	5% - 5.75%
Pittsburgh	4% - 4.25%	4.25% - 5.25%	5% - 5.5%	5.75% - 6.25%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Midwest

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Chicago	3.75% - 4%	3.75% - 4.5%	5% - 5.25%	5% - 5%
Columbus	3.75% - 4%	4% - 4.5%	5% - 5.25%	-
Indianapolis	4% - 4.25%	4.25% - 4.75%	5% - 5.25%	-
Minneapolis	4.25% - 4.5%	4.5% - 5%	5.25% - 5.5%	5% - 5.5%
Cincinnati	4% - 4.25%	4% - 4.5%	5% - 5.25%	-
Cleveland	5.5% - 5.75%	5% - 5.5%	6.25% - 6.5%	-
Detroit	5% - 5.5%	5% - 5.5%	5.75% - 6.25%	5.75% - 6.25%
Kansas City	4.75% - 5%	4.5% - 4.75%	5.5% - 5.75%	-
St. Louis	5% - 5.25%	4.75% - 5.25%	5.5% - 5.75%	5.25% - 6%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Industrial

South

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Atlanta	3.25% - 3.75%	3.5% - 4%	3.75% - 4%	-
Dallas	3.25% - 3.75%	3.25% - 3.75%	4% - 4.5%	4% - 4.5%
Houston	3.75% - 4.25%	4% - 4.5%	4.5% - 5%	4.5% - 5%
Miami	3.25% - 3.5%	3.5% - 3.75%	4% - 4.25%	4.25% - 4.5%
Austin	3% - 3.75%	3.5% - 4.5%	4% - 4.5%	-
El Paso	4.75% - 5.25%	4.75% - 5.5%	5.5% - 6.25%	-
Jacksonville	4% - 4.5%	4.25% - 4.75%	4.5% - 5%	4.75% - 5.25%
Louisville	4% - 4.5%	4% - 4.5%	4.5% - 5%	4.5% - 5%
Memphis	4% - 4.5%	4.25% - 4.75%	4.5% - 5%	5% - 5.5%
Nashville	3.75% - 4.25%	4% - 4.5%	4.25% - 4.75%	-
Orlando	3.75% - 4%	3.75% - 4%	4.25% - 4.5%	4.5% - 4.75%
Charlotte	3.5% - 4%	3.75% - 4.25%	4% - 4.5%	4.25% - 5%
San Antonio	3.5% - 4.5%	4% - 4.75%	4.5% - 5.5%	-
Tampa	3.75% - 4.25%	3.75% - 4.25%	4.25% - 4.5%	4.25% - 4.75%
Savannah	3.75% - 4.25%	4% - 4.5%	4.25% - 4.75%	-

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

West

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Inland Empire	2.5% - 3%	3.25% - 3.75%	3.5% - 3.75%	4.5% - 4.75%
Los Angeles	2.5% - 3%	3% - 3.5%	3.5% - 3.75%	4.25% - 4.5%
Oakland	2.75% - 3.5%	3% - 3.75%	3.5% - 4%	-
Orange County	2.5% - 3%	3% - 3.5%	3.5% - 3.75%	4% - 4.5%
San Jose	2.75% - 3.5%	3% - 3.75%	3.5% - 4%	-
Seattle	3% - 3.5%	3.25% - 4%	4.25% - 4.75%	4% - 4.5%
Denver	3.75% - 4.5%	3.5% - 4.5%	4% - 4.75%	4.25% - 5%
Phoenix	3% - 3.5%	3.5% - 4%	4% - 4.25%	-
Portland	3.5% - 4%	3.5% - 4.25%	4% - 4.5%	4.25% - 4.75%
Boise	-	4% - 4.5%	-	4.25% - 4.75%
Sacramento	3.5% - 4.25%	3.75% - 4.5%	4.25% - 4.75%	4.5% - 5%
Salt Lake City	3.5% - 4%	3.5% - 4%	4% - 4.5%	3.75% - 4.5%
San Diego	3% - 3.5%	3.25% - 3.75%	3.75% - 4.25%	4% - 4.75%
Reno	3.5% - 4.25%	3.75% - 4.25%	4.25% - 5%	4.25% - 5%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Office Downtown

East

Market	Class A Stabilized		Class A Value-add	
	H2 2021	H1 2022	H2 2021	H1 2022
Baltimore	7.25% - 8%	-	8.5% - 9.5%	-
Boston	4.75% - 5.25%	5% - 5.5%	5% - 5.5%	6% - 6.5%
New York City	4.5% - 4.75%	5% - 5.25%	6% - 6.5%	6.25% - 6.75%
Philadelphia	6.5% - 7%	6.5% - 7%	8.5% - 9.5%	9% - 10%
Pittsburgh	6.75% - 7.25%	7% - 7.5%	8.25% - 9.25%	8.5% - 9.5%
Stamford	7% - 7.5%	7.25% - 7.75%	9.25% - 9.75%	9.5% - 10%
Washington, D.C.	4.75% - 5.5%	5% - 5.5%	5.25% - 5.75%	6.25% - 6.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Midwest

Market	Class A Stabilized		Class A Value-add	
	H2 2021	H1 2022	H2 2021	H1 2022
Chicago	5.5% - 6.25%	6% - 6.5%	6% - 7%	6.5% - 7.5%
Detroit	8.75% - 9.5%	8.75% - 9.5%	9% - 10%	9% - 10%
Kansas City	7% - 8%	7% - 8%	7.5% - 8.5%	7.5% - 8.5%
Minneapolis	6% - 6.75%	6% - 6.75%	7.5% - 8%	7.5% - 8.5%
St Louis	8.75% - 9.5%	8.5% - 9%	9.5% - 10%	9% - 9.5%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Office Downtown

South

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Atlanta	5.25% - 6%	5.25% - 5.5%	7.25% - 8%	7% - 8%
Austin	4.5% - 5.5%	4.5% - 5.5%	5% - 6.25%	6% - 6.75%
Charlotte	4.75% - 5.25%	5% - 5.75%	7% - 8%	7.5% - 8%
Dallas	5.25% - 5.75%	5.5% - 6.5%	7% - 7.75%	7% - 8%
Houston	6.5% - 6.75%	6% - 6.75%	-	8% - 9%
Jacksonville	6.75% - 7.5%	7.25% - 8%	6% - 7%	6% - 7%
Memphis	8% - 8.5%	-	9% - 10%	-
Miami	4.75% - 5%	5% - 5.5%	6.25% - 6.5%	6.5% - 6.75%
Nashville	6% - 7%	5.75% - 6.75%	7.5% - 8.5%	7.5% - 8.5%
Orlando	-	5.75% - 6.75%	-	7% - 8%
Raleigh-Durham	4.5% - 5.25%	5% - 6%	7.5% - 8.5%	5.5% - 6.5%
Richmond	6% - 7.5%	6% - 7.5%	6.5% - 8%	-
San Antonio	6% - 6.75%	6.5% - 7%	8% - 8.75%	-
Tampa	6% - 7%	6% - 7%	7% - 8%	7% - 8%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

West

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Albuquerque	6% - 8%	7% - 8%	6.5% - 9.5%	9% - 10%
Denver	5.25% - 5.75%	5.5% - 6%	6.5% - 7.25%	6.75% - 7.5%
Honolulu	-	7.5% - 7.5%	-	8% - 8.5%
Las Vegas	5.75% - 6.75%	6% - 7%	8% - 8.5%	8% - 8.5%
Los Angeles	4% - 5.5%	4.75% - 5.5%	5% - 6.5%	5.5% - 6.5%
Oakland	4.5% - 5.5%	4.5% - 5.5%	-	-
Orange County	5.25% - 6%	5.5% - 6%	-	6% - 6.5%
Phoenix	5.5% - 6.75%	5.75% - 7%	6.25% - 7.5%	6.75% - 8%
Portland	5.25% - 5.75%	5.75% - 6.25%	6.25% - 7.5%	6.5% - 7.5%
Sacramento	6.5% - 7%	6.5% - 7%	7.5% - 8%	7.5% - 8%
Salt Lake City	5.5% - 6.5%	5.5% - 6.5%	6% - 7%	6.5% - 7.25%
San Diego	5.5% - 6%	5.75% - 6.25%	6.25% - 6.75%	6.25% - 7%
San Francisco	4.75% - 5%	4.75% - 5.5%	6.5% - 7%	7.5% - 8.5%
San Jose	5% - 6%	5% - 6%	6.75% - 7.75%	7% - 8%
Seattle	4.5% - 5%	5% - 5.5%	5.25% - 6.5%	6% - 7%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Office Suburban

East

Market	Class A Stabilized		Class A Value-add	
	H2 2021	H1 2022	H2 2021	H1 2022
Boston	6% - 7%	5.25% - 5.75%	6.75% - 7.75%	6% - 6.5%
Northern New Jersey	-	7.25% - 8%	-	7.5% - 8%
Philadelphia	6.75% - 7.5%	7% - 7.75%	7.75% - 8.75%	8.25% - 9.25%
Pittsburgh	7.75% - 8.5%	8% - 8.75%	9% - 10%	9.25% - 10.25%
Stamford	7% - 7.5%	8% - 8.5%	9.25% - 9.75%	10.25% - 10.75%
Washington, D.C.	5.75% - 6.5%	6% - 6.75%	6% - 7%	6.5% - 8%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Midwest

Market	Class A Stabilized		Class A Value-add	
	H2 2021	H1 2022	H2 2021	H1 2022
Chicago	7.25% - 8.25%	7.5% - 8.5%	7% - 8%	8% - 8.5%
Detroit	8.25% - 9.5%	8.5% - 9.5%	8.5% - 9.5%	8.75% - 9.75%
Kansas City	6.75% - 7.25%	6.75% - 7.25%	7.5% - 8%	7.5% - 8%
Minneapolis	6.75% - 7.75%	7% - 8%	8.5% - 9.5%	8.75% - 10%
St Louis	7.5% - 8.25%	7.75% - 8.25%	9% - 9.5%	8.5% - 9%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Office Suburban

South

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Atlanta	5.5% - 6.25%	6% - 7%	7% - 9.5%	7.5% - 9%
Austin	5% - 5.75%	5.25% - 6%	5.75% - 6.75%	6.25% - 7.25%
Charlotte	5.5% - 6.25%	5.75% - 6.5%	7.5% - 8.5%	7.75% - 8.5%
Dallas	5.75% - 6.5%	5.75% - 6.75%	7.25% - 8%	7% - 8.25%
Houston	7.25% - 7.75%	6.5% - 7.25%	-	8.5% - 9.5%
Jacksonville	6.25% - 7%	6.5% - 6.75%	6.75% - 8%	6% - 7%
Miami	5.75% - 7.5%	5.75% - 6.5%	6.75% - 7.75%	7% - 7.5%
Nashville	7% - 7.5%	6.5% - 7.5%	7.75% - 8.25%	7.5% - 8.5%
Orlando	-	6.75% - 7.25%	-	8% - 9%
Raleigh-Durham	5.25% - 6%	5% - 6%	6.75% - 7.75%	5.5% - 6.5%
Richmond	6% - 7.5%	6.5% - 7.75%	6% - 8%	-
San Antonio	6.25% - 7%	6.5% - 7%	7.5% - 8.25%	7.5% - 8.25%
Tampa	7% - 7.75%	7% - 7.75%	8% - 8.75%	8% - 8.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

West

Market	Class A Stabilized H2 2021	Class A Stabilized H1 2022	Class A Value-add H2 2021	Class A Value-add H1 2022
Albuquerque	6.5% - 8.5%	7.5% - 8.25%	7.5% - 9.25%	9% - 10%
Denver	6.75% - 7.25%	6.75% - 7.25%	7.25% - 8.25%	7.25% - 8.25%
Honolulu	-	7.5% - 7.75%	-	8% - 8.5%
Inland Empire	-	6% - 7%	-	8% - 9%
Las Vegas	5.75% - 6.75%	6% - 7%	8% - 8.5%	8% - 8.5%
Los Angeles	5% - 6%	5% - 5.75%	6% - 7%	5.75% - 6.5%
Oakland	5.5% - 6%	6% - 7%	-	-
Orange County	5.5% - 6.5%	5.5% - 6.5%	-	6.25% - 6.75%
Phoenix	5.75% - 6.75%	5.75% - 7%	6.25% - 7.5%	6.75% - 8%
Portland	5.75% - 6.5%	6% - 6.5%	6.75% - 7.75%	7% - 8%
Sacramento	6.5% - 7%	6.5% - 7%	7.5% - 8%	7.5% - 8%
Salt Lake City	6.25% - 7%	6.75% - 7.25%	7% - 7.75%	7% - 7.5%
San Diego	5.75% - 6.25%	5.75% - 6.25%	6.5% - 7%	6.5% - 7%
San Jose	4.5% - 5.5%	5% - 6%	6.5% - 7.5%	6.5% - 7.5%
Seattle	5.25% - 6%	5.5% - 6.25%	6% - 7%	6.5% - 7.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Retail

East

Class A Neighborhood Center Stabilized

Market	H2 2021	H1 2022
Boston	5.5% - 6.5%	5.5% - 6.5%
Stamford	5% - 5.5%	5% - 5.5%
Northern New Jersey	5% - 5.5%	5% - 5.5%
Philadelphia	6% - 7%	6% - 7.25%
Pittsburgh	7% - 8%	7.5% - 8.5%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Midwest

Class A Neighborhood Center Stabilized

Market	H2 2021	H1 2022
Chicago	5.5% - 6.5%	5.5% - 6.25%
Cincinnati	6.5% - 7.5%	6.25% - 7.25%
Cleveland	6.25% - 6.75%	6.25% - 7.25%
Columbus	6.25% - 7%	6% - 7%
Detroit	6.5% - 7.5%	6.25% - 7.25%
Indianapolis	6.25% - 7%	6% - 7%
Kansas City	6.25% - 7%	6% - 7%
Minneapolis	5.5% - 6.5%	5.5% - 6.5%
St. Louis	6.5% - 7.5%	6.25% - 7.25%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

Retail

South

Class A Neighborhood Center Stabilized

Market	H2 2021	H1 2022
Atlanta	5% - 5.75%	5% - 6%
Austin	5.5% - 6%	5.25% - 6%
Houston	5% - 5.5%	5.25% - 5.75%
Jacksonville	4.5% - 5.5%	4.5% - 5.5%
Orlando	4.5% - 5.5%	4.5% - 5.5%
Ft. Lauderdale	5% - 5.75%	4.5% - 5.5%
Miami	4.5% - 5.5%	4.5% - 5.5%
West Palm Beach	5% - 5.5%	4.5% - 5.5%
San Antonio	6% - 7%	6% - 7%
Tampa	4.5% - 5.5%	4.5% - 5.5%
Charlotte	5% - 5.75%	5% - 5.75%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

West

Class A Neighborhood Center Stabilized

Market	H2 2021	H1 2022
Albuquerque	6.5% - 7.5%	6.75% - 7.25%
Denver	5% - 5.5%	5% - 5.5%
Las Vegas	5.75% - 6.75%	5.5% - 6%
Phoenix	5.5% - 6.5%	5.75% - 6.25%
Inland Empire	4% - 4.5%	5% - 5.5%
Los Angeles	4.5% - 5.5%	4% - 6%
Salt Lake City	5% - 6.25%	5.25% - 6%
Seattle	5% - 6%	5% - 6.25%

Note: Survey results were collected in May 2022 and may not reflect current market conditions.
Source: CBRE Research, H1 2021.

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