[Microsoft Word - caprate33.doc (researchgate.net)](https://www.researchgate.net/profile/Petros-Sivitanides/publication/229022628_The_Determinants_of_Appraisal-Based_Capitalization_Rates/links/55e6a93208aecb1a7ccd7124/The-Determinants-of-Appraisal-Based-Capitalization-Rates.pdf)

The Determinants of Appraisal-Based Cap Rates: The aim of this paper is to show that cap rates move like PE ratios. Concerning inflation market-specific cap rates incorporate national influences like inflation, and in fact factors like inflation can be strong predictors of cap rates.

[dspace cover page (mit.edu)](https://dspace.mit.edu/bitstream/handle/1721.1/120153/Characteristics-of-Depreciation-in-Commercial-and-Multi-Family-Property_0317.pdf?sequence=1&isAllowed=y)

Characteristics of Depreciation in Commercial and Multi-Family Property: An Investment Perspective: The goal is to report on the depreciation of commercial real estate investment opportunities in the U.S. General inflation masks the presence of real depreciation, and unless assumed general inflation is below the realistic inflation in the economy investors are ignoring the real existence of depreciation a part of this ignored inflation is an increase in cap rates.

[jrefe\_2.PDF (psu.edu)](https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.201.3780&rep=rep1&type=pdf)

Office Capitalization Rates: Real Estate and Capital Market Influences: This paper examines the two components of cap rates in office buildings. The first component is time variant components of cap rates, and the second focuses on the national capital market’s effect on local market cap rates. If inflation is used by investors as a proxy for future capital appreciation a negative impact on cap rates should be expected.

[Layout 1 (researchgate.net)](https://www.researchgate.net/profile/Martha-Peyton-2/publication/247906173_Capital_Markets_Impact_on_Commercial_Real_Estate_Cap_Rates_A_Practitioner%27s_View/links/57ae147508ae15c76cb3623a/Capital-Markets-Impact-on-Commercial-Real-Estate-Cap-Rates-A-Practitioners-View.pdf)

Capital Markets Impact on Commercial Real Estate Cap Rates: A Practitioner’s View: How can commercial real estate and cap rates be predicted in the short and long term? Over the short run, capital and financial market influences, such as inflation, are useful in the prediction of commercial real estate values and cap rates. In the long run commercial real estate values are still affected by capital markets, and most significantly the corporate bond market.

[download (psu.edu)](https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.494.1690&rep=rep1&type=pdf)

Commercial Real Estate Valuation: Fundamentals Versus Investor Sentiment: Clayton et al. investigate the role of investor sentiment and fundamentals in the valuation of real estate. National economic factors impact liquid securities markets quickly, but more gradually affect private commercial real estate holdings. Due to the nature of private real estate markets mispricing of assets can be caused by investor sentiment within the context of the greater economy.

[Right I now attach a rushed paper with analysis (reading.ac.uk)](http://centaur.reading.ac.uk/66848/1/JPR%20pricing%20model%20paper%20Final%20with%20Figs%20and%20tables%20for%20Centaur.pdf)

Refining the Real Estate Pricing Model: The current real estate pricing model’s evaluation of the risk premium does not allow for the complexities of the real estate market. ?????????

[The Other (Commercial) Real Estate Boom and Bust: The Effects of Risk Premia and Regulatory Capital Arbitrage; Working Paper 1504 - Dallas Fed (researchgate.net)](https://www.researchgate.net/profile/David-Ling-2/publication/317678942_The_Other_Commercial_Real_Estate_Boom_and_Bust_The_Effects_of_Risk_Premia_and_Regulatory_Capital_Arbitrage/links/5e696413299bf1b9f7ce1fc2/The-Other-Commercial-Real-Estate-Boom-and-Bust-The-Effects-of-Risk-Premia-and-Regulatory-Capital-Arbitrage.pdf)

The Other (Commercial) Real Estate Boom and Bust: The Effects of Risk Premia and Regulatory Capital Arbitrage: This study analyzes short and long run movements in cap rates and risk premiums across the four primary commercial property types. Cap rates should be positively related to investors required rates of return (as inflation rises so should cap rates) and negatively related to expected rent growth.

[Cap-rate-2013-01-26 (reri.org)](https://www.reri.org/research/article_pdf/Peng_Jan2013.pdf)

Finding Cap Rates: A Property Level Analysis of Commercial Real Estate Pricing: How are cap rates of individual properties affected by macroeconomic conditions and what drives uncertainty in cap rates. The paper finds that macroeconomic variables, including inflation, do have a novel effect on cap rates, and there is not a positive relationship between uncertainty in cap rates and the level of cap rates.

[Microsoft Word - atlanta-yisheng.doc (mit.edu)](https://dspace.mit.edu/bitstream/handle/1721.1/26731/59759952-MIT.pdf?sequence=2&isAllowed=y)

The Variation of Capitalization Rates across Submarkets within the Same Metropolitan Area: This paper aims to show that cap rates are quite predictable at the submarket level, and are shaped by local market information, national capital market information, and the characteristics of a particular property. As inflation rises investors will expect a higher growth rate in rental income and therefore accept a lower cap rate.

[Microsoft Word - CapRates.rtf (msyapps.com)](http://msyapps.com/MSY/articlesPDF/CapRates.pdf)

The Predictability of Real Estate Capitalization Rates: Chandrashekran and Young aim to examine whether a model with macroeconomic capital market variables or lagged cap rates are more influential in determining current cap rates. Capital market variables are tenuously linked to real estate cap rates and, in a sense, seem to operate in a world of their own.

[Real-Estate-Risk-A-Forward-Looking-Approach-Real-Estate-Risk-A-Forward-Looking-Approach.pdf (researchgate.net)](https://www.researchgate.net/profile/Petros-Sivitanides/publication/265936074_Real_Estate_Risk_A_Forward_Looking_Approach_Real_Estate_Risk_A_Forward_Looking_Approach/links/5b5f300c0f7e9bc79a6f4474/Real-Estate-Risk-A-Forward-Looking-Approach-Real-Estate-Risk-A-Forward-Looking-Approach.pdf)

Real Estate Risk: A Forward Looking Approach: The researchers posit that unlike other asset classes the real estate market is predictable. Cap rates reflect movements in the opportunity cost of risk free capital as measured by government treasury rates, relative to economy wide inflation.

[133313 115..144 (researchgate.net)](https://www.researchgate.net/profile/David-Gimpelevich/publication/235270495_Simulation-based_excess_return_model_for_real_estate_development_A_practical_Monte_Carlo_simulation-based_method_for_quantitative_risk_management_and_project_valuation_for_real_estate_development_proj/links/57460e7808ae9ace842436ed/Simulation-based-excess-return-model-for-real-estate-development-A-practical-Monte-Carlo-simulation-based-method-for-quantitative-risk-management-and-project-valuation-for-real-estate-development-proj.pdf)

Simulation-based excess return model for real estate development: There is a distinct need for a practical quantitative risk management based real estate investment underwriting methodology which helps guide decision making. Plotting cap rates against their spot interest rate and spot GDP inflation rate resulted in poor correlation.

[1088412144-MIT.pdf](https://dspace.mit.edu/bitstream/handle/1721.1/120653/1088412144-MIT.pdf?sequence=1&isAllowed=y)

What Goes Up.. .Continues to Go Up: Momentum in Commercial Real Estate Forecasting Price Appreciation via Cap Rates: Are cap rates significantly related to future returns of real estate investments? Concerning inflation, inflationary expectations were conversely related to cap rates. Due to inflation hedging ability of real estate increases in inflation expectations would drive prices up and therefore drive cap rates lower.

[Corgel90\_Interest\_rates\_real\_estate.pdf (cornell.edu)](https://ecommons.cornell.edu/bitstream/handle/1813/72239/Corgel90_Interest_rates_real_estate.pdf?sequence=1)

Interest Rates and Real Estate Capitalization Rates on the Rise: Economic and Federal Reserve policy together may trigger an increase in long term interest rates to swamp expected NOI growth may result in higher cap rates. Unexpected inflation or deflation will have negative and positive effects on commercial real estate cap rates.