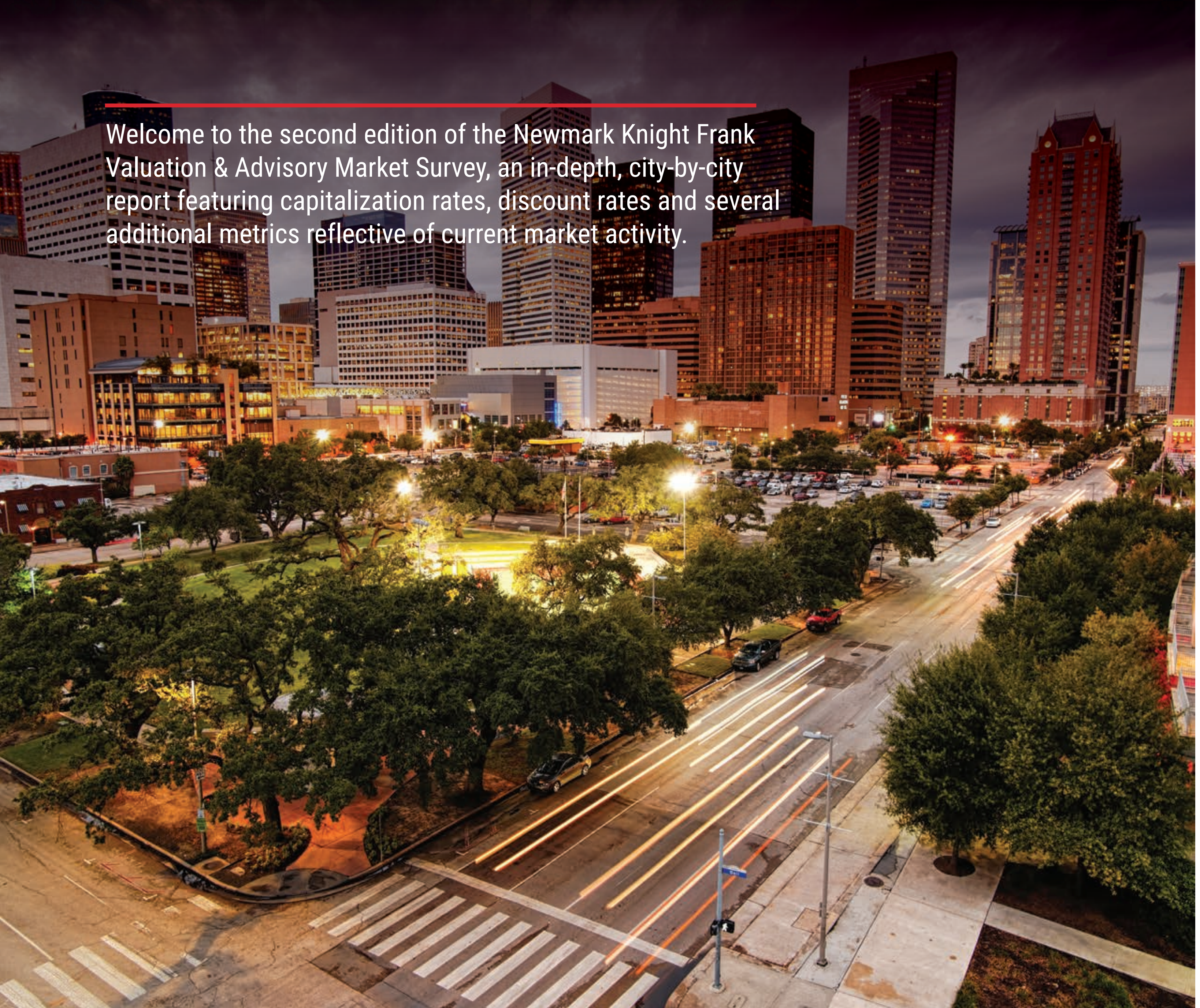
VALUATION & ADVISORY

2019 MARKET SURVEY

Newmark Knight Frank



Welcome to the second edition of the Newmark Knight Frank Valuation & Advisory Market Survey, an in-depth, city-by-city report featuring capitalization rates, discount rates and several additional metrics reflective of current market activity.

ABOUT NEWMARK KNIGHT FRANK **VALUATION & ADVISORY**

Newmark Knight Frank Valuation & Advisory (V&A) is a leading industry innovator, comprising an extensive team of the most trusted and recognized names in the valuation sector.

Headquartered in New York and Houston, Newmark Knight Frank V&A professionals serve clients from more than 60 offices throughout the Americas. Our practice is tightly integrated with London-headquartered Knight Frank's Valuation & Advisory organization—a premier service provider with a highly respected professional staff covering Europe, the Middle East, Africa, Asia and Australia. This global platform enables us to effectively serve owners, investors, developers and financial institutions worldwide.

The V&A team possesses a deep understanding of local markets and trends, coupled with access to extensive proprietary and third-party market data. We have real-time access to market transaction activity through a close alignment with Newmark Knight Frank's capital markets practice—one of the most prevalent and fastest-growing capital markets platforms in the industry.

INTRODUCTION BY **JOHN BUSI, MAI, FRICS**

President | Valuation & Advisory

I'm honored to introduce you all to our sophomore market survey report. With a front cover photo of our nation's capital, where so much attention is focused today, this seat of government is a beacon for the economic activity which will undoubtedly impact the global and national real estate markets. As we soldier on through the longest economic recovery on record, and as technology transforms our way of doing business, it's our professionals and our experience that still serve as guideposts for the path that lies ahead. It gives me great comfort to entrust this publication to someone who has guided countless investors and institutions through almost five decades of cyclical highs and lows. So with a watchful eye on the road we're on and with two hands on the wheel, here's Joe Pasquarella's magnum opus (well, maybe not "magnum opus", but it's a pretty informative piece!)

INTRODUCTION BY **JOSEPH D. PASQUARELLA, MAI, CRE, FRICS**

Senior Managing Director | Valuation & Advisory
Market Leader – Eastern PA, DE

Welcome to the Newmark Knight Frank Valuation and Advisory 3Q 2019 Market Survey!

Below are key takeaways:

- Heading into the 4Q 2019, demand for real estate investments remains robust. Multifamily and office properties emerged as the most sought-after property types with industrial properties closing the gap following a record-high rate of sales in 3Q 2019.*
- The investor pool continues to deepen in the face of strong demand for space with a resilient economy that continues to foster job growth and rising household income. As an alternative investment to a highly volatile stock market and low interest rate environment, real estate continues to attract investors seeking higher and more predictable yields.
- The hottest property type is warehouse distribution—especially when packaged in large portfolios, value-add suburban multifamily and high quality, core-plus office in gateway cities. Industrial/logistics continue to experience unprecedented rental growth in some markets, yet construction volume will likely dampen the trajectory over the coming quarters.
- Cap rates are holding steady among most core property despite interest rate volatility. Nationally, cap rates are lowest among CBD Class A multifamily, followed by Class A warehouse/logistics, with CBD Class A office and Class A grocery anchor shopping centers coming in at third and fourth place, respectively.
- Retail continues to resize, reuse and remix with tenants that have learned to co-exist with e-commerce.
- Our specialty practice leaders continue to monitor closely the steady flow of capital from investors seeking higher risk-adjusted returns. Among these are Hospitality, Gaming and Leisure, Healthcare & Seniors Housing, and Self Storage. Their insightful commentaries and investment metrics are grounded in the research their teams perform every day.

* Source: Real Capital Analytics

3Q2019 **GOING-IN CAP RATE CLASS A**

	PROPERTY TYPE	National Average	Central (AR, OK, KS, MO)	Atlanta, GA	Austin, TX	Baltimore, MD	Boston, MA	Dallas/Fort Worth, TX	Washington DC	Denver, CO	Detroit, MI	Houston, TX	Chicago, IL	Las Vegas, NV	Los Angeles, CA	New Orleans, LA	North Central	Northern New Jersey	New York City	Ohio	Philadelphia, PA	Phoenix, AZ	Pittsburgh, PA	Portland, OR	San Francisco Bay Area, CA	Seattle, WA	South Florida	Wilmington, DE
REGIONAL RATES	CBD Offic		7.00%	6.00%	5.25%	6.75%	4.75%	5.25%	5.00%	5.50%	7.50%	6.50%	5.00%	7.50%	5.00%	7.00%	6.50%	6.00%	4.50%	7.25%	6.25%	7.00%	7.00%	5.00%	4.00%	4.75%	5.75%	8.00%
	Suburban Offic		6.50%	7.00%	5.75%	7.25%	6.50%	5.50%	6.50%	6.25%	8.00%	7.75%	7.50%	6.50%	5.25%	7.50%	7.00%	7.25%	6.50%	7.50%	7.50%	7.25%	7.25%	5.50%	6.00%	5.25%	6.50%	8.00%
	Power Centers		6.50%	7.00%	6.25%	6.00%	6.75%	7.00%	6.00%	6.50%	6.75%	7.50%	6.75%	6.50%	5.50%	7.50%	8.00%	6.25%	5.00%		6.25%	8.00%	7.75%	6.30%	5.00%	6.50%	6.50%	7.50%
	Lifestyle Centers		6.50%	6.50%	5.75%		7.00%	6.50%		6.25%	6.75%	6.50%	6.75%		5.50%	7.50%	8.00%	7.00%		6.50%	8.00%	7.75%	7.50%	6.40%	5.00%	5.50%	6.00%	7.50%
	Grocery Anchor Retail		6.50%	6.25%	5.50%	6.00%	6.00%	5.25%	6.00%	5.50%	6.50%	6.50%		7.00%	5.00%	7.00%		6.00%	5.00%	6.50%	6.00%	6.00%	7.25%	6.40%	5.00%	5.00%	5.75%	6.50%
	Unanchored Strip		7.00%	7.50%	7.00%	6.50%	7.50%	7.25%	6.50%	6.00%	7.25%	6.50%	7.00%	6.50%	5.50%	8.00%	8.00%	7.50%	5.50%	7.50%	7.50%	6.50%	7.25%	6.50%	5.00%	6.00%	6.50%	8.00%
	Single Tenant - Drug Store		5.50%	6.00%	6.00%	5.00%	5.00%	5.50%		5.50%	6.00%	5.50%	6.25%	4.50%	4.50%	6.00%	5.75%	5.00%	4.50%	6.00%	5.50%	5.50%	6.00%	5.00%	5.00%	6.00%	5.00%	6.00%
	Single Tenant - Bank Branch		6.00%	6.75%	7.00%	5.50%	5.00%	5.00%	5.50%	6.00%	6.00%	6.50%	5.25%	6.00%	4.50%	6.50%	7.50%	5.25%	4.50%	6.00%	5.00%	5.00%	4.50%	5.50%	5.00%		5.75%	6.50%
	Single Tenant - Dollar Stores		6.00%	6.00%	7.50%	6.00%	6.25%	6.25%		6.50%	6.75%	6.50%	6.75%	6.00%	4.50%	6.50%	7.00%	7.00%	4.50%	6.50%		5.00%	6.50%	6.00%	6.00%	6.00%		6.50%
	CBD Multifamily		5.50%	4.25%	4.75%	5.00%	4.25%	4.50%	4.25%	4.25%	5.75%	4.00%	4.00%	5.00%	4.25%	5.50%	4.50%	4.50%	3.75%	5.25%	4.75%	4.50%	5.25%	4.50%	3.50%	4.00%	5.00%	6.00%
	Suburban Multifamily		5.50%	5.00%	5.25%	5.00%	5.00%	5.25%	4.50%	4.75%	6.00%	5.00%	5.00%	5.00%	4.25%	6.00%	5.00%	4.75%	4.50%	5.50%	4.75%	4.50%	5.50%	4.75%	4.25%	4.25%	5.25%	5.75%
	Student Housing (Tier 1/Tier 2)		6.00%		6.00%					5.50%	5.50%	5.50%	5.25%	5.00%		6.00%	5.00%			5.50%		4.75%	5.50%		5.00%			6.00%
	Warehouse/Logistics		6.00%	4.50%	5.25%	5.00%	5.00%	5.00%	5.00%	5.50%	6.75%	5.50%	5.25%	4.00%	4.50%	5.50%	5.50%	4.00%	5.00%	5.75%	5.00%	5.00%	6.50%	6.00%	4.00%	4.50%	4.20%	6.00%
	R&D/Flex			6.50%	6.00%	7.50%	6.50%	6.00%	6.50%	6.50%	7.75%	6.50%	8.00%	4.00%	4.50%	7.00%	7.25%	6.00%		7.50%	7.00%	6.00%	7.25%	6.25%	5.00%	5.00%	5.25%	8.00%
	General Industrial		7.00%	6.00%	6.00%	7.00%	6.00%	5.50%	5.50%	6.00%	7.00%	7.00%	6.00%	4.00%	4.50%	6.50%	7.00%	4.50%	5.00%	7.50%		6.00%	7.25%	6.25%	5.00%	5.00%	4.50%	7.50%
	Self Storage	5.60%	6.50%	5.50%	5.75%	5.75%	5.50%	5.50%	5.50%	5.75%	6.00%	5.75%	6.00%	5.50%	5.00%	6.00%	6.00%	5.25%	4.50%	6.00%	5.50%	5.75%	6.00%	6.00%	5.00%	5.50%	5.50%	6.00%
NATIONAL RATES	Hotel - Luxury	6.25%																										
	Hotel - Resort	7.00%																										
	Hotel - Full Service	7.25%																										
	Hotel - Select Service	7.75%																										
	Hotel - Limited Service	8.00%																										
	Hotel - Extended Stay	8.00%																										
	Hotel - Airport/Highway	8.25%																										
	Marinas with Boating Clubs (Coastal)	9.00%																										
	Marinas with Boating Clubs (Inland)	9.25%																										
	Marinas without Boating Clubs (Coastal)	11.50%																										
	Marinas without Boating Clubs (Inland)	11.75%																										
	Yacht Basins (Coastal)	8.75%																										
	Golf-Private Equity	9.00%																										
	Golf-Private Non-Equity	9.25%																										
	Golf-Semi-Private	9.50%																										
	Golf-Public	9.75%																										
	Golf-Executive	10.25%																										
	Regional Malls	5.25%																										
	Lifestyle Centers	5.00%																										
	55+ Age Restricted Apartments	4.75%																										
	Independent Living	6.80%																										
	Assisted Living/Dementia Care	7.00%																										
	Skilled Nursing	12.50%																										
	CCRC	8.00%																										

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

Note: The above indicators are reflective of typical investment parameters for each property type, which can vary depending upon specific property, financial and submarket characteristics. Please contact regional offices for more information.
*Note: Additional information for Class B and other investment metrics is available by contacting your local V&A office, or **Amy Collier** at amy.collier@ngkf.com.*

HOSPITALITY, GAMING & LEISURE

BY BRYAN YOUNGE, MAI, ASA, FRICS
Executive Vice President | Valuation & Advisory
Specialty Practice Leader - Hospitality, Gaming & Leisure

The national lodging market has managed to walk the line in terms of fundamentals throughout the fir t half of 2019. Both occupancy and ADR remain at their highest levels ever recorded. Demand is expected to continue to increase, and revenue should post additional gains by the end of the year. However, the market's improvement has slowed in the past few months. Moreover, new hotel construction levels remain very high, and the resulting swell in hotel room inventory will cause individual hotel performance to retract. Nevertheless, the hotel industry will generally remain strong in the coming quarters, as hotel owners continue to invest in improvements and bolster their brand image. This will further insulate the industry from threats, including global travel communities (Airbnb) and shared residences.

ABOUT HOSPITALITY, GAMING & LEISURE

Newmark Knight Frank Valuation & Advisory's Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties. Our team differentiates itself through a holistic, consulting-driven approach that goes far beyond the physical asset; by analyzing every aspect of a property's business and real estate operations, we identify all components of value for owners and investors.

Newmark Knight Frank V&A's Hospitality, Gaming & Leisure group completes assignments nationwide for a vast range of complex assets—from bed-and-breakfasts to luxury hotels, off-track betting facilities to Las Vegas casinos, bowling alleys to mega sports complexes, and municipal aquatic centers to indoor waterpark resorts. Our senior appraisers, each of whom possesses more than 15 years of dedicated experience, are hands-on throughout every phase of the process and actively involved with all reports and client deliverables.

3Q2019 NATIONAL RATES COMPARISON - HOSPITALITY	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Hotel - Luxury Class A	6.25%	8.75%	25	3.50%	3.00%	9.0	15.00%
Hotel - Luxury Class B	7.25%	9.75%	25	3.50%	3.00%	9.0	15.00%
Hotel - Resort Class A	7.00%	9.50%	50	3.25%	3.00%	9.0	20.00%
Hotel - Resort Class B	8.00%	10.50%	50	3.25%	3.00%	9.0	20.00%
Hotel - Full Service Class A	7.25%	9.75%	50	2.75%	2.50%	6.0	30.00%
Hotel - Full Service Class B	8.25%	10.75%	50	2.75%	2.50%	6.0	30.00%
Hotel - Select Service Class A	7.75%	10.25%	50	2.50%	2.25%	6.0	30.00%
Hotel - Select Service Class B	8.50%	11.00%	50	2.50%	2.25%	6.0	30.00%
Hotel - Limited Service Class A	8.00%	10.50%	50	2.50%	2.25%	6.0	30.00%
Hotel - Limited Service Class B	8.75%	11.25%	50	2.50%	2.25%	6.0	30.00%
Hotel - Extended Stay Class A	8.00%	10.50%	50	3.00%	2.25%	6.0	40.00%
Hotel - Extended Stay Class B	8.75%	11.25%	50	3.00%	2.25%	6.0	40.00%
Hotel - Airport/Highway Class A	8.25%	10.75%	75	2.50%	2.25%	9.0	50.00%
Hotel - Airport/Highway Class B	9.00%	11.50%	75	2.50%	2.25%	9.0	50.00%

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

MARINAS

BY BRYAN YOUNGE, MAI, ASA, FRICS
Executive Vice President | Valuation & Advisory
Specialty Practice Leader - Hospitality, Gaming & Leisure

The marinas industry has steadily improved in the past few years in terms of revenue growth and profit. Manufacturin has increased, as consumers have enjoyed better discretionary spending metrics. Along with declining fuel prices, these metrics have created positive conditions for the industry. Although marinas are traditionally constructed to accommodate seasonal and multi-seasonal users, the development of ancillary amenities at the facilities has been made possible by the improved economics of late. As such, income from a larger variety of departments, namely food and beverage, fuel and merchandise, has contributed to value enhancement. IBIS World estimates that industry revenue posted annualized improvement of 1.0% on average over the past fi e years, exceeding $5.2 billion.

ABOUT MARINAS

Newmark Knight Frank Valuation & Advisory's (V&A) Hospitality, Gaming & Leisure team has a passion for mixed-use waterfront assets. These complex properties typically include marinas; office buildings; etail components; restaurants, bars and lounges; hotels; parking facilities; and/or vacant expansion land.

In today's market, buyers think in terms of income optimization through efficient ope ations and/or redevelopment plays. Individual marinas are being added to existing portfolios to create critical mass and assemblage value. Each property use has its own risk and reward drivers. Therefore, each profit center must be ca efully analyzed in order to build a blended cap rate.

For lenders, Newmark Knight Frank V&A brings confidenc to the lending process. Our years of experience, vast data bank and personal relationships with many of the most active marina players in the market allow us to analyze each transaction from a balanced perspective.

3Q2019 NATIONAL RATES COMPARISON - MARINA	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Marinas with Boating Clubs (Coastal) Class A	9.00%	11.00%	50	4.00%	3.00%	6.0	25.00%
Marinas with Boating Clubs (Coastal) Class B	9.50%	11.50%	50	4.00%	3.00%	6.0	25.00%
Marinas with Boating Clubs (In-land) Class A	9.25%	11.25%	50	4.00%	3.00%	9.0	30.00%
Marinas with Boating Clubs (In-land) Class B	9.75%	11.75%	50	4.00%	3.00%	9.0	30.00%
Marinas without Boating Clubs (Coastal) Class A	11.50%	13.50%	50	3.75%	3.00%	9.0	40.00%
Marinas without Boating Clubs (Coastal) Class B	12.00%	14.00%	50	3.75%	3.00%	9.0	40.00%
Marinas without Boating Clubs (Inland) Class A	11.75%	13.75%	50	3.75%	3.00%	9.0	40.00%
Marinas without Boating Clubs (Inland) Class B	12.25%	14.25%	50	3.75%	3.00%	9.0	40.00%
Yacht Basins (Coastal) Class A	8.75%	10.75%	50	4.00%	3.00%	6.0	25.00%
Yacht Basins (Coastal) Class B	9.25%	11.25%	50	4.00%	3.00%	6.0	25.00%

GOLF COURSES

BY BRYAN YOUNGE, MAI, ASA, FRICS
Executive Vice President | Valuation & Advisory
Specialty Practice Leader - Hospitality, Gaming & Leisure

After two decades of contracting fundamentals, the golf course and country club industry has expanded in recent years although at a slower pace than the overall economy. The industry's biggest challenge remains its difficult in attracting new and younger players, who believe that clubs are too "formal" with respect to etiquette and that the sport is too difficult o learn. Rather, industry growth has been attributed to the surge in existing consumer confidence ver the past few years, along with improvement in participation for prospects who earn more than $100,000 annually. IBIS World estimates that industry revenue increased at a modest annualized rate of 1.1% to $24.5 billion over the past fi e years, with nearly half of this improvement (0.4%) occurring in 2019 alone. The average industry profit ma gin is expected to increase marginally during the period, but the lack of working capital that is generally available to the facilities has rendered most in inferior overall appeal compared to the pre-recession era.

ABOUT GOLF COURSES

Newmark Knight Frank Valuation & Advisory's Hospitality, Gaming & Leisure group includes appraisal and consulting professionals that specialize in the valuation of golf course properties throughout the United States. Our extensive experience includes appraisals, consultations, reviews and litigation support for various types of public, private, semi-private, municipal and resort golf courses and clubs.

The golf industry is constantly changing, and our professionals have the skill and knowledge to produce reliable results for our clients. With our resources, experience and focus on exceptional service delivery, each golf property assignment receives the proper attention to detail in order to solve the specific needs of the client

3Q2019 NATIONAL RATES COMPARISON - GOLF	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Golf-Private Equity Class A	9.00%	11.00%	25	1.00%	3.00%	9.0	25.00%
Golf-Private Equity Class B	10.00%	12.00%	25	1.00%	3.00%	9.0	25.00%
Golf-Private Non-Equity Class A	9.25%	11.25%	50	0.50%	3.00%	9.0	30.00%
Golf-Private Non-Equity Class B	10.25%	12.25%	50	0.50%	3.00%	9.0	30.00%
Golf-Semi-Private Class A	9.50%	11.50%	50	0.50%	2.50%	6.0	30.00%
Golf-Semi-Private Class B	10.50%	12.50%	50	0.50%	2.50%	6.0	30.00%
Golf-Public Class A	9.75%	11.75%	50	0.00%	2.25%	6.0	40.00%
Golf-Public Class B	10.75%	12.75%	50	0.00%	2.25%	6.0	40.00%
Golf-Executive Class A	10.25%	12.25%	50	0.00%	2.25%	12.0	40.00%
Golf-Executive Class B	11.25%	13.25%	50	0.00%	2.25%	12.0	40.00%

INDUSTRIAL/ LOGISTICS

BY ROB VODINELIC, MAI, MRICS
Senior Managing Director | Market Leader–OH/IN/KY
Specialty Practice Leader – Industrial/Logistics

Construction accelerates but vacancies remain low and rents are rising

The new development pipeline within the industrial/logistics sector is robust, as space under construction has reached a cyclical high. Vacancy rates have remained steady through 3Q 2019, although with nearly 290 million square feet under construction nationwide, the imminent new deliveries could lead to an uptick in vacancies into the early part of 2020.

Rental rates have continued their steady increase, as several major markets are experiencing double-digit rent growth, and total year-over-year industrial returns remain strong. Although some economic indicators have recently shown a slight contraction, the full impact of any tariff impositions are uncertain.

Industrial sales activity has been accentuated by multi-billion dollar portfolio transactions. Within 3Q 2019, major announcements included a pending $5.9 billion sale of 60 million square feet of industrial product from Colony Capital to Blackstone, and Prologis's upcoming acquisition of 37.5 million square feet from Black Creek's Industrial Property Trust for approximately $4 billion. Of course, the highlight of 3Q 2019 was Blackstone's $18.7 billion acquisition of logistics provider GLP, in what is being publicly referred to as the largest private real estate transaction ever.

ABOUT INDUSTRIAL/LOGISTICS

Newmark Knight Frank Valuation & Advisory's Industrial/Logistics team is dedicated to providing best-in-class valuation and consulting services for all properties belonging to the rapidly evolving industrial/logistics asset class. The Industrial/Logistics team takes an innovative, consulting-driven approach to valuation that bolsters the expertise of our professionals with insight from across the NKF platform. With our unsurpassed, proprietary market knowledge, we provide clients with optimal solutions for managing their industrial and logistics properties.

Newmark Knight Frank V&A's Industrial/ Logistics team provides solutions for every type of industrial owner—from traditional investors, such as local developers and owner/operators, to some of the world's largest institutional investors, including industrial REITs and pension funds. We handle transactions of every size, from single-property assignments to multibillion-dollar portfolios, and we have the knowledge and experience required to ensure these assignments are executed accurately and efficientl .

3Q2019 REGIONAL RATES COMPARISON - INDUSTRIAL/LOGISTICS	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Central							
Warehouse/Logistics Class A	5.59%	6.56%	54	3.07%	2.79%	6.0	20.83%
Warehouse/Logistics Class B	6.50%	7.59%	54	3.07%	2.79%	6.0	20.83%
R&D/Flex Class A	6.93%	7.89%	54	2.50%	2.79%	6.6	25.83%
R&D/Flex Class B	7.59%	8.63%	54	2.50%	2.79%	6.6	25.83%
General Industrial Class A	6.50%	7.47%	54	2.93%	2.79%	6.6	22.50%
General Industrial Class B	7.31%	8.28%	54	2.93%	2.79%	6.6	22.50%
East							
Warehouse/Logistics Class A	5.10%	6.25%	44	2.93%	2.83%	5.2	18.13%
Warehouse/Logistics Class B	5.93%	7.05%	44	2.93%	2.83%	5.2	18.13%
R&D/Flex Class A	6.80%	8.03%	50	2.85%	2.78%	6.2	20.56%
R&D/Flex Class B	7.53%	8.63%	50	2.85%	2.78%	6.2	20.56%
General Industrial Class A	6.19%	7.47%	50	2.86%	2.81%	5.8	20.63%
General Industrial Class B	6.92%	8.11%	50	2.86%	2.81%	5.8	20.63%
West							
Warehouse/Logistics Class A	4.92%	6.63%	44	3.00%	3.00%	5.0	18.33%
Warehouse/Logistics Class B	5.67%	7.17%	44	3.00%	3.00%	5.0	18.33%
R&D/Flex Class A	5.38%	7.04%	50	3.00%	3.00%	5.4	20.00%
R&D/Flex Class B	6.04%	7.54%	50	3.00%	3.00%	5.4	20.00%
General Industrial Class A	5.29%	7.00%	44	3.00%	3.00%	5.4	18.33%
General Industrial Class B	5.96%	7.46%	44	3.00%	3.00%	5.4	18.33%
National							
Warehouse/Logistics Class A	5.22%	6.45%	48	2.99%	2.86%	5.4	19.00%
Warehouse/Logistics Class B	6.05%	7.26%	48	2.99%	2.86%	5.4	19.00%
R&D/Flex Class A	6.47%	7.73%	51	2.78%	2.84%	6.1	21.90%
R&D/Flex Class B	7.18%	8.35%	51	2.78%	2.84%	6.1	21.90%
General Industrial Class A	6.07%	7.35%	50	2.92%	2.85%	5.9	20.50%
General Industrial Class B	6.80%	8.00%	50	2.92%	2.85%	5.9	20.50%

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

MULTIFAMILY

RAYMOND HIGGINS
Senior Managing Director | Valuation & Advisory
Specialty Practice Leader – Multifamily

Multifamily sales transactions accounted for the highest sales volume out of the major property types over the past 12 months. Most of the sale transactions occurred in New York, Los Angeles and Atlanta. Construction activity is robust in Dallas, New York, Seattle, Washington DC, Los Angeles, Chicago and Atlanta with new inventories at 10,000 units or higher in each of these markets. Charlotte and Nashville have expanded inventory of 4.2% and 3.6%, respectively. Most new construction consists of Class A luxury units with the highest rents.

Market rent continues to increase with the nation's average effective rent growth of 3.2%. The top markets for rent increases were Las Vegas with 7.8%, Phoenix with 7.5% and Atlanta with 4.8%. New York City leads the nation in highest asking rents followed by Los Angeles.

Strong demographics and employment growth have fueled demand for multifamily. Millennials continue to drive the demand for multifamily units in the urban cores. One concern on the horizon is the possibility of more municipalities enacting rent controls. Capitalization rates are increasing in markets with rent controls and some investors are moving to markets without rent controls or to other property types. Overall, the multifamily market remains strong but lower property values in the rent control markets may impact the national multifamily market in the future.

ABOUT MULTIFAMILY

Newmark Knight Frank Valuation & Advisory's Multifamily group is dedicated exclusively to providing best-in-class valuation and consulting services for a wide array of multifamily types, including garden-style, mid-rise and high-rise apartments, condominiums, student housing, lifestyle centers and affordable housing. We take a consultative approach to valuation, evaluating multifamily properties from a holistic perspective that considers their rental income streams in concert with the real estate assets. The V&A team's core offerings also include financial eporting and property tax services.

Newmark Knight Frank V&A's Multifamily group serves some of the nation's leading mortgage lenders and institutional property owners. We also meet the requirements of government agencies and government-sponsored entities (GSEs) that provide financing for multifamil properties, including the top multifamily lenders, Fannie Mae and Freddie Mac. In recent years, our team has become one of the largest providers of appraisals to both Fannie and Freddie.

3Q2019 REGIONAL RATES COMPARISON - MULTIFAMILY	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Central							
CBD Multifamily Class A	4.81%	6.04%	44	2.71%	2.79%	5.0	20.83%
CBD Multifamily Class B	5.53%	6.71%	44	2.71%	2.79%	5.0	20.83%
Suburban Multifamily Class A	5.38%	6.54%	44	2.71%	2.71%	5.0	20.00%
Suburban Multifamily Class B	6.09%	7.21%	44	2.71%	2.71%	5.0	20.00%
Student Housing (Tier 1/Tier 2) Class A	5.61%	6.75%	47	2.50%	2.71%	5.2	24.17%
Student Housing (Tier 1/Tier 2) Class B	6.46%	7.67%	47	2.50%	2.71%	5.2	24.17%
East							
CBD Multifamily Class A	4.75%	6.18%	39	2.73%	2.84%	4.8	16.88%
CBD Multifamily Class B	5.43%	7.00%	39	2.73%	2.84%	4.8	16.88%
Suburban Multifamily Class A	5.10%	6.69%	37	2.80%	2.83%	4.8	16.25%
Suburban Multifamily Class B	5.75%	7.61%	37	2.80%	2.83%	4.8	16.25%
Student Housing (Tier 1/Tier 2) Class A	5.67%	7.67%	42	2.75%	2.75%	4.7	18.33%
Student Housing (Tier 1/Tier 2) Class B	6.42%	8.33%	42	2.75%	2.75%	4.7	18.33%
West							
CBD Multifamily Class A	4.29%	6.25%	31	3.00%	3.00%	5.2	10.00%
CBD Multifamily Class B	4.86%	6.79%	31	3.00%	3.00%	5.2	10.00%
Suburban Multifamily Class A	4.54%	6.36%	31	3.00%	3.00%	5.2	10.00%
Suburban Multifamily Class B	5.00%	6.86%	31	3.00%	3.00%	5.2	10.00%
Student Housing (Tier 1/Tier 2) Class A	5.08%	6.75%	50	3.00%	3.00%	5.3	10.00%
Student Housing (Tier 1/Tier 2) Class B	5.50%	7.25%	50	3.00%	3.00%	5.3	10.00%
National							
CBD Multifamily Class A	4.64%	6.16%	39	2.80%	2.87%	5.0	16.67%
CBD Multifamily Class B	5.31%	6.85%	39	2.80%	2.87%	5.0	16.67%
Suburban Multifamily Class A	5.03%	6.54%	38	2.83%	2.84%	5.0	16.11%
Suburban Multifamily Class B	5.65%	7.26%	38	2.83%	2.84%	5.0	16.11%
Student Housing (Tier 1/Tier 2) Class A	5.50%	7.00%	47	2.67%	2.79%	5.1	20.00%
Student Housing (Tier 1/Tier 2) Class B	6.23%	7.77%	47	2.67%	2.79%	5.1	20.00%

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

OFFICE

DOUGLAS LARSON
Executive Vice President | Valuation & Advisory

Nationally, office ha been the top-performing major property type through 3Q 2019 in terms of sales volume growth. Although volume increased in both primary and secondary markets, supply-constrained primary markets had greater price appreciation. While the concentration of office in estment volume has fallen from its peak in the previous cycle, it has remained relatively resilient in the current cycle, in part because of the product type's expansion, which now includes rapidly institutionalizing medical office and li e sciences/R&D product. CBD office p oduct has experienced the greatest amount of compression in capitalization rates in the current cycle, perpetuated by fie ce competition, particularly in supply-constrained coastal gateways. Consequently, the CBD distribution is skewed toward lower cap rates.

The attention to underwriting, market fundamentals and quality of the borrower remain far above the previous cycle. Similarly, CMBS and bank lending standards remain significantl tighter than in the previous cycle, as they are more willing to compete on pricing than on leverage.

Manhattan remains an attractive option for international capital. Although mainland China's exit has caused Asia Pacific olume to drop, European groups are still drawn to Manhattan. Middle Eastern funds, who hadn't been as dominant as some of the European and APAC funds in recent years, have deployed capital in the city. The average price per square foot for office p operties in New York City has increased quarter over quarter, boosted by the tech-centric Midtown South, where demand continues to outpace existing supply. As the cycle continues, total returns have fallen well below the 20-year average. However, while some of the largest markets offer lower returns, they also offer stability and value. They are also the first o recover from market corrections, with New York City being the prime example of this trend. Nearly $7 billion in trophy volume across eight deals is pending or has closed in 2019 to date. Google's purchase of the Milk Studios marked its third major acquisition (after 111 8th Avenue and Chelsea Market) in New York City, and it has now spent a total of $4.6 billion in the city. Overall pricing in Manhattan has increased year over year.

ABOUT OFFICE

Newmark Knight Frank Valuation & Advisory's Office p actice is the premier appraisal group focused on executing valuation and consulting services for office owners, in estors, developers and financial in titutions nationwide and across the globe. We offer the strategic expertise—consulting, analysis and resources—clients need in order to assign value and make informed decisions that enhance financia outcomes and corporate performance, for purposes of acquisition, disposition, potential use, retention, redevelopment, mortgage, income tax, financing, ce tiorari and litigation.

Our experts possess an average of more than 25 years of valuation experience in major CBD markets. Expansive geographic coverage enables us to support clients with individual office as ets as well as with diverse office po tfolios dispersed throughout the country.

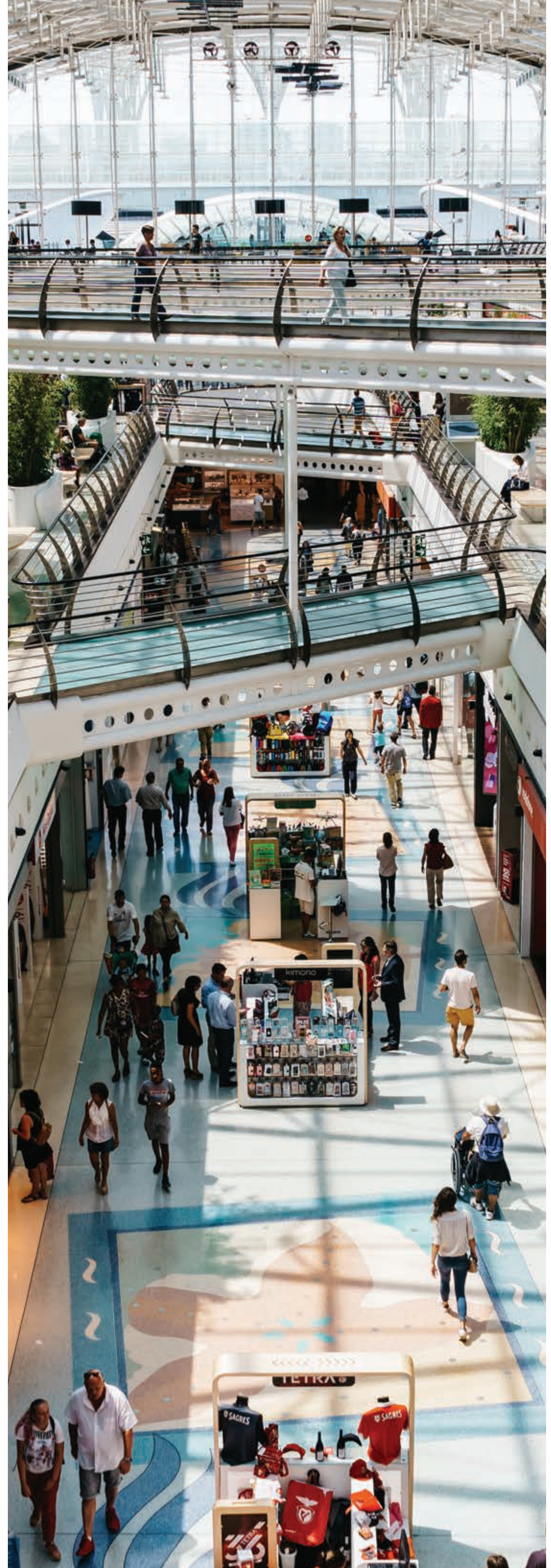
3Q2019 REGIONAL RATES COMPARISON - OFFICE	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Central							
CBD Office Class	6.25%	7.22%	50	2.93%	2.64%	7.2	24.00%
CBD Office Class	7.16%	8.00%	50	2.93%	2.64%	7.2	24.00%
Suburban Office Class	6.94%	7.94%	50	2.67%	2.64%	7.2	22.50%
Suburban Office Class	7.84%	8.81%	50	2.67%	2.64%	7.2	22.50%
East							
CBD Office Class	6.11%	7.25%	45	2.73%	2.80%	6.7	25.00%
CBD Office Class	7.05%	8.23%	45	2.73%	2.80%	6.7	25.00%
Suburban Office Class	7.07%	8.16%	48	2.75%	2.80%	6.3	26.11%
Suburban Office Class	8.00%	9.18%	48	2.75%	2.80%	6.3	26.11%
West							
CBD Office Class	5.54%	6.79%	45	3.00%	3.00%	5.2	20.00%
CBD Office Class	6.14%	7.79%	45	3.00%	3.00%	5.2	20.00%
Suburban Office Class	6.00%	7.32%	45	3.00%	3.00%	5.2	20.00%
Suburban Office Class	6.46%	8.17%	45	3.00%	3.00%	5.2	20.00%
National							
CBD Office Class	6.00%	7.12%	47	2.85%	2.81%	6.4	23.10%
CBD Office Class	6.84%	8.05%	47	2.85%	2.81%	6.4	23.10%
Suburban Office Class	6.74%	7.87%	48	2.79%	2.81%	6.2	23.18%
Suburban Office Class	7.54%	8.82%	48	2.79%	2.81%	6.2	23.18%

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

RETAIL/ REGIONAL MALLS

BY JOHN MACKRIS, MAI, MRICS
Senior Managing Director | Valuation & Advisory
Specialty Practice Leader – Retail/Regional Malls

Although core economic factors remain strong, the U.S.-China trade war has elevated concerns over the pricing of retail goods, resulting in a slight uptick in capitalization and discount rates to account for the perceived risk. However, these investor concerns are anticipated to be short-lived, as demand for retail goods and services remain strong. The American worker is witnessing real wage growth in an environment of low gas prices and interest rates. Against this backdrop of a relatively strong and steady economy, the built environment of retail space features two divergent stories. Successful Class A and Class B retail centers are improving their tenant mix with retailers that have learned to co-exist with e-commerce. These retail centers are bringing in pop-ups and experiential elements with major infusions of capital. Alternatively, Class C and Class D centers are either shuttering or reinventing themselves into a variety of mixed-use variants, with uses as diverse as entertainment, self-storage, residential, office and medical, o name just a few. Another recent trend in retail has been a steep discounting of product pricing, although this trend may change soon, as grocery delivery services become more widespread. Relative to other real estate sectors, retail property pricing has been generally flat, as investors still foresee more retail closures to come, especially among department and big box stores, as the retail sector moves to right-size itself.



3Q2019 REGIONAL RATES COMPARISON - RETAIL SHOPPING CENTERS	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Central							
Power Center Class A	7.03%	8.16%	57	2.21%	2.64%	8.4	26.67%
Power Center Class B	7.97%	9.00%	57	2.21%	2.64%	8.4	26.67%
Lifestyle Center Class A	6.78%	7.88%	57	2.21%	2.64%	8.4	26.67%
Lifestyle Center Class B	7.75%	8.78%	57	2.21%	2.64%	8.4	26.67%
Grocery Anchor Strip Class A	6.21%	7.21%	60	2.50%	2.50%	5.3	19.00%
Grocery Anchor Strip Class B	7.04%	8.08%	60	2.50%	2.50%	5.3	19.00%
Unanchored Strip Class A	7.25%	8.22%	57	2.36%	2.64%	7.8	23.33%
Unanchored Strip Class B	8.13%	9.16%	57	2.36%	2.64%	7.8	23.33%
East							
Power Center Class A	6.50%	7.53%	45	2.68%	2.83%	6.0	20.00%
Power Center Class B	7.56%	8.53%	45	2.68%	2.83%	6.0	20.00%
Lifestyle Center Class A	7.00%	7.97%	54	2.50%	2.72%	6.9	23.57%
Lifestyle Center Class B	8.17%	9.29%	54	2.50%	2.72%	6.9	23.57%
Grocery Anchor Strip Class A	6.11%	7.33%	44	2.63%	2.78%	6.1	20.00%
Grocery Anchor Strip Class B	7.30%	8.33%	44	2.63%	2.78%	6.1	20.00%
Unanchored Strip Class A	7.07%	8.30%	56	2.60%	2.70%	7.4	27.22%
Unanchored Strip Class B	7.98%	9.15%	56	2.60%	2.70%	7.4	27.22%
West							
Power Center Class A	6.33%	7.43%	50	3.14%	3.14%	5.6	21.43%
Power Center Class B	7.07%	8.29%	50	3.14%	3.14%	5.6	21.43%
Lifestyle Center Class A	6.07%	7.33%	58	3.17%	3.17%	5.5	20.83%
Lifestyle Center Class B	6.71%	8.13%	58	3.17%	3.17%	5.5	20.83%
Grocery Anchor Strip Class A	5.70%	7.04%	50	3.14%	3.14%	6.2	20.71%
Grocery Anchor Strip Class B	6.75%	8.14%	50	3.14%	3.14%	6.2	20.71%
Unanchored Strip Class A	6.00%	7.36%	50	3.14%	3.14%	5.6	22.86%
Unanchored Strip Class B	6.75%	8.29%	50	3.14%	3.14%	5.6	22.86%
National							
Power Center Class A	6.62%	7.70%	50	2.68%	2.86%	6.5	22.38%
Power Center Class B	7.55%	8.61%	50	2.68%	2.86%	6.5	22.38%
Lifestyle Center Class A	6.67%	7.76%	56	2.60%	2.82%	7.0	23.68%
Lifestyle Center Class B	7.56%	8.74%	56	2.60%	2.82%	7.0	23.68%
Grocery Anchor Strip Class A	6.02%	7.21%	50	2.76%	2.83%	6.0	20.00%
Grocery Anchor Strip Class B	7.07%	8.21%	50	2.76%	2.83%	6.0	20.00%
Unanchored Strip Class A	6.84%	8.01%	55	2.69%	2.81%	7.1	24.77%
Unanchored Strip Class B	7.68%	8.91%	55	2.69%	2.81%	7.1	24.77%

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

3Q2019 NATIONAL RATES COMPARISON - RETAIL	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
Regional Malls Class A	5.25%	6.50%	75	1.50%	3.00%	-	40.00%
Regional Malls Class B	7.75%	8.25%	75	1.50%	3.00%	-	40.00%
Regional Malls Class C	16.00%	17.00%	75	1.50%	3.00%	-	40.00%
Lifestyle Centers Class A	5.00%	6.50%	50	2.00%	3.00%	-	30.00%
Lifestyle Centers Class B	7.25%	7.75%	50	2.00%	3.00%	-	30.00%
Lifestyle Centers Class C	12.50%	13.00%	50	2.00%	3.00%	-	30.00%

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

ABOUT RETAIL/REGIONAL MALLS

Newmark Knight Frank Valuation & Advisory's Retail/Regional Malls practice is the premier appraisal group focused exclusively on retail properties. The team offers a comprehensive breadth of expertise in super-regional malls, regional malls, lifestyle centers, power centers, community centers, neighborhood centers and single-tenant properties that is unrivaled in the industry.

Newmark Knight Frank V&A's Retail/Regional Malls group performs valuations, feasibility studies and market studies as well as rent, expense and leasehold analyses for a broad range of existing and proposed retail properties. These include department stores, big box stores, shopping centers, theme/festival centers and mixed-use developments. In addition to investors and owners, we have completed valuation assignments for developers, corporations and public agencies.

SENIORS HOUSING

BY NORM LEZOTTE, MAI
Senior Managing Director | Valuation & Advisory
Specialty Practice Leader – Healthcare & Seniors Housing

Over the last two quarters of this year, the development pipeline has begun to slow compared with the same time last year. Senior housing lenders are clearly scaling back on new construction financing in this sec or. This change is a positive for the industry, as several submarkets across the country are at or near saturation. Although development may slow in the coming months, the amount of private equity chasing deals in the space continues to grow at a record pace. The ever-increasing demand for investment grade product is expected to keep capitalization rates near the current levels for the foreseeable future, regardless of some oversupply in several markets.

ABOUT HEALTHCARE & SENIORS HOUSING

Newmark Knight Frank Valuation & Advisory's Healthcare & Seniors Housing practice is a premier group of real estate professionals focused on the unique requirements and objectives of healthcare providers and senior housing operators. Utilizing extensive interviews and market observations, we provide expert advice to investors, property owners and operators on assets ranging from large, 300-bed hospitals and entrance fee CCRC's to small clinics and free-standing senior housing facilities. Our specialized insight enables our team to align the business operations and real estate functions of a healthcare or senior living facility in order to deliver maximum value to investors and property owners.

Assignments have included valuations, market and feasibility studies, and fair market rent surveys for Stark Law compliance. We provide appraisal services to lenders, hospital and senior housing operators, healthcare REITs and private equity firms

3Q2019 NATIONAL RATES COMPARISON - SENIORS HOUSING	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)	Liquidation Value % Discount
55+ Age Restricted Apartments Class A	4.75%	7.00%	50	3.00%	3.00%	6.0	20.00%
55+ Age Restricted Apartments Class B	5.50%	7.75%	50	3.00%	3.00%	6.0	20.00%
Independent Living Class A	6.80%	10.00%	50	3.00%	3.00%	6.0	30.00%
Independent Living Class B	7.40%	10.75%	50	3.00%	3.00%	6.0	30.00%
Assisted Living/Dementia Care Class A	7.00%	10.00%	50	3.00%	3.00%	6.0	30.00%
Assisted Living/Dementia Care Class B	7.75%	11.00%	50	3.00%	3.00%	6.0	30.00%
Skilled Nursing Class A	12.50%	15.00%	50	3.00%	3.00%	8.0	40.00%
Skilled Nursing Class B	13.50%	16.00%	50	3.00%	3.00%	8.0	40.00%
CCRC Class A	8.00%	11.00%	50	3.00%	3.00%	6.0	30.00%
CCRC Class B	9.00%	12.50%	50	3.00%	3.00%	6.0	30.00%

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

SELF STORAGE

BY STEVE JOHNSON, MAI
Executive Vice President | Valuation & Advisory
Specialty Practice Co-Leader – Self Storage

During the third quarter of 2018, the world was headed toward higher interest rates. Logically, this would have had at least some upward impact on rates of return, as cost of capital was headed upward. Then interest rates reversed downward through the current period, and we are now back in the territory of historical lows. Speaking with market participants, it is evident that the current environment is continuing to fuel the strong appetite for self storage asset refinancing and pu chases.

Many markets are feeling at least some impact of new supply. Some have been temporarily oversupplied with multiple new facilities. For these markets, the soft occupancy and rental growth will prevail until the market can absorb the space. For most markets, however, minor new supply will represent only a speedbump.

News of the yield curve inversion has many in the financial world speaking the "r" word (recession). When it will occur and how it will look are not known. What is known is how well the self storage industry has historically performed during times of economic turbulence. Whether in an up or down market, self storage has remained a choice investment, and the year ahead will be no exception.

ABOUT SELF STORAGE

Newmark Knight Frank Valuation & Advisory's Self Storage practice is dedicated to providing best-in-class valuation and consulting services for all self storage property types. We complete assignments for a wide variety of complex assets, ranging from individually owned non-climate-controlled facilities to large Class A properties in urban core locations. The Self Storage team is adept at managing projects for single properties as well as large portfolios in markets across the United States, Canada and Latin America.

The team's core disciplines far surpass those of traditional valuation services, and all services are implemented from start to fini h by our subject experts–each of whom possess significant experience aluing and analyzing self storage properties.

Appetite for self storage remains historically high and more "money" is chasing storage now than at any other time in history.

3Q2019 REGIONAL RATES COMPARISON - SELF STORAGE	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate	Marketing Time (Months)
Central						
Self Storage Class A	6.28%	9.13%	54	2.93%	2.79%	5.4
Self Storage Class B	6.72%	9.58%	54	2.93%	2.79%	5.4
East						
Self Storage Class A	5.64%	8.48%	46	2.86%	2.88%	5.6
Self Storage Class B	6.21%	9.04%	46	2.86%	2.88%	5.6
West						
Self Storage Class A	5.29%	8.35%	31	3.08%	3.00%	4.7
Self Storage Class B	6.00%	8.87%	31	3.08%	3.00%	4.7
National						
Self Storage Class A	5.60%	8.68%	46	2.98%	2.89%	5.2
Self Storage Class B	6.48%	9.37%	46	2.98%	2.89%	5.2

Source: These rates were compiled and submitted by NKF V&A Market Leaders and Specialty Directors based on current market activity including recent sales and discussions with market participants and service professionals.

VINEYARDS & WINERIES

BY JOHN VAUGHAN
Senior Vice President | Valuation & Advisory
Specialty Practice Leader - Vineyards & Wineries

The retail value of California wine shipments in the U.S. reached $40.2 billion in 2018, driven by the premium segment of the market, and Napa Valley Cabernet Sauvignon in particular. Strong demand for prime Napa Valley vineyards drove benchmark pricing to $500,000 per acre in the fir t half of 2019.

The 2019 growing season for most of the West Coast American Viticultural Areas (AVAs) has been very challenging, with a very late spring, rain impacted many vineyards, resulting in some shatter to the flower clusters, which is expected to result in a somewhat reduced harvest in 2019. And now, during the critical harvest season, rains are creating additional challenges in many West Coast AVAs.

ABOUT VINEYARDS & WINERIES
Newmark Knight Frank Valuation & Advisory's Vineyards & Wineries practice is committed to providing best-in-class valuation and consulting services worldwide for this unique and rapidly evolving asset class. The Vineyards & Wineries team's senior appraisers are industry experts with unrivaled acumen in every aspect of the wine industry, from vineyards and tasting rooms to production and storage facilities. We utilize innovative methodologies to develop accurate valuations that are supported by the most current market information. With over 25 years of specialized experience, the Vineyards & Wineries team has completed valuation assignments in American Viticultural Areas (AVAs) across the country, particularly in California's North Coast and Central Coast.

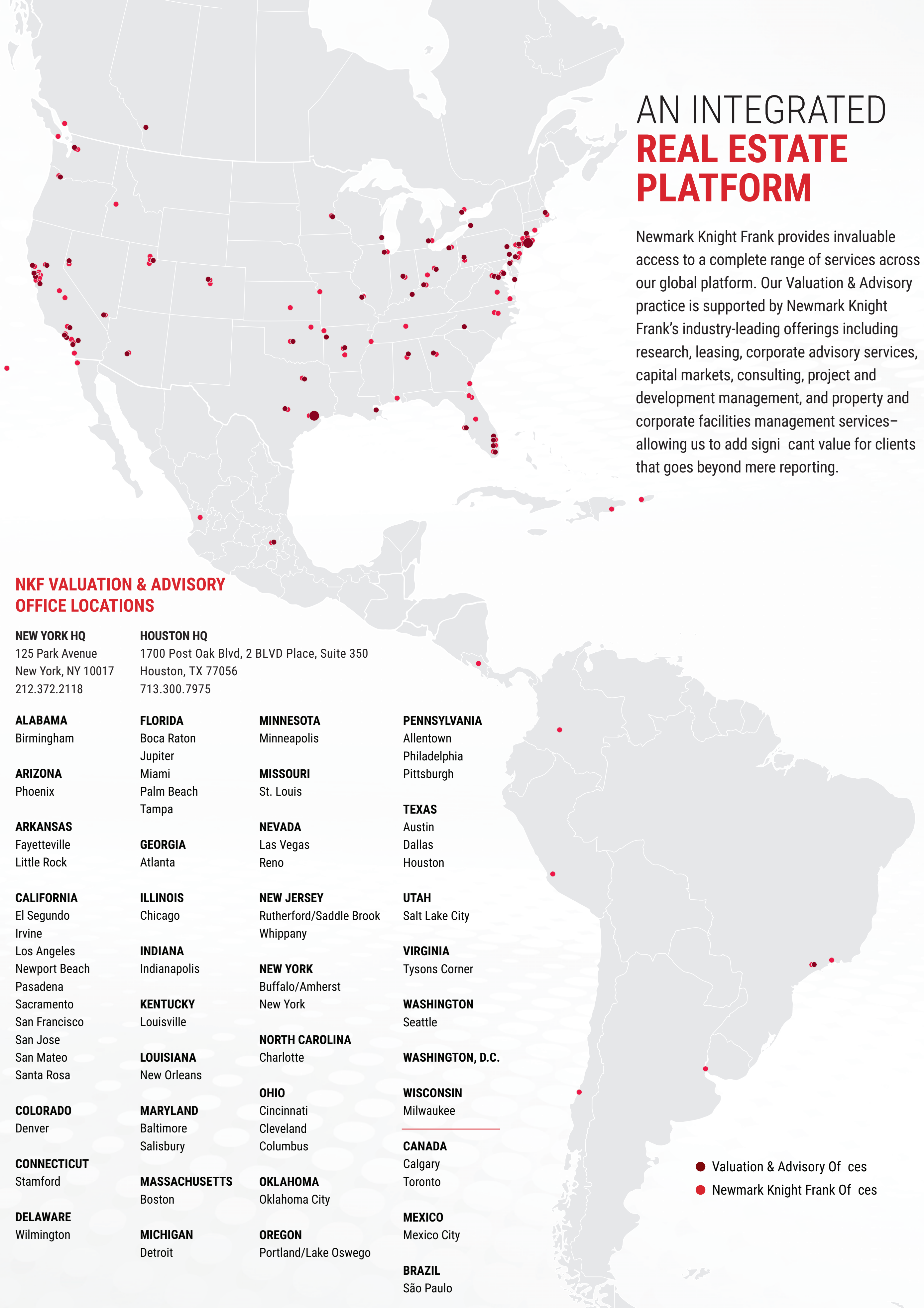
MERGER & ACQUISITION ACTIVITY

BY JOHN CORBETT, MAI, ASA, FRICS
Senior Managing Director | Valuation & Advisory
Specialty Practice Leader – Financial Reporting

Following exceptional M&A activity witnessed in 2018, the 2019 transition has unfolded as many have expected. Economic headwinds, including trade war tensions, rising nationalism and a renouncement of globalism, have moderated North America and European M&A activity. Through three quarters of 2019, deal count and value have waned compared with the figu es for the same period last year. According to statistics provided by PitchBook Data, Inc., deal count is down 29.4%, and deal value has been reduced by 17.6%. Nonetheless, many prognosticators and investors remain optimistic that the balance of 2019 will deliver an uptick in M&A activity. This sentiment is bolstered by the strong competition for assets as suggested by the median Deal Size/EBITDA multiple of 8.12%, which has remained relatively unchanged over the prior two years. Reinforcing this expectation is the level of dry powder which remains available to private equity firms following their ecord setting fundraising figu es. Caution is being exercised by investors as there are mixed signals in the market. Optimism arises from deal multiples remaining relatively high, mega-deals (greater than $5.0 billion) are on pace to exceed 2018 figu es (Q1-Q3 count - 100) and the sentiment that M&A activity remains a viable growth strategy. Arguments against continued M&A activity at the current level include the aforementioned global trade tensions, a recent slowdown in U.S. manufacturing growth and the Fed's decision to cut interest rates, which may reflect an insurance policy for perceived future threats to the economy.

ABOUT FINANCIAL REPORTING
Newmark Knight Frank Valuation & Advisory's Financial Reporting group is a premier provider of financial eporting services. Our professionals bring a comprehensive awareness of financia reporting standards coupled with property-specific insights o deliver strategic guidance to multi-national corporations, public and private REITs, private equity groups and funds.

Led by a team of expert regional managers, each of whom offers at least 15 years of relevant experience, Newmark Knight Frank V&A's Financial Reporting practice takes a holistic, consultative approach to meeting the needs of its clients. The team's focus extends beyond real estate to include financial eporting for other tangible assets, such as machinery, technical equipment and personal property, as well as intangible assets, including non-compete clauses, patents, contracts and customer loyalty programs. This comprehensive methodology is refined and cu tomized for each client and is scalable on a regional, national or international basis.



AN INTEGRATED **REAL ESTATE PLATFORM**

Newmark Knight Frank provides invaluable access to a complete range of services across our global platform. Our Valuation & Advisory practice is supported by Newmark Knight Frank's industry-leading offerings including research, leasing, corporate advisory services, capital markets, consulting, project and development management, and property and corporate facilities management services–allowing us to add signi cant value for clients that goes beyond mere reporting.

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