

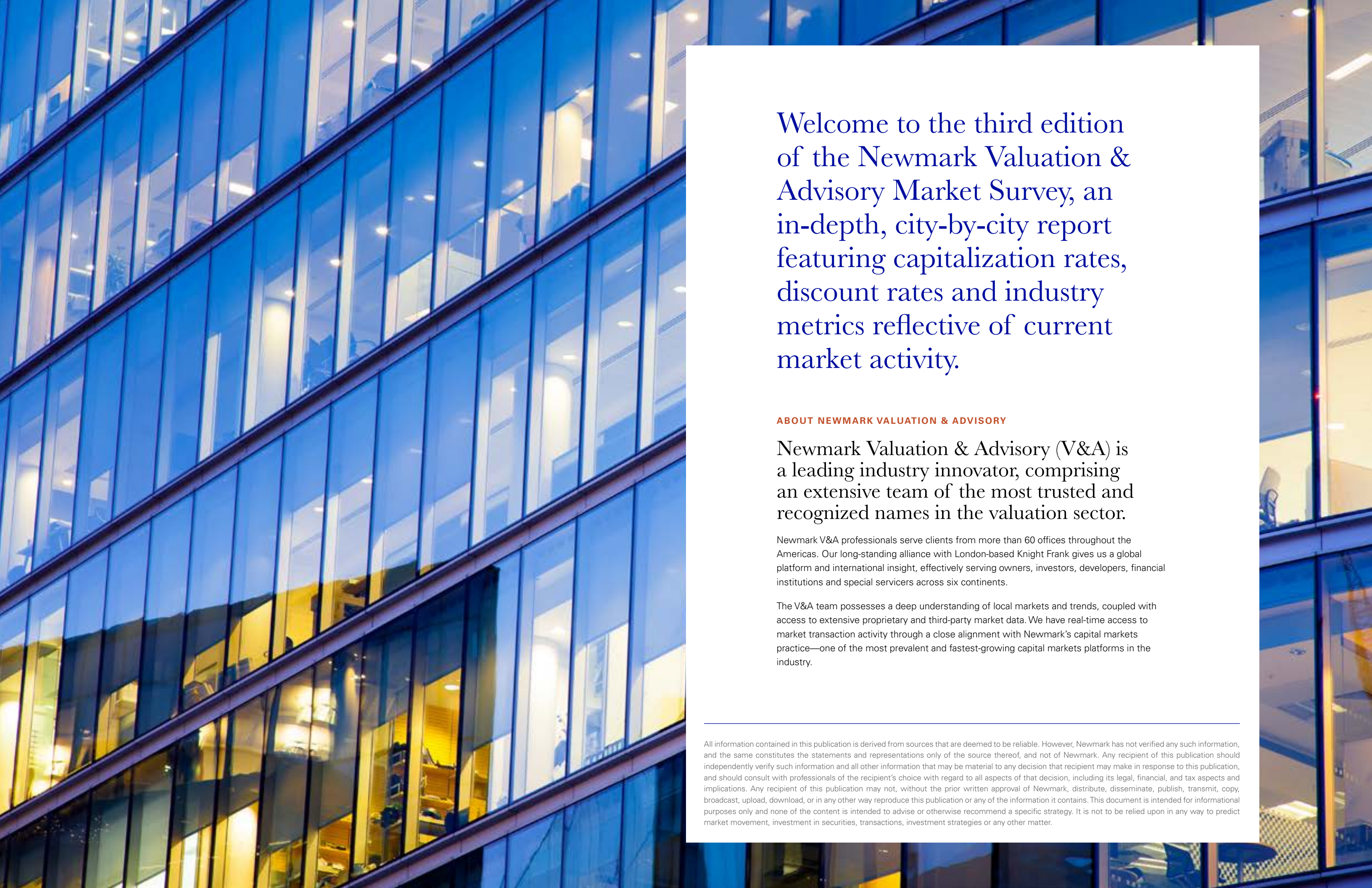


VALUATION & ADVISORY

National Market Survey 1Q 2021

NEWMARK





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

ABOUT NEWMARK VALUATION & ADVISORY

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

Newmark V&A professionals serve clients from more than 60 offices throughout the Americas. Our long-standing alliance with London-based Knight Frank gives us a global platform and international insight, effectively serving owners, investors, developers, financial institutions and special servicers across six continents.

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's capital markets practice—one of the most prevalent and fastest-growing capital markets platforms in the industry.

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John D. Busi, MAI, FRICS
President, Valuation & Advisory

In 1964, my parents loaded their AMC Rambler Wagon with their most prized possessions from their two bedroom Bronx apartment before they crammed their three (soon-to-be-four) kids into the middle row. When the car wheels rolled off the Throgs Neck Bridge and onto the Cross Island Parkway they smiled and watched the gray landscape transition to green.

They were heading to the promised land for two city kids, they were moving to the suburbs. Fifty-six years later, three of my four kids would retrace that journey and pack their newly leased SUVs with their prized possessions (mostly laptops, monitors, headsets, iPhones and iPads) and trade away the concrete sidewalks and granite landscape where they'd staked their claim and move back to "the 'burbs."

As market observers, we appraisers are studying this newly reoriented real estate landscape and we're looking for "signs" that will point us in the right directions. Have we witnessed a cultural or economic shift? Which trends are cyclical and which are structural? We've been through economic downturns, financial crashes, real estate bubbles, and today we are trying to understand the long-term effects and impacts of a global pandemic. More data points are surfacing each day; but many are creating more questions than answers.

Have we traded in our high-rise corner office for the smaller corner of our kitchen tables? Is urban density anathema and suburban sprawl esteemed? In the new "normal" do trains and planes trail behind automobiles? Do all 21st century "shopping sprees" now take place on an iPhone? Are our tours of our most iconic national parks done from the seats of our stationary bikes? How we work, live and play has significant implications in how we access and enable the real estate we occupy. Many questions remain, and the answers are slow to materialize.

So here we are, a year later, adapting and learning and we've had to find order in the disorder and the constants in the chaos. So we're drawing from the past, embracing what's become the present and re-imagining the future.

Joseph D. Pasquarella, MAI, CRE
Senior Managing Director,
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Market Leader - Eastern PA,
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Market Survey Editor

Like explorers at sea, we as valuers are determined to search for current data, trends, market nuances and other pertinent information that when analyzed objectively will lead to greater clarity and more reliable projections in an otherwise foggy environment.

Today's real estate market is like no other. The turbulence can be unsettling, because it's not caused by something familiar— a debt crisis, hyper-inflation, an oil embargo, or a recession. And we're all trying to get our bearings without a reliable compass, navigational charts, or a GPS.

The capital markets today are flush with debt and equity capital and investors are cautiously returning to the market. Cash flows for some property types are experiencing stress but low interest rate driven investment indices are masking major re-pricing scenarios. As we've seen before, the impacts and outcomes of each crisis creates differing positive and negative outcomes across the spectrum of asset types. Current demand drivers are propelled by whether real estate as we know it today is "essential" and "best suited" to businesses and people.

Will the suburban migration of the 1960s which occurred during 2020 continue long term, or will the 21st century cultural shift back to our nation's cities and downtowns resume? When and how will we begin to travel again? To what extent will leisure and business travel impact demand and pricing for hotels? How does the acceleration of e-commerce counterbalance the deceleration of brick-and-mortar shopping centers, fortress malls, big box and department stores... will this same trend continue to fuel the unprecedented prices and rents being paid for warehouse and industrial property? Will office buildings become places for co-workers to meet rather than the most functional settings to work? Will all of these uses become bundled in mixed use campus environments and become havens for "Live, Work, Play?"

The answers to these questions lie in the information we at Newmark collect each and every day. We use cutting-edge valuation tools to analyze ever-changing real-time data, checking and confirming our conclusions with boots-on-the-ground insights from regional and national developers and investors, our leasing and sales brokers, our property managers, our corporate account professionals, our global partners, and colleagues. The ability to interact with professionals that are experiencing the impacts and responses of the CRE market in real time help us anticipate the coming changes.

So I'm proud to invite you to review the information contained in this 1Q 2021 Market Survey. This edition includes thoughtful guidance for every major property type prepared by our best-in-class Specialty Practice Leaders and extensive cadre of experienced and knowledgeable geographic Market Leaders.





Hospitality, Gaming & Leisure

Bryan Younge, MAI, ASA, FRICS
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 Hospitality, Gaming & Leisure

During the weeks leading into and beginning 2021, guest-paid (G.P.) RevPAR fluctuated. There are noticeable increases within this metric in all distribution channels (save corporate and group), shortly following the initial rollout phases of the COVID-19 vaccine. Most significant declines in G.P. RevPAR were realized by the large markets, namely Chicago, New York, Orlando and Washington, D.C. Highway and tertiary markets exhibited moderate declines overall.

1Q 2021 National Rates Comparison Hospitality	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Luxury Hotel - Class A	6.00%	6.75%	10	↔	1.00%	0.00%
Luxury Hotel - Class B	6.75%	7.50%	15	↔	0.00%	0.00%
Resort Hotel - Class A	6.00%	6.75%	10	↔	2.00%	0.50%
Resort Hotel - Class B	6.75%	7.75%	25	↔	1.00%	0.00%
Full Service Hotel - Class A	6.00%	6.75%	25	↓	2.00%	0.50%
Full Service Hotel - Class B	6.75%	7.50%	25	↓	1.00%	0.50%
Select Service Hotel - Class A	8.25%	9.00%	25	↓	3.50%	3.00%
Select Service Hotel - Class B	8.50%	9.25%	25	↓	3.00%	3.00%
Limited Service Hotel - Class A	8.25%	9.00%	35	↓	3.00%	3.00%
Limited Service Hotel - Class B	8.75%	9.50%	40	↓	3.00%	3.00%
Extended Stay Hotel - Class A	7.75%	8.50%	35	↓	2.50%	3.00%
Extended Stay Hotel - Class B	8.50%	9.25%	40	↓	2.00%	3.00%
Airport/Highway Hotel - Class A	8.00%	8.75%	35	↓	2.50%	3.00%
Airport/Highway Hotel - Class B	8.50%	9.25%	50	↓	2.00%	3.00%

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

- The range of G.P. RevPAR among the top 104 markets widened significantly intra-COVID-19, but most so in September, several weeks after the lowest point. This breadth is narrowing as markets recover. The correlation between RevPAR and hotel size—which is normally positive—is currently strong and negative. This inverse relationship is lessening, indicating that large, group-oriented hotels are capturing transient demand from smaller properties with fewer amenities and services.
- Booking costs remain well below historical levels, no longer trending upward with the reviving industry. Specifically, the difference between the room rates that a hotel collected and what the guests paid pre-COVID-19 was over \$11.00. As group and indirect booking channels (namely free independent traveler and wholesale) were decimated, costs dropped to just under \$4.00 in early to mid-2020. As online travel agent and other indirect booking channels have been rebounding, booking costs crept back up but are now hovering between \$6.00 and \$7.00 per booked room. Once the group segment stages its recovery, related costs will follow pace.



ABOUT HOSPITALITY, GAMING & LEISURE

Newmark 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 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.



Industrial & Logistics

Robert J. Vodinelic, MAI, MRICS

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Specialty Practice Leader - Industrial & Logistics

The construction pipeline remains robust. With nearly 80 million square feet breaking ground in 4Q 2020, deliveries in most markets should remain high throughout 2021. The markets of Dallas, Atlanta and Nashville are leading the way with the amount of new deliveries.

- The Industrial & Logistics sector has held up very well throughout the COVID-19 pandemic with 4Q 2020 net absorption, at over 68 million square feet, the highest levels since 2018, and full-year 2020 absorption exceeding that of 2019. Absorption was broad-based across the nation, with eight different industrial markets having over 10 million square feet. Absorption is expected to maintain its durability in 2021, but vacancy will continue creeping upward due to surges in new deliveries.
- Investment optimism for the industrial sector remains very high in 2021. At \$17.5 billion in industrial sales, the final three months of 2020 witnessed only a brief decline from 4Q 2019 activity and the first few weeks of 2021 have accelerated quickly. Capital availability is plentiful, as are the number of institutional investors shifting their investment portfolio more toward industrial, given the sector's increasing pricing and rent levels in comparison to other, more challenged property types.
- The seismic shift to e-commerce has driven the strong fundamentals for industrial. Record-breaking online sales figures, such as \$100 billion in online sales in November 2020 alone, coupled with the need for more modern distribution space, is pushing new development for top retailers. Amazon by itself is estimated to have leased nearly 100 million square feet over 2020.

1Q 2021 National Rates Comparison Industrial	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST					
Warehouse/Logistics - Class A	4.19%	5.69%	38	2.17%	2.67%
Warehouse/Logistics - Class B	4.65%	6.08%	38	2.17%	2.67%
CENTRAL					
Warehouse/Logistics - Class A	5.70%	6.68%	60	2.75%	2.55%
Warehouse/Logistics - Class B	6.55%	7.53%	60	2.75%	2.55%
SOUTH					
Warehouse/Logistics - Class A	5.19%	6.50%	40	2.58%	2.77%
Warehouse/Logistics - Class B	5.92%	7.29%	40	2.58%	2.77%
EAST					
Warehouse/Logistics - Class A	5.06%	5.52%	42	2.71%	2.50%
Warehouse/Logistics - Class B	5.77%	6.31%	42	2.71%	2.50%
UNITED STATES					
Warehouse/Logistics - Class A	5.01%	6.08%	44	2.54%	2.63%
Warehouse/Logistics - Class B	5.69%	6.78%	44	2.54%	2.63%
CANADA					
Warehouse/Logistics - Class A	5.05%	5.80%	25	1.00%	1.00%
Warehouse/Logistics - Class B	5.30%	6.05%	25	1.00%	1.00%
MEXICO					
Warehouse/Logistics - Class A	7.00%	9.00%	50	2.00%	3.50%
Warehouse/Logistics - Class B	8.00%	10.00%	50	2.00%	3.50%

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

1Q 2021 National Rates Comparison Industrial - International	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY, AB, CANADA						
Warehouse/Logistics - Class A	5.75%	6.50%	25	↔	1.00%	1.00%
Warehouse/Logistics - Class B	6.00%	6.75%	25	↔	1.00%	1.00%
EDMONTON, AB, CANADA						
Warehouse/Logistics - Class A	5.75%	6.50%	25	↔	1.00%	1.00%
Warehouse/Logistics - Class B	6.00%	6.75%	25	↔	1.00%	1.00%
MONTREAL, QC, CANADA						
Warehouse/Logistics - Class A	5.00%	5.75%	25	↔	1.00%	1.00%
Warehouse/Logistics - Class B	5.25%	6.00%	25	↔	1.00%	1.00%
TORONTO, ON, CANADA						
Warehouse/Logistics - Class A	4.50%	5.25%	25	↔	1.00%	1.00%
Warehouse/Logistics - Class B	4.75%	5.50%	25	↔	1.00%	1.00%
VANCOUVER, BC, CANADA						
Warehouse/Logistics - Class A	4.25%	5.00%	25	↔	1.00%	1.00%
Warehouse/Logistics - Class B	4.50%	5.25%	25	↔	1.00%	1.00%
MEXICO CITY, MEXICO						
Warehouse/Logistics - Class A	7.00%	9.00%	50	↔	2.00%	3.50%
Warehouse/Logistics - Class B	8.00%	10.00%	50	↔	2.00%	3.50%

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

1Q 2021 National Rates Comparison Industrial - West	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Warehouse/Logistics - Class A	4.25%	5.50%	25	↔	3.00%	3.00%
Warehouse/Logistics - Class B	5.50%	6.50%	25	↔	3.00%	3.00%
IRVINE/ORANGE, CA						
Warehouse/Logistics - Class A	4.25%	6.00%	25	↔	3.00%	3.00%
Warehouse/Logistics - Class B	4.75%	6.25%	25	↔	3.00%	3.00%
LAS VEGAS, NV						
Warehouse/Logistics - Class A	4.25%	6.00%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	4.50%	6.25%	50	↔	3.00%	3.00%
LOS ANGELES, CA						
Warehouse/Logistics - Class A	4.25%	6.00%	25	↔	3.00%	3.00%
Warehouse/Logistics - Class B	4.75%	6.25%	25	↔	3.00%	3.00%
PHOENIX, AZ						
Warehouse/Logistics - Class A	5.00%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	5.75%	7.00%	50	↔	3.00%	3.00%
PORTLAND, OR						
Warehouse/Logistics - Class A	6.00%	7.50%	50	↔	0.00%	3.00%
Warehouse/Logistics - Class B	6.25%	7.75%	50	↔	0.00%	3.00%
RENO, NV						
Warehouse/Logistics - Class A	5.00%	6.50%	50	↔	2.00%	2.00%
Warehouse/Logistics - Class B	5.50%	7.00%	50	↔	2.00%	2.00%
SACRAMENTO, CA						
Warehouse/Logistics - Class A	4.50%	6.00%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	5.00%	6.50%	50	↔	3.00%	3.00%
SALT LAKE CITY, UT						
Warehouse/Logistics - Class A	4.25%	5.75%	25	↓	3.00%	3.00%
Warehouse/Logistics - Class B	4.50%	6.00%	25	↓	3.00%	3.00%
SEATTLE, WA						
Warehouse/Logistics - Class A	4.50%	6.50%	50	↔	0.00%	3.00%
Warehouse/Logistics - Class B	4.75%	7.00%	50	↔	0.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Warehouse/Logistics - Class A	4.00%	6.00%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	4.50%	6.50%	50	↔	3.00%	3.00%

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



1Q 2021 National Rates Comparison Industrial - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Warehouse/Logistics - Class A	5.25%	6.00%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	6.25%	7.00%	50	↔	3.00%	3.00%
CINCINNATI, OH						
Warehouse/Logistics - Class A	5.25%	6.25%	50	↔	3.00%	2.50%
Warehouse/Logistics - Class B	5.75%	6.75%	50	↔	3.00%	2.50%
CLEVELAND, OH						
Warehouse/Logistics - Class A	5.50%	6.50%	50	↔	3.00%	2.50%
Warehouse/Logistics - Class B	6.00%	7.00%	50	↔	3.00%	2.50%
COLUMBUS, OH						
Warehouse/Logistics - Class A	5.25%	6.25%	50	↔	3.00%	2.50%
Warehouse/Logistics - Class B	5.75%	6.75%	50	↔	3.00%	2.50%
DETROIT, MI						
Warehouse/Logistics - Class A	6.50%	7.50%	100	↔	2.50%	2.50%
Warehouse/Logistics - Class B	7.50%	8.50%	100	↔	2.50%	2.50%
GRAND RAPIDS, MI						
Warehouse/Logistics - Class A	6.50%	7.50%	100	↔	2.50%	2.50%
Warehouse/Logistics - Class B	7.50%	8.50%	100	↔	2.50%	2.50%
INDIANAPOLIS, IN						
Warehouse/Logistics - Class A	5.25%	6.25%	50	↔	3.00%	2.50%
Warehouse/Logistics - Class B	5.75%	6.75%	50	↔	3.00%	2.50%
KANSAS CITY, MO						
Warehouse/Logistics - Class A	6.00%	7.00%	50	↔	2.50%	2.50%
Warehouse/Logistics - Class B	7.00%	8.00%	50	↔	2.50%	2.50%
MINNEAPOLIS, MN						
Warehouse/Logistics - Class A	5.50%	6.50%	50	↓	2.50%	2.50%
Warehouse/Logistics - Class B	7.00%	8.00%	50	↓	2.50%	2.50%
ST. LOUIS, MO						
Warehouse/Logistics - Class A	6.00%	7.00%	50	↔	2.50%	2.50%
Warehouse/Logistics - Class B	7.00%	8.00%	50	↔	2.50%	2.50%

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

1Q 2021 National Rates Comparison Industrial - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Warehouse/Logistics - Class A	6.00%	7.50%	50	↔	1.00%	2.00%
Warehouse/Logistics - Class B	7.00%	9.00%	50	↔	1.00%	2.00%
ATLANTA, GA						
Warehouse/Logistics - Class A	5.50%	7.00%	50	↔	2.50%	2.50%
Warehouse/Logistics - Class B	6.50%	8.00%	50	↔	2.50%	2.50%
AUSTIN, TX						
Warehouse/Logistics - Class A	4.50%	5.75%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	4.50%	6.00%	50	↔	3.00%	3.00%

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

1Q 2021 National Rates Comparison Industrial - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHARLOTTE, NC						
Warehouse/Logistics - Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	6.50%	8.00%	50	↔	3.00%	3.00%
DALLAS, TX						
Warehouse/Logistics - Class A	4.50%	5.50%	25	↓	3.00%	3.00%
Warehouse/Logistics - Class B	5.00%	6.00%	25	↓	3.00%	3.00%
FORT WORTH, TX						
Warehouse/Logistics - Class A	4.50%	5.75%	25	↓	3.00%	3.00%
Warehouse/Logistics - Class B	5.00%	6.00%	25	↓	3.00%	3.00%
HOUSTON, TX						
Warehouse/Logistics - Class A	6.00%	7.00%	50	↓	2.50%	3.00%
Warehouse/Logistics - Class B	7.00%	8.00%	50	↓	2.50%	3.00%
MIAMI, FL						
Warehouse/Logistics - Class A	4.25%	6.00%	25	↔	3.00%	3.00%
Warehouse/Logistics - Class B	5.00%	6.50%	25	↔	3.00%	3.00%
NEW ORLEANS, LA						
Warehouse/Logistics - Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	6.50%	7.50%	50	↔	3.00%	3.00%
ORLANDO, FL						
Warehouse/Logistics - Class A	5.75%	6.50%	25	↔	3.00%	3.00%
Warehouse/Logistics - Class B	6.25%	7.00%	25	↔	3.00%	3.00%
SAN ANTONIO, TX						
Warehouse/Logistics - Class A	4.25%	6.50%	50	↓	2.50%	2.50%
Warehouse/Logistics - Class B	4.50%	6.75%	50	↓	2.50%	2.50%
TAMPA, FL						
Warehouse/Logistics - Class A	5.75%	6.50%	25	↔	3.00%	3.00%
Warehouse/Logistics - Class B	6.25%	7.00%	25	↔	3.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
Warehouse/Logistics - Class A	5.50%	7.00%	50	↔	1.00%	2.00%
Warehouse/Logistics - Class B	7.00%	9.00%	50	↔	1.00%	2.00%

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

1Q 2021 National Rates Comparison Industrial - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Warehouse/Logistics - Class A	4.75%	5.75%	50	↓	3.00%	3.00%
Warehouse/Logistics - Class B	6.50%	7.50%	50	↓	3.00%	3.00%
BOSTON, MA						
Warehouse/Logistics - Class A	5.00%	6.50%	50	↓	3.00%	3.00%
Warehouse/Logistics - Class B	6.00%	7.50%	50	↓	3.00%	3.00%
LEHIGH VALLEY, PA						
Warehouse/Logistics - Class A	4.50%	5.25%	25	↓	4.00%	2.00%
Warehouse/Logistics - Class B	5.00%	6.25%	25	↓	4.00%	2.00%

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

1Q 2021 National Rates Comparison Industrial - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
NEW YORK CITY BOROUGHES						
Warehouse/Logistics - Class A	5.00%	6.25%	50	↓	2.50%	2.50%
Warehouse/Logistics - Class B	5.00%	6.50%	50	↓	2.50%	2.50%
NEW YORK CITY SUBURBS						
Warehouse/Logistics - Class A	4.25%	5.75%	25	↓	3.00%	3.00%
Warehouse/Logistics - Class B	5.00%	6.75%	25	↓	3.00%	3.00%
NORTHERN NEW JERSEY						
Warehouse/Logistics - Class A	4.25%	5.25%	50	↓	3.00%	3.00%
Warehouse/Logistics - Class B	4.75%	5.75%	50	↓	3.00%	3.00%
PHILADELPHIA, PA						
Warehouse/Logistics - Class A	4.50%	5.50%	50	↓	3.00%	3.00%
Warehouse/Logistics - Class B	5.00%	6.00%	50	↓	3.00%	3.00%
PITTSBURGH, PA						
Warehouse/Logistics - Class A	6.50%	8.00%	50	↔	2.50%	2.00%
Warehouse/Logistics - Class B	7.50%	9.00%	50	↔	2.50%	2.00%
SOUTHERN NEW JERSEY						
Warehouse/Logistics - Class A	4.50%	5.50%	50	↓	3.00%	3.00%
Warehouse/Logistics - Class B	5.00%	6.00%	50	↓	3.00%	3.00%
UPSTATE NEW YORK						
Warehouse/Logistics - Class A	6.75%			↔		
Warehouse/Logistics - Class B	7.00%			↔		
WASHINGTON, DC						
Warehouse/Logistics - Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Warehouse/Logistics - Class B	6.00%	7.00%	50	↔	3.00%	3.00%
WILMINGTON, DE						
Warehouse/Logistics - Class A	5.75%	6.50%	50	↔	2.50%	2.50%
Warehouse/Logistics - Class B	6.50%	7.50%	50	↔	2.50%	2.50%

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

ABOUT INDUSTRIAL & LOGISTICS

Newmark 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 and 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 Newmark platform. With our unsurpassed, proprietary market knowledge, we provide clients with optimal solutions for managing their industrial and logistics properties.

Newmark 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 efficiently.



Multifamily

Raymond A. Higgins

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The multifamily market is expected to continue to far outperform many other sectors of real estate.

- The multifamily market fared surprisingly well in spite of major difficulty created by the COVID-19 pandemic. Multifamily remained the third most popular property type with respect to demand from purchasers behind only data centers and industrial properties.
- Another favorable trend is that multifamily generally experienced strong value levels while in many cases the properties were dealing with declining levels of collections. The perception among many buyers surveyed was they would accept lower collections and pay a lower cap rate, which would effectively result in minimal or no change in value. This was facilitated by the extremely strong demand to purchase multifamily properties, the ability to borrow money at three percent or less, and buyers' expectations multifamily would experience good to very good levels of demand from renters following the current pandemic.
- While certain sections of the multifamily market experienced declining occupancy levels, many maintained strong occupancy levels. This was particularly true in many suburban markets where residents chose to relocate during the pandemic.
- The decline in the overall economy had a generally negative effect on many multifamily properties, but this trend is now starting to reverse course. While the level of jobs is still below where we were when the pandemic began, job growth is starting to improve. This is particularly true among manufacturing as many homebound people continued to shop and buy products online.
- As the level of COVID infections and hospitalizations are now beginning to show signs of improvement we expect multifamily values and operating levels will show strong and rapid levels of improvement. This will, of course, be a function of the economy returning to some form of normalcy. This has historically been the case following periods where multifamily suffered due to a number a reasons (i.e. overbuilding, recessions, high interest rates, etc.), but experienced surprisingly strong recoveries once improvement in the economy occurred. Helping to facilitate all of this are the vaccines being administered throughout the U.S.

1Q 2021 National Rates Comparison Multifamily	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST					
Multifamily - CBD Class A	4.40%	6.08%	46	1.33%	2.83%
Multifamily - CBD Class B	4.79%	6.46%	46	1.33%	2.83%
Multifamily - Suburban Class A	4.13%	5.65%	42	1.33%	2.58%
Multifamily - Suburban Class B	4.52%	6.02%	42	1.33%	2.58%
CENTRAL					
Multifamily - CBD Class A	5.28%	6.75%	60	2.20%	2.55%
Multifamily - CBD Class B	5.98%	7.55%	60	2.20%	2.55%
Multifamily - Suburban Class A	5.43%	6.93%	60	2.55%	2.55%
Multifamily - Suburban Class B	6.03%	7.48%	60	2.55%	2.55%
SOUTH					
Multifamily - CBD Class A	4.65%	6.21%	46	2.19%	2.77%
Multifamily - CBD Class B	5.19%	6.83%	46	2.19%	2.77%
Multifamily - Suburban Class A	4.85%	6.40%	46	2.35%	2.77%
Multifamily - Suburban Class B	5.38%	6.98%	46	2.35%	2.77%
EAST					
Multifamily - CBD Class A	4.38%	5.17%	38	1.38%	2.21%
Multifamily - CBD Class B	4.92%	5.81%	38	1.38%	2.21%
Multifamily - Suburban Class A	5.04%	5.85%	44	2.10%	2.46%
Multifamily - Suburban Class B	5.52%	6.44%	44	2.10%	2.46%
UNITED STATES					
Multifamily - CBD Class A	4.65%	6.03%	47	1.77%	2.60%
Multifamily - CBD Class B	5.19%	6.63%	47	1.77%	2.60%
Multifamily - Suburban Class A	4.84%	6.18%	47	2.07%	2.60%
Multifamily - Suburban Class B	5.34%	6.70%	47	2.07%	2.60%
CANADA					
Multifamily - CBD Class A	3.90%	4.65%	25	1.00%	1.00%
Multifamily - CBD Class B	4.20%	4.95%	25	1.00%	1.00%
Multifamily - Suburban Class A	4.45%	5.20%	25	1.00%	1.00%
Multifamily - Suburban Class B	4.75%	5.50%	25	1.00%	1.00%
MEXICO					
Multifamily - CBD Class A	7.50%	9.50%	50	0.00%	3.50%
Multifamily - CBD Class B	8.50%	10.50%	50	0.00%	3.50%
Multifamily - Suburban Class A	7.75%	9.75%	50	0.00%	3.50%
Multifamily - Suburban Class B	8.75%	10.75%	50	0.00%	3.50%

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1Q 2021 National Rates Comparison Multifamily - West	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Multifamily - CBD Class A	4.25%	5.50%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.00%	6.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.50%	5.75%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.25%	6.25%	50	↔	3.00%	3.00%
IRVINE/ORANGE, CA						
Multifamily - CBD Class A	4.25%	5.75%	25	↔	3.00%	3.00%
Multifamily - CBD Class B	4.75%	6.25%	25	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.25%	5.75%	25	↔	3.00%	3.00%
Multifamily - Suburban Class B	4.75%	6.25%	25	↔	3.00%	3.00%
LAS VEGAS, NV						
Multifamily - CBD Class A	4.75%	7.00%	75	↔	0.00%	3.00%
Multifamily - CBD Class B	5.00%	7.50%	75	↔	0.00%	3.00%
Multifamily - Suburban Class A	4.75%	7.00%	75	↔	0.00%	3.00%
Multifamily - Suburban Class B	5.00%	7.50%	75	↔	0.00%	3.00%
LOS ANGELES, CA						
Multifamily - CBD Class A	4.25%	5.75%	25	↔	3.00%	3.00%
Multifamily - CBD Class B	4.75%	6.25%	25	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.25%	5.75%	25	↔	3.00%	3.00%
Multifamily - Suburban Class B	4.75%	6.25%	25	↔	3.00%	3.00%
PHOENIX, AZ						
Multifamily - CBD Class A	4.50%	6.00%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.00%	6.50%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.75%	6.25%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.25%	6.75%	50	↔	3.00%	3.00%
PORTLAND, OR						
Multifamily - CBD Class A	4.50%	6.00%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	4.75%	6.25%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	4.75%	6.00%	50	↔	0.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.25%	50	↔	0.00%	3.00%
RENO, NV						
Multifamily - CBD Class A	5.00%	7.00%	50	↔	2.00%	2.00%
Multifamily - CBD Class B	5.50%	7.50%	50	↔	2.00%	2.00%
Multifamily - Suburban Class A	5.00%	7.00%	50	↔	2.00%	2.00%
Multifamily - Suburban Class B	5.50%	7.50%	50	↔	2.00%	2.00%
SACRAMENTO, CA						
Multifamily - CBD Class A	5.00%	6.50%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	4.50%	6.00%	50	↓	0.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.50%	50	↓	0.00%	3.00%
SALT LAKE CITY, UT						
Multifamily - CBD Class A	4.25%	6.00%	25	↓	2.00%	2.00%
Multifamily - CBD Class B	4.50%	6.25%	25	↓	2.00%	2.00%
Multifamily - Suburban Class A	4.50%	6.25%	25	↓	2.00%	2.00%
Multifamily - Suburban Class B	4.75%	6.50%	25	↓	2.00%	2.00%

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1Q 2021 National Rates Comparison Multifamily - West	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
SAN FRANCISCO, CA						
Multifamily - CBD Class A	4.00%	5.50%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	4.00%	5.50%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A						
Multifamily - Suburban Class B						
SEATTLE, WA						
Multifamily - CBD Class A	4.00%	6.00%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	4.25%	6.50%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	4.25%	6.00%	50	↔	0.00%	3.00%
Multifamily - Suburban Class B	4.50%	6.50%	50	↔	0.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Multifamily - CBD Class A	4.00%	6.00%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	4.50%	6.00%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	4.00%	6.00%	50	↔	0.00%	3.00%
Multifamily - Suburban Class B	4.50%	6.00%	50	↔	0.00%	3.00%

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

1Q 2021 National Rates Comparison Multifamily - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Multifamily - CBD Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.75%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.50%	7.00%	50	↔	3.00%	3.00%
CINCINNATI, OH						
Multifamily - CBD Class A	5.25%	7.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	6.00%	8.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	5.25%	7.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.00%	8.00%	50	↔	2.50%	2.50%
CLEVELAND, OH						
Multifamily - CBD Class A	5.50%	7.50%	50	↑	1.50%	2.50%
Multifamily - CBD Class B	6.50%	8.50%	50	↑	1.50%	2.50%
Multifamily - Suburban Class A	5.25%	7.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.00%	8.00%	50	↔	2.50%	2.50%
COLUMBUS, OH						
Multifamily - CBD Class A	5.25%	7.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	6.00%	8.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	5.25%	7.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.00%	8.00%	50	↔	2.50%	2.50%
DETROIT, MI						
Multifamily - CBD Class A	5.50%	6.50%	100	↔	2.50%	2.50%
Multifamily - CBD Class B	6.25%	7.50%	100	↔	2.50%	2.50%
Multifamily - Suburban Class A	5.75%	6.75%	100	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.50%	7.50%	100	↔	2.50%	2.50%
GRAND RAPIDS, MI						
Multifamily - CBD Class A	5.50%	6.50%	100	↔	2.50%	2.50%
Multifamily - CBD Class B	6.25%	7.50%	100	↔	2.50%	2.50%
Multifamily - Suburban Class A	5.75%	6.75%	100	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.50%	7.50%	100	↔	2.50%	2.50%
INDIANAPOLIS, IN						
Multifamily - CBD Class A	5.25%	7.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	6.00%	8.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	5.25%	7.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.00%	8.00%	50	↔	2.50%	2.50%
KANSAS CITY, MO						
Multifamily - CBD Class A	5.50%	6.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	6.00%	7.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	6.00%	7.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.50%	7.50%	50	↔	2.50%	2.50%
MINNEAPOLIS, MN						
Multifamily - CBD Class A	4.50%	5.50%	50	↔	0.00%	2.50%
Multifamily - CBD Class B	5.00%	6.00%	50	↔	0.00%	2.50%
Multifamily - Suburban Class A	4.25%	5.25%	50	↓	2.50%	2.50%
Multifamily - Suburban Class B	4.75%	5.75%	50	↓	2.50%	2.50%

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

1Q 2021 National Rates Comparison Multifamily - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ST. LOUIS, MO						
Multifamily - CBD Class A	5.50%	6.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	6.00%	7.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	6.00%	7.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	6.50%	7.50%	50	↔	2.50%	2.50%

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

1Q 2021 National Rates Comparison Multifamily - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Multifamily - CBD Class A	6.00%	7.50%	25	↔	2.00%	2.00%
Multifamily - CBD Class B	6.50%	8.00%	25	↔	2.00%	2.00%
Multifamily - Suburban Class A	6.00%	7.50%	25	↔	2.00%	2.00%
Multifamily - Suburban Class B	6.50%	8.00%	25	↔	2.00%	2.00%
ATLANTA, GA						
Multifamily - CBD Class A	4.25%	6.25%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	4.75%	6.75%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.50%	6.50%	50	↓	3.00%	3.00%
Multifamily - Suburban Class B	5.00%	7.00%	50	↓	3.00%	3.00%
AUSTIN, TX						
Multifamily - CBD Class A	3.75%	5.00%	50	↓	3.00%	3.00%
Multifamily - CBD Class B	4.00%	5.25%	50	↓	3.00%	3.00%
Multifamily - Suburban Class A	4.25%	5.50%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	4.75%	5.75%	50	↔	3.00%	3.00%
CHARLOTTE, NC						
Multifamily - CBD Class A	4.25%	6.25%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	4.75%	6.75%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	4.50%	6.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	5.00%	7.00%	50	↔	2.50%	2.50%
DALLAS, TX						
Multifamily - CBD Class A	4.50%	6.00%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.00%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.75%	6.50%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.25%	7.00%	50	↔	3.00%	3.00%
FORT WORTH, TX						
Multifamily - CBD Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	5.00%	5.75%	50	↓	3.00%	3.00%
Multifamily - Suburban Class B	5.50%	6.75%	50	↓	3.00%	3.00%
HOUSTON, TX						
Multifamily - CBD Class A	4.25%	5.25%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	5.00%	6.00%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	4.75%	5.75%	50	↔	2.00%	3.00%
Multifamily - Suburban Class B	5.50%	6.50%	50	↔	2.00%	3.00%

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

1Q 2021 National Rates Comparison Multifamily - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
MIAMI, FL						
Multifamily - CBD Class A	4.50%	6.50%	50	↔	2.50%	3.00%
Multifamily - CBD Class B	5.00%	7.00%	50	↔	2.50%	3.00%
Multifamily - Suburban Class A	4.75%	6.75%	50	↔	2.50%	3.00%
Multifamily - Suburban Class B	5.00%	7.25%	50	↔	2.50%	3.00%
NEW ORLEANS, LA						
Multifamily - CBD Class A	5.00%	6.00%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	6.00%	7.00%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	5.50%	6.50%	50	↔	0.00%	3.00%
Multifamily - Suburban Class B	6.50%	7.50%	50	↔	0.00%	3.00%
ORLANDO, FL						
Multifamily - CBD Class A	4.50%	6.50%	50	↔	2.50%	3.00%
Multifamily - CBD Class B	5.00%	7.00%	50	↔	2.50%	3.00%
Multifamily - Suburban Class A	4.75%	6.50%	50	↔	2.50%	3.00%
Multifamily - Suburban Class B	5.00%	7.00%	50	↔	2.50%	3.00%
SAN ANTONIO, TX						
Multifamily - CBD Class A	5.00%	6.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	5.50%	7.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	4.50%	6.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	5.50%	7.00%	50	↔	2.50%	2.50%
TAMPA, FL						
Multifamily - CBD Class A	4.50%	6.50%	50	↔	2.50%	3.00%
Multifamily - CBD Class B	5.00%	7.00%	50	↔	2.50%	3.00%
Multifamily - Suburban Class A	4.75%	6.50%	50	↔	2.50%	3.00%
Multifamily - Suburban Class B	5.00%	7.00%	50	↔	2.50%	3.00%
TULSA/OKLAHOMA CITY, OK						
Multifamily - CBD Class A	5.00%	6.50%	25	↔	2.00%	2.00%
Multifamily - CBD Class B	5.50%	7.00%	25	↔	2.00%	2.00%
Multifamily - Suburban Class A	5.00%	6.50%	25	↔	2.00%	2.00%
Multifamily - Suburban Class B	5.50%	7.00%	25	↔	2.00%	2.00%

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



1Q 2021 National Rates Comparison Multifamily - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Multifamily - CBD Class A	5.00%	6.00%	50	↔	0.50%	3.00%
Multifamily - CBD Class B	5.50%	6.50%	50	↔	0.50%	3.00%
Multifamily - Suburban Class A	5.25%	6.25%	50	↓	2.00%	3.00%
Multifamily - Suburban Class B	6.00%	7.00%	50	↓	2.00%	3.00%
BOSTON, MA						
Multifamily - CBD Class A	4.25%	5.75%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	4.75%	6.25%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	4.75%	6.00%	50	↓	0.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.50%	50	↓	0.00%	3.00%
LEHIGH VALLEY, PA						
Multifamily - CBD Class A	4.75%	5.75%	25	↓	3.00%	2.00%
Multifamily - CBD Class B	6.00%	7.50%	25	↓	3.00%	2.00%
Multifamily - Suburban Class A	4.75%	5.75%	25	↓	3.00%	2.00%
Multifamily - Suburban Class B	5.50%	6.75%	25	↓	3.00%	2.00%
NEW YORK CITY (MANHATTAN & SUBURBS)						
Multifamily - CBD Class A	4.00%	6.00%	50	↔	0.00%	3.00%
Multifamily - CBD Class B	4.50%	6.50%	50	↔	0.00%	3.00%
Multifamily - Suburban Class A	5.00%	6.75%	50	↓	2.75%	3.00%
Multifamily - Suburban Class B	5.50%	7.25%	50	↓	2.75%	3.00%
NEW YORK CITY BOROUGHES						
Multifamily - CBD Class A	4.75%	6.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	5.00%	6.75%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	5.00%	6.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	5.25%	6.75%	50	↔	2.50%	2.50%
NORTHERN NEW JERSEY						
Multifamily - CBD Class A	4.50%	6.00%	25	↑	2.50%	3.00%
Multifamily - CBD Class B	5.25%	6.75%	25	↑	2.50%	3.00%
Multifamily - Suburban Class A	4.75%	6.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.50%	50	↔	3.00%	3.00%
PHILADELPHIA, PA						
Multifamily - CBD Class A	4.50%	5.75%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	5.00%	6.25%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	4.75%	6.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	5.25%	6.50%	50	↔	2.50%	2.50%
PITTSBURGH, PA						
Multifamily - CBD Class A	5.25%	7.75%	50	↔	0.00%	2.00%
Multifamily - CBD Class B	6.25%	8.75%	50	↔	0.00%	2.00%
Multifamily - Suburban Class A	5.25%	7.75%	50	↔	1.00%	2.00%
Multifamily - Suburban Class B	6.25%	8.75%	50	↔	1.00%	2.00%

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

1Q 2021 National Rates Comparison Multifamily - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
SOUTHERN NEW JERSEY						
Multifamily - CBD Class A						
Multifamily - CBD Class B						
Multifamily - Suburban Class A	5.00%	6.25%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.50%	6.75%	50	↔	3.00%	3.00%
UPSTATE NEW YORK						
Multifamily - CBD Class A	5.75%			↔		
Multifamily - CBD Class B	5.75%			↔		
Multifamily - Suburban Class A	6.00%			↔		
Multifamily - Suburban Class B	6.25%			↔		
WASHINGTON, DC						
Multifamily - CBD Class A	4.50%	6.00%	50	↓	3.00%	3.00%
Multifamily - CBD Class B	5.00%	6.50%	50	↓	3.00%	3.00%
Multifamily - Suburban Class A	4.75%	6.50%	50	↓	3.00%	3.00%
Multifamily - Suburban Class B	5.00%	7.00%	50	↓	3.00%	3.00%
WILMINGTON, DE						
Multifamily - CBD Class A	5.25%	6.50%	50	↔	2.50%	2.50%
Multifamily - CBD Class B	6.00%	8.00%	50	↔	2.50%	2.50%
Multifamily - Suburban Class A	5.25%	6.50%	50	↔	2.50%	2.50%
Multifamily - Suburban Class B	5.75%	7.50%	50	↔	2.50%	2.50%

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

1Q 2021 National Rates Comparison Specialty Multifamily	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
STUDENT HOUSING						
Student Housing - Tier 1	4.75%	6.25%	50	↔	2.00%	2.50%
Student Housing - Tier 2	5.25%	6.75%	50	↔	2.00%	2.50%

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



1Q 2021 National Rates Comparison Multifamily - International	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY, AB, CANADA						
Multifamily - CBD Class A	4.25%	5.00%	25	↔	1.00%	1.00%
Multifamily - CBD Class B	4.50%	5.25%	25	↔	1.00%	1.00%
Multifamily - Suburban Class A	5.25%	6.00%	25	↔	1.00%	1.00%
Multifamily - Suburban Class B	5.50%	6.25%	25	↔	1.00%	1.00%
EDMONTON, AB, CANADA						
Multifamily - CBD Class A	4.25%	5.00%	25	↔	1.00%	1.00%
Multifamily - CBD Class B	4.50%	5.25%	25	↔	1.00%	1.00%
Multifamily - Suburban Class A	4.75%	5.50%	25	↔	1.00%	1.00%
Multifamily - Suburban Class B	5.00%	5.75%	25	↔	1.00%	1.00%
MONTREAL, QC, CANADA						
Multifamily - CBD Class A	4.00%	4.75%	25	↔	1.00%	1.00%
Multifamily - CBD Class B	4.50%	5.25%	25	↔	1.00%	1.00%
Multifamily - Suburban Class A	4.25%	5.00%	25	↔	1.00%	1.00%
Multifamily - Suburban Class B	4.75%	5.50%	25	↔	1.00%	1.00%
TORONTO, ON, CANADA						
Multifamily - CBD Class A	3.50%	4.25%	25	↔	1.00%	1.00%
Multifamily - CBD Class B	3.75%	4.50%	25	↔	1.00%	1.00%
Multifamily - Suburban Class A	4.00%	4.75%	25	↔	1.00%	1.00%
Multifamily - Suburban Class B	4.25%	5.00%	25	↔	1.00%	1.00%
VANCOUVER, BC, CANADA						
Multifamily - CBD Class A	3.50%	4.25%	25	↔	1.00%	1.00%
Multifamily - CBD Class B	3.75%	4.50%	25	↔	1.00%	1.00%
Multifamily - Suburban Class A	4.00%	4.75%	25	↔	1.00%	1.00%
Multifamily - Suburban Class B	4.25%	5.00%	25	↔	1.00%	1.00%
MEXICO CITY, MEXICO						
Multifamily - CBD Class A	7.50%	9.50%	50	↔	0.00%	3.50%
Multifamily - CBD Class B	8.50%	10.50%	50	↔	0.00%	3.50%
Multifamily - Suburban Class A	7.75%	9.75%	50	↔	0.00%	3.50%
Multifamily - Suburban Class B	8.75%	10.75%	50	↔	0.00%	3.50%

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

ABOUT MULTIFAMILY

Newmark 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 reporting and property tax services.

Newmark 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 multifamily 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.



Office

Douglas H. Larson, MRICS

Executive Vice President, Valuation & Advisory
Office

Demand for office product has shifted over time, with momentum in suburban real estate continuing into 2021 as dense urban markets experienced higher levels of COVID-19-related disruption. While the impact on urban product has been severe, suburban office within those same markets performed positively in 2020.

- The national office market faced challenges in 2020 as the COVID-19 pandemic impacted the market. Absorption was negative for the fourth consecutive quarter in 2020. While tenants are drawn to new construction, it will take time to absorb the new product delivered in 2020. Asking rents have withstood the pandemic better than absorption and vacancy as asset owners have maintained face rents while yielding on concessions. However, asking rents generally lag market shifts and net effective rents are under considerable downward pressure. New York City's reboarding improved in the final weeks of last year and occupancy is expected to continue to rise throughout the year as comprehensive systems are expected to be put in place that integrate technology and new safety protocols for building and tenant spaces. In New York, car traffic and walking are returning to pre-pandemic levels while commuter rail, subway ridership, and bus traffic are gradually improving.
- While overall international investment volume in 2020 fell by 30.3% year-over-year, a substantial recovery was recorded in the fourth quarter. This activity was in part led by direct acquisitions from South Korean groups, whose volume in 2020 was up 92.3% compared with 2019, and who were responsible for some of the largest transactions of the year.
- Full-year investment volume declined by 40.2% year-over-year as investor sentiment toward office product in some of the largest and most heavily disrupted gateway markets, such as New York City and San Francisco, remains tepid. However, volume increased by 90.2% in the fourth quarter of 2020, as CBDs in non-major markets and suburban product outside of major markets attracted a large share of investment. Ample dry powder and continued fundraising activity has supported transaction volume despite lower growth expectations for traditional gateway markets.

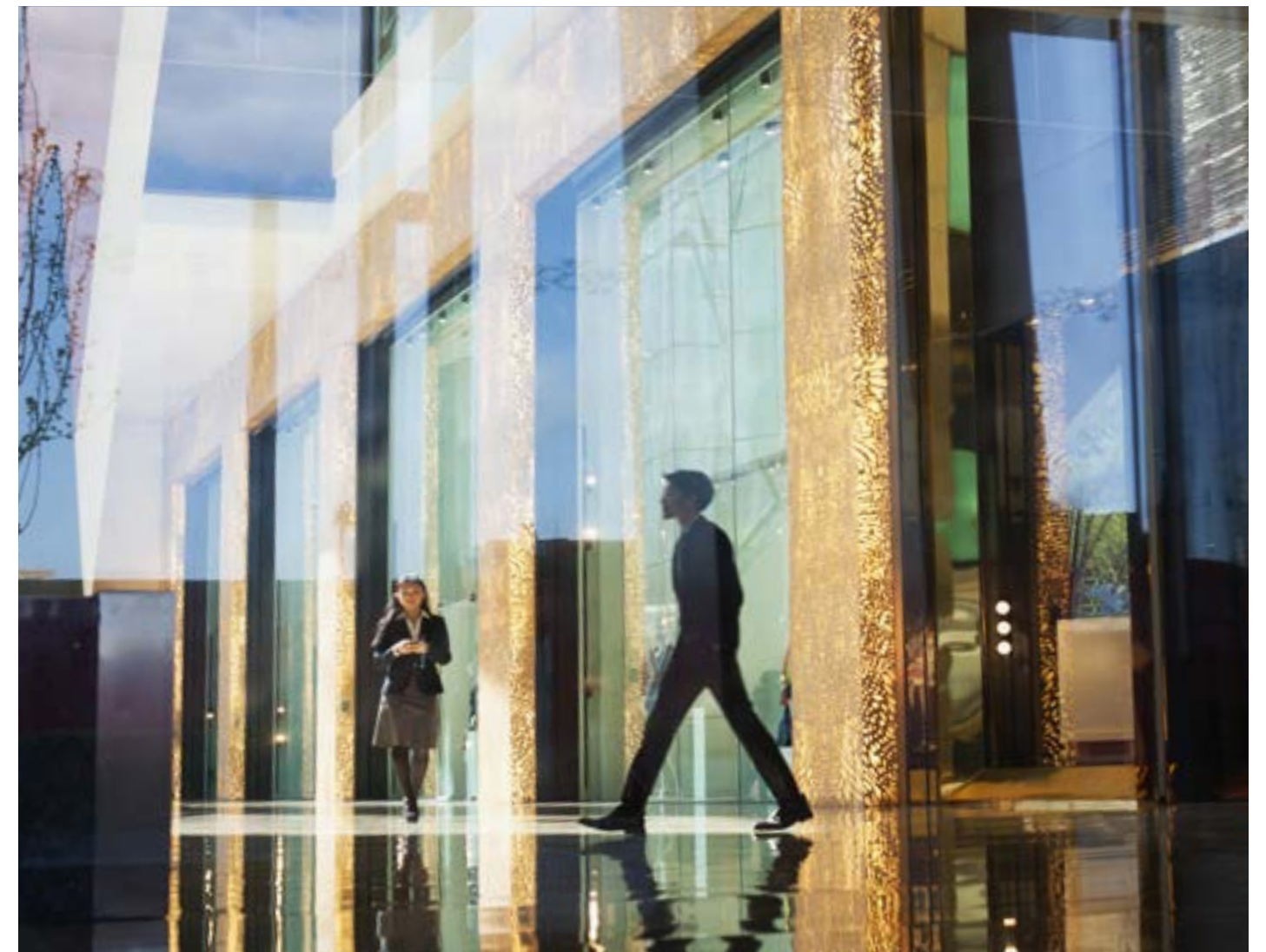
1Q 2021 National Rates Comparison Office	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST					
Office - CBD Class A	5.65%	7.29%	38	1.00%	2.83%
Office - CBD Class B	6.13%	7.83%	38	1.00%	2.83%
Office - Suburban Class A	5.54%	7.04%	38	1.00%	2.58%
Office - Suburban Class B	5.98%	7.48%	38	1.00%	2.58%
CENTRAL					
Office - CBD Class A	6.98%	7.98%	50	1.75%	2.45%
Office - CBD Class B	7.80%	8.70%	50	1.75%	2.45%
Office - Suburban Class A	7.55%	8.55%	50	1.90%	2.45%
Office - Suburban Class B	8.10%	9.10%	50	1.90%	2.45%
SOUTH					
Office - CBD Class A	6.15%	7.33%	50	1.54%	2.73%
Office - CBD Class B	6.77%	8.06%	50	1.54%	2.73%
Office - Suburban Class A	6.62%	7.77%	50	1.54%	2.73%
Office - Suburban Class B	7.23%	8.44%	50	1.54%	2.73%
EAST					
Office - CBD Class A	5.19%	6.17%	35	0.38%	2.21%
Office - CBD Class B	5.92%	6.90%	35	0.38%	2.21%
Office - Suburban Class A	6.58%	7.44%	44	0.98%	2.44%
Office - Suburban Class B	7.29%	8.19%	44	0.98%	2.44%
UNITED STATES					
Office - CBD Class A	5.95%	7.16%	43	1.15%	2.56%
Office - CBD Class B	6.61%	7.84%	43	1.15%	2.56%
Office - Suburban Class A	6.53%	7.66%	45	1.34%	2.56%
Office - Suburban Class B	7.11%	8.27%	45	1.34%	2.56%
CANADA					
Office - CBD Class A	5.30%	6.20%	25	0.00%	0.40%
Office - CBD Class B	5.80%	6.75%	25	0.00%	0.40%
Office - Suburban Class A	6.15%	7.10%	25	0.00%	0.80%
Office - Suburban Class B	6.70%	7.55%	25	0.00%	0.80%
MEXICO					
Office - CBD Class A	8.50%	10.50%	50	0.00%	3.50%
Office - CBD Class B	9.50%	11.50%	50	0.00%	3.50%
Office - Suburban Class A	8.75%	10.75%	50	0.00%	3.50%
Office - Suburban Class B	9.75%	11.75%	50	0.00%	3.50%

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



1Q 2021 National Rates Comparison Office - West	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Office - CBD Class A	5.50%	6.50%	25	↑	2.00%	3.00%
Office - CBD Class B	6.25%	7.00%	25	↑	2.00%	3.00%
Office - Suburban Class A	6.25%	7.25%	50	↑	2.00%	3.00%
Office - Suburban Class B	7.00%	7.25%	50	↑	2.00%	3.00%
IRVINE/ORANGE, CA						
Office - CBD Class A	5.50%	7.25%	25	↔	0.00%	3.00%
Office - CBD Class B	6.00%	7.75%	25	↔	0.00%	3.00%
Office - Suburban Class A	5.75%	7.50%	25	↔	0.00%	3.00%
Office - Suburban Class B	6.25%	8.00%	25	↔	0.00%	3.00%
LAS VEGAS, NV						
Office - CBD Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Office - CBD Class B	6.50%	8.00%	50	↔	3.00%	3.00%
Office - Suburban Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Office - Suburban Class B	7.00%	8.50%	50	↔	3.00%	3.00%
LOS ANGELES, CA						
Office - CBD Class A	5.50%	7.25%	25	↔	0.00%	3.00%
Office - CBD Class B	6.00%	7.75%	25	↔	0.00%	3.00%
Office - Suburban Class A	5.75%	7.50%	25	↔	0.00%	3.00%
Office - Suburban Class B	6.25%	8.00%	25	↔	0.00%	3.00%
PHOENIX, AZ						
Office - CBD Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Office - CBD Class B	6.50%	8.00%	50	↔	3.00%	3.00%
Office - Suburban Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Office - Suburban Class B	7.00%	8.50%	50	↔	3.00%	3.00%
PORTLAND, OR						
Office - CBD Class A	5.00%	7.00%	50	↑	0.00%	3.00%
Office - CBD Class B	5.25%	7.25%	50	↑	0.00%	3.00%
Office - Suburban Class A	5.50%	7.00%	50	↔	0.00%	3.00%
Office - Suburban Class B	5.75%	7.25%	50	↔	0.00%	3.00%
RENO, NV						
Office - CBD Class A	6.50%	8.00%	25	↔	2.00%	2.00%
Office - CBD Class B	6.75%	8.75%	25	↔	2.00%	2.00%
Office - Suburban Class A	6.50%	8.50%	25	↔	2.00%	2.00%
Office - Suburban Class B	6.75%	8.75%	25	↔	2.00%	2.00%
SACRAMENTO, CA						
Office - CBD Class A	7.00%	9.50%	50	↔	0.00%	3.00%
Office - CBD Class B	7.50%	10.50%	50	↔	0.00%	3.00%
Office - Suburban Class A	7.00%	9.50%	50	↔	0.00%	3.00%
Office - Suburban Class B	7.50%	10.50%	50	↔	0.00%	3.00%
SALT LAKE CITY, UT						
Office - CBD Class A	6.00%	7.50%	25	↓	2.00%	2.00%
Office - CBD Class B	6.25%	7.75%	25	↓	2.00%	2.00%
Office - Suburban Class A	6.50%	7.75%	25	↔	2.00%	2.00%
Office - Suburban Class B	6.75%	8.00%	25	↔	2.00%	2.00%

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



1Q 2021 National Rates Comparison Office - West	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
SAN FRANCISCO, CA						
Office - CBD Class A	5.00%	6.00%	25	↔	0.00%	3.00%
Office - CBD Class B	5.50%	6.50%	25	↔	0.00%	3.00%
Office - Suburban Class A						
Office - Suburban Class B						
SEATTLE, WA						
Office - CBD Class A	4.75%	6.50%	50	↑	0.00%	3.00%
Office - CBD Class B	5.00%	7.25%	50	↑	0.00%	3.00%
Office - Suburban Class A	5.25%	6.50%	50	↔	0.00%	3.00%
Office - Suburban Class B	5.50%	7.50%	50	↔	0.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Office - CBD Class A	5.00%	7.00%	50	↔	0.00%	3.00%
Office - CBD Class B	6.00%	7.50%	50	↔	0.00%	3.00%
Office - Suburban Class A	5.00%	7.00%	50	↔	0.00%	3.00%
Office - Suburban Class B	6.00%	7.50%	50	↔	0.00%	3.00%

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

1Q 2021 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Office - CBD Class A	6.00%	7.00%	50	↑	2.00%	3.00%
Office - CBD Class B	6.50%	8.00%	50	↑	2.00%	3.00%
Office - Suburban Class A	7.00%	8.00%	50	↑	2.50%	3.00%
Office - Suburban Class B	7.50%	8.50%	50	↑	2.50%	3.00%
CINCINNATI, OH						
Office - CBD Class A	7.50%	8.50%	50	↔	1.50%	2.50%
Office - CBD Class B	8.50%	9.50%	50	↔	1.50%	2.50%
Office - Suburban Class A	8.00%	9.00%	50	↔	2.00%	2.50%
Office - Suburban Class B	8.50%	9.50%	50	↔	2.00%	2.50%
CLEVELAND, OH						
Office - CBD Class A	7.50%	8.50%	50	↔	1.50%	2.50%
Office - CBD Class B	8.50%	9.50%	50	↔	1.50%	2.50%
Office - Suburban Class A	8.00%	9.00%	50	↔	2.00%	2.50%
Office - Suburban Class B	8.50%	9.50%	50	↔	2.00%	2.50%
COLUMBUS, OH						
Office - CBD Class A	7.00%	8.00%	50	↔	2.00%	2.50%
Office - CBD Class B	8.00%	9.00%	50	↔	2.00%	2.50%
Office - Suburban Class A	7.50%	8.50%	50	↔	2.00%	2.50%
Office - Suburban Class B	8.00%	9.00%	50	↔	2.00%	2.50%
DETROIT, MI						
Office - CBD Class A	7.50%	8.50%	50	↔	1.00%	2.00%
Office - CBD Class B	8.25%	8.25%	50	↔	1.00%	2.00%
Office - Suburban Class A	8.00%	9.00%	50	↔	1.00%	2.00%
Office - Suburban Class B	8.50%	9.50%	50	↔	1.00%	2.00%
GRAND RAPIDS, MI						
Office - CBD Class A	7.50%	8.50%	50	↔	1.00%	2.00%
Office - CBD Class B	8.25%	8.25%	50	↔	1.00%	2.00%
Office - Suburban Class A	8.00%	9.00%	50	↔	1.00%	2.00%
Office - Suburban Class B	8.50%	9.50%	50	↔	1.00%	2.00%
INDIANAPOLIS, IN						
Office - CBD Class A	7.00%	8.00%	50	↔	2.00%	2.50%
Office - CBD Class B	8.00%	9.00%	50	↔	2.00%	2.50%
Office - Suburban Class A	7.50%	8.50%	50	↔	2.00%	2.50%
Office - Suburban Class B	8.00%	9.00%	50	↔	2.00%	2.50%
KANSAS CITY, MO						
Office - CBD Class A	6.50%	7.50%	50	↔	2.00%	2.50%
Office - CBD Class B	7.00%	8.50%	50	↔	2.00%	2.50%
Office - Suburban Class A	7.50%	8.50%	50	↔	2.00%	2.50%
Office - Suburban Class B	8.00%	9.00%	50	↔	2.00%	2.50%
MINNEAPOLIS, MN						
Office - CBD Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Office - CBD Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Office - Suburban Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Office - Suburban Class B	7.50%	8.50%	50	↔	2.50%	2.50%

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1Q 2021 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ST. LOUIS, MO						
Office - CBD Class A	6.75%	7.75%	50	↑	2.00%	2.50%
Office - CBD Class B	7.50%	8.50%	50	↑	2.00%	2.50%
Office - Suburban Class A	7.50%	8.50%	50	↑	2.00%	2.50%
Office - Suburban Class B	8.00%	9.00%	50	↑	2.00%	2.50%

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



ABOUT OFFICE

Newmark Valuation & Advisory's Office practice is the premier appraisal group focused on executing valuation and consulting services for office owners, investors, developers and financial institutions 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 financial outcomes and corporate performance, for purposes of acquisition, disposition, potential use, retention, redevelopment, mortgage, income tax, financing, certiorari 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 assets as well as with diverse office portfolios dispersed throughout the country.

1Q 2021 National Rates Comparison Office - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Office - CBD Class A	7.00%	8.00%	50	↔	1.00%	2.00%
Office - CBD Class B	7.50%	9.00%	50	↔	1.00%	2.00%
Office - Suburban Class A	6.50%	8.00%	50	↔	1.00%	2.00%
Office - Suburban Class B	7.00%	9.00%	50	↔	1.00%	2.00%
ATLANTA, GA						
Office - CBD Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Office - CBD Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Office - Suburban Class A	7.00%	8.00%	50	↔	2.50%	2.50%
Office - Suburban Class B	8.00%	9.00%	50	↔	2.50%	2.50%
AUSTIN, TX						
Office - CBD Class A	4.00%	5.25%	50	↔	3.00%	3.00%
Office - CBD Class B	4.00%	5.50%	50	↔	3.00%	3.00%
Office - Suburban Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Office - Suburban Class B	6.00%	6.75%	50	↔	3.00%	3.00%
CHARLOTTE, NC						
Office - CBD Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Office - CBD Class B	6.25%	7.75%	50	↔	3.00%	3.00%
Office - Suburban Class A	6.50%	7.75%	50	↔	3.00%	3.00%
Office - Suburban Class B	7.00%	8.50%	50	↔	3.00%	3.00%

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



1Q 2021 National Rates Comparison Office - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DALLAS, TX						
Office - CBD Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Office - CBD Class B	6.50%	8.00%	50	↔	3.00%	3.00%
Office - Suburban Class A	6.00%	7.50%	50	↑	3.00%	3.00%
Office - Suburban Class B	6.75%	8.25%	50	↑	3.00%	3.00%
FORT WORTH, TX						
Office - CBD Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Office - CBD Class B	7.75%	9.00%	50	↔	3.00%	3.00%
Office - Suburban Class A	7.25%	8.25%	50	↑	3.00%	3.00%
Office - Suburban Class B	8.00%	9.00%	50	↑	3.00%	3.00%
HOUSTON, TX						
Office - CBD Class A	6.00%	7.00%	50	↑	1.00%	3.00%
Office - CBD Class B	6.50%	7.50%	50	↑	1.00%	3.00%
Office - Suburban Class A	7.50%	8.50%	50	↔	1.00%	3.00%
Office - Suburban Class B	8.00%	9.00%	50	↔	1.00%	3.00%
MIAMI, FL						
Office - CBD Class A	5.50%	7.00%	50	↔	0.00%	3.00%
Office - CBD Class B	6.00%	7.25%	50	↔	0.00%	3.00%
Office - Suburban Class A	6.00%	7.25%	50	↔	0.00%	3.00%
Office - Suburban Class B	6.50%	7.75%	50	↔	0.00%	3.00%
NEW ORLEANS, LA						
Office - CBD Class A	7.50%	8.50%	50	↑	0.00%	3.00%
Office - CBD Class B	8.50%	9.50%	50	↑	0.00%	3.00%
Office - Suburban Class A	7.50%	8.50%	50	↑	0.00%	3.00%
Office - Suburban Class B	8.50%	9.50%	50	↑	0.00%	3.00%
ORLANDO, FL						
Office - CBD Class A	6.00%	7.00%	50	↔	0.00%	2.50%
Office - CBD Class B	6.50%	7.50%	50	↔	0.00%	2.50%
Office - Suburban Class A	6.50%	7.50%	50	↔	0.00%	2.50%
Office - Suburban Class B	7.00%	8.00%	50	↔	0.00%	2.50%
SAN ANTONIO, TX						
Office - CBD Class A	7.00%	8.00%	50	↓	2.50%	2.50%
Office - CBD Class B	7.50%	8.75%	50	↓	2.50%	2.50%
Office - Suburban Class A	6.25%	7.25%	50	↔	2.50%	2.50%
Office - Suburban Class B	6.75%	7.50%	50	↔	2.50%	2.50%
TAMPA, FL						
Office - CBD Class A	6.00%	7.00%	50	↔	0.00%	3.00%
Office - CBD Class B	6.50%	7.50%	50	↔	0.00%	3.00%
Office - Suburban Class A	7.00%	8.00%	50	↔	0.00%	3.00%
Office - Suburban Class B	7.50%	8.50%	50	↔	0.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
Office - CBD Class A	6.50%	8.00%	50	↔	1.00%	2.00%
Office - CBD Class B	7.00%	9.00%	50	↔	1.00%	2.00%
Office - Suburban Class A	6.50%	8.00%	50	↔	1.00%	2.00%
Office - Suburban Class B	7.00%	9.00%	50	↔	1.00%	2.00%

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

1Q 2021 National Rates Comparison Office - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Office - CBD Class A	7.00%	8.00%	50	↑	0.00%	3.00%
Office - CBD Class B	8.00%	9.00%	50	↑	0.00%	3.00%
Office - Suburban Class A	7.50%	8.50%	50	↑	1.00%	3.00%
Office - Suburban Class B	8.50%	9.50%	50	↑	1.00%	3.00%
BOSTON, MA						
Office - CBD Class A	4.75%	6.25%	50	↑	0.00%	3.00%
Office - CBD Class B	5.25%	6.75%	50	↑	0.00%	3.00%
Office - Suburban Class A	6.00%	7.50%	50	↑	0.00%	3.00%
Office - Suburban Class B	7.00%	8.50%	50	↑	0.00%	3.00%
LEHIGH VALLEY, PA						
Office - CBD Class A	7.50%	8.75%	25	↔	2.00%	2.00%
Office - CBD Class B	8.50%	10.00%	25	↔	2.00%	2.00%
Office - Suburban Class A	8.00%	9.00%	50	↔	2.00%	2.00%
Office - Suburban Class B	9.00%	10.50%	50	↔	2.00%	2.00%
NEW YORK CITY (MANHATTAN & SUBURBS)						
Office - CBD Class A	4.75%	6.00%	25	↔	0.00%	3.00%
Office - CBD Class B	5.00%	6.50%	25	↔	0.00%	3.00%
Office - Suburban Class A	7.50%	8.00%	25	↔	0.00%	3.00%
Office - Suburban Class B	8.25%	8.50%	25	↔	0.00%	3.00%
NEW YORK CITY BOROUGHES						
Office - CBD Class A	5.50%	6.50%	50	↔	0.00%	3.00%
Office - CBD Class B	6.00%	6.75%	50	↔	0.00%	3.00%
Office - Suburban Class A	5.50%	6.50%	50	↔	2.50%	2.50%
Office - Suburban Class B	5.75%	6.75%	50	↔	2.50%	2.50%
NORTHERN NEW JERSEY						
Office - CBD Class A	6.25%	7.00%	25	↔	1.50%	2.75%
Office - CBD Class B	8.00%	8.50%	25	↔	1.50%	2.75%
Office - Suburban Class A	7.25%	7.25%	50	↑	2.50%	3.00%
Office - Suburban Class B	8.25%	8.50%	50	↑	2.50%	3.00%
PHILADELPHIA, PA						
Office - CBD Class A	6.50%	7.50%	50	↔	0.00%	2.50%
Office - CBD Class B	7.50%	8.50%	50	↔	0.00%	2.50%
Office - Suburban Class A	7.50%	8.00%	50	↔	0.00%	2.50%
Office - Suburban Class B	8.00%	9.00%	50	↔	0.00%	2.50%
PITTSBURGH, PA						
Office - CBD Class A	7.25%	8.50%	50	↑	0.00%	2.00%
Office - CBD Class B	8.25%	9.50%	50	↑	0.00%	2.00%
Office - Suburban Class A	7.25%	8.50%	50	↔	0.00%	2.00%
Office - Suburban Class B	8.25%	9.50%	50	↔	0.00%	2.00%
SOUTHERN NEW JERSEY						
Office - CBD Class A						
Office - CBD Class B						
Office - Suburban Class A	7.50%	8.50%	50	↔	0.00%	3.00%
Office - Suburban Class B	8.00%	9.00%	50	↔	0.00%	3.00%

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1Q 2021 National Rates Comparison Office - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
WASHINGTON, DC						
Office - CBD Class A	4.75%	6.00%	50	↔	1.00%	2.75%
Office - CBD Class B	5.50%	6.25%	50	↔	1.00%	2.75%
Office - Suburban Class A	7.50%	8.50%	50	↔	2.75%	2.75%
Office - Suburban Class B	8.00%	9.00%	50	↔	2.75%	2.75%
WILMINGTON, DE						
Office - CBD Class A	8.00%	9.50%	50	↑	0.00%	2.50%
Office - CBD Class B	9.00%	11.00%	50	↑	0.00%	2.50%
Office - Suburban Class A	7.50%	9.00%	50	↔	1.00%	2.50%
Office - Suburban Class B	8.50%	9.50%	50	↔	1.00%	2.50%

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1Q 2021 National Rates Comparison Office - International	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY, AB, CANADA						
Office - CBD Class A	6.25%	7.25%	25	↑	0.00%	0.00%
Office - CBD Class B	6.75%	7.75%	25	↑	0.00%	0.00%
Office - Suburban Class A	6.75%	7.75%	25	↑	0.00%	0.00%
Office - Suburban Class B	7.50%	8.50%	25	↑	0.00%	0.00%
EDMONTON, AB, CANADA						
Office - CBD Class A	6.25%	7.00%	25	↑	0.00%	0.00%
Office - CBD Class B	6.75%	7.50%	25	↑	0.00%	0.00%
Office - Suburban Class A	7.00%	7.75%	25	↑	0.00%	0.00%
Office - Suburban Class B	7.50%	8.25%	25	↑	0.00%	0.00%
MONTREAL, QC, CANADA						
Office - CBD Class A	5.00%	6.00%	25	↔	0.00%	0.00%
Office - CBD Class B	5.50%	6.50%	25	↔	0.00%	0.00%
Office - Suburban Class A	6.00%	7.00%	25	↔	0.00%	2.00%
Office - Suburban Class B	6.75%	7.25%	25	↔	0.00%	2.00%
TORONTO, ON, CANADA						
Office - CBD Class A	4.50%	5.50%	25	↔	0.00%	2.00%
Office - CBD Class B	5.00%	6.00%	25	↔	0.00%	2.00%
Office - Suburban Class A	5.75%	6.75%	25	↔	0.00%	2.00%
Office - Suburban Class B	6.00%	7.00%	25	↔	0.00%	2.00%
VANCOUVER, BC, CANADA						
Office - CBD Class A	4.50%	5.25%	25	↔	0.00%	0.00%
Office - CBD Class B	5.00%	6.00%	25	↔	0.00%	0.00%
Office - Suburban Class A	5.25%	6.25%	25	↔	0.00%	0.00%
Office - Suburban Class B	5.75%	6.75%	25	↔	0.00%	0.00%
MEXICO CITY, MEXICO						
Office - CBD Class A	8.50%	10.50%	50	↔	0.00%	3.50%
Office - CBD Class B	9.50%	11.50%	50	↔	0.00%	3.50%
Office - Suburban Class A	8.75%	10.75%	50	↔	0.00%	3.50%
Office - Suburban Class B	9.75%	11.75%	50	↔	0.00%	3.50%

Source: These rates were compiled and submitted by Newmark 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

John Mackris, MAI, MRICS, CCIM
 Senior Managing Director,
 Valuation & Advisory
 Specialty Practice Leader -
 Retail/Regional Malls

The COVID-19 pandemic has resulted in further market segmentation within retail, hastening the demise of many traditional retailers and furthering the advance of e-commerce.

- Retail consumption in the U.S. has undergone structural changes with significant market segmentation between essential and non-essential retailers. The highest growth rate among retail sectors, unsurprisingly, belonged to e-commerce, which made further inroads in overall market share, while several areas of traditional brick-and-mortar retailers declined. National retailers have fared better than locals, primarily due to their access to capital, while many small businesses and local retailers shed stores or went bankrupt.
- Investors largely stayed on the sidelines, with few market trades creating further uncertainty on pricing. This has pushed investment rates higher in the Class B-/C sectors, notably those with a predominance of apparel, cinemas, and/or dine-in restaurants. Alternatively, there has been a flight to quality, with Class A centers tenanted by pharmacy, grocery, dollar stores, and national discount retailers witnessing stable investment rates. Low borrowing rates has helped maintain a low capitalization rate environment in the Class A segment.
- Transaction activity was down considerably, notably for Class B-/C regional malls, already a least favored retail asset sector. While construction activity has remained nominal, national department store closings have significantly increased the level of retail space availabilities.



1Q 2021 National Rates Comparison Retail	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST					
Grocery Anchor Strip Class A	5.92%	7.50%	42	1.50%	2.83%
Grocery Anchor Strip Class B	6.54%	7.96%	42	1.50%	2.83%
Unanchored Strip Class A	6.67%	8.17%	48	1.50%	2.83%
Unanchored Strip Class B	7.25%	8.60%	48	1.50%	2.83%
CENTRAL					
Grocery Anchor Strip Class A	6.40%	7.40%	60	2.20%	2.50%
Grocery Anchor Strip Class B	7.25%	8.25%	60	2.20%	2.50%
Unanchored Strip Class A	7.25%	8.60%	68	1.50%	2.50%
Unanchored Strip Class B	7.95%	9.35%	68	1.50%	2.50%
SOUTH					
Grocery Anchor Strip Class A	6.10%	7.31%	50	2.12%	2.77%
Grocery Anchor Strip Class B	6.69%	8.04%	50	2.12%	2.77%
Unanchored Strip Class A	6.92%	8.13%	50	1.92%	2.77%
Unanchored Strip Class B	7.46%	8.77%	50	1.92%	2.77%
EAST					
Grocery Anchor Strip Class A	5.75%	6.71%	38	1.58%	2.46%
Grocery Anchor Strip Class B	6.25%	7.42%	38	1.58%	2.46%
Unanchored Strip Class A	6.60%	7.56%	46	1.04%	2.44%
Unanchored Strip Class B	7.25%	8.27%	46	1.04%	2.44%
UNITED STATES					
Grocery Anchor Strip Class A	6.03%	7.22%	47	1.84%	2.65%
Grocery Anchor Strip Class B	6.66%	7.90%	47	1.84%	2.65%
Unanchored Strip Class A	6.85%	8.10%	52	1.50%	2.64%
Unanchored Strip Class B	7.46%	8.72%	52	1.50%	2.64%
CANADA					
Grocery Anchor Strip Class A	5.25%	6.05%	25	1.00%	1.20%
Grocery Anchor Strip Class B	5.70%	6.45%	25	1.00%	1.20%
Unanchored Strip Class A	5.75%	6.60%	25	1.00%	1.00%
Unanchored Strip Class B	6.15%	6.95%	25	1.00%	1.00%
MEXICO					
Grocery Anchor Strip Class A	8.50%	10.50%	50	0.00%	3.50%
Grocery Anchor Strip Class B	9.50%	11.50%	50	0.00%	3.50%
Unanchored Strip Class A	9.00%	11.00%	50	0.00%	3.50%
Unanchored Strip Class B	10.00%	12.00%	50	0.00%	3.50%

Source: These rates were compiled and submitted by Newmark 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 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 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.

1Q 2021 National Rates Comparison Retail - West	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Grocery Anchor Strip Class A	5.50%	6.50%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	6.25%	7.25%	50	↔	2.00%	3.00%
Unanchored Strip Class A	6.00%	7.25%	50	↔	2.00%	3.00%
Unanchored Strip Class B	6.50%	7.50%	50	↔	2.00%	3.00%
IRVINE/ORANGE, CA						
Grocery Anchor Strip Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.50%	25	↔	3.00%	3.00%
Unanchored Strip Class A	6.00%	7.50%	0	↔	3.00%	3.00%
Unanchored Strip Class B	6.75%	8.25%	0	↔	3.00%	3.00%
LAS VEGAS, NV						
Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.50%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
LOS ANGELES, CA						
Grocery Anchor Strip Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.50%	25	↔	3.00%	3.00%
Unanchored Strip Class A	6.00%	7.50%	0	↔	3.00%	3.00%
Unanchored Strip Class B	6.75%	8.25%	0	↔	3.00%	3.00%
PHOENIX, AZ						
Grocery Anchor Strip Class A	6.00%	7.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.50%	7.50%	25	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	25	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	8.50%	25	↔	3.00%	3.00%
PORTLAND, OR						
Grocery Anchor Strip Class A	6.50%	8.00%	50	↑	0.00%	3.00%
Grocery Anchor Strip Class B	6.75%	8.25%	50	↑	0.00%	3.00%
Unanchored Strip Class A	7.00%	8.50%	50	↑	0.00%	3.00%
Unanchored Strip Class B	7.25%	8.75%	50	↑	0.00%	3.00%

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

1Q 2021 National Rates Comparison Retail - West	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
RENO, NV						
Grocery Anchor Strip Class A	7.00%	9.00%	50	↔	2.00%	2.00%
Grocery Anchor Strip Class B	7.25%	9.25%	50	↔	2.00%	2.00%
Unanchored Strip Class A	7.25%	9.25%	50	↔	2.00%	2.00%
Unanchored Strip Class B	7.50%	9.50%	50	↔	2.00%	2.00%
SACRAMENTO, CA						
Grocery Anchor Strip Class A	7.00%	10.00%	50	↔	0.00%	3.00%
Grocery Anchor Strip Class B	9.00%	10.50%	50	↔	0.00%	3.00%
Unanchored Strip Class A	8.00%	10.50%	50	↔	0.00%	3.00%
Unanchored Strip Class B	9.50%	11.00%	50	↔	0.00%	3.00%
SALT LAKE CITY, UT						
Grocery Anchor Strip Class A	6.50%	8.00%	25	↔	2.00%	2.00%
Grocery Anchor Strip Class B	7.00%	8.25%	25	↔	2.00%	2.00%
Unanchored Strip Class A	7.25%	8.50%	50	↔	2.00%	2.00%
Unanchored Strip Class B	7.50%	8.50%	50	↔	2.00%	2.00%
SAN FRANCISCO, CA						
Grocery Anchor Strip Class A	5.50%	6.50%	50	↔	0.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.00%	50	↔	0.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	0.00%	3.00%
Unanchored Strip Class B	7.50%	8.50%	50	↔	0.00%	3.00%
SEATTLE, WA						
Grocery Anchor Strip Class A	5.00%	7.50%	50	↔	0.00%	3.00%
Grocery Anchor Strip Class B	5.25%	7.50%	50	↔	0.00%	3.00%
Unanchored Strip Class A	6.00%	8.50%	50	↑	0.00%	3.00%
Unanchored Strip Class B	6.25%	8.50%	50	↑	0.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Grocery Anchor Strip Class A	5.00%	6.00%	50	↔	0.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.00%	50	↔	0.00%	3.00%
Unanchored Strip Class A	5.50%	6.50%	50	↔	0.00%	3.00%
Unanchored Strip Class B	6.50%	7.50%	50	↔	0.00%	3.00%

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





1Q 2021 National Rates Comparison Retail - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Grocery Anchor Strip Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.50%	75	↑	2.00%	3.00%
Unanchored Strip Class B	7.50%	9.00%	75	↑	2.00%	3.00%
CINCINNATI, OH						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
CLEVELAND, OH						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
COLUMBUS, OH						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	2.50%	2.50%
Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
DETROIT, MI						
Grocery Anchor Strip Class A	6.50%	7.50%	100	↔	1.00%	2.50%
Grocery Anchor Strip Class B	7.50%	8.50%	100	↔	1.00%	2.50%
Unanchored Strip Class A	7.00%	8.00%	100	↔	1.00%	2.50%
Unanchored Strip Class B	8.00%	9.00%	100	↔	1.00%	2.50%

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1Q 2021 National Rates Comparison Retail - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
GRAND RAPIDS, MI						
Grocery Anchor Strip Class A	6.50%	7.50%	100	↔	1.00%	2.50%
Grocery Anchor Strip Class B	7.50%	8.50%	100	↔	1.00%	2.50%
Unanchored Strip Class A	7.00%	8.00%	100	↔	1.00%	2.50%
Unanchored Strip Class B	8.00%	9.00%	100	↔	1.00%	2.50%
INDIANAPOLIS, IN						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	2.50%	2.50%
Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
KANSAS CITY, MO						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Unanchored Strip Class A	7.50%	9.00%	75	↑	1.50%	2.50%
Unanchored Strip Class B	8.00%	9.50%	75	↑	1.50%	2.50%
MINNEAPOLIS, MN						
Grocery Anchor Strip Class A	6.00%	7.00%	50	↔	2.00%	2.00%
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	2.00%	2.00%
Unanchored Strip Class A	6.50%	7.50%	50	↔	2.00%	2.00%
Unanchored Strip Class B	8.00%	9.50%	50	↔	2.00%	2.00%
ST. LOUIS, MO						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Unanchored Strip Class A	7.50%	9.00%	75	↑	1.50%	2.50%
Unanchored Strip Class B	8.00%	9.50%	75	↑	1.50%	2.50%

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

1Q 2021 National Rates Comparison Retail - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	1.00%	2.00%
Grocery Anchor Strip Class B	7.00%	9.00%	50	↔	1.00%	2.00%
Unanchored Strip Class A	7.00%	9.00%	50	↔	1.00%	2.00%
Unanchored Strip Class B	7.50%	10.00%	50	↔	1.00%	2.00%
ATLANTA, GA						
Grocery Anchor Strip Class A	6.25%	7.50%	50	↑	2.50%	2.50%
Grocery Anchor Strip Class B	7.00%	8.50%	50	↑	2.50%	2.50%
Unanchored Strip Class A	7.25%	8.00%	50	↑	2.50%	2.50%
Unanchored Strip Class B	7.75%	9.00%	50	↑	2.50%	2.50%
AUSTIN, TX						
Grocery Anchor Strip Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	5.75%	7.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.50%	50	↑	3.00%	3.00%
Unanchored Strip Class B	6.50%	7.75%	50	↑	3.00%	3.00%
CHARLOTTE, NC						
Multifamily - CBD Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	7.50%	9.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	8.00%	9.50%	50	↔	3.00%	3.00%
DALLAS, TX						
Grocery Anchor Strip Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.25%	7.75%	50	↑	3.00%	3.00%
Unanchored Strip Class B	7.00%	8.50%	50	↑	3.00%	3.00%
FORT WORTH, TX						
Grocery Anchor Strip Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.25%	8.00%	50	↑	3.00%	3.00%
Unanchored Strip Class B	7.00%	8.50%	50	↑	3.00%	3.00%
HOUSTON, TX						
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	1.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	1.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↑	1.00%	3.00%
Unanchored Strip Class B	8.50%	9.50%	50	↑	1.00%	3.00%

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1Q 2021 National Rates Comparison Retail - South	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
MIAMI, FL						
Grocery Anchor Strip Class A	5.50%	6.00%	50	↔	0.00%	3.00%
Grocery Anchor Strip Class B	6.25%	7.00%	50	↔	0.00%	3.00%
Unanchored Strip Class A	6.25%	6.50%	50	↔	0.00%	3.00%
Unanchored Strip Class B	6.75%	7.50%	50	↔	0.00%	3.00%
NEW ORLEANS, LA						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	3.00%
Unanchored Strip Class A	8.00%	9.00%	50	↑	0.00%	3.00%
Unanchored Strip Class B	8.50%	9.50%	50	↑	0.00%	3.00%
ORLANDO, FL						
Grocery Anchor Strip Class A	6.25%	7.00%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	2.50%	3.00%
Unanchored Strip Class A	6.75%	7.50%	50	↔	2.50%	3.00%
Unanchored Strip Class B	7.25%	8.00%	50	↔	2.50%	3.00%
SAN ANTONIO, TX						
Grocery Anchor Strip Class A	5.75%	7.00%	50	↑	2.50%	2.50%
Grocery Anchor Strip Class B	6.00%	7.25%	50	↑	2.50%	2.50%
Unanchored Strip Class A	7.00%	8.00%	50	↑	2.50%	2.50%
Unanchored Strip Class B	7.50%	8.25%	50	↑	2.50%	2.50%
TAMPA, FL						
Grocery Anchor Strip Class A	6.25%	7.00%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	2.50%	3.00%
Unanchored Strip Class A	6.75%	7.50%	50	↔	2.50%	3.00%
Unanchored Strip Class B	7.25%	8.00%	50	↔	2.50%	3.00%
TULSA/OKLAHOMA CITY, OK						
Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	1.00%	2.00%
Grocery Anchor Strip Class B	7.00%	9.00%	50	↔	1.00%	2.00%
Unanchored Strip Class A	7.00%	9.00%	50	↔	1.00%	2.00%
Unanchored Strip Class B	7.50%	10.00%	50	↔	1.00%	2.00%

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1Q 2021 National Rates Comparison Retail - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Grocery Anchor Strip Class A	6.25%	7.25%	50	↑	2.00%	3.00%
Grocery Anchor Strip Class B	6.75%	7.75%	50	↑	2.00%	3.00%
Unanchored Strip Class A	6.75%	7.75%	50	↑	2.00%	3.00%
Unanchored Strip Class B	7.75%	8.75%	50	↑	2.00%	3.00%
BOSTON, MA						
Grocery Anchor Strip Class A	6.25%	6.75%	25	↔	2.50%	3.00%
Grocery Anchor Strip Class B	6.50%	7.25%	25	↔	2.50%	3.00%
Unanchored Strip Class A	7.75%	8.50%	50	↔	1.50%	3.00%
Unanchored Strip Class B	8.50%	9.00%	50	↔	1.50%	3.00%
LEHIGH VALLEY, PA						
Grocery Anchor Strip Class A	6.75%	8.00%	25	↔	1.00%	2.00%
Grocery Anchor Strip Class B	7.25%	9.50%	25	↔	1.00%	2.00%
Unanchored Strip Class A	8.00%	9.50%	50	↑	1.00%	2.00%
Unanchored Strip Class B	8.50%	10.00%	50	↑	1.00%	2.00%
NEW YORK CITY BOROUGHES						
Grocery Anchor Strip Class A	5.50%	6.50%	50	↔	2.50%	2.50%
Grocery Anchor Strip Class B	5.75%	6.75%	50	↔	2.50%	2.50%
Unanchored Strip Class A	5.75%	6.75%	50	↔	2.50%	2.50%
Unanchored Strip Class B	6.00%	7.00%	50	↔	2.50%	2.50%
NEW YORK CITY SUBURBS						
Grocery Anchor Strip Class A	6.00%	6.50%	25	↑	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	7.50%	25	↑	3.00%	3.00%
Unanchored Strip Class A	8.00%	8.50%	50	↔	2.00%	3.00%
Unanchored Strip Class B	8.25%	9.00%	50	↔	2.00%	3.00%
NORTHERN NEW JERSEY						
Grocery Anchor Strip Class A	6.25%	6.75%	25	↔	2.50%	3.00%
Grocery Anchor Strip Class B	6.50%	7.25%	25	↔	2.50%	3.00%
Unanchored Strip Class A	7.75%	8.50%	50	↔	1.50%	2.75%
Unanchored Strip Class B	8.50%	9.00%	50	↔	1.50%	2.75%
PHILADELPHIA, PA						
Grocery Anchor Strip Class A	6.25%	7.50%	50	↔	1.50%	2.50%
Grocery Anchor Strip Class B	6.75%	8.25%	50	↔	1.50%	2.50%
Unanchored Strip Class A	7.00%	8.25%	50	↔	0.00%	2.50%
Unanchored Strip Class B	7.75%	9.25%	50	↔	0.00%	2.50%
PITTSBURGH, PA						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	1.00%	2.00%
Grocery Anchor Strip Class B	8.25%	9.25%	50	↔	1.00%	2.00%
Unanchored Strip Class A	7.50%	8.50%	50	↔	0.00%	2.00%
Unanchored Strip Class B	8.75%	9.75%	50	↔	0.00%	2.00%
SOUTHERN NEW JERSEY						
Grocery Anchor Strip Class A	6.25%	7.50%	50	↔	1.00%	3.00%
Grocery Anchor Strip Class B	6.50%	8.25%	50	↔	1.00%	3.00%
Unanchored Strip Class A	7.25%	8.25%	50	↑	0.00%	3.00%
Unanchored Strip Class B	7.50%	9.25%	50	↑	0.00%	3.00%

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

1Q 2021 National Rates Comparison Retail - East	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
WASHINGTON, DC						
Grocery Anchor Strip Class A	5.50%	6.75%	50	↔	1.00%	3.00%
Grocery Anchor Strip Class B	6.50%	7.75%	50	↔	1.00%	3.00%
Unanchored Strip Class A	6.00%	7.25%	50	↔	1.00%	3.00%
Unanchored Strip Class B	7.00%	8.25%	50	↔	1.00%	3.00%
WILMINGTON, DE						
Grocery Anchor Strip Class A	7.00%	9.00%	50	↔	1.00%	2.50%
Grocery Anchor Strip Class B	7.50%	9.50%	50	↔	1.00%	2.50%
Unanchored Strip Class A	7.50%	9.00%	50	↑	1.00%	2.50%
Unanchored Strip Class B	8.50%	10.00%	50	↑	1.00%	2.50%

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



1Q 2021 National Rates Comparison Regional Malls & Specialty Retail	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Regional Malls - Class A	5.50%	6.50%	100	↔	1.50%	3.00%
Regional Malls - Class B	8.00%	9.00%	100	↑	1.00%	3.00%
Regional Malls - Class C	17.50%	19.00%	150	↑	0.00%	3.00%
Power Centers - Tier 1	6.50%	7.00%	50	↔	1.50%	3.00%
Power Centers - Tier 2	8.00%	8.50%	50	↑	1.00%	3.00%
Power Centers - Tier 3	10.00%	11.00%	100	↑	0.00%	3.00%
Lifestyle Centers - Tier 1	5.75%	6.50%	75	↔	1.50%	3.00%
Lifestyle Centers - Tier 2	7.75%	8.50%	75	↑	1.00%	3.00%
Lifestyle Centers - Tier 3	13.50%	15.00%	150	↑	0.00%	3.00%
Single Tenant Retail - Tier 1	5.50%	6.00%	50	↔	3.00%	3.00%
Single Tenant Retail - Tier 2	6.00%	6.50%	50	↔	3.00%	3.00%
Single Tenant Retail - Tier 3	7.00%	8.00%	100	↑	2.00%	3.00%

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



1Q 2021 National Rates Comparison Retail - International	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY, AB, CANADA						
Grocery Anchor Strip Class A	5.50%	6.25%	25	↔	1.00%	1.00%
Grocery Anchor Strip Class B	6.00%	6.50%	25	↔	1.00%	1.00%
Unanchored Strip Class A	6.00%	6.75%	25	↔	1.00%	1.00%
Unanchored Strip Class B	6.50%	7.00%	25	↔	1.00%	1.00%
EDMONTON, AB, CANADA						
Grocery Anchor Strip Class A	6.00%	6.75%	25	↔	1.00%	1.00%
Grocery Anchor Strip Class B	6.50%	7.25%	25	↔	1.00%	1.00%
Unanchored Strip Class A	6.50%	7.25%	25	↔	1.00%	1.00%
Unanchored Strip Class B	7.00%	7.75%	25	↔	1.00%	1.00%
MONTREAL, QC, CANADA						
Grocery Anchor Strip Class A	5.50%	6.50%	25	↔	1.00%	2.00%
Grocery Anchor Strip Class B	6.00%	7.00%	25	↔	1.00%	2.00%
Unanchored Strip Class A	6.00%	7.00%	25	↔	1.00%	1.00%
Unanchored Strip Class B	6.50%	7.50%	25	↔	1.00%	1.00%
TORONTO, ON, CANADA						
Grocery Anchor Strip Class A	4.75%	5.50%	25	↔	1.00%	1.00%
Grocery Anchor Strip Class B	5.00%	5.75%	25	↔	1.00%	1.00%
Unanchored Strip Class A	5.25%	6.00%	25	↔	1.00%	1.00%
Unanchored Strip Class B	5.50%	6.25%	25	↔	1.00%	1.00%
VANCOUVER, BC, CANADA						
Grocery Anchor Strip Class A	4.50%	5.25%	25	↔	1.00%	1.00%
Grocery Anchor Strip Class B	5.00%	5.75%	25	↔	1.00%	1.00%
Unanchored Strip Class A	5.00%	6.00%	25	↔	1.00%	1.00%
Unanchored Strip Class B	5.25%	6.25%	25	↔	1.00%	1.00%
MEXICO CITY, MEXICO						
Grocery Anchor Strip Class A	8.50%	10.50%	50	↑	0.00%	3.50%
Grocery Anchor Strip Class B	9.50%	11.50%	50	↑	0.00%	3.50%
Unanchored Strip Class A	9.00%	11.00%	50	↑	0.00%	3.50%
Unanchored Strip Class B	10.00%	12.00%	50	↑	0.00%	3.50%

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



Retail Petroleum & Restaurants

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Retail Petroleum & Restaurants

Restaurants are looking forward to a good 2021 as those that weathered the pandemic will have captured share from the marginal players that closed during COVID-19.

- The COVID-19 pandemic reinforced the belief that the retail petroleum market is recession proof. Industry profits set record highs during the Great Recession and similar results were demonstrated in 2020. Nationally, gallonage declined about 18% in 2020, but gross profit margins on fuel rose more than enough to compensate for volume losses. The extraordinary drop in oil prices that coincided with COVID-19 lockdowns was certainly the cause of the margin explosion in the spring (from \$0.20 to \$0.80 per gallon). However, as the crisis wore on retailers exerted pricing power to compensate for their role as essential businesses. Performance inside the store was enhanced as consumers felt more comfortable in the smaller c-store format than in large box retailers.
- If c-stores were recession proof, quick service restaurants (QSRs) proved to be even more resilient in a pandemic environment. The drive-through lanes of QSRs allowed them to maintain normal or better volumes, but at increased profit margins due to better sales mix (i.e., high-dollar family packs) and lesser maintenance from closed dining rooms.
- Full-service restaurants (FSRs) are amongst the most challenged property types. Government-mandated lockdowns were focused on FSRs, so that 10% to 15% of the national stock of 660,000 restaurants is expected to close permanently. Closures will be focused on the independent sector, with national chains faring better due to better capitalization and depth of management.



1Q 2021 National Rates Comparison Retail Petroleum & Restaurants	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Retail Petroleum - National	4.90%	6.00%	75	↔	1.50%	N/A
Retail Petroleum - Regional	6.50%	7.50%	75	↔	1.50%	N/A
Retail Petroleum - Local	7.50%	8.50%	75	↔	1.50%	N/A

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

1Q 2021 National Rates Comparison Retail Petroleum & Restaurants	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Quick Service Restaurant - Franchisor	4.90%	6.00%	75	↔	1.50%	N/A
Quick Service Restaurant - Franchisee	5.25%	6.25%	75	↔	1.50%	N/A

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

- Pre-COVID-19, both the retail petroleum and restaurant markets were in a strong and overdue consolidation phase. Consolidation in these markets is not purely financial; as larger companies are better marketers and have the capital to execute on technological change. After a mid-2020 pause, consolidation is back in full swing and volume is expected to be high in 2021.
- The post-COVID-19 performance for retail petroleum is somewhat cautious and will depend not only upon general economic conditions, but also the persistence of working from home. Entering 2021, the best oil analysts expect significant volatility in demand and pricing. The expected stimulus and lifting of lockdowns will unleash a great deal of pent-up demand over the summer, which may give way to a weaker fall and winter as the “new normal” is discovered. Considerable regional variation is expected, as well.
- For the long run, convenience stores are beginning to position for the electrification of the transportation system. The transition is viewed as inevitable, but gradual and manageable. The massive installed base of internal combustion engines (270 million light duty vehicles), the modest pace of new sales (16.5 million in a good year), and the small share of electric sales (2% of new sales) ensures a long life for liquid fuels. Still, government mandates can accelerate the natural economics. Forward-thinking retailers expect to offer a variety of energy alternatives according to consumer demand.



ABOUT RETAIL PETROLEUM & RESTAURANTS

Newmark Valuation & Advisory’s Retail Petroleum & Restaurants practice has its roots in a team that was founded in 1978. Our team has appraised more than 110,000 convenience stores and restaurants, and its members are experts in all elements of value—real estate, equipment and business intangible. Our franchise experts are superior real estate appraisers because of our depth of knowledge of the underlying store economics. From gas stations and car washes to quick service, casual and fine dining restaurants, our experts provide superior industry insight to clients.



Self Storage

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Self storage outperformed the core CRE sectors in 2020 in terms of cash flow and appreciation. We saw the highest level of portfolio transactions in 2020, with new institutional capital investing in self storage. Some highlights of sector performance are summarized below:

- In 4Q 2020 Bill Gates' Investment firm, Cascade, invested in StorageMart with the self storage entity valued at \$2.7 billion for 15 million SF (suggesting \$180/SF). Market sentiment indicates a cap rate below 5%, and the market is questioning whether Warren Buffet will be next to self storage.
- Market sentiment is "tailwinds" for the sector in 2021 with increased operational performance in terms of occupancy and income, and increased investment activity for both single assets and portfolios. Cap rates are likely to continue to decline due to the low cost of debt and increased equity capital investing in self storage.
- Brookfield Simply announced in 4Q 2020 the sale of 123 assets (8 million SF) to Blackstone for \$1.2 billion (suggesting pricing near \$150/SF) and a cap rate in the "mid 4% range" (City Research Equities). Brookfield invested in Simply in 2018, with City Research Equities suggesting price appreciation of "over 20%."

1Q 2021 National Rates Comparison Self Storage	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Self Storage - Class A	4.90%	8.00%	25	↓	3.00%	3.00%
Self Storage - Class B	5.60%	8.50%	25	↓	3.00%	3.00%
Self Storage - Class C	6.45%	9.50%	25	↓	3.00%	3.00%

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

- As of December 31, 2020, Storage REITs increased 10.01% for the year, compared to the DJIA increase for the year of 6.02%.
- Single asset sales activity was down 35% in 2020, but portfolio volume was the highest since 2016.
- The Trepp September 2020 report shows that of 1,700 CMBS loans secured by self storage property, three are in default.
- Jcap REIT is going private with a \$900 million acquisition by Nexpoint in 4Q 2020. The transaction reportedly is a cap rate well below 5% (stabilized NOI future), and represents all newer, high-density product in absorption.
- A 20-year time series of self storage single asset pricing can be compared to public pricing. The average stock price for the sector from 2000 through 2019 increased an average of 6.49%. Comparatively, the average single asset increased 4.83% during the same time frame.

ABOUT SELF STORAGE

Newmark 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 finish by our subject experts—each of whom possess significant experience valuing and analyzing self storage properties.



Seniors Housing

Norm LeZotte, MAI
 Senior Managing Director,
 Valuation & Advisory
 Specialty Practice Leader -
 Healthcare & Seniors Housing

Investor appetite for value-add facilities is expected to increase as lenders begin the foreclosure process. Most of these opportunities are the Class B and C product or recent developments that have been challenged with absorption issues since the start of the pandemic.

- Rent concessions are now commonplace across the seniors housing sector and average rents in most markets have declined by 5 to 10 percent. As the vaccine roll-out increases, we expect rental rates to level off towards the middle of 2021 with a minimal increase in 2022.
- Assisted living and skilled nursing are need-based services and providing this type of care at home can be very expensive. The ability to provide a safe and cost-effective option for care in a facility is one of the key reasons why investors view the seniors housing industry as a stable market with upside as demographic changes drive future demand.
- Many operators have restarted their development plans as they continue to see occupancies and rental rates increase in many of their local markets.
- Operators have been challenged with significant increases in operating expenses such as staffing costs, insurance premiums and PPE costs. The panic buying that occurred in the first few months has slowed and operators have been able to control expenses. Most operators have a solid plan for 2021 and we expect expenses to be stabilized by the second quarter of 2021.

1Q 2021 National Rates Comparison - Seniors Housing	Going-In Cap Rate	Discount Rate	Reversion Rate (bps over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Independent Living - Class A	5.75%	8.75%	50	↔	3.00%	3.00%
Independent Living - Class B	6.50%	9.50%	50	↔	3.00%	3.00%
Assisted Living/Dementia - Class A	6.25%	9.25%	50	↔	3.00%	3.00%
Assisted Living/Dementia - Class B	6.75%	9.75%	50	↔	3.00%	3.00%
Skilled Nursing - Class A	12.00%	15.00%	50	↓	3.00%	3.00%
Skilled Nursing - Class B	13.50%	17.00%	50	↔	3.00%	3.00%
CCRC - Class A	8.50%	11.50%	50	↔	3.00%	3.00%
CCRC - Class B	9.00%	12.00%	50	↔	3.00%	3.00%

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



ABOUT HEALTHCARE & SENIORS HOUSING

Newmark 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.



Vineyards & Wineries

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Valuation & Advisory
Specialty Practice Leader -
Vineyards & Wineries

- For the Vineyard & Winery specialty practice, we are seeing a very cautious investment market due to the ongoing pandemic and the impacts of climate change.
- The severe wildfires of 2020 damaged most of the Napa Valley cabernet sauvignon harvest and much of the harvest from Sonoma. The Pacific Northwest harvests also suffered varying levels of smoke damage. The outlook is for the wildfire seasons to be more severe and longer lasting in the wine growing regions of the West Coast.
- For the Cannabis market, we are seeing investors and operators anticipating expanding legalization and greater access to capital markets. This is leading to compression of capitalization rates.

ABOUT VINEYARDS & WINERIES

Newmark 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

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Specialty Practice Leader -
Financial Reporting

- Following exceptional M&A volume and deal value in 2018 and 2019, the U.S. M&A market performed well in the face of 2020. A robust open to the year followed by a steep decline in Q2, led to stronger-than-expected M&A value beginning in July 2020 and continuing through year-end. This trend was spurred by low interest rates, economic uncertainty due to COVID-19 and government economic intervention.
- The pandemic has highlighted the importance of technology. Successful companies have been those that have the capabilities to pivot operating models to meet the changing consumer needs through e-commerce and digital business. Due in part to this digital transformation, the U.S. remains the most active deal-making nation globally, with more than 30% of the total U.S. M&A value in 2020 representing technology deals.
- Private Equity firms are sitting on more than \$1.7 trillion of dry powder. Further, special purpose acquisition companies ("SPAC") have reportedly raised more than \$80 billion through 2020, which contrasts to the prior year's figure of less than \$15 billion. These are clear indications that deal momentum attained the latter half of 2020 will persist.

ABOUT FINANCIAL REPORTING

Newmark Valuation & Advisory's Financial Reporting group is a premier provider of financial reporting services. Our professionals bring a comprehensive awareness of financial reporting standards coupled with property-specific insights to 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 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 reporting 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 customized for each client and is scalable on a regional, national or international basis.

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