

VALUATION & ADVISORY

North American Market Survey 1Q 2022

NEWMARK





Welcome to the fourth 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.

The power of information and experience is our strength and your advantage. Newmark Valuation & Advisory combines cross-division capabilities with a centralized approach to strategic valuation. Armed with extensive geographic reach, unique and specialized expertise, and the most advanced technology in the industry, delivery of consistent, objective and credible reporting is assured.

From local market insight to proprietary and third-party data, we tap into a deep well of information to advise our clients. Our robust propriety software, Ngage and Nform, gives us—and in turn, our clients—a competitive edge. Working closely with Newmark Capital Markets platform we access real-time market activity to make smarter, faster assessments.

Our team members provide forward-thinking advice and industry-leading insight built on broad and deep knowledge of a range of asset class sectors, including Hospitality, Industrial & Logistics, Multifamily, Office, Retail & Regional Malls, plus other specialty practices like Retail Petroleum, Self Storage, Seniors Housing, and Vineyards. Our team is renowned for our collaborative approach, focused reports, and commitment to clients.

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John D. Busi, MAI, FRICS

President

Newmark Valuation & Advisory

Welcome to the Spring 2022 edition of the Newmark Valuation & Advisory North American Market Survey.

This spring, the pixelated faces of colleagues and friends have been replaced with an actual “twinkle in the eye” of someone sitting across the table. For two years, as time seemingly stood still, our friends and families got older, and the new lines on our faces reflect both the hardships and the joys we experienced while we were apart. With spring, we welcome a new start, a new cycle and a new chapter. I’m optimistic that this next story is going to be a great one.

Joseph D. Pasquarella, MAI, CRE
*Senior Managing Director
Valuation & Advisory
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Market Survey Editor*

In 2021, powerful investment demand in commercial real estate replaced the previous turbulence of 2020, however, uncertain conditions still lie ahead in 2022 and beyond.

In 2021, investors navigated the uncharted and uncertain real estate market and the economic impact of the pandemic. While facing the unique challenges of 2021, capable and savvy real estate investors seized the opportunities that surfaced. Supply chain issues, increased mobility of households working remotely, and the rapid development of vaccines and cell research fueled significant investment in industrial, multifamily and life science. Overall, 2021 investment capital weighed in an unprecedented \$808.7 billion of trades. Even amidst the shifting work environment, office investment sales activity in 4Q 2021 reached its highest quarterly volume in over five years.

Though, 2022 is still expected to be a year of caution. The Ukraine conflict, hyper-inflation, uneven recovery of lost jobs during the pandemic, significant population shifts in major U.S. cities, and the upward pressure on capitalization rates expected from increased interest rates give rise to uncertainty in the commercial real estate industry. These factors will likely impact the market as a whole, with varying implications to each asset class and geography.

Historically, real estate has proven to be an effective hedge against inflation. Properties not subject to long-term leases with caps on rent adjustment below expected CPI will fare well in an inflationary economy. These include multi-tenant industrial and office, selected retail, multifamily and alternative property sectors – such as single-family, self storage, life science, seniors housing and others.

Continued real estate development of and investment in U.S. real estate will likely come from abroad. The U.S. has traditionally been a safe harbor for investment during periods of worldwide uncertainty. Currently, investment in the U.S. is outpacing Asia Pacific. This trend is expected to be even more pronounced as the EU will likely feel the effects of the Ukraine crisis more than others.

Valuation & Advisory explores relevant commentaries by asset type, prepared by our best-in-class specialty practice leaders and the investment metrics on a city-by-city basis reported by Newmark's top-ranking, U.S. and international market leaders. Also, our professionals with boots on the ground will monitor and track the ever-changing real estate markets now and in the months ahead.





1Q 2022 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
Hotel - Luxury Class A	6.00%	6.50%	10	↔	3.50%	4.50%
Hotel - Luxury Class B	6.75%	7.25%	15	↔	2.00%	3.50%
Hotel - Resort Class A	6.25%	6.75%	10	↔	3.50%	4.50%
Hotel - Resort Class B	6.75%	7.25%	25	↔	1.00%	3.50%
Hotel - Full Service Class A	6.75%	7.25%	25	↓	2.00%	3.00%
Hotel - Full Service Class B	7.00%	7.50%	25	↓	1.00%	3.00%
Hotel - Select Service Class A	7.75%	8.25%	25	↓	4.00%	3.50%
Hotel - Select Service Class B	8.00%	8.50%	25	↓	3.50%	3.00%
Hotel - Limited Service Class A	8.25%	8.75%	35	↓	3.50%	3.50%
Hotel - Limited Service Class B	8.75%	9.25%	40	↓	3.00%	3.00%
Hotel - Extended Stay Class A	7.25%	7.75%	35	↓	3.50%	3.50%
Hotel - Extended Stay Class B	7.50%	8.00%	40	↓	3.00%	3.50%
Hotel - Airport/Highway Class A	8.00%	8.50%	35	↓	3.50%	3.50%
Hotel - Airport/Highway Class B	8.50%	9.00%	50	↓	3.00%	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.

- According to Kalibri Labs, soft brand and boutique hotels are growing at an exceptionally fast rate despite their relatively small percentage of the U.S. hotel inventory. Length of stay for these properties increased by 250 percent for 30+ nights in 2021's summer months compared to the same period in 2019. Though Corporate and Group remained relatively static, they achieved considerable progress during the summer months with occupancy, room rates and RevPAR recovery gaps all narrowing. Data suggests, however, that soft brands are more sensitive to pandemic variants compared to other lodging categories.

Hospitality, Gaming & Leisure

By Bryan Younge, MAI, ASA, FRICS
*Executive Vice President
 Valuation & Advisory
 Specialty Practice Leader -
 Hospitality, Gaming & Leisure*

Rates are returning for full-service hotels and limited-service hotels are at an all-time high according to RCA.

- Hotel demand relaxed for a brief period with the emergence of the Delta variant in mid-2021, which became most noticeable during the months of July and August with its recovery gap versus 2019 widening. Demand resumed pace two months later only to be inhibited by the Omicron variant, stalling the recovery curve once again. However, by the end of the quarter, COVID-19 cases declined, demand segments improved and transaction activity escalated.
- Airline traffic is also snapping back, although the Omicron variant had a more severe effect than expected considering the alarming velocity of new cases throughout the U.S.
- The greatest underachiever channel is Global Distribution Systems (GDS), which overcame Group in the previous quarter. The largest out-migration is still Group, though, with Property Direct filling the void with strong growth.



ABOUT HOSPITALITY, GAMING & LEISURE

Our Hospitality, Gaming and Leisure practice excels at valuation and consulting services for a vast range of complex assets, from bed-and-breakfasts to Las Vegas casinos, bowling alleys to waterpark resorts. Our senior appraisers look beyond the physical asset to identify all areas of value for owners and investors, uncovering untapped potential. Our team leverages on-the-ground knowledge and comprehensive analysis of a property's business and real estate operations to craft forward-thinking solutions with a collaborative, personalized approach.



Industrial & Logistics

By Robert J. Vodinelic, MAI, MRICS
Senior Managing Director
Valuation & Advisory
Specialty Practice Leader - Industrial & Logistics

The national industrial market ended 2021 with record high levels of activity throughout most major markets across the U.S. Even with challenges of the pandemic, consumption growth, both through e-commerce sales and traditional brick-and-mortar retailers, resulted in unprecedented demand for logistics space.

- With over 250 million square feet of positive industrial absorption over the second half of 2021, as indicated by Newmark Research, the national industrial market is poised to continue to see high levels of rent growth over the first quarter of 2022. Across the U.S., rents grew nearly 13 percent year-over-year in 2021, with some markets, such as those in Southern California, seeing growth well in excess of even those levels. The hyper-growth in rents is expected to moderate to some extent, but it should still continue to be strong, particularly in markets such as the Los Angeles and the Inland Empire areas of California, which have vacancy rates hovering around one percent.
- While 2022 will likely see continued industrial expansion, growth rates may become more conservative as the record amount of developments are completed and absorbed over the next several quarters. The development surge may represent some amount of uncertainty on supply. However, the risk levels in demand could be more challenging to forecast. Over the past 12 to 18 months, consumer demand provided the accelerant to the industrial sector. With interest rates expected to rise in 2022, and with the recent surge in inflation to its highest levels in approximately 40 years, slowdown in consumer spending may tap the brakes on industrial demand, albeit to levels that would simply be considered strong versus record-setting.

1Q 2022 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					
Industrial - Warehouse/Logistics Class A	4.55%	6.18%	39	3.22%	3.00%
Industrial - Warehouse/Logistics Class B	5.02%	6.61%	39	3.22%	3.00%
CENTRAL					
Industrial - Warehouse/Logistics Class A	5.25%	6.38%	50	3.00%	2.80
Industrial - Warehouse/Logistics Class B	5.95%	7.08%	50	3.00%	2.80%
SOUTH					
Industrial - Warehouse/Logistics Class A	5.12%	6.37%	44	2.62%	2.77%
Industrial - Warehouse/Logistics Class B	5.83%	7.15%	44	2.62%	2.77%
EAST					
Industrial - Warehouse/Logistics Class A	4.83%	6.00%	46	3.08%	2.71%
Industrial - Warehouse/Logistics Class B	5.65%	6.81%	46	3.08%	2.71%
UNITED STATES					
Industrial - Warehouse/Logistics Class A	4.93%	6.23%	45	2.95%	2.82%
Industrial - Warehouse/Logistics Class B	5.61%	6.92%	45	2.95%	2.82%
CANADA					
Industrial - Warehouse/Logistics Class A	4.90%	5.65%	25	2.00%	2.00%
Industrial - Warehouse/Logistics Class B	5.15%	5.90%	25	2.00%	2.00%
MEXICO					
Industrial - Warehouse/Logistics Class A	7.00%	9.00%	25	3.50%	3.50%
Industrial - Warehouse/Logistics Class B	8.00%	10.00%	25	3.50%	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 2022 International Rates Comparison Industrial	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						
Industrial - Warehouse/Logistics Class A	5.50%	6.25%	25	↔	2.00%	2.00%
Industrial - Warehouse/Logistics Class B	5.75%	6.50%	25	↔	2.00%	2.00%
EDMONTON, AB, CANADA						
Industrial - Warehouse/Logistics Class A	5.75%	6.50%	25	↔	2.00%	2.00%
Industrial - Warehouse/Logistics Class B	6.00%	6.75%	25	↔	2.00%	2.00%
MONTREAL, QC, CANADA						
Industrial - Warehouse/Logistics Class A	4.75%	5.50%	25	↔	2.00%	2.00%
Industrial - Warehouse/Logistics Class B	5.00%	5.75%	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.

- With the sharp decline in vacancy and the inflation in rents, developers jumped at the opportunity to get new development projects going. 2021 ended with nearly 500 million square feet under construction nationally, an all-time record. Dallas is surpassing all other markets in new projects under development, with approximately 64 million square feet in progress as of year-end 2021. With inventory availability tight at most first-tier markets, a number of second-level markets are seeing healthy interest from tenants, developers and investors alike. Phoenix is seeing new construction of nearly 30 million square feet, approximately 9 percent of its total inventory, as a result of its burgeoning demographic growth and the migration of tenants from the congested port areas of Southern California. A similar story is playing out in the Midwest, with markets such as Indianapolis seeing heavy development to facilitate tenants looking for a lower cost, lower-tax environment as compared to the primary Chicago market just a few hours north.

1Q 2022 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
TORONTO, ON, CANADA						
Industrial - Warehouse/Logistics Class A	4.25%	5.00%	25	↔	2.00%	2.00%
Industrial - Warehouse/Logistics Class B	4.50%	5.25%	25	↔	2.00%	2.00%
VANCOUVER, BC, CANADA						
Industrial - Warehouse/Logistics Class A	4.25%	5.00%	25	↔	2.00%	2.00%
Industrial - Warehouse/Logistics Class B	4.50%	5.25%	25	↔	2.00%	2.00%
MEXICO CITY, MEXICO						
Industrial - Warehouse/Logistics Class A	7.00%	9.00%	25	↓	3.50%	3.50%
Industrial - Warehouse/Logistics Class B	8.00%	10.00%	25	↓	3.50%	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 2022 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						
Industrial - Warehouse/Logistics Class A	4.25%	5.50%	25	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.50%	6.50%	25	↔	3.00%	3.00%
IRVINE/ORANGE, CA						
Industrial - Warehouse/Logistics Class A	4.25%	6.00%	25	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	6.25%	25	↔	3.00%	3.00%
LAS VEGAS, NV						
Industrial - Warehouse/Logistics Class A	4.25%	6.00%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.50%	6.25%	50	↔	3.00%	3.00%
LOS ANGELES, CA						
Industrial - Warehouse/Logistics Class A	4.25%	6.00%	25	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	6.25%	25	↔	3.00%	3.00%
PHOENIX, AZ						
Industrial - Warehouse/Logistics Class A	5.00%	6.50%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.75%	7.00%	50	↔	3.00%	3.00%
PORTLAND, OR						
Industrial - Warehouse/Logistics Class A	6.00%	7.50%	50	↔	0.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.25%	7.75%	50	↔	0.00%	3.00%
RENO, NV						
Industrial - Warehouse/Logistics Class A	4.75%	6.25%	25	↔	5.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.00%	6.75%	25	↔	5.00%	3.00%
SACRAMENTO, CA						
Industrial - Warehouse/Logistics Class A	4.50%	6.00%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.00%	6.50%	50	↔	3.00%	3.00%
SALT LAKE CITY, UT						
Industrial - Warehouse/Logistics Class A	4.25%	5.75%	25	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.50%	6.00%	25	↓	3.00%	3.00%
SEATTLE, WA						
Industrial - Warehouse/Logistics Class A	4.50%	6.50%	50	↔	0.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	7.00%	50	↔	0.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Industrial - Warehouse/Logistics Class A	4.00%	6.00%	50	↔	3.00%	3.00%
Industrial - 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 2022 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						
Industrial - Warehouse/Logistics Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.50%	6.50%	50	↔	3.00%	3.00%
CINCINNATI, OH						
Industrial - Warehouse/Logistics Class A	5.25%	6.25%	50	↔	3.00%	2.50%
Industrial - Warehouse/Logistics Class B	5.75%	6.75%	50	↔	3.00%	2.50%
CLEVELAND, OH						
Industrial - Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	2.50%
Industrial - Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	2.50%
COLUMBUS, OH						
Industrial - Warehouse/Logistics Class A	5.25%	6.25%	50	↔	3.00%	2.50%
Industrial - Warehouse/Logistics Class B	5.75%	6.75%	50	↔	3.00%	2.50%
DETROIT, MI						
Industrial - Warehouse/Logistics Class A	5.00%	6.50%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.50%	7.00%	50	↔	3.00%	3.00%
GRAND RAPIDS, MI						
Industrial - Warehouse/Logistics Class A	5.25%	6.75%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.75%	7.25%	50	↔	3.00%	3.00%
INDIANAPOLIS, IN						
Industrial - Warehouse/Logistics Class A	5.25%	6.25%	50	↔	3.00%	2.50%
Industrial - Warehouse/Logistics Class B	5.75%	6.75%	50	↔	3.00%	2.50%
KANSAS CITY, MO						
Industrial - Warehouse/Logistics Class A	5.50%	6.50%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.50%	7.50%	50	↓	3.00%	3.00%
MINNEAPOLIS, MN						
Industrial - Warehouse/Logistics Class A	5.00%	6.25%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.50%	7.75%	50	↓	3.00%	3.00%
ST. LOUIS, MO						
Industrial - Warehouse/Logistics Class A	5.50%	6.50%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.50%	7.50%	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 2022 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						
Industrial - Warehouse/Logistics Class A	6.00%	7.50%	50	↔	1.00%	2.00%
Industrial - Warehouse/Logistics Class B	7.00%	9.00%	50	↔	1.00%	2.00%
ATLANTA, GA						
Industrial - Warehouse/Logistics Class A	5.50%	7.00%	50	↔	2.50%	2.50%
Industrial - Warehouse/Logistics Class B	6.50%	8.00%	50	↔	2.50%	2.50%
AUSTIN, TX						
Industrial - Warehouse/Logistics Class A	4.50%	5.75%	50	↔	3.00%	3.00%
Industrial - 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 2022 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						
Industrial - Warehouse/Logistics Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.50%	8.00%	50	↔	3.00%	3.00%
DALLAS, TX						
Industrial - Warehouse/Logistics Class A	4.25%	5.25%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	5.75%	50	↓	3.00%	3.00%
FORT WORTH, TX						
Industrial - Warehouse/Logistics Class A	4.25%	5.25%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	5.75%	50	↓	3.00%	3.00%
HOUSTON, TX						
Industrial - Warehouse/Logistics Class A	5.50%	6.50%	50	↓	2.50%	3.00%
Industrial - Warehouse/Logistics Class B	6.00%	7.00%	50	↓	2.50%	3.00%
MIAMI, FL						
Industrial - Warehouse/Logistics Class A	4.25%	6.00%	25	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.00%	6.50%	25	↔	3.00%	3.00%
NEW ORLEANS, LA						
Industrial - Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%
ORLANDO, FL						
Industrial - Warehouse/Logistics Class A	5.75%	6.50%	25	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.25%	7.00%	25	↔	3.00%	3.00%
SAN ANTONIO, TX						
Industrial - Warehouse/Logistics Class A	4.25%	6.00%	50	↓	3.00%	2.50%
Industrial - Warehouse/Logistics Class B	4.75%	6.50%	50	↓	3.00%	2.50%
TAMPA, FL						
Industrial - Warehouse/Logistics Class A	5.75%	6.50%	25	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.25%	7.00%	25	↔	3.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
Industrial - Warehouse/Logistics Class A	5.50%	7.00%	50	↔	1.00%	2.00%
Industrial - 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 2022 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						
Industrial - Warehouse/Logistics Class A	4.75%	5.75%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.50%	7.50%	50	↓	3.00%	3.00%
BOSTON, MA						
Industrial - Warehouse/Logistics Class A	5.00%	6.50%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.00%	7.50%	50	↓	3.00%	3.00%
LEHIGH VALLEY, PA						
Industrial - Warehouse/Logistics Class A	3.75%	4.75%	25	↓	5.00%	2.00%
Industrial - Warehouse/Logistics Class B	4.50%	5.50%	25	↓	5.00%	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 2022 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						
Industrial - Warehouse/Logistics Class A	4.50%	6.00%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	6.25%	50	↓	3.00%	3.00%
NEW YORK CITY SUBURBS						
Industrial - Warehouse/Logistics Class A	4.25%	5.75%	25	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.00%	6.75%	25	↓	3.00%	3.00%
NORTHERN NEW JERSEY						
Industrial - Warehouse/Logistics Class A	4.25%	5.25%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	5.75%	50	↓	3.00%	3.00%
PHILADELPHIA, PA						
Industrial - Warehouse/Logistics Class A	4.50%	5.50%	50	↓	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	5.00%	6.00%	50	↓	3.00%	3.00%
PITTSBURGH, PA						
Industrial - Warehouse/Logistics Class A	6.50%	8.00%	50	↔	2.50%	2.00%
Industrial - Warehouse/Logistics Class B	7.50%	9.00%	50	↔	2.50%	2.00%
SOUTHERN NEW JERSEY						
Industrial - Warehouse/Logistics Class A	3.75%	5.00%	50	↓	4.00%	3.00%
Industrial - Warehouse/Logistics Class B	4.75%	5.50%	50	↓	4.00%	3.00%
UPSTATE NEW YORK						
Industrial - Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.00%	2.00%
Industrial - Warehouse/Logistics Class B	6.50%	7.50%	50	↔	2.00%	2.00%
WASHINGTON, DC						
Industrial - Warehouse/Logistics Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Industrial - Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%
WILMINGTON, DE						
Industrial - Warehouse/Logistics Class A	5.75%	6.50%	50	↔	2.50%	2.50%
Industrial - 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

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

The multifamily market continues to be one of the more preferred real estate asset classes. Investor demand is expected to continue in 2022 due to continued rental increases and favorable occupancy expectations. This has resulted in cap rates in the 2.5-3.5 percent range for trophy class multifamily in selective markets. This preferred property type faces obstacles such as supply and labor shortages, inflation, exposure to restrictive governmental intervention to include affordability, rent control and restrictive zoning in dense urban markets. By contrast, new construction is prevalent in the Sunbelt where population continues to grow and restrictions are limited.

Single-family development is another growing component of the rental housing market with large investor appetite amongst institutions and other major investor types. These are particularly favorable given the dynamics of the high cost of single-family homes, lack of “for sale” inventory and other constraints on home buyers, especially first-time home buyers.

Investment metrics are expected to remain strong for multifamily properties for the foreseeable future.

1Q 2022 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	4.38%	6.02%	44	3.17%	2.92%
Multifamily - CBD Class B	4.75%	6.40%	44	3.17%	2.92%
Multifamily - Suburban Class A	4.48%	6.09%	43	3.17%	2.91%
Multifamily - Suburban Class B	4.89%	6.50%	43	3.17%	2.91%
CENTRAL					
Multifamily - CBD Class A	5.00%	6.58%	55	2.80%	2.75%
Multifamily - CBD Class B	5.68%	7.30%	55	2.80%	2.75%
Multifamily - Suburban Class A	5.10%	6.70%	55	2.95%	2.75%
Multifamily - Suburban Class B	5.70%	7.23%	55	2.95%	2.75%
SOUTH					
Multifamily - CBD Class A	4.62%	6.29%	46	2.58%	2.77%
Multifamily - CBD Class B	5.23%	6.83%	46	2.58%	2.77%
Multifamily - Suburban Class A	4.79%	6.46%	46	2.58%	2.77%
Multifamily - Suburban Class B	5.40%	7.00%	46	2.58%	2.77%
EAST					
Multifamily - CBD Class A	4.63%	6.05%	43	2.63%	2.70%
Multifamily - CBD Class B	5.28%	6.78%	43	2.63%	2.70%
Multifamily - Suburban Class A	4.85%	6.27%	46	2.70%	2.75%
Multifamily - Suburban Class B	5.40%	6.92%	46	2.70%	2.75%
UNITED STATES					
Multifamily - CBD Class A	4.64%	6.23%	47	2.75%	2.79%
Multifamily - CBD Class B	5.21%	6.81%	47	2.75%	2.79%
Multifamily - Suburban Class A	4.80%	6.38%	47	2.80%	2.79%
Multifamily - Suburban Class B	5.34%	6.91%	47	2.80%	2.79%
CANADA					
Multifamily - CBD Class A	3.85%	4.55%	25	2.00%	2.00%
Multifamily - CBD Class B	4.10%	4.85%	25	2.00%	2.00%
Multifamily - Suburban Class A	4.30%	5.05%	25	2.00%	2.00%
Multifamily - Suburban Class B	4.60%	5.35%	25	2.00%	2.00%
MEXICO					
Multifamily - CBD Class A	7.50%	9.50%	25	2.50%	3.50%
Multifamily - CBD Class B	8.50%	10.50%	25	1.00%	3.50%
Multifamily - Suburban Class A	8.00%	10.00%	50	0.00%	3.50%
Multifamily - Suburban Class B	9.00%	11.00%	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.



1Q 2022 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	↔	3.00%	3.00%
Multifamily - CBD Class B	5.00%	7.50%	75	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.75%	7.00%	75	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.00%	7.50%	75	↔	3.00%	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	4.75%	6.25%	25	↔	5.00%	3.00%
Multifamily - CBD Class B	5.00%	6.75%	25	↔	5.00%	3.00%
Multifamily - Suburban Class A	4.75%	6.25%	25	↔	5.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.75%	25	↔	5.00%	3.00%
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%

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 2022 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%
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 2022 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	4.50%	5.50%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.50%	6.50%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.50%	6.50%	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	5.00%	6.50%	75	↔	4.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	75	↔	4.00%	3.00%
Multifamily - Suburban Class A	4.50%	6.00%	75	↔	4.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.50%	75	↔	4.00%	3.00%
GRAND RAPIDS, MI						
Multifamily - CBD Class A	5.00%	6.50%	75	↔	4.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	75	↔	4.00%	3.00%
Multifamily - Suburban Class A	4.50%	6.00%	75	↔	4.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.50%	75	↔	4.00%	3.00%
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	5.00%	6.00%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	6.50%	7.50%	50	↔	3.00%	3.00%
MINNEAPOLIS, MN						
Multifamily - CBD Class A	4.25%	5.25%	50	↓	2.00%	2.50%
Multifamily - CBD Class B	4.75%	6.00%	50	↓	2.00%	2.50%
Multifamily - Suburban Class A	4.00%	5.00%	50	↓	2.50%	2.50%
Multifamily - Suburban Class B	4.50%	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 2022 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	5.00%	6.00%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	6.50%	7.50%	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 2022 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%	6.50%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.50%	6.50%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.50%	7.00%	50	↔	3.00%	3.00%
FORT WORTH, TX						
Multifamily - CBD Class A	4.50%	6.50%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	5.50%	7.00%	50	↔	3.00%	3.00%
Multifamily - Suburban Class A	4.50%	6.50%	50	↔	3.00%	3.00%
Multifamily - Suburban Class B	5.50%	7.00%	50	↔	3.00%	3.00%
HOUSTON, TX						
Multifamily - CBD Class A	4.25%	5.25%	50	↔	2.50%	3.00%
Multifamily - CBD Class B	5.00%	6.00%	50	↔	2.50%	3.00%
Multifamily - Suburban Class A	4.75%	5.75%	50	↔	2.50%	3.00%
Multifamily - Suburban Class B	5.50%	6.50%	50	↔	2.50%	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 2022 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 2022 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%	6.00%	25	↓	5.00%	2.00%
Multifamily - CBD Class B	6.00%	7.25%	25	↓	5.00%	2.00%
Multifamily - Suburban Class A	4.75%	6.00%	25	↓	5.00%	2.00%
Multifamily - Suburban Class B	6.00%	7.25%	25	↓	5.00%	2.00%
NEW YORK CITY (MANHATTAN & SUBURBS)						
Multifamily - CBD Class A	3.75%	5.25%	50	↔	3.00%	3.00%
Multifamily - CBD Class B	4.00%	5.50%	50	↔	3.00%	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 - Suburban Class A	4.25%	5.75%	50	↓	3.00%	3.00%
Multifamily - Suburban Class B	4.50%	6.00%	50	↓	3.00%	3.00%
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 2022 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 - 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	4.50%	5.50%	25	↔	2.00%	3.00%
Multifamily - CBD Class B	5.00%	6.00%	25	↔	2.00%	3.00%
Multifamily - Suburban Class A	4.50%	5.50%	25	↔	2.00%	3.00%
Multifamily - Suburban Class B	5.00%	6.00%	25	↔	2.00%	3.00%
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 2022 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
55+ Active Adult Multihousing, Class A	5.00%	6.00%	25	↔	2.00%	3.00%
55+ Active Adult Multihousing, Class B	5.50%	6.50%	25	↔	2.00%	3.00%
Student Housing - Tier 1	4.75%	N/A	N/A	↓	3.00%	3.00%
Student Housing - Tier 2	5.50%	N/A	N/A	↔	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 2022 International Rates Comparison 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
CALGARY, AB, CANADA						
Multifamily - CBD Class A	4.25%	5.00%	25	↔	2.00%	2.00%
Multifamily - CBD Class B	4.50%	5.25%	25	↔	2.00%	2.00%
Multifamily - Suburban Class A	5.00%	5.75%	25	↔	2.00%	2.00%
Multifamily - Suburban Class B	5.25%	6.00%	25	↔	2.00%	2.00%
EDMONTON, AB, CANADA						
Multifamily - CBD Class A	4.50%	5.00%	25	↔	2.00%	2.00%
Multifamily - CBD Class B	4.50%	5.25%	25	↔	2.00%	2.00%
Multifamily - Suburban Class A	4.75%	5.50%	25	↔	2.00%	2.00%
Multifamily - Suburban Class B	5.00%	5.75%	25	↔	2.00%	2.00%
MONTREAL, QC, CANADA						
Multifamily - CBD Class A	4.00%	4.75%	25	↔	2.00%	2.00%
Multifamily - CBD Class B	4.50%	5.25%	25	↔	2.00%	2.00%
Multifamily - Suburban Class A	4.25%	5.00%	25	↔	2.00%	2.00%
Multifamily - Suburban Class B	4.75%	5.50%	25	↔	2.00%	2.00%
TORONTO, ON, CANADA						
Multifamily - CBD Class A	3.25%	4.00%	25	↔	2.00%	2.00%
Multifamily - CBD Class B	3.50%	4.25%	25	↔	2.00%	2.00%
Multifamily - Suburban Class A	3.75%	4.50%	25	↔	2.00%	2.00%
Multifamily - Suburban Class B	4.00%	4.75%	25	↔	2.00%	2.00%
VANCOUVER, BC, CANADA						
Multifamily - CBD Class A	3.25%	4.00%	25	↔	2.00%	2.00%
Multifamily - CBD Class B	3.50%	4.25%	25	↔	2.00%	2.00%
Multifamily - Suburban Class A	3.75%	4.50%	25	↔	2.00%	2.00%
Multifamily - Suburban Class B	4.00%	4.75%	25	↔	2.00%	2.00%
MEXICO CITY, MEXICO						
Multifamily - CBD Class A	7.50%	9.50%	25	↔	0.00%	3.50%
Multifamily - CBD Class B	8.50%	10.50%	25	↔	0.00%	3.50%
Multifamily - Suburban Class A	8.00%	10.00%	50	↔	0.00%	3.50%
Multifamily - Suburban Class B	9.00%	11.00%	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 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

By Douglas H. Larson, MRICS
Executive Vice President
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Office

The national office market continued to recover in the fourth quarter of 2021 as fundamentals continued to improve, seen through positive net absorption and slowing vacancy growth.

Net absorption was positive at one million square feet, slowing vacancy increases in the fourth quarter, the first period of occupancy growth since late 2019. Flight to quality remains a significant demand driver, leading to a bifurcation of market fundamentals between high-end and lower quality office space.

Pent-up demand loosened throughout 2021, resulting in recovery in net demand. Still, vacancy remains under pressure due to new construction deliveries and oversupply challenges in many markets. Supply is expected to outweigh demand through the next year in many major markets. The year-end net absorption was positive, driven by steady gains in secondary and tertiary markets. Of the 56 office markets tracked by Newmark, 33 recorded positive absorption in the fourth quarter 2021. In addition, the nation's construction pipeline has begun to contract as a result of the limited number of groundbreakings since the onset of the pandemic. Asking rents, which rose 1.8 percent over the past year, continue to appreciate. However, as landlords face pressure to retain and attract new tenants, net effective rents have declined given generous concession packages in most major markets. While sublease space remains elevated in most markets, the total availability of supply has fallen in the last six months of 2021. This is a positive sign that tenants are reconsidering active sublease listings, which will provide relief to oversupply.

Most companies are planning their return to the office in early or mid-2022. Hybrid model office schedules are still a consideration for most companies as employees return to the workplace. There has been significant interest in companies who are looking for long-term requirements. In 2021, active tenant requirements for New York City increased significantly, totaling over 21.8 million square feet, which exceeded the totals from 2020. Although still below pre-pandemic levels, New York City's mobility has been steadily improving with increasing traffic and ridership on subways, buses and trains. Leasing in trophy New York City assets represented 20.2 percent of total Class A office leasing, which was 11.2 percent in 2020 and 20.2 percent in the two years pre-pandemic.

1Q 2022 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	5.63%	7.27%	40	2.60%	2.92%
Office - CBD Class B	6.10%	7.81%	40	2.60%	2.92%
Office - Suburban Class A	6.02%	7.61%	43	2.60%	2.91%
Office - Suburban Class B	6.50%	8.14%	43	2.60%	2.91%
CENTRAL					
Office - CBD Class A	7.00%	8.00%	50	1.78%	2.55%
Office - CBD Class B	7.80%	8.90%	50	1.78%	2.55%
Office - Suburban Class A	7.50%	8.60%	50	2.10%	2.55%
Office - Suburban Class B	8.05%	9.15%	50	2.10%	2.55%
SOUTH					
Office - CBD Class A	6.12%	7.29%	50	2.22%	2.69%
Office - CBD Class B	6.75%	7.96%	50	2.22%	2.69%
Office - Suburban Class A	6.52%	7.63%	50	2.22%	2.69%
Office - Suburban Class B	7.13%	8.31%	50	2.22%	2.69%
EAST					
Office - CBD Class A	6.23%	7.40%	45	1.50%	2.65%
Office - CBD Class B	7.05%	8.23%	45	1.50%	2.65%
Office - Suburban Class A	7.09%	8.09%	48	2.04%	2.70%
Office - Suburban Class B	7.86%	8.84%	48	2.04%	2.70%
UNITED STATES					
Office - CBD Class A	6.21%	7.47%	46	2.06%	2.71%
Office - CBD Class B	6.88%	8.19%	46	2.06%	2.71%
Office - Suburban Class A	6.76%	7.96%	48	2.21%	2.72%
Office - Suburban Class B	7.36%	8.58%	48	2.21%	2.72%
CANADA					
Office - CBD Class A	5.30%	6.20%	25	0.00%	2.00%
Office - CBD Class B	5.80%	6.75%	25	0.00%	2.00%
Office - Suburban Class A	6.15%	7.10%	25	0.00%	2.00%
Office - Suburban Class B	6.70%	7.55%	25	0.00%	2.00%
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	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.

National quarterly office sales volume in the final quarter of 2021 increased by 73.1 percent year-over-year to \$52.6 billion representing the largest fourth quarter volume in more than five years and pushing the total full-year volume to \$139.3 billion. While sale volume reached pre-pandemic levels, the amount of sales activity shifted higher to suburban office, specialty medical office and life science. Capital markets activity in New York City gained momentum in 2021, with overall office volume increasing by 17.8 percent and 33.3 percent year-over-year, respectively. Investors continue to favor newer and high-occupancy trophy assets reflecting a widening in capitalization rate spread between top quality and average office product. Dry powder allocated to core and core plus strategies increased, as investors flock to high-quality assets with stable cash flows.

1Q 2022 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	6.25%	7.75%	50	↔	3.00%	3.00%
Office - CBD Class B	6.50%	8.50%	50	↔	3.00%	3.00%
Office - Suburban Class A	6.25%	7.75%	50	↔	3.00%	3.00%
Office - Suburban Class B	6.50%	8.50%	50	↔	3.00%	3.00%
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 2022 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%
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 2022 National Rates Comparison Office - 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						
Office - CBD Class A	6.00%	7.00%	50	↑	0.00%	3.00%
Office - CBD Class B	7.00%	8.00%	50	↑	0.00%	3.00%
Office - Suburban Class A	6.50%	7.50%	50	↔	2.00%	3.00%
Office - Suburban Class B	7.00%	8.00%	50	↔	2.00%	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	↔	2.00%	2.00%
Office - CBD Class B	8.00%	9.00%	50	↔	2.00%	2.00%
Office - Suburban Class A	8.00%	9.50%	50	↔	2.00%	2.00%
Office - Suburban Class B	8.50%	10.00%	50	↔	2.00%	2.00%
GRAND RAPIDS, MI						
Office - CBD Class A	7.50%	8.50%	50	↔	2.00%	2.00%
Office - CBD Class B	8.00%	9.00%	50	↔	2.00%	2.00%
Office - Suburban Class A	8.00%	9.50%	50	↔	2.00%	2.00%
Office - Suburban Class B	8.50%	10.00%	50	↔	2.00%	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	↔	1.50%	3.00%
Office - CBD Class B	7.00%	8.50%	50	↔	1.50%	3.00%
Office - Suburban Class A	7.50%	8.50%	50	↔	2.00%	3.00%
Office - Suburban Class B	8.00%	9.00%	50	↔	2.00%	3.00%
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%

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 2022 National Rates Comparison Office - 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						
Office - CBD Class A	7.00%	8.00%	50	↑	1.00%	3.00%
Office - CBD Class B	7.50%	9.00%	50	↑	1.00%	3.00%
Office - Suburban Class A	7.50%	8.50%	50	↔	2.50%	3.00%
Office - Suburban Class B	8.00%	9.00%	50	↔	2.50%	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 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 2022 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 2022 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	6.25%	7.50%	50	↔	3.00%	3.00%
Office - CBD Class B	7.00%	8.00%	50	↔	3.00%	3.00%
Office - Suburban Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Office - Suburban Class B	7.00%	8.00%	50	↔	3.00%	3.00%
FORT WORTH, TX						
Office - CBD Class A	6.75%	8.00%	50	↔	3.00%	3.00%
Office - CBD Class B	7.50%	8.50%	50	↔	3.00%	3.00%
Office - Suburban Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Office - Suburban Class B	7.50%	8.50%	50	↔	3.00%	3.00%
HOUSTON, TX						
Office - CBD Class A	5.50%	6.50%	50	↔	1.00%	2.50%
Office - CBD Class B	6.50%	7.50%	50	↔	1.00%	2.50%
Office - Suburban Class A	6.00%	7.00%	50	↔	1.00%	2.50%
Office - Suburban Class B	7.00%	8.00%	50	↔	1.00%	2.50%
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	6.50%	7.50%	50	↔	2.50%	2.50%
Office - CBD Class B	7.00%	8.00%	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 2022 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%	50	↔	2.00%	2.00%
Office - CBD Class B	8.00%	9.50%	50	↔	2.00%	2.00%
Office - Suburban Class A	7.50%	8.75%	50	↔	2.00%	2.00%
Office - Suburban Class B	8.00%	9.50%	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	↔	3.00%	3.00%
Office - Suburban Class B	5.75%	6.75%	50	↔	3.00%	3.00%
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 - Suburban Class A	7.00%	8.50%	50	↔	0.00%	3.00%
Office - Suburban Class B	8.00%	9.00%	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 2022 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%

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 2022 International Rates Comparison Office	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%	2.00%
Office - CBD Class B	6.75%	7.75%	25	↑	0.00%	2.00%
Office - Suburban Class A	6.75%	7.75%	25	↑	0.00%	2.00%
Office - Suburban Class B	7.50%	8.50%	25	↑	0.00%	2.00%
EDMONTON, AB, CANADA						
Office - CBD Class A	6.25%	7.00%	25	↑	0.00%	2.00%
Office - CBD Class B	6.75%	7.50%	25	↑	0.00%	2.00%
Office - Suburban Class A	7.00%	7.75%	25	↑	0.00%	2.00%
Office - Suburban Class B	7.50%	8.25%	25	↑	0.00%	2.00%
MONTREAL, QC, CANADA						
Office - CBD Class A	5.00%	6.00%	25	↔	0.00%	2.00%
Office - CBD Class B	5.50%	6.50%	25	↔	0.00%	2.00%
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	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 & Regional Malls

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

The retail sector saw a significant rebound at the end of 2021, reaching record levels due to the COVID-19 financial stimulus provided to consumers.

- Aggregate U.S. store sales increased by a dramatic 19.3 percent during 2021, from \$6.22 to \$7.42 trillion. Consumer return to brick-and-mortar stores as vaccination rates increased and operations normalized heavily influenced the improved retail performance. The increases in store sales was illustrated by the decline in e-commerce sales, which dropped from its peak of nearly 16.0 percent during the start of the pandemic, to 12.9 percent by year-end 2021.
- Investors got back in the game with a flurry of market trades created by enhanced pricing certainty. Transaction activity in the retail sector amounted to \$76.88 billion in 2021, an 88 percent increase over 2020 pushing investment rates lower, in the safest assets, such as Class A centers tenanted by pharmacy, grocery, dollar stores, and national discount retailers. Low borrowing rates have helped maintain the low capitalization rate environment in the Class A segment.
- However, increased inflation, the conflict in Ukraine, higher interest rates and weaker consumer confidence may present challenges to the retail sector in 2022.



1Q 2022 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					
Retail - Grocery Anchor Strip Class A	5.88%	7.42%	42	2.71%	2.92%
Retail - Grocery Anchor Strip Class B	6.50%	7.92%	42	2.71%	2.92%
Retail - Unanchored Strip Class A	6.63%	8.08%	48	2.71%	2.92%
Retail - Unanchored Strip Class B	7.19%	8.54%	48	2.71%	2.92%
CENTRAL					
Retail - Grocery Anchor Strip Class A	6.30%	7.30%	60	2.30%	2.70%
Retail - Grocery Anchor Strip Class B	7.15%	8.15%	60	2.30%	2.70%
Retail - Unanchored Strip Class A	7.13%	8.43%	70	1.70%	2.70%
Retail - Unanchored Strip Class B	7.83%	9.08%	70	1.70%	2.70%
SOUTH					
Retail - Grocery Anchor Strip Class A	6.10%	7.23%	50	2.42%	2.77%
Retail - Grocery Anchor Strip Class B	6.62%	7.92%	50	2.42%	2.77%
Retail - Unanchored Strip Class A	6.90%	7.98%	50	2.41%	2.77%
Retail - Unanchored Strip Class B	7.37%	8.62%	50	2.41%	2.77%
EAST					
Retail - Grocery Anchor Strip Class A	6.27%	7.34%	43	1.85%	2.73%
Retail - Grocery Anchor Strip Class B	6.84%	8.05%	43	1.85%	2.73%
Retail - Unanchored Strip Class A	7.20%	8.23%	50	1.71%	2.70%
Retail - Unanchored Strip Class B	7.91%	9.00%	50	1.71%	2.70%
UNITED STATES					
Retail - Grocery Anchor Strip Class A	6.13%	7.32%	48	2.29%	2.78%
Retail - Grocery Anchor Strip Class B	6.76%	8.00%	48	2.29%	2.78%
Retail - Unanchored Strip Class A	6.95%	8.16%	54	2.13%	2.78%
Retail - Unanchored Strip Class B	7.55%	8.79%	54	2.13%	2.78%
CANADA					
Retail - Grocery Anchor Strip Class A	5.05%	5.85%	25	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	5.45%	6.20%	25	2.00%	2.00%
Retail - Unanchored Strip Class A	5.60%	6.40%	25	2.00%	2.00%
Retail - Unanchored Strip Class B	6.00%	6.80%	25	2.00%	2.00%
MEXICO					
Retail - Grocery Anchor Strip Class A	8.50%	10.50%	50	1.50%	3.50%
Retail - Grocery Anchor Strip Class B	9.50%	11.50%	50	1.00%	3.50%
Retail - Unanchored Strip Class A	9.00%	11.00%	50	0.00%	3.50%
Retail - Unanchored Strip Class B	9.50%	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 2022 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						
Retail - Grocery Anchor Strip Class A	5.50%	6.50%	50	↔	2.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.25%	7.25%	50	↔	2.00%	3.00%
Retail - Unanchored Strip Class A	6.00%	7.25%	50	↔	2.00%	3.00%
Retail - Unanchored Strip Class B	6.50%	7.50%	50	↔	2.00%	3.00%
IRVINE/ORANGE, CA						
Retail - Grocery Anchor Strip Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.00%	7.50%	25	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	6.00%	7.50%	0	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	6.75%	8.25%	0	↔	3.00%	3.00%
LAS VEGAS, NV						
Retail - Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	8.00%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
LOS ANGELES, CA						
Retail - Grocery Anchor Strip Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.00%	7.50%	25	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	6.00%	7.50%	0	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	6.75%	8.25%	0	↔	3.00%	3.00%
PHOENIX, AZ						
Retail - Grocery Anchor Strip Class A	6.00%	7.00%	25	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	7.50%	25	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	7.00%	8.00%	25	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	7.50%	8.50%	25	↔	3.00%	3.00%
PORTLAND, OR						
Retail - Grocery Anchor Strip Class A	6.50%	8.00%	50	↑	0.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.75%	8.25%	50	↑	0.00%	3.00%
Retail - Unanchored Strip Class A	7.00%	8.50%	50	↑	0.00%	3.00%
Retail - 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 2022 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						
Retail - Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.75%	8.75%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	6.75%	8.25%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	6.75%	8.75%	50	↔	3.00%	3.00%
SACRAMENTO, CA						
Retail - Grocery Anchor Strip Class A	7.00%	10.00%	50	↔	0.00%	3.00%
Retail - Grocery Anchor Strip Class B	9.00%	10.50%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class A	8.00%	10.50%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class B	9.50%	11.00%	50	↔	0.00%	3.00%
SALT LAKE CITY, UT						
Retail - Grocery Anchor Strip Class A	6.50%	8.00%	25	↔	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	7.00%	8.25%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class A	7.25%	8.50%	50	↔	2.00%	2.00%
Retail - Unanchored Strip Class B	7.50%	8.50%	50	↔	2.00%	2.00%
SAN FRANCISCO, CA						
Retail - Grocery Anchor Strip Class A	5.50%	6.50%	50	↔	0.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.00%	7.00%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class A	7.00%	8.00%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class B	7.50%	8.50%	50	↔	0.00%	3.00%
SEATTLE, WA						
Retail - Grocery Anchor Strip Class A	5.00%	7.50%	50	↔	0.00%	3.00%
Retail - Grocery Anchor Strip Class B	5.25%	7.50%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class A	6.00%	8.50%	50	↑	0.00%	3.00%
Retail - Unanchored Strip Class B	6.25%	8.50%	50	↑	0.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Retail - Grocery Anchor Strip Class A	5.00%	6.00%	50	↔	0.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.00%	7.00%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class A	5.50%	6.50%	50	↔	0.00%	3.00%
Retail - 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 2022 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						
Retail - Grocery Anchor Strip Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	6.75%	7.75%	100	↑	3.00%	3.00%
Retail - Unanchored Strip Class B	7.25%	7.25%	100	↑	3.00%	3.00%
CINCINNATI, OH						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Retail - Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Retail - Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Retail - Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
CLEVELAND, OH						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Retail - Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	2.50%
Retail - Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Retail - Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
COLUMBUS, OH						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Retail - Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	2.50%	2.50%
Retail - Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Retail - Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
DETROIT, MI						
Retail - Grocery Anchor Strip Class A	6.00%	7.00%	100	↔	1.00%	3.00%
Retail - Grocery Anchor Strip Class B	7.00%	8.00%	100	↔	1.00%	3.00%
Retail - Unanchored Strip Class A	6.50%	7.50%	100	↔	1.00%	3.00%
Retail - Unanchored Strip Class B	7.50%	8.50%	100	↔	1.00%	3.00%

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1Q 2022 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						
Retail - Grocery Anchor Strip Class A	6.00%	7.00%	100	↔	1.00%	3.00%
Retail - Grocery Anchor Strip Class B	7.00%	8.00%	100	↔	1.00%	3.00%
Retail - Unanchored Strip Class A	6.50%	7.50%	100	↔	1.00%	3.00%
Retail - Unanchored Strip Class B	7.50%	8.50%	100	↔	1.00%	3.00%
INDIANAPOLIS, IN						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	2.50%
Retail - Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	2.50%	2.50%
Retail - Unanchored Strip Class A	7.50%	9.00%	50	↑	1.50%	2.50%
Retail - Unanchored Strip Class B	8.00%	9.50%	50	↑	1.50%	2.50%
KANSAS CITY, MO						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	7.50%	9.00%	75	↑	2.00%	3.00%
Retail - Unanchored Strip Class B	8.00%	9.50%	75	↑	2.00%	3.00%
MINNEAPOLIS, MN						
Retail - Grocery Anchor Strip Class A	6.00%	7.00%	50	↔	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	2.00%	2.00%
Retail - Unanchored Strip Class A	6.50%	7.50%	50	↔	2.00%	2.00%
Retail - Unanchored Strip Class B	8.00%	9.50%	50	↔	2.00%	2.00%
ST. LOUIS, MO						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	7.50%	9.00%	75	↑	2.00%	3.00%
Retail - Unanchored Strip Class B	8.00%	9.50%	75	↑	2.00%	3.00%

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1Q 2022 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						
Retail - Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	1.00%	2.00%
Retail - Grocery Anchor Strip Class B	7.00%	9.00%	50	↔	1.00%	2.00%
Retail - Unanchored Strip Class A	7.00%	9.00%	50	↔	1.00%	2.00%
Retail - Unanchored Strip Class B	7.50%	10.00%	50	↔	1.00%	2.00%
ATLANTA, GA						
Retail - Grocery Anchor Strip Class A	6.25%	7.50%	50	↑	2.50%	2.50%
Retail - Grocery Anchor Strip Class B	7.00%	8.50%	50	↑	2.50%	2.50%
Retail - Unanchored Strip Class A	7.25%	8.00%	50	↑	2.50%	2.50%
Retail - Unanchored Strip Class B	7.75%	9.00%	50	↑	2.50%	2.50%
AUSTIN, TX						
Retail - Grocery Anchor Strip Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	5.75%	7.25%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	6.50%	7.50%	50	↑	3.00%	3.00%
Retail - Unanchored Strip Class B	6.50%	7.75%	50	↑	3.00%	3.00%
CHARLOTTE, NC						
Retail - Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%
DALLAS, TX						
Retail - Grocery Anchor Strip Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.00%	7.25%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	7.00%	8.00%	50	↔	3.00%	3.00%
FORT WORTH, TX						
Retail - Grocery Anchor Strip Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.00%	7.25%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	7.00%	8.00%	50	↔	3.00%	3.00%
HOUSTON, TX						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	3.00%
Retail - Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	2.50%	3.00%
Retail - Unanchored Strip Class A	7.25%	8.25%	50	↔	2.50%	3.00%
Retail - Unanchored Strip Class B	7.75%	8.75%	50	↔	2.50%	3.00%

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1Q 2022 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						
Retail - Grocery Anchor Strip Class A	5.50%	6.00%	50	↔	0.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.25%	7.00%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class A	6.25%	6.50%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class B	6.75%	7.50%	50	↔	0.00%	3.00%
NEW ORLEANS, LA						
Retail - Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.50%	3.00%
Retail - Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.50%	3.00%
Retail - Unanchored Strip Class A	8.00%	9.00%	50	↑	0.00%	3.00%
Retail - Unanchored Strip Class B	8.50%	9.50%	50	↑	0.00%	3.00%
ORLANDO, FL						
Retail - Grocery Anchor Strip Class A	6.25%	7.00%	50	↔	2.50%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	2.50%	3.00%
Retail - Unanchored Strip Class A	6.75%	7.50%	50	↔	2.50%	3.00%
Retail - Unanchored Strip Class B	7.25%	8.00%	50	↔	2.50%	3.00%
SAN ANTONIO, TX						
Retail - Grocery Anchor Strip Class A	5.75%	7.00%	50	↑	2.50%	2.50%
Retail - Grocery Anchor Strip Class B	6.00%	7.25%	50	↑	2.50%	2.50%
Retail - Unanchored Strip Class A	6.50%	7.50%	50	↑	2.50%	2.50%
Retail - Unanchored Strip Class B	7.00%	8.00%	50	↑	2.50%	2.50%
TAMPA, FL						
Retail - Grocery Anchor Strip Class A	6.25%	7.00%	50	↔	2.50%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	2.50%	3.00%
Retail - Unanchored Strip Class A	6.75%	7.50%	50	↔	2.50%	3.00%
Retail - Unanchored Strip Class B	7.25%	8.00%	50	↔	2.50%	3.00%
TULSA/OKLAHOMA CITY, OK						
Retail - Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	1.00%	2.00%
Retail - Grocery Anchor Strip Class B	7.00%	9.00%	50	↔	1.00%	2.00%
Retail - Unanchored Strip Class A	7.00%	9.00%	50	↔	1.00%	2.00%
Retail - Unanchored Strip Class B	7.50%	10.00%	50	↔	1.00%	2.00%

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1Q 2022 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						
Retail - Grocery Anchor Strip Class A	6.25%	7.25%	50	↑	2.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.75%	7.75%	50	↑	2.00%	3.00%
Retail - Unanchored Strip Class A	6.75%	7.75%	50	↑	2.00%	3.00%
Retail - Unanchored Strip Class B	7.75%	8.75%	50	↑	2.00%	3.00%
BOSTON, MA						
Retail - Grocery Anchor Strip Class A	6.25%	6.75%	25	↔	2.50%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	7.25%	25	↔	2.50%	3.00%
Retail - Unanchored Strip Class A	7.75%	8.50%	50	↔	1.50%	3.00%
Retail - Unanchored Strip Class B	8.50%	9.00%	50	↔	1.50%	3.00%
LEHIGH VALLEY, PA						
Retail - Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	0.00%	2.00%
Retail - Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	0.00%	2.00%
Retail - Unanchored Strip Class A	8.25%	9.50%	50	↔	0.00%	2.00%
Retail - Unanchored Strip Class B	8.50%	10.00%	50	↔	0.00%	2.00%
NEW YORK CITY BOROUGHS						
Retail - Grocery Anchor Strip Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	5.75%	6.75%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Retail - Unanchored Strip Class B	6.00%	7.00%	50	↔	3.00%	3.00%
NEW YORK CITY SUBURBS						
Retail - Grocery Anchor Strip Class A	6.00%	6.50%	25	↑	3.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.75%	7.50%	25	↑	3.00%	3.00%
Retail - Unanchored Strip Class A	8.00%	8.50%	50	↔	2.00%	3.00%
Retail - Unanchored Strip Class B	8.25%	9.00%	50	↔	2.00%	3.00%
NORTHERN NEW JERSEY						
Retail - Grocery Anchor Strip Class A	6.25%	6.75%	25	↔	2.50%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	7.25%	25	↔	2.50%	3.00%
Retail - Unanchored Strip Class A	7.75%	8.50%	50	↔	1.50%	2.75%
Retail - Unanchored Strip Class B	8.50%	9.00%	50	↔	1.50%	2.75%
PHILADELPHIA, PA						
Retail - Grocery Anchor Strip Class A	6.25%	7.50%	50	↔	1.50%	2.50%
Retail - Grocery Anchor Strip Class B	6.75%	8.25%	50	↔	1.50%	2.50%
Retail - Unanchored Strip Class A	7.00%	8.25%	50	↔	0.00%	2.50%
Retail - Unanchored Strip Class B	7.75%	9.25%	50	↔	0.00%	2.50%
PITTSBURGH, PA						
Retail - Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	1.00%	2.00%
Retail - Grocery Anchor Strip Class B	8.25%	9.25%	50	↔	1.00%	2.00%
Retail - Unanchored Strip Class A	7.50%	8.50%	50	↔	0.00%	2.00%
Retail - Unanchored Strip Class B	8.75%	9.75%	50	↔	0.00%	2.00%
SOUTHERN NEW JERSEY						
Retail - Grocery Anchor Strip Class A	6.25%	7.50%	50	↔	1.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	8.25%	50	↔	1.00%	3.00%
Retail - Unanchored Strip Class A	7.00%	8.00%	50	↔	0.00%	3.00%
Retail - Unanchored Strip Class B	7.50%	9.00%	50	↔	0.00%	3.00%

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1Q 2022 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						
Retail - Grocery Anchor Strip Class A	5.50%	6.75%	50	↔	1.00%	3.00%
Retail - Grocery Anchor Strip Class B	6.50%	7.75%	50	↔	1.00%	3.00%
Retail - Unanchored Strip Class A	6.00%	7.25%	50	↔	1.00%	3.00%
Retail - Unanchored Strip Class B	7.00%	8.25%	50	↔	1.00%	3.00%
WILMINGTON, DE						
Retail - Grocery Anchor Strip Class A	7.00%	9.00%	50	↔	1.00%	2.50%
Retail - Grocery Anchor Strip Class B	7.50%	9.50%	50	↔	1.00%	2.50%
Retail - Unanchored Strip Class A	7.50%	9.00%	50	↑	1.00%	2.50%
Retail - Unanchored Strip Class B	8.50%	10.00%	50	↑	1.00%	2.50%

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1Q 2022 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
Retail - Regional Malls Class A	5.50%	6.50%	100	↔	1.50%	3.00%
Retail - Regional Malls Class B	8.00%	9.00%	100	↑	1.00%	3.00%
Retail - Regional Malls Class C	17.50%	19.00%	150	↑	0.00%	3.00%
Retail - Power Centers Tier 1	6.50%	7.00%	50	↔	1.50%	3.00%
Retail - Power Centers Tier 2	8.00%	8.50%	50	↑	1.00%	3.00%
Retail - Power Centers Tier 3	10.00%	11.00%	100	↑	0.00%	3.00%
Retail - Lifestyle Centers Tier 1	5.75%	6.50%	75	↔	1.50%	3.00%
Retail - Lifestyle Centers Tier 2	7.75%	8.50%	75	↑	1.00%	3.00%
Retail - Lifestyle Centers Tier 3	13.50%	15.00%	150	↑	0.00%	3.00%
Retail - Single Tenant Retail Tier 1	5.50%	6.00%	50	↔	3.00%	3.00%
Retail - Single Tenant Retail Tier 2	6.00%	6.50%	50	↔	3.00%	3.00%
Retail - 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 2022 International Rates Comparison 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
CALGARY, AB, CANADA						
Retail - Grocery Anchor Strip Class A	5.50%	6.25%	25	↔	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	6.00%	6.50%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class A	6.00%	6.75%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class B	6.50%	7.00%	25	↔	2.00%	2.00%
EDMONTON, AB, CANADA						
Retail - Grocery Anchor Strip Class A	5.75%	6.50%	25	↔	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	6.25%	7.00%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class A	6.50%	7.25%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class B	7.00%	7.75%	25	↔	2.00%	2.00%
MONTREAL, QC, CANADA						
Retail - Grocery Anchor Strip Class A	5.25%	6.25%	25	↔	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	5.75%	6.75%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class A	5.75%	6.75%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class B	6.25%	7.25%	25	↔	2.00%	2.00%
TORONTO, ON, CANADA						
Retail - Grocery Anchor Strip Class A	4.50%	5.25%	25	↔	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	4.75%	5.50%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class A	5.00%	5.75%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class B	5.25%	6.00%	25	↔	2.00%	2.00%
VANCOUVER, BC, CANADA						
Retail - Grocery Anchor Strip Class A	4.25%	5.00%	25	↔	2.00%	2.00%
Retail - Grocery Anchor Strip Class B	4.50%	5.25%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class A	4.75%	5.50%	25	↔	2.00%	2.00%
Retail - Unanchored Strip Class B	5.00%	6.00%	25	↔	2.00%	2.00%
MEXICO CITY, MEXICO						
Retail - Grocery Anchor Strip Class A	8.50%	10.50%	50	↔	0.00%	3.50%
Retail - Grocery Anchor Strip Class B	9.50%	11.50%	50	↔	0.00%	3.50%
Retail - Unanchored Strip Class A	9.00%	11.00%	50	↑	0.00%	3.50%
Retail - Unanchored Strip Class B	9.50%	12.00%	50	↑	0.00%	3.50%

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Retail Petroleum & Restaurants

By Brock J. Rule, MAI, ASA-BV
Senior Managing Director
Valuation & Advisory
Specialty Practice Co-Leader -
Retail Petroleum & Restaurants

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Retail Petroleum & Restaurants

The COVID-19 pandemic reinforced the belief that the retail petroleum market is recession resistant.

- Gallonage declined in 2020, but gross profit margins on fuel rose more than enough to compensate for volume losses. Total industry pre-tax profit was \$11.9 billion in 2020. That figure is up nine percent from the prior year's record of \$11.0 billion. While industry profit totals are not yet available for 2021, fuel margins again covered volume losses relative to pre-COVID-19 levels. The important conclusion is that retailers are exerting pricing power, despite the commodity nature of fuel.
- For the longer 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 (290 million light-duty vehicles), the modest pace of new sales (16 million in a good year), and the small share of electric sales (four percent 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.

1Q 2022 National Rates Comparison Retail Petroleum	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	4.50%	6.00%	75	↔	2.00%	2.00%
Retail Petroleum - Regional	6.00%	7.50%	75	↔	2.00%	2.00%
Retail Petroleum - Local	7.00%	8.50%	75	↔	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 2022 National Rates Comparison 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	4.25%	6.00%	75	↔	2.00%	2.00%
Quick Service Restaurant - Franchisee	4.75%	6.25%	75	↔	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.

- According to the National Restaurant Association, foodservice sales are expected to increase by 12.4 percent in 2022 relative to 2021. Industry sales are now running above pre-COVID-19 levels. The three-year “stack” (i.e. total change since 2019) is 14.9 percent for quick serve establishments and 1.4 percent for full service. The pandemic caused about 90,000 stores to permanently close, near double the number in a typical year. Closures were heavily concentrated in full service independents. The survivors have benefited from less competition. Still, some of the sales growth is inflationary—recouping increased food and labor costs. If stagflation sets in, profitability at restaurants will be under pressure.
- 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 may have more robust marketing budgets and have the capital to execute on technological change. After a short COVID-19 pause, consolidation was back in full swing. As of early 2022, deals are progressing, but persistent inflation followed by increasing interest rates could decrease M&A volume or pricing, or both.



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

By R. Christian Sonne, CRE, MAI, FRICS
Executive Vice President
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Specialty Practice Co-Leader - Self Storage

Steve Johnson, MAI
Executive Vice President
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The self storage asset class is now generally considered core or core plus commercial real estate sector, comparable to office, industrial, retail and multifamily based on robust underwriting criteria used by today’s investors. Leading the favorable investment climate are compressed cap rates resulting from a property-starved capital market. Investor returns for all classes of self storage property have declined across the country.

Self storage rental rates and occupancy levels are at all-time highs, while cap rates are at all-time lows, resulting in new high benchmarks in single asset and portfolio pricing. Adding to the very positive market conditions are low loan losses, abundance of debt facilities and favorable acceptance of this property type by frothy public markets, especially self storage REITs. Going forward we anticipate self storage will perform well in an inflationary environment.

1Q 2022 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	4.56%	7.00%	34	↓	3.71%	3.15%
Self Storage - Class B	5.10%	7.75%	30	↓	3.50%	3.20%
Self Storage - Class C	5.50%	8.40%	45	↓	3.25%	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 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

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

As COVID-19 outbreaks continue to slow, overall investor sentiment has improved for independent and memory care facilities. Demand has been strong for portfolios currently in the market and investment rates stabilized over the last six to 12 months.

Skilled nursing facilities and assisted living residences are still facing challenges, mainly due to staffing costs and rising insurance premiums, but buyers are still on the hunt for these assets. Many operators have reported increased foot traffic and net absorption rates for Class A assets since last summer. In addition, new construction slowed considerably since the beginning of COVID-19, which decreased the number of units coming into the market.

When turbulence struck the market, the industry responded swiftly, implementing effective, new procedures to care for residents while ensuring a safe environment for staff. Supply chain issues and increased staffing costs are the main challenges for operators, but many investors believe the industry will adapt. Rising staffing costs, which were present before the pandemic, accelerated and many operators face the decision to raise rental rates while occupancies are still soft in some markets.

Investment rates are expected to fluctuate slightly over the balance of 2022. As we move further away from the pandemic, investor appetite is expected to increase, forcing a decline in capitalization rates in 2023. This decline is subject to future variances in the debt market that may impact interest rates.

1Q 2022 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	5.50%	8.50%	50	↔	3.00%	3.00%
Independent Living - Class B	6.00%	9.00%	50	↔	3.00%	3.00%
Assisted Living/Dementia - Class A	6.25%	9.00%	50	↔	3.00%	3.00%
Assisted Living/Dementia - Class B	6.50%	9.25%	50	↑	3.00%	3.00%
Skilled Nursing - Class A	11.50%	14.00%	50	↔	3.00%	3.00%
Skilled Nursing - Class B	12.50%	16.00%	50	↑	3.00%	3.00%
CCRC - Class A	9.00%	11.50%	50	↔	3.00%	3.00%
CCRC - Class B	9.50%	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

By John Vaughan, MAI
*Senior Vice President
Valuation & Advisory
Specialty Practice Leader - Vineyards & Wineries*

For vineyards and wineries, the 2021 harvest in the major wine making areas of the West Coast was constrained by the ongoing drought.

Fortunately, there were limited wildfires and the harvest quality is reported to be well above average. The outlook anticipates an outstanding vintage. The combination of a light crop in 2021, combined with the very limited harvest in 2020 due to the wildfires resulted in the surplus of bulk wine being absorbed, bringing the market into equilibrium for 2022. The chain of events prompted wine makers to contract with growers for 2022 to ensure a reliable supply of quality grapes. Winemakers are also buying vineyards to lock in supply, resulting in strong demand for quality vineyards, with going in rates from 4.5-7.5 percent for vineyards entering prime production years and 8.0-10.0 percent for vineyards that require replanting in the foreseeable future.

Lifestyle buyers continue to drive the markets for smaller vineyards with the potential for development of a vineyard estate. This segment of the market experienced very strong demand during the pandemic as affluent buyers migrated from regional employment centers to premier wine country locations.

The market remains concerned with the risks of wildfire and the ongoing drought, which is constraining operators' ability to obtain insurance and financing.

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

By John Corbett, MAI
*Senior Managing Director
Valuation & Advisory
Specialty Practice Leader - Financial Reporting*

2021 M&A activity continued at the same, strong pace following the dip in early 2020.

- Deal volume in the United States and globally continues to break records due to improving economic conditions, government sponsored stimulus and incentives, low interest rates, and increased optimism among corporate executives in the U.S. Transaction volume in the U.S. for deal values in excess of \$500 million nearly doubled that in 2020 and 2019. These levels of activity were driven in part by mega-deals (greater than \$5.0 billion), which, through 2021, had more than doubled that experienced in 2020. As a percentage of U.S. deals, the mega-deals have remained relatively consistent with that reported since 2018.
- The pandemic underscored the importance of technology. Successful companies pivoted operating models to meet changing consumer needs through e-commerce and digital business. In addition to meeting consumer needs, companies need to improve resilience amid supply chain disruption and cyber-attacks. Deal value related to tech acquisitions to assist in the foregoing accelerated in 2021 and is expected to continue through 2022.
- Looking forward, the appetite for M&A activity is expected to continue through the first half of 2022 as capital remains in abundance via corporate buyers, private equity, venture capital and Special Purpose Acquisition Companies ("SPAC"). However, deal velocity for the year may be limited by several factors including high valuations/multiples, inflation, supply chain disruption, antitrust enforcement and increasing interest rates.

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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