

# CBRE NORTH AMERICA **CAP RATE SURVEY**

FIRST HALF 2015

A CBRE RESEARCH PUBLICATION



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## OVERVIEW

### KEY UNITED STATES OBSERVATIONS

- The U.S. commercial real estate market continues to perform well and attract substantial investor interest, in turn creating a very competitive investment landscape. This investment environment, overall, led to slightly lower cap rates in H1 2015 compared to H2 2014.
- The changes in cap rates were smaller than found in recent surveys, signaling that the capital markets cycle is close to reaching stabilization in terms of pricing (based on cap rates, but not necessarily on a per square foot or unit basis).
- While the big “take away” from the current survey is that the market is close to stabilization in cap rate pricing, there was also considerable variation within this theme.
- The CBRE North America Cap Rate Survey H1 2015 found that the retail sector experienced the most significant national cap rate compression. Rates dropped for most types and classes of retail properties, however the declines were modest.
- The industrial and hotel sectors experienced the next largest declines, although these were also quite small.
- Both the retail and hotel sectors were late in joining the real estate recovery and in attracting investment capital; therefore it is not surprising that the cap rate declines are greater in these sectors than those more mature in the real estate cycle.
- National cap rates for industrial facilities experienced very moderate declines of 10 to 19 bps. The national cap rate for stabilized Class A industrial assets is 5.65%.
- Infill multifamily cap rates are the second lowest of all product types (4.57% for Class A, just above high street retail). Infill multifamily is also, arguably, the furthest along in the property and capital markets cycles. However, the H1 2015 survey revealed modest declines of eight to 14 bps (depending on class). The cap rate changes for suburban multifamily acquisitions were comparable to infill, except for Class C product which increased slightly.
- Central Business District (CBD) office cap rates edged downwards in H1 2015 in Class B and C acquisitions, but not Class A – one example of investors moving out on the risk curve. Surprisingly, despite increased sales volumes, suburban office cap rates rose slightly in all classes (average seven bps).
- Pricing premiums (lower cap rates) are clearly evident in Tier I markets, relative to other metro tiers; and in Tier II markets relative to Tier III metros. The only notable exception is in stabilized suburban office where Tier I and Tier II groups are priced similarly.
- Spreads over U.S. Treasuries compressed slightly in H1 2015, a reflection of both slightly lower cap rates overall and of a marginally higher 10-year rate. For Class A properties of all asset types, spreads over the 10-year Treasury narrowed by approximately 26 bps since H2 2014 to roughly 363 bps.
- Looking forward, across all property types surveyed, CBRE Capital Markets and Valuation professionals expect the vast majority of cap rates to remain stable in H2 2015. Approximately three-quarters of markets will see no change in cap rates, with increases expected in only a very limited number of markets.



## OVERVIEW CONT.

FIGURE 1. UNITED STATES NATIONAL LEVEL CAP RATES AND EXPECTED RETURN ON COST BY PROPERTY TYPE, SECTOR, CLASS AND/OR SEGMENT

PROPERTY TYPE	SECTOR	CLASS/SEGMENT	CAP RATES FOR STABILIZED PROPERTY ACQUISITIONS					EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTY ACQUISITIONS				
			H2 2014* (%)	H1 2015 (%)	CHANGE (BPS)	SPREAD OVER 10-YEAR TREASURY (BPS)		H2 2014* (%)	H1 2015 (%)	CHANGE (BPS)	SPREAD OVER 10-YEAR TREASURY (BPS)	
						H2 2014 (END OF PERIOD)	H1 2015 (END OF PERIOD)				H2 2014 (END OF PERIOD)	H1 2015 (END OF PERIOD)
						2.17	2.35				2.17	2.35
OFFICE	CBD	AA	-	5.36	-	-	301	-	-	-	-	-
		A	5.84	5.90	6	367	355	7.14	6.98	-15	497	463
		B	6.93	6.83	-9	476	448	8.16	7.87	-29	599	552
	SUBURBAN	C	8.83	8.54	-29	666	619	9.99	9.77	-23	782	742
		AA	-	6.25	-	-	390	-	-	-	-	-
		A	6.77	6.84	7	460	449	7.84	7.92	9	567	557
INDUSTRIAL	ALL	B	7.72	7.79	7	555	544	9.03	8.99	-4	686	664
		C	9.13	9.20	7	696	685	10.44	10.32	-12	827	797
		A	5.83	5.65	-19	366	330	6.34	6.42	8	417	407
	NEIGHBORHOOD/ COMMUNITY CENTER	B	6.84	6.67	-16	467	432	7.50	7.54	4	533	519
		C	8.16	8.06	-10	599	571	8.98	9.55	57	681	720
		A	5.88	5.71	-17	371	336	6.82	6.64	-18	465	429
RETAIL	POWER	B	6.98	6.74	-24	481	439	7.84	7.59	-25	567	524
		C	8.41	8.25	-16	624	590	9.25	9.34	10	708	699
		A	6.49	6.16	-33	432	381	7.42	7.23	-19	525	488
	HIGH STREET	B	7.44	7.31	-13	527	496	8.31	8.18	-13	614	583
		C	8.59	8.77	18	642	642	9.50	9.62	13	733	727
		A	4.44	4.35	-9	227	200	-	-	-	-	-
MULTIFAMILY	INFILL	A	4.65	4.57	-8	248	222	5.16	5.22	6	299	287
		B	5.22	5.13	-9	305	278	5.80	5.83	2	363	348
		C	6.26	6.12	-14	409	377	6.75	6.87	12	458	452
	SUBURBAN	A	5.20	5.10	-10	303	275	5.59	5.58	-1	342	323
		B	5.69	5.58	-11	352	323	6.60	6.16	-44	443	381
		C	6.60	6.66	5	443	431	7.11	7.34	23	494	499
HOTEL	CBD	LUXURY	6.73	6.74	1	440	433	-	-	-	-	-
		FULL-SERVICE	7.43	7.28	-14	494	515	-	-	-	-	-
		SELECT-SERVICE	7.78	7.69	-9	535	547	-	-	-	-	-
	SUBURBAN	ECONOMY	8.91	8.77	-14	643	609	-	-	-	-	-
		LUXURY	7.20	7.18	-1	484	449	-	-	-	-	-
		FULL-SERVICE	7.82	7.69	-13	535	561	-	-	-	-	-
	ECONOMY	SELECT-SERVICE	8.11	8.13	2	579	587	-	-	-	-	-
		ECONOMY	9.28	9.16	-11	682	703	-	-	-	-	-

Source: CBRE Research, U.S. Department of Treasury. \*The U.S. H2 2014 averages have been revised slightly due to more precise weighting by market inventory size. H2 2014 metro cap rates have not been revised.



## OVERVIEW CONT.

FIGURE 2. CANADA NATIONAL LEVEL CAP RATES BY PROPERTY TYPE, SECTOR, CLASS AND/OR SEGMENT

PROPERTY TYPE	SECTOR	CLASS/SEGMENT	CAP RATES FOR STABILIZED PROPERTY ACQUISITIONS				SPREAD OVER 10-YEAR BOND (BPS)	
			H2 2014 (%)	H1 2015 (%)	CHANGE (BPS)	H2 2014 (END OF PERIOD)	H1 2015 (END OF PERIOD)	
						1.79	1.68	
OFFICE	CBD	AA	5.27	5.10	-17	348	342	
		A	5.83	5.78	-5	404	410	
		B	6.63	6.64	1	484	496	
	SUBURBAN	A	6.55	6.50	-5	476	482	
		B	7.30	7.22	-8	551	554	
INDUSTRIAL	ALL	A	5.99	5.94	-5	420	426	
		B	6.94	6.88	-6	515	520	
RETAIL	NEIGHBORHOOD/ COMMUNITY CENTER	ALL	6.38	6.27	-11	459	459	
	POWER	ALL	6.05	6.02	-3	426	434	
MULTIFAMILY	INFILL	A	4.54	4.41	-13	275	273	
	SUBURBAN	B	5.55	5.48	-7	376	380	
HOTEL	CBD	FULL-SERVICE	8.00	8.00	0	621	632	
		SUBURBAN	SELECT-SERVICE	9.28	9.34	6	749	766

Source: CBRE Research, Bank of Canada.



## OVERVIEW CONT.

### WHAT'S NEW IN THE H1 2015 SURVEY

The heart of the CBRE North America Cap Rate Survey—current cap rates for stabilized property acquisitions and expected returns on cost for value-add acquisitions—remains the same. Also, as in past surveys, cap rate trends are presented for both the recent past and the next six months.

In addition, as a part of an on-going commitment to bring thought leadership to our clients and industry, a number of improvements have been made to the CBRE North America Cap Rate Survey.

Firstly, the improvements include an expanded geography. In addition to covering about 46 major U.S. markets, the survey now includes 10 markets in Canada.

Secondly, in terms of expanded coverage, Class AA has been added to the set of cap rates for the U.S. office market. Class AA typically represents the best five to 10 office buildings in a market, and provides a picture of the very top pricing for office assets. These statistics also assist with the comparison to prime office yields in Europe and Asia. It should be noted, however, that while the calculations behind prime yields and Class AA cap rates are not the same, the definitions of prime and Class AA properties are very similar. In turn, we expect the performance of prime properties to be broadly comparable to that of Class AA.

Thirdly, the H1 2015 survey includes a series of maps to help interpret the data. The maps display Class A and Class B cap rates for stabilized acquisitions in all markets, property types and sectors covered. They are particularly useful for illustrating the geographical patterns of cap rate pricing.

Fourthly, a number of tables and graphs have been added to the product summary sections. The new figures illustrate (a) cap rate averages and recent changes by tier groupings, (b) comparative H1 2015 Class A cap rates for Tier I and II markets and (c) the dispersion of cap rate outlooks (increase, no change, decrease) for the metros within each asset class.

Lastly, the core tables with metro level cap rates and return on cost data are no longer organized by geographical regions, they are now organized by tiers, or groups of similar metropolitan areas in terms of general size, function and investment perspective.

### TIER SELECTION METHODOLOGY

The objective of establishing tier groupings is to facilitate the comparison of markets that fulfill broadly similar investment criteria, as well as highlighting the behavior of the different tiers relative to each other. Tiers are similar to the concept of primary, secondary and tertiary markets, but CBRE Research prefers the term “tier” to mitigate unwarranted biases inherent in the other terms.

To determine the tier groupings, the 46 metros in this survey have been assigned to one of three tiers based, generally, on the statistical criteria shown in Figure 3. This table reflects specific ranges for office markets, but the same principals apply to the other property sectors. Tier selection does vary modestly by asset class, and may change over time. Also, one principal behind the tier selection is to identify a smaller number of markets for Tier I and for Tier II, roughly 20% of the number of markets surveyed, and a larger number in Tier III.

FIGURE 3. GENERAL GUIDELINES FOR TIER SELECTION

METRO TIER	METRO POPULATION (MILLIONS)	2013 MSA REAL GDP (\$ BILLION)	OFFICE INVENTORY (MSF)	10 YEAR AVG. ANNUAL OFFICE INVESTMENT (\$ BILLION)
I	7 - 20	400 - 1500	100 - 400	4 - 20
II	3 - 7	200 - 400	30 - 90	1 - 3
III	<3	<200	<30	<1

Source: CBRE Research.



## OVERVIEW CONT.

Size—measured principally by population, economic activity and total of inventory—is a large determinant of tier selection although, it is not the only by any means. Long-term investment activity is also a key criterion. Pricing, however, was not factored into the tier selection; rather, a market's tier goes a long way towards explaining its pricing. In addition to the guidelines shown on the table, some other quantitative and qualitative factors were considered, such as the presence of a port facility for the industrial markets.

A market's current economic and market performance is not a direct determinant of tier selection, in large part, because the tiers are meant to represent the long-term positioning of markets. However, investment activity is certainly influenced by economic and market performance, and a market that consistently outperforms (or underperforms) other markets may change its tier position in the future due to the influence of economic/market performance on the established criteria.

Furthermore, due to the heterogeneity of property markets, the guidelines in Figure 3 cannot be strictly applied. As a result, there is some overlap among these categories and all the statistics for a given metro may not fall within each of the ranges given.

Once the metros were categorized according to the guidelines, CBRE professionals then made a handful of tier placement adjustments based on the unique characteristics of markets and the role that they play in each property sector. For example, while Boston's population and office inventory figures are notably less than the guidelines for a Tier I metro, its average annual investment total indicates that Boston is one of the most popular U.S. markets for office investment.

Additionally, while market characteristics (other than size) and global capital flows were not directly used for the tier placement model, Boston's "high barriers-to-entry" character, in addition to its international reputation, contributed to its final rank as a Tier I metro.

The tier selection process also kept metro agglomerations together in the same tier, even if individual parts of the agglomeration would rank differently. For example, while Stamford would not be considered a Tier I office metro on its own, it is categorized as such because of its place within the wider New York City agglomeration. Note, however, that in some cases, the cap rate and return on cost data for the different metro components were combined due to the pricing similarity. For example, rates for industrial assets in Los Angeles, the Inland Empire and Orange County were combined into one set of rates for just Southern California.

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INTEREST RATES AND CAP RATES: EXPECTATIONS AND REALITY

The real estate industry has long been a keen observer of interest rate dynamics. Rates, of course, are relevant to nearly all components of the overall economy and, hence, the demand drivers of the use of commercial space. More directly, both short- and long-term interest rates are key ingredients of the cost of commercial real estate mortgage capital and influence investment volumes, both of which impact acquisition pricing. Interest rates are also the measure of risk-free yields that are used as a benchmark for and a comparison to cap rates.

FIGURE 4: HISTORICAL 10-YEAR TREASURY RATES



Source: U.S. Department of the Treasury. Monthly averages through July 2015.

For a number of years, economists, real estate professionals and most other industry observers have expected interest rates to rise over the near term. Nothing has changed about this position, and a small increase would not derail the positive performance in property fundamentals, nor halt the robust investment environment. However, higher interest rates would make borrowing more expensive and could slow transaction activity. The impact depends on the pace and magnitude of increases as well as the macroeconomic environment. For example, a more robust economic environment would have positive influences on real estate that would partly mitigate the negative impacts of higher interest rates.

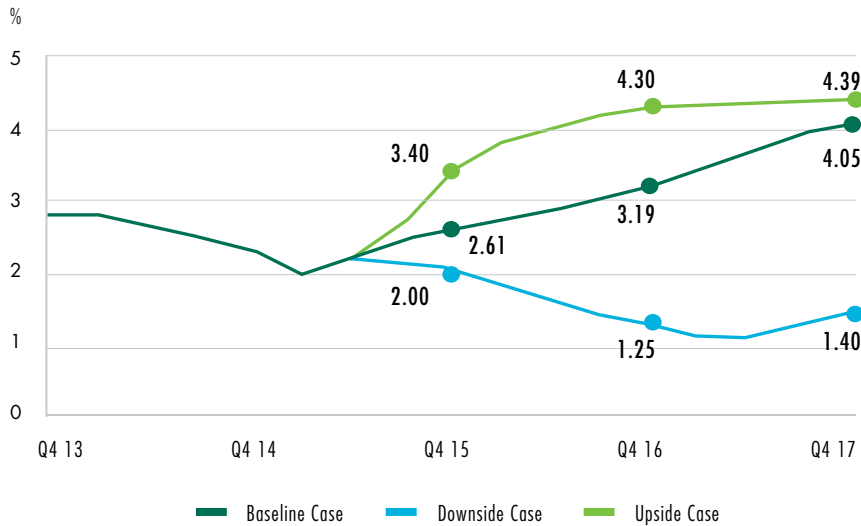
Given the importance of interest rates, their relationship to cap rates and the potential of interest rates rising, we include some discussion on where rates may be headed over the near term and the factors influencing their movement.

Nearly all macroeconomists and industry surveys forecast a modest rise in interest rates in H2 2015 and the years following. The differences among the opinions is how much and when. The two key measures are the Federal Funds rate—set directly by the Federal Reserve Bank—and the market-based yields on the 10-year Treasury note.

Focusing on the latter, CBRE Econometric Advisors’ baseline scenario forecasts the 10-year Treasury to increase moderately to 2.61% over H2 2015 as shown in Figure 5. In 2016, CBRE EA projects the 10-year Treasury to rise at about the same pace and end the year at 3.19%.

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FIGURE 5. 10-YEAR TREASURY RATE FORECASTS, 2015-2017



Source: CBRE Econometric Advisors, Q2 2015.

Most other economists expect rates to rise during H2 2015. For example, Oxford Economics is forecasting the 10-year Treasury to edge up to 2.48%, while the consensus forecast from *The Wall Street Journal's* monthly survey of economists and others shows a 2.72% 10-year rate at the end of Q4 2015.

CBRE EA also provides alternative forecasts. Should the economic expansion decelerate, then CBRE EA expects the 10-year rates to fall in 2015 and remain very low through 2016. If the pace of economic expansion accelerates, then the 10-year rates would rise more rapidly over the next two years, as shown in Figure 5.

The ranges set out by CBRE EA encompass most of the perspectives by the wider business community and include calculations of several key variables. The most important variables going into interest rate projections include: (a) the next steps of the Open Market Committee of the Federal Reserve Bank (determining the Federal Funds rate, which will likely result in a very small upward adjustment in H2 2015), (b) inflation levels, (c) commodity prices, (d) labor markets and wage pressure, (e) global economies and (f) the exchange rate of the U.S. dollar.

The relationship between Treasury yields and cap rates is of particular interest in this current environment. If/when Treasuries rise, will that automatically translate into an upward adjustment of cap rates? The qualified answer is “no.”

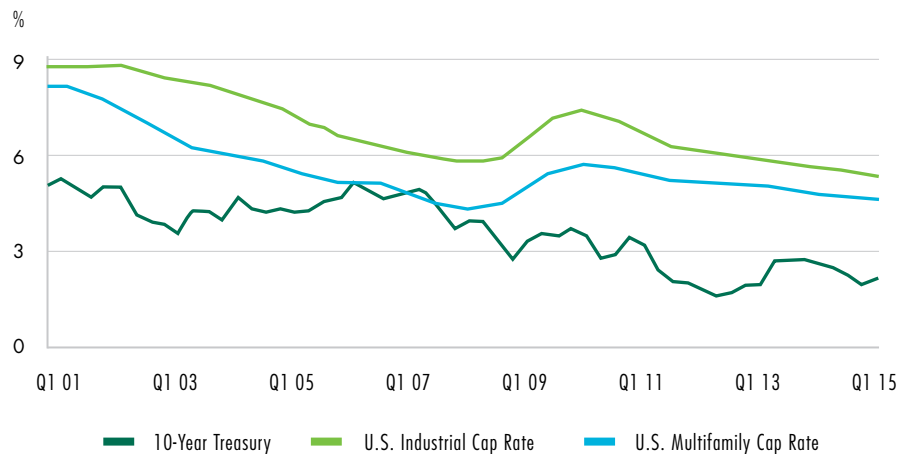


OVERVIEW CONT.

Figure 6 provides historical view of 10-year Treasury yields and U.S. cap rates. The industrial and multifamily sectors were chosen to represent the national commercial real estate industry for this discussion. The cap rate data is from NCREIF, which covers predominantly higher-quality assets. A cap rate series covering a wider quality range of assets would have placed average cap rates perhaps 30 to 60 bps higher, however the trend lines would essentially remain the same.

The graph portrays three principal trends: (1) broad downward movement in the Treasury yield and cap rates over the study period, (2) a generally positive correlation between the two rates and (3) considerable variation within that correlation.

FIGURE 6. HISTORICAL 10-YEAR TREASURIES AND CAP RATES

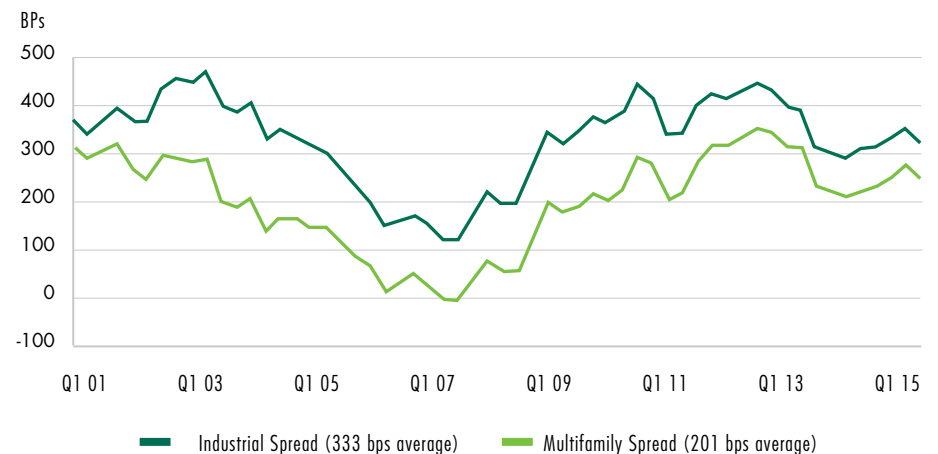


Source: CBRE Econometric Advisors; NCREIF (cap rates for institutionally-owned properties through Q2 2015); U.S. Department of the Treasury (interest rates through Q2 2015).

Figure 7 illustrates the variation between the 10-year Treasury yields and cap rates. Over the 14-year period, the spread between industrial cap rates and the 10-year Treasury has ranged between 127 bps at the peak of the investment boom in 2007 (Q2 2007) to 474 bps in Q3 2003 at the end of the early 2000's recession.

In other words, during periods of peak economic performance and investment, spreads between the 10-year Treasury and national cap rates are typically compressed. Real estate is perceived to have less risk during these periods and the investment climate is more competitive, both contributing to narrower spreads. Therefore, the near-term outlook of higher interest rates is not necessarily going to translate into higher cap rates if the rates come from stronger economic growth, as expected, as opposed to an unexpected shock to the economic system.

FIGURE 7. HISTORICAL SPREADS BETWEEN 10-YEAR TREASURY YIELDS AND CAP RATES



Source: CBRE Research, Q2 2015. Spreads based on NCREIF cap rates for institutional-owned properties.



OVERVIEW



OFFICE



INDUSTRIAL



RETAIL



MULTIFAMILY



HOTEL



APPENDIX



## OFFICE | UNITED STATES OVERVIEW

Investment in the office sector, year-to-date through June, totaled \$71.4 billion reflecting a remarkable 36% gain over the same period in 2014 (this total includes entity-level sales). If the volume of office acquisitions maintains its current pace, the 2015 volume will rise 15% over 2014, however it still will not have reached the prior peak set in 2007.

Greater interest in suburban office assets is evident in the investment statistics. The largest volume increase occurred in the suburban sector—a 51% gain year-over-year compared to 20% for CBD assets. Also, for the first time in five years, acquisitions of suburban office assets outpaced that of CBD assets as evidenced by the 56% market share, year-to-date, for suburban purchases.

Global capital coming into the U.S. favors the office sector, partly due to the investor's ability to deploy large amounts of capital for individual assets, as well as greater familiarity with the asset type. Through June 2015, cross-border investment reached \$13.6 billion, up sharply from the year-ago figure of \$8.4 billion. The principal sources of foreign capital, in order of investment totals, were: Canada, Hong Kong, Singapore, China and Norway. Both Brazil and Australia will be added to this list soon given some pending transactions, which is noteworthy since neither country had been among the leading capital sources in recent years.

For CBD acquisitions, the CBRE North America Cap Rate Survey H1 2015 found no large changes, but rather a mixed picture with movement both up and down the spectrum. For example, for acquisitions of Class A buildings, cap rates declined in nine markets, rose in 16 and remained stable in 17.

The survey found that cap rates for stabilized Class AA assets averaged 5.36% and 5.90% for Class A. The latter rate reflects a very small increase, while Class B and C cap rates fell slightly. For stabilized CBD office acquisition cap rates, the largest decline was found in Class C product in the Tier I markets. Larger than average declines, while still modest, were also found in all classes of Tier II office acquisitions, as well as Tier I Class B purchases. (See page 5 for more discussion on tier selection methodology and page 14 for Key Rate tables for metros in each tier.)

FIGURE 8. OFFICE CBD - CAP RATES FOR STABILIZED PROPERTIES

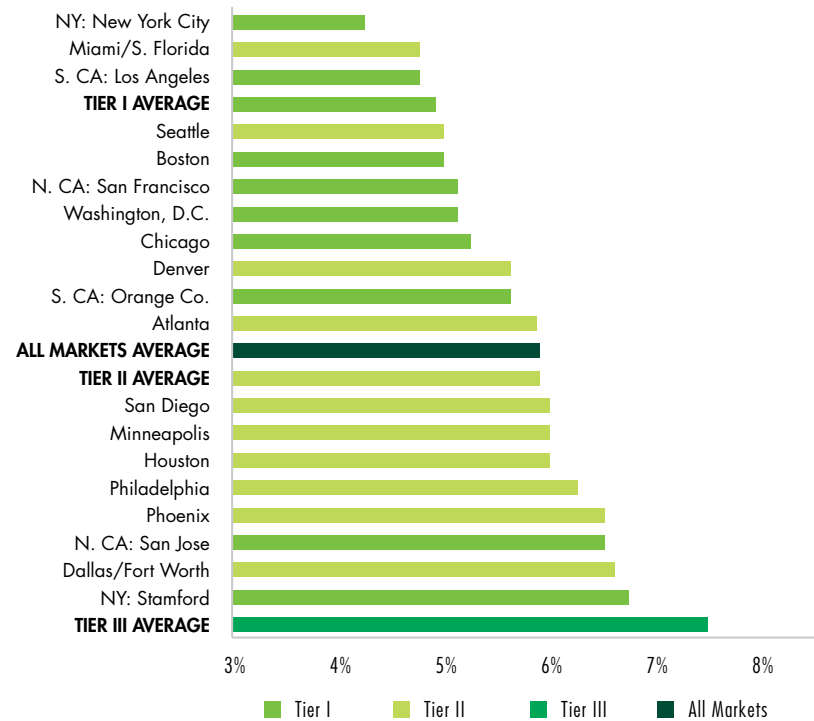
METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	AA		5.36	
	A	5.84	5.90	6
	B	6.93	6.83	-9
	C	8.83	8.54	-29
I	AA		4.55	
	A	4.85	4.91	6
	B	5.91	5.68	-23
	C	7.93	7.23	-70
II	AA		5.55	
	A	6.05	5.92	-13
	B	7.30	7.13	-17
	C	8.70	8.53	-17
III	AA		6.78	
	A	7.37	7.48	11
	B	8.33	8.39	6
	C	9.65	9.80	15

Source: CBRE Research.

OFFICE | UNITED STATES OVERVIEW CONT.

Not surprisingly, the lowest cap rates for both Class AA and Class A CBD stabilized product were found in New York City at 4.00% and 4.25%, respectively. Another four markets had average Class AA cap rates below 5.00%: Boston, Los Angeles, San Francisco, Seattle and Washington, D.C.

FIGURE 9. OFFICE CBD - CLASS A CAP RATES, H1 2015 - TIER I & II METROS

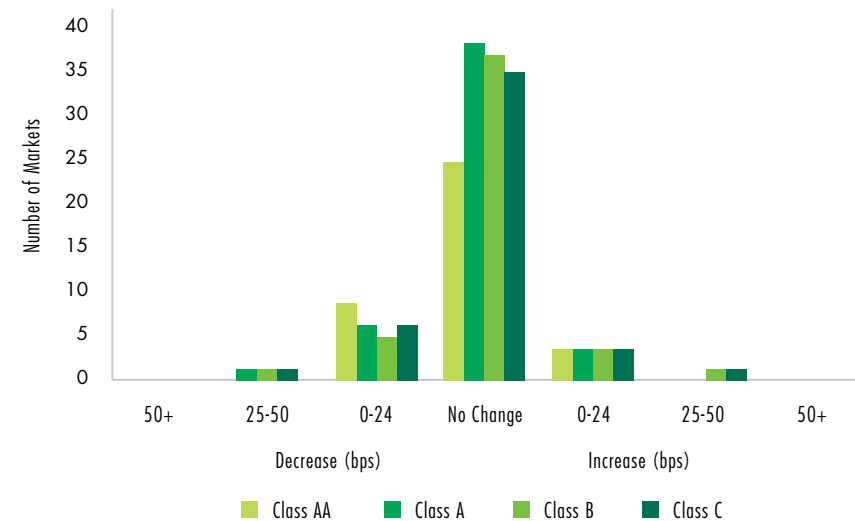


Source: CBRE Research.

In addition to New York, markets with sub-5% Class A cap rates were Los Angeles and Miami. For Class A CBD space, Philadelphia experienced the largest cap rate decline (50 bps), followed by Atlanta and Dallas/Fort Worth (37.5 bps).

For value-add CBD office property acquisitions, the projected returns on cost fell the most in Tier I markets (all classes). Returns on cost also fell in Tier II markets (all classes), but not in Tier III markets, where the average increase was about 25 bps. In other words, investors are willing to accept lower returns on cost for value-add assets in Tier I and II markets, but not in Tier III markets.

FIGURE 10. OFFICE CBD - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015



Source: CBRE Research.



OVERVIEW



OFFICE



INDUSTRIAL



RETAIL



MULTIFAMILY



HOTEL



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## OFFICE | UNITED STATES OVERVIEW CONT.

Looking forward, for all types of CBD assets, CBRE Capital Markets and Valuation professionals expect the majority (68%) of markets to experience no cap rate movement in H2 2015. Another 25% are expected to experience modest declines.

In contrast to CBD acquisitions, and unlike the H2 2014 survey, suburban office acquisitions experienced modest increases in cap rates. However, the increases were very small at seven bps for all classes.

FIGURE 11. OFFICE SUBURBAN - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	AA		6.25	
	A	6.77	6.84	7
	B	7.72	7.79	7
	C	9.13	9.20	7
I	AA		6.23	
	A	6.46	6.46	0
	B	7.64	7.45	-20
	C	9.00	8.57	-43
II	AA		5.92	
	A	6.40	6.49	9
	B	7.24	7.50	26
	C	8.82	9.07	24
III	AA		6.87	
	A	7.49	7.60	10
	B	8.32	8.44	12
	C	9.60	9.83	23

Source: CBRE Research.

The notable exceptions to this broad trend of marginal increases were Class B and Class C assets in Tier I markets, which experienced small declines.

The lowest suburban cap rate for Class A space was in Los Angeles followed by Orange County, San Diego, Seattle and Miami. It is notable that the latter three markets are all "Tier II" markets (based on size and other factors), yet the pricing is very much like "Tier I" markets. Los Angeles experienced the second largest drop in suburban Class A cap rates (50 bps).

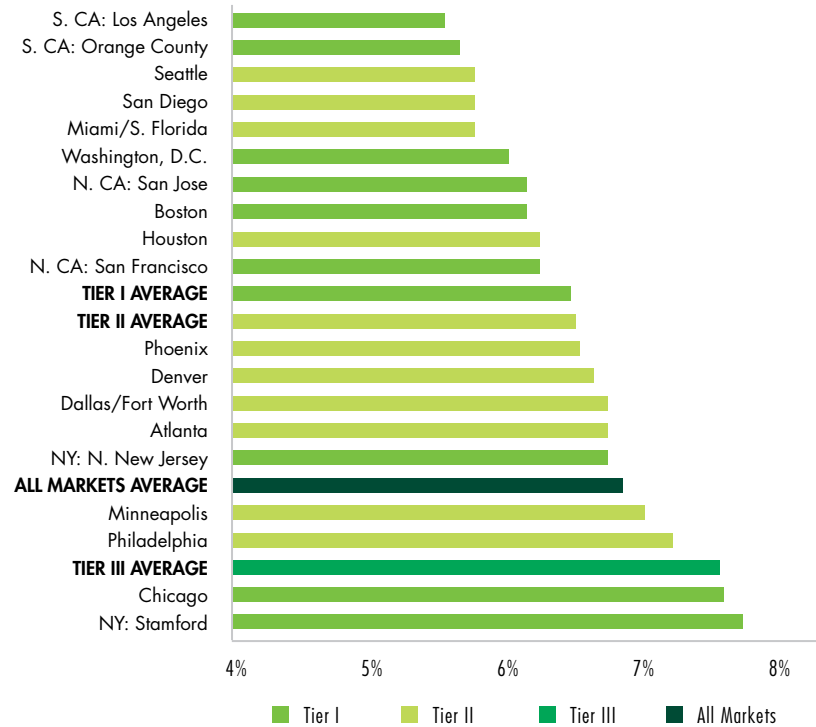
For Class B space, six markets have cap rates below 7%: Los Angeles, Orange County, Miami, San Diego, Seattle and Washington, D.C.

For value-add suburban office acquisitions in Tier I markets, projected returns on cost averaged 7.65% for Class A acquisitions, down 17 bps from the last survey, and 8.98% for Class B, down 5 bps. However, the returns on cost rose slightly in Tier III markets.

For stabilized suburban office assets, the six-month outlook is for no change in cap rates for about two-thirds of U.S. markets. Cap rates are projected to decline slightly in 27% of markets and the remainder (7%) should experience small increases. For stabilized Class A acquisitions, the markets with the largest expected cap rate declines (50 to 100 bps) are Cincinnati and Jacksonville.

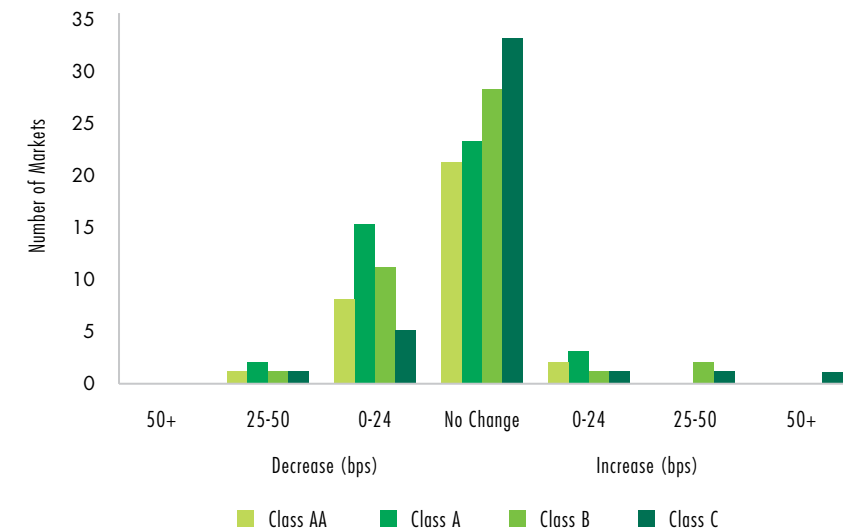
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FIGURE 12. OFFICE SUBURBAN - CLASS A CAP RATES, H1 2015 - TIER I & II METROS



Source: CBRE Research.

FIGURE 13. OFFICE SUBURBAN - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015



Source: CBRE Research.

Select from the list below to access the current **key rates, forecasts and maps.**

OFFICE CBD

OFFICE SUBURBAN

OFFICE CBD | UNITED STATES KEY RATES

		CLASS AA				CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
				DIRECTION*		DIRECTION*			DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*
TIER I	BOSTON	4.50 - 5.00	4.75 - 5.25	▲	6.00 - 7.00	◄	4.75 - 6.00	▼	7.00 - 9.00	◄	—	—	—	—	—	—	—
	CHICAGO	4.75 - 5.25	5.00 - 5.50	◄	6.50 - 7.00	▼	6.00 - 7.00	▼	7.50 - 8.50	▼	7.50 - 8.50	◄	8.50 - 10.50	▼			
	N. CA: SAN FRANCISCO	4.50 - 5.00	4.75 - 5.50	▲	5.50 - 6.50	▼	5.50 - 6.50	◄	6.50 - 7.50	▼	6.00 - 6.50	▼	7.00 - 8.50	▼			
	N. CA: SAN JOSE	—	6.00 - 7.00	▼	7.00 - 8.00	◄	6.75 - 8.00	▼	7.50 - 8.50	◄	7.50 - 8.50	▼	9.00 - 10.00	▲			
	NY: NEW YORK CITY	3.75 - 4.25	4.00 - 4.50	◄	4.50 - 5.00	▼	4.50 - 5.00	◄	4.50 - 5.00	▼	—	—	—	—			
	NY: STAMFORD	—	6.50 - 7.00	◄	8.00 - 8.50	◄	7.25 - 7.75	▲	9.00 - 9.50	◄	8.50 - 9.00	◄	10.00 - 10.50	◄			
	S. CA: LOS ANGELES	4.00 - 4.50	4.50 - 5.00	▼	6.00 - 7.00	▼	5.50 - 6.00	▼	7.00 - 8.00	◄	7.50 - 8.00	▼	8.50 - 9.00	▼			
	S. CA: ORANGE COUNTY	5.00 - 5.50	5.25 - 6.00	▲	5.25 - 5.75	◄	6.00 - 7.00	◄	6.25 - 7.00	◄	7.25 - 8.25	◄	7.50 - 8.50	◄			
	WASHINGTON, D.C.	4.50 - 5.00	4.75 - 5.50	▲	6.00 - 7.00	—	5.50 - 6.50	▼	6.50 - 8.00	—	6.00 - 6.50	—	7.00 - 8.00	—			

		CLASS AA				CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
				DIRECTION*		DIRECTION*			DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*
TIER II	ATLANTA	5.25 - 5.75	5.50 - 6.25	▼	6.25 - 7.25	▼	6.75 - 7.75	▼	7.25 - 8.50	▼	8.00 - 9.75	▼	8.50 - 10.50	▼			
	DALLAS/FORT WORTH	5.50 - 6.25	6.25 - 7.00	▼	8.00 - 9.00	▼	8.00 - 9.00	◄	9.00 - 10.00	▼	9.00 - 11.00	◄	11.00 - 12.00	◄			
	DENVER	5.00 - 5.50	5.25 - 6.00	▲	6.25 - 7.25	▼	6.25 - 7.25	▲	6.50 - 7.50	▼	7.50 - 8.50	▼	8.25 - 9.25	▼			
	HOUSTON	5.50 - 5.75	5.75 - 6.25	▲	7.25 - 7.75	▲	6.50 - 7.25	▼	8.25 - 8.75	▼	7.50 - 8.50	▼	10.50 - 11.00	◄			
	MIAMI/S. FLORIDA	—	4.50 - 5.00	▼	5.50 - 6.25	▼	5.75 - 6.75	▼	6.50 - 7.50	◄	7.00 - 8.00	◄	7.50 - 9.00	▲			
	MINNEAPOLIS	5.00 - 5.50	5.50 - 6.50	◄	7.00 - 8.00	◄	7.50 - 8.50	◄	9.00 - 10.00	◄	9.00 - 10.00	◄	11.00 - 12.00	▼			
	PHILADELPHIA	5.75 - 6.25	6.00 - 6.50	▼	7.00 - 8.00	▼	7.00 - 7.50	▼	8.00 - 9.00	▼	8.50 - 9.00	▲	10.00 - 11.00	▲			
	PHOENIX	5.75 - 6.25	6.25 - 6.75	▲	6.50 - 7.00	▲	6.75 - 7.50	▼	7.25 - 8.25	▼	9.00 - 10.00	◄	11.00 - 12.00	◄			
	SAN DIEGO	5.25 - 5.75	5.75 - 6.25	▼	6.00 - 6.50	▼	6.00 - 6.50	▼	6.50 - 7.00	▼	6.75 - 7.25	▼	7.75 - 8.25	▼			
	SEATTLE	4.25 - 4.75	4.75 - 5.25	◄	6.00 - 7.00	◄	5.50 - 6.00	▼	6.50 - 7.50	▼	6.50 - 7.00	▼	7.50 - 9.00	▼			

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

OFFICE CBD | UNITED STATES KEY RATES CONT.

	CLASS AA		CLASS A		CLASS B		CLASS C							
	CAP RATES FOR STABILIZED PROPERTIES (%)	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	
TIER III	ALBUQUERQUE	8.00 - 8.50	8.00 - 9.00	◀▶	8.75 - 9.50	▼	8.75 - 9.50	▲	9.25 - 10.25	◀▶	9.75 - 11.50	▲	10.50 - 13.00	▲
	AUSTIN	4.75 - 5.25	5.25 - 6.25	▲	7.00 - 8.00	▲	5.75 - 6.75	◀▶	7.50 - 8.50	▲	6.25 - 7.25	▼	8.50 - 9.50	◀▶
	BALTIMORE	6.75 - 7.25	7.00 - 8.25	▲	8.00 - 9.25	▲	8.25 - 8.75	▲	9.00 - 9.50	▲	9.75 - 10.00	▲	9.50 - 9.75	—
	CHARLOTTE	5.75 - 6.25	6.00 - 6.50	◀▶	8.00 - 8.75	▼	6.50 - 7.50	◀▶	8.75 - 9.25	▼	8.00 - 8.50	◀▶	10.00 - 10.50	◀▶
	CINCINNATI	—	8.50 - 9.00	◀▶	9.00 - 9.50	◀▶	9.00 - 9.50	◀▶	9.50 - 10.00	◀▶	9.50 - 10.50	◀▶	10.00 - 11.00	◀▶
	CLEVELAND	7.50 - 8.00	8.00 - 9.00	▼	9.00 - 10.00	◀▶	9.00 - 10.00	◀▶	10.00 - 11.00	▼	10.00 - 12.00	▲	11.00 - 13.00	◀▶
	COLUMBUS	—	7.50 - 8.50	◀▶	8.00 - 9.75	◀▶	8.50 - 9.50	◀▶	9.75 - 10.75	◀▶	10.00 - 11.50	◀▶	11.00 - 12.00	◀▶
	DETROIT	—	8.50 - 9.25	▲	8.75 - 9.50	▼	9.25 - 10.00	▼	9.50 - 10.50	▼	11.75 - 12.50	▼	12.25 - 13.00	▼
	INDIANAPOLIS	—	7.50 - 8.50	▲	8.50 - 10.00	▲	8.50 - 9.25	▲	9.50 - 11.00	▲	10.00 - 12.00	▲	10.50 - 11.00	▲
	JACKSONVILLE	7.50 - 8.00	7.50 - 8.00	▼	10.00 - 10.50	◀▶	8.50 - 9.00	▼	10.50 - 11.50	▼	9.50 - 10.00	▼	10.50 - 13.00	▼
	KANSAS CITY	7.50 - 8.00	8.00 - 8.50	▼	8.25 - 8.75	◀▶	9.00 - 10.00	▼	9.50 - 10.50	◀▶	11.00 - 12.00	◀▶	11.00 - 12.00	◀▶
	LAS VEGAS	7.00 - 7.25	7.50 - 8.00	◀▶	8.00 - 9.00	◀▶	7.50 - 8.00	◀▶	9.00 - 10.00	◀▶	8.50 - 10.00	◀▶	10.00 - 12.00	◀▶
	MEMPHIS	8.50 - 9.00	8.75 - 9.25	◀▶	9.50 - 10.00	◀▶	9.50 - 10.00	◀▶	11.00 - 11.50	◀▶	11.00 - 11.50	◀▶	12.00 - 12.50	◀▶
	NASHVILLE	6.25 - 6.50	6.25 - 6.75	◀▶	6.25 - 6.50	◀▶	7.50 - 8.00	▼	8.25 - 8.75	▲	8.50 - 9.50	▲	7.75 - 8.50	▲
	OKLAHOMA CITY	—	6.50 - 7.50	—	7.00 - 8.00	—	7.50 - 9.50	—	8.00 - 9.00	—	9.50 - 11.00	—	10.00 - 11.00	—
	ORLANDO	5.50 - 6.00	5.50 - 6.50	◀▶	6.50 - 7.00	◀▶	7.00 - 8.00	▲	8.00 - 9.00	▲	8.50 - 9.00	▲	8.75 - 9.25	▲
	PITTSBURGH	7.00 - 7.50	7.50 - 7.75	▲	8.50 - 9.50	▼	8.50 - 8.75	▼	10.00 - 12.00	▲	10.00 - 12.00	▼	12.00 - 14.00	▲
	PORTLAND	6.00 - 6.25	6.50 - 6.75	▲	7.00 - 7.25	▼	7.50	◀▶	7.75 - 8.00	▼	8.50	◀▶	9.00	▼
	RALEIGH	6.25 - 6.75	6.50 - 7.00	◀▶	8.75 - 9.75	▲	7.50 - 8.50	▲	10.00 - 11.00	▲	8.00 - 9.00	▲	11.00 - 13.00	▲
	RICHMOND	—	6.25 - 7.75	—	7.00 - 8.50	—	7.50 - 9.00	—	8.50 - 10.25	—	8.75 - 10.25	—	9.50 - 11.00	—
SACRAMENTO	6.00 - 6.50	6.50 - 7.00	◀▶	7.25 - 8.00	◀▶	7.00 - 8.00	▼	8.00 - 9.00	◀▶	8.00 - 9.00	◀▶	9.00 - 10.00	◀▶	
SALT LAKE CITY	5.75 - 6.00	6.00 - 6.75	▲	6.25 - 7.00	▲	7.00 - 7.75	▼	7.25 - 8.00	▲	8.50 - 10.00	▲	8.50 - 10.00	▲	
SAN ANTONIO	—	6.50 - 7.50	▲	8.00 - 9.00	▲	8.00 - 8.75	▲	9.25 - 10.25	▲	9.00 - 10.00	▲	9.75 - 10.75	▲	
ST. LOUIS	—	8.25 - 8.75	◀▶	8.50 - 9.00	▲	9.00 - 9.50	◀▶	8.75 - 9.25	▲	9.75 - 10.25	◀▶	10.25 - 11.00	▲	
TAMPA	—	6.50 - 7.00	◀▶	7.00 - 7.50	◀▶	7.25 - 7.75	◀▶	7.75 - 8.25	◀▶	8.00 - 8.50	◀▶	8.50 - 9.00	◀▶	

▲ INCREASE ▼ DECREASE ◀▶ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



OVERVIEW



OFFICE



INDUSTRIAL



RETAIL



MULTIFAMILY



HOTEL



APPENDIX



## OFFICE CBD | CANADA KEY RATES

TIER I		CLASS AA		CLASS A		CLASS B	
		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
	TORONTO	4.50 - 5.00	▼	5.00 - 5.50	▼	5.75 - 6.25	◄

TIER II		CLASS AA		CLASS A		CLASS B	
		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
	CALGARY	5.00 - 5.50	◄	6.00 - 6.25	▲	7.25 - 7.75	▲
	EDMONTON	5.50 - 6.00	◄	6.25 - 6.75	◄	7.25 - 7.75	◄
	MONTREAL	5.00 - 5.50	▼	5.50 - 6.25	▼	6.25 - 7.00	▼
	VANCOUVER	4.25 - 4.75	◄	4.50 - 5.00	▼	4.50 - 5.00	▼

TIER III		CLASS AA		CLASS A		CLASS B	
		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
	HALIFAX	—	—	6.00 - 6.50	◄	7.25 - 7.75	◄
	KITCHENER - WATERLOO	—	—	6.00 - 7.00	▼	6.50 - 7.25	▼
	LONDON - WINDSOR	—	—	6.50 - 7.50	▼	7.50 - 8.00	◄
	OTTAWA	5.00 - 5.75	▼	5.25 - 6.00	▼	6.25 - 6.75	▼
	WINNIPEG	—	—	5.50 - 6.00	◄	6.50 - 7.00	◄

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



OFFICE CBD | UNITED STATES FORECAST TRENDS

		CLASS AA		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	BOSTON							—	—
	CHICAGO								
	N. CA: SAN FRANCISCO	+		+		+			
	N. CA: SAN JOSE								
	NY: NEW YORK CITY							—	—
	NY: STAMFORD	—							
	S. CA: LOS ANGELES								
	S. CA: ORANGE COUNTY								
	WASHINGTON, D.C.			+		+			

		CLASS AA		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	ATLANTA								
	DALLAS/FORT WORTH								
	DENVER								
	HOUSTON								
	MIAMI/S. FLORIDA	—							
	MINNEAPOLIS								
	PHILADELPHIA								
	PHOENIX								
	SAN DIEGO								
	SEATTLE								

■ INCREASE
 ■ DECREASE
 ■ REMAIN FLAT
 — N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015. Source: CBRE Research.

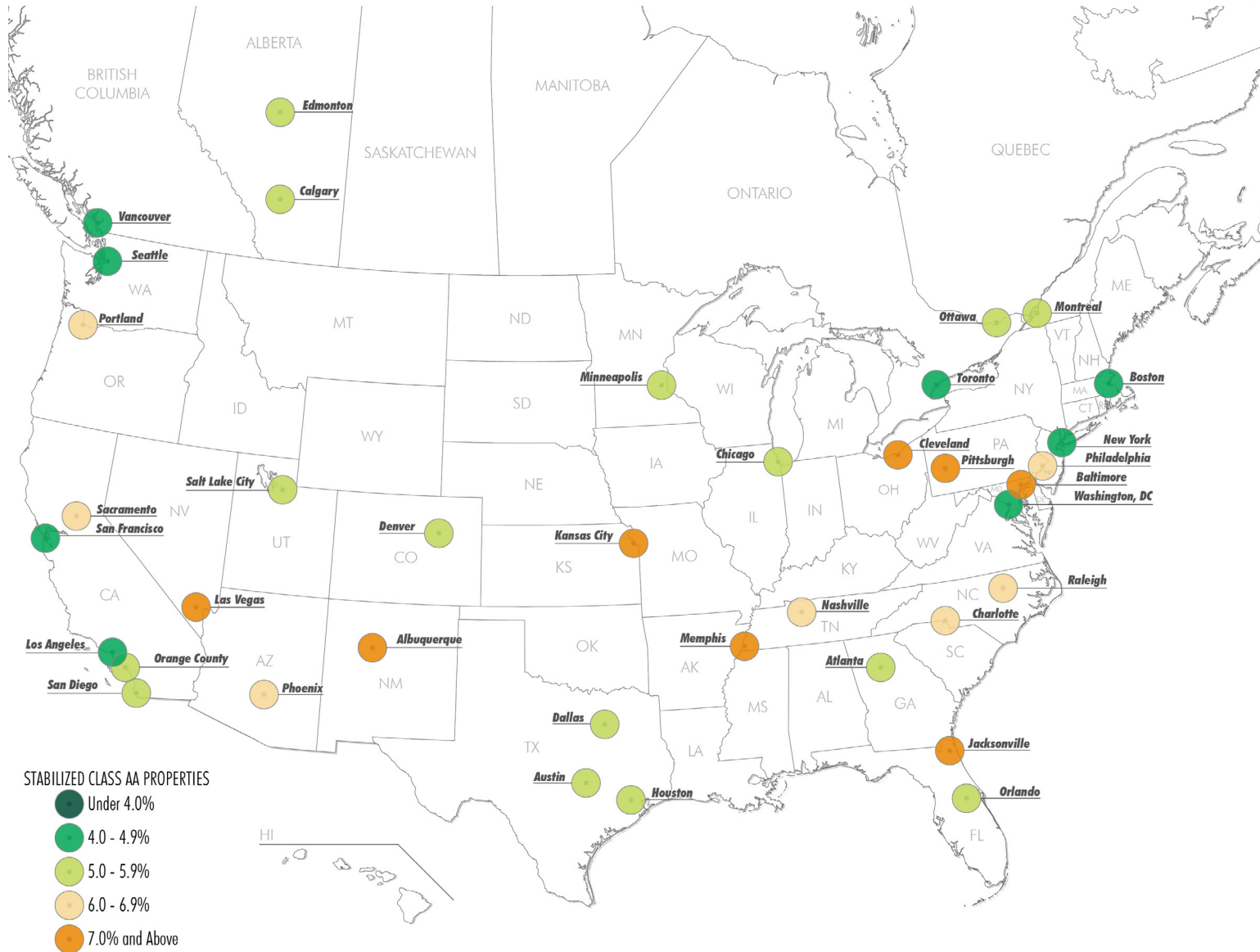
OFFICE CBD | UNITED STATES FORECAST TRENDS CONT.

		CLASS AA		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	ALBUQUERQUE	—				🟢		🟢	
	AUSTIN								
	BALTIMORE	🟢		🟢		🟢			
	CHARLOTTE	🟢				🟢			
	CINCINNATI	—		🟢		🟢			
	CLEVELAND								
	COLUMBUS								
	DETROIT	—							
	INDIANAPOLIS	—		🟢		🟢			
	JACKSONVILLE					🟢			🟢
	KANSAS CITY								
	LAS VEGAS	🟢		🟢		🟢			
	MEMPHIS								
	NASHVILLE	🟢		🟢		🟢		🟢	🟢
	OKLAHOMA CITY	—				🟢		🟢	🟢
	ORLANDO	—		🟢		🟢		🟢	🟢
	PITTSBURGH	🟢					🟢		
	PORTLAND								
	RALEIGH	🟢		🟢		🟢		🟢	🟢
	RICHMOND	—							
SACRAMENTO	🟢		🟢		🟢		🟢	🟢	
SALT LAKE CITY									
SAN ANTONIO	—								
ST. LOUIS									
TAMPA	—		🟢		🟢		🟢	🟢	

🟢 INCREASE
 🟡 DECREASE
 🟣 REMAIN FLAT
 — N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015. Source: CBRE Research.

OFFICE CBD | CLASS AA CAP RATES







OFFICE SUBURBAN | UNITED STATES KEY RATES

		CLASS AA				CLASS A				CLASS B				CLASS C					
		CAP RATES FOR STABILIZED PROPERTIES (%)		DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)		DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)		DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		DIRECTION*
TIER I	BOSTON	5.50 - 6.00			7.00 - 8.00		◄	6.75 - 8.00		◄	8.50 - 10.00		◄	—		—	—		—
	CHICAGO	7.00 - 7.25		◄	8.50 - 10.00		▼	8.00 - 9.50		▼	10.00 - 12.00		◄	8.75 - 9.75		▼	10.00 - 11.00		▼
	N. CA: SAN FRANCISCO	5.50 - 6.25		▲	6.50 - 7.50		▲	6.50 - 7.50		▲	7.50 - 8.50		▲	8.00 - 9.00		▲	9.00 - 10.00		▲
	N. CA: SAN JOSE	5.00 - 5.50		◄	6.50 - 7.25		▼	6.25 - 7.25		▼	7.25 - 8.25		▼	7.50 - 9.00		▲	9.00 - 10.00		▲
	NY: N. NEW JERSEY	6.25 - 6.75		◄	7.50 - 8.00		◄	7.75 - 8.25		▼	8.75 - 9.25		▼	9.00 - 9.50		◄	10.50 - 11.00		◄
	NY: STAMFORD	—			9.50 - 10.00		◄	8.25 - 8.75		◄	10.50 - 11.00		◄	9.25 - 9.75		◄	12.00 - 12.50		◄
	S. CA: LOS ANGELES	5.00 - 5.50		▼	6.00 - 7.00		▼	6.00 - 6.50		▼	7.00 - 8.00		▼	7.50 - 8.00		◄	8.50 - 9.00		▲
	S. CA: ORANGE COUNTY	5.00 - 5.75		▲	5.75 - 6.25		▲	6.00 - 7.00		◄	6.25 - 7.00		◄	7.25 - 8.25		◄	7.50 - 8.50		◄
WASHINGTON, D.C.	5.25 - 5.50		▲	6.50 - 7.75		—	6.25 - 7.50		▲	7.00 - 9.50		—	8.50 - 9.00		—	9.00 - 10.00		—	

		CLASS AA				CLASS A				CLASS B				CLASS C					
		CAP RATES FOR STABILIZED PROPERTIES (%)		DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)		DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)		DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		DIRECTION*
TIER II	ATLANTA	5.75 - 6.25		◄	6.75 - 7.50		▼	7.25 - 8.25		◄	7.75 - 9.25		▲	8.25 - 10.00		◄	8.75 - 11.75		▲
	DALLAS/FORT WORTH	5.75 - 6.50		◄	7.50 - 8.00		▲	7.25 - 8.25		▲	8.75 - 9.75		▼	9.00 - 11.00		▲	10.75 - 11.50		▲
	DENVER	5.50 - 6.50		▲	7.00 - 8.00		◄	6.75 - 7.75		▲	7.50 - 8.50		◄	8.00 - 9.00		◄	8.75 - 9.75		▼
	HOUSTON	5.50 - 6.00		◄	7.75 - 8.25		▲	7.25 - 8.25		▲	8.75 - 9.25		◄	8.75 - 9.75		▲	10.00 - 12.00		◄
	MIAMI/S. FLORIDA	—			6.50 - 7.25		▼	6.25 - 7.00		▼	7.50 - 8.00		▼	7.50 - 8.50		◄	9.00 - 10.00		▼
	MINNEAPOLIS	—			8.50 - 9.50		▲	8.00 - 9.00		▲	9.50 - 10.50		▼	10.00 - 11.00		◄	12.00 - 13.00		◄
	PHILADELPHIA	6.00 - 6.50		▲	8.00 - 8.50		▲	8.00 - 8.50		▲	9.00 - 10.00		▲	9.25 - 10.00		▲	11.00 - 12.00		▲
	PHOENIX	5.75 - 6.25		▲	6.50 - 7.00		▲	6.75 - 7.50		▼	7.25 - 8.25		▼	9.00 - 10.00		◄	11.00 - 12.00		◄
	SAN DIEGO	5.00 - 5.50		▼	6.00 - 6.50		◄	6.50 - 7.00		▼	6.75 - 7.25		▼	7.00 - 7.50		▼	7.75 - 8.25		▼
	SEATTLE	5.25 - 5.75		◄	6.50 - 7.50		▼	6.25 - 6.75		◄	7.00 - 8.00		▼	7.00 - 8.00		▼	7.50 - 8.50		▼

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

OFFICE SUBURBAN | UNITED STATES KEY RATES CONT.

	CLASS AA				CLASS A				CLASS B				CLASS C			
	CAP RATES FOR STABILIZED PROPERTIES (%)	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*			
TIER III	ALBUQUERQUE	7.25 - 8.00	7.25 - 8.50	▼	8.75 - 9.50	▼	8.50 - 9.25	▲	9.50 - 10.50	◄	9.50 - 11.00	◄	10.00 - 12.00	▼		
	AUSTIN	5.75 - 6.75	6.25 - 7.25	▲	8.00 - 9.00	▲	6.75 - 7.75	▲	8.25 - 9.00	▲	7.75 - 8.75	▼	9.25 - 10.00	▲		
	BALTIMORE	6.25 - 6.75	6.50 - 7.25	▼	8.50 - 9.00	▼	8.00 - 9.00	▲	8.50 - 9.50	▼	9.75 - 10.00	▲	9.50 - 9.75	—		
	CHARLOTTE	—	6.50 - 7.00	◄	8.50 - 9.50	◄	7.25 - 8.25	▲	9.00 - 10.00	▼	8.50 - 9.00	◄	10.00 - 10.50	◄		
	CINCINNATI	—	8.50 - 9.00	◄	9.50 - 10.00	◄	9.00 - 9.50	◄	10.00 - 10.50	◄	10.00 - 11.00	◄	11.00 - 12.00	◄		
	CLEVELAND	—	7.75 - 8.25	▼	8.75 - 9.25	▲	8.25 - 9.50	▼	9.75 - 10.75	▼	9.50 - 11.00	▲	11.00 - 12.00	▼		
	COLUMBUS	—	7.00 - 8.00	◄	8.50 - 9.50	▲	8.50 - 10.00	◄	9.25 - 9.75	◄	10.50 - 11.00	◄	11.50 - 12.50	◄		
	DETROIT	—	7.75 - 9.00	▼	8.50 - 9.25	▲	8.50 - 9.50	◄	9.25 - 9.75	▼	10.00 - 12.00	◄	11.00 - 13.00	◄		
	INDIANAPOLIS	—	8.00 - 9.00	▲	9.50 - 10.50	▲	9.00 - 10.00	▲	10.00 - 12.00	▲	10.00 - 12.00	▲	12.00 - 13.00	▲		
	JACKSONVILLE	—	7.50 - 8.00	◄	10.00 - 10.50	◄	8.50 - 9.00	▼	10.50 - 11.50	◄	9.50 - 10.00	▼	10.50 - 13.00	▼		
	KANSAS CITY	6.50 - 7.00	7.00 - 7.50	◄	7.25 - 7.75	◄	8.00 - 9.00	◄	8.75 - 9.75	▲	9.50 - 10.50	▼	10.00 - 12.00	▲		
	LAS VEGAS	7.00 - 7.25	7.50 - 8.00	◄	7.50 - 8.00	◄	7.50 - 8.00	◄	8.50 - 9.00	▲	8.50 - 10.00	◄	10.00 - 12.00	◄		
	MEMPHIS	7.00 - 7.50	7.25 - 7.75	▼	8.50 - 9.00	▲	8.50 - 9.00	▼	10.00 - 10.50	▼	9.50 - 10.00	◄	11.50 - 12.00	◄		
	NASHVILLE	6.25 - 6.50	6.50 - 6.75	◄	7.50 - 8.00	▲	7.25 - 7.75	▼	8.00 - 8.50	▲	8.25 - 9.25	▼	7.75 - 8.25	◄		
	OKLAHOMA CITY	—	7.00 - 8.00	—	8.00 - 9.00	—	8.00 - 9.50	—	9.00 - 10.00	—	9.50 - 11.00	—	10.00 - 11.00	—		
	ORLANDO	6.00 - 7.00	7.00 - 7.50	◄	7.50 - 8.00	◄	7.50 - 8.00	◄	8.00 - 8.50	◄	8.00 - 8.50	◄	8.50 - 9.00	◄		
	PITTSBURGH	7.00 - 8.00	7.75 - 8.50	▲	9.00 - 10.00	◄	8.50 - 9.00	▼	10.00 - 12.00	▲	11.00 - 12.00	◄	11.00 - 12.00	◄		
	PORTLAND	7.00 - 7.50	7.50 - 7.75	▲	7.50 - 8.25	▼	8.00 - 8.50	▲	8.50 - 9.00	▼	8.75 - 9.00	▼	9.25 - 10.00	▼		
	RICHMOND	—	6.75 - 8.25	—	8.00 - 9.50	—	7.75 - 9.00	—	8.75 - 10.25	—	8.50 - 10.50	—	9.50 - 12.00	—		
	SACRAMENTO	6.75 - 7.25	7.00 - 8.00	◄	7.75 - 8.75	◄	8.00 - 9.00	◄	8.75 - 9.75	◄	9.00 - 10.00	◄	9.75 - 11.00	◄		
SALT LAKE CITY	5.75 - 6.00	6.00 - 6.75	▼	6.25 - 7.00	▲	7.00 - 7.75	◄	7.50 - 8.25	▲	8.50 - 10.00	▲	8.50 - 10.00	▲			
SAN ANTONIO	—	6.75 - 7.75	▲	8.25 - 9.25	▲	8.00 - 8.75	▲	9.75 - 10.75	▲	9.25 - 10.25	▲	9.75 - 10.75	▲			
ST. LOUIS	—	8.00 - 8.50	▲	8.50 - 9.00	▲	8.00 - 8.50	◄	9.00 - 10.00	▼	9.50 - 10.00	▲	11.00 - 12.00	▼			
TAMPA	—	7.00 - 7.50	◄	7.50 - 8.00	◄	7.75 - 8.25	◄	8.00 - 8.50	◄	8.50 - 9.00	◄	9.00 - 9.50	◄			

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



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APPENDIX



## OFFICE SUBURBAN | CANADA KEY RATES

TIER I	CLASS A		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
TORONTO	5.75 - 6.50	◄	7.00 - 7.50	▼

TIER II	CLASS A		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
CALGARY	6.00 - 6.50	▲	7.00 - 7.50	▲
EDMONTON	6.75 - 7.25	◄	7.25 - 7.75	◄
MONTREAL	6.00 - 6.75	▲	7.00 - 7.75	▼
VANCOUVER	5.75 - 6.25	◄	6.00 - 6.50	◄

TIER III	CLASS A		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
HALIFAX	6.50 - 7.25	▲	7.25 - 7.75	▼
KITCHENER - WATERLOO	6.50 - 7.00	◄	7.00 - 7.50	◄
LONDON - WINDSOR	7.50 - 8.00	◄	8.00 - 8.50	◄
OTTAWA	6.25 - 7.00	◄	7.25 - 7.50	▼
WINNIPEG	6.50 - 7.00	◄	7.00 - 7.50	◄

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



OFFICE SUBURBAN | UNITED STATES FORECAST TRENDS

		CLASS AA		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	BOSTON	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	CHICAGO	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	N. CA: SAN FRANCISCO	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	N. CA: SAN JOSE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	NY: N. NEW JERSEY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	NY: STAMFORD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	S. CA: LOS ANGELES	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	S. CA: ORANGE COUNTY	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
WASHINGTON, D.C.	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	

		CLASS AA		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	ATLANTA	REMAIN FLAT	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT
	DALLAS/FORT WORTH	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	INCREASE	INCREASE	INCREASE	INCREASE
	DENVER	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	HOUSTON	REMAIN FLAT	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	MIAMI/S. FLORIDA	REMAIN FLAT	DECREASE	REMAIN FLAT	REMAIN FLAT	INCREASE	INCREASE	REMAIN FLAT	DECREASE
	MINNEAPOLIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	PHILADELPHIA	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	PHOENIX	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SAN DIEGO	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	SEATTLE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT

■ INCREASE 
 ■ DECREASE 
 ■ REMAIN FLAT 
 - N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015. Source: CBRE Research.

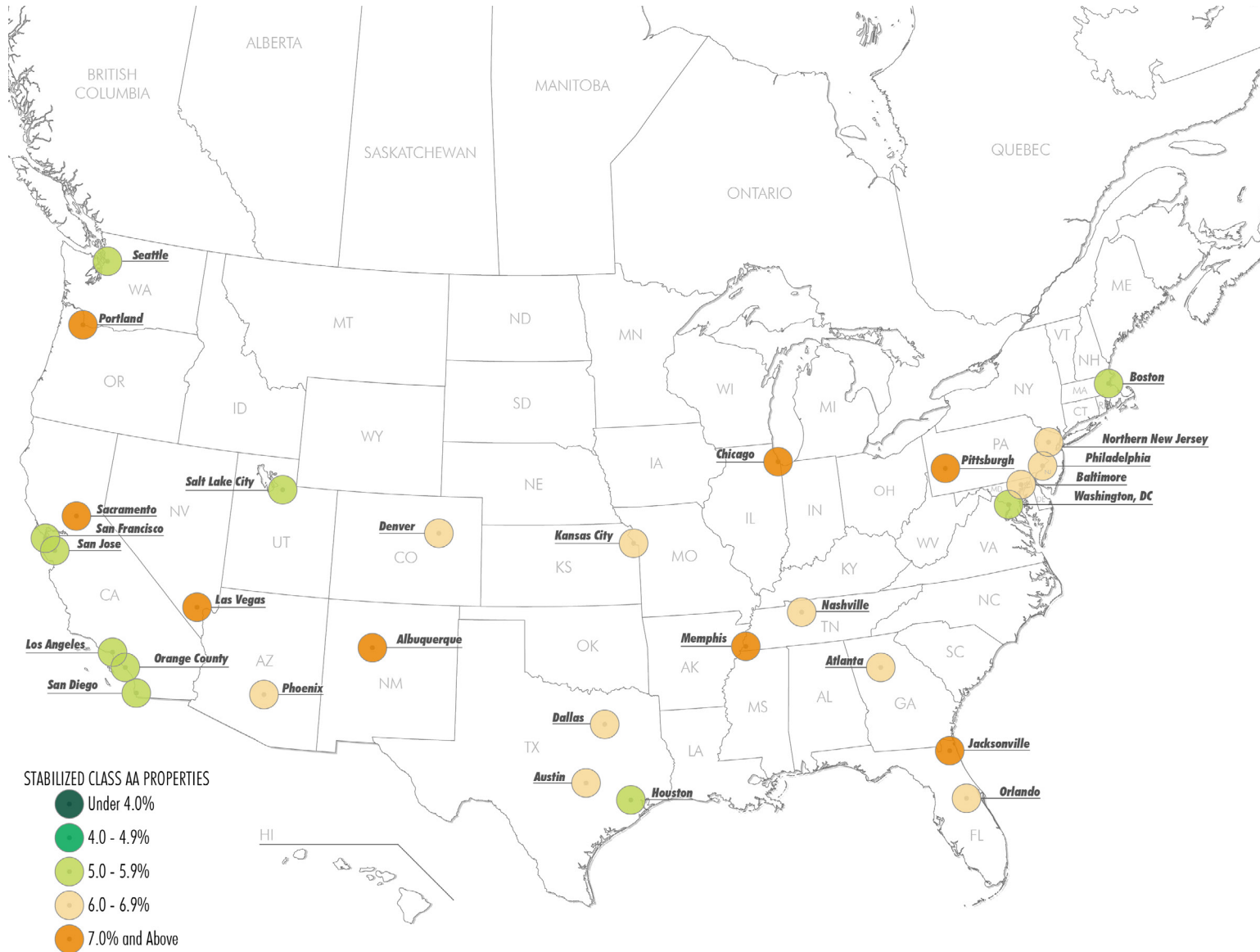
OFFICE SUBURBAN | UNITED STATES FORECAST TRENDS CONT.

		CLASS AA		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	ALBUQUERQUE	—	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	AUSTIN	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	BALTIMORE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	CHARLOTTE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT
	CINCINNATI	—	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	CLEVELAND	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	COLUMBUS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	DETROIT	—	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	INDIANAPOLIS	—	REMAIN FLAT	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	JACKSONVILLE	DECREASE	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	INCREASE
	KANSAS CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	LAS VEGAS	DECREASE	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	MEMPHIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	NASHVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	OKLAHOMA CITY	—	REMAIN FLAT	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	ORLANDO	—	REMAIN FLAT	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	PITTSBURGH	REMAIN FLAT	REMAIN FLAT	INCREASE	REMAIN FLAT	REMAIN FLAT	INCREASE	REMAIN FLAT	REMAIN FLAT
	PORTLAND	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	RICHMOND	—	REMAIN FLAT	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SACRAMENTO	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
SALT LAKE CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	
SAN ANTONIO	—	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	
ST. LOUIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	
TAMPA	—	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	

■ INCREASE 
 ■ DECREASE 
 ■ REMAIN FLAT 
 — N/A

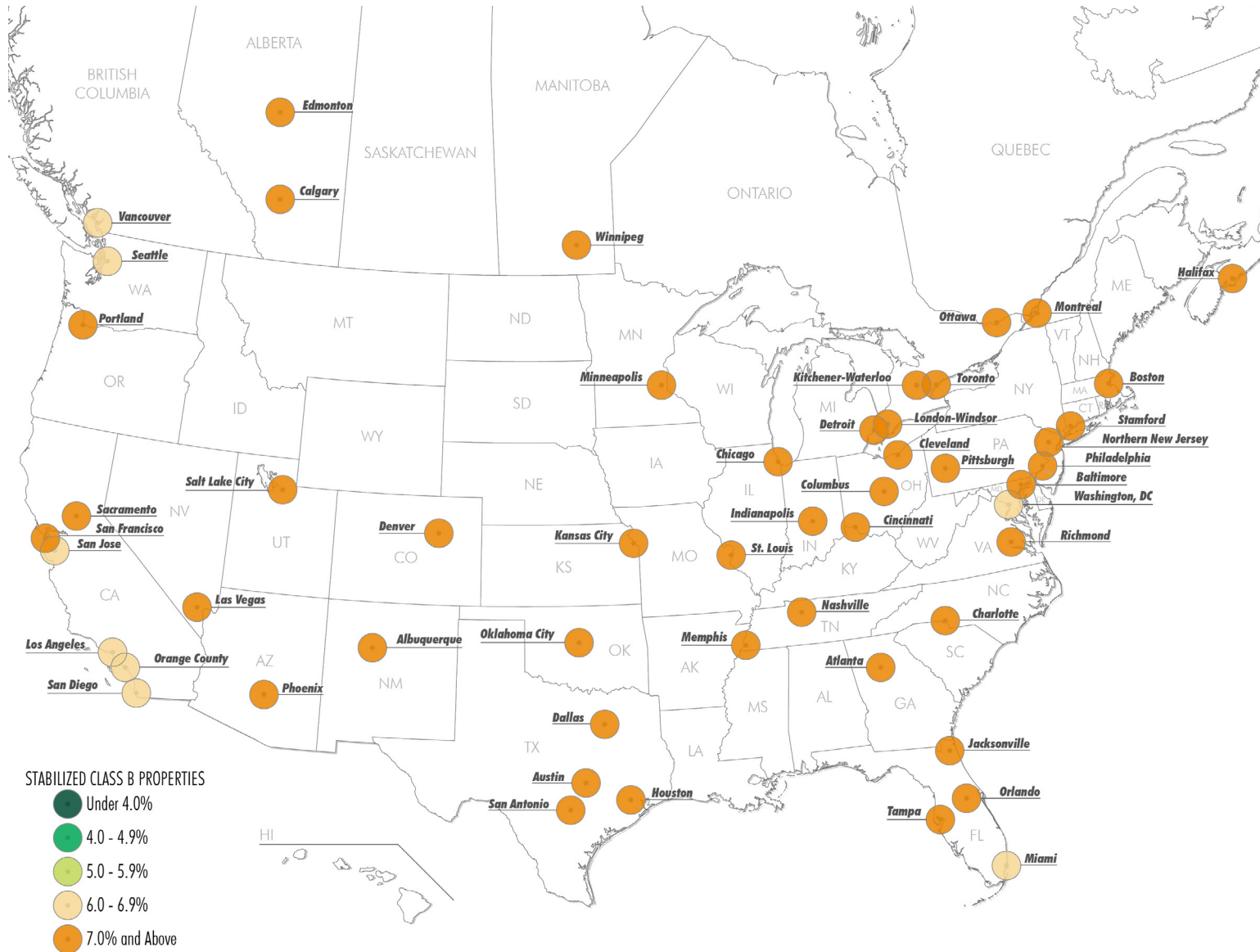
\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015. Source: CBRE Research.

OFFICE SUBURBAN | CLASS AA CAP RATES





OFFICE SUBURBAN | CLASS B CAP RATES





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APPENDIX



## INDUSTRIAL | UNITED STATES OVERVIEW

Transaction activity in the U.S. industrial sector reached \$37.0 billion in first half of 2015—an impressive gain of 70% over the prior year. The year-to-date total includes entity-level acquisitions the most notable of which was the \$8.1 billion acquisition of IndCor by Global Logistic Properties and GIC, both out of Singapore.

At the current pace, 2015 industrial asset acquisitions will exceed the prior peak set in 2007 for the first time since the recession. CBRE Research expects the full-year 2015 total (including entity-level sales) to reflect a 40% or greater increase over 2014.

Cross-border investment into the U.S. industrial sector continues to rise. Historically, international capital coming into the U.S. for direct acquisitions or acquisitions through joint ventures (JV) has favored other asset classes; however this year, the industrial sector has been receiving far more international attention.

Year-to-date through June, cross-border industrial investment totaled \$15.1 billion including the IndCor acquisition. This total also includes the June acquisition of KTR Capital by a JV composed of Prologis and Norway's Norges Bank for a reported \$5.9 billion. Cross-border industrial investment in 2015 has already exceeded the full-year \$1.6 billion total reached in 2014.

Excluding entity-level purchases, the largest country sources of capital for industrial properties year-to-date have been the United Arab Emirates and Canada. Additionally, Global Logistic Properties is set to make another major industrial portfolio acquisition this year; the Singapore-based investor is buying an estimated 58 million sq. ft. of industrial space from Industrial Income Trust. The \$4.55 billion transaction is expected to close in Q4 2015 at a 5.6% cap rate.

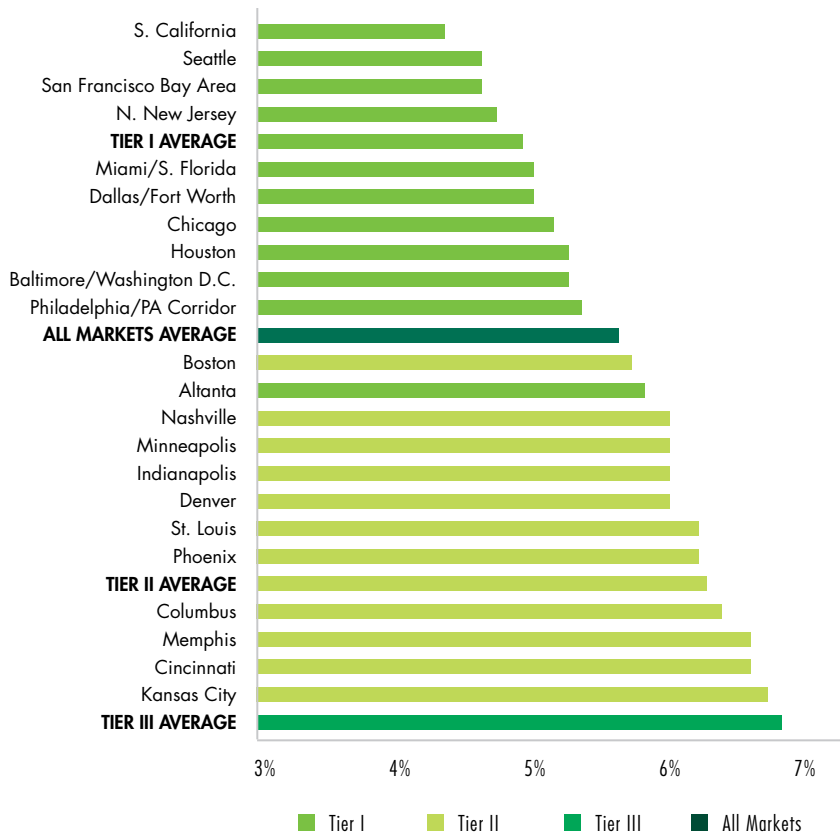
FIGURE 14. INDUSTRIAL - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	A	5.83	5.65	-19
	B	6.84	6.67	-16
	C	8.16	8.06	-10
I	A	5.14	4.96	-18
	B	6.20	5.94	-26
	C	7.50	7.42	-8
II	A	6.47	6.16	-32
	B	7.42	7.46	4
	C	9.00	8.73	-28
III	A	6.84	6.73	-11
	B	7.74	7.58	-16
	C	8.90	8.87	-3

The Real Capital Analytics (RCA) database divides industrial space into two basic types: warehouse and flex; the latter category most closely represents “light industrial” (although some “light industrial” assets fall into RCA’s warehouse category). The warehouse sector captured 80% of the year-to-date 2015 transaction total as well as the largest increase (84%), despite the fact that “light industrial” appears to have more market upside at this point in the real estate cycle. Perhaps the greater pricing volatility of light industrial product and limited attractive opportunities have curtailed investment (relative to warehouse). Additionally, the investment landscape includes more portfolio sales than in recent years, and these are typically warehouse assets.

INDUSTRIAL | UNITED STATES OVERVIEW CONT.

FIGURE 15. INDUSTRIAL - CLASS A CAP RATES, H1 2015 - TIER I & II METROS

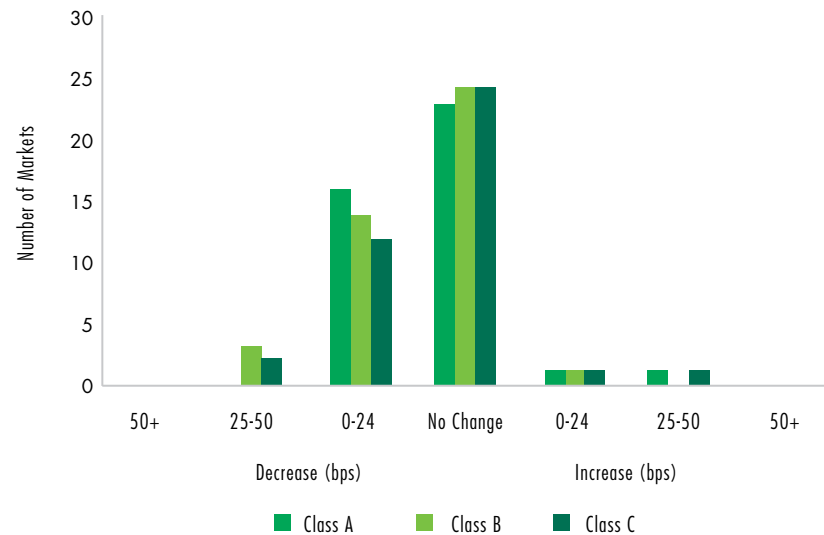


Source: CBRE Research

The H1 2015 Cap Rate Survey concluded that, on average, industrial cap rates declined very modestly for acquisitions of stabilized assets. Class A cap rates dropped 19 bps to 5.65% on average, Class B edged down 16 bps to 6.67% and Class C declined slightly to 8.06%.

Class A cap rates in Tier I markets declined 18 bps to 4.96%. Tier II markets had an average cap rate of more than 100 bps higher at 6.16%, down 32 bps from the prior survey. Class A cap rates in Tier III markets dropped marginally to 6.73%. (See page 5 for more discussion on tier selection methodology and page 33 for Key Rate tables for metros in each tier.)

FIGURE 16. INDUSTRIAL - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015



Source: CBRE Research.



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APPENDIX



## INDUSTRIAL | UNITED STATES OVERVIEW CONT.

Of the 43 markets tracked, 15 have cap rates lower than 6% for stabilized Class A properties. Southern California has the lowest cap rates in the low 4% range, followed by the San Francisco Bay Area, Seattle and Northern New Jersey, which are all below 5%.

Expected returns on cost for acquisitions of value-add assets, however, on average, moved up in H1 2015 compared to H2 2014: 8 bps for Class A, 4 bps for Class B and 57 bps for Class C. Expected returns on cost fell in Class A and Class B product in both Tier I and Tier II markets.

The spread between cap rates for stabilized properties and the expected return on cost for value-add acquisitions averaged 78 bps for Class A assets, 86 bps for Class B, and 149 bps for Class C.

Over H2 2015, CBRE Capital Markets and Valuation professionals expect cap rates to fall modestly in more than one third of the markets surveyed (38%), a larger figure than most other property types, yet much lower than that found in the last survey. The larger declines—more than 25 bps—are expected in Class B and Class C stabilized properties in Philadelphia and St. Louis. Over half (58%) of the markets surveyed are expected to experience no change in stabilized cap rates. Cap rates are expected to rise in only a couple of markets.

Select from the list below to access the current **key rates**, **forecasts** and **maps**.

### INDUSTRIAL



INDUSTRIAL | UNITED STATES KEY RATES

		CLASS A				CLASS B				CLASS C			
TIER I	CITY	CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*
	ATLANTA	5.75 - 6.00	◀	6.00 - 6.25	▼	6.25 - 6.75	▼	7.25 - 7.75	▼	8.25 - 9.00	▼	9.25 - 10.75	▼
	BALTIMORE/WASHINGTON, D.C.	5.00 - 5.50	▼	6.00 - 6.75	▼	5.75 - 6.50	▼	6.75 - 7.50	◀	7.00 - 7.75	▲	8.50 - 9.50	▲
	CHICAGO	5.00 - 5.25	◀	6.00 - 7.00	▼	6.50 - 7.00	▼	7.50 - 8.50	▲	8.00 - 8.50	▼	8.50 - 11.00	▼
	DALLAS/FORT WORTH	4.75 - 5.25	▼	5.25 - 6.00	▼	5.75 - 6.25	▼	6.25 - 7.25	▼	7.00 - 8.25	◀	8.00 - 11.00	▲
	HOUSTON	5.00 - 5.50	▼	5.25 - 6.00	▼	5.75 - 6.25	▼	6.25 - 7.25	▼	7.50 - 8.50	▼	8.50 - 10.00	▲
	MIAMI/S. FLORIDA	4.75 - 5.25	◀	5.75 - 6.75	◀	5.75 - 6.50	◀	6.50 - 7.50	◀	7.00 - 8.50	◀	7.50 - 9.00	◀
	N. NEW JERSEY	4.50 - 5.00	▼	5.25 - 5.75	▼	5.25 - 5.75	▼	6.25 - 6.75	▼	7.00 - 8.00	◀	9.00 - 10.00	▲
	PHILADELPHIA/PA CORRIDOR	5.00 - 5.75	◀	5.75 - 6.25	▼	6.00 - 6.50	▼	6.75 - 7.25	▼	7.25 - 8.00	▼	8.50 - 10.00	▼
	SAN FRANCISCO BAY AREA <sup>1</sup>	4.25 - 5.00	▼	4.75 - 5.50	▼	5.00 - 5.75	▼	5.25 - 6.25	▼	6.00 - 6.75	▼	7.00 - 9.75	▲
	SEATTLE	4.25 - 5.00	▼	5.25 - 6.50	▼	5.25 - 5.75	▼	6.50 - 7.00	◀	6.00 - 7.00	◀	7.50 - 8.50	▲
	S. CALIFORNIA <sup>2</sup>	4.25 - 4.75	▼	4.75 - 5.25	▼	4.75 - 5.75	▼	5.25 - 6.00	▼	6.00 - 7.00	▲	7.00 - 9.00	▲

<sup>1</sup>Includes San Francisco, San Jose, Oakland. <sup>2</sup>Includes Inland Empire, Los Angeles and Orange County.

		CLASS A				CLASS B				CLASS C			
TIER II	CITY	CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*
	BOSTON	5.50 - 6.00	▼	6.75 - 7.25	▼	7.50 - 8.50	▼	8.50 - 9.50	◀	8.50 - 10.00	◀	9.00 - 10.00	▼
	CINCINNATI	6.25 - 6.75	◀	7.00 - 7.50	▼	7.25 - 7.75	◀	8.50 - 9.50	◀	8.50 - 9.00	▼	10.00	◀
	COLUMBUS	6.00 - 6.50	▼	7.00 - 7.50	▼	7.25 - 7.75	◀	8.50 - 9.25	▼	8.50 - 9.00	▼	10.00 - 12.00	▼
	DENVER	5.50 - 6.50	◀	6.00 - 7.00	▼	6.50 - 7.50	▲	7.00 - 8.00	▼	7.50 - 8.00	◀	9.00 - 11.00	▲
	INDIANAPOLIS	5.75 - 6.25	◀	6.50 - 7.50	▲	7.25 - 7.75	◀	8.50 - 9.50	▲	8.50 - 9.00	◀	8.00 - 12.00	▲
	KANSAS CITY	6.50 - 6.75	◀	7.25 - 7.75	▼	7.25 - 7.75	◀	8.25 - 9.00	▼	8.50 - 9.00	▼	10.00 - 12.00	▲
	MEMPHIS	6.25 - 6.75	▼	7.00 - 7.50	▼	7.25 - 7.75	▼	8.00 - 8.50	▼	9.00 - 9.50	◀	10.00 - 11.00	▲
	MINNEAPOLIS	5.75 - 6.25	▼	6.75 - 7.50	▲	7.25 - 7.75	◀	8.00 - 8.50	◀	8.50 - 9.50	▼	10.00 - 11.00	▲
	NASHVILLE	5.75 - 6.25	▼	7.00 - 7.50	▼	6.75 - 7.50	▼	8.00 - 8.50	▼	8.50 - 9.00	—	10.00 - 11.00	—
	PHOENIX	5.75 - 6.50	▼	6.50 - 7.00	▼	6.50 - 7.50	▲	7.50 - 8.25	▲	7.50 - 8.50	▲	8.50 - 11.00	▲
	ST. LOUIS	5.75 - 6.50	▼	6.75 - 7.25	—	7.25 - 7.75	▲	7.50 - 8.50	—	8.50 - 9.00	▼	9.00 - 12.00	—

▲ INCREASE ▼ DECREASE ◀ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

INDUSTRIAL | UNITED STATES KEY RATES CONT.

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
TIER III	AUSTIN	5.75 - 6.25	▼	6.25 - 7.25	▼	6.50 - 7.50	▼	7.00 - 8.00	▼	7.50 - 8.50	▼	8.50 - 9.50	▲
	ALBUQUERQUE	7.75 - 8.25	◄►	8.50 - 9.00	◄►	8.00 - 9.00	◄►	9.00 - 9.50	◄►	9.00 - 10.00	◄►	10.00 - 11.00	◄►
	CHARLOTTE	6.00 - 6.50	▲	7.00 - 8.00	▲	7.25 - 8.25	▲	7.75 - 8.50	▲	8.25 - 9.50	▲	9.00 - 10.00	▲
	CLEVELAND	7.00 - 7.50	▲	7.50 - 8.00	—	7.50 - 8.25	▼	8.50 - 9.50	—	8.50 - 9.50	▼	9.50 - 10.50	—
	DETROIT	7.25 - 8.00	◄►	7.50 - 8.50	▲	8.00 - 9.00	◄►	9.00 - 10.00	▲	9.25 - 10.75	◄►	10.00 - 12.00	◄►
	EL PASO	6.75 - 7.50	◄►	8.50 - 9.00	◄►	7.75 - 8.75	◄►	9.50 - 10.00	◄►	9.50 - 10.00	◄►	11.50 - 12.00	◄►
	HONOLULU	5.00 - 5.50	◄►	6.00 - 7.00	—	6.00 - 6.50	▲	6.75 - 7.50	—	7.50 - 8.00	▲	8.00 - 11.00	—
	JACKSONVILLE	6.50 - 7.00	▼	7.00 - 7.50	▼	7.25 - 7.75	▼	8.25 - 9.00	▼	9.00 - 9.50	◄►	10.00 - 12.00	▲
	LAS VEGAS	5.75 - 6.25	▼	6.00 - 7.00	▼	6.25 - 6.75	▼	6.75 - 7.50	▼	6.75 - 7.50	▼	8.00 - 11.00	▲
	OKLAHOMA CITY	7.00 - 7.50	▼	7.50 - 8.50	▼	7.50 - 8.50	▼	9.00 - 10.00	▲	9.00 - 10.00	◄►	10.00 - 12.00	▲
	ORLANDO	6.00 - 6.25	◄►	6.50 - 7.00	▼	6.75 - 7.25	▼	7.50 - 8.00	▼	8.50 - 9.00	◄►	9.00 - 10.00	▲
	PITTSBURGH	7.25 - 8.00	▼	8.00 - 9.00	◄►	8.50 - 9.50	◄►	9.00 - 10.00	◄►	9.50 - 10.00	▼	10.50 - 12.00	▲
	PORTLAND	5.50 - 5.75	▼	6.25 - 6.75	▼	6.25 - 6.75	▼	7.25 - 8.25	◄►	7.25 - 8.25	▲	8.25 - 11.00	▲
	RALEIGH	6.25 - 7.00	▼	7.50 - 8.00	▼	7.25 - 8.25	▼	7.75 - 8.75	▼	8.50 - 9.50	▼	9.00 - 10.50	▼
	RICHMOND	6.25 - 7.25	—	6.75 - 7.50	—	6.75 - 8.25	—	7.50 - 9.00	—	7.50 - 9.50	—	9.00 - 12.00	—
	SACRAMENTO	6.50 - 7.00	◄►	7.00 - 7.75	▼	7.00 - 7.75	▼	8.00 - 9.00	◄►	8.00 - 8.75	▼	9.00 - 12.00	▲
	SALT LAKE CITY	5.75 - 6.25	▼	6.00 - 6.75	▲	6.50 - 7.25	▲	7.50 - 8.00	▲	8.00 - 9.00	▲	9.00 - 12.00	▲
	SAN ANTONIO	6.00 - 7.00	▼	6.75 - 7.25	◄►	7.25 - 8.00	◄►	7.75 - 8.50	▲	8.50 - 9.50	◄►	9.00 - 12.00	▲
SAN DIEGO	5.50 - 6.00	◄►	6.00 - 6.50	◄►	6.00 - 6.50	▲	6.25 - 6.75	◄►	7.00 - 7.50	◄►	8.00 - 11.00	▲	
STAMFORD	5.75 - 6.25	▼	7.50 - 8.00	▼	6.50 - 7.00	▼	8.50 - 9.00	▼	8.00 - 8.50	▼	9.25 - 10.00	▼	
TAMPA	6.25 - 6.75	▼	6.75 - 7.25	▼	7.00 - 7.50	▼	8.00 - 8.50	▼	8.50 - 9.50	◄►	9.00 - 11.00	▲	

▲ INCREASE ▼ DECREASE ◄► REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

**INDUSTRIAL | CANADA KEY RATES**

TIER I		CLASS A		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	
TORONTO	5.00 - 5.50	▼	6.50 - 7.50	◄	

TIER II		CLASS A		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	
CALGARY	5.50 - 6.00	▲	6.50 - 7.00	▲	
EDMONTON	5.50 - 6.00	◄	6.50 - 7.00	◄	
MONTREAL	5.75 - 6.50	▼	7.00 - 8.00	▼	
VANCOUVER	5.25 - 5.75	◄	5.50 - 6.25	◄	

TIER III		CLASS A		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	
HALIFAX	6.50 - 7.00	◄	7.25 - 7.75	◄	
KITCHENER - WATERLOO	6.00 - 7.00	▼	7.00 - 7.50	▼	
LONDON - WINDSOR	7.50 - 8.00	◄	8.25 - 9.00	◄	
OTTAWA	6.00 - 6.25	▼	6.50 - 7.25	▼	
WINNIPEG	6.00 - 6.50	▼	6.50 - 7.00	▼	

▲ INCREASE   ▼ DECREASE   ◄ REMAIN FLAT   — N/A

\*Compared to H2 2014. Source: CBRE Research.

INDUSTRIAL | UNITED STATES FORECAST TRENDS

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	ATLANTA	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	BALTIMORE/WASHINGTON	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	DECREASE	DECREASE
	CHICAGO	REMAIN FLAT	REMAIN FLAT	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	DALLAS/FORT WORTH	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	HOUSTON	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	MIAMI/S. FLORIDA	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE
	N. NEW JERSEY	REMAIN FLAT	REMAIN FLAT	DECREASE	DECREASE	DECREASE	REMAIN FLAT
	PHILADELPHIA/PA CORRIDOR	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	SAN FRANCISCO BAY AREA <sup>1</sup>	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SEATTLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	S. CALIFORNIA <sup>2</sup>	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT

<sup>1</sup>Includes San Francisco, San Jose, Oakland. <sup>2</sup>Includes Inland Empire, Los Angeles and Orange County.

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	BOSTON	REMAIN FLAT	REMAIN FLAT	DECREASE	DECREASE	—	—
	CINCINNATI	—	—	DECREASE	REMAIN FLAT	—	—
	COLUMBUS	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	REMAIN FLAT
	DENVER	REMAIN FLAT	REMAIN FLAT	DECREASE	REMAIN FLAT	INCREASE	INCREASE
	INDIANAPOLIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	KANSAS CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	MEMPHIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	MINNEAPOLIS	INCREASE	INCREASE	REMAIN FLAT	REMAIN FLAT	INCREASE	INCREASE
	NASHVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	PHOENIX	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	ST. LOUIS	REMAIN FLAT	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE

- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.

INDUSTRIAL | UNITED STATES FORECAST TRENDS CONT.

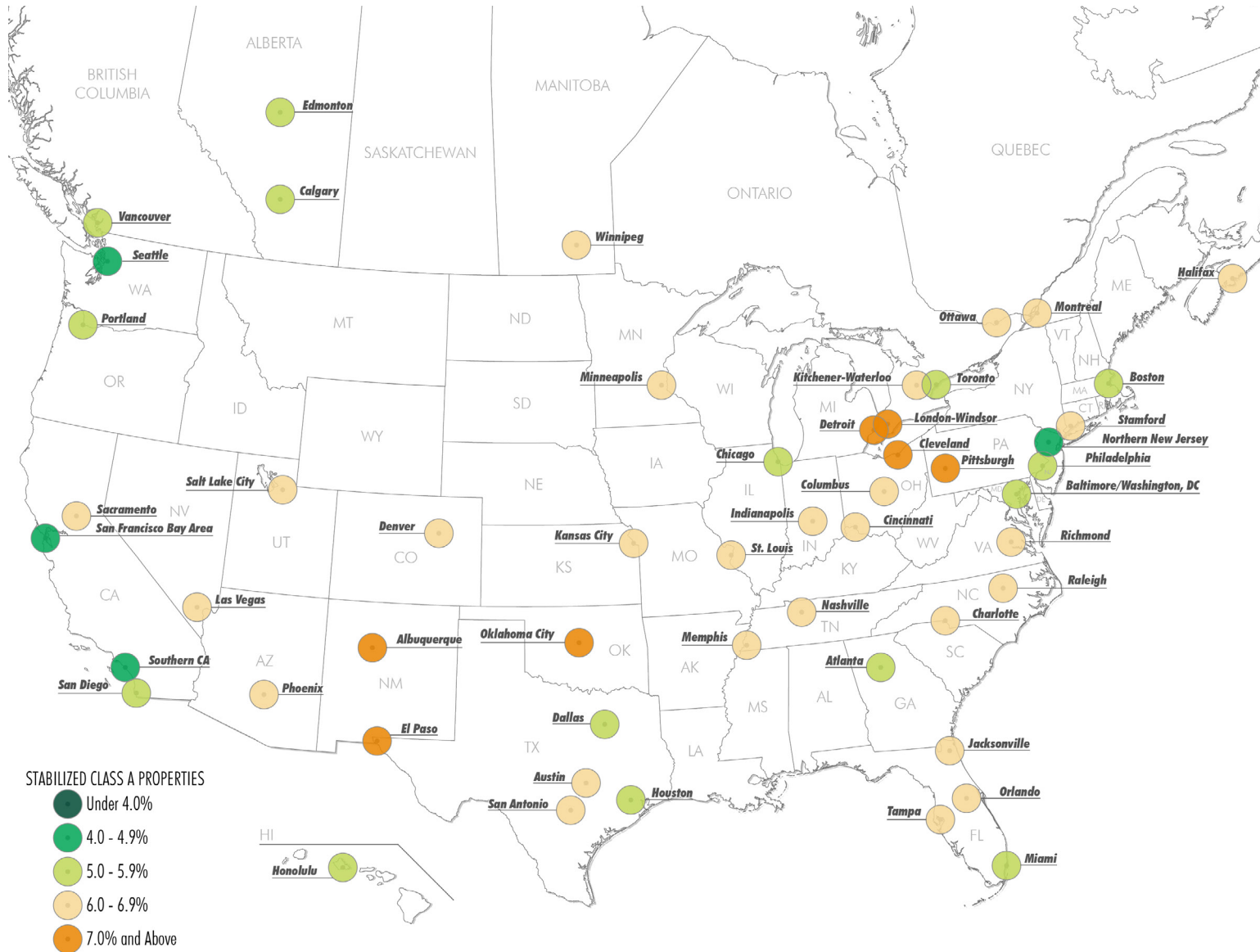
		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	AUSTIN	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	CHARLOTTE	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	CLEVELAND	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	DECREASE	REMAIN FLAT
	DETROIT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	EL PASO	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	HONOLULU	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	JACKSONVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	LAS VEGAS	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	OKLAHOMA CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	ORLANDO	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	REMAIN FLAT
	PITTSBURGH	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	INCREASE	REMAIN FLAT	INCREASE
	PORTLAND	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	RALEIGH	INCREASE	INCREASE	INCREASE	INCREASE	REMAIN FLAT	REMAIN FLAT
	RICHMOND	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SACRAMENTO	DECREASE	DECREASE	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT
	SALT LAKE CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SAN ANTONIO	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SAN DIEGO	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	STAMFORD	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
TAMPA	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	

- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.

INDUSTRIAL | CLASS A CAP RATES





OVERVIEW



OFFICE



INDUSTRIAL



RETAIL



MULTIFAMILY



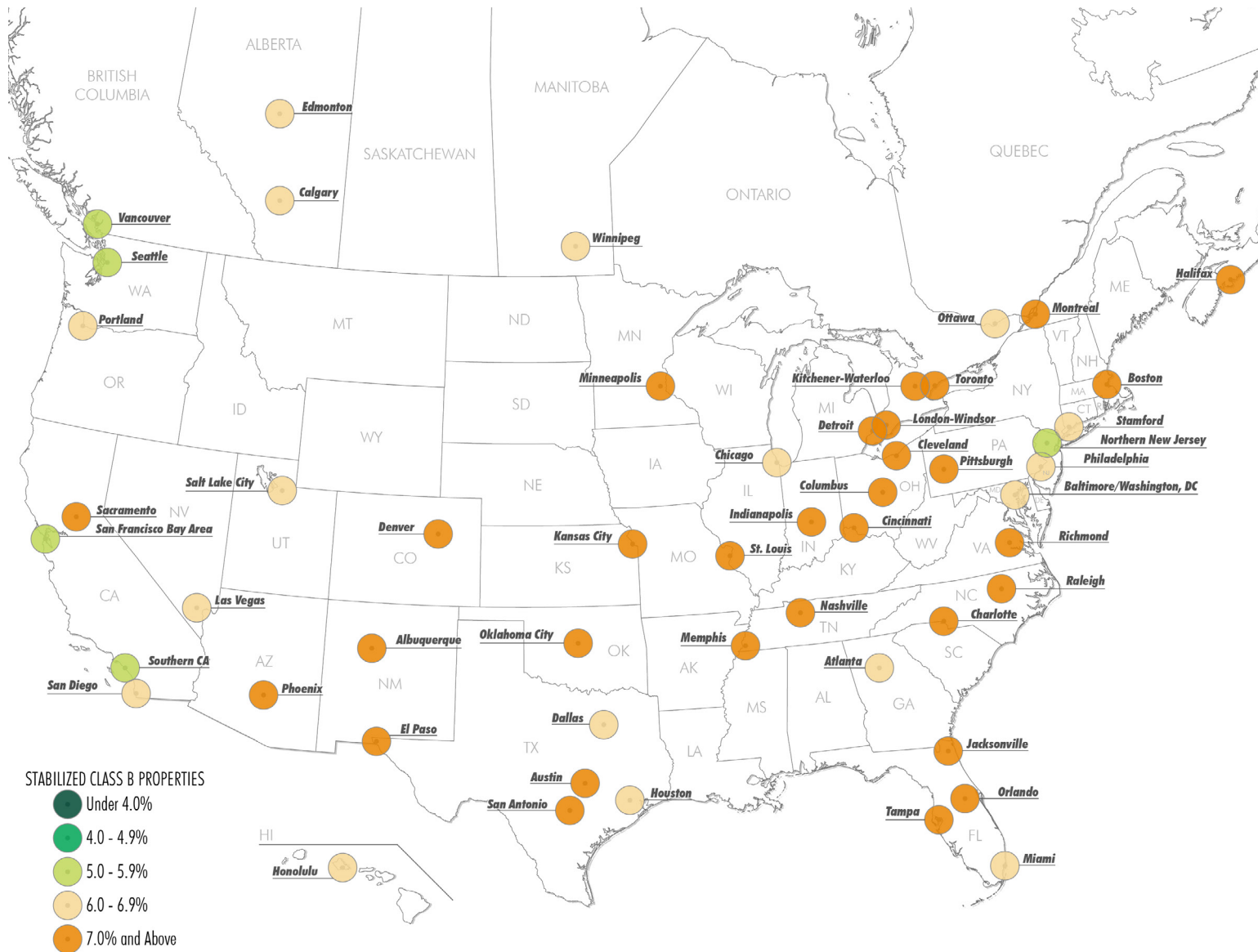
HOTEL



APPENDIX



INDUSTRIAL | CLASS B CAP RATES



## RETAIL | UNITED STATES OVERVIEW

Retail investment has been active in 2015 with \$45.6 billion of acquisitions through June (including entity-level sales). This total registers a 12% gain over the same period in 2014, but this increase pales in comparison to the large increases achieved in the other property sectors. This trend reflects some hesitancy by investors to increase their holdings in the asset class due to the sector's late market recovery trends, as well as limited investment opportunities for the best assets.

The RCA database divides retail space into two basic types: "mall and other" (such as lifestyle) and "strip," which includes community, neighborhood, strip and freestanding retail, what CBRE would call "open-air retail." The "mall and other" category experienced the larger year-over-year gain (14%) and the open-air category rose 8%. Based on current capital markets and economic trends, we expect the pace of retail investment to accelerate modestly in H2 2015 and end the year with an approximate 10% gain over 2014, surpassing last year's record volume.

Cross-border retail acquisitions totaled \$3.6 billion year-to-date through June, up from last year's \$2.5 billion total. The largest cross-border investment this year is AustralianSuper's partial interest in the Ala Moana Center in Honolulu, one of the country's top regional malls. With this acquisition, Australia leads the list of country sources of cross-border capital flows into U.S. retail centers followed by Canada and Spain.

For grocery-anchored neighborhood and community center acquisitions, cap rates fell in all classes of space and in all tiers. In fact, this product type, along with power centers, enjoyed the largest cap rate declines found in the survey.

FIGURE 17. RETAIL NEIGHBORHOOD/COMMUNITY CENTER - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	A	5.88	5.71	-17
	B	6.98	6.74	-24
	C	8.41	8.25	-16
I	A	5.44	5.23	-21
	B	6.48	6.34	-14
	C	7.69	7.30	-39
II	A	5.75	5.51	-23
	B	7.06	6.65	-41
	C	8.66	8.65	-1
III	A	6.34	6.27	-7
	B	7.33	7.14	-19
	C	8.77	8.71	-6

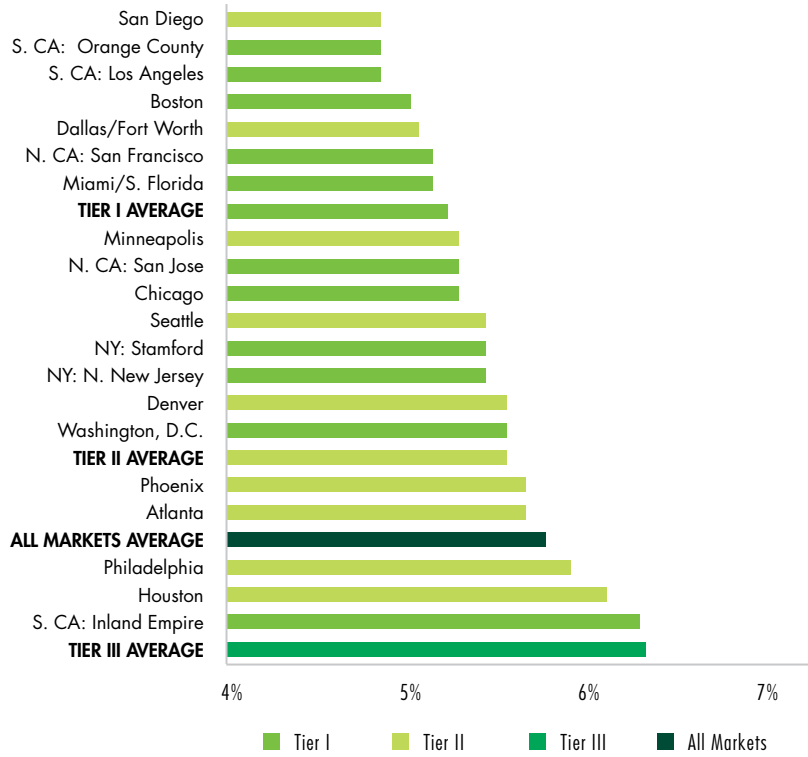
Source: CBRE Research.

By class, Class B experienced the largest average decline of 24 bps. Among the tiers, for Class A product, Tier I and Tier II metros experienced slightly greater cap rate compression than Tier III metros. Four markets—all in California—have average Class A cap rates below 5%: San Jose, San Francisco, Los Angeles and Orange County. (See page 5 for more discussion on tier selection methodology and page 45 for Key Rate tables for metros in each tier.)



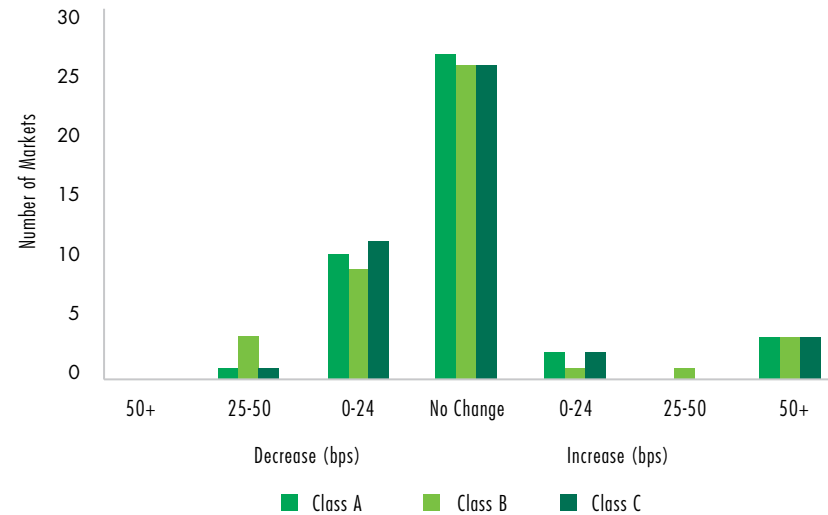
RETAIL | UNITED STATES OVERVIEW CONT.

FIGURE 18. RETAIL NEIGHBORHOOD/COMMUNITY CENTER - CLASS A CAP RATES, H1 2015 - TIER I & II METROS



Source: CBRE Research.

FIGURE 19. RETAIL NEIGHBORHOOD/COMMUNITY CENTER - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015



Source: CBRE Research.

Power center cap rates are slightly higher than neighborhood/community centers, with stabilized Class A rates averaging 6.16% for power centers versus 5.71% for neighborhood/community center. Cap rates for Class A and B power centers moved down in all tiers, but not in Class C. The greatest decreases were generally in Class A centers in all metro tiers. Cap rates for Class A stabilized assets in Tier I metros, however, had the greatest drop (50 bps).

RETAIL | UNITED STATES OVERVIEW CONT.

FIGURE 20. RETAIL POWER CENTER - CAP RATES FOR STABILIZED PROPERTIES

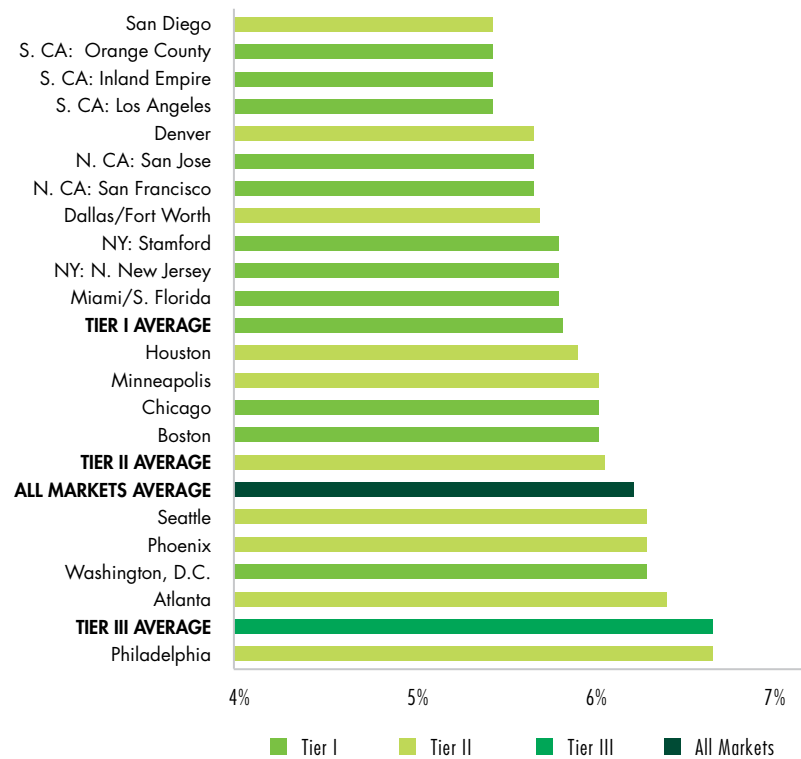
METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	A	6.49	6.16	-33
	B	7.44	7.31	-13
	C	8.59	8.77	18
I	A	6.26	5.76	-50
	B	7.14	7.01	-13
	C	8.07	8.21	15
II	A	6.39	6.02	-37
	B	7.45	7.28	-17
	C	8.61	8.90	30
III	A	6.77	6.60	-17
	B	7.68	7.58	-10
	C	8.98	9.10	12

Source: CBRE Research.

Four California metros have the lowest cap rates for stabilized Class A power centers: San Francisco, San Jose, San Diego and Los Angeles.

The projected return on cost figures for value-add power center acquisitions dropped in H1 2015 for Class A and Class B product in all metro tiers. However, Class C is commanding a slightly higher return on cost in H1 2015, up 13 bps. The Class A average return on cost of 7.23% reflects a 19 bps drop, while Class B experienced an 18 bps decline to 8.18%.

FIGURE 21. RETAIL POWER CENTER - CLASS A CAP RATES, H1 2015 - TIER I & II METROS



Source: CBRE Research.

**RETAIL | UNITED STATES OVERVIEW CONT.**

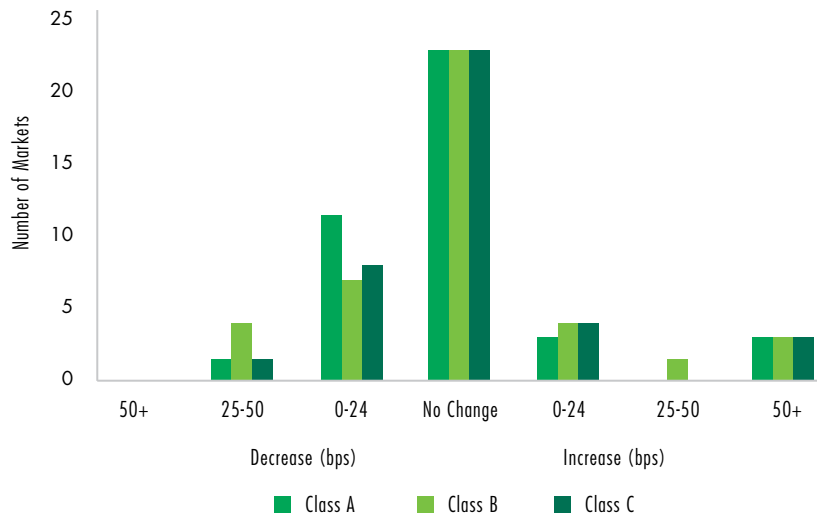
Similar to neighborhood/community centers, power center cap rates (all classes) are expected to remain the same in slightly more than half the metros (57%), while 26% of markets should experience further compression, with Orlando, Jacksonville, Las Vegas and Nashville leading the way. Cap rates in about seven markets (17%) are expected to rise modestly in H2 2015.

The survey found that cap rates for stabilized high street retail assets are still very low at 4.35% for the 10 markets surveyed in H1 2015, essentially unchanged from

the prior survey. Los Angeles, New York (Manhattan) and Miami have the lowest high street cap rates. Tier I markets collectively have an average cap rate of 4.19%, compared to 4.92% for Tier II markets. Las Vegas and Miami experienced the largest declines, both over 25 bps.

Looking forward, the majority of the markets surveyed (seven of the 10) are expected to see no effective change in high street retail cap rates in H2 2015.

**FIGURE 22. RETAIL POWER CENTER - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015**



Source: CBRE Research.

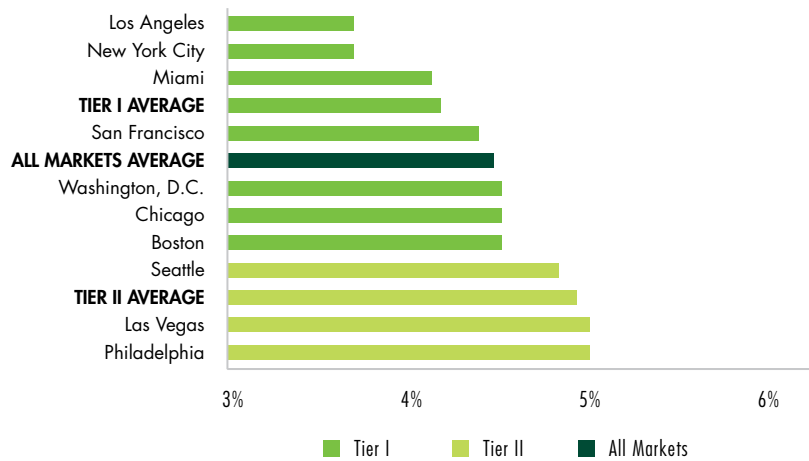
**FIGURE 23. RETAIL HIGH STREET - CAP RATES FOR STABILIZED PROPERTIES**

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	A	4.44	4.35	-9
I	A	4.26	4.19	-7
II	A	5.08	4.92	-17

Source: CBRE Research.

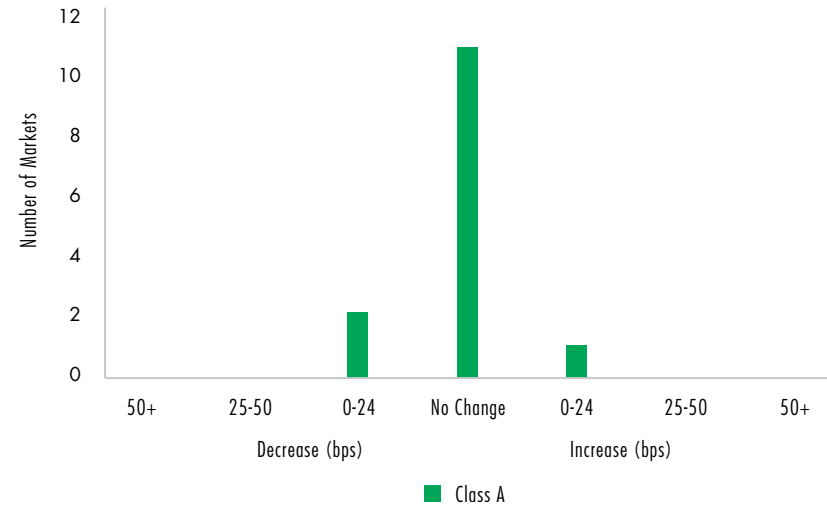
RETAIL | UNITED STATES OVERVIEW CONT.

FIGURE 24. RETAIL HIGH STREET- CLASS A CAP RATES H1 2015 - TIER I & II METROS



Source: CBRE Research.

FIGURE 25. RETAIL HIGH STREET CLASS A - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015



Source: CBRE Research.

Select from the list below to access the current **key rates, forecasts and maps.**

RETAIL NEIGHBORHOOD/COMMUNITY CENTER

RETAIL POWER CENTER

RETAIL HIGH STREET

RETAIL NEIGHBORHOOD/COMMUNITY CENTER | UNITED STATES KEY RATES

		CLASS A				CLASS B				CLASS C				
TIER I	CITY	CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		
		MIN	MAX	DIRECTION*	DIRECTION*	MIN	MAX	DIRECTION*	DIRECTION*	MIN	MAX	DIRECTION*	DIRECTION*	
	BOSTON	4.75	5.25	▼	6.50 - 7.00	▼	6.50 - 7.00	▲	7.50 - 9.00	◄►	7.25 - 9.25	▲	9.50 - 10.50	—
	CHICAGO	5.00	5.50	▼	5.75 - 6.25	▼	6.25 - 6.75	▼	7.00 - 7.50	▼	7.50 - 8.25	▼	8.00 - 8.50	▼
	MIAMI/S. FLORIDA	4.75	5.50	▼	6.00 - 6.50	▼	5.75 - 6.50	▼	6.50 - 7.75	▼	7.25 - 8.00	▼	8.00 - 8.50	▼
	N. CA: SAN FRANCISCO	4.50	5.75	▼	6.25 - 7.25	◄►	6.00 - 7.00	▼	7.50 - 8.00	◄►	7.50 - 9.00	▼	8.50 - 10.50	▲
	N. CA: SAN JOSE	4.75	5.75	◄►	6.00 - 6.75	▼	6.00 - 7.00	▼	7.00 - 7.75	▼	7.50 - 8.50	▼	8.00 - 9.50	▼
	NY: N. NEW JERSEY	5.00	5.75	▼	6.25 - 6.75	▼	6.00 - 6.75	▼	7.25 - 7.75	▼	—	—	—	—
	NY: STAMFORD	5.00	5.75	▼	6.25 - 6.75	▼	6.00 - 6.75	▼	7.25 - 7.75	▼	—	—	—	—
	S. CA: LOS ANGELES	4.50	5.25	▼	5.50 - 6.50	◄►	5.50 - 6.50	◄►	6.00 - 7.50	▼	7.00 - 7.50	▲	7.50 - 10.00	▲
	S. CA: INLAND EMPIRE	6.00	6.50	◄►	5.50 - 6.50	—	5.50 - 6.50	▼	6.00 - 7.50	—	7.00 - 7.50	▲	7.50 - 10.00	—
	S. CA: ORANGE COUNTY	4.50	5.25	▼	5.50 - 6.50	◄►	5.50 - 6.50	◄►	6.00 - 7.50	◄►	7.00 - 7.50	◄►	7.50 - 10.00	◄►
	WASHINGTON, D.C.	5.00	6.00	◄►	6.00 - 7.00	◄►	6.25 - 7.25	◄►	7.50 - 8.50	◄►	7.50 - 8.50	◄►	9.50 - 10.50	◄►

		CLASS A				CLASS B				CLASS C				
TIER II	CITY	CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		
		MIN	MAX	DIRECTION*	DIRECTION*	MIN	MAX	DIRECTION*	DIRECTION*	MIN	MAX	DIRECTION*	DIRECTION*	
	ATLANTA	5.25	6.00	▼	5.50 - 6.25	▼	6.00 - 7.75	▼	6.00 - 7.50	▼	7.50 - 10.00	▲	7.25 - 10.00	▼
	DALLAS/FORT WORTH	4.75	5.25	▼	5.00 - 6.00	▼	6.00 - 7.25	▼	6.00 - 7.00	▼	8.50 - 11.00	▲	9.25 - 12.00	▲
	DENVER	5.25	5.75	◄►	5.50 - 6.00	▼	6.25 - 6.75	▼	6.50 - 7.25	▼	7.50 - 8.25	▼	8.50 - 9.50	▲
	HOUSTON	5.75	6.50	◄►	7.00 - 7.75	▲	6.25 - 7.25	▼	8.00 - 8.50	▼	8.50 - 11.00	▼	11.00 - 12.00	▲
	MINNEAPOLIS	5.00	5.50	▼	5.75 - 6.25	▼	6.25 - 6.75	▼	7.00 - 7.50	◄►	7.50 - 8.25	▼	8.00 - 8.25	▼
	PHILADELPHIA	5.50	6.25	▲	6.50 - 7.25	◄►	6.25 - 7.00	▼	7.50 - 8.50	▲	7.00 - 8.00	▲	8.75 - 9.50	▲
	PHOENIX	5.25	6.00	▼	7.00 - 7.50	◄►	6.25 - 7.00	▼	7.50 - 8.00	◄►	8.00 - 8.50	▼	8.50 - 9.50	◄►
	SAN DIEGO	4.50	5.25	▼	5.50 - 6.50	▲	5.50 - 6.50	▼	6.00 - 7.50	◄►	7.00 - 7.50	▼	7.50 - 10.00	▼
	SEATTLE	5.00	5.75	◄►	6.50 - 6.75	◄►	6.50 - 7.50	▲	7.25 - 8.25	▲	8.00 - 9.50	▲	9.00 - 10.50	▲

▲ INCREASE ▼ DECREASE ◄► REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

RETAIL NEIGHBORHOOD/COMMUNITY CENTER | UNITED STATES KEY RATES CONT.

	CLASS A				CLASS B				CLASS C				
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	
TIER III	ALBUQUERQUE	6.25 - 7.00	▼	6.75 - 7.50	▲	7.50 - 8.50	▼	8.50 - 9.50	◄	8.75 - 9.50	◄	9.25 - 9.75	◄
	AUSTIN	4.75 - 5.25	▼	5.50 - 6.00	▼	5.25 - 5.75	▼	6.25 - 7.00	▼	6.00 - 6.50	▼	7.50 - 9.00	▼
	BALTIMORE	6.00 - 7.00	▲	6.75 - 7.50	▲	6.75 - 8.00	▲	7.25 - 8.50	▲	7.75 - 9.25	▲	8.00 - 10.00	▲
	CHARLOTTE	5.50 - 6.25	◄	6.75 - 7.50	◄	6.50 - 7.25	◄	7.50 - 8.50	◄	8.00 - 9.00	◄	9.00 - 10.00	◄
	CINCINNATI	5.75 - 6.25	◄	6.25 - 6.75	▼	6.50 - 7.00	▼	7.25 - 7.75	◄	7.75 - 8.50	▼	8.25 - 8.75	▼
	CLEVELAND	6.50 - 7.00	◄	6.50 - 7.00	▼	7.25 - 7.75	▼	8.00 - 8.50	◄	8.50 - 9.50	◄	9.00 - 9.50	▼
	COLUMBUS	6.00 - 6.50	◄	6.25 - 6.75	▼	6.50 - 7.00	▼	7.25 - 7.75	◄	8.00 - 8.50	◄	8.25 - 8.75	▼
	DETROIT	6.75 - 7.75	▼	8.00 - 9.00	◄	7.75 - 9.00	▼	8.50 - 9.75	▼	9.50 - 11.00	◄	10.00 - 12.00	◄
	INDIANAPOLIS	6.50 - 7.00	▼	7.75 - 8.75	▲	7.75 - 8.50	▲	8.75 - 9.75	▲	8.50 - 9.75	▲	9.00 - 10.50	▲
	JACKSONVILLE	5.50 - 6.00	◄	6.50 - 7.00	◄	6.25 - 6.75	▼	6.75 - 7.75	▼	7.75 - 8.50	▲	8.50 - 9.50	◄
	KANSAS CITY	5.50 - 6.25	▼	6.25 - 6.75	▼	6.50 - 7.00	▼	7.25 - 7.75	◄	7.75 - 8.50	▼	8.25 - 8.75	▼
	LAS VEGAS	6.00 - 7.00	▼	7.00 - 9.00	▼	6.50 - 7.50	▼	7.50 - 9.50	▼	7.50 - 9.00	▼	9.50 - 10.50	▼
	MEMPHIS	7.00 - 7.50	◄	8.00 - 8.50	◄	7.50 - 8.00	◄	8.50 - 9.00	◄	9.50 - 10.00	◄	10.50 - 11.00	◄
	NASHVILLE	6.25 - 6.50	◄	8.00 - 8.50	◄	6.75 - 7.25	◄	8.50 - 9.00	◄	7.50 - 8.00	◄	9.00 - 11.00	◄
	ORLANDO	5.25 - 5.75	▼	6.25 - 6.75	▼	6.25 - 6.75	▼	6.75 - 7.75	▼	7.75 - 8.50	▲	8.50 - 9.50	◄
	PITTSBURGH	6.50 - 7.25	◄	8.00 - 8.50	◄	6.75 - 7.75	◄	9.00 - 10.00	◄	9.50 - 10.50	◄	11.00 - 12.00	◄
	PORTLAND	6.00 - 7.00	▲	7.00 - 8.00	▲	6.75 - 7.75	▲	7.75 - 8.75	▲	8.00 - 9.00	▲	9.00 - 10.00	▲
	RALEIGH	5.75 - 6.25	▲	6.75 - 7.25	▼	6.50 - 7.00	▼	7.50 - 8.00	▼	7.75 - 8.75	▼	8.50 - 9.25	▼
	SACRAMENTO	5.75 - 6.50	◄	7.00 - 8.00	◄	6.75 - 7.75	▼	8.00 - 9.00	◄	8.00 - 10.00	◄	9.00 - 11.00	◄
	SALT LAKE CITY	6.00 - 7.00	◄	6.00 - 7.00	◄	6.75 - 7.75	▼	6.75 - 7.75	▼	9.00 - 10.50	◄	9.00 - 10.50	◄
SAN ANTONIO	5.25 - 6.00	▼	6.00 - 7.00	▲	6.50 - 7.75	▼	6.75 - 7.75	▼	8.50 - 10.50	▼	8.50 - 9.75	▼	
ST. LOUIS	5.50 - 6.00	▼	6.25 - 7.00	▼	6.50 - 7.00	▼	7.25 - 7.75	▼	7.75 - 8.75	▲	8.50 - 9.50	▼	
TAMPA	5.25 - 5.75	▼	6.25 - 6.75	▼	6.25 - 6.75	▼	6.75 - 7.75	▼	7.75 - 8.50	▲	8.50 - 9.50	◄	

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

RETAIL NEIGHBORHOOD/COMMUNITY CENTER | CANADA KEY RATES

TIER I CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
TORONTO	5.00 - 6.25	▼

TIER II CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
CALGARY	5.50 - 6.00	◄►
EDMONTON	5.75 - 6.25	◄►
MONTREAL	7.00 - 7.75	▼
VANCOUVER	5.50 - 6.00	◄►

TIER III CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
HALIFAX	6.25 - 6.75	◄►
KITCHENER - WATERLOO	6.00 - 6.50	◄►
LONDON - WINDSOR	6.75 - 8.00	▼
OTTAWA	6.00 - 6.75	▼
WINNIPEG	6.50 - 7.00	◄►

▲ INCREASE ▼ DECREASE ◄► REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

RETAIL NEIGHBORHOOD/COMMUNITY CENTER | UNITED STATES FORECAST TRENDS

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	BOSTON	FLAT	DECREASE	FLAT	DECREASE	FLAT	DECREASE
	CHICAGO	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	MIAMI/S. FLORIDA	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	N. CA: SAN FRANCISCO	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	N. CA: SAN JOSE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	NY: N. NEW JERSEY	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	NY: STAMFORD	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	S. CA: LOS ANGELES	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	S. CA: INLAND EMPIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	S. CA: ORANGE COUNTY	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	WASHINGTON, D.C.	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	ATLANTA	DECREASE	FLAT	FLAT	DECREASE	DECREASE	DECREASE
	DALLAS/FORT WORTH	FLAT	FLAT	DECREASE	INCREASE	FLAT	FLAT
	DENVER	DECREASE	DECREASE	DECREASE	FLAT	DECREASE	DECREASE
	HOUSTON	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	MINNEAPOLIS	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	PHILADELPHIA	FLAT	DECREASE	FLAT	DECREASE	FLAT	DECREASE
	PHOENIX	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	SAN DIEGO	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	SEATTLE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT

- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.



RETAIL NEIGHBORHOOD/COMMUNITY CENTER | UNITED STATES FORECAST TRENDS CONT.

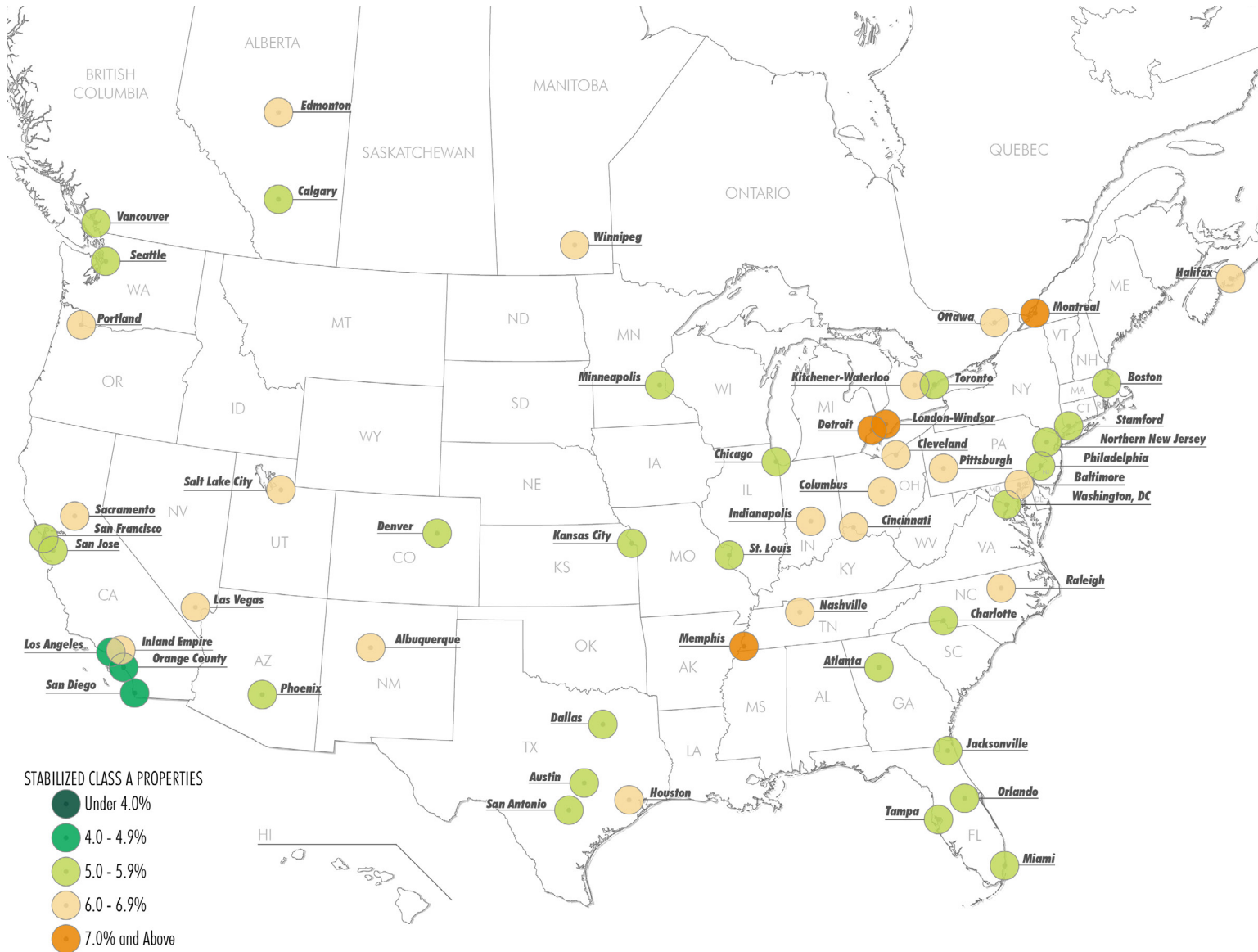
		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	ALBUQUERQUE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	AUSTIN	REMAIN FLAT	REMAIN FLAT	DECREASE	INCREASE	REMAIN FLAT	REMAIN FLAT
	BALTIMORE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	CHARLOTTE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	INCREASE	REMAIN FLAT	INCREASE
	CINCINNATI	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	CLEVELAND	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	COLUMBUS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	DETROIT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	INDIANAPOLIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	JACKSONVILLE	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	DECREASE	DECREASE
	KANSAS CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	LAS VEGAS	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT
	MEMPHIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	NASHVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	ORLANDO	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	PITTSBURGH	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	PORTLAND	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SACRAMENTO	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SALT LAKE CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SAN ANTONIO	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
ST. LOUIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	
TAMPA	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	

■ INCREASE  
■ DECREASE  
■ REMAIN FLAT  
 — N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.

### RETAIL NEIGHBORHOOD/COMMUNITY CENTER | CLASS A CAP RATES





RETAIL POWER | UNITED STATES KEY RATES

		CLASS A				CLASS B				CLASS C			
TIER I		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		BOSTON	5.75 - 6.25	▼	7.50 - 8.00	◄	7.50 - 8.00	◄	10.00 - 11.00	▲	8.25 - 10.00	▲	12.00 - 15.00
	CHICAGO	5.75 - 6.25	▼	6.50 - 7.00	▼	6.75 - 7.25	◄	7.50 - 8.00	◄	7.75 - 8.75	▲	8.50 - 9.50	▲
	MIAMI/S. FLORIDA	5.50 - 6.00	▼	6.50 - 7.00	▼	6.25 - 6.75	▼	7.00 - 7.50	▼	7.25 - 8.25	▼	8.50 - 9.00	◄
	N. CA: SAN FRANCISCO	5.25 - 6.00	▼	6.75 - 7.25	◄	6.50 - 7.25	▼	7.25 - 8.00	▼	7.50 - 9.00	▼	8.50 - 9.00	▲
	N. CA: SAN JOSE	5.25 - 6.00	▼	6.25 - 7.25	▼	6.50 - 7.50	◄	6.75 - 7.75	▼	7.00 - 8.50	▼	8.25 - 9.00	▲
	NY: N. NEW JERSEY	5.50 - 6.00	▼	6.50 - 7.00	▼	6.00 - 6.75	▼	7.25 - 7.75	▼	—	—	—	—
	NY: STAMFORD	5.50 - 6.00	▼	6.50 - 7.00	▼	6.00 - 6.75	▼	7.25 - 7.75	▼	—	—	—	—
	S. CA: LOS ANGELES	5.00 - 5.75	▼	6.25 - 7.25	▼	6.50 - 7.50	▼	7.00 - 7.75	▼	7.75 - 8.50	▲	7.75 - 9.00	▼
	S. CA: INLAND EMPIRE	5.00 - 5.75	▼	6.25 - 7.25	—	6.50 - 7.50	▲	7.00 - 7.75	—	8.00 - 8.75	▲	7.75 - 9.00	—
	S. CA: ORANGE COUNTY	5.00 - 5.75	▼	6.25 - 7.25	◄	6.50 - 7.50	▼	7.00 - 7.75	◄	7.75 - 8.50	▲	7.75 - 9.00	▼
	WASHINGTON, D.C.	5.75 - 6.75	◄	7.25 - 8.25	◄	6.75 - 7.75	◄	8.50 - 9.50	◄	7.50 - 8.50	◄	10.50 - 11.50	◄

		CLASS A				CLASS B				CLASS C			
TIER II		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		ATLANTA	5.75 - 7.00	▼	6.00 - 7.00	▼	6.75 - 7.75	▼	6.75 - 8.00	▼	7.50 - 10.50	▲	8.00 - 11.00
	DALLAS/FORT WORTH	5.25 - 6.00	▼	6.75 - 8.25	▲	6.75 - 8.25	▼	6.75 - 8.25	▼	9.00 - 10.50	▲	8.75 - 11.00	▲
	DENVER	5.25 - 6.00	▼	5.75 - 6.25	▼	6.50 - 7.00	◄	7.00 - 7.50	◄	8.00 - 9.00	▼	9.75 - 10.50	▼
	HOUSTON	5.50 - 6.25	▼	6.50 - 7.00	▼	7.00 - 8.50	▼	8.50 - 9.00	▼	9.00 - 11.00	▲	10.50 - 11.50	▲
	MINNEAPOLIS	5.75 - 6.25	▼	6.50 - 7.00	▼	6.75 - 7.25	◄	7.50 - 8.00	◄	7.75 - 8.75	▲	8.50 - 9.50	▲
	PHILADELPHIA	6.25 - 7.00	▲	7.25 - 8.00	▲	6.75 - 7.50	▲	8.00 - 8.75	▲	7.25 - 8.25	▲	9.00 - 10.00	▲
	PHOENIX	6.00 - 6.50	◄	8.00 - 8.50	◄	6.75 - 7.50	▲	8.50 - 9.00	◄	7.75 - 8.75	▲	9.50 - 10.50	◄
	SAN DIEGO	5.00 - 5.75	▼	6.25 - 7.25	▲	6.50 - 7.50	▼	7.00 - 7.75	▲	7.75 - 9.00	▲	7.75 - 9.00	▼
	SEATTLE	6.00 - 6.50	◄	7.00 - 8.00	◄	7.00 - 7.75	◄	8.00 - 9.00	◄	7.75 - 9.50	◄	9.00 - 10.00	◄

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

RETAIL POWER | UNITED STATES KEY RATES CONT.

	CLASS A				CLASS B				CLASS C				
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	
TIER III	ALBUQUERQUE	6.75 - 7.50	◄	7.25 - 8.00	▲	7.50 - 9.00	▼	8.50 - 9.50	◄	9.00 - 10.50	◄	9.25 - 10.25	▲
	AUSTIN	5.25 - 6.25	▼	6.25 - 7.25	▼	6.50 - 8.00	▼	7.25 - 8.50	▼	8.50 - 10.50	▲	9.00 - 10.50	▲
	BALTIMORE	6.00 - 6.25	◄	6.50 - 6.75	◄	6.25 - 7.50	◄	6.75 - 8.00	◄	7.50 - 9.00	◄	8.00 - 9.50	◄
	CHARLOTTE	6.25 - 6.75	◄	7.50 - 8.00	◄	7.00 - 7.50	◄	8.25 - 8.75	◄	7.75 - 8.50	◄	9.00 - 11.00	◄
	CINCINNATI	6.25 - 6.75	▼	7.00 - 7.50	▼	7.25 - 7.75	◄	8.00 - 8.50	◄	8.25 - 9.25	▲	9.00 - 10.00	▲
	CLEVELAND	7.00 - 7.50	▼	7.75 - 8.25	▼	7.75 - 8.75	▼	8.50 - 9.25	▼	9.00 - 11.00	▲	9.75 - 12.00	▲
	COLUMBUS	6.25 - 6.75	▼	7.00 - 7.50	▼	7.25 - 7.75	◄	8.00 - 8.50	◄	8.00 - 8.50	◄	9.00 - 10.00	▲
	DETROIT	7.00 - 7.75	▼	7.75 - 8.50	▼	7.75 - 9.00	▼	8.50 - 9.50	▼	9.50 - 11.00	◄	10.00 - 12.00	◄
	INDIANAPOLIS	6.50 - 7.00	▼	7.50 - 8.50	▲	7.75 - 8.50	▼	9.00 - 9.75	▲	8.50 - 10.50	▲	10.00 - 10.50	▲
	JACKSONVILLE	5.75 - 6.25	▼	7.00 - 7.75	▼	6.50 - 7.25	▼	7.75 - 8.75	▼	7.75 - 8.50	▲	9.00 - 10.00	▼
	KANSAS CITY	6.25 - 6.75	▼	7.00 - 7.50	▼	7.25 - 7.75	◄	8.00 - 8.50	◄	8.25 - 9.25	▲	9.00 - 10.00	▲
	LAS VEGAS	5.75 - 6.75	▼	7.00 - 8.00	▼	6.75 - 7.50	▼	7.50 - 9.50	▼	7.50 - 9.00	▼	9.50 - 10.50	▼
	MEMPHIS	7.75 - 8.25	◄	8.25 - 8.75	◄	8.50 - 9.00	◄	9.50 - 10.00	◄	10.50 - 11.00	◄	11.00 - 11.50	◄
	NASHVILLE	6.50 - 7.25	◄	8.00 - 8.50	◄	7.25 - 7.75	◄	8.50 - 9.00	◄	8.00 - 9.00	◄	9.00 - 11.00	◄
	ORLANDO	5.75 - 6.25	▼	7.00 - 7.75	▼	6.50 - 7.25	▼	7.75 - 8.75	▼	7.75 - 8.50	▲	9.00 - 9.50	▼
	PITTSBURGH	6.50 - 7.25	◄	8.00 - 8.50	▼	7.50 - 8.25	◄	9.00 - 10.00	◄	11.00 - 12.00	◄	11.00 - 12.00	◄
	PORTLAND	6.50 - 7.25	▲	7.75 - 8.75	▲	7.25 - 8.00	▲	8.50 - 9.25	▲	8.25 - 9.25	▲	9.50 - 10.50	▲
	RALEIGH	6.00 - 6.75	▼	7.00 - 7.75	▼	6.75 - 7.50	▼	7.75 - 8.50	▼	8.25 - 9.00	▲	9.25 - 10.00	▼
	SACRAMENTO	6.00 - 7.00	◄	7.00 - 8.00	◄	7.00 - 8.00	◄	8.00 - 9.00	◄	9.00 - 10.00	▼	9.00 - 11.00	▲
	SALT LAKE CITY	6.25 - 6.75	▼	6.25 - 6.75	▼	7.00 - 7.75	▼	7.00 - 7.75	▼	9.00 - 10.50	◄	9.00 - 10.50	◄
SAN ANTONIO	5.75 - 6.50	▼	6.50 - 7.50	▼	7.00 - 8.50	▼	7.75 - 9.25	▼	8.25 - 9.25	▼	9.00 - 10.00	▼	
ST. LOUIS	6.25 - 6.75	▼	7.00 - 7.50	▼	7.25 - 7.75	▲	8.00 - 8.75	▲	8.25 - 9.25	▼	9.00 - 10.00	▲	
TAMPA	5.75 - 6.25	▼	7.00 - 7.75	▼	6.50 - 7.25	▼	7.75 - 8.75	▼	7.75 - 8.50	▲	9.00 - 9.50	▼	

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

RETAIL POWER | CANADA KEY RATES

TIER I CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
TORONTO	5.50 - 6.50	◄►

TIER II CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
CALGARY	5.25 - 5.75	◄►
EDMONTON	5.75 - 6.25	◄►
MONTREAL	5.75 - 6.75	▼
VANCOUVER	5.50 - 6.00	◄►

TIER III CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
HALIFAX	6.00 - 6.50	◄►
KITCHENER - WATERLOO	5.75 - 6.50	▼
LONDON - WINDSOR	6.25 - 7.50	◄►
OTTAWA	5.75 - 6.50	◄►
WINNIPEG	6.00 - 6.50	◄►

▲ INCREASE ▼ DECREASE ◄► REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

RETAIL POWER | UNITED STATES FORECAST TRENDS

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	BOSTON						
	CHICAGO	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	MIAMI/S. FLORIDA	DECREASE	REMAIN FLAT	DECREASE	DECREASE	DECREASE	DECREASE
	N. CA: SAN FRANCISCO	REMAIN FLAT		REMAIN FLAT		REMAIN FLAT	
	N. CA: SAN JOSE						
	NY: N. NEW JERSEY	DECREASE	DECREASE	DECREASE	DECREASE	—	—
	NY: STAMFORD	DECREASE		DECREASE		DECREASE	
	S. CA: LOS ANGELES	REMAIN FLAT		REMAIN FLAT		REMAIN FLAT	
	S. CA: INLAND EMPIRE						
	S. CA: ORANGE COUNTY						
WASHINGTON, D.C.							

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	ATLANTA	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	DECREASE
	DALLAS/FORT WORTH	REMAIN FLAT	DECREASE	REMAIN FLAT		INCREASE	REMAIN FLAT
	DENVER	DECREASE	DECREASE	DECREASE	DECREASE	REMAIN FLAT	
	HOUSTON	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	MINNEAPOLIS	INCREASE	INCREASE	INCREASE		INCREASE	
	PHILADELPHIA	REMAIN FLAT		REMAIN FLAT	DECREASE	DECREASE	DECREASE
	PHOENIX	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	SAN DIEGO	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT		REMAIN FLAT	
	SEATTLE						

- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.

RETAIL POWER | UNITED STATES FORECAST TRENDS CONT.

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	ALBUQUERQUE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	AUSTIN	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	BALTIMORE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	CHARLOTTE	INCREASE	INCREASE	REMAIN FLAT	REMAIN FLAT	INCREASE	INCREASE
	CINCINNATI	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	CLEVELAND	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	COLUMBUS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	DETROIT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	INDIANAPOLIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	JACKSONVILLE	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT
	KANSAS CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	LAS VEGAS	DECREASE	DECREASE	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	MEMPHIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	NASHVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	ORLANDO	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT
	PITTSBURGH	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	PORTLAND	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SACRAMENTO	DECREASE	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	SALT LAKE CITY	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
	ST. LOUIS	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT	REMAIN FLAT
TAMPA	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	DECREASE	REMAIN FLAT	

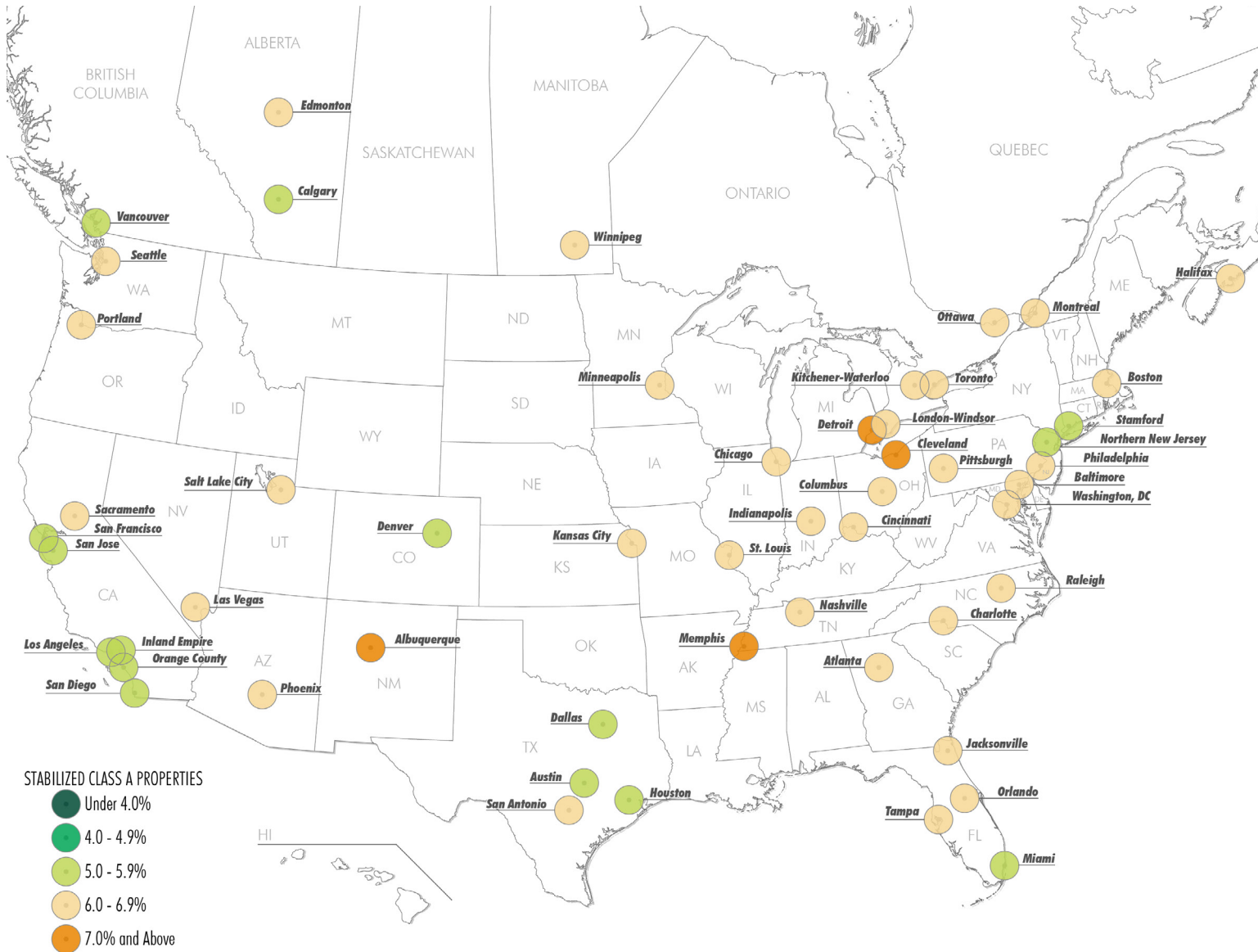
- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

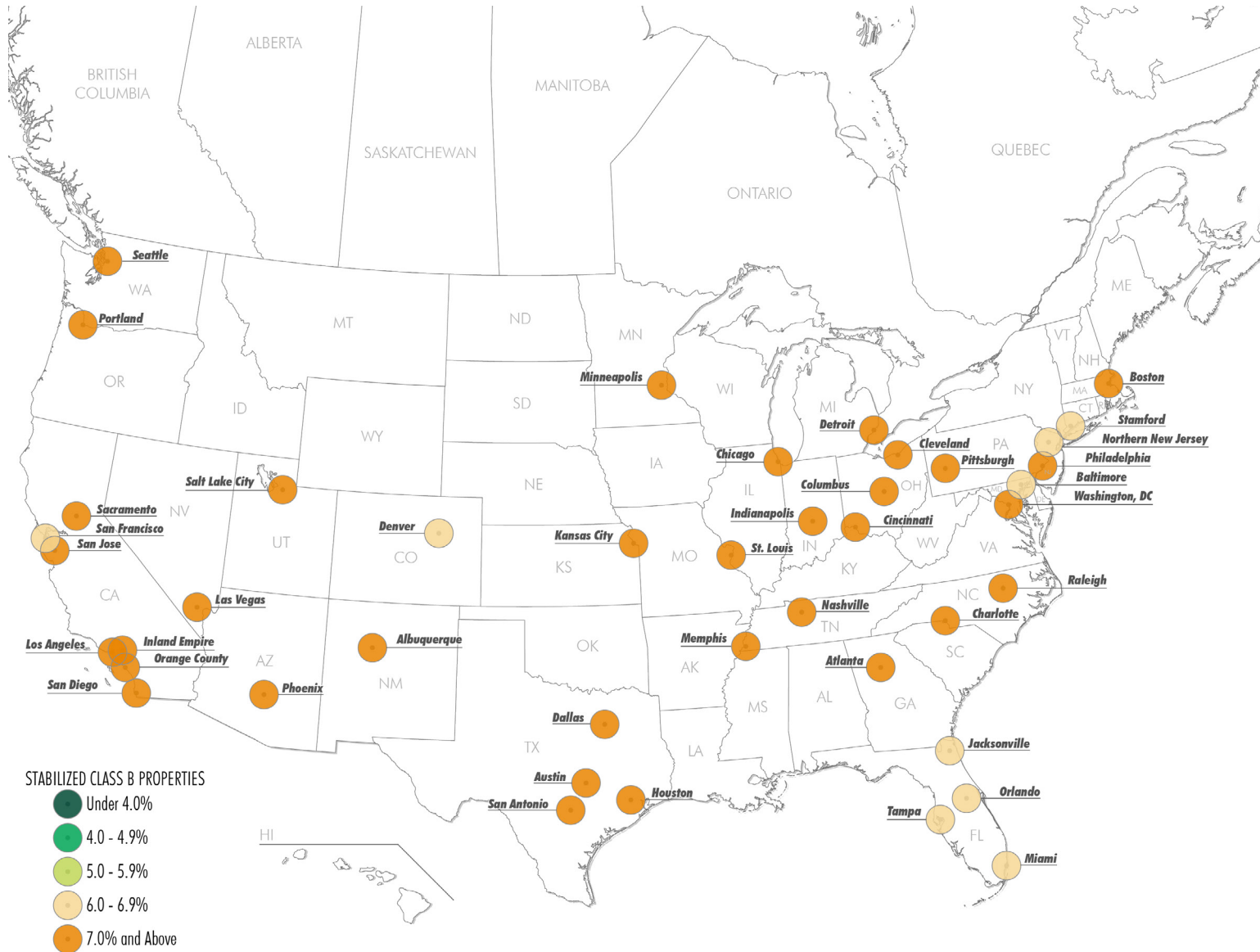
Source: CBRE Research.



RETAIL POWER | CLASS A CAP RATES



RETAIL POWER | CLASS B CAP RATES





OVERVIEW



OFFICE



INDUSTRIAL



RETAIL



MULTIFAMILY



HOTEL



APPENDIX



RETAIL HIGH STREET | UNITED STATES KEY RATES

TIER I		CLASS A	
		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
BOSTON		4.00 - 5.00	◄►
CHICAGO		4.00 - 5.00	◄►
LOS ANGELES		3.00 - 4.50	▼
MIAMI		3.75 - 4.50	▼
NEW YORK CITY		3.50 - 4.00	◄►
SAN FRANCISCO		3.75 - 5.00	▲
WASHINGTON, D.C.		4.00 - 5.00	◄►

TIER II		CLASS A	
		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
LAS VEGAS		4.50 - 5.50	▼
PHILADELPHIA		4.50 - 5.50	◄►
SEATTLE		4.25 - 5.25	◄►

▲ INCREASE    ▼ DECREASE    ◄► REMAIN FLAT    — N/A

\*Compared to H2 2014. Source: CBRE Research.

RETAIL HIGH STREET | UNITED STATES FORECAST TRENDS

TIER I		CLASS A	
		CAP RATES FOR STABILIZED PROPERTIES	
■	BOSTON	■	■
	CHICAGO	■	■
	LOS ANGELES	■	■
	MIAMI	■	■
	NEW YORK CITY	■	■
	SAN FRANCISCO	■	■
	WASHINGTON, D.C.	■	■

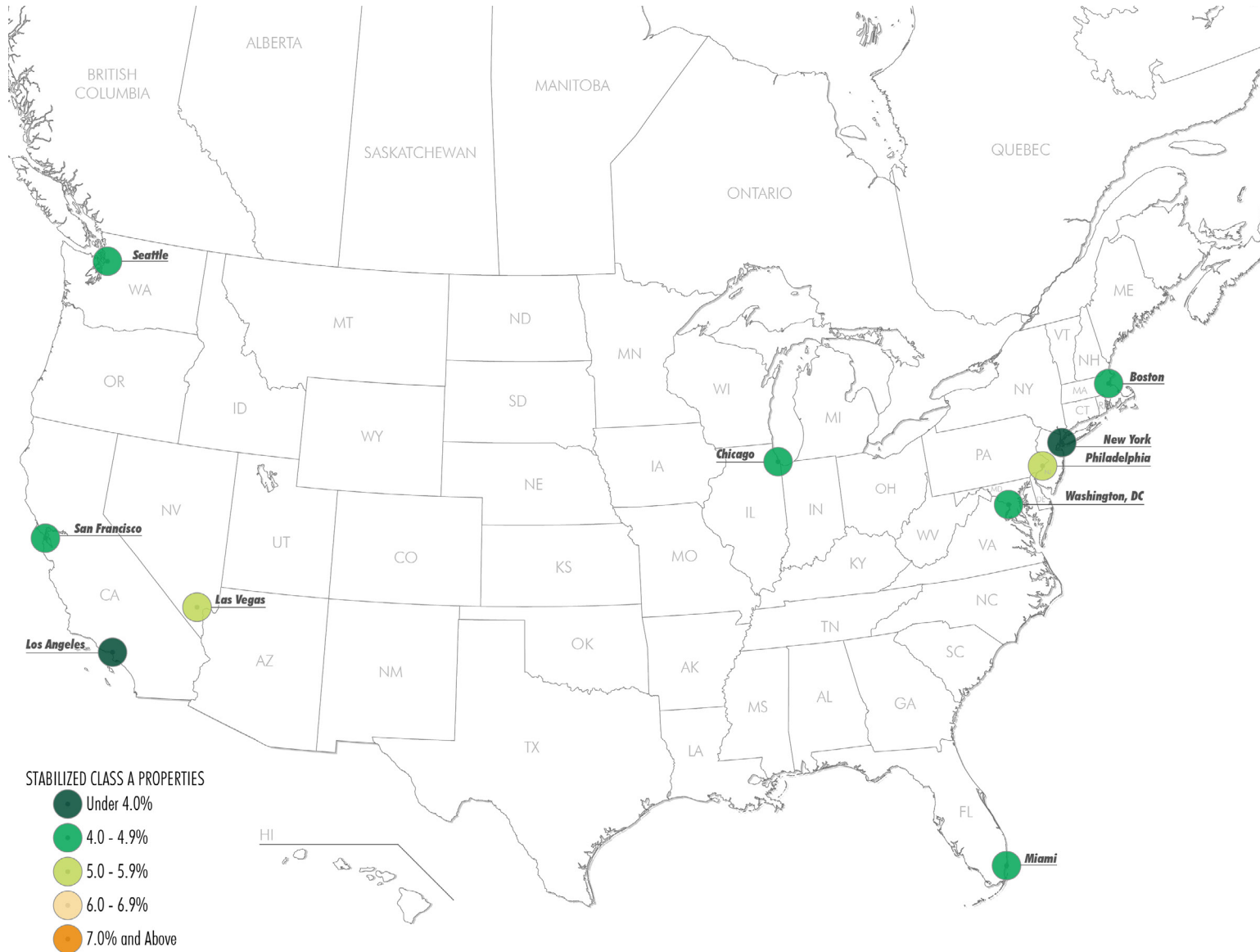
TIER II		CLASS A	
		CAP RATES FOR STABILIZED PROPERTIES	
■	LAS VEGAS	■	■
	PHILADELPHIA	■	■
	SEATTLE	■	■

■ INCREASE
 ■ DECREASE
 ■ REMAIN FLAT
 — N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.

RETAIL HIGH STREET | CLASS A CAP RATES





OVERVIEW



OFFICE



INDUSTRIAL



RETAIL



MULTIFAMILY



HOTEL



APPENDIX



## MULTIFAMILY | UNITED STATES OVERVIEW

Investment in U.S. multifamily assets has been robust for several years. This year is no different. Year-to-date through June 2015, \$63.2 billion worth of multifamily properties have changed hands (including entity-level sales), a rise of 38% over the same period in 2014. This large gain is partly a reflection of the unusually slow quarter experienced Q1 2014, but it also confirms continued confidence in the future performance of multifamily. About two-thirds of the year-to-date capital invested has been directed at garden product vs. one-third for mid/high-rise product (RCA's two main categories)—the same ratios as experienced in 2014.

In H1 2015, cross-border investment in U.S. multifamily totaled \$4.4 billion, not counting properties acquired through entity-level acquisitions. This is already higher than the full-year 2014 total of \$3.7 billion. Canada represents the largest country source of cross-border multifamily investment year-to-date, accounting for more than 30% of transaction volume. The H1 2015 total does not include Toronto-based Brookfield Asset Management's estimated \$2.4 billion acquisition of Associated Estates (approximately 51 properties and 13,000 units), which is expected to close in Q3 2015.

For infill stabilized multifamily acquisitions, cap rates for all classes edged slightly downward in H1 2015 compared to H2 2014, Class A dropped 8 bps to 4.57%, Class B fell 9 bps to 5.13% and Class C declined 14 bps to 6.12%. The Tier III markets experienced the largest declines as a whole, however their declines were only slightly more than the other tiers. (See page 5 for more discussion on tier selection methodology and page 66 for Key Rate tables for metros in each tier.)

FIGURE 26. MULTIFAMILY INFILL - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	A	4.65	4.57	-8
	B	5.22	5.13	-9
	C	6.26	6.12	-14
I	A	4.25	4.20	-5
	B	4.78	4.71	-7
	C	5.58	5.63	5
II	A	4.67	4.58	-9
	B	5.30	5.23	-8
	C	6.24	6.08	-17
III	A	5.40	5.29	-11
	B	5.95	5.80	-15
	C	7.01	6.85	-16

Source: CBRE Research.

For stabilized Class A infill assets, San Francisco has the lowest cap rate at 3.75%, followed closely by Orange County, San Diego and San Jose. Of the 44 markets surveyed, 33 have cap rates of 5.00% or less. Tier III markets mainly saw the largest cap rate declines for stabilized Class A infill acquisitions; leading the list were Cincinnati, Kansas City and Philadelphia, all with a 50 bps drop.

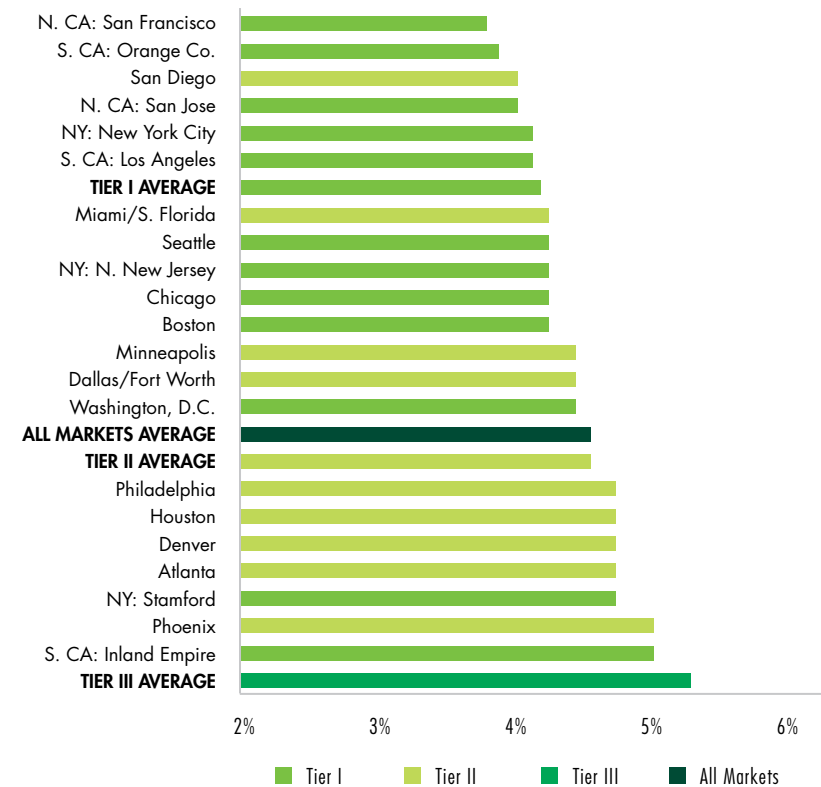
For value-add acquisitions, averages for the expected returns on cost edged up slightly in H1 2015 from 2 bps for Class B to 12 bps for Class C. The differential between cap rates for stabilized properties and the returns on cost for value-add is a modest 69 bps, on average.

**MULTIFAMILY | UNITED STATES OVERVIEW CONT.**

For acquisitions of stabilized infill multifamily assets, CBRE Capital Markets and Valuation professionals expect that the vast majority (81%) will experience no cap rate change in H2 2015. The markets expected to experience cap rate compression include: Nashville, Washington, D.C., Baltimore, Indianapolis and Detroit.

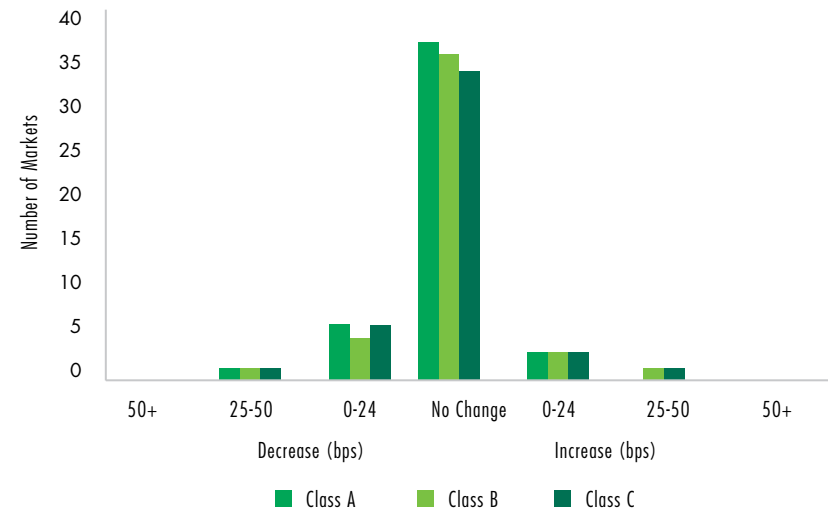
Cap rates for stabilized suburban multifamily assets edged down modestly in Class A and Class B product in H1 2015, compared to the prior survey, but not for Class C. Class A cap rates are averaging 5.10%, down 10 bps, while Class B rates average 5.58% (an 11 bps decline).

**FIGURE 27. MULTIFAMILY INFILL - CLASS A CAP RATES, H1 2015 - TIER I & II METROS**



Source: CBRE Research.

**FIGURE 28. MULTIFAMILY INFILL - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015**



Source: CBRE Research.

**MULTIFAMILY | UNITED STATES OVERVIEW CONT.**

Markets with the lowest Class A suburban cap rates include San Francisco, Orange County, San Jose and San Diego. Markets with the next lowest rates are: Boston, Miami/South Florida and Seattle. The largest declines in Class A suburban cap rates (>30 bps) were found in Kansas City, Cincinnati, Washington, D.C., Austin and Orange County.

From H2 2014 to H1 2015, the expected return on cost ratios for value-add suburban acquisitions were essentially unchanged for Class A product, but increased slightly for Class B and Class C. The widest spread between the average cap rate for suburban stabilized assets and the return on cost for value-add assets is found in Class B product, with a 108 bps differential (vs. 48 for Class A and 68 for Class C).

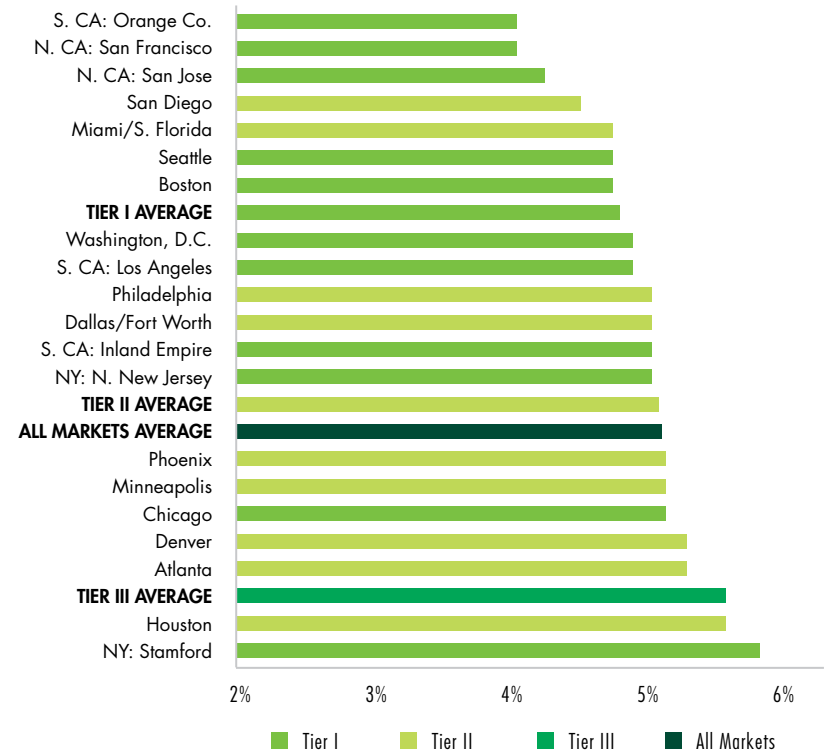
**FIGURE 29. MULTIFAMILY SUBURBAN - CAP RATES FOR STABILIZED PROPERTIES**

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	A	5.20	5.10	-10
	B	5.69	5.58	-11
	C	6.60	6.66	5
I	A	4.91	4.80	-11
	B	5.37	5.22	-15
	C	6.10	6.21	12
II	A	5.15	5.07	-8
	B	5.62	5.60	-3
	C	6.66	6.60	-6
III	A	5.60	5.50	-11
	B	6.17	6.01	-15
	C	7.14	7.10	-4

Source: CBRE Research.

Over the next six months, cap rates for acquisitions of stabilized suburban multifamily product are not expected to change in most (79%) of the markets surveyed. About 14% are expected to experience decreases, including Nashville, Washington, D.C., Baltimore and Detroit, and the other 8% should experience slight increases.

**FIGURE 30. MULTIFAMILY SUBURBAN - CLASS A CAP RATES, H1 2015 - TIER 1 & II METROS**

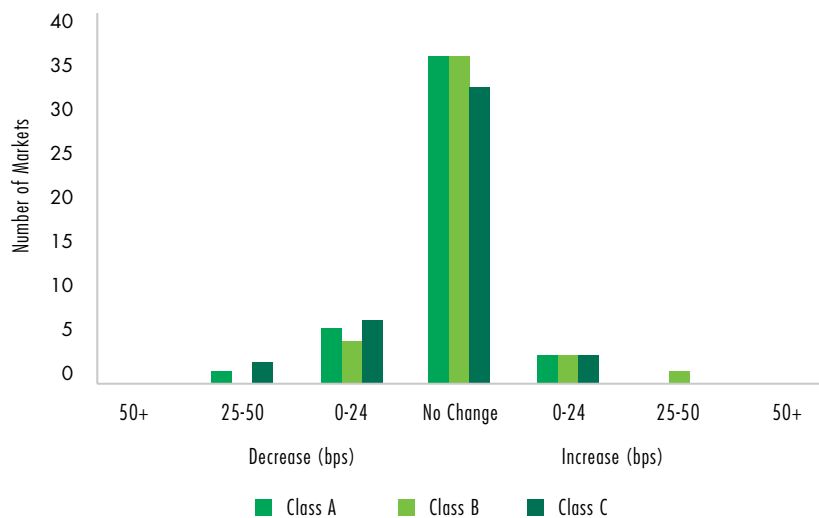


Source: CBRE Research.



MULTIFAMILY | UNITED STATES OVERVIEW CONT.

FIGURE 31. MULTIFAMILY SUBURBAN - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015



Source: CBRE Research.

Select from the list below to access the current **key rates**, **forecasts** and **maps**.

MULTIFAMILY INFILL

MULTIFAMILY SUBURBAN

MULTIFAMILY INFILL | UNITED STATES KEY RATES

		CLASS A				CLASS B				CLASS C			
TIER I		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		BOSTON	4.00 - 4.50	↔	5.50 - 6.00	↔	4.50 - 5.00	↔	6.00 - 6.50	↔	—	—	6.25 - 6.75
	CHICAGO	4.00 - 4.50	↔	4.25 - 4.50	▼	4.75 - 5.25	↔	5.00 - 5.25	▼	5.50 - 6.00	↔	5.75 - 6.25	▲
	N. CA: SAN FRANCISCO	3.50 - 4.00	↔	3.50 - 4.00	↔	3.75 - 4.25	↔	3.75 - 4.25	↔	4.00 - 4.50	↔	4.00 - 4.50	↔
	N. CA: SAN JOSE	3.75 - 4.25	↔	3.75 - 4.25	↔	4.00 - 4.50	↔	4.00 - 4.50	↔	4.50 - 5.00	↔	4.50 - 5.00	↔
	NY: NEW YORK CITY	3.75 - 4.50	▼	4.75 - 5.50	▼	4.25 - 5.00	▼	5.25 - 6.00	▼	5.25 - 5.75	—	6.25 - 7.00	▼
	NY: N. NEW JERSEY	4.00 - 4.50	↔	5.00 - 5.50	↔	4.50 - 5.00	↔	5.50 - 6.00	↔	—	—	—	—
	NY: STAMFORD	4.50 - 5.00	↔	5.50 - 6.00	↔	5.50 - 6.00	↔	6.00 - 6.50	↔	—	—	—	—
	SEATTLE	4.00 - 4.50	↔	4.50 - 5.00	↔	4.75 - 5.25	↔	5.00 - 5.50	↔	5.50 - 6.00	↔	5.25 - 6.25	↔
	S. CA: INLAND EMPIRE	4.75 - 5.25	↔	5.00 - 5.50	↔	5.00 - 5.50	↔	5.50 - 6.00	↔	6.00 - 6.50	↔	6.50 - 7.00	↔
	S. CA: LOS ANGELES	4.00 - 4.25	↔	4.00 - 4.50	↔	4.25 - 4.50	▼	4.50 - 5.00	↔	—	—	—	—
	S. CA: ORANGE COUNTY	3.75 - 4.00	▼	—	—	4.00 - 5.25	▼	—	—	5.00 - 5.50	↔	—	—
	WASHINGTON, D.C.	4.25 - 4.75	↔	4.75 - 5.25	↔	5.00 - 5.50	↔	5.50 - 6.50	↔	6.25 - 7.00	↔	7.50 - 8.50	▲

		CLASS A				CLASS B				CLASS C			
TIER II		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		ATLANTA	4.50 - 5.00	▲	5.75 - 6.25	↔	5.00 - 5.50	↔	6.00 - 6.50	↔	6.00 - 6.50	↔	7.00 - 7.50
	DALLAS/FORT WORTH	4.25 - 4.75	↔	4.50 - 5.25	▲	5.00 - 6.00	▲	5.00 - 6.00	▲	6.00 - 7.00	▼	6.00 - 7.00	▼
	DENVER	4.50 - 5.00	↔	6.00 - 7.00	▲	5.00 - 5.50	▼	6.50 - 7.50	▲	5.50 - 6.25	▼	7.00 - 8.50	▲
	HOUSTON	4.50 - 5.00	↔	4.25 - 4.75	↔	5.25 - 5.75	↔	5.75 - 6.25	↔	6.00 - 6.50	↔	7.25 - 8.00	↔
	MIAMI/S. FLORIDA	4.00 - 4.50	▼	4.75 - 5.25	▲	4.25 - 4.75	▼	5.00 - 5.50	↔	5.50 - 6.25	▼	6.25 - 7.00	▼
	MINNEAPOLIS	4.25 - 4.75	▼	4.75 - 5.25	↔	4.75 - 5.25	▼	5.25 - 5.75	▼	5.00 - 5.50	▼	5.75 - 6.25	▼
	PHILADELPHIA	4.50 - 5.00	▼	6.50 - 7.00	↔	5.50 - 6.00	↔	7.00 - 7.75	▲	6.25 - 6.75	↔	7.50 - 8.00	↔
	PHOENIX	4.75 - 5.25	▲	6.00 - 6.50	▲	5.25 - 5.75	↔	6.50 - 7.00	▲	6.00 - 6.50	↔	7.25 - 7.75	▲
	SAN DIEGO	3.75 - 4.25	▼	4.00 - 4.50	↔	4.50 - 5.00	↔	5.00 - 5.50	↔	5.00 - 5.50	↔	5.50 - 6.00	↔

▲ INCREASE ▼ DECREASE ↔ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

MULTIFAMILY INFILL | UNITED STATES KEY RATES CONT.

	CLASS A				CLASS B				CLASS C				
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	
TIER III	ALBUQUERQUE	5.75 - 6.25	▲	6.50 - 7.00	▼	5.75 - 6.50	▼	7.00 - 7.50	◄	6.75 - 7.50	◄	8.00 - 9.00	◄
	AUSTIN	4.25 - 5.00	◄	4.25 - 5.00	◄	4.75 - 5.25	▼	4.75 - 5.25	▼	5.25 - 5.75	▲	5.25 - 5.75	▲
	BALTIMORE	4.75 - 5.00	▲	5.00 - 5.25	▼	5.00 - 5.75	▼	6.75 - 7.25	▲	6.25 - 7.00	▲	8.00 - 9.00	▲
	CHARLOTTE	4.50 - 5.00	◄	4.50 - 5.00	◄	5.00 - 5.50	◄	5.00 - 5.50	◄	5.50 - 6.00	◄	5.50 - 6.00	◄
	CINCINNATI	5.00 - 5.50	▼	6.00 - 7.50	▲	5.50 - 6.00	▼	6.50 - 8.00	▼	7.00 - 7.50	▼	8.00 - 9.00	◄
	CLEVELAND	6.50 - 7.00	▼	7.00 - 8.00	—	7.50 - 7.75	▲	8.50 - 8.75	—	—	—	—	—
	COLUMBUS	5.00 - 6.00	▼	6.00 - 6.50	◄	6.25 - 7.25	◄	7.00 - 7.50	◄	7.50 - 9.50	▲	8.75 - 9.25	◄
	DETROIT	7.00 - 8.00	▼	7.50 - 8.50	▼	7.50 - 8.25	◄	8.00 - 9.00	▼	9.50 - 11.50	◄	9.50 - 10.50	▼
	HONOLULU	—	—	—	—	4.25	▼	—	—	—	—	—	—
	INDIANAPOLIS	5.00 - 5.50	◄	5.75 - 6.25	▼	5.50 - 6.00	◄	6.25 - 7.00	▼	6.75 - 7.50	—	7.50 - 10.00	◄
	JACKSONVILLE	4.25 - 5.00	◄	5.50 - 6.00	◄	4.75 - 5.50	◄	6.00 - 6.50	◄	6.00 - 6.50	◄	6.50 - 7.00	◄
	KANSAS CITY	4.75 - 5.25	▼	5.50 - 6.00	▼	5.00 - 5.50	▼	5.75 - 6.25	▼	6.00 - 6.50	▼	7.00 - 7.50	▼
	NASHVILLE	4.50 - 5.00	▼	5.50 - 6.00	▼	5.25 - 5.75	▼	5.75 - 6.25	▼	6.00 - 6.50	▼	6.75 - 7.25	▼
	OKLAHOMA CITY	5.25 - 5.75	▼	7.25 - 7.75	▼	5.75 - 6.25	▼	8.25 - 9.25	▼	7.00 - 8.00	▲	8.00 - 8.50	—
	ORLANDO	4.50 - 5.00	◄	5.25 - 5.75	◄	5.25 - 5.75	◄	5.75 - 6.25	◄	6.00 - 6.50	◄	6.50 - 7.00	◄
	PITTSBURGH	6.00 - 6.50	◄	6.50 - 7.00	◄	6.50 - 7.00	◄	7.00 - 7.50	◄	7.50 - 8.00	◄	8.50 - 9.00	◄
	PORTLAND	4.00 - 4.50	◄	4.00 - 4.50	◄	4.50 - 5.00	◄	4.50 - 4.75	◄	5.00 - 5.50	◄	4.75 - 5.25	◄
	RALEIGH	4.50 - 5.00	▼	4.75 - 5.25	▼	5.00 - 5.25	▼	5.25 - 5.50	▼	6.00 - 6.50	▲	6.50 - 7.00	▲
	RICHMOND	5.50 - 6.25	—	6.00 - 7.00	—	5.75 - 7.00	—	6.50 - 8.00	—	6.75 - 8.00	—	7.50 - 9.00	—
	SACRAMENTO	4.25 - 5.00	▲	—	—	4.75 - 5.25	◄	5.00 - 5.50	◄	5.25 - 5.75	▼	5.75 - 6.25	◄
SALT LAKE CITY	5.00 - 5.50	◄	5.50 - 5.75	▼	5.25 - 5.75	◄	5.75 - 6.25	▼	6.00 - 6.50	▲	6.00 - 6.50	▼	
SAN ANTONIO	4.75 - 5.50	▼	4.75 - 5.50	—	5.25 - 6.00	▼	5.50 - 6.25	▼	5.75 - 6.50	▼	6.00 - 6.75	▼	
ST. LOUIS	5.50 - 5.75	▼	—	—	6.00 - 6.50	▼	—	—	7.50 - 8.50	▼	—	—	
TAMPA	4.50 - 5.00	◄	5.00 - 5.50	◄	5.25 - 5.75	◄	5.50 - 6.00	◄	6.25 - 6.75	◄	6.75 - 7.25	◄	

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



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HOTEL



APPENDIX



## MULTIFAMILY INFILL | CANADA KEY RATES

## TIER I

## CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
TORONTO	3.25 - 4.00	▼

## TIER II

## CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
CALGARY	4.25 - 4.75	▲
EDMONTON	4.50 - 5.00	▼
MONTREAL	4.75 - 5.00	▼
VANCOUVER	3.50 - 4.00	◄►

## TIER III

## CLASS A

	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
HALIFAX	5.00 - 5.50	▼
KITCHENER - WATERLOO	4.75 - 5.25	◄►
LONDON - WINDSOR	5.00 - 5.50	◄►
OTTAWA	3.75 - 4.50	▼
WINNIPEG	—	—

▲ INCREASE ▼ DECREASE ◄► REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

MULTIFAMILY INFILL | UNITED STATES FORECAST TRENDS

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	BOSTON						
	CHICAGO						
	N. CA: SAN FRANCISCO						
	N. CA: SAN JOSE						
	NY: NEW YORK CITY						
	NY: N. NEW JERSEY			-	-	-	-
	NY: STAMFORD						
	SEATTLE						
	S. CA: INLAND EMPIRE						
	S. CA: LOS ANGELES					-	-
	S. CA: ORANGE COUNTY						
WASHINGTON, D.C.							

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	ATLANTA						
	DALLAS/FORT WORTH						
	DENVER						
	HOUSTON						
	MIAMI/S. FLORIDA						
	MINNEAPOLIS						
	PHILADELPHIA						
	PHOENIX						
	SAN DIEGO						

- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.



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APPENDIX



MULTIFAMILY INFILL | UNITED STATES FORECAST TRENDS CONT.

	CLASS A		CLASS B		CLASS C	
	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	ALBUQUERQUE					
	AUSTIN	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	BALTIMORE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	CHARLOTTE					
	CINCINNATI					
	CLEVELAND	DECREASE				
	COLUMBUS					
	DETROIT	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	HONOLULU					
	INDIANAPOLIS	DECREASE	DECREASE	DECREASE	DECREASE	
	JACKSONVILLE					
	KANSAS CITY		DECREASE		DECREASE	DECREASE
	NASHVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	OKLAHOMA CITY				DECREASE	DECREASE
	ORLANDO					
	PITTSBURGH					
	PORTLAND					
	RALEIGH					
	RICHMOND					DECREASE
	SACRAMENTO		DECREASE		DECREASE	DECREASE
SALT LAKE CITY						
SAN ANTONIO	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
ST. LOUIS		—		—		—
TAMPA						

- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.







MULTIFAMILY SUBURBAN | UNITED STATES KEY RATES

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*
TIER I	BOSTON	4.50 - 5.00	◄	5.75 - 6.25	◄	5.00 - 5.50	◄	6.50 - 7.00	◄	6.25 - 6.75	◄	7.00 - 7.50	◄
	CHICAGO	5.00 - 5.25	◄	5.25 - 5.50	▼	5.50 - 5.75	◄	5.50 - 5.75	▼	6.50 - 7.00	◄	6.25 - 6.50	▼
	N. CA: SAN FRANCISCO	3.75 - 4.25	◄	4.00 - 4.50	◄	4.25 - 4.75	◄	4.25 - 4.75	◄	4.75 - 5.25	◄	4.50 - 5.00	◄
	N. CA: SAN JOSE	4.00 - 4.50	◄	4.00 - 4.75	▼	4.25 - 4.75	◄	4.25 - 5.00	▼	4.50 - 5.00	◄	4.50 - 5.25	▼
	NY: N. NEW JERSEY	4.75 - 5.25	◄	5.75 - 6.25	◄	5.50 - 6.00	◄	6.50 - 7.00	◄	—	—	—	—
	NY: STAMFORD	5.50 - 6.00	◄	6.25 - 6.75	◄	6.50 - 7.00	◄	7.00 - 7.50	◄	—	—	—	—
	SEATTLE	4.50 - 5.00	▼	4.75 - 5.00	▼	5.00 - 5.50	◄	5.25 - 5.75	◄	6.00 - 6.50	◄	6.00 - 6.50	◄
	S. CA: INLAND EMPIRE	4.75 - 5.25	◄	5.00 - 5.50	◄	5.00 - 5.50	◄	5.50 - 6.00	◄	6.00 - 6.50	◄	6.50 - 7.00	◄
	S. CA: LOS ANGELES	4.75 - 5.00	▼	4.50 - 5.00	◄	4.75 - 5.25	▼	5.50 - 6.00	▲	—	—	—	—
	S. CA: ORANGE COUNTY	4.00	▼	—	—	4.00 - 5.25	▼	—	—	5.25 - 6.00	▼	—	—
WASHINGTON, D.C.	4.50 - 5.25	▼	4.75 - 5.50	▼	5.25 - 5.75	▼	5.75 - 6.50	▼	6.00 - 6.75	▼	6.75 - 7.75	◄	

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*
TIER II	ATLANTA	5.00 - 5.50	◄	6.00 - 6.50	◄	5.50 - 6.00	◄	6.50 - 7.00	◄	6.25 - 6.75	◄	7.25 - 7.75	◄
	DALLAS/FORT WORTH	4.75 - 5.25	▼	4.50 - 5.25	▼	5.50 - 6.00	▲	5.25 - 5.75	◄	6.75 - 7.50	◄	8.00 - 9.00	◄
	DENVER	5.00 - 5.50	◄	6.00 - 7.00	▲	5.50 - 6.00	▲	6.75 - 7.50	▲	5.75 - 6.25	▼	7.50 - 9.00	▼
	HOUSTON	5.25 - 5.75	◄	5.25 - 5.75	▼	5.75 - 6.25	◄	6.00 - 6.50	◄	7.00 - 7.50	◄	7.50 - 8.00	◄
	MIAMI/S. FLORIDA	4.50 - 5.00	▼	5.25 - 5.75	▲	4.75 - 5.25	▼	5.25 - 5.75	◄	6.25 - 7.00	▼	7.00 - 7.75	▼
	MINNEAPOLIS	5.00 - 5.25	◄	5.50 - 5.75	◄	5.25 - 5.75	◄	6.00 - 6.50	◄	6.00 - 6.50	▼	6.50 - 7.00	▼
	PHILADELPHIA	4.75 - 5.25	▼	6.50 - 7.00	◄	5.75 - 6.25	◄	7.00 - 7.50	◄	6.25 - 7.00	◄	7.50 - 8.00	◄
	PHOENIX	5.00 - 5.25	◄	6.25 - 6.50	▲	5.25 - 5.75	▼	6.50 - 7.00	▲	6.00 - 6.50	◄	7.25 - 7.75	▼
	SAN DIEGO	4.25 - 4.75	◄	4.25 - 4.75	◄	4.75 - 5.25	◄	5.00 - 5.50	◄	5.25 - 5.75	◄	5.50 - 6.00	◄

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

MULTIFAMILY SUBURBAN | UNITED STATES KEY RATES CONT.

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
TIER III	ALBUQUERQUE	5.75 - 6.25	◄	6.50 - 7.00	▼	5.75 - 6.50	▼	7.00 - 7.50	◄	6.75 - 7.50	▼	8.00 - 9.00	◄
	AUSTIN	4.50 - 5.25	▼	4.50 - 5.00	▼	4.75 - 5.75	▼	4.75 - 5.50	▼	5.25 - 6.25	▼	5.00 - 6.25	▼
	BALTIMORE	5.00 - 5.50	◄	5.25 - 5.75	▼	5.25 - 5.75	▼	6.75 - 7.25	▼	6.25 - 7.00	▼	8.00	▼
	CHARLOTTE	5.00 - 5.25	◄	5.00 - 5.25	◄	5.25 - 5.75	◄	5.25 - 5.75	◄	6.00 - 6.50	◄	6.00 - 6.50	◄
	CINCINNATI	5.50 - 6.00	▼	7.00 - 8.00	▲	6.00 - 6.50	▼	7.50 - 8.50	▼	7.75 - 9.25	▼	8.50 - 9.50	▼
	CLEVELAND	6.50 - 7.50	◄	7.50 - 8.50	—	6.75 - 7.75	▲	—	—	8.00 - 10.00	▼	9.00 - 11.00	—
	COLUMBUS	5.50 - 6.50	▼	6.25 - 6.75	◄	6.50 - 7.50	▼	7.25 - 7.75	◄	7.75 - 9.00	▼	8.75 - 9.25	◄
	DETROIT	6.25 - 7.25	▼	7.00 - 8.00	▼	7.00 - 8.00	▼	7.50 - 8.50	▼	8.25 - 9.25	▼	9.50 - 10.50	▼
	INDIANAPOLIS	5.25 - 5.75	◄	7.00 - 8.00	◄	5.75 - 6.25	◄	7.50 - 8.50	◄	7.00 - 8.25	◄	8.00 - 10.00	◄
	JACKSONVILLE	4.75 - 5.50	▼	5.50 - 6.00	▼	5.75 - 6.75	▲	6.25 - 7.00	▲	6.75 - 7.75	◄	7.50 - 8.00	▼
	KANSAS CITY	5.00 - 5.50	▼	5.50 - 6.00	▼	5.25 - 5.75	▼	6.00 - 6.50	▼	6.50 - 7.00	▼	7.25 - 7.75	▼
	LAS VEGAS	5.00 - 5.25	◄	5.25 - 5.50	▼	5.25 - 5.75	▼	5.50 - 6.00	◄	6.25 - 7.00	▼	6.50 - 7.25	▼
	NASHVILLE	4.75 - 5.50	▼	5.75 - 6.25	▼	5.50 - 6.00	▼	6.00 - 6.50	▼	6.00 - 6.50	◄	6.75 - 7.25	◄
	OKLAHOMA CITY	5.50 - 6.00	▼	7.75 - 8.25	▼	5.75 - 6.50	▼	8.75 - 9.25	▼	7.25 - 8.25	▼	8.25 - 8.75	—
	ORLANDO	4.75 - 5.25	◄	5.00 - 5.50	◄	5.50 - 6.00	◄	6.00 - 6.50	◄	6.50 - 7.00	◄	7.50 - 8.00	◄
	PITTSBURGH	6.00 - 6.50	◄	6.50 - 7.00	◄	6.50 - 7.00	◄	7.00 - 7.50	◄	7.50 - 8.00	◄	8.50 - 9.00	◄
	PORTLAND	5.00 - 5.25	◄	4.50 - 5.00	◄	5.25 - 5.75	◄	5.00 - 5.50	◄	5.50 - 6.00	◄	5.50 - 6.00	◄
	RALEIGH	4.75 - 5.25	▼	5.00 - 5.50	▼	5.25 - 5.50	▼	5.50 - 5.75	▼	6.50 - 7.00	▼	6.75 - 8.00	▼
	RICHMOND	5.75 - 6.25	—	6.25 - 7.00	—	6.00 - 7.25	—	6.75 - 8.00	—	7.00 - 8.50	—	8.00 - 9.75	—
	SACRAMENTO	4.50 - 5.25	▲	4.75 - 5.25	▼	5.25 - 5.75	▲	5.50 - 6.00	◄	5.75 - 6.25	▲	6.25 - 7.00	▲
SALT LAKE CITY	5.00 - 5.50	▼	5.50 - 5.75	▼	5.25 - 5.75	—	5.75 - 6.25	▼	6.00 - 6.50	—	6.00 - 6.50	▼	
SAN ANTONIO	5.00 - 5.75	◄	5.00 - 5.75	▼	5.25 - 6.00	▼	5.50 - 6.25	▼	5.75 - 6.50	▼	6.00 - 6.75	▼	
ST. LOUIS	5.50 - 5.75	▼	—	—	6.00 - 6.75	▼	—	—	7.25 - 8.25	▼	—	—	
TAMPA	4.75 - 5.25	◄	5.25 - 5.75	◄	5.50 - 6.00	◄	6.00 - 6.50	◄	6.50 - 7.00	◄	7.00 - 7.50	◄	

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



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MULTIFAMILY



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APPENDIX



MULTIFAMILY SUBURBAN | CANADA KEY RATES

TIER I		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	
TORONTO	4.25 - 5.00	▼	

TIER II		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	
CALGARY	4.75 - 5.25	▲	
EDMONTON	6.00 - 6.50	◄►	
MONTREAL	5.75 - 6.75	▼	
VANCOUVER	4.50 - 5.00	◄►	

TIER III		CLASS B	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	
HALIFAX	5.75 - 6.25	▼	
KITCHENER - WATERLOO	6.00 - 6.50	◄►	
LONDON - WINDSOR	6.00 - 7.00	◄►	
OTTAWA	4.75 - 5.50	▼	
WINNIPEG	5.75 - 6.00	◄►	

▲ INCREASE    ▼ DECREASE    ◄► REMAIN FLAT    — N/A

\*Compared to H2 2014. Source: CBRE Research.

MULTIFAMILY SUBURBAN | UNITED STATES FORECAST TRENDS

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	BOSTON						
	CHICAGO						
	N. CA: SAN FRANCISCO						
	N. CA: SAN JOSE						
	NY: N. NEW JERSEY						
	NY: STAMFORD						
	SEATTLE						
	S. CA: INLAND EMPIRE						
	S. CA: LOS ANGELES		INCREASE	INCREASE	INCREASE	—	—
	S. CA: ORANGE COUNTY		—				
WASHINGTON, D.C.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	ATLANTA						
	DALLAS/FORT WORTH						
	DENVER					DECREASE	
	HOUSTON						
	MIAMI/S. FLORIDA		DECREASE		DECREASE		
	MINNEAPOLIS						
	PHILADELPHIA						
	PHOENIX						
	SAN DIEGO						

- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.

MULTIFAMILY SUBURBAN | UNITED STATES FORECAST TRENDS CONT.

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	ALBUQUERQUE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	AUSTIN	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	BALTIMORE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	CHARLOTTE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	CINCINNATI	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	CLEVELAND	DECREASE	FLAT	FLAT	FLAT	DECREASE	FLAT
	COLUMBUS	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	DETROIT	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	INDIANAPOLIS	DECREASE	DECREASE	FLAT	FLAT	FLAT	FLAT
	JACKSONVILLE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	KANSAS CITY	FLAT	DECREASE	FLAT	DECREASE	FLAT	DECREASE
	LAS VEGAS	FLAT	FLAT	FLAT	DECREASE	DECREASE	FLAT
	NASHVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	OKLAHOMA CITY	FLAT	FLAT	FLAT	DECREASE	FLAT	DECREASE
	ORLANDO	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	PITTSBURGH	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	PORTLAND	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	RALEIGH	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
	RICHMOND	FLAT	FLAT	FLAT	DECREASE	DECREASE	DECREASE
	SACRAMENTO	FLAT	DECREASE	FLAT	DECREASE	FLAT	DECREASE
SALT LAKE CITY	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	
SAN ANTONIO	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
ST. LOUIS	FLAT	DECREASE	FLAT	DECREASE	FLAT	DECREASE	
TAMPA	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	

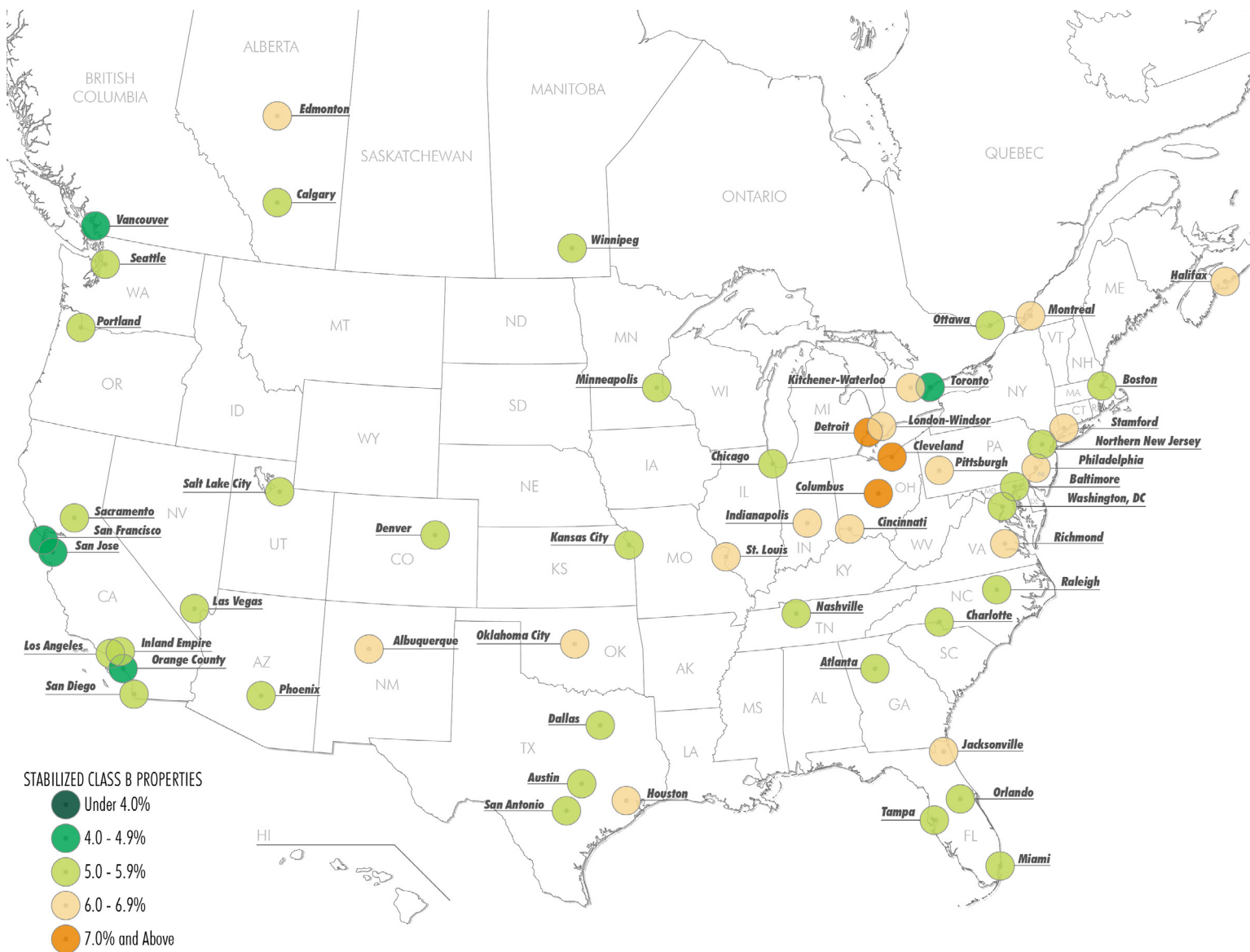
- INCREASE
- DECREASE
- REMAIN FLAT
- N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015.

Source: CBRE Research.



MULTIFAMILY SUBURBAN | CLASS B CAP RATES





OVERVIEW



OFFICE



INDUSTRIAL



RETAIL



MULTIFAMILY



HOTEL



APPENDIX



## HOTEL | UNITED STATES OVERVIEW

Investment in U.S. hotels totaled \$26.9 billion in H1 2015, 67% greater than the same period last year, according to Real Capital Analytics. The number of properties increased by 58%, suggesting that the strong investment activity in this sector has been spurred more by improving liquidity rather than pricing, and that investment is moving further out along the quality spectrum.

Additionally, within RCA's two principal hotel categories—full-service and limited-service—74% of acquisitions (based on the number of deals) year-to-date were for limited-service hotels as opposed to full-service, up from the 64% share recorded last year. It should be noted, however, that investment demand remains strongest for select-service properties and these assets can be found in both the RCA categories.

On a national level, the vast majority of hotel investors are domestic; however this is not necessarily the case for gateway cities where international buyers often dominate the investor pool. A significant proportion of investment also comes from a limited number of large entities, which in some ways can provide resistance to price volatility in this sector. The largest country sources of cross-border hotel acquisitions, year-to-date through June are China, South Korea, the United Arab Emirates and Qatar.

Cap rates for acquisitions currently stand at historical lows and are unlikely to compress further, as illustrated by the subdued movements captured by this survey. Also, prices per room—typically the more dominant statistic when analyzing hotel acquisitions—are achieving historical highs to the point where an increasing number of investors are finding it equally cost effective to build as opposed to buy.

FIGURE 32. HOTEL CBD - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	LUXURY	6.73	6.74	1
	FULL-SERVICE	7.43	7.28	-14
	SELECT-SERVICE	7.78	7.69	-9
	ECONOMY	8.91	8.77	-14
I	LUXURY	6.18	6.29	11
	FULL-SERVICE	6.96	6.85	-11
	SELECT-SERVICE	7.58	7.47	-11
	ECONOMY	8.54	8.37	-16
II	LUXURY	7.01	6.92	-9
	FULL-SERVICE	7.59	7.40	-18
	SELECT-SERVICE	7.72	7.65	-7
	ECONOMY	9.15	9.00	-15
III	LUXURY	7.42	7.41	0
	FULL-SERVICE	8.06	7.95	-12
	SELECT-SERVICE	8.12	8.07	-5
	ECONOMY	9.33	9.26	-7

Source: CBRE Research.

Overall, national cap rates remained broadly stable in H1 2015 compared to H2 2014, as most movement remained within 25 bps of the last reported figure. Slight compression was recorded across all CBD tiers with the exception of the Tier I luxury segment, which registered no significant change. It is possible that hotel pricing—as measured by cap rates—has peaked for high-end product in the top tier markets, but it is too early to definitively make that call. (See page 5 for more discussion on tier selection methodology and page 84 for Key Rate tables for metros in each tier.)

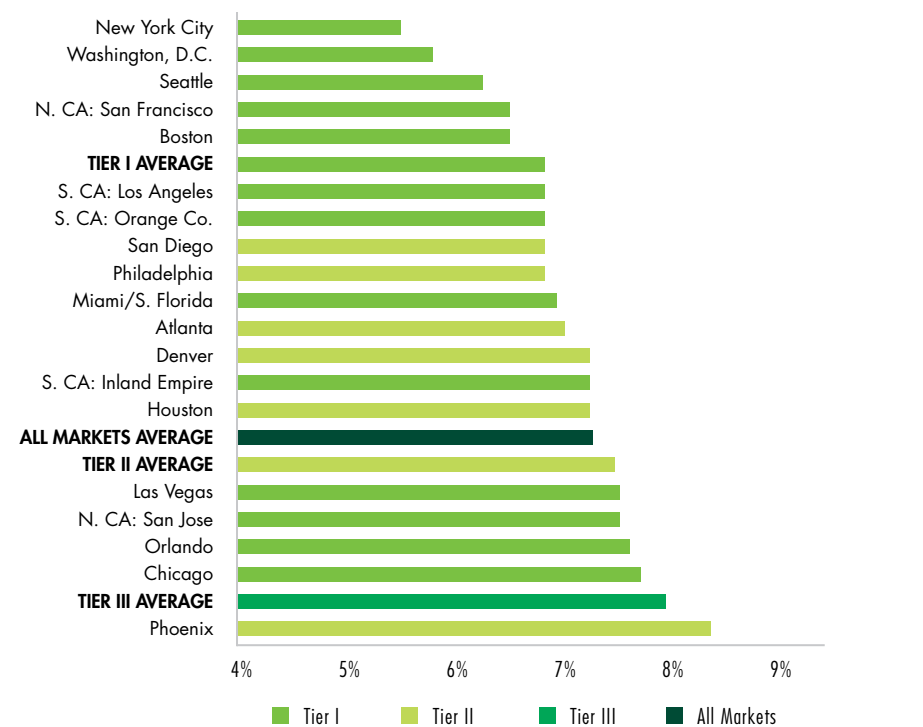


**HOTEL | UNITED STATES OVERVIEW CONT.**

Suburban hotel cap rates declined slightly from H2 2014, but only a handful of markets experienced a dip greater than 25 bps. The largest cap rate declines in suburban hotels were experienced in Tier II markets.

At the metro level, Boston registered a 100 bps increase in cap rates for CBD luxury properties, as opposed to notable decreases for full-service assets in its CBD and suburban areas. Within Tier I markets, Washington, D.C. experienced the most broad-

**FIGURE 33. HOTEL FULL-SERVICE CBD CAP RATES, H1 2015 - TIER I & II METROS**

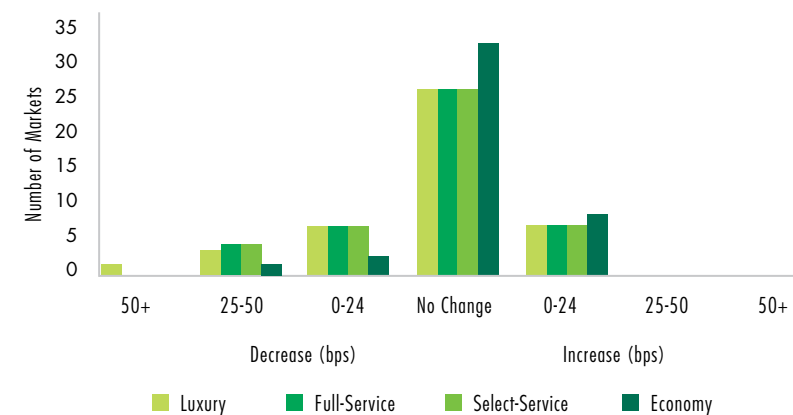


Source: CBRE Research.

based compression. In Tier II, Atlanta registered the most widespread decreases, with the remainder of the metros experiencing relatively little change. The only notable cap rate expansion at the national level, which occurred among suburban select-service and economy assets, appears to have been driven by increases in the Midwestern industrial metros of Cincinnati, Cleveland and Columbus.

Over the next six months, cap rates for acquisitions of stabilized hotel properties are expected to remain broadly stable (62% of markets should experience no change), with any notable compression isolated to a handful of Tier I metros such as Las Vegas and Orlando and Tier III metros including Tampa, Jacksonville, Austin and Pittsburgh. There are few indications that investor demand will temper before the end of the year, but new supply in some major, urban markets is one factor that investors are monitoring closely.

**FIGURE 34. HOTEL CBD - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015**



Source: CBRE Research.

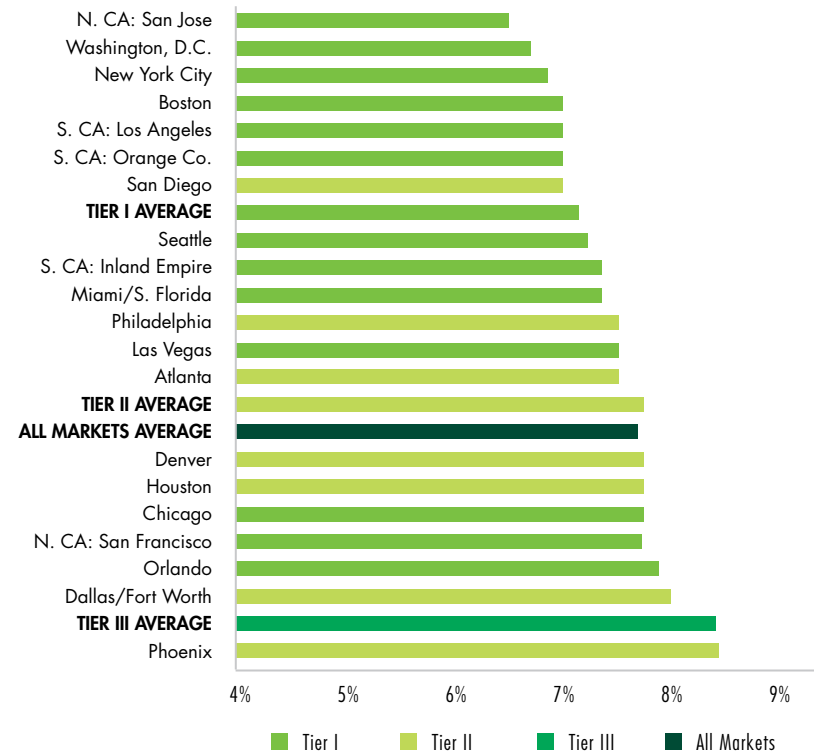
**HOTEL | UNITED STATES OVERVIEW CONT.**

FIGURE 35. HOTEL SUBURBAN - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H2 2014 (%)	H1 2015 (%)	CHANGE (bps)
ALL	LUXURY	7.20	7.18	-1
	FULL-SERVICE	7.82	7.69	-13
	SELECT-SERVICE	8.11	8.13	2
	ECONOMY	9.28	9.16	-11
I	LUXURY	6.89	6.90	1
	FULL-SERVICE	7.40	7.29	-11
	SELECT-SERVICE	8.02	7.97	-5
	ECONOMY	9.02	8.82	-20
II	LUXURY	7.30	7.18	-11
	FULL-SERVICE	7.92	7.72	-20
	SELECT-SERVICE	8.03	7.86	-17
	ECONOMY	9.41	9.19	-22
III	LUXURY	7.62	7.66	5
	FULL-SERVICE	8.42	8.35	-7
	SELECT-SERVICE	8.30	8.59	29
	ECONOMY	9.59	9.72	13

Source: CBRE Research.

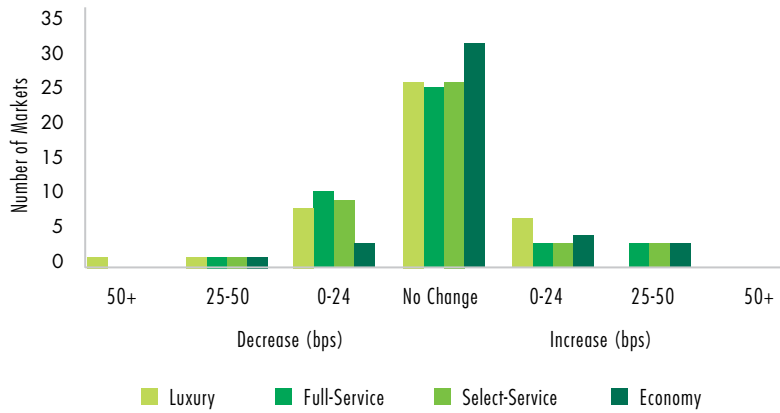
FIGURE 36. HOTEL FULL-SERVICE SUBURBAN CAP RATES, H1 2015 - TIER I & II METROS



Source: CBRE Research.

**HOTEL | UNITED STATES OVERVIEW CONT.**

FIGURE 37. HOTEL SUBURBAN - EXPECTED CHANGE OF CAP RATES FOR STABILIZED ASSETS, H2 2015



Source: CBRE Research.

Select from the list below to access the current **key rates, forecasts and maps.**

**HOTEL**

HOTEL | UNITED STATES KEY RATES

		LUXURY				FULL-SERVICE			
TIER I		CBD CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		BOSTON	6.00 - 7.00	▲	—	—	6.00 - 7.00	◄	6.50 - 7.50
	CHICAGO	6.00 - 6.50	◄	7.00 - 8.00	◄	6.75 - 8.75	◄	7.25 - 8.25	▼
	LAS VEGAS	7.00 - 8.00	◄	7.00 - 8.00	◄	7.00 - 8.00	▼	7.00 - 8.00	▼
	MIAMI/S. FLORIDA	5.50 - 6.25	▲	6.25 - 7.00	▲	6.50 - 7.25	▼	7.00 - 7.75	▼
	NEW YORK	3.50 - 5.00	◄	5.50 - 7.00	◄	5.00 - 6.00	◄	6.00 - 7.75	◄
	N. CA: SAN FRANCISCO	5.00 - 6.00	◄	5.50 - 7.00	◄	6.00 - 7.00	◄	7.00 - 8.50	◄
	N. CA: SAN JOSE	6.50 - 7.50	◄	6.50 - 7.50	◄	7.00 - 8.00	◄	6.00 - 7.00	◄
	ORLANDO	6.00 - 8.00	◄	6.25 - 8.00	◄	6.75 - 8.50	◄	7.00 - 8.75	◄
	SEATTLE	5.75 - 6.25	▼	6.50 - 7.50	◄	6.00 - 6.50	▼	7.00 - 7.50	◄
	S. CA: INLAND EMPIRE	6.50 - 7.50	▲	6.50 - 7.50	▲	7.00 - 7.50	▲	7.25 - 7.50	▲
	S. CA: LOS ANGELES	6.00 - 7.00	◄	6.00 - 7.00	◄	6.50 - 7.00	◄	6.75 - 7.25	◄
	S. CA: ORANGE COUNTY	6.00 - 7.00	◄	6.00 - 7.00	◄	6.50 - 7.00	◄	6.75 - 7.25	◄
	WASHINGTON, D.C.	5.00 - 6.50	▲	6.50 - 7.00	▼	5.00 - 6.50	▼	6.50 - 7.00	▼

		LUXURY				FULL-SERVICE			
TIER II		CBD CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		ATLANTA	6.00 - 6.75	▼	6.50 - 7.25	▼	6.50 - 7.50	▼	7.00 - 8.00
	DALLAS/FORT WORTH	7.25 - 8.25	◄	7.25 - 8.25	◄	7.50 - 8.50	◄	7.50 - 8.50	◄
	DENVER	6.50 - 7.00	◄	7.00 - 7.50	▲	7.00 - 7.50	▼	7.50 - 8.00	▲
	HOUSTON	6.50 - 7.50	◄	7.00 - 8.00	◄	6.75 - 7.75	◄	7.25 - 8.25	◄
	PHILADELPHIA	5.75 - 6.25	◄	6.25 - 6.75	◄	6.50 - 7.00	◄	7.25 - 7.75	◄
	PHOENIX	6.75 - 8.00	▼	6.75 - 8.00	▼	7.75 - 9.00	▼	7.75 - 9.00	▼
	SAN DIEGO	6.00 - 7.00	◄	6.00 - 7.00	◄	6.50 - 7.00	◄	6.75 - 7.25	◄

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

HOTEL | UNITED STATES KEY RATES CONT.

		LUXURY				FULL-SERVICE			
		CBD CAP RATES FOR STABILIZED PROPERTIES (%)		SUBURBAN CAP RATES FOR STABILIZED PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			DIRECTION*		DIRECTION*		DIRECTION*		DIRECTION*
TIER III	ALBUQUERQUE	7.25 - 7.75	▼	7.75 - 8.25	◄	7.75 - 8.50	▼	8.25 - 8.75	◄
	AUSTIN	6.50 - 7.50	◄	6.75 - 7.75	◄	6.75 - 7.75	◄	7.00 - 8.00	◄
	BALTIMORE	6.00 - 7.50	▼	7.50 - 9.00	▲	7.00 - 8.00	◄	8.00 - 9.00	▲
	CHARLOTTE	6.25 - 8.00	▼	6.25 - 8.00	▼	6.25 - 8.00	▼	6.25 - 8.00	▼
	CINCINNATI	7.00 - 8.00	◄	7.00 - 8.00	◄	7.50 - 8.50	◄	8.00 - 9.00	▲
	CLEVELAND	7.00 - 8.00	◄	7.00 - 8.00	▼	7.50 - 8.50	◄	8.00 - 9.00	◄
	COLUMBUS	7.00 - 8.00	◄	7.00 - 8.00	◄	7.50 - 8.50	◄	8.00 - 9.00	▲
	DETROIT	8.00 - 8.50	◄	8.00 - 9.00	◄	8.00 - 9.00	▼	8.50 - 9.50	▼
	HONOLULU	—	—	5.00 - 7.00	▲	—	—	—	—
	INDIANAPOLIS	7.00 - 8.50	▼	8.00 - 9.50	▼	7.00 - 10.00	▼	8.00 - 10.50	▼
	JACKSONVILLE	6.75 - 8.25	▼	7.00 - 8.25	▼	7.50 - 8.75	▼	7.75 - 9.00	▼
	KANSAS CITY	7.00 - 8.50	◄	7.00 - 8.50	◄	7.00 - 9.00	◄	7.00 - 9.00	◄
	MINNEAPOLIS	6.00 - 7.50	◄	6.50 - 7.50	◄	6.00 - 8.00	◄	7.00 - 9.00	◄
	NASHVILLE	7.00 - 7.50	◄	—	—	7.00 - 8.00	◄	7.50 - 8.50	◄
	OKLAHOMA CITY	7.25 - 8.25	◄	7.75 - 8.75	▲	7.75 - 8.75	◄	8.00 - 9.00	▲
	PITTSBURGH	6.50 - 7.50	▼	6.50 - 7.50	▼	7.50 - 8.50	◄	7.50 - 8.50	◄
	PORTLAND	6.75 - 7.25	◄	7.00 - 7.50	◄	7.00 - 7.50	◄	7.25 - 7.75	◄
	SACRAMENTO	—	—	—	—	8.00 - 9.00	◄	9.00 - 10.00	◄
	SALT LAKE CITY	5.75 - 7.75	◄	6.50 - 8.50	◄	7.75 - 8.50	▼	8.00 - 9.00	▼
	SAN ANTONIO	7.75 - 8.75	◄	7.75 - 8.75	◄	8.00 - 9.00	◄	8.00 - 9.00	◄
ST. LOUIS	7.00 - 9.00	▲	7.50 - 9.50	▲	7.50 - 10.50	▲	8.00 - 10.50	▲	
TAMPA	6.25 - 8.00	◄	6.50 - 8.00	▲	7.00 - 8.50	◄	7.25 - 8.75	◄	

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

HOTEL | UNITED STATES KEY RATES CONT.

		SELECT-SERVICE				ECONOMY			
TIER I		CBD CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		BOSTON	6.00 - 7.00	▼	7.00 - 8.00	▼	—	—	8.00 - 10.00
	CHICAGO	7.50 - 8.50	◄	7.25 - 8.25	▼	8.00 - 10.00	◄	8.50 - 10.50	◄
	LAS VEGAS	8.00 - 9.00	▼	8.00 - 9.00	▼	8.50 - 10.00	◄	8.50 - 10.00	◄
	MIAMI/S. FLORIDA	7.00 - 7.75	▼	7.50 - 8.25	▼	7.75 - 8.75	▼	8.25 - 9.25	▼
	NEW YORK	5.25 - 7.00	◄	7.00 - 8.50	◄	6.25 - 7.50	◄	8.00 - 10.00	◄
	N. CA: SAN FRANCISCO	7.00 - 8.00	◄	8.50 - 10.00	▲	8.00 - 10.00	◄	8.00 - 10.50	▼
	N. CA: SAN JOSE	7.50 - 9.50	◄	7.00 - 8.00	◄	9.00 - 11.00	◄	8.00 - 10.50	▼
	ORLANDO	8.00 - 9.50	◄	8.25 - 10.00	◄	9.50 - 10.75	▲	9.50 - 11.00	▲
	SEATTLE	6.25 - 6.75	▼	7.25 - 8.00	◄	7.50 - 8.50	◄	8.25 - 9.25	◄
	S. CA: INLAND EMPIRE	7.25 - 7.75	▲	7.25 - 7.75	▲	7.50 - 8.00	◄	7.75 - 8.25	▲
	S. CA: LOS ANGELES	6.75 - 7.25	◄	7.00 - 7.50	◄	7.50 - 8.00	◄	7.25 - 7.75	◄
	S. CA: ORANGE COUNTY	6.75 - 7.25	◄	7.00 - 7.50	◄	7.50 - 8.00	◄	7.25 - 7.75	◄
	WASHINGTON, D.C.	6.00 - 7.00	▼	7.00 - 8.00	◄	6.00 - 7.00	▼	7.00 - 8.00	▼

		SELECT-SERVICE				ECONOMY			
TIER II		CBD CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
		ATLANTA	7.75 - 8.50	▼	8.00 - 8.75	▼	8.00 - 8.75	▼	8.75 - 9.50
	DALLAS/FORT WORTH	7.25 - 8.25	◄	7.25 - 8.25	◄	8.25 - 10.75	◄	8.25 - 10.25	◄
	DENVER	7.50 - 8.00	▲	7.50 - 8.00	▼	8.50 - 9.00	▲	9.00 - 9.50	▲
	HOUSTON	6.50 - 7.50	◄	7.00 - 8.00	◄	7.75 - 10.50	◄	8.00 - 10.50	◄
	PHILADELPHIA	7.00 - 8.00	◄	7.75 - 8.25	◄	8.75 - 9.25	◄	9.50 - 10.00	◄
	PHOENIX	7.50 - 9.00	▼	7.50 - 9.00	▼	9.50 - 11.00	◄	9.50 - 11.00	◄
	SAN DIEGO	6.75 - 7.25	◄	7.00 - 7.50	◄	7.50 - 8.00	◄	7.25 - 7.75	◄

▲ INCREASE ▼ DECREASE ◄ REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.

HOTEL | UNITED STATES KEY RATES CONT.

		SELECT-SERVICE				ECONOMY			
		CBD CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	DIRECTION*
TIER III	ALBUQUERQUE	8.00 - 8.50	◄►	8.50 - 9.00	▲	9.00 - 9.50	▲	9.00 - 9.50	◄►
	AUSTIN	6.50 - 7.50	◄►	6.75 - 7.75	◄►	7.75 - 10.25	◄►	8.00 - 10.50	◄►
	BALTIMORE	7.00 - 8.50	▼	8.00 - 9.00	◄►	7.00 - 8.50	▼	8.00 - 9.00	▼
	CHARLOTTE	6.50 - 8.50	▼	6.50 - 8.50	▼	8.00 - 10.00	▲	8.00 - 10.00	▲
	CINCINNATI	7.50 - 8.50	▼	8.50 - 9.50	▲	9.00 - 10.00	▲	10.00 - 12.00	▲
	CLEVELAND	7.50 - 8.50	▼	8.50 - 9.50	▲	9.00 - 10.00	▲	10.00 - 12.00	▲
	COLUMBUS	7.50 - 8.50	▼	8.50 - 9.50	▲	9.00 - 10.00	▲	10.00 - 12.00	▲
	DETROIT	8.50 - 9.50	▼	9.00 - 10.00	◄►	9.50 - 11.00	▼	9.50 - 11.00	▼
	HONOLULU	5.00 - 7.00	▲	—	—	5.00 - 7.00	▼	—	—
	INDIANAPOLIS	7.50 - 9.00	▼	8.00 - 10.00	◄►	9.00 - 11.00	▲	9.50 - 11.50	▲
	JACKSONVILLE	8.50 - 9.75	▼	8.75 - 9.75	▼	9.75 - 11.00	▼	9.75 - 11.00	▼
	KANSAS CITY	7.50 - 9.00	◄►	7.50 - 9.00	◄►	9.50 - 11.00	◄►	9.50 - 11.00	◄►
	MINNEAPOLIS	7.00 - 8.50	◄►	7.50 - 9.50	◄►	7.00 - 9.50	◄►	8.00 - 10.00	◄►
	NASHVILLE	7.50 - 8.50	◄►	8.00 - 9.00	◄►	—	—	8.50 - 9.50	◄►
	OKLAHOMA CITY	7.50 - 8.50	◄►	7.75 - 8.75	▲	8.50 - 10.75	◄►	8.75 - 11.00	▲
	PITTSBURGH	8.00 - 9.00	◄►	7.50 - 8.50	◄►	8.50 - 9.50	◄►	8.50 - 9.50	◄►
	PORTLAND	7.25 - 7.75	◄►	7.50 - 8.00	◄►	8.00 - 8.50	◄►	8.25 - 8.75	◄►
	SACRAMENTO	8.00 - 9.00	◄►	9.50 - 10.50	◄►	9.00 - 11.00	◄►	9.00 - 11.00	◄►
	SALT LAKE CITY	6.75 - 7.75	◄►	7.00 - 8.00	▼	7.75 - 8.75	◄►	8.00 - 9.00	▼
	SAN ANTONIO	7.75 - 8.75	◄►	7.75 - 8.75	◄►	8.75 - 11.25	◄►	8.75 - 11.25	◄►
ST. LOUIS	8.00 - 10.00	▲	8.00 - 10.00	▲	9.00 - 10.00	▼	9.00 - 10.00	▼	
TAMPA	8.00 - 9.50	◄►	8.50 - 10.00	◄►	9.50 - 10.75	▲	9.50 - 11.00	◄►	

▲ INCREASE ▼ DECREASE ◄► REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



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## HOTEL | CANADA KEY RATES

TIER I	FULL-SERVICE		SUBURBAN	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
TORONTO	6.50 - 7.50	▼	7.25 - 8.75	▼

TIER II	FULL-SERVICE		SUBURBAN	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
CALGARY	7.75 - 8.75	▲	9.25 - 10.25	▲
EDMONTON	7.75 - 8.75	▲	10.00 - 10.50	▲
MONTREAL	7.50 - 8.50	◄►	9.25 - 10.25	◄►
VANCOUVER	6.50 - 7.50	◄►	7.50 - 8.50	◄►

TIER III	FULL-SERVICE		SUBURBAN	
	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*	CAP RATES FOR STABILIZED PROPERTIES (%)	DIRECTION*
HALIFAX	8.75 - 9.75	◄►	9.50 - 10.50	◄►
KITCHENER - WATERLOO	8.50 - 9.00	▼	8.50 - 9.00	▼
LONDON - WINDSOR	8.50 - 9.50	▼	8.50 - 10.00	▼
OTTAWA	7.25 - 8.25	▼	8.50 - 9.50	▼
WINNIPEG	8.00 - 9.00	◄►	9.50 - 10.50	◄►

▲ INCREASE ▼ DECREASE ◄► REMAIN FLAT — N/A

\*Compared to H2 2014. Source: CBRE Research.



HOTEL | UNITED STATES FORECAST TRENDS

		LUXURY		FULL-SERVICE		SELECT-SERVICE		ECONOMY	
		CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES
TIER I	BOSTON								
	CHICAGO								
	LAS VEGAS	DECREASE		DECREASE		DECREASE	DECREASE	DECREASE	DECREASE
	MIAMI/S. FLORIDA	DECREASE		DECREASE		DECREASE			
	NEW YORK								
	N. CA: SAN FRANCISCO	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	N. CA: SAN JOSE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	ORLANDO	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE		
	SEATTLE								
	S. CA: INLAND EMPIRE								
	S. CA: LOS ANGELES								
	S. CA: ORANGE COUNTY								
WASHINGTON, D.C.		DECREASE		DECREASE					

		LUXURY		FULL-SERVICE		SELECT-SERVICE		ECONOMY	
		CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES
TIER II	ATLANTA	DECREASE	DECREASE			DECREASE	DECREASE		
	DALLAS/FORT WORTH		DECREASE		DECREASE		DECREASE		DECREASE
	DENVER							INCREASE	INCREASE
	HOUSTON								
	PHILADELPHIA						DECREASE		DECREASE
	PHOENIX								
	SAN DIEGO			DECREASE	DECREASE	DECREASE	DECREASE		

INCREASE DECREASE REMAIN FLAT - N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015. Source: CBRE Research.

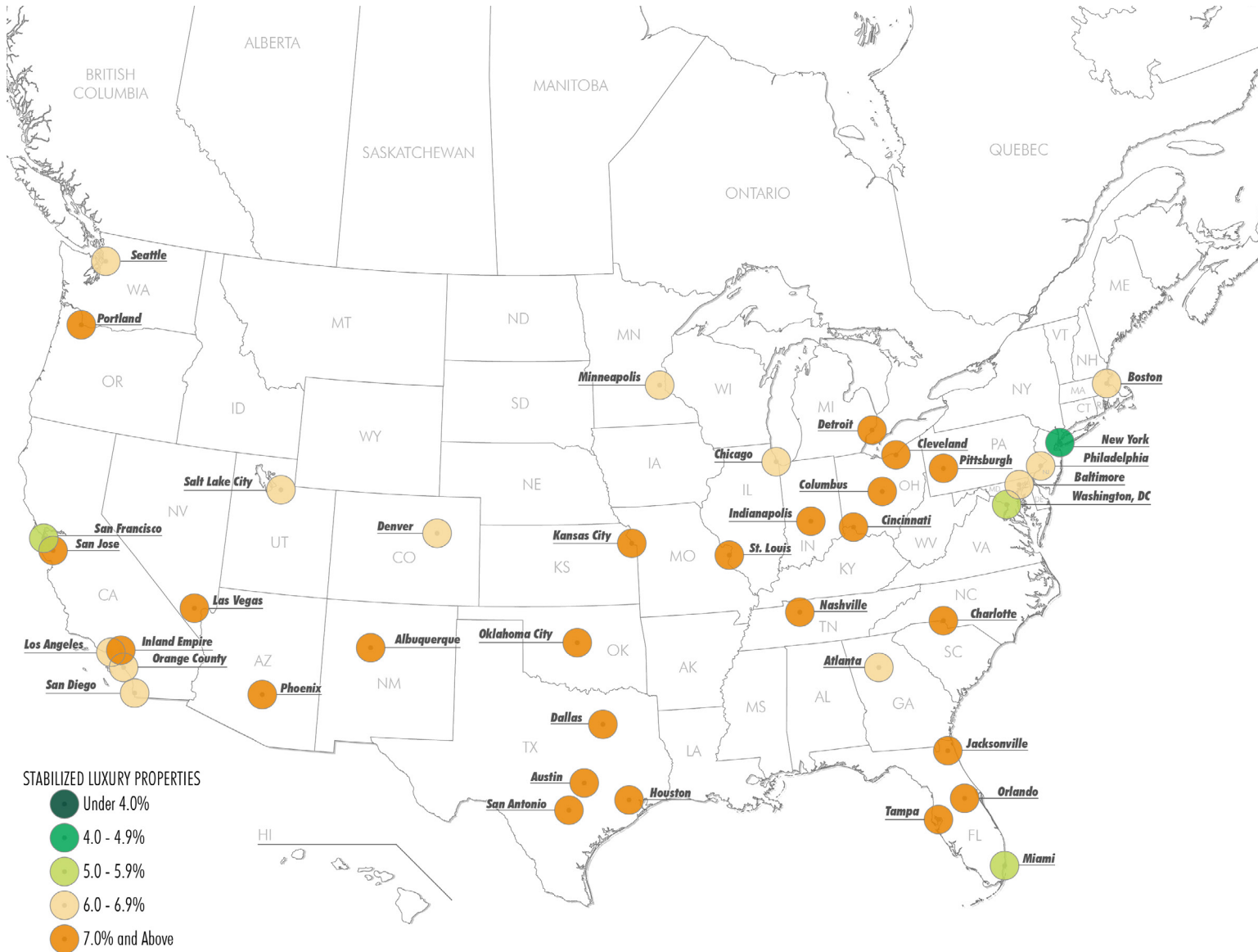
**HOTEL | UNITED STATES FORECAST TRENDS CONT.**

		LUXURY		FULL-SERVICE		SELECT-SERVICE		ECONOMY	
		CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES	CBD CAP RATES FOR STABILIZED PROPERTIES	SUBURBAN CAP RATES FOR STABILIZED PROPERTIES
TIER III	ALBUQUERQUE								
	AUSTIN			DECREASE		DECREASE		DECREASE	
	BALTIMORE								
	CHARLOTTE	DECREASE	DECREASE	DECREASE	DECREASE				
	CINCINNATI	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	CLEVELAND	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	COLUMBUS	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	DETROIT								
	HONOLULU								
	INDIANAPOLIS				DECREASE				
	JACKSONVILLE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE		
	KANSAS CITY	DECREASE	DECREASE	DECREASE	DECREASE				
	MINNEAPOLIS	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	NASHVILLE								
	OKLAHOMA CITY	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	PITTSBURGH	DECREASE	DECREASE						
	PORTLAND								
	SACRAMENTO								
	SALT LAKE CITY								
	SAN ANTONIO								
ST. LOUIS				DECREASE					
TAMPA	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE			

■ INCREASE
 ■ DECREASE
 ■ REMAIN FLAT
 - N/A

\*Forecast trends represent CBRE professionals' opinion of where rates are likely to trend in H2 2015. Source: CBRE Research.

HOTEL | CBD LUXURY CAP RATES









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## APPENDIX | DEFINITIONS

### Capitalization Rates (Cap Rates) for Stabilized Properties

Cap rate ranges are best estimates provided by CBRE professionals based on recent trades in their respective markets as well as communications with investors. The ranges represent the cap rates at which a given asset is likely to trade in the current market. Cap rates within each subtype will vary, occasionally falling outside the stated ranges, based on asset location, quality and property-specific opportunities for NOI enhancement.

Stabilized properties (vs. value-add) are assets leased at market rents with typical market lease terms, and have vacancy levels close to market averages.

The cap rate is the ratio of the net operating income (NOI) to the acquisition price of the asset (NOI divided by acquisition price) as shown in the two examples. The NOI calculation is based on net income less operating expenses. For all property types, except multifamily, the first year projected net rental income is used for the income calculation. For multifamily assets, the trailing 90-day income (annualized) is used in the cap rate calculation.

### CAP RATE CALCULATION EXAMPLE - OFFICE, INDUSTRIAL, RETAIL AND HOTEL (Based on 100,000 sq. ft. asset)

	\$/SQ. FT./YEAR	TOTAL
PURCHASE PRICE	\$200.00	\$20,000,000
NET OPERATING INCOME (NOI)		
INCOME		
Potential Rental Income (Year 1 of holding period)	21.00	2,100,000
Vacancy	8.00%	(1.68)
Credit Loss	1.00%	(0.21)
NET RENTAL INCOME	19.11	1,911,000
OTHER INCOME		
Parking	0.67	67,000
Other Income	0.08	8,000
Expense Reimbursements	2.44	244,000
EFFECTIVE GROSS INCOME	22.30	2,230,000
OPERATING EXPENSES (Estimated year 1 of holding period)	9.62	962,000
NET OPERATING INCOME (NOI)	\$12.68	\$1,268,000
CAP RATE (NOI divided by purchase price)		6.3%

Source: CBRE Valuation and Advisory Services; CBRE Research.



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**APPENDIX | DEFINITIONS CONT.****CAP RATE CALCULATION EXAMPLE - MULTIFAMILY**  
(Based on 125-unit community)

	\$/UNIT/YEAR	TOTAL
PURCHASE PRICE	\$80,000	\$10,000,000
NET OPERATING INCOME (NOI)		
EFFECTIVE GROSS INCOME (Trailing 90-day income annualized)	7,015	876,875
OPERATING EXPENSES (Estimated year 1 of holding period)	2,577	322,125
NET OPERATING INCOME (NOI)	\$4,438	\$554,750
CAP RATE (NOI divided by purchase price)		5.5%

Source: CBRE Valuation and Advisory Services; CBRE Research.

**Expected Return on Cost for Value-Add Properties**

Expected returns on cost are best estimates provided by CBRE professionals based on recent trades in their respective markets as well as communications with investors. The ranges represent the expected returns for value-add assets after the property improvements have been made and the property has been leased to market levels (occupancy and rent). Returns on cost within each subtype can vary widely depending, in particular, on the extent of the capital improvements and upgrading made on the asset. The expected return on cost is the ratio of the net operating income (NOI) at stabilization to the total investment in the property (to stabilization) as shown in the two examples.

Value-add assets are properties which have below market rents and/or higher-than-average vacancy levels. They are properties which are acquired with the intention of making physical improvements or bringing more effective property management to significantly improve property performance and create value in the asset.



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## APPENDIX | DEFINITIONS CONT.

EXPECTED RETURN ON COST FOR VALUE-ADD ACQUISITION  
CALCULATION EXAMPLE - OFFICE, RETAIL, INDUSTRIAL AND HOTEL  
(Based on 100,000 sq. ft. asset)

	\$/SQ. FT./YEAR	TOTAL
PURCHASE PRICE	\$100	\$10,000,000
NET OPERATING INCOME (NOI) AT STABILIZATION		
INCOME		
Potential Rental Income	20.00	2,000,000
Vacancy	8.00% (1.60)	(160,000)
Credit Loss	1.00% (0.20)	(20,000)
NET RENTAL INCOME	18.20	1,820,000
OTHER INCOME		
Parking Income	0.67	67,000
Other Income	0.08	8,000
Expense Reimbursements	2.44	244,000
EFFECTIVE GROSS INCOME AT STABILIZATION	21.39	2,139,000
OPERATING EXPENSES	9.62	962,000
NET OPERATING INCOME (NOI) AT STABILIZATION	11.77	1,177,000
INVESTMENT IN PROPERTY		
PURCHASE PRICE	100.00	10,000,000
CAPITAL EXPENDITURES (Including TIs and commissions)	31.00	3,100,000
TOTAL INVESTMENT THROUGH STABILIZATION	\$131.00	\$13,100,000
EXPECTED RETURN ON COST (NOI at stabilization divided by total investment through stabilization)		9.0%

Source: CBRE Valuation and Advisory Services; CBRE Research.

EXPECTED RETURN ON COST FOR VALUE-ADD ACQUISITION  
CALCULATION EXAMPLE - MULTIFAMILY  
(Based on 125-unit community)

	\$/UNIT/YEAR	TOTAL
PURCHASE PRICE	\$28,000	\$3,500,000
NET OPERATING INCOME (NOI) AT STABILIZATION		
INCOME		
Potential Rental Income	7,015	876,875
Vacancy	8.00% (561)	(70,150)
ADJUSTED RENTAL INCOME	6,454	806,725
Vacancy	10.00% (645)	(80,673)
Credit Loss	1.00% (65)	(8,067)
EFFECTIVE GROSS INCOME AT STABILIZATION	5,744	717,985
OPERATING EXPENSES (Including reserves)	3,500	437,500
NET OPERATING INCOME (NOI) AT STABILIZATION	2,244	280,485
INVESTMENT IN PROPERTY		
PURCHASE PRICE	28,000	3,500,000
CAPITAL EXPENDITURES THROUGH STABILIZATION	5,200	650,000
TOTAL INVESTMENT THROUGH STABILIZATION	\$33,200	\$4,150,000
EXPECTED RETURN ON COST (NOI at stabilization divided by total investment through stabilization)		6.8%

Source: CBRE Valuation and Advisory Services; CBRE Research.





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## APPENDIX | DEFINITIONS CONT.

### **CBD**

Central business district or downtown.

### **Class AA**

The best quality assets in the most desirable locations, fully leased, or near fully leased, at or above market rents, to tenants of acceptable credit to investors of high quality real estate, on lease terms also acceptable to the same. Typically the top 5-10 Class A properties in a given market.

### **Class A**

Properties competing for higher-quality tenants/residents, with above-average rental rates for the area, along with high-quality finishes, state-of-the-art systems, exceptional accessibility and a definite market presence.

### **Class B**

Buildings competing for a wide range of tenants/residents, with rents in the average range for the area. Building finishes are fair to good for the area and the systems are adequate, but the building does not compete with Class A in terms of price.

### **Class C**

Buildings competing for tenants/residents requiring functional space at rents below the average for the area.

### **Suburban**

The portion of a metropolitan area that is outside the central city with a less concentrated population and typically lower density land use than is typically found in the metro's urban areas.

### **Value-add**

Properties which have below market rents and/or higher-than-average vacancy levels. Value-add assets are assets acquired with the intention of significantly improving market performance and creating value through capital improvements and better management.

## RETAIL-SPECIFIC DEFINITIONS

### **High Street**

The primary walkable retail shopping thoroughfare in the premiere location of an urban submarket, serving as a focal point for high-end shops and luxury retailers.

### **Neighborhood/Community Center (Grocery Anchored)**

Open-air retail center that is anchored by a grocery store and, in the case of community centers, a second major retail anchor. Size range from 75,000 to 350,000 square feet.

### **Power Center**

Open-air retail center typically occupied by large-format, big-box and value-oriented retailers, with very limited small-shop tenant space. Size range from 100,000 square feet to over 600,000 square feet.

## MULTIFAMILY-SPECIFIC DEFINITIONS

### **Infill**

Multifamily properties that are typically located in the denser parts of metropolitan areas. They represent higher density product—mid-rise and high rise—and are most commonly found in mature neighborhoods close to the city center. Infill multifamily product can also be found in higher density suburban neighborhoods.

### **Suburban**

In addition to being located in the suburbs, properties that are typically garden style construction and lower density than infill.



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## APPENDIX | DEFINITIONS CONT.

### HOTEL-SPECIFIC DEFINITIONS

#### **Economy**

Hotel chains that are priced at 20% to 40% of average room rates, according to Smith Travel Research.

#### **Full-Service**

A hotel property with more than 150 rooms, room service, an on-site restaurant and a concierge service.

#### **Luxury**

Hotel chains that are priced in the top 15.0% in terms of average annual room rates, according to Smith Travel Research.

#### **Select-Service**

A hotel property with less than 150 rooms, no room service and no on-site restaurant or concierge service.

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