

The background of the entire page is a green-tinted financial chart. It features a candlestick chart at the top, a line graph with a solid and a dashed line in the middle, and a bar chart at the bottom right. Faint numbers like '01', '02', '03', '04' and values like '1.683', '-2.761', '1.701' are visible on the chart.

CBRE CAP RATE SURVEY

SECOND HALF 2014

A CBRE RESEARCH PUBLICATION

CBRE



UNITED STATES | OVERVIEW

KEY NATIONAL OBSERVATIONS

- Commercial real estate in the U.S. continues to be very attractive. The investment landscape also remains very competitive. This combination led to lower cap rates for most types of real estate in H2 2014. The changes varied greatly and clearly reflect the relative position of individual product types in the property market cycle as well as the capital markets cycle.
- The cap rate movement from the prior period also revealed that investment is looking beyond core markets and core product. Many of the larger decreases in cap rates came in lower quality product and secondary markets.
- The H2 2014 CBRE Cap Rate Survey found the most significant national cap rate declines within the hotel sector; rates dropped for all asset types, from 16 to 69 basis points (bps).
- The retail sector had the second highest cap rate compression nationally. Within retail, power centers experienced the largest drop in Class A and B stabilized centers, 15 to 20 bps. Neighborhood/community center cap rates fell 7 to 30 bps for stabilized product. High street retail edged down 5 bps.
- National cap rates for industrial facilities experienced moderate declines of 4 to 12 bps. The national cap rate for stabilized Class A industrial assets is 5.93%.
- Suburban multifamily cap rates fell modestly—7 to 12 bps—but more than urban infill, reflecting a small shift in capital to suburban assets.
- In contrast to the other property types, CBD office cap rates rose 13 to 30 bps since H1 2014, indicating that, at least for now, CBD asset pricing stabilized in H1 2014. The cap rate rise in CBD product and the decline in suburban office cap rates—down 8 to 16 bps for stabilized product—also narrowed the gap between CBD and suburban, now only 81 bps for Class A and confirmed that there is a growing appetite for suburban office investment.
- The lowest national cap rates were found in stabilized, Class A urban infill multifamily (4.55%) and high street retail (4.59%), both of which experienced very small declines in H1 2014. Stabilized Class A CBD office assets also had a low average cap rate of 5.66%, but this rate rose slightly in H2 2014.
- Across all of the property types surveyed, CBRE Capital Markets and Valuation professionals anticipate that 64% of markets will see no change in cap rates over H1 2015, while about 34% of markets will experience contracting cap rates. Cap rates are expected to rise in only a handful of markets.



UNITED STATES | OVERVIEW CONT.

NATIONAL LEVEL STABILIZED CAPITALIZATION RATES (BY SECTION, CLASS AND/OR SEGMENT)

SECTION	CLASS/SEGMENT	H1 2014 (%)	H2 2014 (%)	BPS CHANGE	BPS 10-YEAR SPREAD TO TREAS.
OFFICE CBD	A	5.53	5.66	13	349
	B	6.91	7.21	30	504
	C	8.85	9.04	19	687
OFFICE SUBURBAN	A	6.63	6.47	-16	430
	B	7.81	7.67	-14	550
	C	9.30	9.22	-8	705
INDUSTRIAL	A	5.97	5.93	-4	376
	B	7.04	6.94	-10	477
	C	8.33	8.21	-12	604
RETAIL NEIGHBORHOOD/COMMUNITY CENTERS	A	5.93	5.86	-7	369
	B	7.14	6.99	-15	482
	C	8.72	8.42	-30	625
RETAIL POWER CENTERS	A	6.52	6.37	-15	420
	B	7.41	7.29	-12	512
	C	8.44	8.65	21	648
RETAIL HIGH STREET	A	4.64	4.59	-5	242
MULTIFAMILY INFILL	A	4.59	4.55	-4	238
	B	5.18	5.11	-7	294
	C	5.95	6.16	21	399
MULTIFAMILY SUBURBAN	A	5.30	5.23	-7	306
	B	5.82	5.73	-9	356
	C	6.75	6.63	-12	446
HOTELS CBD	ECONOMY	8.69	8.26	-43	609
	FULL SERVICE	7.54	7.32	-22	515
	LUXURY	6.66	6.50	-16	433
	SELECT SERVICE	7.88	7.64	-24	547
HOTELS SUBURBAN	ECONOMY	9.60	9.20	-40	703
	FULL SERVICE	8.14	7.78	-36	561
	LUXURY	7.35	6.66	-69	449
	SELECT SERVICE	8.32	8.04	-28	587

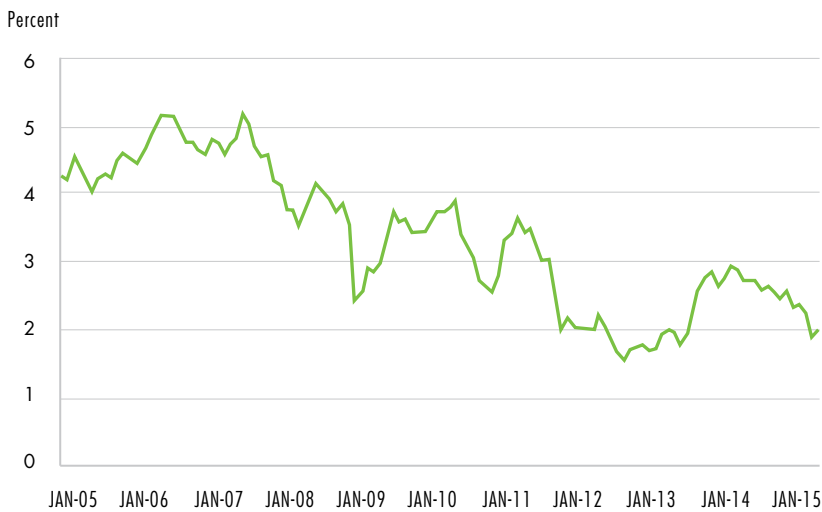
Sources: CBRE Cap Rate Survey; Federal Reserve for Treasury rates.

UNITED STATES | OVERVIEW CONT.

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 industry drivers of space demand. More directly, both short- and long-term interest rates are key ingredients of the cost of commercial real estate mortgage capital. Interest rates are also the measure of risk-free yields and used frequently as a benchmark and comparison to cap rates.

FIGURE 1: HISTORIAL 10-YEAR TREASURY RATES*



*Rates through February 2015
Source: U.S. Department of the Treasury.

For a number of years, economists and industry observers have expected interest rates to rise over the near term. A small increase would not derail the commercial real estate market’s positive performance in property fundamentals, nor would it halt the robust investment environment. However, this scenario would make borrowing more expensive and could slow down transaction activity in the long run.

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.

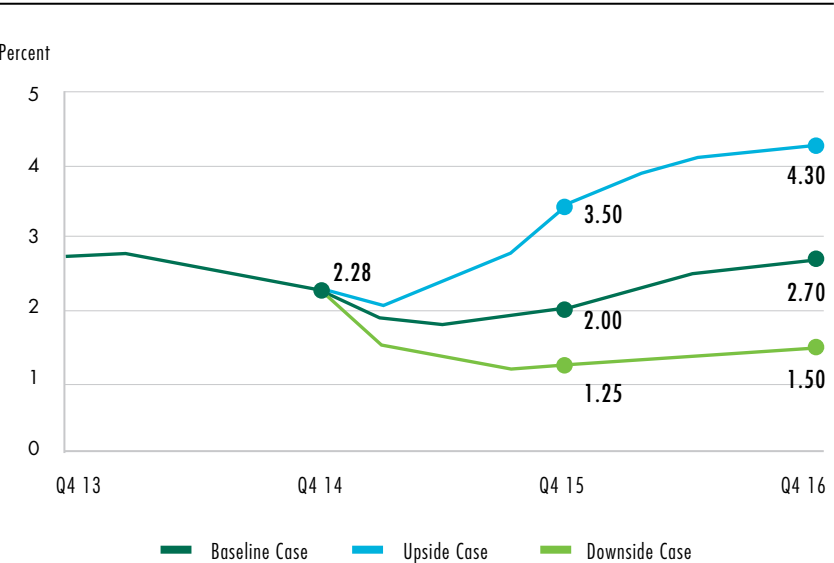
Nearly all macro economists and industry surveys forecast a modest increase in interest rates in 2015 and 2016. The differences amongst the opinions is how much and when. The two key measures are the Federal Funds rate (set directly by the Federal Reserve Bank) and the market-based yields on the 10-year Treasury note.

Focusing on the latter, at the beginning of February 2015, CBRE Econometric Advisors (CBRE EA) updated its forecast for the 10-year Treasury to remain quite low through H1 2015 and then increase slowly during the second half of the year. The “baseline” outlook suggests a Q4 2015 rate of 2.0%—about the same level as it was at the beginning of 2015. In 2016, CBRE EA projects the 10-year Treasury to edge up at a slightly quicker pace and end the year at 2.7%.

CBRE EA provides alternative forecasts. Should the economic recovery move back to a slower pace, then CBRE EA expects the 10-year Treasury to fall in 2015 and remain very low throughout 2016. If the pace of economic expansion quickens, then the 10-year Treasury would rise more rapidly over the next two years, as shown in Figure 2.

UNITED STATES | OVERVIEW CONT.

FIGURE 2. 10-YEAR TREASURY RATE FORECASTS, 2015 AND 2016



Source: CBRE Econometric Advisors, February 2015.

The ranges set out by CBRE Econometric Advisors encompass most of the perspectives by the wider business community and includes calculations of several key variables. These variables include both current performance and near-term expectations. The most important criteria 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 is most likely to result in a very small upward adjustment some time later this year), b) inflation, c) commodity prices, d) labor markets and wage pressure, e) global economies and f) the U.S. dollar versus other major currencies.

The question on the relationship between Treasury yields and cap rates remains. If and/or when Treasuries rise, will that automatically translate into an upward adjustment to cap rates? The qualified answer is “no.”

Figure 3 below provides a historical view of 10-year Treasury rates and cap rates for industrial properties. (Industrial serves as a good proxy for the entire real estate industry. This cap rate series comes from NCREIF, which covers predominantly higher-quality assets. A cap rate series covering a wider range of assets would have an average cap rate of perhaps 30 bps higher. The trend line, however, would essentially remain the same.)

FIGURE 3. HISTORICAL 10-YEAR TREASURIES AND INDUSTRIAL CAP RATES



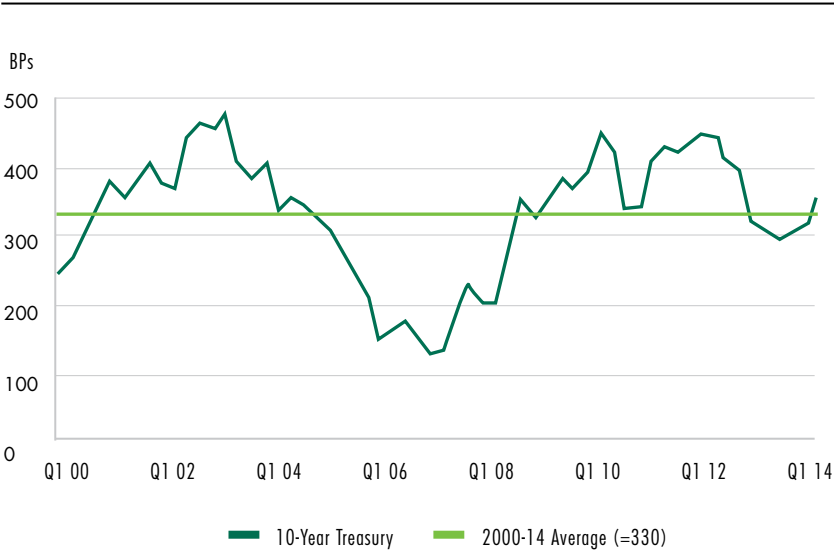
Sources: NCREIF (cap rates), CBRE Research.

UNITED STATES | OVERVIEW CONT.

The graph portrays three principal trends: 1) a broad downward trend in the 10-year Treasury and cap rates over the study period, 2) a generally positive correlation between the two rates and 3) considerable variation within that correlation.

Figure 4 illustrates that variation between the 10-year Treasury yields and cap rates. Over the 15-year period, the spread has ranged between 127 bps at the peak of the investment boom in 2007, to 474 bps at the trough in 2003, and 451 bps at the more recent trough in 2010. In other words, during peak investment years, typically spreads between the 10-year Treasury and cap rates are compressed.

FIGURE 4. HISTORICAL SPREAD BETWEEN 10-YEAR TREASURY YIELDS AND INDUSTRIAL CAP RATES



Sources: U.S. Department of the Treasury, NCREIF, CBRE Research.

Commercial real estate is perceived to have less risk during these periods and the investment climate is more competitive; both contribute to the narrower spreads. Therefore, the near-term outlook of slightly higher interest rates is not necessarily going to translate into higher cap rates.

REVIEW OF FUNDAMENTALS BY PROPERTY SECTOR

The U.S. office market continues to experience solid recovery. Construction is slowly rising, but remains well below historical levels. In 2014, 22.3 million sq. ft. of multi-tenant space was delivered—only half of the long-term average; demand continues to far outpace new supply, and net absorption reached 52.7 million sq. ft. Last year’s net absorption total was the highest since 2007. As a result of office demand exceeding supply, vacancy rates continue to fall. As of Q4 2014, vacancy was 13.9%, down one percentage point from the prior year. Vacancy improved in both the CBD submarkets, falling 1.2 points to 11.1%, and declining 0.8 point in the suburban submarkets to 15.5%. Rental rates have risen for over three years and climbed 3.3% on average in 2014. However, office rents are still under their prior peak. The outlook for the office market remains favorable, with a modest 0.2 point decline in vacancy and above-average rent increase of 3.8% expected for 2015.

The multifamily sector has progressed the farthest in the current market cycle, so far that concerns about too much supply and/or diminished demand come into discussion. However, the market statistics indicate that the multifamily market is performing very well and the concerns are premature. There were 209,000 new units delivered in 2014, the highest total in six years. Net absorption reached 262,000 units, outpacing new supply. Vacancy remained highly favorable and ended the year at 4.6%, down from 4.8% a year earlier.



UNITED STATES | OVERVIEW CONT.

Rents rose 5.3% overall in 2014. In 2015, completions are expected to exceed demand which will reverse the downward trend on vacancy, however only a 0.2 percentage point rise is forecasted. Rental growth should moderate but remain positive at 2.3%.

The retail sector has lagged behind other property types through the recovery period; however, it is showing improvement, albeit modest, in all market metrics. The availability rate dropped 0.5 percentage point in 2014 to end the year at 8.3% for all retail space. Availability in the principal retail subtype—neighborhood/community/strip—moved down 0.6 point in 2014 to 11.4%. Nationally, construction remains at very low levels with only 37.6 million sq. ft. being delivered in 2014. With 67.1 million sq. ft. of net absorption in 2014, demand is still below the historical average, but exceeded new supply by a wide margin. Rental rates bottomed in 2013 and then inched up 1.3% last year for all retail space and 0.5% for neighborhood/community/strip centers. The retail sector is expected to strengthen further in 2015. For just the latter subtype, 2015 should bring a 1.5 point decline in availability rate as well as an average rent increase of 3.2%.

Last year was another very favorable year for the U.S. industrial market. The national industrial availability rate fell to 10.3% in Q4 2014, down 0.9 point over the

prior year. Development activity has risen considerably over the past few years and reached 117 million sq. ft. in 2014. However, last year demand continued to outpace completions and totaled 226 million sq. ft. Rent growth in 2014 came in at a healthy 4.8%. With robust construction activity, the national industrial availability rate is not expected to decline further. However, the favorable market improvement and upside will continue in 2015 and be most noticeable in the healthy absorption of new product and in rental increases averaging about 5% in 2015.

The hotel sector had a very favorable 2014, experiencing possibly more improvement in market performance than all of the other sectors. For all types and qualities of hotel, as of Q4 2014, the occupancy level averaged 70.3%, up 2.4 percentage points from the prior year. Average daily room rates (ADRs) averaged \$130 in Q4 2014 up 4.9% over the year. The upswing was evident in both the upper tier and lower tier hotels. RevPAR rose 7.6% year-over-year for the upper tier sector and 10.4% in lower tier hotels. Demand from both business travel and leisure travel has risen rapidly while development activity is still moderate. In 2015, new hotel deliveries is expected to rise, and as a result, the market gains are expected to be more modest than 2014, but still well above average. CBRE Econometrics Advisors expects occupancy rates to edge up to 70.7% in 2015. The average ADR should rise by 5.6% and RevPAR is expected to climb 8.7%.



OFFICE | OVERVIEW

Investment in the office sector in 2014 jumped 19% to \$115.4 billion, the largest full-year total in seven years, yet still under the prior peak reached in 2007. Both CBD and suburban investment rose substantially, with CBD still dominating with a 24% gain over 2013 and 53% of the market share in 2014. Suburban office investment climbed 13%. (All investment statistics in this report are based on Real Capital Analytics database excluding property acquisitions via entity sales.)

Foreign capital coming into the U.S. favors the office sector. In 2014, the global office investment reached \$14.4 billion, up 11% from the prior year. The principal sources of the foreign capital, in order of investment totals, were: Canada, Norway, Hong Kong, Germany, South Korea and China. CBD assets were the primary target of this global investment and represented 74% of the total. However, the percentage of CBD investment was down from 78% in 2013, suggesting a small shift to suburban assets, a trend which is likely to continue in 2015.

The CBRE Cap Rate Survey found that cap rates rose slightly for CBD assets regardless of class or structure. The change in cap rate direction for CBD office product indicates that cap rates found their bottom in H1 2014. However, increased

capital coming into the sector could reverse the trend again in 2015. National cap rates inched up from 14 to 30 bps for stabilized assets. Return on cost for value-add CBD assets edged up 1 bp for Class A and 21 bps to 26 bps for Class B and C.

Not surprisingly, the lowest cap rates for Class A CBD stabilized product were found in Boston and New York—both about 4.25%. Another five markets had cap rates at about 5.00%: Miami, Los Angeles, San Francisco, Seattle and Washington, D.C. A few “core” markets, including New York, Boston, Los Angeles and Orange County, experienced fairly substantial cap rate drops of 50 bps. Other metros with decreases of 50 bps or higher were primarily in secondary markets: Cleveland, Detroit, San Antonio, Salt Lake City, Indianapolis and Jacksonville.

For all types of CBD assets, the CBRE Capital Markets and Valuation professionals expect 24 markets to experience cap rate compression throughout H2 2014 and H1 2015 led by Los Angeles, Raleigh and Jacksonville. Another eight markets (all non-core) should also achieve higher-than-average decreases: Atlanta, Austin, Chicago, Cincinnati, Miami, Nashville, Tampa and Philadelphia. Seventeen markets should experience no change in cap rates. CBRE office cap rates are expected to rise in Houston, with Class A assets changing the least.

OFFICE | OVERVIEW CONT.

In contrast to CBD product, suburban office saw cap rate compression across the quality and structure spectrum, albeit moderate. The national stabilized Class A suburban cap rates declined 16 bps to 6.47% and Class B fell 13 bps to 7.67%. The largest decline was at the lowest end of the spectrum; Class C rates for return on cost for value-add cap rates fell 37 bps to a still quite high 10.46% cap.

For all types of suburban assets, on average, cap rates should fall the most for Los Angeles, Jacksonville, Raleigh, Atlanta, Miami, Nashville, Tampa and San Francisco. Another 18 markets should see declines as well, while 14 markets are likely to have no cap rate change. In only two metros—Houston and Denver—are cap rates expected to rise.



SELECT FROM THE LIST BELOW TO ACCESS THE CURRENT KEY RATIOS, FORECASTS AND MAPS.

CBD

SUBURBAN



OFFICE CBD | EASTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
BALTIMORE	6.75 - 7.25	▲	7.00 - 7.50	▼	7.50 - 8.00	▼	8.00+	▼	8.50+	-	N/A	N/A
BOSTON	4.00 - 4.50	▼	6.00 - 7.00	▼	5.00 - 6.00	▼	7.00 - 9.00	▲	N/A	N/A	N/A	N/A
CHARLOTTE	6.00 - 6.50	▼	8.25 - 9.00	▲	6.75 - 7.25	▼	9.00 - 9.50	▲	8.00 - 8.50	▲	10.00+	-
NEW YORK	4.00 - 4.50	▼	5.00 - 6.00	▼	4.50 - 5.00	▼	5.50 - 6.50	▼	N/A	N/A	N/A	N/A
NORTHERN NEW JERSEY	5.50 - 6.00	N/A	6.50 - 7.00	-	6.50 - 7.00	N/A	7.50 - 8.00	N/A	8.00 - 8.50	N/A	9.00 - 9.50	N/A
PHILADELPHIA	6.50 - 7.00	▼	7.50 - 8.00	▼	7.25 - 7.75	▼	8.50 - 9.00	▼	8.25 - 8.75	▼	9.50 - 10.00	▼
PITTSBURGH	7.00 - 7.50	▼	9.00 - 10.00	▲	8.50 - 9.00	-	10.00 - 11.00	▲	11.00 - 12.00	▲	11.00 - 12.00	-
RALEIGH	6.00 - 7.50	▲	7.50 - 8.50	-	7.00 - 7.75	▼	8.50 - 9.50	-	8.00 - 8.50	▼	10.00 - 12.00	▲
STAMFORD	6.50 - 7.00	N/A	8.00 - 8.50	-	7.25 - 7.75	N/A	9.00 - 9.50	N/A	8.50 - 9.00	N/A	10.00 - 10.50	N/A
WASHINGTON, D.C.	4.50 - 5.50	-	N/A	N/A	5.75 - 6.50	▲	N/A	N/A	N/A	N/A	N/A	N/A

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
BALTIMORE	▼	▼	-	-	-	-
BOSTON	-	-	-	-	-	-
CHARLOTTE	▼	▼	▼	▼	-	-
NEW YORK	▼	▼	-	▼	N/A	N/A
NORTHERN NEW JERSEY	▼	▼	-	-	-	-
PHILADELPHIA	▼	▼	▼	▼	▼	▼
PITTSBURGH	-	-	-	-	-	-
RALEIGH	▼	▼	▼	▼	▼	▼
STAMFORD	-	-	-	-	-	-
WASHINGTON, D.C.	▼	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OFFICE CBD | MIDWESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
CHICAGO	4.75 - 5.75	▼	7.00 - 7.50	-	6.50 - 7.50	▼	8.50 - 9.50	-	7.50 - 8.50	-	8.75 - 10.75	-
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	8.25 - 9.00	▼	9.00 - 10.00	▼	9.00 - 10.00	▼	10.00 - 12.00	▼	10.00 - 11.00	▼	12.00+	▼
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 - 9.00	▼	9.00 - 9.50	▼	9.50 - 10.00	▼	10.00 - 10.50	▼	12.00 - 12.50	▼	12.50 - 13.00	▼
INDIANAPOLIS	7.00 - 7.50	▼	8.00 - 8.50	▼	8.00 - 8.50	-	9.00 - 9.50	▼	9.00 - 9.50	▲	10.00 - 10.50	▼
KANSAS CITY	8.25 - 8.75	-	8.25 - 8.75	-	9.50 - 10.50	-	9.50 - 10.50	-	11.00 - 12.00	-	11.00 - 12.00	-
MINNEAPOLIS	5.50 - 6.50	-	7.00 - 8.00	-	7.50 - 8.50	-	9.00 - 10.00	-	9.00 - 10.00	-	11.00 - 13.00	-
ST. LOUIS	8.25 - 8.75	-	8.00 - 8.50	▲	9.00 - 9.50	▲	8.50 - 9.00	▲	9.75 - 10.25	-	9.50 - 10.00	▲

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
CHICAGO	-	-	▼	▼	▼	▼
CINCINNATI	▼	▼	▼	▼	-	-
CLEVELAND	▼	▼	-	-	-	-
COLUMBUS	-	-	-	-	-	-
DETROIT	-	-	-	-	-	-
INDIANAPOLIS	-	-	-	-	-	-
KANSAS CITY	-	-	-	-	-	-
MINNEAPOLIS	-	-	-	-	-	-
ST. LOUIS	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OFFICE CBD | SOUTHERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ATLANTA	5.75 - 6.75	▼	7.00 - 7.50	-	7.00 - 8.00	-	7.50 - 8.50	-	8.00 - 10.00	▲	8.50 - 11.00	▼
AUSTIN	4.75 - 5.75	▲	6.00 - 6.50	-	5.50 - 7.00	▼	6.50 - 7.00	▼	7.50 - 9.00	-	8.25 - 9.75	▲
DALLAS	6.50 - 7.50	▲	8.50 - 9.00	-	8.00 - 9.00	-	10.00 - 11.00	-	9.00 - 11.00	-	11.00 - 12.00	-
HOUSTON	5.50 - 6.00	▼	7.00 - 7.50	▼	7.00 - 7.50	▲	8.50 - 9.00	▲	8.00 - 8.50	▼	10.50 - 11.00	▼
JACKSONVILLE	7.50 - 8.50	▼	8.00 - 9.00	▼	9.00 - 10.00	▼	9.50 - 10.50	▼	10.00 - 12.00	▼	11.00+	▼
MEMPHIS	8.75 - 9.25	-	9.50 - 10.00	▲	9.50 - 10.00	▲	11.00 - 11.50	▼	11.00 - 11.50	▼	12.00 - 12.50	▲
MIAMI	4.50 - 5.50	▼	5.75 - 6.50	▼	6.00 - 7.00	-	6.50 - 7.50	▼	7.00 - 8.00	▲	7.50 - 8.50	▼
NASHVILLE	6.25 - 6.75	▼	6.25 - 6.50	▼	7.50 - 9.75	▲	7.00 - 7.50	▼	8.00 - 9.00	▼	7.75 - 8.00	▼
ORLANDO	5.50 - 6.50	▼	6.50 - 7.00	-	6.50 - 7.00	-	7.00 - 7.50	▼	7.50 - 8.00	-	7.50 - 8.50	▼
SAN ANTONIO	6.25 - 6.75	▼	7.00 - 7.50	▼	7.00 - 7.50	▼	7.50 - 8.00	▼	8.00 - 10.00	▲	8.50 - 10.50	▲
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	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ATLANTA	▼	▼	▼	▼	-	-
AUSTIN	▼	▼	▼	▼	▼	▼
DALLAS	-	-	-	-	-	-
HOUSTON	▲	▲	▲	▲	▲	▲
JACKSONVILLE	▼	▼	▼	▼	▼	-
MEMPHIS	-	-	-	-	-	-
MIAMI	-	-	▼	▼	▼	▼
NASHVILLE	▼	▼	▼	▼	▼	▼
ORLANDO	-	-	-	-	-	-
SAN ANTONIO	▼	-	-	-	-	-
TAMPA	▼	▼	▼	▼	▼	▼

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OFFICE CBD | WESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ALBUQUERQUE	8.00 - 9.00	▲	9.00 - 9.50	-	8.50 - 9.00	-	9.50 - 10.00	-	9.25 - 11.00	▲	10.00 - 13.00	-
DENVER	5.25 - 5.75	▼	6.75 - 7.25	▲	6.25 - 6.75	▲	7.25 - 7.75	▼	8.75 - 9.25	▲	10.75 - 11.25	▲
LAS VEGAS	7.50 - 8.00	-	8.00 - 9.00	-	7.50 - 8.00	-	9.00 - 10.00	-	8.50 - 10.00	-	10.00 - 12.00	-
LOS ANGELES	4.50 - 5.50	▼	6.50 - 7.00	▼	6.00 - 7.00	▼	7.00 - 8.00	▼	8.00+	-	9.00+	▼
ORANGE COUNTY	5.00 - 5.50	▼	5.25 - 5.75	▼	6.00 - 7.00	▼	6.25 - 7.00	▼	7.25 - 8.25	▼	7.50 - 8.50	▼
PHOENIX	5.75 - 6.75	▼	6.00 - 7.00	▼	7.00 - 7.75	▼	7.50 - 8.50	▼	9.00 - 10.00	▲	11.00 - 12.00	▲
PORTLAND	6.25 - 6.75	-	7.00 - 7.50	-	7.25 - 7.75	-	7.75 - 8.25	-	8.25 - 8.75	-	9.00 - 9.50	-
SACRAMENTO	6.50 - 7.00	▼	7.25 - 8.00	▼	7.25 - 8.00	-	8.00 - 9.00	-	8.00 - 9.00	-	9.00 - 10.00	-
SALT LAKE CITY	5.50 - 6.00	▼	5.50 - 6.00	▼	7.00 - 8.00	-	7.00 - 8.00	▼	8.00 - 9.00	-	8.00 - 9.00	▼
SAN DIEGO	6.00 - 6.50	▼	6.25 - 6.75	▼	6.25 - 6.75	▼	6.75 - 7.25	▼	7.00 - 7.50	▼	8.00 - 8.50	▼
SAN FRANCISCO	4.50 - 5.50	▲	6.00 - 6.50	▼	5.50 - 6.50	▲	7.00 - 7.50	▼	7.00+	▲	8.00+	▼
SAN JOSE	6.25 - 7.25	▼	7.00 - 8.00	-	7.00 - 8.00	-	7.50 - 8.50	-	8.00 - 9.00	▼	9.00+	-
SEATTLE	4.75 - 5.25	▼	6.25 - 6.75	▲	5.75 - 6.25	▼	7.00 - 7.50	-	7.00 - 7.50	▼	8.00 - 8.75	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ALBUQUERQUE	▲	-	-	-	-	-
DENVER	▼	-	▼	-	-	-
LAS VEGAS	-	-	-	-	-	-
LOS ANGELES	-	▼	▼	▼	▼	▼
ORANGE COUNTY	▼	-	-	-	-	-
PHOENIX	-	-	-	-	-	-
PORTLAND	▼	-	-	-	-	-
SACRAMENTO	▼	▼	▼	▼	-	-
SALT LAKE CITY	-	-	-	-	-	-
SAN DIEGO	▼	▼	▼	▼	▼	-
SAN FRANCISCO	-	-	-	-	-	-
SAN JOSE	-	-	-	-	-	-
SEATTLE	▼	-	-	-	-	▼

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OFFICE SUBURBAN | EASTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
BALTIMORE	7.00 - 7.50	▲	9.00+	▲	7.50 - 8.00	▼	10.00+	▲	9.00+	-	N/A	N/A
BOSTON	5.75 - 6.50	▼	7.00 - 8.00	-	6.75 - 8.00	▲	8.50 - 10.00	-	8.50 - 9.50	▲	10.00 - 12.00	▲
CHARLOTTE	6.50 - 7.00	-	8.75 - 9.25	▲	7.00 - 7.75	▼	9.50 - 10.00	▲	8.50 - 9.00	-	10.00+	-
NORTHERN NEW JERSEY	6.50 - 7.00	N/A	7.50 - 8.00	N/A	8.00 - 8.50	N/A	9.00 - 9.50	N/A	9.00 - 9.50	N/A	10.50 - 11.00	N/A
PHILADELPHIA	6.50 - 7.00	-	7.75 - 8.25	-	7.50 - 8.00	▼	9.00 - 9.50	▼	8.50 - 9.00	▼	10.00 - 10.50	▼
PITTSBURGH	7.00 - 8.50	-	9.00 - 10.00	▲	8.75 - 9.25	-	10.00 - 11.00	▲	11.00 - 12.00	-	11.00 - 12.00	-
RALEIGH	6.75 - 7.25	▲	8.00 - 9.00	▲	7.25 - 7.75	▼	8.50 - 9.50	▼	7.75 - 8.00	▼	9.00 - 10.00	▼
STAMFORD	7.50 - 8.00	N/A	9.50 - 10.00	N/A	8.25 - 8.75	N/A	10.50 - 11.00	N/A	9.25 - 9.75	N/A	12.00 - 12.50	N/A
WASHINGTON, D.C.	5.25 - 6.25	▲	N/A	N/A	6.00 - 7.00	-	N/A	N/A	N/A	N/A	N/A	N/A

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
BALTIMORE	▼	-	▼	-	-	-
BOSTON	-	-	-	-	-	-
CHARLOTTE	▼	▼	▼	▼	-	-
NORTHERN NEW JERSEY	▼	▼	-	-	-	-
PHILADELPHIA	-	-	-	-	-	-
PITTSBURGH	▼	-	-	-	-	-
RALEIGH	▼	▼	▼	▼	▼	▼
STAMFORD	-	-	-	-	-	-
WASHINGTON, D.C.	▼	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OFFICE SUBURBAN | MIDWESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
CHICAGO	7.25 - 8.00	-	9.00 - 10.50	-	8.00 - 10.00	-	10.00 - 12.00	-	10.00 - 12.00	▼	12.00 - 13.00	▼
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	8.25 - 9.50	-	7.50 - 9.00	▼	8.50 - 10.50	▲	11.00 - 12.00	▼	10.00+	▼	13.00+	-
COLUMBUS	7.00 - 8.00	▼	8.00 - 9.50	-	8.50 - 10.00	-	8.50 - 10.50	-	10.50 - 11.00	-	11.50 - 12.50	-
DETROIT	8.00 - 9.00	-	8.50 - 9.00	▼	8.50 - 9.50	▼	9.50 - 10.00	▼	10.00 - 12.00	▼	11.00 - 13.00	▼
INDIANAPOLIS	7.50 - 8.00	▼	8.50 - 9.00	-	8.50 - 9.00	▲	9.50 - 10.00	▲	9.50 - 10.00	▲	10.00 - 10.50	▲
KANSAS CITY	7.00 - 7.50	▼	7.25 - 7.75	-	8.25 - 8.75	▼	8.50 - 9.50	-	10.00 - 10.50	▼	10.00 - 11.00	-
MINNEAPOLIS	6.50 - 7.50	▼	8.25 - 9.25	-	8.00 - 8.75	-	10.50 - 11.50	-	10.00 - 11.00	-	12.00 - 13.00	-
ST. LOUIS	6.75 - 7.25	▼	7.75 - 8.25	▼	8.00 - 8.50	▼	9.75 - 10.25	▼	9.00 - 9.50	▼	11.50 - 12.00	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
CHICAGO	▼	▼	-	-	-	-
CINCINNATI	▼	▼	▼	▼	-	-
CLEVELAND	▼	-	-	-	-	-
COLUMBUS	▼	▼	-	▼	-	-
DETROIT	-	-	-	-	-	-
INDIANAPOLIS	-	-	-	-	-	-
KANSAS CITY	-	-	-	-	-	-
MINNEAPOLIS	-	-	-	-	-	-
ST. LOUIS	-	-	▼	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OFFICE SUBURBAN | SOUTHERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ATLANTA	6.25 - 7.25	▼	7.25 - 7.75	-	7.25 - 8.25	▼	7.75 - 9.00	▼	8.25 - 10.00	▼	9.00 - 11.00	▼
AUSTIN	5.75 - 6.25	▲	6.00 - 7.25	▼	6.50 - 7.50	▲	7.00 - 8.00	▲	8.00 - 9.00	▲	8.50 - 10.00	▲
DALLAS	6.25 - 7.25	-	7.00 - 8.00	-	6.50 - 7.00	-	9.00 - 10.50	-	8.50 - 10.00	-	10.50 - 11.50	-
HOUSTON	6.00 - 6.50	-	7.50 - 8.00	-	7.00 - 7.50	▼	8.50 - 9.50	-	8.50 - 9.00	▼	10.00 - 12.00	-
JACKSONVILLE	7.25 - 8.25	▼	7.75 - 8.75	▼	8.25 - 9.25	▼	8.75 - 9.75	▼	8.75 - 10.00	▼	11.00+	▼
MEMPHIS	7.50 - 8.00	-	8.25 - 8.75	-	8.75 - 9.25	-	10.50 - 11.00	▲	9.50 - 10.00	▲	11.50 - 12.00	▲
MIAMI	5.50 - 6.50	▼	6.50 - 7.50	▼	6.50 - 7.50	▼	7.50 - 8.50	▼	7.50 - 8.50	▼	9.50 - 10.50	▲
NASHVILLE	6.50 - 6.75	▼	5.75 - 6.00	▼	7.50 - 8.00	▼	6.75 - 7.25	▼	8.50 - 9.50	▼	7.75 - 8.25	▼
ORLANDO	7.00 - 7.50	-	7.50 - 8.00	▼	7.50 - 8.00	-	8.00 - 8.50	▼	8.00 - 8.50	▼	8.50 - 9.00	▼
SAN ANTONIO	6.25 - 6.75	▼	6.75 - 7.25	▼	7.50 - 8.00	▼	8.00 - 8.50	-	8.50 - 10.00	▼	9.00 - 10.50	▲
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	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ATLANTA	▼	▼	▼	▼	-	-
AUSTIN	-	▼	-	▼	-	▼
DALLAS	-	-	-	-	-	-
HOUSTON	▼	▲	▲	▲	▲	▲
JACKSONVILLE	▼	▼	▼	▼	▼	▼
MEMPHIS	-	-	-	-	-	-
MIAMI	-	-	▼	▼	▼	▼
NASHVILLE	▼	▼	▼	▼	▼	▼
ORLANDO	▼	▼	-	-	-	-
SAN ANTONIO	-	▼	-	-	-	-
TAMPA	▼	▼	▼	▼	▼	▼

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OFFICE SUBURBAN | WESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ALBUQUERQUE	7.50 - 8.50	▼	9.00 - 10.00	▲	8.50 - 9.00	-	9.50 - 10.50	▲	9.50 - 11.00	-	10.50 - 12.00	-
DENVER	5.75 - 6.25	▼	7.25 - 7.75	▲	6.75 - 7.25	-	7.75 - 8.25	▼	8.25 - 8.75	▼	9.75 - 10.25	▼
LAS VEGAS	7.50 - 8.00	▲	7.50 - 8.00	-	7.50 - 8.00	-	7.50 - 8.00	-	8.50 - 10.00	-	10.00 - 12.00	-
LOS ANGELES	5.50 - 6.50	▼	6.50 - 7.50	▼	6.50 - 7.50	-	7.50 - 8.00	▼	7.50 - 8.00	▼	8.00 - 9.00	▼
ORANGE COUNTY	5.00 - 5.50	▼	5.25 - 5.75	▼	6.00 - 7.00	▼	6.25 - 7.00	▼	7.25 - 8.25	▼	7.50 - 8.50	▼
PHOENIX	5.75 - 6.75	▼	6.00 - 7.00	▼	7.00 - 7.75	▼	7.50 - 8.50	▼	9.00 - 10.00	▼	11.00 - 12.00	-
PORTLAND	7.25 - 7.75	-	8.00 - 8.50	-	7.75 - 8.25	-	8.75 - 9.25	-	8.75 - 9.25	-	9.00 - 9.50	▼
SACRAMENTO	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	6.00 - 7.00	▼	6.00 - 7.00	▼	7.00 - 7.75	▼	7.00 - 7.75	▼	8.50 - 9.50	▼	8.50 - 9.50	▼
SAN DIEGO	5.75 - 6.25	-	6.00 - 6.50	-	6.75 - 7.25	-	7.00 - 7.50	-	7.25 - 7.75	-	8.00 - 8.50	-
SAN FRANCISCO	5.00 - 6.00	▼	6.50 - 7.00	▲	6.00 - 7.00	▼	7.50 - 8.00	▲	7.50+	▼	8.50+	▲
SAN JOSE	5.75 - 6.50	-	6.50 - 7.50	▼	6.50 - 7.50	-	7.50 - 8.50	-	8.00+	-	9.00+	-
SEATTLE	5.50 - 6.00	▼	6.75 - 7.50	▼	6.25 - 6.75	▼	7.50 - 8.25	▼	7.25 - 8.50	▲	8.25 - 9.00	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ALBUQUERQUE	-	-	-	-	-	-
DENVER	▲	▲	▲	▲	▲	▲
LAS VEGAS	-	-	-	-	-	-
LOS ANGELES	▼	▼	▼	▼	▼	▼
ORANGE COUNTY	▼	-	-	-	-	-
PHOENIX	-	▼	-	▼	-	▼
PORTLAND	▼	-	-	-	-	-
SACRAMENTO	-	-	-	-	-	-
SALT LAKE CITY	-	-	-	-	-	-
SAN DIEGO	▼	▼	▼	▼	▼	-
SAN FRANCISCO	▼	▼	▼	▼	▼	▼
SAN JOSE	-	-	-	-	-	-
SEATTLE	▼	-	-	-	▼	▼

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY | OVERVIEW

Among all sectors of commercial real estate investment, multifamily saw the earliest turnaround in investor interest, and has come the farthest through the capital markets cycle. Multifamily did not experience as large a gain in acquisition volume in 2014 as the other sectors, but volume did rise a moderate 4.7% to a total of \$106.0 billion, or 27% of all commercial real estate. Last year, the suburban apartment sector of multifamily rose 6.2%, compared to 2.2% for mid/high-rise assets.

Multifamily acquisitions by foreign investors totaled \$3.7 billion in 2014. While sizeable, this reflects an 11% decline from the prior year. Global investors still find multifamily attractive, but with very low cap rates for mid/high-rise properties (their asset of choice), some foreign investors have migrated to other property types, specifically office. Canadian investors represented the largest group of non-U.S. investors, by far, in 2014 with 49% of all global multifamily investment. The other leading sources of global investment were Switzerland, Japan, Saudi Arabia and Israel.

For urban infill multifamily product, cap rates for Class A and B stabilized product edged down slightly, 4 bps and 7 bps, respectively, to 4.55% and 5.11%. For return on cost for value-add Class A and B assets, cap rates were essentially unchanged. Surprisingly, cap rates for stabilized and return on cost for value-add

Class C assets increased slightly to 21 bps and 9 bps, respectively. For stabilized infill Class A assets, San Francisco has the lowest cap rate, followed closely by San Jose, Los Angeles and San Diego. Of the 44 markets surveyed, 30 have cap rates of 5.00% or below. Markets with the largest cap rate declines in stabilized Class A infill communities were mostly secondary markets including Indianapolis, Salt Lake City, Chicago and Orlando.

On average for all types of infill product, CBRE Capital Markets and Valuation professionals expect that of the multifamily markets surveyed, 21 markets will experience further cap rate compression over the next six months. The markets expected to have the largest declines are Baltimore, Chicago, Denver, Nashville, Portland, Sacramento and Salt Lake City. Houston is the only market expected to see cap rates increase.

Suburban cap rates compressed more than urban infill, but still only slightly. For stabilized assets, cap rate declines ranged from 6 bps for Class A, to 12 bps for Class C. For Class A and B return on cost for value-add suburban apartments, cap rates fell 20 bps and 15 bps, respectively. Rates were essentially unchanged for Class C return on cost for value-add product, suggesting hesitancy among investors to become more aggressive in this riskier product.

MULTIFAMILY | OVERVIEW CONT.

The California markets that have the lowest Class A suburban cap rates at or below 4.50%, listed in order, are: San Francisco Bay Area, San Jose, Orange County and San Diego. Three other metros have sub 5% cap rates for Class A suburban apartments: Boston, Miami and Seattle. Confirming the move of capital to secondary markets, the metros with the largest declines—25 to 75 bps—were found in Indianapolis, Sacramento, Nashville, Salt Lake City, Baltimore, Chicago, Detroit, Dallas and Houston, listed sequentially.

For all suburban product, on average, the survey respondents expect the broadest cap rate compression in 10 mostly secondary and non-coastal markets: Baltimore, Chicago, Denver, Las Vegas, Nashville, Northern New Jersey, Portland, Sacramento, Salt Lake City, and Stamford. Cap rates for suburban apartments are not expected to change in more than half of the markets surveyed.



 SELECT FROM THE LIST BELOW TO ACCESS THE CURRENT KEY RATIOS, FORECASTS AND MAPS.

INFILL/URBAN

SUBURBAN



MULTIFAMILY INFILL/URBAN | EASTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
BALTIMORE	4.50 - 5.00	▲	5.50 - 6.00	▲	5.25 - 5.75	-	6.50 - 7.25	▲	6.25+	▼	7.00 - 8.00	▲
BOSTON	4.00 - 4.50	-	5.50 - 6.00	▲	4.50 - 5.00	-	6.00 - 6.50	▲	N/A	N/A	6.25 - 6.75	▲
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	▼
NEW YORK	4.00 - 4.50	-	5.00 - 5.50	-	4.50 - 5.00	-	5.50 - 6.00	-	N/A	N/A	6.50 - 7.00	-
NORTHERN NEW JERSEY	4.00 - 4.50	N/A	5.00 - 5.50	N/A	4.50 - 5.00	N/A	5.50 - 6.00	N/A	N/A	N/A	N/A	N/A
PHILADELPHIA	5.00 - 5.50	▲	6.50 - 7.00	-	5.50 - 6.00	-	7.00 - 7.50	-	6.25 - 6.75	▼	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	-
RALEIGH	4.50 - 5.25	-	5.00 - 5.25	-	5.25 - 5.50	▼	5.25 - 5.75	-	5.50 - 6.50	▼	5.75 - 6.75	▼
STAMFORD	4.50 - 5.00	N/A	5.50 - 6.00	N/A	5.50 - 6.00	N/A	6.00 - 6.50	N/A	N/A	N/A	N/A	N/A
WASHINGTON, D.C.	4.25 - 4.75	-	4.75 - 5.25	-	5.00 - 5.50	-	5.50 - 6.50	-	6.25 - 7.00	-	6.75 - 7.50	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
BALTIMORE	▼	▼	▼	▼	▼	▼
BOSTON	-	-	-	-	-	-
CHARLOTTE	-	-	-	-	-	-
NEW YORK	-	-	-	-	-	-
NORTHERN NEW JERSEY	-	-	▼	▼	N/A	N/A
PHILADELPHIA	-	-	-	-	-	-
PITTSBURGH	-	-	-	-	-	-
RALEIGH	-	-	-	-	-	-
STAMFORD	-	-	▼	▼	N/A	N/A
WASHINGTON, D.C.	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY INFILL/URBAN | MIDWESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
CHICAGO	4.00 - 4.50	▼	4.50 - 4.75	–	4.75 - 5.25	▼	5.25 - 5.50	▲	5.50 - 6.00	▲	5.25 - 5.50	▲
CINCINNATI	5.50 - 6.00	▲	6.00 - 7.00	▲	6.00 - 6.50	▲	7.00 - 8.00	▲	7.25 - 8.00	▲	8.00 - 9.00	▲
CLEVELAND	6.50 - 7.50	–	N/A	N/A	7.00 - 8.00	–	N/A	N/A	8.00 - 11.00	▲	N/A	N/A
COLUMBUS	5.50 - 6.25	▼	6.00 - 6.50	–	6.25 - 7.25	▼	7.00 - 7.50	–	7.50 - 9.25	▲	8.75 - 9.25	–
DETROIT	7.25 - 8.00	▼	7.75 - 8.50	▲	7.50 - 8.25	▼	8.25 - 9.25	▲	9.50 - 11.50	▲	10.00 - 11.00	▲
INDIANAPOLIS	5.00 - 5.50	▼	6.00 - 7.50	▲	5.50 - 6.00	▼	6.50 - 8.00	–	6.75 - 7.50	▼	7.50 - 10.00	–
KANSAS CITY	5.25 - 5.75	–	5.75 - 6.25	–	5.75 - 6.25	–	6.50 - 7.00	–	6.75 - 7.25	–	7.50 - 8.00	–
MINNEAPOLIS	4.50 - 4.75	–	4.75 - 5.25	–	5.00 - 5.50	▼	5.50 - 6.00	▲	5.25 - 5.75	▼	6.00 - 6.50	▼
ST. LOUIS	5.50 - 6.25	–	N/A	N/A	6.50 - 7.25	–	N/A	N/A	7.75 - 9.25	–	N/A	N/A

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
CHICAGO	▼	▼	▼	▼	▼	▼
CINCINNATI	–	▼	–	▼	–	▼
CLEVELAND	–	–	▼	▼	▼	▼
COLUMBUS	–	–	–	–	–	–
DETROIT	–	▼	–	▼	–	▼
INDIANAPOLIS	▼	▼	▼	▼	–	–
KANSAS CITY	–	–	–	–	–	–
MINNEAPOLIS	–	–	–	–	–	–
ST. LOUIS	▼	–	▼	–	▼	–

▲ INCREASE ▼ DECREASE – REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY INFILL/URBAN | SOUTHERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ATLANTA	4.50 - 4.75	▲	5.75 - 6.25	-	5.00 - 5.50	-	6.00 - 6.50	-	6.00 - 6.50	-	7.00 - 7.50	-
AUSTIN	4.25 - 5.00	▲	4.25 - 5.00	▼	4.75 - 5.50	▲	4.75 - 5.50	▼	5.00 - 5.50	-	5.00 - 5.75	-
DALLAS	4.25 - 4.75	-	4.00 - 4.50	▼	5.00 - 5.50	▼	5.00 - 5.50	▼	6.50 - 7.00	▲	7.75 - 8.25	▲
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	▲
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	-
MEMPHIS	5.50 - 5.75	▼	5.50 - 5.75	▼	5.75 - 6.75	▼	5.75 - 6.75	▼	8.00+	-	6.75 - 7.50	▼
MIAMI	4.50 - 4.75	-	4.75 - 5.00	▼	5.00 - 5.25	-	5.00 - 5.50	▼	5.25 - 7.75	▲	6.75 - 8.25	▲
NASHVILLE	4.75 - 5.25	▼	5.75 - 6.25	-	5.75 - 6.25	▼	6.25 - 6.75	▼	6.25 - 6.75	▼	7.00 - 7.50	▼
OKLAHOMA CITY	5.50 - 6.00	-	7.50 - 8.00	-	6.00 - 6.50	-	8.50 - 9.50	-	7.25 - 7.50	▼	N/A	N/A
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	▼
SAN ANTONIO	5.25 - 5.75	-	N/A	N/A	5.75 - 6.50	▲	5.75 - 6.50	▼	6.25 - 7.00	▲	6.25 - 7.00	▼
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	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ATLANTA	-	-	-	-	▼	▼
AUSTIN	-	-	-	-	-	-
DALLAS	-	-	-	-	-	▼
HOUSTON	▲	▲	-	-	-	-
JACKSONVILLE	-	-	-	-	-	-
MEMPHIS	▼	▼	▼	▼	-	-
MIAMI	-	-	-	-	-	-
NASHVILLE	▼	▼	▼	▼	▼	▼
OKLAHOMA CITY	-	-	-	-	-	-
ORLANDO	▼	-	-	-	-	-
SAN ANTONIO	-	-	-	-	-	-
TAMPA	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY INFILL/URBAN | WESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ALBUQUERQUE	5.75 - 6.00	-	6.75 - 7.00	▼	6.00 - 6.50	-	7.00 - 7.50	▼	6.75 - 7.50	-	8.00 - 9.00	▼
DENVER	4.50 - 5.00	-	5.50 - 6.00	▲	5.25 - 5.50	▲	6.00 - 6.50	▲	5.75 - 6.25	-	6.50 - 7.00	-
HONOLULU	N/A	N/A	N/A	N/A	4.50 - 5.00	N/A	N/A	N/A	5.00 - 6.00	N/A	N/A	N/A
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	-
LOS ANGELES	4.00 - 4.25	▼	4.00 - 4.50	▼	4.25 - 4.75	-	4.50 - 5.00	▼	5.00 - 5.50	-	5.25 - 5.75	▼
ORANGE COUNTY	4.00 - 4.50	▲	N/A	N/A	4.50 - 5.00	-	N/A	N/A	5.00 - 5.50	▲	N/A	N/A
PHOENIX	4.75 - 5.00	-	5.25 - 5.50	▲	5.25 - 5.75	-	5.75 - 6.25	▲	6.00 - 6.50	-	6.50 - 7.00	▲
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	-
SACRAMENTO	4.25 - 4.75	▼	4.50 - 5.00	▼	4.75 - 5.25	▼	5.00 - 5.50	▼	5.50 - 6.00	▼	5.75 - 6.25	▼
SALT LAKE CITY	5.00 - 5.50	▼	5.75 - 6.25	-	5.25 - 5.75	▼	6.00 - 6.50	-	5.50 - 6.00	▼	6.25 - 7.00	-
SAN DIEGO	4.00 - 4.25	-	4.00 - 4.50	-	4.50 - 5.00	-	5.00 - 5.50	▼	5.00 - 5.50	-	5.50 - 6.00	▲
SAN FRANCISCO BAY AREA	3.50 - 4.00	-	3.50 - 4.00	-	3.75 - 4.25	▲	3.75 - 4.25	-	4.00 - 4.50	-	4.00 - 4.50	▲
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	▲
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	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ALBUQUERQUE	-	-	-	-	-	-
DENVER	▼	▼	▼	▼	▼	▼
HONOLULU	-	-	-	-	-	-
INLAND EMPIRE	-	-	-	-	-	-
LOS ANGELES	-	-	▼	-	▼	-
ORANGE COUNTY	-	-	▼	-	▼	-
PHOENIX	-	▼	-	▼	-	-
PORTLAND	▼	▼	▼	▼	▼	▼
SACRAMENTO	▼	▼	▼	▼	▼	▼
SALT LAKE CITY	▼	▼	▼	▼	▼	▼
SAN DIEGO	-	-	-	-	-	-
SAN FRANCISCO BAY AREA	-	-	-	-	-	-
SAN JOSE	-	-	-	-	-	-
SEATTLE	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY SUBURBAN | EASTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
BALTIMORE	5.00 - 5.50	▼	5.75 - 6.00	▼	5.50 - 6.00	▼	6.75 - 7.75	▲	6.25+	▼	7.75 - 8.75	▲
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	▼
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	▼
NORTHERN NEW JERSEY	4.75 - 5.25	N/A	5.75 - 6.25	N/A	5.50 - 6.00	N/A	6.50 - 7.00	N/A	N/A	N/A	N/A	N/A
PHILADELPHIA	5.00 - 5.50	-	6.50 - 7.00	-	5.75 - 6.25	-	7.00 - 7.50	-	6.25 - 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	-
RALEIGH	5.00 - 5.25	-	5.25 - 5.50	-	5.25 - 6.00	▲	5.50 - 6.00	-	6.25 - 7.00	▼	6.50 - 7.50	▲
STAMFORD	5.50 - 6.00	N/A	6.25 - 6.75	N/A	6.50 - 7.00	N/A	7.00 - 7.50	N/A	N/A	N/A	N/A	N/A
WASHINGTON, D.C.	4.75 - 5.75	-	5.25 - 5.75	-	5.75 - 6.25	-	6.00 - 6.50	-	6.50 - 7.50	-	6.75 - 7.75	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
BALTIMORE	▼	▼	▼	▼	▼	▼
BOSTON	-	-	-	-	-	-
CHARLOTTE	-	-	-	-	-	-
NORTHERN NEW JERSEY	▼	▼	▼	▼	N/A	N/A
PHILADELPHIA	-	-	-	-	-	-
PITTSBURGH	-	-	-	-	-	-
RALEIGH	-	-	-	-	-	-
STAMFORD	▼	▼	▼	▼	N/A	N/A
WASHINGTON, D.C.	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY SUBURBAN | MIDWESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
CHICAGO	5.00 - 5.25	▼	5.50 - 5.75	-	5.50 - 5.75	▼	6.00 - 6.50	▲	6.50 - 7.00	-	6.75 - 7.25	▲
CINCINNATI	6.00 - 6.50	▲	7.00 - 7.50	▲	6.50 - 7.00	-	8.00 - 8.50	▲	8.00 - 8.50	-	9.00 - 10.00	▲
CLEVELAND	6.50 - 7.50	▲	N/A	N/A	7.00 - 7.25	-	N/A	N/A	7.50 - 8.00	-	N/A	N/A
COLUMBUS	6.00 - 6.50	-	6.25 - 6.75	-	7.00 - 7.50	-	7.25 - 7.75	-	8.00 - 9.00	-	8.75 - 9.25	-
DETROIT	6.50 - 7.25	▼	7.25 - 8.25	▼	7.25 - 8.25	▼	7.75 - 8.75	▼	8.50 - 10.00	-	9.75 - 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	▲
KANSAS CITY	5.50 - 6.00	-	6.00 - 6.50	-	6.00 - 6.50	-	6.75 - 7.25	-	7.00 - 7.50	-	7.75 - 8.25	▲
MINNEAPOLIS	5.00 - 5.25	-	5.50 - 5.75	-	5.25 - 5.75	▼	6.00 - 6.50	-	6.25 - 6.75	-	6.75 - 7.25	▼
ST. LOUIS	5.50 - 6.25	-	N/A	N/A	6.50 - 7.25	-	N/A	N/A	7.75 - 9.25	-	N/A	N/A

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
CHICAGO	▼	▼	▼	▼	▼	▼
CINCINNATI	-	▼	-	▼	-	▼
CLEVELAND	-	-	▼	▼	▼	▼
COLUMBUS	-	-	-	-	-	-
DETROIT	-	-	-	-	-	-
INDIANAPOLIS	▼	▼	-	-	-	-
KANSAS CITY	-	-	-	-	-	-
MINNEAPOLIS	-	-	-	-	-	-
ST. LOUIS	▼	-	▼	-	▼	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY SUBURBAN | SOUTHERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
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	▼
AUSTIN	5.00 - 5.50	-	5.00 - 5.50	▼	5.50 - 6.00	-	5.75 - 6.25	-	6.00 - 6.75	▲	5.75 - 6.50	▼
DALLAS	5.00 - 5.50	▼	4.75 - 5.25	▼	5.25 - 5.75	▼	5.25 - 5.75	▼	6.75 - 7.50	▼	8.00 - 9.00	▲
HOUSTON	5.25 - 5.75	▼	5.50 - 6.00	▼	5.75 - 6.25	▼	6.00 - 6.50	▼	7.00 - 7.50	▼	7.50 - 8.00	▲
JACKSONVILLE	4.75 - 5.75	▲	6.00 - 6.50	-	5.50 - 6.50	▲	6.00 - 7.00	▼	6.75 - 7.75	▲	7.50 - 8.50	▲
MEMPHIS	5.75 - 6.25	▲	5.75 - 6.00	▼	6.25 - 7.50	▲	6.00 - 6.50	▼	8.00+	-	8.00+	-
MIAMI	4.75 - 5.00	-	5.00 - 5.25	▼	5.25 - 5.50	▼	5.25 - 5.75	▼	6.00 - 7.50	-	6.00 - 8.00	-
NASHVILLE	5.00 - 5.50	▼	6.00 - 6.50	▲	5.75 - 6.25	▼	6.25 - 6.75	▼	6.00 - 6.50	▼	6.75 - 7.25	▼
OKLAHOMA CITY	5.75 - 6.25	-	8.00 - 8.50	-	6.00 - 6.50	-	9.00 - 9.50	-	7.50 - 8.50	▲	N/A	N/A
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	▲
SAN ANTONIO	5.00 - 5.75	-	5.25 - 6.00	▼	5.75 - 6.25	-	6.00 - 6.50	-	6.25 - 7.00	-	6.50 - 7.25	-
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	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ATLANTA	-	-	-	-	-	-
AUSTIN	-	-	-	-	-	-
DALLAS	▼	▼	-	-	▼	▼
HOUSTON	-	-	-	-	-	-
JACKSONVILLE	-	-	-	-	-	-
MEMPHIS	▼	▼	▼	▼	-	▼
MIAMI	-	-	-	-	-	-
NASHVILLE	▼	▼	▼	▼	▼	▼
OKLAHOMA CITY	-	-	-	-	-	-
ORLANDO	-	▼	-	▼	-	-
SAN ANTONIO	▲	-	-	-	-	-
TAMPA	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



MULTIFAMILY SUBURBAN | WESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ALBUQUERQUE	5.75 - 6.25	-	6.75 - 7.00	▼	6.00 - 6.75	▼	7.00 - 7.50	▼	7.00 - 7.50	▼	8.00 - 9.00	▼
DENVER	5.00 - 5.50	▲	5.50 - 6.00	-	5.50 - 5.75	▲	6.25 - 6.75	-	6.00 - 6.50	-	7.00 - 7.50	▲
HONOLULU	N/A	N/A	N/A	N/A	4.50 - 5.00	N/A	N/A	N/A	5.00 - 6.00	N/A	N/A	N/A
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	-
LAS VEGAS	5.00 - 5.25	▼	5.25 - 5.75	▼	5.25 - 6.00	▼	5.50 - 6.00	▼	6.25 - 7.25	-	6.75 - 7.75	-
LOS ANGELES	4.75 - 5.25	▲	4.50 - 5.00	▼	5.00 - 5.50	▲	5.00 - 5.50	▼	5.25 - 5.75	▼	5.25 - 5.75	▼
ORANGE COUNTY	4.25 - 4.50	▼	N/A	N/A	4.75 - 5.25	-	N/A	N/A	5.25 - 5.75	▲	N/A	N/A
PHOENIX	5.00 - 5.25	▼	5.50 - 5.75	▼	5.50 - 6.00	▲	6.00 - 6.50	▲	6.00 - 6.50	-	6.50 - 7.00	-
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	▼
SACRAMENTO	4.50 - 5.00	▼	5.25 - 5.75	▼	5.00 - 5.50	▼	5.50 - 6.00	▼	5.75 - 6.25	▼	6.25 - 6.75	▼
SALT LAKE CITY	5.25 - 5.50	▼	5.75 - 6.25	-	N/A	N/A	6.00 - 6.50	-	N/A	N/A	6.25 - 7.00	-
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	-
SAN FRANCISCO BAY AREA	3.75 - 4.25	-	4.00 - 4.50	-	4.25 - 4.75	▲	4.25 - 4.75	▲	4.75 - 5.25	▼	4.50 - 5.00	▲
SAN JOSE	4.00 - 4.50	-	4.25 - 4.75	-	4.25 - 4.75	▼	4.50 - 5.00	▲	4.50 - 5.00	▼	4.75 - 5.25	▲
SEATTLE	4.50 - 5.25	-	4.75 - 5.25	-	5.00 - 5.50	-	5.25 - 5.75	-	6.00 - 6.50	-	6.00 - 6.50	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ALBUQUERQUE	-	-	-	-	-	-
DENVER	▼	▼	▼	▼	▼	▼
HONOLULU	-	-	-	-	-	-
INLAND EMPIRE	-	-	-	-	-	-
LAS VEGAS	▼	▼	▼	▼	▼	▼
LOS ANGELES	▼	-	▼	-	▼	-
ORANGE COUNTY	-	N/A	-	N/A	-	N/A
PHOENIX	-	-	-	-	-	-
PORTLAND	▼	▼	▼	▼	▼	▼
SACRAMENTO	▼	▼	▼	▼	▼	▼
SALT LAKE CITY	▼	▼	▼	▼	▼	▼
SAN DIEGO	-	-	-	-	-	-
SAN FRANCISCO BAY AREA	-	-	-	-	-	-
SAN JOSE	-	-	-	-	-	-
SEATTLE	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL | OVERVIEW

Retail center investment picked up substantial momentum in 2014, with a 28% year-over-year increase in total investment to \$71.8 billion. Retail now represents almost 20% of total commercial real estate investment.

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. Both classifications experienced large gains in investment volume in 2014 (28% and 27%, respectively). However, in Q4 2014 alone, the “strip” category experienced the most pronounced year-over-year gains, suggesting that less conservative investing may characterize 2015.

In 2014, global investment in U.S. retail assets totaled \$4.5 billion, up only 1% from the prior year. Germany, Australia, Canada, China, Switzerland, The Netherlands and Brazil were the biggest investors in this sector.

Our survey results show that high street retail cap rates contracted a modest 5 bps to 4.59% on average. Among the 11 markets surveyed in this category, the lowest high street caps were found in Los Angeles, Manhattan and San Francisco. Since the first half of 2014, about half of the markets had stable cap

rates while the other half experienced declines; Miami experienced the largest compression at 50 bps. Looking forward, two-thirds of the markets surveyed are expected to see high street retail cap rates decline, with Philadelphia and Phoenix forecasted to have the largest declines in H1 2015. Boston, Chicago, Los Angeles, and Miami also should see cap rate compression.

Cap rate contraction was experienced for all types of neighborhood and community centers, with the greatest declines in stabilized Class C assets (30 bps). The decline consequently narrowed the spread between Class A and Class C stabilized centers, and in Class A and B return on cost for value-add assets—35 and 17 bps, respectively. California led the list of metros with the lowest Class A stabilized cap rates: Los Angeles, Orange County, San Diego, San Francisco and San Jose. The metro leader in the South was Austin. The markets with the greatest declines included Dallas, San Antonio, Austin, Nashville, Orlando and Tampa.

On average, between the different groups of neighborhood/community centers, over half of the markets surveyed expect compression in H1 2015. Phoenix is expected to see the largest cap rate declines followed by Philadelphia, Stamford, Indianapolis and Nashville. Most of the remaining markets expect to remain unchanged.

RETAIL | OVERVIEW CONT.

Power centers registered modest declines in cap rates for Class A and B stabilized centers, 15 bps and 12 bps, respectively. However, the survey found higher cap rates for Class C stabilized and all classes of return on cost for value-add assets. For most commercial real estate product, pricing reflects capital moving up the risk curve, but not yet in this category of retail assets. On average, cap rates are

expected to decline for the different types of power centers in about half the metros, with slightly greater decreases in Northern New Jersey, Stamford, Indianapolis and Nashville. Power center cap rates should remain stable in about half the markets; only three metros expect higher cap rates in power centers in H1 2015.

 SELECT FROM THE LIST BELOW TO ACCESS THE CURRENT KEY RATIOS, FORECASTS AND MAPS.

NEIGHBORHOOD/COMMUNITY CENTER

POWER CENTER

HIGH STREET



RETAIL NEIGHBORHOOD/COMMUNITY CENTER (GROCERY ANCHORED) | EASTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
BALTIMORE	6.00 - 6.50	-	6.50 - 7.00	▼	6.50 - 7.25	▼	7.00 - 7.75	▼	7.25 - 8.50	▼	7.75 - 9.00	▼
BOSTON	5.00 - 6.00	-	6.75 - 7.25	▲	6.25 - 6.75	▼	7.50 - 9.00	▲	7.00 - 7.75	▼	N/A	N/A
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	-
NORTHERN NEW JERSEY	5.25 - 6.00	N/A	6.50 - 7.00	N/A	6.25 - 7.00	N/A	7.50 - 8.00	N/A	N/A	N/A	N/A	N/A
PHILADELPHIA	5.50 - 6.00	▼	6.50 - 7.25	▼	6.50 - 7.00	▼	7.50 - 8.25	▼	7.00 - 7.50	▼	8.50 - 9.25	▼
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	-
RALEIGH	5.50 - 6.25	▼	6.75 - 7.50	▼	6.50 - 7.25	▼	7.50 - 8.50	▼	8.00 - 9.00	▼	9.00 - 10.00	-
STAMFORD	5.25 - 6.00	N/A	6.50 - 7.00	N/A	6.25 - 7.00	N/A	7.50 - 8.00	N/A	N/A	N/A	N/A	N/A
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	▲

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
BALTIMORE	-	-	-	-	-	-
BOSTON	-	-	▼	-	-	-
CHARLOTTE	-	-	-	-	▼	▼
NORTHERN NEW JERSEY	▼	▼	▼	▼	-	-
PHILADELPHIA	-	-	▼	▼	▼	▼
PITTSBURGH	-	-	-	-	-	-
RALEIGH	-	-	-	-	▼	▼
STAMFORD	▼	▼	▼	▼	N/A	N/A
WASHINGTON, D.C.	-	▼	▲	▲	▲	▲

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL NEIGHBORHOOD/COMMUNITY CENTER (GROCERY ANCHORED) | MIDWESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
CHICAGO	5.25 - 5.75	▼	6.25 - 6.75	▼	6.50 - 7.00	▼	7.25 - 7.50	▼	7.75 - 8.25	-	8.25 - 8.75	-
CINCINNATI	5.75 - 6.25	▼	6.50 - 7.00	▼	6.75 - 7.25	▼	7.25 - 7.75	▼	8.00 - 8.50	-	8.50 - 9.00	▼
CLEVELAND	6.50 - 7.00	▼	7.25 - 7.75	▼	7.50 - 8.00	-	8.00 - 8.50	▼	8.75 - 9.25	▲	9.25 - 9.75	▲
COLUMBUS	6.00 - 6.50	▼	6.75 - 7.25	▼	6.75 - 7.25	▼	7.25 - 7.75	▼	8.00 - 8.50	-	8.50 - 9.00	▼
DETROIT	7.00 - 8.00	-	8.00 - 9.00	-	8.00 - 9.25	▼	8.75 - 10.00	▼	9.50 - 11.00	-	10.00 - 12.00	-
INDIANAPOLIS	7.00 - 7.50	▲	7.50 - 8.00	▲	7.50 - 8.00	▲	8.50 - 9.00	▲	8.00 - 8.50	-	9.00 - 9.50	▲
KANSAS CITY	5.75 - 6.25	▼	6.50 - 7.00	▼	6.75 - 7.25	▼	7.25 - 7.75	▼	8.00 - 8.50	-	8.50 - 9.00	▼
MINNEAPOLIS	5.50 - 6.00	▼	6.25 - 7.75	▼	6.50 - 7.00	▼	7.00 - 7.50	▼	7.75 - 8.25	-	8.25 - 8.75	▼
ST. LOUIS	5.75 - 6.25	▼	6.50 - 7.00	▼	6.75 - 7.25	▼	7.50 - 8.25	▼	8.00 - 8.50	▼	9.25 - 10.50	▲

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
CHICAGO	-	-	-	-	-	-
CINCINNATI	-	-	-	-	-	-
CLEVELAND	▼	▼	-	-	-	-
COLUMBUS	-	-	-	-	-	-
DETROIT	-	-	-	-	-	-
INDIANAPOLIS	▼	▼	▼	▼	▼	▼
KANSAS CITY	-	-	-	-	-	-
MINNEAPOLIS	-	-	-	-	-	-
ST. LOUIS	▼	▼	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL NEIGHBORHOOD/COMMUNITY CENTER (GROCERY ANCHORED) | SOUTHERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ATLANTA	5.50 - 6.50	▼	6.00 - 7.25	▼	6.50 - 7.75	▼	7.25 - 8.25	▼	7.75 - 9.50	▼	8.25 - 10.00	▼
AUSTIN	5.00 - 5.75	▼	5.25 - 6.50	▼	6.50 - 7.75	▼	6.75 - 8.50	▼	9.25+	▼	9.25+	▼
DALLAS	5.25 - 6.00	▼	5.50 - 6.75	▼	6.75 - 8.00	▼	7.00 - 8.75	▼	9.50+	▲	9.50+	-
HOUSTON	5.75 - 6.50	▼	6.00 - 7.25	▼	7.25 - 8.50	▲	7.50 - 9.25	▲	10.00+	▲	10.00+	-
JACKSONVILLE	5.50 - 6.00	▼	6.50 - 7.00	▼	6.50 - 7.00	▼	7.00 - 8.00	▼	8.00+	▼	9.00+	▼
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	▼
MIAMI	5.25 - 5.75	▼	6.50 - 7.00	▼	6.00 - 6.75	▼	7.00 - 8.00	-	7.50 - 9.00	▲	8.00 - 9.00	▼
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	5.50 - 6.00	▼	6.50 - 7.00	▼	6.50 - 7.00	▼	7.00 - 8.00	▼	8.00+	-	9.00+	▼
SAN ANTONIO	5.50 - 6.25	▼	5.75 - 7.00	▼	7.00 - 8.25	▼	7.25 - 9.00	▼	9.75+	-	9.75+	▼
TAMPA	5.50 - 6.00	▼	6.50 - 7.00	▼	6.50 - 7.00	▼	7.00 - 8.00	▼	8.00+	-	9.00+	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ATLANTA	▼	▼	-	-	-	-
AUSTIN	▼	▼	-	-	-	-
DALLAS	▼	▼	-	-	-	-
HOUSTON	▼	▼	-	-	-	-
JACKSONVILLE	▼	-	-	-	▼	-
MEMPHIS	▼	▼	▼	▼	-	-
MIAMI	▼	-	-	-	▼	-
NASHVILLE	▼	▼	▼	▼	▼	▼
ORLANDO	▼	-	▼	-	▼	-
SAN ANTONIO	▼	▼	-	-	-	-
TAMPA	▼	-	▼	-	▼	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL NEIGHBORHOOD/COMMUNITY CENTER (GROCERY ANCHORED) | WESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ALBUQUERQUE	6.25 - 7.25	▼	6.50 - 7.50	▼	7.50 - 8.75	▲	8.50 - 9.50	-	8.75 - 9.50	▲	9.25 - 9.75	-
DENVER	5.25 - 5.75	▼	6.00 - 6.50	▼	6.50 - 7.00	▼	7.00 - 7.50	▲	8.00 - 8.50	▼	8.50 - 9.00	▼
LAS VEGAS	6.75 - 7.25	▲	8.00 - 9.00	▲	7.25 - 8.00	▲	9.00 - 10.00	▲	8.00 - 9.00	-	10.00 - 12.00	-
LOS ANGELES	4.50 - 5.50	▼	5.50 - 6.50	▼	5.50 - 6.50	▼	6.50 - 7.50	▼	6.50 - 7.50	▼	7.50 - 8.50	▼
ORANGE COUNTY	4.75 - 5.50	▼	5.50 - 6.50	▼	5.50 - 6.50	▼	6.00 - 7.50	▼	7.00 - 7.50	▼	7.50 - 10.00	▼
PHOENIX	5.25 - 6.25	▼	7.00 - 7.50	▼	6.25 - 7.25	▼	7.50 - 8.00	▼	8.00 - 9.00	▼	8.50 - 9.50	▼
PORTLAND	5.00 - 5.75	-	6.50 - 6.75	▼	6.25 - 7.25	▼	7.00 - 8.00	▼	7.50 - 9.00	▲	8.50 - 9.00	▼
SACRAMENTO	5.75 - 6.50	▼	7.00 - 8.00	-	7.00 - 8.00	-	8.00 - 9.00	-	8.00 - 10.00	▼	9.00 - 11.00	▲
SALT LAKE CITY	6.00 - 7.00	▲	6.00 - 7.00	▼	7.00 - 8.00	-	7.00 - 8.00	▼	9.00 - 10.50	▲	9.00 - 10.50	▼
SAN DIEGO	5.00 - 5.50	▼	5.50 - 6.25	▼	6.00 - 6.50	▼	6.50 - 7.00	▼	7.50 - 8.00	▼	7.25 - 11.00	▼
SAN FRANCISCO	4.75 - 5.75	▼	6.25 - 7.25	▼	6.25 - 7.25	▼	7.50 - 8.00	▼	8.00 - 9.50	▼	8.50 - 10.00	▼
SAN JOSE	4.75 - 5.75	▼	6.25 - 7.25	▼	6.25 - 7.25	▼	7.50 - 8.00	▼	8.00 - 9.50	▼	8.50 - 10.00	▼
SEATTLE	5.00 - 5.75	▼	6.50 - 6.75	▼	6.25 - 7.25	▼	7.00 - 8.00	▼	7.50 - 9.00	▲	8.50 - 9.00	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ALBUQUERQUE	-	-	-	-	-	-
DENVER	▼	▼	-	▼	-	▼
LAS VEGAS	▼	-	▼	-	▼	-
LOS ANGELES	-	-	-	-	-	-
ORANGE COUNTY	-	-	-	-	-	-
PHOENIX	▼	▼	▼	▼	▼	▼
PORTLAND	-	-	-	-	-	-
SACRAMENTO	-	-	-	-	-	-
SALT LAKE CITY	-	-	-	-	-	-
SAN DIEGO	-	-	-	-	-	-
SAN FRANCISCO	-	-	-	-	-	-
SAN JOSE	-	-	-	-	-	-
SEATTLE	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL POWER CENTER | EASTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
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	▼
BOSTON	6.25 - 6.75	-	7.50 - 8.00	▲	7.25 - 8.25	▲	8.00 - 10.00	▲	8.50 - 9.50	▲	N/A	N/A
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	-
NORTHERN NEW JERSEY	5.75 - 6.25	N/A	6.75 - 7.25	N/A	6.25 - 7.00	N/A	7.50 - 8.00	N/A	N/A	N/A	N/A	N/A
PHILADELPHIA	6.25 - 6.75	▲	7.25 - 7.75	▼	6.75 - 7.25	▼	7.75 - 8.25	▼	7.25 - 7.75	▼	8.75 - 9.25	▼
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	▼
RALEIGH	6.25 - 6.75	▼	7.50 - 8.00	▼	7.00 - 7.50	▼	8.25 - 8.75	-	7.75 - 8.50	-	9.00 - 11.00	-
STAMFORD	5.75 - 6.25	N/A	6.75 - 7.25	N/A	6.25 - 7.00	N/A	7.50 - 8.00	N/A	N/A	N/A	N/A	N/A
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	▲

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
BALTIMORE	-	-	-	-	-	-
BOSTON	-	-	-	-	-	-
CHARLOTTE	-	-	-	-	▼	▼
NORTHERN NEW JERSEY	▼	▼	▼	▼	N/A	N/A
PHILADELPHIA	-	-	▲	▲	▲	▲
PITTSBURGH	▼	-	-	-	-	-
RALEIGH	-	-	-	-	▼	▼
STAMFORD	▼	▼	▼	▼	N/A	N/A
WASHINGTON, D.C.	-	-	▲	▲	▲	▲

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL POWER CENTER | MIDWESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
CHICAGO	6.00 - 6.50	▼	6.75 - 7.25	▼	6.75 - 7.25	▼	7.50 - 8.00	▼	7.75 - 8.25	–	8.50 - 9.00	–
CINCINNATI	6.50 - 7.00	–	7.25 - 7.75	–	7.25 - 7.75	–	8.00 - 8.50	–	8.00 - 8.50	–	8.75 - 9.25	–
CLEVELAND	7.25 - 7.75	▲	8.00 - 8.50	▲	8.00 - 8.50	▲	8.75 - 9.25	▲	8.75 - 9.25	▲	9.50 - 10.00	▲
COLUMBUS	6.75 - 7.25	–	7.50 - 8.00	–	7.25 - 7.75	–	8.00 - 8.50	–	8.00 - 8.50	–	8.75 - 9.25	–
DETROIT	7.00 - 8.00	–	8.00 - 9.00	–	8.00 - 9.25	▼	9.00 - 10.00	–	9.50 - 11.00	–	10.00 - 12.00	–
INDIANAPOLIS	7.00 - 7.50	▲	7.50 - 8.00	▲	8.00 - 8.50	▲	8.50 - 9.00	▲	9.00 - 9.50	▲	9.50 - 10.00	▲
KANSAS CITY	6.50 - 7.00	–	7.25 - 7.75	–	7.25 - 7.75	–	8.00 - 8.50	–	8.00 - 8.50	–	8.75 - 9.25	–
MINNEAPOLIS	6.00 - 6.50	▼	6.75 - 7.25	▼	6.75 - 7.25	▼	7.50 - 8.00	▼	7.75 - 8.25	–	8.50 - 9.00	–
ST. LOUIS	6.25 - 7.00	–	7.25 - 7.75	–	7.00 - 7.50	–	8.00 - 8.75	–	8.50 - 9.25	–	8.75 - 9.25	–

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
CHICAGO	–	–	–	–	–	–
CINCINNATI	–	–	–	–	–	–
CLEVELAND	–	–	–	–	–	–
COLUMBUS	–	–	–	–	–	–
DETROIT	–	–	–	–	–	–
INDIANAPOLIS	▼	▼	▼	▼	▼	▼
KANSAS CITY	–	–	–	–	–	–
MINNEAPOLIS	–	–	–	–	–	–
ST. LOUIS	–	–	–	–	–	–

▲ INCREASE ▼ DECREASE – REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL POWER CENTER | SOUTHERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ATLANTA	6.00 - 7.00	▼	6.50 - 7.25	▼	7.00 - 8.00	▼	7.25 - 8.25	▼	8.00 - 9.50	▼	8.25 - 10.00	▼
AUSTIN	5.50 - 6.50	▼	6.50 - 7.50	-	6.75 - 8.25	▼	7.50 - 8.75	-	8.75+	▼	9.25+	▼
DALLAS	5.75 - 6.75	▼	6.75 - 7.75	-	7.00 - 8.50	▼	7.00 - 8.50	▼	9.00+	-	9.00+	▼
HOUSTON	6.25 - 7.25	-	7.25 - 8.25	▲	7.50 - 9.00	▲	8.25 - 9.50	▲	9.50+	-	10.00+	-
JACKSONVILLE	6.00 - 6.50	▼	7.00 - 8.00	-	7.00 - 7.50	▼	8.00 - 9.00	-	8.00+	▼	10.00+	-
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	▲
MIAMI	5.75 - 6.25	▼	6.50 - 7.25	-	6.50 - 7.00	▼	7.25 - 7.75	-	7.50 - 8.50	-	8.00 - 9.50	-
NASHVILLE	6.75 - 7.25	▼	8.00 - 8.50	-	7.25 - 7.75	▼	8.50 - 9.00	▼	8.00 - 9.00	▼	9.00 - 11.00	▼
ORLANDO	6.00 - 6.50	▼	7.00 - 8.00	-	7.00 - 7.50	▼	8.25 - 9.25	-	8.00+	-	9.50+	-
SAN ANTONIO	6.00 - 7.00	▼	7.00 - 8.00	-	7.25 - 8.75	▲	8.00 - 9.25	▲	9.25+	-	9.75+	▼
TAMPA	6.00 - 6.50	▼	7.00 - 8.00	-	7.00 - 7.50	▼	8.25 - 9.25	-	8.00+	-	9.50+	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ATLANTA	▼	▼	-	-	-	-
AUSTIN	▼	▼	-	-	-	-
DALLAS	▼	▼	-	-	-	-
HOUSTON	▼	▼	-	-	-	-
JACKSONVILLE	▼	-	▼	-	▼	-
MEMPHIS	▼	▼	▼	▼	-	-
MIAMI	-	-	-	-	-	-
NASHVILLE	▼	▼	▼	▼	▼	▼
ORLANDO	▼	▼	▼	▼	-	▼
SAN ANTONIO	▼	▼	-	-	-	-
TAMPA	▼	▼	▼	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



RETAIL POWER CENTER | WESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ALBUQUERQUE	6.75 - 7.50	▼	7.00 - 8.00	▼	7.75 - 9.00	▲	8.50 - 9.50	-	9.00 - 10.50	▲	9.00 - 10.00	-
DENVER	5.50 - 6.00	▼	6.00 - 6.50	▼	6.50 - 7.00	▼	7.00 - 7.50	▲	8.75 - 9.25	▼	10.00 - 10.50	▼
LAS VEGAS	6.00 - 7.25	-	7.50 - 8.00	▼	7.25 - 7.75	-	8.50 - 10.00	-	8.00 - 9.00	-	10.00 - 12.00	-
LOS ANGELES	6.00 - 7.00	▲	7.00 - 8.00	▼	7.00 - 8.00	-	8.00 - 9.00	▲	8.00+	▼	9.00+	▼
ORANGE COUNTY	6.00 - 7.00	▲	6.25 - 7.25	▼	6.75 - 7.50	▼	7.00 - 7.75	▼	7.50 - 8.50	▼	7.75 - 9.00	▼
PHOENIX	6.00 - 6.50	▲	8.00 - 8.50	▲	6.50 - 7.50	▼	8.50 - 9.00	▲	7.50 - 8.50	▼	9.50 - 10.50	-
PORTLAND	6.00 - 6.50	-	7.00 - 8.00	-	7.00 - 7.75	▲	8.00 - 9.00	-	7.75 - 9.50	▲	9.00 - 10.00	-
SACRAMENTO	6.00 - 7.00	-	7.00 - 8.00	-	7.00 - 8.00	-	8.00 - 9.00	-	9.00 - 11.00	-	9.00 - 10.00	-
SALT LAKE CITY	6.50 - 7.00	▲	6.50 - 7.00	▼	7.00 - 8.00	-	7.00 - 8.00	▼	9.00 - 10.50	▲	9.00 - 10.50	▼
SAN DIEGO	6.50 - 7.00	▲	6.00 - 6.50	▼	7.25 - 7.75	-	7.00 - 7.50	▼	8.00 - 8.50	▼	8.25 - 10.00	▼
SAN FRANCISCO	5.50 - 6.00	▼	6.75 - 7.25	▼	6.50 - 7.50	▼	7.50 - 8.00	▼	7.50 - 9.50	▼	8.00 - 9.00	▼
SAN JOSE	5.50 - 6.00	▼	6.75 - 7.25	▼	6.50 - 7.50	▼	7.50 - 8.00	▼	7.50 - 9.50	▼	8.00 - 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	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ALBUQUERQUE	▼	-	-	-	-	-
DENVER	▼	▼	▼	▼	-	-
LAS VEGAS	-	-	-	-	-	-
LOS ANGELES	-	-	-	-	-	-
ORANGE COUNTY	-	-	-	-	-	-
PHOENIX	-	-	▲	▲	▲	▲
PORTLAND	-	-	-	-	-	-
SACRAMENTO	▼	-	-	-	-	-
SALT LAKE CITY	-	-	-	-	-	-
SAN DIEGO	-	-	-	-	-	-
SAN FRANCISCO	-	-	-	-	-	-
SAN JOSE	-	-	-	-	-	-
SEATTLE	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



HIGH STREET RETAIL | NATIONAL

CLASS A

	STABILIZED CAP RATES (%)	DIRECTION*
BOSTON	4.00 - 5.00	–
CHICAGO	4.00 - 5.00	▼
LAS VEGAS	5.00 - 6.00	N/A
LOS ANGELES	3.00 - 5.00	▼
MANHATTAN	3.50 - 4.00	–
MIAMI	4.00 - 5.00	▼
PHILADELPHIA	4.50 - 5.50	▼
PHOENIX	5.00 - 6.00	N/A
SAN FRANCISCO	3.75 - 4.75	–
SEATTLE	4.25 - 5.25	–
WASHINGTON, D.C.	4.00 - 5.00	–

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

CLASS A

	STABILIZED CAP RATES
BOSTON	▼
CHICAGO	▼
LAS VEGAS	▼
LOS ANGELES	▼
MANHATTAN	–
MIAMI	▼
PHILADELPHIA	▼
PHOENIX	▼
SAN FRANCISCO	–
SEATTLE	–
WASHINGTON, D.C.	–

▲ INCREASE ▼ DECREASE – REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



INDUSTRIAL | OVERVIEW

Transaction activity in the industrial sector reached \$49.1 billion in 2014, a 17% climb over the prior year. If industrial investment continues to rise at the pace set in 2014, the 2015 volume will reach the prior peak of \$57.7 billion, set in 2007.

In 2014, global investment in U.S. industrial assets totaled \$1.6 billion, still small compared to other product types, particularly office. However, the \$1.6 billion represented a dramatic 60% gain over the prior year. Canada, Norway, Germany, United Kingdom, Bahrain and China were the largest sources of capital in the sector.

The RCA database divides industrial space into two basic types: warehouse and flex, with the latter category most closely representing “light industrial.” The warehouse sector captured two-thirds of the 2014 investment, but the flex sector captured the greatest increase at 25% versus 13% for warehouse. Capital has shifted partly to light industrial for higher yields and higher future rent appreciation, given the later recovery start of this category within industrial.

CBRE Capital Markets and Valuation professionals report that, on average, industrial cap rates declined modestly for stabilized assets—4 to 12 bps across all classes.

However, as investors seek broader investment opportunities and yields, return on cost for value-add assets experienced greater declines in cap rates, 23 bps for Class A and 61 bps for Class C.

California, Los Angeles, Inland Empire and Orange County have the lowest Class A stabilized cap rates at 4.25-5.00%. The markets with the next lowest rates are Northern New Jersey, Miami, San Francisco Bay Area, San Jose and Seattle, all in the 4.75-5.25% range. The markets with the largest declines in stabilized Class A cap rates, in order, are: Nashville, Orange County, Philadelphia, Orlando and Chicago. The largest increases were primarily “oil patch” metros: Oklahoma City, Pittsburgh, Raleigh, Denver and Houston. However, only Oklahoma City and Pittsburgh experienced cap rate increases above 50 bps.

Going forward, CBRE professionals expect cap rates to fall in 38 of the 46 markets surveyed (based on the average for all types of assets). Most of the declines will be modest—less than 25 bps. The largest cap rate declines are expected in Minneapolis, Portland, Philadelphia, Jacksonville and Northern New Jersey. Cap rates should remain stable in another seven markets and rise in one market (Houston).



SELECT FROM THE LIST BELOW TO ACCESS THE CURRENT KEY RATIOS, FORECASTS AND MAPS.

INDUSTRIAL



INDUSTRIAL | EASTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
BALTIMORE	5.50 - 6.00	▼	6.00 - 6.50	▼	6.25 - 7.00	▲	6.75 - 7.25	▼	7.00+	▼	8.00+	▼
BOSTON	6.75 - 7.75	▲	7.25 - 8.00	▼	7.75 - 8.75	▲	8.50 - 9.50	▼	8.50 - 10.00	-	10.00+	▲
CHARLOTTE	6.00 - 6.25	-	5.50 - 6.00	▼	7.00 - 7.50	-	6.00 - 7.00	▼	8.00 - 9.00	▼	7.50 - 8.00	▼
NORTHERN NEW JERSEY	4.75 - 5.25	-	5.50 - 6.00	▼	5.50 - 6.25	-	6.50 - 7.00	▼	7.00 - 8.00	-	8.00 - 9.00	▼
PHILADELPHIA	5.00 - 5.75	▼	6.00 - 6.75	▼	6.00 - 6.75	▼	7.00 - 7.75	▼	7.50 - 9.00	▼	9.00 - 10.50	-
PITTSBURGH	7.50 - 8.25	▲	8.00 - 9.00	▲	8.50 - 9.50	▲	9.00 - 10.00	▲	9.50 - 10.50	-	10.50 - 11.50	-
RALEIGH	6.50 - 7.50	▲	8.00 - 8.75	▲	8.00 - 8.50	▲	8.00 - 8.75	▲	9.50+	▲	10.00 - 10.50	▲
STAMFORD	6.00 - 6.50	N/A	7.75 - 8.25	N/A	6.75 - 7.25	N/A	8.75 - 9.25	N/A	8.25 - 8.75	N/A	9.50 - 10.00	N/A
WASHINGTON, D.C.	5.50 - 6.00	▼	6.50 - 7.00	▲	6.25 - 7.00	▼	7.00 - 7.50	▼	7.00+	▼	N/A	N/A

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
BALTIMORE	-	▼	-	▼	-	-
BOSTON	▼	▼	▼	▼	-	-
CHARLOTTE	-	-	-	-	-	-
NORTHERN NEW JERSEY	▼	▼	▼	▼	▼	-
PHILADELPHIA	▼	▼	▼	▼	▼	▼
PITTSBURGH	-	-	-	-	-	-
RALEIGH	-	-	-	-	▼	-
STAMFORD	▼	▼	▼	▼	▼	-
WASHINGTON, D.C.	▼	▼	-	▼	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



INDUSTRIAL | MIDWESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
CHICAGO	5.00 - 5.25	▼	6.50 - 7.00	▼	6.75 - 7.25	▼	7.25 - 7.75	▼	8.00 - 9.00	▲	9.00 - 11.00	▼
CINCINNATI	6.25 - 6.75	-	8.00 - 8.50	▲	7.25 - 7.75	▲	8.50 - 9.50	▲	9.00 - 9.50	▼	9.50 - 10.50	▼
CLEVELAND	6.75 - 7.50	▲	N/A	N/A	7.50 - 8.50	-	N/A	N/A	8.50 - 10.00	-	N/A	N/A
COLUMBUS	6.25 - 6.75	-	7.75 - 9.00	-	7.25 - 7.75	-	8.75 - 9.50	-	9.50 - 10.50	-	10.75 - 12.00	-
DETROIT	7.25 - 8.00	▲	7.00 - 8.00	▲	8.00 - 9.00	-	8.00 - 9.00	▲	9.25 - 10.75	▲	10.00 - 12.00	-
INDIANAPOLIS	5.75 - 6.25	-	6.50 - 7.00	▼	7.25 - 7.75	▼	8.50 - 9.00	▲	8.50 - 9.00	▼	9.50 - 10.00	▲
KANSAS CITY	6.50 - 6.75	▲	7.50 - 8.25	▼	7.25 - 7.75	▼	8.50 - 9.25	▼	8.50 - 9.25	▼	9.50 - 11.50	▼
MINNEAPOLIS	6.00 - 6.50	-	6.75 - 7.25	▼	7.25 - 7.75	▼	8.00 - 8.50	▼	9.00 - 9.50	-	9.50 - 10.00	▼
ST. LOUIS	6.25 - 6.75	▲	N/A	N/A	6.50 - 6.75	▼	N/A	N/A	10.00+	▲	N/A	N/A

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
CHICAGO	▼	▼	▼	-	-	-
CINCINNATI	-	-	▼	▼	-	-
CLEVELAND	▼	▼	-	-	-	-
COLUMBUS	-	-	-	-	-	-
DETROIT	-	▼	-	▼	-	▼
INDIANAPOLIS	▼	▼	▼	▼	▼	▼
KANSAS CITY	▼	▼	▼	▼	▼	▼
MINNEAPOLIS	-	▼	▼	▼	▼	▼
ST. LOUIS	-	-	▼	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



INDUSTRIAL | SOUTHERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
ATLANTA	5.75 - 6.00	-	6.25 - 7.00	▼	6.50 - 7.00	-	7.50 - 8.25	▲	8.50 - 9.50	▲	9.50 - 11.00	▲
AUSTIN	6.00 - 6.50	-	6.50 - 7.25	▼	7.00 - 7.75	▲	7.00 - 8.25	▼	7.50 - 9.00	▼	8.50 - 9.00	▼
DALLAS	5.00 - 5.75	▼	5.50 - 6.25	-	6.00 - 7.00	-	6.75 - 7.75	-	7.00 - 8.25	-	7.50 - 9.00	-
EL PASO	6.75 - 7.50	N/A	8.50 - 9.00	N/A	7.75 - 8.75	N/A	9.50 - 10.00	N/A	9.50 - 10.00	N/A	11.50 - 12.00	N/A
HOUSTON	5.00 - 5.75	▲	5.25 - 6.75	▲	6.00 - 7.00	▲	6.25 - 7.50	-	7.25 - 9.25	▲	8.00 - 9.00	-
JACKSONVILLE	6.75 - 7.25	-	7.25 - 7.75	▼	7.50 - 8.00	▼	8.50 - 9.00	▼	9.00 - 9.50	-	10.00 - 10.50	-
MEMPHIS	6.50 - 7.00	▼	7.75 - 8.25	-	7.50 - 8.00	▼	8.50 - 9.00	-	9.00 - 9.50	-	10.00 - 10.50	-
MIAMI	4.75 - 5.25	▼	5.75 - 6.75	▼	5.75 - 6.50	▼	6.50 - 7.50	▲	7.00 - 8.50	▲	7.50 - 9.00	▲
NASHVILLE	6.00 - 6.25	▼	6.00 - 7.00	▼	7.00 - 7.50	▼	7.00 - 7.50	▼	N/A	N/A	N/A	N/A
OKLAHOMA CITY	7.00 - 7.75	N/A	8.00 - 8.50	N/A	7.75 - 8.75	N/A	9.00 - 9.75	N/A	9.00 - 10.00	N/A	10.00 - 10.50	N/A
ORLANDO	6.00 - 6.25	▼	6.75 - 7.50	▼	7.00 - 9.50	▲	7.50 - 8.50	▼	8.50 - 9.00	-	9.00 - 9.50	-
SAN ANTONIO	6.25 - 7.75	▲	6.75 - 7.25	▼	7.25 - 8.00	▼	7.50 - 8.00	▼	8.00 - 10.00	▲	8.50 - 10.50	▲
TAMPA	6.50 - 7.00	-	7.50 - 8.00	▲	7.50 - 8.00	▼	8.50 - 9.00	-	8.75 - 9.25	▼	9.50 - 10.00	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ATLANTA	▼	▼	▼	▼	-	-
AUSTIN	▼	▼	▼	▼	▼	▼
DALLAS	-	-	-	-	-	-
EL PASO	▼	▼	▼	▼	▼	▼
HOUSTON	▲	▲	-	-	▲	-
JACKSONVILLE	-	▼	▼	▼	-	-
MEMPHIS	▼	▼	▼	▼	-	-
MIAMI	-	-	▼	▼	▼	▼
NASHVILLE	▼	▼	-	-	-	-
OKLAHOMA CITY	-	-	-	-	-	-
ORLANDO	▼	▼	▼	▼	-	-
SAN ANTONIO	▼	▼	-	-	-	-
TAMPA	▼	▼	▼	▼	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



OVERVIEW



OFFICE



MULTIFAMILY



RETAIL



INDUSTRIAL



HOTELS



APPENDIX

INDUSTRIAL | WESTERN REGION

	CLASS A				CLASS B				CLASS C			
	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*	STABILIZED CAP RATES (%)	DIRECTION*	RETURN ON COST FOR VALUE-ADD (%)	DIRECTION*
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	-
DENVER	5.75 - 6.25	▲	7.25 - 7.75	-	6.25 - 7.25	▲	7.75 - 8.25	▲	7.50 - 8.00	-	9.00 - 9.50	▲
HONOLULU	5.00 - 5.50	N/A	N/A	N/A	5.50 - 6.00	N/A	N/A	N/A	6.00+	N/A	N/A	N/A
INLAND EMPIRE	4.25 - 5.00	▼	4.75 - 5.50	▼	4.75 - 6.00	▼	5.50 - 6.25	▼	6.00 - 6.50	▼	6.25 - 7.25	▼
LAS VEGAS	6.50 - 7.00	-	6.75 - 7.50	▼	6.75 - 7.25	-	7.25 - 8.00	▲	7.25 - 8.00	▼	8.00 - 10.00	▼
LOS ANGELES	4.25 - 5.00	▼	4.75 - 5.50	▼	4.75 - 6.00	▼	5.50 - 6.00	▼	6.00 - 6.50	▼	6.50 - 7.25	▼
ORANGE COUNTY	4.25 - 5.00	▼	4.75 - 5.50	▼	4.75 - 6.00	-	5.50 - 6.00	▼	6.00 - 6.50	▲	6.50 - 7.25	▼
PHOENIX	6.00 - 6.50	-	6.50 - 7.25	-	6.50 - 7.50	▼	7.00 - 8.00	▼	7.00 - 8.00	▼	8.00 - 9.50	▼
PORTLAND	5.75 - 6.50	▼	7.00 - 7.50	▼	6.50 - 7.50	▲	7.50 - 8.00	▼	7.25 - 7.75	▼	8.25 - 8.75	▼
SACRAMENTO	6.50 - 7.00	▼	7.25 - 8.00	-	7.00 - 8.00	-	8.00 - 9.00	-	8.00 - 9.00	-	9.00 - 11.00	-
SALT LAKE CITY	6.00 - 6.25	▼	6.00 - 6.50	▼	6.25 - 7.25	-	6.50 - 7.00	▼	7.50 - 8.50	▲	7.50 - 8.50	-
SAN DIEGO	5.50 - 6.00	▼	6.00 - 6.50	▼	5.75 - 6.25	▼	6.25 - 6.75	▼	7.00 - 7.50	▼	7.50 - 8.00	▼
SAN FRANCISCO BAY AREA	4.75 - 5.25	▼	5.25 - 6.00	▼	5.25 - 6.25	▼	6.00 - 6.75	▼	6.25 - 7.00	▼	6.75 - 7.50	▼
SAN JOSE	4.75 - 5.25	N/A	5.25 - 6.00	N/A	5.25 - 6.75	N/A	6.00 - 6.75	N/A	6.25 - 7.00	N/A	6.75 - 7.50	N/A
SEATTLE	4.75 - 5.25	▼	6.25 - 6.75	▼	5.25 - 6.25	▼	6.50 - 7.00	▼	6.25 - 6.75	▼	7.25 - 8.00	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	CLASS A		CLASS B		CLASS C	
	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD	STABILIZED CAP RATES	RETURN ON COST FOR VALUE-ADD
ALBUQUERQUE	-	-	-	-	-	-
DENVER	▼	▼	▼	▼	▼	▼
HONOLULU	▼	-	▼	-	▼	-
INLAND EMPIRE	▼	▼	▲	▲	-	-
LAS VEGAS	▼	▼	▼	▼	▼	▼
LOS ANGELES	▼	▼	▼	▼	-	-
ORANGE COUNTY	▼	▼	▼	▼	-	-
PHOENIX	▼	▼	▼	▼	-	-
PORTLAND	▼	▼	▼	▼	▼	▼
SACRAMENTO	▼	-	-	-	-	-
SALT LAKE CITY	▼	▼	▼	▼	▼	▼
SAN DIEGO	▼	▼	▼	▼	▼	▼
SAN FRANCISCO BAY AREA	▼	▼	▼	▲	-	-
SAN JOSE	▼	▼	▼	▲	-	-
SEATTLE	▼	▼	▼	▼	▼	▼

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



HOTELS | OVERVIEW

Hotel transaction activity jumped 22% in 2014 to \$31.7 billion. The database divides the sector into two principal categories: full-service and limited-service hotels. Unlike the previous survey, the greatest investment gain was achieved in the limited-service hotels; this category soared 67% compared to the 5% increase in full-service hotel acquisitions. Both the property market and capital markets cycles are maturing as reflected in this shift in investment emphasis from the premier product.

In 2014, 13% of total hospitality acquisitions were by foreign investors, for a total of \$4.0 billion. This figure represented a sizeable gain of 27% over 2013. After Canada and Qatar—the first and second largest sources of foreign capital in U.S. hotel assets—Asia dominated, with China, Japan, Singapore and Malaysia as the next largest sources of capital into the sector.

The CBRE Cap Rate Survey reflected greater investor interest in the hotel sector based on the survey's lower cap rates in all hotel segments. On a national basis,

cap rate compression for the four different categories of CBD hotels ranged from 16 bps for luxury, to 43 bps for economy. Suburban hotels saw even greater declines, ranging from 28 bps for select service, to 69 bps for luxury. The movement in suburban cap rates was a notable change from the prior survey which had observed little change. The markets with the most downward movement in rates were Las Vegas and Charlotte, followed by Albuquerque and Kansas City.

Going forward, CBRE Capital Markets and Valuation professionals anticipate that almost two-thirds of the markets will experience cap rate contraction. The markets expected to have the most cap rate declines include Austin, Baltimore, Kansas City, Las Vegas, Nashville, Portland and Seattle. The hotel segments which are likely to experience cap rates drops in most markets are suburban full-service, followed by CBD full-service and suburban select service.



SELECT FROM THE LIST BELOW TO ACCESS THE CURRENT KEY RATIOS, FORECASTS AND MAPS.

HOTELS



HOTELS | EASTERN REGION

	LUXURY				FULL SERVICE				SELECT				ECONOMY			
	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*
BALTIMORE	7.00 - 8.00	▼	7.00 - 8.00	▼	7.00 - 8.00	▼	7.50 - 8.50	▼	7.50 - 8.50	▼	8.00 - 9.00	▼	8.00 - 9.00	▼	8.50 - 9.50	▼
BOSTON	5.00 - 6.00	-	N/A	N/A	6.00 - 7.00	-	6.00 - 7.00	▼	7.00 - 7.75	-	7.50 - 8.75	-	N/A	N/A	10.00 - 13.00	-
CHARLOTTE	7.00 - 8.00	-	7.00 - 8.00	-	7.50 - 8.00	▼	8.00 - 9.00	-	7.50 - 8.00	▼	7.50 - 8.00	▼	8.00 - 9.00	▼	8.00 - 9.00	▼
NEW YORK	3.50 - 5.00	▼	5.50 - 7.00	▲	5.00 - 6.00	▼	6.00 - 7.75	▼	5.25 - 7.00	▼	7.00 - 8.50	▲	6.25 - 7.50	▼	8.00 - 10.00	-
PHILADELPHIA	5.75 - 6.25	▼	6.25 - 6.75	-	6.50 - 7.00	-	7.25 - 7.75	-	7.00 - 8.00	-	7.75 - 8.25	-	8.75 - 9.25	-	9.50 - 10.00	-
PITTSBURGH	7.00 - 8.00	▲	7.00 - 8.00	▼	7.50 - 8.50	-	7.50 - 8.50	▼	8.00 - 9.00	▲	7.50 - 8.50	▼	8.50 - 9.50	▼	8.50 - 9.50	▼
WASHINGTON, D.C.	5.25 - 5.75	▼	6.50 - 7.50	▲	6.00 - 7.00	▼	7.00 - 8.00	▼	6.50 - 7.50	▼	7.00 - 8.00	▼	7.50 - 8.50	▼	7.50 - 8.50	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	LUXURY		FULL SERVICE		SELECT		ECONOMY	
	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES
BALTIMORE	-	-	-	-	-	-	-	-
BOSTON	-	-	-	▲	▼	▼	-	-
CHARLOTTE	▼	▼	▼	▼	▼	▼	-	-
NEW YORK	-	-	-	-	-	-	-	-
PHILADELPHIA	-	-	-	-	-	▼	-	▼
PITTSBURGH	-	-	-	-	-	-	-	-
WASHINGTON, D.C.	▼	▼	-	▼	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.
Source: CBRE Research.



HOTELS | MIDWESTERN REGION

	LUXURY				FULL SERVICE				SELECT				ECONOMY			
	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*
CHICAGO	6.00 - 6.50	-	7.00 - 8.00	-	6.75 - 8.75	▼	7.50 - 8.50	-	7.50 - 8.50	-	7.50 - 8.50	-	8.00 - 10.00	-	8.50 - 10.50	-
CINCINNATI	7.00 - 8.00	-	7.00 - 8.00	▼	7.50 - 8.50	▼	7.50 - 8.50	▼	8.00 - 9.00	-	7.50 - 8.50	▼	8.50 - 9.50	▼	8.50 - 9.50	▼
CLEVELAND	7.00 - 8.00	-	7.50 - 8.50	▼	7.50 - 8.50	▼	8.00 - 9.00	▼	8.00 - 9.00	-	8.00 - 9.00	▼	8.50 - 9.50	▼	9.00 - 10.00	▼
COLUMBUS	7.00 - 8.00	▼	7.00 - 8.00	▼	7.50 - 8.50	▼	7.50 - 8.50	▼	8.00 - 9.00	-	7.50 - 8.50	▼	8.50 - 9.50	▼	8.50 - 9.50	▼
DETROIT	8.00 - 8.50	▼	8.00 - 9.00	▼	8.50 - 9.00	▼	9.00 - 10.00	▼	9.00 - 10.00	▲	9.00 - 10.00	-	10.50 - 11.50	▲	10.50 - 11.50	▼
INDIANAPOLIS	7.00 - 9.00	N/A	8.00 - 10.00	N/A	7.50 - 11.00	N/A	8.00 - 11.00	N/A	8.00 - 10.00	N/A	8.00 - 10.00	N/A	9.00 - 10.00	N/A	9.00 - 10.00	N/A
KANSAS CITY	7.00 - 8.50	▼	7.00 - 8.50	▼	7.00 - 9.00	▼	7.00 - 9.00	▼	7.50 - 9.00	-	7.50 - 9.00	▼	9.50 - 11.00	▼	9.50 - 11.00	▼
MINNEAPOLIS	6.00 - 7.50	▲	6.50 - 7.50	▼	6.00 - 8.00	▲	7.00 - 9.00	▲	7.00 - 8.50	▲	7.50 - 9.50	▲	7.00 - 9.50	▼	8.00 - 10.00	▼
ST. LOUIS	6.00 - 9.00	-	6.00 - 9.00	▼	7.00 - 10.00	▲	7.00 - 10.00	▼	7.50 - 9.50	-	7.50 - 9.50	▼	8.50 - 11.00	▼	8.50 - 11.00	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	LUXURY		FULL SERVICE		SELECT		ECONOMY	
	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES
CHICAGO	▲	▲	▲	▲	▲	▲	▲	▲
CINCINNATI	-	-	-	-	-	-	-	-
CLEVELAND	-	-	-	-	-	-	-	-
COLUMBUS	-	-	-	-	-	-	-	-
DETROIT	-	-	-	-	▼	▼	-	-
INDIANAPOLIS	▼	-	▼	-	▼	-	▼	-
KANSAS CITY	▼	▼	▼	▼	▼	▼	-	-
MINNEAPOLIS	▲	▲	▲	▲	▲	▲	▲	▲
ST. LOUIS	▼	▼	-	-	▼	▼	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

**Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.
Source: CBRE Research.



HOTELS | SOUTHERN REGION

	LUXURY				FULL SERVICE				SELECT				ECONOMY			
	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*
ATLANTA	6.00 - 7.50	▼	7.00 - 8.00	-	7.00 - 8.50	▼	8.00 - 9.00	-	8.00 - 9.00	-	8.50 - 9.50	-	9.00 - 10.00	-	10.00 - 11.00	-
AUSTIN	6.50 - 7.50	▼	6.75 - 7.75	▼	6.75 - 7.75	▼	7.00 - 8.00	▼	6.50 - 7.50	▼	6.75 - 7.75	▼	7.75 - 10.25	▼	8.00 - 10.50	▼
DALLAS	7.25 - 8.25	-	7.25 - 8.25	-	7.50 - 8.50	-	7.50 - 8.50	-	7.25 - 8.25	-	7.25 - 8.25	-	8.25 - 10.75	-	8.25 - 10.25	-
HOUSTON	6.50 - 7.50	▼	7.00 - 8.00	▼	6.75 - 7.75	▼	7.25 - 8.25	▼	6.50 - 7.50	▼	7.00 - 8.00	▼	7.75 - 10.50	▼	8.00 - 10.50	▼
JACKSONVILLE	7.25 - 8.50	-	7.25 - 8.50	-	8.00 - 8.75	-	8.25 - 9.00	-	9.00 - 10.50	-	9.00 - 10.50	-	10.00 - 11.75	-	10.00 - 11.75	-
MEMPHIS	7.00 - 8.00	N/A	7.50 - 8.50	N/A	7.50 - 8.50	N/A	8.50 - 9.50	N/A	8.00 - 9.00	N/A	8.50 - 9.50	N/A	9.00 - 10.00	N/A	10.00 - 12.00	N/A
MIAMI	5.00 - 6.00	▼	6.00 - 7.00	▲	6.50 - 7.50	▼	7.00 - 8.00	▼	7.00 - 8.00	▼	7.50 - 8.50	▼	8.00 - 9.00	▼	8.50 - 9.50	-
NASHVILLE	7.00 - 7.50	▼	N/A	N/A	7.00 - 8.00	▼	7.50 - 8.50	▼	7.50 - 8.50	▼	8.00 - 9.00	▼	N/A	N/A	8.50 - 9.50	▼
OKLAHOMA CITY	7.25 - 8.25	N/A	7.50 - 8.50	N/A	7.75 - 8.75	N/A	7.75 - 8.75	N/A	7.50 - 8.50	N/A	7.50 - 8.50	N/A	8.50 - 10.75	N/A	8.50 - 10.75	N/A
ORLANDO	6.00 - 8.00	-	6.25 - 8.00	-	6.75 - 8.50	-	7.00 - 8.75	-	8.00 - 9.50	-	8.25 - 10.00	-	9.25 - 10.75	-	9.25 - 11.00	-
SAN ANTONIO	7.75 - 8.75	▲	7.75 - 8.75	▲	8.00 - 9.00	▲	8.00 - 9.00	▲	7.75 - 8.75	▲	7.75 - 8.75	▲	8.75 - 11.25	▲	8.75 - 11.25	▲
TAMPA	6.25 - 8.00	-	6.25 - 8.00	▼	7.00 - 8.50	-	7.25 - 8.75	-	8.00 - 9.50	-	8.50 - 10.00	-	9.25 - 10.75	-	9.50 - 11.00	-

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	LUXURY		FULL SERVICE		SELECT		ECONOMY	
	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES
ATLANTA	-	-	-	-	-	-	-	-
AUSTIN	-	-	-	-	-	-	-	-
DALLAS	-	-	-	-	-	-	-	-
HOUSTON	-	-	▲	▲	-	-	-	-
JACKSONVILLE	-	-	-	-	-	-	-	-
MEMPHIS	-	-	-	-	-	-	-	-
MIAMI	-	-	▼	-	▼	-	▼	▼
NASHVILLE	-	-	-	-	-	-	-	-
OKLAHOMA CITY	▼	▼	▼	▼	-	-	-	-
ORLANDO	-	-	-	-	-	-	-	-
SAN ANTONIO	-	-	-	-	-	-	-	-
TAMPA	-	-	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.
Source: CBRE Research.



HOTELS | WESTERN REGION

	LUXURY				FULL SERVICE				SELECT				ECONOMY			
	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*	CBD STABILIZED CAP RATES (%)	DIRECTION*	SUBURBAN STABILIZED CAP RATES (%)	DIRECTION*
ALBUQUERQUE	7.50 - 8.00	▼	7.75 - 8.25	▼	8.00 - 8.50	▼	8.25 - 8.75	▼	8.00 - 8.50	▼	8.25 - 8.75	▼	8.75 - 9.50	▼	9.00 - 9.50	▼
DENVER	6.50 - 7.00	▼	6.75 - 7.25	▼	7.25 - 7.75	▼	7.50 - 7.75	▼	7.25 - 7.50	▼	7.75 - 8.25	▼	7.75 - 8.25	-	8.50 - 9.00	▲
HONOLULU	5.00 - 5.50	N/A	5.00 - 6.00	N/A	8.00 - 10.00	N/A	8.00 - 10.00	N/A	3.00 - 4.00	N/A	3.00 - 4.00	N/A	7.00 - 8.00	N/A	N/A	N/A
INLAND EMPIRE	6.00 - 7.00	N/A	6.00 - 7.00	N/A	6.50 - 7.00	N/A	6.75 - 7.25	N/A	6.75 - 7.25	N/A	7.00 - 7.50	N/A	7.50 - 8.00	N/A	7.25 - 7.75	N/A
LAS VEGAS	7.00 - 8.00	▼	7.00 - 8.00	▼	7.25 - 8.25	▼	7.25 - 8.25	▼	8.00 - 9.25	▼	8.00 - 9.25	▼	8.50 - 10.00	▼	8.50 - 10.00	▼
LOS ANGELES	6.00 - 7.00	-	6.00 - 7.00	-	6.50 - 7.00	-	6.75 - 7.25	-	6.75 - 7.25	-	7.00 - 7.50	-	7.50 - 8.00	-	7.25 - 7.75	-
ORANGE COUNTY	6.00 - 7.00	-	6.00 - 7.00	-	6.50 - 7.00	-	6.75 - 7.25	-	6.75 - 7.25	-	7.00 - 7.50	-	7.50 - 8.00	-	7.25 - 7.75	-
PHOENIX	7.00 - 8.00	▼	7.00 - 8.00	-	8.00 - 9.00	▼	8.00 - 9.00	▼	8.00 - 9.00	-	8.00 - 9.00	-	9.50 - 11.00	-	9.50 - 11.00	-
PORTLAND	6.75 - 7.25	▼	7.00 - 7.50	▼	7.00 - 7.50	▼	7.25 - 7.75	▼	7.25 - 7.75	▼	7.50 - 8.00	▼	8.00 - 8.50	▼	8.25 - 8.75	▼
SACRAMENTO	N/A	N/A	N/A	N/A	8.00 - 9.00	-	9.00 - 10.00	-	8.00 - 9.00	-	9.50 - 10.50	-	9.00 - 11.00	-	9.00 - 11.00	-
SALT LAKE CITY	5.75 - 7.75	-	6.50 - 8.50	-	7.75 - 8.75	-	8.50 - 9.50	-	6.75 - 7.75	-	7.50 - 8.00	-	7.75 - 8.75	-	8.50 - 9.50	-
SAN DIEGO	6.00 - 7.00	-	6.00 - 7.00	-	6.50 - 7.00	-	6.75 - 7.25	▼	6.75 - 7.25	▲	7.00 - 7.50	-	7.50 - 8.00	▲	7.25 - 7.75	▲
SAN FRANCISCO	5.00 - 6.00	-	5.50 - 7.00	▼	6.00 - 7.00	-	7.00 - 8.50	▼	7.00 - 8.00	-	7.50 - 10.00	▼	8.00 - 10.00	-	8.50 - 11.00	▼
SAN JOSE	6.50 - 7.50	-	6.50 - 7.50	-	7.00 - 8.00	-	6.00 - 7.00	-	7.50 - 9.50	-	7.00 - 8.00	-	9.00 - 11.00	-	9.00 - 11.00	-
SEATTLE	6.00 - 6.50	▼	6.50 - 7.50	▼	6.25 - 6.75	▼	7.00 - 7.50	▼	6.50 - 7.00	▼	7.25 - 8.00	▼	7.50 - 8.50	▼	8.25 - 9.25	▼

*Compared to H1 2014. Source: CBRE Research.

FORECAST TRENDS**

	LUXURY		FULL SERVICE		SELECT		ECONOMY	
	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES	CBD STABILIZED CAP RATES	SUBURBAN STABILIZED CAP RATES
ALBUQUERQUE	▼	▼	▼	▼	▼	▼	-	-
DENVER	▼	-	-	▼	-	▼	-	▼
HONOLULU	-	-	-	-	-	-	-	-
INLAND EMPIRE	-	-	▼	▼	▼	▼	-	-
LAS VEGAS	▼	▼	▼	▼	▼	▼	▼	▼
LOS ANGELES	-	-	▼	▼	▼	▼	-	-
ORANGE COUNTY	-	-	▼	▼	▼	▼	-	-
PHOENIX	-	-	-	-	-	-	-	-
PORTLAND	-	-	-	-	-	-	-	-
SACRAMENTO	-	-	-	-	-	-	-	-
SALT LAKE CITY	-	-	-	-	-	-	-	-
SAN DIEGO	-	-	▼	▼	▼	▼	-	-
SAN FRANCISCO	▼	-	▼	-	▼	-	▼	-
SAN JOSE	-	-	-	-	-	-	-	-
SEATTLE	-	-	-	-	-	-	-	-

▲ INCREASE ▼ DECREASE - REMAIN FLAT

** Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in H1 2015 in their local market.

Source: CBRE Research.



APPENDIX | DEFINITIONS

Stabilized Cap Rates (Office, Industrial, Retail and Hotel)

Cap rate ranges are best estimates provided by CBRE professionals based on recent trades in their respective markets as well as recent communication with investors. The ranges represent those cap rates that a given property will trade at in the current market assuming that the asset is leased at current market rents with typical market lease terms.

Use this assumption of leasing to current market rents to calculate gross rent potential, then subtract the standard economic loss factors, including vacancy, that would be considered representative of a stable property in your market to achieve the effective gross income estimate. Reduce the effective gross income by the projected stabilized expenses to derive the NOI. The cap rate is then calculated as the NOI divided by the purchase price.

The going-in cap rate refers to the initial yield and is calculated as the ratio of the projected net income in the first year of the holding period over the acquisition price of the property. This measure also represents the investor's income return in the first year. Cap rates within each subtype will vary, occasionally falling outside of the stated ranges, based on asset location/quality and property-specific opportunities for NOI enhancement.

Equation - 1st year proforma NOI divided by purchase price.

Stabilized Cap Rates (Multifamily only)

Cap rate ranges are based on an estimated NOI derived by annualizing the last 90 days of revenue and subtracting buyer's estimated stabilized year-one expenses after adjustments for real estate taxes and reserves. Cap rates within each subtype will vary, occasionally falling outside of the stated ranges, based on asset location/quality and property-specific opportunities for NOI enhancement.

Equation - NOI includes the 90-day trailing gross revenue annualized less stabilized first-year expenses divided by the purchase price.

Return-on-Cost for Value-Add Properties – Return-on-Cost Calculation

The return-on-cost calculation is based upon the investor's projected gross revenue assumption at stabilization, less the standard economic loss factors, including vacancy, to achieve the effective gross income estimate. Reduce the effective gross income by the projected stabilized expenses to derive the NOI. The NOI becomes the numerator for the Return-on-Cost calculation. The denominator is the investor's purchase price plus all capital improvements incurred to reach the stabilized NOI (tenant improvement cash outlay, commissions and property upgrades). Typically, for a return on cost for value-add investment, capital expenditures will be approximately 10% to 20% of the purchase price of the asset.

The return on these costs once leased at market rents is a measure investors can use to estimate the arbitrage opportunity that exists in stabilizing a return on cost for value-add property. The measure is directly comparable to the market cap rate of comparable stabilized assets with the spread between the two indicating the arbitrage opportunity.

Equation - Projected NOI at stabilization divided by the sum of the purchase price plus all capital costs incurred to achieve the stabilized NOI.

Stabilized Property

A property that has an occupancy level at or above the local average and is leased at market rents.

CBD

The Central Business District of a major city.



APPENDIX | DEFINITIONS

Suburban

Mainly residential area proximate to a major city.

Class A

The most prestigious buildings competing for higher-quality tenants 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 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 at the same price point.

Class C

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

HOTEL-SPECIFIC DEFINITIONS

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.

Economy

Hotel chains that are priced within the 20.0% to 40.0% range in terms of average annual room rates, according to Smith Travel Research.

RETAIL-SPECIFIC DEFINITIONS

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. Can 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. Can range in size from 100,000 square feet to over 600,000 square feet.

High Street

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

MULTIFAMILY-SPECIFIC DEFINITIONS

Infill/Urban

Area considered inner-city plus built up environs, characterized by high population density and vast human features in comparison to surrounding areas.

Suburban

Surrounding residential areas of a larger city. Outer edge of a large city, or several aggregates of distant residential area.

CHRIS LUDEMAN

Global President
CBRE Capital Markets

THOMAS MCDONNELL

President
CBRE Valuation and Advisory Services

JEFFREY HAVSY

Managing Director
CBRE Econometric Advisors

BRIAN STOFFERS

Global President, Debt & Structured Finance
CBRE Capital Markets

SPENCER LEVY

Head of Americas Research
CBRE Research

JEANETTE RICE

Americas Head of Investment Research
CBRE Research

www.CBREcapitalmarkets.com

www.cbre.com/research

www.cbre.com/valuation



HOME