

Valuation & Advisory's
North American
Market Survey





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

ABOUT NEWMARK VALUATION & ADVISORY

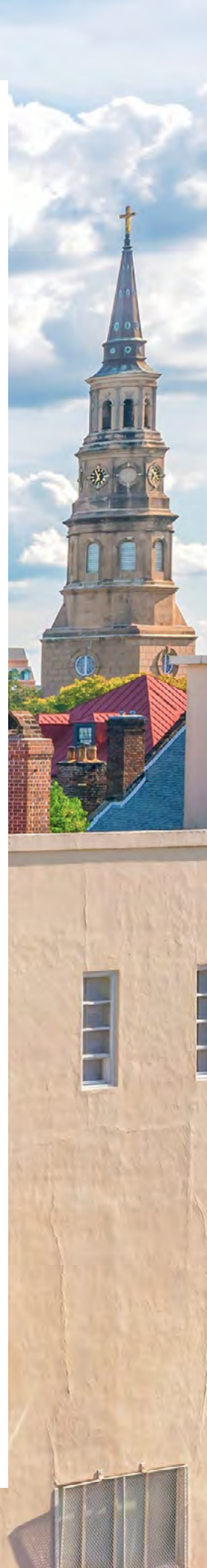
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The power of information and experience is our strength and your advantage. Newmark Valuation & Advisory combines cross-division capabilities with a centralized approach to strategic valuation. Armed with extensive geographic reach, unique and specialized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

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

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

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

Almost five centuries ago, in a very disconnected bit of foreshadowing, William Shakespeare penned the words “Neither a borrower nor a lender be” in his play Hamlet. Fifty years ago, Pink Floyd reaffirmed that sage advice singing, “Money, Get back, I’m alright, Jack, Keep your hands off my stack.”

Flash forward 500 or 50 years, and the world, specifically the Commercial Real Estate markets, can’t function without lending, borrowing and transferring capital. It’s the fuel that keeps the plane flying, and today, we’re sitting on the tarmac waiting for a pump truck as nearly \$2.0 trillion of CRE mortgages reach maturity. The good news is that the markets believe interest rates have peaked and are anticipating a series of rate cuts this year, but there’s uncertainty about when and how much. Valuers are settling into the “new normal,” and while there are still fewer data points than pre-pandemic, there are more today than there were yesterday. And “price discovery” and value clarity are gaining traction.

Shakespeare taught us that “past is prologue.” So, we are hoping this “winter of discontent” will be viewed from our rear view mirror of a more abundant and regenerative Spring and Summer.





Joseph D. Pasquarella, MAI, CRE
Senior Managing Director
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Market Co-Leader - PA, WV, Southern NJ
Market Survey Editor

Amongst astute real estate investors, developers, lenders and brokers, a prevailing theme continues to persist: heightened uncertainty in real estate markets across various property types and geographical locations. The process of determining prices remains as challenging as it was six and even 12 months ago.

The lack of transactions makes it difficult for market participants to determine price and for appraisers to determine market value. Throughout the years, particularly during periods of heightened uncertainty, it is well-documented in academia and professional journals that thorough research and experienced analytical skills are indispensable in navigating the multitude of potential pricing scenarios and valuation.

Enhanced research and analysis significantly enhance real estate decision-making and are widely regarded as the most crucial factors in managing the risks associated with real estate development and investment. However, historical market trends, both before and after the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), have shown that periods of excessive liquidity often led to a focus on executing deals (“doing deals”) rather than thoroughly assessing the sources of risk and the related impact on real estate decisions.

At Newmark, we place great emphasis on primary research, which empowers our analysts and appraisers to provide more pinpointed property valuations. Our valuation approach revolves around comprehending and effectively communicating the underlying reasons behind the valuation (“the why”). As the quantity and quality of information improves, the gap between expectations and actual outcomes narrows, enabling valuations and pricing to be determined with increasing certainty. With interest rates expected to be less volatile, we anticipate that 2024 will be the dawn of price discovery.

We are excited to present a new section of our semiannual North American Market Survey. The Introduction will now conveniently include a condensed two-page National Executive Summary.

National Executive Summary

Class A Asset Types

Financial Metrics	INDUSTRIAL	MULTIFAMILY		OFFICE		RETAIL	
	Warehouse/ Logistics	CBD	Suburban	CBD	Suburban	Grocery Anchor Strip	Unanchored Strip
Going-In Cap Rate							
Average	5.56%	5.42%	5.58%	7.54%	7.83%	6.71%	7.45%
Change from Mid 2023 (BPS)	21	26	26	37	31	6	10
Discount Rate							
Average	6.81%	6.87%	7.03%	8.64%	8.99%	7.90%	8.68%
Change from Mid 2023 (BPS)	22	20	21	38	38	8	11
Reversion Rate (BPS over Going-In Cap)							
Average	49	42	43	49	49	49	50
Market Rent Growth Rate							
Average	3.05%	2.59%	2.71%	1.05%	1.39%	2.63%	2.63%
Expense Growth Rate							
Average	3.01%	2.92%	2.92%	2.97%	2.97%	3.00%	3.00%

Class B Asset Types

Financial Metrics	INDUSTRIAL	MULTIFAMILY		OFFICE		RETAIL	
	Warehouse/ Logistics	CBD	Suburban	CBD	Suburban	Grocery Anchor Strip	Unanchored Strip
Going-In Cap Rate							
Average	6.21%	5.96%	6.05%	8.45%	8.57%	7.40%	8.07%
Change from Mid 2023 (BPS)	18	18	15	44	32	10	12
Discount Rate							
Average	7.51%	7.50%	7.60%	9.61%	9.82%	8.64%	9.32%
Change from Mid 2023 (BPS)	20	24	23	40	41	11	13
Reversion Rate (BPS over Going-In Cap)							
Average	49	42	43	49	49	49	50
Market Rent Growth Rate							
Average	3.05%	2.59%	2.71%	1.05%	1.39%	2.63%	2.63%
Expense Growth Rate							
Average	3.01%	2.92%	2.92%	2.97%	2.97%	3.00%	3.00%

Cap Rate Ranking

Q1 2024 Capitalization Rate Ranking	RANGE	MEDIAN	AVERAGE
Multifamily - CBD Class A	4.25% - 7.00%	5.50%	5.42%
Industrial - Warehouse/Logistics Class A	4.50% - 6.50%	5.50%	5.56%
Multifamily - Suburban Class A	4.50% - 7.00%	5.50%	5.58%
Multifamily - CBD Class B	4.50% - 8.00%	6.00%	5.96%
Multifamily - Suburban Class B	4.75% - 8.00%	6.00%	6.05%
Industrial - Warehouse/Logistics Class B	5.00% - 7.50%	6.25%	6.21%
Retail - Grocery Anchor Strip Class A	5.50% - 7.50%	6.75%	6.71%
Retail - Grocery Anchor Strip Class B	6.00% - 8.50%	7.50%	7.40%
Retail - Unanchored Strip Class A	6.00% - 9.50%	7.50%	7.45%
Office - CBD Class A	5.50% - 9.50%	7.50%	7.54%
Office - Suburban Class A	6.00% - 9.00%	8.00%	7.83%
Retail - Unanchored Strip Class B	6.25% - 10.50%	8.00%	8.07%
Office - CBD Class B	6.00% - 12.00%	8.50%	8.45%
Office - Suburban Class B	6.25% - 10.50%	8.75%	8.57%

Discount Rate Ranking

Q1 2024 Discount Rate Ranking	RANGE	MEDIAN	AVERAGE
Industrial - Warehouse/Logistics Class A	6.00% - 7.50%	6.75%	6.81%
Multifamily - CBD Class A	5.50% - 8.50%	6.75%	6.87%
Multifamily - Suburban Class A	5.75% - 8.50%	7.00%	7.03%
Industrial - Warehouse/Logistics Class B	6.75% - 8.50%	7.50%	7.51%
Multifamily - CBD Class B	6.00% - 9.50%	7.25%	7.50%
Multifamily - Suburban Class B	6.50% - 9.50%	7.38%	7.60%
Retail - Grocery Anchor Strip Class A	6.50% - 9.25%	8.00%	7.90%
Office - CBD Class A	7.00% - 10.25%	8.50%	8.64%
Retail - Grocery Anchor Strip Class B	7.00% - 9.75%	8.75%	8.64%
Retail - Unanchored Strip Class A	7.00% - 10.50%	8.75%	8.68%
Office - Suburban Class A	7.00% - 10.25%	9.00%	8.99%
Retail - Unanchored Strip Class B	7.25% - 11.50%	9.25%	9.32%
Office - CBD Class B	7.25% - 12.00%	9.50%	9.61%
Office - Suburban Class B	7.25% - 11.75%	9.63%	9.82%

Agriculture

By David Mielnicki, MAI, ARA, SRA

Executive Vice President

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In 2023, the U.S. agricultural market adapted to significant challenges.

During the pandemic, the U.S. agricultural land market experienced significant growth, driven by concern over food scarcity – which led to higher demand for commodities – the infusion of federal stimulus dollars, and historically low interest rates. The price of key commodities like corn and soybeans rose during this period, as did input costs such as fertilizer, pesticides, and labor, resulting in challenges to derive durable net operating incomes from farming operations.

In 2023, the impact of the Federal Reserve's systematic interest rate to curb inflation began to be felt. Prices of key commodities like corn and soybean have waned from pandemic peaks, as markets have been affected by oversupply and good growing conditions in Brazil and Argentina, both significant producers who benefited this year from strong rainfall following earlier droughts. While El Niño could still affect crop yields, the market for corn and soybean prices remains bearish.

Given these headwinds, deal activity has slowed, although the value of good farmland holds steady; investors and users are focused on reducing operational costs and are closely monitoring commodity futures.

The U.S. agricultural real estate market has grown beyond food and fiber production; agriculture today is as much aligned with carbon reduction, renewable energy, biodiesel for aviation fuel, ethanol, and clean water initiatives. As technology evolves, the potential for revenue from agriculture will grow. Agriculture will continue to be in the discussion as a durable asset class amongst the more commonly known commercial asset classes.



Convenience Stores & Automotive Energy

By Roger Land, MAI

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Automotive Energy

Fuel consumption volumes declined for the fourth year in a row, although a year-over-year decline of 3.6% was the lowest of this time period. While margins decreased slightly by an average of \$0.05 per gallon from their peak in 2022, total fuel gross profit is up over 10% over the past three years, with high margins easily compensating for reduced volumes. NACS reports a 1.5% increase in the U.S. convenience store count to 152,396, with the number of stores selling motor fuel up by 1.2% to 120,061. The industry continues to grow, and retailers are leveraging pricing power, despite the commodity nature of fuel.

Looking to the future, convenience stores are preparing for the shift to EVs, a change seen as inevitable but gradual and manageable. With 290 million light-duty vehicles powered by internal combustion engines, a slow rate of new sales (16 million in a good year), and electric vehicles making up only 8% to 9% of new sales in 2023, liquid fuels are expected to remain in demand for some time. Although analysts predicted 1.6 million new EVs would be sold in 2023, only 1.3 million were sold.

There were approximately 165,000 charging ports online at the end of 2023. While significant gains have been made, there is a long way to go to meet the current administration's goal of 500,000 public chargers by 2030. While government mandates, such as the 2022 \$7.5 billion National Electric Vehicle Infrastructure fund, can accelerate natural economics, only two federally-funded charging stations have opened so far. Forward-thinking retailers should plan on offering a variety of energy options to satisfy consumer demand.

Car Washes

Grand View Research predicts the \$15 billion car wash industry will expand to \$20.7 billion by 2028. Private equity groups have been flooding the express car wash market, driving consolidation, but increasing acquisition multiples years, higher interest rates, inflation and fears of over-saturation have begun to temper M&A. That said, despite fewer greenfield opportunities, there have been 1,500 new express car wash openings over the last two years; industry executives expect growth to moderate but remain robust for five to six more years.

Even before the pandemic, every asset class anticipated consolidation. Consolidation is not always just financial; larger companies have more robust marketing budgets and access to the capital required to implement technological change.

1Q 2024 National Rates Comparison Automotive Energy	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Automotive Energy - National	5.25%	6.50%	75	↔	1.50%	2.00%
Automotive Energy - Regional	6.50%	8.00%	75	↔	1.50%	2.00%
Automotive Energy - Local	8.00%	9.50%	75	↔	1.50%	2.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



Hospitality, Gaming & Leisure

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In 2023, the hospitality sector demonstrated exceptional resilience, maintaining robust growth in its top line – specifically room revenue – despite the challenges of a demanding lending environment. The positive trend was also evident in secondary and tertiary markets, where Average Daily Rates (ADR) grew significantly in 2022 and 2023.

1Q 2024 National Rates Comparison Hospitality	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Luxury Hotel, Class A	6.00%	7.50%	10	↓	4.00%	4.10%
Luxury Hotel, Class B	6.25%	8.00%	15	↔	2.50%	2.60%
Resort Hotel, Class A	6.25%	7.50%	10	↓	4.00%	4.10%
Resort Hotel, Class B	6.50%	7.75%	25	↔	1.50%	1.60%
Full Service Hotel, Class A	6.75%	8.50%	25	↔	2.50%	2.60%
Full Service Hotel, Class B	7.00%	9.00%	25	↔	1.50%	1.60%
Select Service Hotel, Class A	7.55%	8.05%	25	↔	4.50%	4.60%
Select Service Hotel, Class B	8.15%	8.65%	25	↔	4.00%	4.10%
Limited Service Hotel, Class A	8.05%	8.75%	35	↔	4.00%	4.10%
Limited Service Hotel, Class B	9.00%	9.50%	40	↔	3.50%	3.60%
Extended Stay Hotel, Class A	7.00%	8.00%	35	↔	4.00%	4.10%
Extended Stay Hotel, Class B	7.50%	8.25%	40	↔	3.50%	3.60%
Airport/Highway Hotel, Class A	9.00%	10.00%	35	↔	4.00%	4.10%
Airport/Highway Hotel, Class B	9.75%	10.50%	50	↔	3.50%	3.60%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



- Room revenue and rising Average Daily Rates (ADR) drove growth in various markets, though high construction costs hampered new hotel development.
- Stabilizing interest rates and cooling inflation should revise transactions in 2024. Rising operating costs and a slowdown in construction remain a challenge, while insurance is still top of mind. Consolidation is on the horizon.
- Companies in the hospitality sector must adapt to manage rising costs, navigate a changing landscape and seize emerging prospects.
- As economic conditions evolve, success hinges on adaptability, strategic decision-making and capitalizing on evolving opportunities.

ABOUT HOSPITALITY, GAMING & LEISURE

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

Industrial & Logistics

By **Robert J. Vodinelic, MAI, MRICS**

Senior Managing Director

Valuation & Advisory

Specialty Practice Leader - Industrial & Logistics

The national industrial market saw an imbalance between absorption and new deliveries in 2023. Hyperactive in the first half of 2022, the market slowed considerably to fall below pre-pandemic levels by the end of 2023 as vacancy rates rose from record lows.

The sharp rise in interest rates also impacted capital markets activity. Industrial sales activity and debt originations in 2023 fell from historic peaks in 2021 and 2022, a time of record low cap and interest rates.

The industrial market is expected to experience a gradual slowdown, though certain areas will remain strong. Surging U.S. manufacturing spending will counterbalance some downward trends in market fundamentals. While overall growth may decelerate, pockets of strength will contribute to a more balanced outlook for the industrial sector.

INDUSTRIAL 1Q 2024 National Rates Comparison	Going-In Cap Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Discount Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Reversion Rate (BPS Over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
Warehouse/Logistics Class A	5.40%	40	90	71	6.96%	37	81	62	48	3.02%	3.04%
Warehouse/Logistics Class B	5.71%	29	73	60	7.38%	33	73	63	48	3.02%	3.04%
CENTRAL REGION											
Warehouse/Logistics Class A	5.83%	23	40	58	6.93%	23	40	55	50	2.80%	3.00%
Warehouse/Logistics Class B	6.75%	33	68	80	7.85%	33	68	78	50	2.80%	3.00%
SOUTH REGION											
Warehouse/Logistics Class A	5.69%	13	31	58	6.77%	23	44	40	50	3.35%	3.00%
Warehouse/Logistics Class B	6.42%	9	40	60	7.56%	11	46	40	50	3.35%	3.00%
EAST REGION											
Warehouse/Logistics Class A	5.35%	6	25	52	6.63%	6	38	63	48	2.96%	3.00%
Warehouse/Logistics Class B	6.04%	2	23	40	7.31%	6	35	50	48	2.96%	3.00%
UNITED STATES											
Warehouse/Logistics Class A	5.56%	21	47	60	6.81%	22	52	55	49	3.05%	3.01%
Warehouse/Logistics Class B	6.21%	18	51	59	7.51%	20	55	57	49	3.05%	3.01%
CANADA											
Warehouse/Logistics Class A	5.05%	5	5	15	5.95%	10	10	30	25	4.60%	3.00%
Warehouse/Logistics Class B	5.55%	0	0	40	6.45%	5	5	55	25	4.60%	3.00%
MEXICO											
Warehouse/Logistics Class A	7.00%	0	0	0	10.00%	0	0	100	50	4.50%	4.50%
Warehouse/Logistics Class B	8.00%	0	0	0	11.00%	0	0	100	50	4.50%	4.50%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.

- Newmark research indicates strong positive net absorption in 2023, led by primary industrial markets in Arizona, Illinois, Pennsylvania, and Texas. Demand growth, measured by absorption as a percentage of inventory, was strongest in many Southeast and Southwest markets, including Savannah, Phoenix, Las Vegas, Austin, and Greenville. While net absorption is likely to remain positive in 2024, it will be less pronounced.
- While new deliveries will remain historically elevated through most of 2024, the construction pipeline has shrunk from its 3Q 2022 peak. 3Q 2023 construction starts measured less than 55 million square feet, a fraction of the 193 million square feet in 3Q 2022. With changes in market fundamentals and higher interest rates, the continued pullback in new industrial deliveries will be a buffer against declining demand.
- In 2023, average asking rental rates saw significant growth, driven by the influx of higher-quality space from new construction. While annual contract rent growth slowed, it is expected to settle in a low to mid-single-digit range by the end of the year. Southern California’s rental markets continue to dominate Newmark’s list of the top 10 markets for highest asking rents. Towards the end of 2023, the most substantial increases in asking rent growth were observed in secondary, inland distribution centers and alternative port markets. Markets such as Indianapolis, Baltimore, Savannah, Miami, and Charlotte saw 22% asking year-over-year rent growth in 3Q 2023. Despite an expected slowdown, Green Street forecasts annual rent growth will remain positive for the next few years.
- Industrial debt originations have fallen, though we expect elevated industrial debt maturities in 2024 and 2025, as two thirds of the debt maturing during this time originated in 2020 to 2022 at record low interest rates. Maturing industrial loans will face much higher interest rates, a tighter underwriting environment, and higher cap rates. That said, increased industrial net incomes from higher rents should offset difficulties in refinancing this debt.

1Q 2024 International Rates Comparison Industrial	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
Warehouse/Logistics Class A	6.00%	7.00%	25	↔	5.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.25%	25	↔	5.00%	3.00%
EDMONTON						
Warehouse/Logistics Class A	5.75%	6.50%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.25%	25	↔	3.00%	3.00%
MONTREAL						
Warehouse/Logistics Class A	5.00%	5.75%	25	↔	5.00%	3.00%
Warehouse/Logistics Class B	5.50%	6.25%	25	↔	5.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 National Rates Comparison Industrial - International	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
TORONTO						
Warehouse/Logistics Class A	4.50%	5.50%	25	↔	5.00%	3.00%
Warehouse/Logistics Class B	5.00%	6.00%	25	↔	5.00%	3.00%
VANCOUVER						
Warehouse/Logistics Class A	5.25%	6.25%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.00%	25	↔	3.00%	3.00%
MEXICO CITY						
Warehouse/Logistics Class A	7.00%	10.00%	50	↔	4.50%	4.50%
Warehouse/Logistics Class B	8.00%	11.00%	50	↔	4.50%	4.50%

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.

1Q 2024 National Rates Comparison Industrial - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Warehouse/Logistics Class A	5.25%	6.00%	50	↑	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	6.75%	50	↑	3.00%	3.00%
IRVINE/ORANGE, CA						
Warehouse/Logistics Class A	5.25%	7.00%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.50%	25	↔	3.00%	3.00%
LAS VEGAS, NV						
Warehouse/Logistics Class A	5.50%	7.00%	75	↔	4.00%	3.00%
Warehouse/Logistics Class B	5.00%	7.50%	75	↔	4.00%	3.00%
LOS ANGELES, CA						
Warehouse/Logistics Class A	5.25%	7.00%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.50%	25	↔	3.00%	3.00%
PHOENIX, AZ						
Warehouse/Logistics Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.50%	50	↔	3.00%	3.00%
PORTLAND, OR						
Warehouse/Logistics Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.50%	50	↔	3.00%	3.00%
RENO, NV						
Warehouse/Logistics Class A	5.00%	6.75%	50	↔	4.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.25%	50	↔	4.00%	3.00%
SACRAMENTO, CA						
Warehouse/Logistics Class A	6.00%	7.50%	50	↔	0.00%	3.50%
Warehouse/Logistics Class B	6.50%	8.00%	50	↔	0.00%	3.50%
SALT LAKE CITY, UT						
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.75%	7.00%	50	↔	3.00%	3.00%
SEATTLE, WA						
Warehouse/Logistics Class A	5.00%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.00%	50	↔	3.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Warehouse/Logistics Class A	5.50%	7.50%	0	↔	3.60%	3.00%
Warehouse/Logistics Class B	5.50%	7.50%	0	↔	3.60%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Industrial - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	3.00%	3.00%
CINCINNATI, OH						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.50%	3.00%
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	2.50%	3.00%
CLEVELAND, OH						
Warehouse/Logistics Class A	6.25%	7.25%	50	↔	2.50%	3.00%
Warehouse/Logistics Class B	7.25%	8.25%	50	↔	2.50%	3.00%
COLUMBUS, OH						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.50%	3.00%
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	2.50%	3.00%
DETROIT, MI						
Warehouse/Logistics Class A	5.75%	7.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	8.00%	50	↔	3.00%	3.00%
GRAND RAPIDS, MI						
Warehouse/Logistics Class A	5.75%	7.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	8.00%	50	↔	3.00%	3.00%
INDIANAPOLIS, IN						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.50%	3.00%
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	2.50%	3.00%
KANSAS CITY, MO						
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.75%	7.75%	50	↔	3.00%	3.00%
MINNEAPOLIS, MN						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Industrial - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Warehouse/Logistics Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%
ATLANTA, GA						
Warehouse/Logistics Class A	5.75%	7.00%	50	↔	4.00%	3.00%
Warehouse/Logistics Class B	6.50%	8.00%	50	↔	4.00%	3.00%
AUSTIN, TX						
Warehouse/Logistics Class A	6.25%	7.50%	50	↔	4.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.75%	50	↔	4.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Industrial - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHARLOTTE, NC						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	4.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.50%	50	↔	4.00%	3.00%
DALLAS, TX						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%
FORT WORTH, TX						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%
HOUSTON, TX						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%
MIAMI, FL						
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	4.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	4.00%	3.00%
NEW ORLEANS, LA						
Warehouse/Logistics Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	7.50%	8.50%	50	↔	3.00%	3.00%
ORLANDO, FL						
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	3.00%	3.00%
SAN ANTONIO, TX						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.50%	3.00%
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.50%	3.00%
TAMPA, FL						
Warehouse/Logistics Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.50%	50	↔	3.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
Warehouse/Logistics Class A	5.00%	6.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	8.00%	50	↔	3.00%	3.00%

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1Q 2024 National Rates Comparison Industrial - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.75%	7.75%	50	↔	3.00%	3.00%
BOSTON, MA						
Warehouse/Logistics Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.75%	8.00%	50	↔	3.00%	3.00%
LEHIGH VALLEY, PA						
Warehouse/Logistics Class A	5.25%	6.25%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.00%	25	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Industrial - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
NYC BOROUGHES						
Warehouse/Logistics Class A	5.00%	6.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.25%	6.75%	50	↔	3.00%	3.00%
NY SUBURBS						
Warehouse/Logistics Class A	4.50%	6.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.00%	7.00%	50	↔	3.00%	3.00%
NORTHERN NEW JERSEY						
Warehouse/Logistics Class A	4.75%	6.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.25%	6.75%	50	↔	3.00%	3.00%
PHILADELPHIA, PA						
Warehouse/Logistics Class A	5.25%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.50%	50	↔	3.00%	3.00%
PITTSBURGH, PA						
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	2.50%	3.00%
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	2.50%	3.00%
SOUTHERN NEW JERSEY						
Warehouse/Logistics Class A	5.25%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.50%	50	↔	3.00%	3.00%
UPSTATE NY						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.25%	50	↔	3.00%	3.00%
WASHINGTON DC						
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.75%	50	↔	3.00%	3.00%
WILMINGTON, DE						
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

ABOUT INDUSTRIAL & LOGISTICS

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

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





Multifamily

Matt Victor

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Market fundamentals remain strong, especially relative to other sectors. Investment in multifamily properties slowed in 2023, reflecting Federal Reserve policies, which are expected to persist over the near term. However, the longer term outlook is optimistic.

- Demand for apartment rentals remains very strong in most areas, driven by the continued rise in home prices and higher interest rates. Renting today is more affordable than purchasing a home.
- Market rents generally increased in 2023. However, a significant influx of new supply during the same period slowed growth and even turned some markets negative.
- Multifamily operating expenses, especially insurance, utilities, and real estate taxes, rose sharply in 2023, pressuring landlords. This increase was most pronounced in coastal markets, primarily due to higher insurance costs.

- Over the past five years, the top 10 buyers have been a combination of institutional investors and well-capitalized national owners/operators, as reported by RCA (Real Capital Analytics).
- The multifamily sector experienced a slowdown in activity in 2023, primarily due to Fed rate hikes and resulting uncertainty. Price dislocation and elevated interest rates continue to hinder the investment sales market in all sectors, though multifamily properties remain the largest share of commercial real estate investment sales.

MULTIFAMILY 1Q 2024 National Rates Comparison	Going-In Cap Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Discount Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Reversion Rate (BPS Over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
CBD Class A	5.15%	27	73	77	6.69%	21	54	67	42	2.46%	3.00%
CBD Class B	5.60%	27	83	85	7.21%	19	73	81	42	2.46%	3.00%
Suburban Class A	5.27%	27	67	73	6.86%	21	63	71	43	2.68%	3.00%
Suburban Class B	5.61%	25	63	67	7.27%	19	65	71	43	2.68%	3.00%
CENTRAL REGION											
CBD Class A	5.75%	15	48	75	7.30%	25	40	73	45	2.80%	3.00%
CBD Class B	6.50%	5	48	83	8.05%	25	50	75	45	2.80%	3.00%
Suburban Class A	5.93%	10	43	83	7.53%	20	55	83	45	2.80%	3.00%
Suburban Class B	6.63%	5	43	93	8.20%	25	50	98	45	2.80%	3.00%
SOUTH REGION											
CBD Class A	5.42%	48	56	81	6.88%	40	63	60	37	2.50%	2.71%
CBD Class B	5.87%	38	52	63	7.58%	58	60	75	37	2.50%	2.71%
Suburban Class A	5.52%	37	48	73	6.96%	33	54	50	37	2.62%	2.71%
Suburban Class B	5.90%	21	46	50	7.65%	48	54	65	37	2.62%	2.71%
EAST REGION											
CBD Class A	5.43%	10	42	67	6.65%	-6	29	50	48	2.65%	3.00%
CBD Class B	5.95%	-2	27	56	7.20%	-8	23	35	48	2.65%	3.00%
Suburban Class A	5.65%	27	58	79	6.85%	8	42	58	48	2.75%	3.00%
Suburban Class B	6.15%	8	40	75	7.35%	-2	33	44	48	2.75%	3.00%
UNITED STATES											
CBD Class A	5.42%	26	55	75	6.87%	20	47	62	42	2.59%	2.92%
CBD Class B	5.96%	18	53	71	7.50%	24	52	66	42	2.59%	2.92%
Suburban Class A	5.58%	26	54	77	7.03%	21	53	64	43	2.71%	2.92%
Suburban Class B	6.05%	15	48	70	7.60%	23	51	68	43	2.71%	2.92%
CANADA											
CBD Class A	4.00%	10	10	15	4.75%	10	10	20	25	5.00%	3.00%
CBD Class B	4.50%	5	5	40	5.15%	0	0	30	25	5.00%	3.00%
Suburban Class A	4.45%	-10	-10	15	5.25%	-10	-10	20	25	5.00%	3.00%
Suburban Class B	5.00%	-10	-10	40	5.60%	-10	-10	25	25	5.00%	3.00%
MEXICO											
CBD Class A	6.50%	0	0	-100	10.00%	0	0	50	50	4.50%	4.50%
Suburban Class A	8.00%	0	0	0	11.00%	0	0	100	50	4.50%	4.50%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.

1Q 2024 National Rates Comparison Multifamily - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
CBD Class A	5.00%	6.50%	50	↔	2.50%	3.00%
CBD Class B	6.00%	7.50%	50	↔	2.50%	3.00%
Suburban Class A	5.50%	7.00%	50	↔	2.50%	3.00%
Suburban Class B	6.00%	7.75%	50	↔	2.50%	3.00%
IRVINE/ORANGE, CA						
CBD Class A	5.00%	6.75%	25	↔	3.00%	3.00%
CBD Class B	5.25%	7.00%	25	↔	3.00%	3.00%
Suburban Class A	5.00%	6.75%	25	↔	3.00%	3.00%
Suburban Class B	5.25%	7.00%	25	↔	3.00%	3.00%
LAS VEGAS, NV						
CBD Class A	5.25%	7.00%	75	↔	3.00%	3.00%
CBD Class B	5.50%	7.50%	75	↔	3.00%	3.00%
Suburban Class A	5.25%	7.00%	75	↔	3.00%	3.00%
Suburban Class B	5.50%	7.50%	75	↔	3.00%	3.00%
LOS ANGELES, CA						
CBD Class A	5.00%	6.75%	25	↔	3.00%	3.00%
CBD Class B	5.25%	7.00%	25	↔	3.00%	3.00%
Suburban Class A	5.00%	6.75%	25	↔	3.00%	3.00%
Suburban Class B	5.25%	7.00%	25	↔	3.00%	3.00%
PHOENIX, AZ						
CBD Class A	5.25%	6.25%	50	↑	3.00%	3.00%
CBD Class B	5.50%	6.50%	50	↑	3.00%	3.00%
Suburban Class A	5.50%	6.50%	50	↑	3.00%	3.00%
Suburban Class B	5.75%	6.75%	50	↑	3.00%	3.00%
PORTLAND, OR						
CBD Class A	5.25%	7.00%	25	↓	3.00%	3.00%
CBD Class B	5.75%	7.50%	25	↓	3.00%	3.00%
Suburban Class A	5.25%	7.00%	25	↓	3.00%	3.00%
Suburban Class B	5.75%	7.50%	25	↓	3.00%	3.00%
RENO, NV						
CBD Class A	5.00%	6.75%	50	↔	3.00%	3.00%
CBD Class B	5.25%	7.25%	50	↔	3.00%	3.00%
Suburban Class A	5.00%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	5.25%	7.25%	50	↔	3.00%	3.00%
SACRAMENTO, CA						
CBD Class A	5.50%	7.00%	50	↔	0.00%	3.00%
CBD Class B	6.25%	8.00%	50	↔	0.00%	3.00%
Suburban Class A	5.75%	7.50%	50	↔	0.00%	3.00%
Suburban Class B	6.25%	8.00%	50	↔	0.00%	3.00%
SALT LAKE CITY, UT						
CBD Class A	5.25%	6.50%	50	↔	3.00%	3.00%
CBD Class B	5.50%	6.75%	50	↔	3.00%	3.00%
Suburban Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	6.00%	7.25%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 National Rates Comparison Multifamily - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
SAN FRANCISCO, CA						
CBD Class A	5.50%	6.50%	25	↔	0.00%	3.00%
CBD Class B	6.50%	7.50%	25	↔	0.00%	3.00%
SEATTLE, WA						
CBD Class A	4.25%	6.25%	50	↔	3.00%	3.00%
CBD Class B	4.50%	6.50%	50	↔	3.00%	3.00%
Suburban Class A	4.50%	6.25%	50	↔	3.00%	3.00%
Suburban Class B	4.75%	6.50%	50	↔	3.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
CBD Class A	5.50%	7.00%	25	↔	3.00%	3.00%
CBD Class B	6.00%	7.50%	25	↔	3.00%	3.00%
Suburban Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Suburban Class B	6.00%	7.50%	25	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Multifamily - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
CBD Class A	5.25%	6.00%	50	↔	3.00%	3.00%
CBD Class B	6.25%	7.00%	50	↔	3.00%	3.00%
Suburban Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	6.25%	7.25%	50	↔	3.00%	3.00%
CINCINNATI, OH						
CBD Class A	6.00%	8.25%	50	↔	2.50%	3.00%
CBD Class B	7.00%	9.25%	50	↔	2.50%	3.00%
Suburban Class A	6.00%	8.25%	50	↔	2.50%	3.00%
Suburban Class B	7.00%	9.25%	50	↔	2.50%	3.00%
CLEVELAND, OH						
CBD Class A	6.25%	8.50%	50	↔	2.50%	3.00%
CBD Class B	7.25%	9.50%	50	↔	2.50%	3.00%
Suburban Class A	6.25%	8.50%	50	↔	2.50%	3.00%
Suburban Class B	7.25%	9.50%	50	↔	2.50%	3.00%
COLUMBUS, OH						
CBD Class A	6.00%	8.25%	50	↔	2.50%	3.00%
CBD Class B	7.00%	9.25%	50	↔	2.50%	3.00%
Suburban Class A	6.00%	8.25%	50	↔	2.50%	3.00%
Suburban Class B	7.00%	9.25%	50	↔	2.50%	3.00%
DETROIT, MI						
CBD Class A	5.75%	7.25%	25	↔	3.00%	3.00%
CBD Class B	6.00%	7.50%	25	↔	3.00%	3.00%
Suburban Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Suburban Class B	5.75%	7.25%	25	↔	3.00%	3.00%
GRAND RAPIDS, MI						
CBD Class A	5.50%	7.00%	25	↔	3.00%	3.00%
CBD Class B	5.75%	7.25%	25	↔	3.00%	3.00%
Suburban Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Suburban Class B	5.75%	7.25%	25	↔	3.00%	3.00%
INDIANAPOLIS, IN						
CBD Class A	6.00%	8.25%	50	↔	2.50%	3.00%
CBD Class B	7.00%	9.25%	50	↔	2.50%	3.00%
Suburban Class A	6.00%	8.25%	50	↔	2.50%	3.00%
Suburban Class B	7.00%	9.25%	50	↔	2.50%	3.00%
KANSAS CITY, MO						
CBD Class A	5.75%	6.50%	50	↔	3.00%	3.00%
CBD Class B	6.50%	7.25%	50	↔	3.00%	3.00%
Suburban Class A	6.25%	7.25%	50	↔	3.00%	3.00%
Suburban Class B	7.00%	7.75%	50	↔	3.00%	3.00%
MINNEAPOLIS, MN						
CBD Class A	5.50%	6.50%	50	↔	3.00%	3.00%
CBD Class B	6.00%	7.00%	50	↔	3.00%	3.00%
Suburban Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	6.25%	7.25%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Multifamily - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ST. LOUIS, MO						
CBD Class A	5.50%	6.50%	50	↑	3.00%	3.00%
CBD Class B	6.25%	7.25%	50	↑	3.00%	3.00%
Suburban Class A	6.25%	7.25%	50	↑	3.00%	3.00%
Suburban Class B	7.00%	8.00%	50	↑	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Multifamily - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
CBD Class A	5.50%	6.50%	25	↔	2.00%	3.00%
CBD Class B	5.75%	7.00%	25	↔	2.00%	3.00%
Suburban Class A	5.25%	6.25%	25	↔	3.00%	3.00%
Suburban Class B	5.50%	7.00%	25	↔	3.00%	3.00%
ATLANTA, GA						
CBD Class A	5.00%	6.25%	50	↔	3.00%	3.00%
CBD Class B	5.50%	6.75%	50	↔	3.00%	3.00%
Suburban Class A	5.25%	6.50%	50	↔	3.00%	3.00%
Suburban Class B	5.75%	7.00%	50	↔	3.00%	3.00%
AUSTIN, TX						
CBD Class A	5.00%	5.50%	50	↔	2.00%	2.00%
CBD Class B	5.25%	7.00%	50	↔	2.00%	2.00%
Suburban Class A	5.25%	5.75%	50	↔	2.00%	2.00%
Suburban Class B	5.50%	7.25%	50	↔	2.00%	2.00%
CHARLOTTE, NC						
CBD Class A	5.50%	7.25%	50	↔	2.00%	3.00%
CBD Class B	6.00%	7.75%	50	↔	2.00%	3.00%
Suburban Class A	5.50%	7.50%	50	↔	2.00%	3.00%
Suburban Class B	6.00%	8.00%	50	↔	2.00%	3.00%
DALLAS, TX						
CBD Class A	5.25%	7.50%	25	↔	2.50%	2.50%
CBD Class B	6.00%	8.25%	25	↔	2.50%	2.50%
Suburban Class A	5.25%	7.50%	25	↔	2.50%	2.50%
Suburban Class B	6.00%	8.25%	25	↔	2.50%	2.50%
FORT WORTH, TX						
CBD Class A	5.25%	7.50%	25	↔	2.50%	2.50%
CBD Class B	6.00%	8.25%	25	↔	2.50%	2.50%
Suburban Class A	5.25%	7.50%	25	↔	2.50%	2.50%
Suburban Class B	6.00%	8.25%	25	↔	2.50%	2.50%
HOUSTON, TX						
CBD Class A	5.00%	6.50%	50	↔	2.50%	3.00%
CBD Class B	5.50%	7.00%	50	↔	2.50%	3.00%
Suburban Class A	5.25%	7.00%	50	↔	2.00%	3.00%
Suburban Class B	5.75%	7.25%	50	↔	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Multifamily - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
MIAMI, FL						
CBD Class A	5.50%	7.50%	25	↔	3.00%	2.75%
CBD Class B	5.75%	7.75%	25	↔	3.00%	2.75%
Suburban Class A	5.75%	7.50%	25	↔	3.00%	2.75%
Suburban Class B	5.75%	7.75%	25	↔	3.00%	2.75%
NEW ORLEANS, LA						
CBD Class A	7.00%	8.00%	50	↔	3.00%	3.00%
CBD Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Suburban Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Suburban Class B	8.00%	9.00%	50	↔	3.00%	3.00%
ORLANDO, FL						
CBD Class A	5.50%	7.50%	25	↔	3.00%	2.75%
CBD Class B	5.75%	7.75%	25	↔	3.00%	2.75%
Suburban Class A	5.75%	7.50%	25	↔	3.00%	2.75%
Suburban Class B	5.75%	7.75%	25	↔	3.00%	2.75%
SAN ANTONIO, TX						
CBD Class A	5.25%	5.75%	50	↔	2.00%	2.00%
CBD Class B	5.50%	7.25%	50	↔	2.00%	2.00%
Suburban Class A	5.25%	5.75%	50	↔	2.00%	2.00%
Suburban Class B	5.50%	7.25%	50	↔	2.00%	2.00%
TAMPA, FL						
CBD Class A	5.50%	7.50%	25	↔	3.00%	2.75%
CBD Class B	5.75%	7.75%	25	↔	3.00%	2.75%
Suburban Class A	5.75%	7.50%	25	↔	3.00%	2.75%
Suburban Class B	5.75%	7.75%	25	↔	3.00%	2.75%
TULSA/OKLAHOMA CITY, OK						
CBD Class A	5.25%	6.25%	25	↔	2.00%	3.00%
CBD Class B	5.50%	7.00%	25	↔	2.00%	3.00%
Suburban Class A	5.25%	6.25%	25	↔	3.00%	3.00%
Suburban Class B	5.50%	7.00%	25	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 National Rates Comparison Multifamily - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
CBD Class A	6.00%	7.00%	50	↔	3.00%	3.00%
CBD Class B	6.50%	7.75%	50	↔	3.00%	3.00%
Suburban Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	6.75%	8.00%	50	↔	3.00%	3.00%
BOSTON, MA						
CBD Class A	5.25%	6.75%	25	↔	3.00%	3.00%
CBD Class B	5.75%	7.25%	25	↔	3.00%	3.00%
Suburban Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Suburban Class B	6.00%	7.50%	25	↔	3.00%	3.00%
LEHIGH VALLEY, PA						
CBD Class A	5.75%	6.75%	50	↔	3.00%	3.00%
CBD Class B	6.25%	7.25%	50	↔	3.00%	3.00%
Suburban Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	6.25%	7.25%	50	↔	3.00%	3.00%
NEW YORK, NY (MANHATTAN & NY SUBURBS)						
CBD Class A	4.25%	5.75%	50	↔	3.00%	3.00%
CBD Class B	4.50%	6.00%	50	↔	3.00%	3.00%
Suburban Class A	5.50%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	6.00%	7.00%	50	↔	3.00%	3.00%
NYC BOROUGHES						
Suburban Class A	5.00%	6.50%	50	↔	3.00%	3.00%
Suburban Class B	5.25%	6.75%	50	↔	3.00%	3.00%
NORTHERN NEW JERSEY						
CBD Class A	5.25%	6.50%	50	↔	3.00%	3.00%
CBD Class B	5.75%	6.75%	50	↔	3.00%	3.00%
Suburban Class A	5.50%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	6.00%	7.00%	50	↔	3.00%	3.00%
PHILADELPHIA, PA						
CBD Class A	5.75%	7.00%	50	↔	1.50%	3.00%
CBD Class B	6.50%	7.50%	50	↔	1.50%	3.00%
Suburban Class A	6.00%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	6.50%	7.25%	50	↔	3.00%	3.00%
PITTSBURGH, PA						
CBD Class A	5.50%	6.50%	50	↔	2.00%	3.00%
CBD Class B	6.00%	7.00%	50	↔	2.00%	3.00%
Suburban Class A	5.75%	6.75%	50	↔	2.00%	3.00%
Suburban Class B	6.25%	7.25%	50	↔	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Multifamily - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
SOUTHERN NEW JERSEY						
Suburban Class A	6.00%	7.25%	50	↔	2.00%	3.00%
Suburban Class B	6.50%	7.75%	50	↔	2.00%	3.00%
UPSTATE NY						
CBD Class A	5.50%	6.50%	50	↔	2.00%	3.00%
CBD Class B	6.00%	7.00%	50	↔	2.00%	3.00%
Suburban Class A	5.50%	6.50%	50	↔	2.00%	3.00%
Suburban Class B	6.00%	7.00%	50	↔	2.00%	3.00%
WASHINGTON DC						
CBD Class A	5.25%	6.50%	50	↔	3.00%	3.00%
CBD Class B	5.75%	7.25%	50	↔	3.00%	3.00%
Suburban Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	6.00%	7.50%	50	↔	3.00%	3.00%
WILMINGTON, DE						
CBD Class A	5.75%	7.25%	50	↔	3.00%	3.00%
CBD Class B	6.50%	8.25%	50	↔	3.00%	3.00%
Suburban Class A	5.75%	7.25%	50	↔	3.00%	3.00%
Suburban Class B	6.25%	8.00%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 International Rates Comparison Multifamily	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
CBD Class A	4.50%	5.25%	25	↔	5.00%	3.00%
CBD Class B	4.75%	5.50%	25	↔	5.00%	3.00%
Suburban Class A	5.00%	5.75%	25	↔	5.00%	3.00%
Suburban Class B	5.25%	6.00%	25	↔	5.00%	3.00%
EDMONTON						
CBD Class A	4.50%	5.50%	25	↔	5.00%	3.00%
CBD Class B	5.50%	6.00%	25	↔	5.00%	3.00%
Suburban Class A	5.00%	6.00%	25	↔	5.00%	3.00%
Suburban Class B	6.00%	6.25%	25	↔	5.00%	3.00%
MONTREAL						
CBD Class A	4.00%	4.75%	25	↔	5.00%	3.00%
CBD Class B	4.50%	5.25%	25	↔	5.00%	3.00%
Suburban Class A	4.50%	5.25%	25	↔	5.00%	3.00%
Suburban Class B	5.25%	5.75%	25	↔	5.00%	3.00%
TORONTO						
CBD Class A	3.50%	4.25%	25	↔	5.00%	3.00%
CBD Class B	4.00%	4.75%	25	↔	5.00%	3.00%
Suburban Class A	4.00%	4.75%	25	↔	5.00%	3.00%
Suburban Class B	4.25%	5.00%	25	↔	5.00%	3.00%
VANCOUVER						
CBD Class A	3.50%	4.00%	25	↔	5.00%	3.00%
CBD Class B	3.75%	4.25%	25	↔	5.00%	3.00%
Suburban Class A	3.75%	4.50%	25	↔	5.00%	3.00%
Suburban Class B	4.25%	5.00%	25	↔	5.00%	3.00%
MEXICO CITY						
CBD Class A	6.50%	10.00%	50	↔	4.50%	4.50%
CBD Class B	N/A	N/A	50	↔	4.50%	4.50%
Suburban Class A	8.00%	11.00%	50	↔	4.50%	4.50%
Suburban Class B	N/A	N/A	50	↔	4.50%	4.50%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.

ABOUT MULTIFAMILY

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

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



Office

By Douglas H. Larson, MRICS

Executive Vice President

Valuation & Advisory

Specialty Practice Leader - Office

Higher-quality properties dominate the market's limited leasing and investment sale activity.

- Fourth quarter leasing activity was sluggish across most markets. Before the pandemic, leasing dynamics were more mixed, with Western and major gateway markets commanding a larger share relative to inventory. Higher-quality buildings continue to outpace the overall market and drive a larger share of leasing activity. While net absorption stayed negative, the rate of decline has slowed. Decreased demand has led to a vacancy rate of 19.6%, the highest of this current cycle. Overall availability rose as well in the fourth quarter and is elevated in both major and secondary markets. Commodity-grade Class A space is most oversupplied.
- While construction activity has slowed in most markets, some developers remain optimistic about long-term demand for high-quality office space, though there is a risk of overbuilding in certain metropolitan areas. In the near term, the construction pipeline is expected to shrink further on limited financing and lower overall demand.
- The transition back to office work has stabilized. Although there is no evidence suggesting a significant return to full-time attendance, employees are typically now in the office at least two days a week, an industry threshold between assigned seating and flexible, or “hoteling,” seating options. However, it is important to note that attendance still fluctuates throughout the week.
- Office investment activity has slowed down. Tertiary markets, suburban assets, as well as Southwest and Mid-Atlantic markets, have been more resilient. Cap rates have increased amid rising long-term interest rates, and further adjustments are likely, given the continued elevated cost of capital. Higher cap rates are noticed in both Central Business District (CBD) and suburban areas, though adjustments have been more pronounced in CBDs. These higher rates are largely due to higher cost of borrowing, as existing loans become difficult to refinance and legacy debt concerns stifle new financing.

OFFICE 1Q 2024 National Rates Comparison	Going-In Cap Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Discount Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Reversion Rate (BPS Over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
CBD Class A	7.29%	40	154	167	8.27%	27	96	110	52	1.17%	3.00%
CBD Class B	8.10%	52	138	200	9.05%	17	79	135	52	1.17%	3.00%
Suburban Class A	7.20%	23	98	108	8.41%	15	52	73	52	1.73%	3.00%
Suburban Class B	7.77%	23	60	117	9.02%	4	29	81	52	1.73%	3.00%
CENTRAL REGION											
CBD Class A	8.10%	18	50	110	9.15%	28	55	115	45	1.05%	2.90%
CBD Class B	9.03%	8	63	123	10.35%	43	90	145	45	1.05%	2.90%
Suburban Class A	8.40%	18	55	90	9.45%	28	70	85	45	1.30%	2.90%
Suburban Class B	9.20%	8	55	115	10.43%	30	93	128	45	1.30%	2.90%
SOUTH REGION											
CBD Class A	7.46%	56	96	135	8.81%	71	123	152	50	1.35%	2.96%
CBD Class B	8.25%	63	106	150	9.58%	60	135	162	50	1.35%	2.96%
Suburban Class A	7.79%	54	88	127	9.15%	79	119	152	50	1.96%	2.96%
Suburban Class B	8.46%	60	92	133	9.90%	83	129	160	50	1.96%	2.96%
EAST REGION											
CBD Class A	7.39%	29	69	85	8.36%	21	60	150	50	0.59%	3.00%
CBD Class B	8.52%	46	88	194	9.55%	42	85	190	50	0.59%	3.00%
Suburban Class A	7.96%	27	77	77	8.96%	27	83	154	50	0.58%	3.00%
Suburban Class B	8.88%	33	88	167	9.94%	42	104	183	50	0.58%	3.00%
UNITED STATES											
CBD Class A	7.54%	37	94	125	8.64%	38	86	133	49	1.05%	2.97%
CBD Class B	8.45%	44	100	168	9.61%	40	98	159	49	1.05%	2.97%
Suburban Class A	7.83%	31	81	102	8.99%	38	82	118	49	1.39%	2.97%
Suburban Class B	8.57%	32	75	134	9.82%	41	89	139	49	1.39%	2.97%
CANADA											
CBD Class A	6.50%	30	50	120	7.60%	50	70	140	25	0.00%	3.00%
CBD Class B	7.05%	45	65	125	8.05%	50	70	130	25	0.00%	3.00%
Suburban Class A	7.20%	60	85	105	8.20%	60	85	110	25	0.00%	3.00%
Suburban Class B	7.75%	55	80	105	8.75%	60	85	120	25	0.00%	3.00%
MEXICO											
CBD Class A	8.00%	0	0	-50	10.50%	0	-50	0	50	4.50%	4.50%
CBD Class B	9.00%	0	0	-50	11.50%	0	-50	0	50	4.50%	4.50%
Suburban Class A	8.50%	0	0	-25	11.50%	0	-50	75	50	4.50%	4.50%
Suburban Class B	9.50%	0	0	-50	12.00%	0	-50	0	50	4.50%	4.50%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.

1Q 2024 National Rates Comparison Office - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
CBD Class A	6.50%	7.50%	50	↔	3.00%	3.00%
CBD Class B	7.75%	8.75%	50	↔	3.00%	3.00%
Suburban Class A	7.50%	8.25%	50	↔	3.00%	3.00%
Suburban Class B	8.25%	9.00%	50	↔	3.00%	3.00%
IRVINE/ORANGE, CA						
CBD Class A	7.25%	8.00%	50	↑	0.00%	3.00%
CBD Class B	7.50%	8.25%	50	↑	0.00%	3.00%
Suburban Class A	7.25%	8.25%	50	↑	0.00%	3.00%
Suburban Class B	7.50%	8.50%	50	↑	0.00%	3.00%
LAS VEGAS, NV						
CBD Class A	7.50%	8.25%	75	↔	3.00%	3.00%
CBD Class B	7.50%	9.00%	75	↔	3.00%	3.00%
Suburban Class A	7.50%	8.25%	75	↔	3.00%	3.00%
Suburban Class B	7.50%	9.00%	75	↔	3.00%	3.00%
LOS ANGELES, CA						
CBD Class A	7.75%	8.50%	50	↑	0.00%	3.00%
CBD Class B	8.00%	9.00%	50	↑	0.00%	3.00%
Suburban Class A	7.50%	8.25%	50	↑	0.00%	3.00%
Suburban Class B	7.75%	8.50%	50	↑	0.00%	3.00%
PHOENIX, AZ						
CBD Class A	6.75%	8.25%	50	↑	2.00%	3.00%
CBD Class B	7.25%	8.75%	50	↑	2.00%	3.00%
Suburban Class A	7.25%	8.75%	50	↑	2.00%	3.00%
Suburban Class B	7.75%	9.25%	50	↑	2.00%	3.00%
PORTLAND, OR						
CBD Class A	8.50%	10.00%	50	↑	0.00%	3.00%
CBD Class B	9.00%	10.50%	50	↑	0.00%	3.00%
Suburban Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Suburban Class B	8.00%	9.50%	50	↔	3.00%	3.00%
RENO, NV						
CBD Class A	6.75%	8.50%	75	↔	3.00%	3.00%
CBD Class B	7.00%	9.25%	75	↔	3.00%	3.00%
Suburban Class A	6.75%	8.50%	75	↔	3.00%	3.00%
Suburban Class B	7.00%	9.25%	75	↔	3.00%	3.00%
SACRAMENTO, CA						
CBD Class A	9.50%	N/A	100	↑	-2.00%	3.00%
CBD Class B	12.00%	N/A	100	↑	-2.00%	3.00%
Suburban Class A	8.25%	9.00%	75	↔	0.00%	3.00%
Suburban Class B	8.75%	9.50%	75	↔	0.00%	3.00%
SALT LAKE CITY, UT						
CBD Class A	7.00%	8.25%	50	↔	2.00%	3.00%
CBD Class B	7.25%	8.50%	50	↔	2.00%	3.00%
Suburban Class A	7.25%	8.50%	50	↔	2.00%	3.00%
Suburban Class B	7.50%	8.75%	50	↔	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 National Rates Comparison Office - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
SAN FRANCISCO, CA						
CBD Class A	7.00%	8.00%	25	↔	0.00%	3.00%
CBD Class B	8.00%	9.00%	25	↔	0.00%	3.00%
SEATTLE, WA						
CBD Class A	6.00%	7.75%	25	↔	0.00%	3.00%
CBD Class B	8.50%	10.00%	25	↔	0.00%	3.00%
Suburban Class A	6.00%	7.75%	25	↔	0.00%	3.00%
Suburban Class B	8.50%	9.50%	25	↔	0.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
CBD Class A	7.00%	8.00%	25	↔	3.00%	3.00%
CBD Class B	7.50%	8.50%	25	↔	3.00%	3.00%
Suburban Class A	6.50%	8.00%	25	↔	3.00%	3.00%
Suburban Class B	7.00%	8.50%	25	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Office - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
CBD Class A	6.75%	7.50%	50	↑	1.00%	3.00%
CBD Class B	8.50%	9.50%	50	↑	1.00%	3.00%
Suburban Class A	7.25%	8.25%	50	↑	2.00%	3.00%
Suburban Class B	8.25%	9.25%	50	↑	2.00%	3.00%
CINCINNATI, OH						
CBD Class A	9.00%	10.25%	50	↔	0.00%	3.00%
CBD Class B	10.25%	11.50%	50	↔	0.00%	3.00%
Suburban Class A	9.00%	10.25%	50	↔	0.00%	3.00%
Suburban Class B	10.25%	11.50%	50	↔	0.00%	3.00%
CLEVELAND, OH						
CBD Class A	9.00%	10.25%	50	↔	0.00%	3.00%
CBD Class B	10.25%	11.50%	50	↔	0.00%	3.00%
Suburban Class A	9.00%	10.25%	50	↔	0.00%	3.00%
Suburban Class B	10.25%	11.50%	50	↔	0.00%	3.00%
COLUMBUS, OH						
CBD Class A	8.50%	9.75%	50	↔	0.00%	3.00%
CBD Class B	9.00%	11.00%	50	↔	0.00%	3.00%
Suburban Class A	8.50%	9.75%	50	↔	0.00%	3.00%
Suburban Class B	9.00%	11.00%	50	↔	0.00%	3.00%
DETROIT, MI						
CBD Class A	8.00%	9.00%	25	↔	2.50%	2.50%
CBD Class B	8.50%	10.00%	25	↔	2.50%	2.50%
Suburban Class A	8.50%	10.00%	25	↔	2.50%	2.50%
Suburban Class B	9.50%	11.00%	25	↔	2.50%	2.50%
GRAND RAPIDS, MI						
CBD Class A	8.00%	9.00%	25	↔	2.50%	2.50%
CBD Class B	8.50%	10.00%	25	↔	2.50%	2.50%
Suburban Class A	8.50%	10.00%	25	↔	2.50%	2.50%
Suburban Class B	9.00%	10.50%	25	↔	2.50%	2.50%
INDIANAPOLIS, IN						
CBD Class A	8.50%	9.75%	50	↔	0.00%	3.00%
CBD Class B	9.00%	11.00%	50	↔	0.00%	3.00%
Suburban Class A	8.50%	9.75%	50	↔	0.00%	3.00%
Suburban Class B	9.00%	11.00%	50	↔	0.00%	3.00%
KANSAS CITY, MO						
CBD Class A	7.50%	8.25%	50	↑	2.00%	3.00%
CBD Class B	8.50%	9.25%	50	↑	2.00%	3.00%
Suburban Class A	8.25%	8.25%	50	↑	2.00%	3.00%
Suburban Class B	8.75%	9.25%	50	↑	2.00%	3.00%
MINNEAPOLIS, MN						
CBD Class A	8.00%	9.00%	50	↑	1.50%	3.00%
CBD Class B	9.00%	10.00%	50	↑	1.50%	3.00%
Suburban Class A	8.25%	9.25%	50	↑	2.00%	3.00%
Suburban Class B	9.25%	10.00%	50	↑	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Office - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ST. LOUIS. MO						
CBD Class A	7.75%	8.75%	50	↑	1.00%	3.00%
CBD Class B	8.75%	9.75%	50	↑	1.00%	3.00%
Suburban Class A	8.25%	8.75%	50	↑	2.00%	3.00%
Suburban Class B	8.75%	9.25%	50	↑	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



ABOUT OFFICE

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

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

1Q 2024 National Rates Comparison Office - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
CBD Class A	9.00%	10.00%	50	↑	-3.00%	3.00%
CBD Class B	10.00%	11.00%	50	↑	-3.00%	3.00%
Suburban Class A	7.00%	8.00%	50	↔	2.00%	3.00%
Suburban Class B	7.50%	9.00%	50	↔	2.00%	3.00%
ATLANTA, GA						
CBD Class A	7.50%	9.00%	50	↔	2.00%	3.00%
CBD Class B	8.00%	9.50%	50	↔	2.00%	3.00%
Suburban Class A	8.25%	9.75%	50	↔	2.00%	3.00%
Suburban Class B	9.00%	10.50%	50	↔	2.00%	3.00%
AUSTIN, TX						
CBD Class A	6.00%	7.25%	50	↔	0.00%	3.00%
CBD Class B	6.75%	8.00%	50	↔	0.00%	3.00%
Suburban Class A	7.50%	8.75%	50	↔	1.00%	3.00%
Suburban Class B	7.75%	8.75%	50	↔	1.00%	3.00%
CHARLOTTE, NC						
CBD Class A	7.50%	9.00%	50	↔	3.00%	3.00%
CBD Class B	8.50%	9.50%	50	↔	3.00%	3.00%
Suburban Class A	8.25%	9.75%	50	↑	3.00%	3.00%
Suburban Class B	9.00%	10.50%	50	↑	3.00%	3.00%
DALLAS, TX						
CBD Class A	6.75%	8.25%	50	↑	3.00%	3.00%
CBD Class B	7.50%	9.00%	50	↑	3.00%	3.00%
Suburban Class A	7.50%	9.00%	50	↑	3.00%	3.00%
Suburban Class B	8.25%	9.75%	50	↑	3.00%	3.00%
FORT WORTH, TX						
CBD Class A	7.25%	8.75%	50	↑	3.00%	3.00%
CBD Class B	8.00%	9.50%	50	↑	3.00%	3.00%
Suburban Class A	7.75%	9.25%	50	↑	3.00%	3.00%
Suburban Class B	8.50%	10.00%	50	↑	3.00%	3.00%
HOUSTON, TX						
CBD Class A	7.50%	9.00%	50	↓	3.00%	3.00%
CBD Class B	8.75%	10.50%	50	↓	3.00%	3.00%
Suburban Class A	7.50%	9.00%	50	↓	0.00%	0.00%
Suburban Class B	8.75%	10.50%	50	↓	0.00%	0.00%
MIAMI, FL						
CBD Class A	6.50%	8.25%	50	↔	3.00%	3.00%
CBD Class B	7.00%	8.75%	50	↔	3.00%	3.00%
Suburban Class A	7.00%	9.00%	50	↔	3.00%	3.00%
Suburban Class B	7.50%	9.50%	50	↔	3.00%	3.00%
NEW ORLEANS, LA						
CBD Class A	8.50%	9.50%	50	↔	0.00%	3.00%
CBD Class B	9.50%	10.50%	50	↔	0.00%	3.00%
Suburban Class A	8.50%	9.50%	50	↔	0.00%	3.00%
Suburban Class B	9.50%	10.50%	50	↔	0.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Office - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ORLANDO, FL						
CBD Class A	6.50%	8.00%	50	↔	2.00%	3.00%
CBD Class B	7.00%	8.50%	50	↔	2.00%	3.00%
Suburban Class A	7.50%	9.00%	50	↔	2.00%	3.00%
Suburban Class B	8.00%	9.50%	50	↔	2.00%	3.00%
SAN ANTONIO, TX						
CBD Class A	7.25%	8.25%	50	↔	2.50%	2.50%
CBD Class B	7.75%	8.75%	50	↔	2.50%	2.50%
Suburban Class A	8.50%	9.50%	50	↔	2.50%	2.50%
Suburban Class B	9.00%	10.00%	50	↔	2.50%	2.50%
TAMPA, FL						
CBD Class A	7.75%	9.25%	50	↔	2.00%	3.00%
CBD Class B	8.50%	10.00%	50	↔	2.00%	3.00%
Suburban Class A	8.00%	9.50%	50	↔	2.00%	3.00%
Suburban Class B	8.75%	10.25%	50	↔	2.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
CBD Class A	9.00%	10.00%	50	↑	-3.00%	3.00%
CBD Class B	10.00%	11.00%	50	↑	-3.00%	3.00%
Suburban Class A	8.00%	9.00%	50	↑	0.00%	3.00%
Suburban Class B	8.50%	10.00%	50	↑	0.00%	3.00%

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1Q 2024 National Rates Comparison Office - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
CBD Class A	9.00%	10.00%	50	↑	0.00%	3.00%
CBD Class B	11.00%	12.00%	50	↑	0.00%	3.00%
Suburban Class A	8.50%	9.75%	50	↑	0.00%	3.00%
Suburban Class B	10.50%	11.75%	50	↑	0.00%	3.00%
BOSTON, MA						
CBD Class A	6.25%	7.75%	50	↑	0.00%	3.00%
CBD Class B	8.00%	9.50%	50	↑	0.00%	3.00%
Suburban Class A	7.25%	8.75%	50	↑	0.00%	3.00%
Suburban Class B	8.50%	10.00%	50	↑	0.00%	3.00%
LEHIGH VALLEY, PA						
CBD Class A	8.25%	9.25%	50	↔	0.00%	3.00%
CBD Class B	9.00%	10.00%	50	↔	0.00%	3.00%
Suburban Class A	8.25%	9.25%	50	↔	0.00%	3.00%
Suburban Class B	9.00%	10.00%	50	↔	0.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Office - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
NEW YORK, NY (MANHATTAN & NY SUBURBS)						
CBD Class A	5.50%	7.00%	50	↔	3.00%	3.00%
CBD Class B	6.00%	7.75%	50	↔	3.00%	3.00%
Suburban Class A	7.50%	8.00%	50	↔	0.00%	3.00%
Suburban Class B	8.00%	9.00%	50	↔	0.00%	3.00%
NYC BOROUGHES						
CBD Class A	6.00%	7.00%	50	↔	0.00%	3.00%
CBD Class B	6.25%	7.25%	50	↔	0.00%	3.00%
Suburban Class A	6.00%	7.00%	50	↔	0.00%	3.00%
Suburban Class B	6.25%	7.25%	50	↔	0.00%	3.00%
NORTHERN NEW JERSEY						
CBD Class A	7.50%	8.25%	50	↔	1.50%	3.00%
CBD Class B	8.75%	9.00%	50	↔	1.50%	3.00%
Suburban Class A	8.50%	9.00%	50	↔	1.50%	3.00%
Suburban Class B	9.00%	9.50%	50	↔	1.50%	3.00%
PHILADELPHIA, PA						
CBD Class A	7.75%	8.50%	50	↔	0.00%	3.00%
CBD Class B	9.00%	10.00%	50	↔	0.00%	3.00%
Suburban Class A	8.00%	8.50%	50	↔	0.00%	3.00%
Suburban Class B	8.50%	9.50%	50	↔	0.00%	3.00%
PITTSBURGH, PA						
CBD Class A	7.25%	8.00%	50	↔	2.00%	3.00%
CBD Class B	8.50%	9.25%	50	↔	2.00%	3.00%
Suburban Class A	8.25%	9.25%	50	↔	2.50%	3.00%
Suburban Class B	9.00%	10.00%	50	↔	2.50%	3.00%
SOUTHERN NEW JERSEY						
Suburban Class A	8.25%	9.75%	50	↔	3.00%	3.00%
Suburban Class B	8.75%	10.25%	50	↔	3.00%	3.00%
UPSTATE NY						
CBD Class A	8.75%	9.25%	50	↑	0.00%	3.00%
CBD Class B	9.25%	9.75%	50	↑	0.00%	3.00%
Suburban Class A	8.25%	9.00%	50	↑	0.00%	3.00%
Suburban Class B	9.00%	9.50%	50	↑	0.00%	3.00%
WASHINGTON DC						
CBD Class A	6.00%	7.00%	50	↑	0.00%	3.00%
CBD Class B	7.00%	8.50%	50	↑	0.00%	3.00%
Suburban Class A	8.25%	9.50%	50	↑	0.00%	3.00%
Suburban Class B	9.50%	10.75%	50	↑	0.00%	3.00%
WILMINGTON, DE						
CBD Class A	9.00%	10.00%	50	↑	0.00%	3.00%
CBD Class B	11.00%	12.00%	50	↑	0.00%	3.00%
Suburban Class A	8.50%	9.75%	50	↑	0.00%	3.00%
Suburban Class B	10.50%	11.75%	50	↑	0.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 International Rates Comparison Office	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
CBD Class A	7.50%	8.50%	25	↔	0.00%	3.00%
CBD Class B	8.00%	9.25%	25	↔	0.00%	3.00%
Suburban Class A	8.00%	9.00%	25	↔	0.00%	3.00%
Suburban Class B	8.50%	9.50%	25	↔	0.00%	3.00%
EDMONTON						
CBD Class A	7.75%	8.50%	25	↔	0.00%	3.00%
CBD Class B	8.75%	9.50%	25	↔	0.00%	3.00%
Suburban Class A	8.50%	9.50%	25	↔	0.00%	3.00%
Suburban Class B	9.00%	10.00%	25	↔	0.00%	3.00%
MONTREAL						
CBD Class A	6.00%	6.75%	25	↔	0.00%	3.00%
CBD Class B	6.50%	7.25%	25	↔	0.00%	3.00%
Suburban Class A	6.75%	7.50%	25	↔	0.00%	3.00%
Suburban Class B	7.25%	8.00%	25	↔	0.00%	3.00%
TORONTO						
CBD Class A	6.00%	7.75%	25	↔	0.00%	3.00%
CBD Class B	6.25%	7.25%	25	↔	0.00%	3.00%
Suburban Class A	6.75%	7.75%	25	↔	0.00%	3.00%
Suburban Class B	7.50%	8.50%	25	↔	0.00%	3.00%
VANCOUVER						
CBD Class A	5.25%	6.50%	25	↔	0.00%	3.00%
CBD Class B	5.75%	7.00%	25	↔	0.00%	3.00%
Suburban Class A	6.00%	7.25%	25	↔	0.00%	3.00%
Suburban Class B	6.50%	7.75%	25	↔	0.00%	3.00%
MEXICO CITY						
CBD Class A	8.00%	10.50%	50	↔	4.50%	4.50%
CBD Class B	9.00%	11.50%	50	↔	4.50%	4.50%
Suburban Class A	8.50%	11.50%	50	↔	4.50%	4.50%
Suburban Class B	9.50%	12.00%	50	↔	4.50%	4.50%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.

Residential Development

By Scott Tonneson, MAI
Executive Vice President
Specialty Practice Leader -
Residential Development

Residential housing remains resilient despite 20-year-high mortgage interest rates and historically high home prices. Supply remains limited in most markets, while the extended process of obtaining approvals, developing, and constructing new homes will keep prices higher for the foreseeable future.

Demand and pricing for residential land increased in 2023, recovering from declines in the second half of 2022. According to John Burns Real Estate Consulting, prices for finished lots rose 6% year-over-year in A-B locations and 4% in C-D locations. Current appreciation aligns with normalized pre-pandemic rates of 6% to 7%.

Home builders experienced stronger-than-expected home sales in 2023, which continued to drive demand for replacement lot. A lack of supply kept home prices high despite 20-year-high mortgage interest rates. Builders began offering increased incentives, discounts, and mortgage rate buy-downs to offset elevated borrowing costs.

Public builders purchased the most finished lots, entitled land, and raw land, resuming lot and land purchases following the surging new home sales in the first half of 2023. The Southeast has the highest net increase in residents, while New York, Chicago and Los Angeles saw the most significant net decrease.

As of January 2024, the average 30-year national mortgage rate fell to 6.6%, its lowest level since May 2023 and welcome news for homebuyers. Lower rates into spring will improve the buying power of would-be homebuyers, boosting demand into peak homebuying season, though the supply of affordable homes remains limited.



Residential Build-for-Rent

By Nick Lukacs

First Vice President

Specialty Practice Leader -

Residential Build-for-Rent

Demand for built-for-rent housing remains strong, though asking rents did decrease year-over-year. Investment sales activity has fallen significantly from its peaks in 2021 and 2022. However, the demand for build-for-rent properties is expected to remain high, though new laws at both local and national levels could impede further growth of this asset class.

According to John Burns Real Estate Consulting's December 2023 report, national occupancy levels of stabilized built-for-rent product is currently 96%. Atlanta, Charlotte, Greenville, and other Southeastern markets lead the nation with the highest stabilized occupancy levels, followed closely by Southwestern markets such as Dallas, Fort Worth and Houston.

New deliveries are expected to increase approximately 15% year-over-year to 78,000 in 2023. The market rent for build-for-rent properties saw its highest year-over-year growth of 16.1% in Q4 2021. Rent growth declined in 2022 and has been relatively flat in 2023, though with further year-over-year declines in the back half of the year.

Built-for-rent investment sales activity surged in 2021 and 2022, then decelerated in 2023. Investment sales activity peaked at \$4 billion in 2021 before declining to \$3.5 billion in 2022 and approximately \$1 billion in 2023. National average cap rates for built-for-rent fell from an average of 5.8% in 2017 to 4.0% in 2021, though they have since fallen to 5.0% year-to-date 2023.



ABOUT RESIDENTIAL DEVELOPMENT & RESIDENTIAL BUILD-FOR-RENT

Newmark Valuation & Advisory's Residential Build-for-Rent (BFR) team, a sub-specialty of our Residential Specialty Practice, guides critical decision-making for institutional and private lenders, as well as investors, builders and developers. The practice focuses on built-for-rent (BFR) in addition to single-family rental (SFR) valuation services, offering premium talent and experience for this rapidly growing segment of the residential market. Through the first 10 months of 2021, our team completed valuation services involving 3,900 detached, townhome, villa and duplex units, totaling approximately 7.1 million rentable square feet.

Retail & Regional Malls

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Retail & Regional Malls

The retail sector remained generally stable in 2023 as concerns over a hard economic landing abated. Limited new construction and robust demand for space offset high inflation and interest rates.

- Strong demand and low vacancy rates kept rents high but restricted deal activity. According to CoStar, retail tenants leased approximately 45 million square feet of space in Q3 2023, the lowest level since Q2 2020.
- Rising construction costs contributed to further declines in new construction, with less than 50 million square feet added in the U.S. in 2023, 35% below the prior 10-year average.
- Rent levels increased by 3.1% during 2023, reaching a new record high of \$25.00 per square foot, highest in the Sun Belt region. Rental rates fell in Class B and C regional malls.
- Transaction activity declined 25% to \$50 billion in 2023, pressured by the high cost of capital. Market participants are awaiting further interest rate cuts and will return en masse in 2024.



RETAIL 1Q 2024 National Rates Comparison	Going-In Cap Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Discount Rate	Change from Mid 2023 (BPS)	Change from 1Q 2023 (BPS)	Change from 1Q 2022 (BPS)	Reversion Rate (BPS Over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
Grocery Anchor Strip Class A	6.25%	13	29	38	7.58%	10	15	17	46	2.67%	3.00%
Grocery Anchor Strip Class B	6.75%	17	15	25	8.19%	17	21	27	46	2.67%	3.00%
Unanchored Strip Class A	6.83%	-2	17	21	8.23%	-8	13	15	48	2.58%	3.00%
Unanchored Strip Class B	7.33%	6	13	15	8.75%	4	17	21	48	2.58%	3.00%
CENTRAL REGION											
Grocery Anchor Strip Class A	6.95%	5	28	65	7.93%	5	25	63	50	2.40%	3.00%
Grocery Anchor Strip Class B	7.93%	5	25	78	8.93%	5	25	78	50	2.40%	3.00%
Unanchored Strip Class A	7.95%	20	48	83	9.10%	20	48	68	50	2.40%	3.00%
Unanchored Strip Class B	8.75%	25	68	93	9.88%	25	65	80	50	2.40%	3.00%
SOUTH REGION											
Grocery Anchor Strip Class A	6.85%	2	50	75	8.06%	13	77	83	50	2.85%	3.00%
Grocery Anchor Strip Class B	7.54%	12	73	92	8.75%	13	88	83	50	2.85%	3.00%
Unanchored Strip Class A	7.56%	12	67	65	8.79%	21	96	81	50	2.92%	3.00%
Unanchored Strip Class B	8.13%	6	71	77	9.42%	15	96	81	50	2.92%	3.00%
EAST REGION											
Grocery Anchor Strip Class A	6.82%	6	35	40	8.05%	2	46	119	50	2.55%	3.00%
Grocery Anchor Strip Class B	7.45%	6	40	113	8.75%	6	52	127	50	2.55%	3.00%
Unanchored Strip Class A	7.52%	13	33	31	8.68%	10	40	113	52	2.55%	3.00%
Unanchored Strip Class B	8.16%	13	29	92	9.30%	10	33	102	52	2.55%	3.00%
UNITED STATES											
Grocery Anchor Strip Class A	6.71%	6	36	54	7.90%	8	42	71	49	2.63%	3.00%
Grocery Anchor Strip Class B	7.40%	10	39	77	8.64%	11	48	79	49	2.63%	3.00%
Unanchored Strip Class A	7.45%	10	41	49	8.68%	11	50	69	50	2.63%	3.00%
Unanchored Strip Class B	8.07%	12	45	68	9.32%	13	53	71	50	2.63%	3.00%
CANADA											
Grocery Anchor Strip Class A	5.95%	0	25	90	6.95%	20	45	110	25	3.00%	3.00%
Grocery Anchor Strip Class B	6.45%	0	25	100	7.35%	15	40	115	25	3.00%	3.00%
Unanchored Strip Class A	6.50%	0	25	90	7.30%	0	25	90	25	3.00%	3.00%
Unanchored Strip Class B	7.00%	0	25	100	7.85%	0	25	105	25	3.00%	3.00%
MEXICO											
Grocery Anchor Strip Class A	8.00%	0	0	-50	10.50%	0	-50	0	50	4.50%	4.50%
Grocery Anchor Strip Class B	9.50%	0	0	0	12.00%	0	-50	50	50	4.50%	4.50%
Unanchored Strip Class A	8.50%	0	0	-50	12.00%	0	0	100	50	4.50%	4.50%
Unanchored Strip Class B	9.50%	0	0	0	12.50%	0	0	50	50	4.50%	4.50%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.

ABOUT RETAIL & REGIONAL MALLS

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

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

1Q 2024 National Rates Comparison Retail - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Grocery Anchor Strip Class A	6.00%	7.00%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	6.50%	7.50%	50	↔	2.00%	3.00%
Unanchored Strip Class B	7.50%	8.50%	50	↔	2.00%	3.00%
IRVINE/ORANGE, CA						
Grocery Anchor Strip Class A	5.50%	7.25%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	8.00%	25	↔	3.00%	3.00%
Unanchored Strip Class A	6.00%	7.75%	25	↔	3.00%	3.00%
Unanchored Strip Class B	6.50%	8.50%	25	↔	3.00%	3.00%
LAS VEGAS, NV						
Grocery Anchor Strip Class A	7.00%	8.00%	75	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	8.50%	75	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	75	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	8.75%	75	↔	3.00%	3.00%
LOS ANGELES, CA						
Grocery Anchor Strip Class A	5.50%	7.25%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	8.00%	25	↔	3.00%	3.00%
Unanchored Strip Class A	6.00%	7.75%	25	↔	3.00%	3.00%
Unanchored Strip Class B	6.50%	8.50%	25	↔	3.00%	3.00%
PHOENIX, AZ						
Grocery Anchor Strip Class A	6.75%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	9.50%	50	↔	3.00%	3.00%
PORTLAND, OR						
Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	9.00%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.





1Q 2024 National Rates Comparison Retail - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
RENO, NV						
Grocery Anchor Strip Class A	7.00%	8.75%	75	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	9.50%	75	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	9.00%	75	↔	3.00%	3.00%
Unanchored Strip Class B	7.25%	9.25%	75	↔	3.00%	3.00%
SACRAMENTO, CA						
Grocery Anchor Strip Class A	6.75%	8.50%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	9.00%	25	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	7.50%	9.50%	50	↔	2.00%	3.00%
SALT LAKE CITY, UT						
Grocery Anchor Strip Class A	6.25%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	7.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.25%	8.25%	50	↔	3.00%	3.00%
SAN FRANCISCO, CA						
Grocery Anchor Strip Class A	6.25%	7.25%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	7.75%	25	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.50%	25	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.00%	25	↔	3.00%	3.00%
SEATTLE, WA						
Grocery Anchor Strip Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.25%	7.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.00%	8.25%	50	↔	3.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Grocery Anchor Strip Class A	5.75%	6.50%	50	↔	0.00%	3.00%
Grocery Anchor Strip Class B	6.25%	7.50%	50	↔	0.00%	3.00%
Unanchored Strip Class A	6.50%	7.50%	50	↔	0.00%	3.00%
Unanchored Strip Class B	7.00%	8.00%	50	↔	0.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 National Rates Comparison Retail - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.25%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	8.75%	50	↔	3.00%	3.00%
CINCINNATI, OH						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	2.50%	3.00%
Unanchored Strip Class A	8.50%	10.00%	50	↔	1.50%	3.00%
Unanchored Strip Class B	9.25%	10.75%	50	↔	1.50%	3.00%
CLEVELAND, OH						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	2.50%	3.00%
Unanchored Strip Class A	8.50%	10.00%	50	↔	1.50%	3.00%
Unanchored Strip Class B	9.25%	10.75%	50	↔	1.50%	3.00%
COLUMBUS, OH						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	2.50%	3.00%
Unanchored Strip Class A	8.50%	10.00%	50	↔	1.50%	3.00%
Unanchored Strip Class B	9.25%	10.75%	50	↔	1.50%	3.00%
DETROIT, MI						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	10.00%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 National Rates Comparison Retail - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
GRAND RAPIDS, MI						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	10.00%	50	↔	3.00%	3.00%
INDIANAPOLIS, IN						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	2.50%	3.00%
Unanchored Strip Class A	8.50%	10.00%	50	↔	1.50%	3.00%
Unanchored Strip Class B	9.25%	10.75%	50	↔	1.50%	3.00%
KANSAS CITY, MO						
Grocery Anchor Strip Class A	7.25%	8.00%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.75%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	8.75%	50	↔	3.00%	3.00%
MINNEAPOLIS, MN						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.25%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
ST. LOUIS, MO						
Grocery Anchor Strip Class A	7.25%	8.25%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	8.25%	9.25%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.75%	8.75%	50	↑	3.00%	3.00%
Unanchored Strip Class B	8.50%	9.25%	50	↑	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Retail - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	9.00%	50	↔	3.00%	3.00%
ATLANTA, GA						
Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.75%	9.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.00%	9.50%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	10.50%	50	↔	3.00%	3.00%
AUSTIN, TX						
Grocery Anchor Strip Class A	6.75%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	8.75%	50	↔	3.00%	3.00%
CHARLOTTE, NC						
Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.75%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	10.00%	50	↔	3.00%	3.00%
DALLAS, TX						
Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.25%	9.50%	50	↔	3.00%	3.00%
FORT WORTH, TX						
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	9.75%	50	↔	3.00%	3.00%
HOUSTON, TX						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.





1Q 2024 National Rates Comparison Retail - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
MIAMI, FL						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.25%	8.25%	50	↔	3.00%	3.00%
NEW ORLEANS, LA						
Grocery Anchor Strip Class A	7.50%	8.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.50%	9.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	9.50%	10.50%	50	↔	3.00%	3.00%
Unanchored Strip Class B	10.50%	11.50%	50	↔	3.00%	3.00%
ORLANDO, FL						
Grocery Anchor Strip Class A	6.50%	7.75%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%
SAN ANTONIO, TX						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	8.75%	50	↔	3.00%	3.00%
TAMPA, FL						
Grocery Anchor Strip Class A	6.75%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
Grocery Anchor Strip Class A	7.50%	8.50%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.50%	8.50%	50	↔	2.00%	3.00%
Unanchored Strip Class B	8.00%	9.00%	50	↔	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Retail - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Grocery Anchor Strip Class A	7.00%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.75%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	9.50%	50	↔	3.00%	3.00%
BOSTON, MA						
Grocery Anchor Strip Class A	6.50%	7.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.25%	25	↔	3.00%	3.00%
Unanchored Strip Class A	8.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	9.75%	50	↔	3.00%	3.00%
LEHIGH VALLEY, PA						
Grocery Anchor Strip Class A	7.00%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.50%	9.50%	50	↔	3.00%	3.00%
NYC BOROUGHES						
Grocery Anchor Strip Class A	5.75%	6.75%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	6.00%	7.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	6.25%	7.25%	50	↔	2.00%	3.00%
NORTHERN NEW JERSEY						
Grocery Anchor Strip Class A	7.00%	7.50%	50	↔	1.50%	3.00%
Grocery Anchor Strip Class B	7.25%	8.00%	50	↔	1.50%	3.00%
Unanchored Strip Class A	8.50%	9.00%	50	↔	1.50%	3.00%
Unanchored Strip Class B	9.00%	9.50%	50	↔	1.50%	3.00%
PHILADELPHIA, PA						
Grocery Anchor Strip Class A	7.25%	8.75%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.75%	9.50%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.75%	8.75%	50	↔	2.00%	3.00%
Unanchored Strip Class B	8.50%	9.75%	50	↔	2.00%	3.00%
PITTSBURGH, PA						
Grocery Anchor Strip Class A	7.25%	8.75%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.50%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	8.00%	9.50%	50	↔	2.00%	3.00%
SOUTHERN NEW JERSEY						
Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	9.25%	50	↔	3.00%	3.00%
UPSTATE NY						
Grocery Anchor Strip Class A	7.25%	8.50%	75	↔	2.50%	3.00%
Grocery Anchor Strip Class B	7.75%	9.00%	75	↔	2.50%	3.00%
Unanchored Strip Class A	7.75%	9.00%	75	↔	2.50%	3.00%
Unanchored Strip Class B	8.25%	9.25%	75	↔	2.50%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Retail - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
WASHINGTON DC						
Grocery Anchor Strip Class A	6.00%	7.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	8.75%	50	↔	3.00%	3.00%
WILMINGTON, DE						
Grocery Anchor Strip Class A	7.25%	9.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.75%	9.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	9.50%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.75%	10.25%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

1Q 2024 National Rates Comparison Regional Malls & Specialty Retail	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Regional Malls, Class A	6.25%	7.50%	75	↑	2.00%	3.00%
Regional Malls, Class B	9.50%	10.50%	75	↔	1.00%	3.00%
Regional Malls, Class C	17.00%	18.00%	75	↓	0.00%	3.00%
Power Centers, Tier 1	7.00%	8.00%	50	↑	1.50%	3.00%
Power Centers, Tier 2	8.00%	9.00%	50	↑	1.00%	3.00%
Power Centers, Tier 3	9.50%	10.50%	50	↔	0.00%	3.00%
Lifestyle Centers, Tier 1	7.00%	8.00%	75	↑	1.50%	3.00%
Lifestyle Centers, Tier 2	8.50%	9.50%	75	↑	1.00%	3.00%
Lifestyle Centers, Tier 3	13.50%	15.00%	75	↔	0.00%	3.00%
Single Tenant Retail, Tier 1	6.25%	7.50%	50	↑	3.00%	3.00%
Single Tenant Retail, Tier 2	7.00%	8.00%	50	↑	3.00%	3.00%
Single Tenant Retail, Tier 3	8.50%	9.00%	50	↔	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



1Q 2024 International Rates Comparison Retail	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
Grocery Anchor Strip Class A	6.25%	7.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	7.50%	25	↔	3.00%	3.00%
Unanchored Strip Class A	6.75%	7.75%	25	↔	3.00%	3.00%
Unanchored Strip Class B	7.25%	8.25%	25	↔	3.00%	3.00%
EDMONTON						
Grocery Anchor Strip Class A	6.25%	7.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	7.50%	25	↔	3.00%	3.00%
Unanchored Strip Class A	6.75%	7.50%	25	↔	3.00%	3.00%
Unanchored Strip Class B	7.25%	8.00%	25	↔	3.00%	3.00%
MONTREAL						
Grocery Anchor Strip Class A	6.75%	8.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.25%	25	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.25%	25	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	8.75%	25	↔	3.00%	3.00%
TORONTO						
Grocery Anchor Strip Class A	7.00%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.50%	9.50%	50	↔	3.00%	3.00%
VANCOUVER						
Grocery Anchor Strip Class A	5.00%	6.25%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	5.50%	6.75%	25	↔	3.00%	3.00%
Unanchored Strip Class A	6.00%	6.75%	25	↔	3.00%	3.00%
Unanchored Strip Class B	6.50%	7.50%	25	↔	3.00%	3.00%
MEXICO CITY						
Grocery Anchor Strip Class A	8.00%	10.50%	50	↔	4.50%	4.50%
Grocery Anchor Strip Class B	9.50%	12.00%	50	↔	4.50%	4.50%
Unanchored Strip Class A	8.50%	12.00%	50	↔	4.50%	4.50%
Unanchored Strip Class B	9.50%	12.50%	50	↔	4.50%	4.50%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

*Note: Mexico rate increases dependent if USD or Peso were used in transaction. Peso denominated lease rental rate increased 4.5%; USD denominated lease rental rate increased 2.5%.





Restaurants

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Senior Managing Director
Valuation & Advisory
Specialty Practice Co-Leader -
Restaurants

By Brandon Moorhead, MAI
Senior Managing Director
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Specialty Practice Co-Leader -
Restaurants

The National Restaurant Association reports that food service sales increased by 8.5% in 2023, following a record 17% increase in 2022.

Sales are now well above pre-pandemic levels. Growth was driven in part by 20-30% menu price increases implemented to offset rising food and labor costs. Labor, including both costs and employee retention, posed a persistent challenge in 2021 and 2022, though showed some improvement in 2023. Rising labor costs have encouraged restaurant chains to emphasize automation and streamline staff. The pandemic led to 90,000 stores to permanently close, nearly twice the number seen in a typical year. These closures primarily affected independent full-service businesses.

1Q 2024 National Rates Comparison Restaurants	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Quick Service Restaurant, Franchisor	5.50%	6.50%	75	↔	1.50%	2.00%
Quick Service Restaurant, Franchisee	5.75%	6.75%	75	↔	1.50%	2.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



ABOUT RESTAURANTS

Newmark Valuation & Advisory's Restaurants team members have appraised more than 30,000 restaurants, delivering expertise in all elements of value: real estate, equipment, and business intangible.

Mortgage lending is the most common intended use for our Restaurants appraisals. Lenders are typically focused on real estate values and appreciate the market's emphasis on store economics for evaluating a tenant's ability to afford their lease obligation. Our specialized appraisers are experts in relating store economics to real estate economics when appropriate.

Self Storage

By Steve Johnson, MAI

Executive Vice President

Valuation & Advisory

Specialty Practice Co-Leader - Self Storage

By R. Christian Sonne, CRE, MAI, FRICS

Executive Vice President

Valuation & Advisory

Specialty Practice Co-Leader - Self Storage

In 2023, self storage returned to normalcy, shifting back to traditional seasonal patterns.

A lack of household transitions was the primary reason for the decrease in occupancy and rental rates in the self storage sector as new tenants were offered lower move-in rents, while existing customers had higher in-place rents, leading to almost zero growth in net operating income by the end of the year compared to the previous year. As we enter 2024, overall performance and transactional volume will be dependent on changes in interest rates and broader macroeconomic trends, such as unemployment.

Four in five homeowners have an interest rate below 5%, while homes are less affordable than any time before. Although expected reductions in interest rates are predicted to boost residential sales, these will be fewer than during the pandemic. As such, while we may see more household transitions, it will not be significant enough to drive rent and occupancy growth in the storage industry. If interest rates do not fall, revenue will continue to gradually trend downward.

The storage market remains a durable sector. We only anticipate a downturn in the most extreme unemployment scenarios, and there is a significant oversupply.

Readers should keep the larger perspective in mind. Today, the sector's net operating income is significantly higher compared to 2019, often over 50%. A modest decrease in 2024 net income should be considered a reversion from historical peaks. The self-storage industry's exceptional historical performance relative to other asset classes should still inspire confidence.

While some transaction activity is taking place, volume is low. That said, it is important to note that a significant amount of capital is actively seeking investment opportunities in the self-storage sector. If interest rates fall as anticipated, we can expect transaction volume to steadily increase throughout the year.



1Q 2024 National Rates Comparison Self Storage	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Self Storage, Class A	5.05%	7.25%	40	↔	3.25%	3.25%
Self Storage, Class B	6.05%	8.25%	50	↔	3.25%	3.25%
Self Storage, Class C	6.50%	8.75%	50	↔	3.25%	3.25%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.



Seniors Housing

By Benjamin Tate

Senior Managing Director

Valuation & Advisory

Specialty Practice Leader -

Healthcare & Seniors Housing

Persistent challenges include staffing and expenses, as the sector faces media and public scrutiny with aging populations.

Senior housing experienced a challenging 2023, marked by operator closures and increased scrutiny of assisted living facilities. However, there are hopes for a rebound in 2024. There has been notable momentum in occupancy rates and anticipation that numbers might reach pre-pandemic census levels by the end of the year. Limited new construction and the expected rise in demand from Baby Boomers suggest positive occupancy trends into 2025.

Assisted living is projected to surpass independent living due to a growing need for more intensive care services. Senior living operators in top markets should return to pre-pandemic occupancy by the end of the year.

1Q 2024 National Rates Comparison Seniors Housing	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going In Cap)	Expected Trend for 2Q Cap/Disc. Rates	Market Rent Growth Rate	Expense Growth Rate
Independent Living, Class A	5.75%	8.50%	50	↔	4.00%	3.00%
Independent Living, Class B	6.00%	8.75%	50	↔	4.00%	3.00%
Assisted Living/Dementia, Class A	6.75%	9.50%	50	↔	4.00%	3.00%
Assisted Living/Dementia, Class B	7.00%	9.75%	50	↔	4.00%	3.00%
Skilled Nursing, Class A	12.00%	14.50%	50	↔	4.00%	3.00%
Skilled Nursing, Class B	12.50%	15.75%	50	↔	4.00%	3.00%
CCRC, Class A	9.50%	12.00%	50	↔	4.00%	3.00%
CCRC, Class B	9.75%	12.25%	50	↔	4.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2023 and January 2024 including sales and discussions with market participants and service professionals.

A return to discounts and concessions in 2024 highlights the importance of developing strategies to maintain rates and healthy margins. Luxury senior living is adapting to serve wealthier older adults, while unconventional partnerships – such as a cobranded senior living concepts with Costco – signal a paradigm shift.

Regional density remains a key trend, with operators seeking to consolidate to improve operational efficiency. Anticipated scrutiny from media, lawmakers and the public require a strategic approach to public relations.





Merger & Acquisition Activity

By John Corbett, MAI

Senior Managing Director

Valuation & Advisory

Specialty Practice Leader -

Financial Reporting

- The M&A landscape is being shaped by various factors, including a search for stability amid valuation gaps, higher interest rates, and geopolitical shifts. While pandemic-era volatility has subsided, executives and investors remain cautious, and M&A activity has been muted. However, there have been signs of an earnings recovery commencing in Q4 2023, with notable deals, such as Bristol Myers Squibb's \$14 billion acquisition of Karuna Therapeutics and Nippon Steel's agreement to buy US Steel for \$14 billion.
- These deals suggest that recovery is expected to continue in 2024, with narrowing valuation gaps fueling hope for increased dealmaking. Global private equity "dry powder" is at a record \$2.49 trillion, and funds are under pressure to deploy capital and generate returns. However, deal momentum is somewhat restrained by the ongoing high interest rates. Private equity firms are resorting to alternative capital structures, private debt, and creative deal structuring, which may increase cost of capital by 200-300 basis points.
- Global recession concerns have abated, and analysts now expect gradual growth, particularly in the US. Despite any "soft landing," dealmakers continue to struggle with "higher-for-longer" interest rates, geopolitical shifts, and regulatory updates.
- The Federal Reserve's interest rate policies, coupled with the 2024 election year, introduce complexity and a need for careful analysis. A stable rate environment could support gradual dealmaking, but a change in leadership might influence the M&A regulatory framework. M&A in 2024 will be a careful balance amid economic conditions and external influences.

ABOUT FINANCIAL REPORTING

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

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

Specialty Practices

Agriculture

Agricultural Land
Irrigated Land
Recreational Land
Grain Storage Facilities
Timberland
Greenhouses / Nurseries
Ranches / Pastureland
Vineyards & Wineries

Aviation

Advanced Air Mobility
Air Cargo
Fuel
Hotels
Infrastructure
Industrial
Lounges
Offices
Parking
Property Development
Retail

Convenience Stores & Automotive Energy

Convenience Stores
Gas Stations
Electric Vehicle
Charging Stations
Car Washes
Truck Stops
Service Stations
Bulk Plants
Cardlocks

Data Centers & Life Science

Carrier Hotels
Colocation Facilities
Turnkey Data Centers
Powered Shell Data Centers
Network Switching Centers
Mission Critical Facilities
Mission Critical Tech Office
Life Science R&D
Life Science Lab Cleanrooms
Life Science cGMP Facilities

Education

Children's Day Nurseries
Colleges / Universities
Language Schools
Private / Independent Schools
Special Educational Needs
(SEN) Schools

Energy

Hydrogen Production & Storage
Carbon Capture
Solar / Wind
Gas Storage
Nuclear
Decommissioning of Coal
Energy Storage & Networks
Gigafactories
Supporting infrastructure
Biomass

Healthcare & Seniors Housing

Assisted & Independent Living
Skilled Nursing
Memory Care Facilities
Continuing Care Retirement Communities
(CCRC)
Hospitals
Medical Office Buildings
Surgical Centers
Long-Term Acute Care
Outpatient Healthcare Facilities

Hospitality, Gaming & Leisure

Hotels and Resorts
Gaming Facilities
Stadiums, Sports & Entertainment Facilities
Conference, Expo and Convention Centers
Golf Courses
Marinas
Ski and Village Resorts
Water Parks, Amusement Parks & Attractions

Industrial & Logistics

Automotive
Business Parks
Chemical Plants
Cold Storage / Food Production
Distribution Centers
Heavy / Light Manufacturing
Office / Warehouse
Research and Development
E-Commerce Fulfillment Centers
Intermodal Freight Transport Facilities
Shipyards & Working Waterfront Facilities



Minerals

Ancillary Mineral Plants
Brick & Tile Factories
Captured Landfill Methane (CLM / LFG)
Cement & Lime Plants
Concrete Product Works
Mines
Mineral Depots and Wharfs
Plaster Board Factories
Quarries

Multifamily

High-Rise, Mid-Rise & Low-Rise
Garden-Style
Condominiums
Cooperatives
Student Housing
Lifestyle Centers
Manufactured Housing Communities

Multifamily HUD / Affordable Housing

HUD 221(d)(4)
HUD 223(f)
HUD 220
HUD 202
Low-Income / Affordable Housing

Office

CBD / Trophy Buildings
Corporate Campuses / Headquarters
Creative Office Buildings
Suburban Offices
Government Buildings
Office / Condos
Office Business Parks
Entertainment Studios

Residential

Finished Lots (Partially Developed, Remaining Inventory, Excess Land)
Master Floor Plan Valuation
Raw Land for Acquisition and Development
Infill Development
Single-Family Build-for-Rent and Acquire-to-Rent (SFBFR, B2R, BTR)
Single-Family Rental Portfolio Valuation (SFR)
Subdivisions (Single-Family Detached & Attached)
Urban Redevelopment
Master-Planned / Planned Unit Developments (Traditional & Adult-Active)
Mixed-Use Projects

Restaurants

Quick Service
Fast Casual
Casual Dining
Polished Casual
Fine Dining
Family Dining
Grill Buffet
Food Hall
Ghost Kitchen

Retail & Regional Malls

Regional Malls
Lifestyle Centers
Community Centers
Power Centers
Neighborhood Centers
Department Stores
Big-Box Stores
High Street Retail
Net Leased Properties

Self Storage

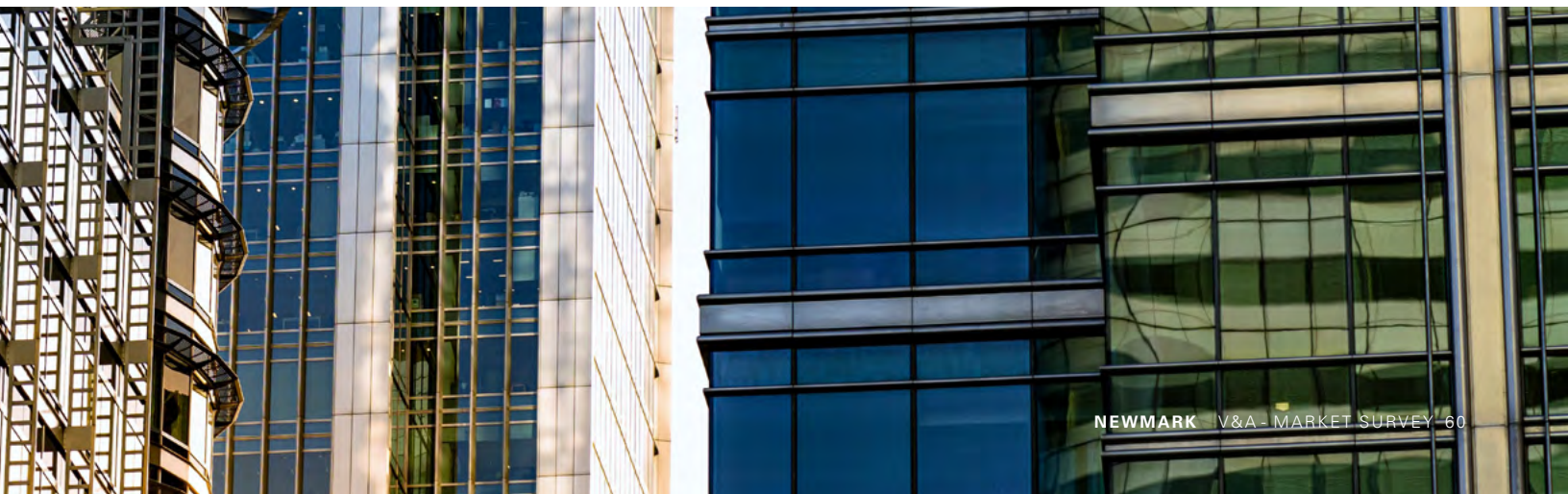
Climate / Non-Climate Controlled
Portable Container Storage
RV/Boat / Vehicle Storage
Wine Storage

Waste Management

Anaerobic Digestors
Biomass Plants
Energy from Waste Plants (EfW)
Household Recycling Centers
Landfill
Recycling Plants
Scrap Facilities
Waste Transfer and Processing

Special Use

Billboards / Cell Towers
Charitable Organizations
Correctional Facilities
Embassies / Consulates
Eminent Domain / Right-of-Way
Government Agencies
Ground Leases
Infrastructure
Parking Garages / Decks / Lots
Religious Organizations



VALUATION & ADVISORY

This report is fully interactive, click on leader names to view online profiles and email addresses to send a message.

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