

CBRE CAP RATE SURVEY

A CBRE Publication

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Overview

Investor demand for US commercial real estate assets expanded in 2011. A steady recovery in the leasing market conditions that drive income combined with both low rates of return and excessive volatility in other asset classes has persuaded many investors to reconsider commercial real estate investments. Figures from Real Capital Analytics (RCA) show that transaction volume grew over 50% from 2010 with yearend property sales totaling \$211.2 billion. To put this figure into context, in 2005, the first year for which consistent figures are available, the US market saw \$339.4 billion in commercial property transactions.

Office

Multihousing

The retail and hotel sectors saw the largest growth rates in investment activity in 2011, with volume up 89.1% and 96.8% respectively. Part of these high rates of growth is from the turnaround of expectations on the capacity of the US consumer. Surveys of investor intentions consistently showed retail as the least favored sector early into the downturn given the consumer related economic shocks.

Retail

Another factor driving the high rates of growth is the investor preference for safety and security. The RCA figures show that for the retail sector, investment sale activity within the strip center component was up 108% from a year earlier. This category is the component capturing grocery anchored retail which came to be particularly favored by investors for with the focus on the sale of the daily necessities; these shopping centers were not as impacted by the decline in discretionary spending seen during the economic downturn. Beyond this segment of retail however, other asset types associated with core assets and core markets did well. Investment in the office sector was up 31.9% year over year, lower than overall transaction volume, but the CBD office component was up 56.3% year over year. The perception that these assets have more durable exit pricing, and exit liquidity, have made investors particularly hungry for these assets though the large lot sizes also makes CBD office assets an efficient way to deploy large amounts of capital quickly.

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The performance of the sector relative to other asset classes is clearly driving investors to seek to deploy large amounts of capital in commercial property investments. The NCREIF property index shows that private equity real estate delivered at 14.3% total return in 2011. This figure came in at a 13.1% return for 2010 delivering two consecutive years of double-digit returns. By contrast the S&P 500 only delivered a 2.1% total return in 2011 given the harsh fall-off seen in August following the downgrade of US sovereign debt from AAA to AA+. Granted, commercial real estate also suffered somewhat from the investor skittishness that accompanied the downgrade, into the 4th quarter of 2011 the pace of growth in investment sales slowed to 10.4% on a year over year basis as investors struggled to make sense of the low levels of capitalization rates and expectations for a moderate pace of job growth in the coming years.

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Despite volatility in the stock market in 2011, the labor market steadily added jobs. The pace of job growth accelerated each month early in 2011 averaging 207,000 new jobs per month through April. The combined effects of bad weather in the Northeast, tornadoes in the South and supply chain disruptions from the Japanese Tsunami combined to push monthly job growth down to an average of 80,000 new jobs per month from May to August of 2011. Over the rest of the year though, the pace of job creation rebounded, averaging 170,000 new jobs per month. While there was a slowdown in growth mid-year, the needle was always moving in the right direction. Economic forecasts for 2012 generally hold job growth to little more than that which was seen in 2011; still even this slow trend toward growth will help the performance of the leasing market and property income.

Office

Multihousing

Retail

With the exception of the retail sector, all commercial property types reported falling vacancy rates in 2011. At year end, **office** vacancy rates fell to 16.0% with improvements in both CBD and Suburban office market. The office sector continues to enjoy strong transaction volume, with much of the focus on Washington DC and Manhattan which accounted for more than 40% of all sales in 2011. For the year, the volume of office transactions totaled just under \$62.9 billion, up 31.9% year over year.

Industrial

Hotel

Industrial availability declined at a steady pace of 20 basis points per quarter in 2011 reaching 13.5% by year end. Early in the recovery, only those markets which were regional distribution centers or tech hubs saw improvements in leasing but by year end 2011, even markets like Phoenix where the fall in the housing caused so much pain saw substantial declines in availability rates. The recovery of the industrial investment market in these housing driven metro areas is still tenuous however with our survey of cap rates for stabilized class A assets still in the high 6% to mid 7% range for assets in housing-driven markets versus the low 5% range for distribution focused markets.

Appendix

Retail has been the only property sector to report deteriorating fundamentals from last year. Retail availability came in at 13.2% by year end, up from 13.0% at the end of 2010. The silver lining in the market is that pace of increase has stopped with availability now unchanged from the 3rd quarter. According to RCA, sales volume ratcheted up to \$42.1 billion in 2011 versus \$22.3 billion in 2010. Roughly 60% of the volume in 2011 was focused on the strip center component of the market.

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Multihousing continues to enjoy the healthiest fundamentals as compared to the other property sectors. Vacancy stood at 5.3% by year end 2011, down from 6.0% at the end of 2010. The vacancy rate for the sector is now at the long-run average and as demand continues to grow, additional rent pressure can be expected. Rents grew at an almost 5% pace in 2011 versus 1.4% for 2010. The sale of high-rise assets accounted for roughly 27% of all investment volume in the years from 2005 to 2008 but have accounted for just under 36% of all activity since 2009 in part due to investor preference for assets in gateway markets. In 2011, just over 24% of all investment activity was focused on New York and Washington D.C., markets where stabilized class A cap rates stood at 4% and 4.5% respectively at the end of 2011.

In the **hotel** sector the pace of growth in revenue per available room (RevPar) continues to steam ahead. In the full service segment, for the 4th quarter of 2011 RevPar grew 7.8% from a year earlier while the limited service segment saw growth of 8.6%. This pace of RevPar growth has been fairly constant since the economic recovery started in 2010. With a one-night lease term, the hotel sector was the first sector to show an improvement. The recovering fundamentals have helped investors make the jump into the hotel sector with investment sales nearly doubling into 2011.

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Office

Investment volume in the office sector is up \$17.3 billion in 2011 versus 2010. To put this figure in perspective, in 2009 during the most challenging economic environment the market has seen in a generation, total office investment activity was less than \$17.1 billion; less than the increase from last year. Most of this increase in activity was seen in the CBD office market which saw an increase of \$12.8 billion from a year earlier to reach \$35.4 billion in activity. These markets have shown more liquidity than the suburban markets in 2011 with sales representing 56% of all activity despite these markets represent only 40% of all office inventory in the U.S.

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The CBRE Cap Rate Survey highlights a significant disparity in investor demand for office assets across different types of markets. There is a 450 basis point spread between the lowest and highest cap rates for stabilized Class A office assets in CBD submarkets and roughly a 390 basis point spread for assets in Suburban submarkets. In the mid-year 2011 version of this report, the disparity between the highest and lowest CBD markets was also at about 450 basis points but in Suburban areas the spread was narrower at 340 basis points. With pricing so tight for core assets in CBD office markets, some investors are beginning to stretch to investments in suburban locations in a select number of markets and cap rates are adjusting.

Select from the list below to access the current CBD office cap rates and forecast.

[Download a Complete Office CBD Current Cap Rates Chart \(PDF\)](#)

[Download a Complete Office CBD Cap Rate Forecast Chart \(PDF\)](#)

Select from the list below to access the current suburban office cap rates and forecast.

[Download a Complete Office Suburban Current Cap Rates Chart \(PDF\)](#)

[Download a Complete Office Suburban Cap Rate Forecast Chart \(PDF\)](#)

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Industrial

	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Atlanta	6.75% - 7.25%	↔	7.50% - 8.00%	↓	7.50% - 8.00%	↓	8.50% - 9.25%	↓	9.50% - 10.25%	↓	10.50% - 11.50%	↔
Baltimore	6.50% - 6.75%	↔	7.25% - 7.75%	↓	8.20% - 8.60%	↔	8.80% - 9.40%	↑	9.50% - 10.00%	↔	11.00% - 12.00%	↑
Boston	4.50% - 5.50%	↔	7.25% - 8.25%	↓	6.50% - 7.50%	↔	7.50% - 8.50%	↔	8.00% - 9.00%	↔	9.00% - 10.00%	↔
Charlotte	6.50% - 7.50%	↓	7.00% - 7.50%	↓	7.00% - 7.50%	↓	7.50% - 8.25%	↓	8.50% - 9.50%	↓	10.00% +	↔
Jacksonville	8.00% - 9.25%	↑	11.00% - 13.00%	↑	8.75% - 10.00%	↔	11.50% - 13.50%	↑	N/A	N/A	N/A	N/A
Memphis	8.50% - 9.00%	N/A	9.00% - 10.00%	N/A	9.00% - 9.50%	N/A	9.00% - 10.00%	N/A	10.00% - 11.00%	N/A	10.00% - 11.00%	N/A
Miami	6.00% - 7.00%	↓	7.25% - 8.00%	↔	6.75% - 7.75%	↓	8.00% - 9.00%	↓	7.25% - 8.25%	↓	8.75% - 9.75%	↓
Nashville	6.80% - 7.50%	↓	7.50% - 8.00%	↓	8.75% - 9.00%	↔	9.50% - 10.00%	↑	9.50% - 10.00%	↔	10.00% +	↔
New York City	4.50% - 5.00%	↓	5.00% - 6.00%	↔	5.00% - 6.00%	↓	6.00% - 7.00%	↓	N/A	N/A	N/A	N/A
Orlando	6.75% - 7.25%	↔	7.50% - 8.00%	↔	7.75% - 8.50%	↑	8.80% - 9.00%	↑	9.25% - 9.75%	↔	10.00% - 10.50%	↑
Philadelphia	6.50% - 7.00%	↓	7.00% - 7.50%	↓	7.50% - 8.00%	↓	8.00% - 8.50%	↓	9.00% - 10.00%	↔	10.00% - 11.00%	↔
Pittsburgh	7.50% - 8.00%	↔	8.00% - 8.50%	↔	8.50% - 9.00%	↔	9.50% - 10.25%	↑	10.50% - 11.25%	↔	11.00% - 12.00%	↔
Raleigh	6.50% - 7.50%	↓	7.00% - 7.50%	↓	7.00% - 7.50%	↓	7.50% - 8.25%	↓	8.50% - 9.50%	↓	10.00% +	↑
Tampa	6.50% - 7.50%	↓	8.25% - 9.25%	↓	8.25% - 9.50%	↔	9.00% - 10.00%	↔	9.50% - 10.50%	↔	10.00% - 11.00%	↔
Washington, DC	4.75% - 5.25%	↓	5.25% - 6.00%	↑	5.50% - 6.25%	↔	6.00% - 6.75%	↓	6.50% - 7.50%	↑	7.50% - 8.00%	↑

* Compared to 1st Half 2011

Hotel

Appendix

	CAP RATE FORECAST*					
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Atlanta						
Baltimore						
Boston						
Charlotte						
Jacksonville						
Memphis						
Miami						
Nashville						
New York City						
Orlando						
Pittsburgh						
Philadelphia						
Raleigh						
Tampa						
Washington, DC						

	Decrease
	Remain Flat
	Increase

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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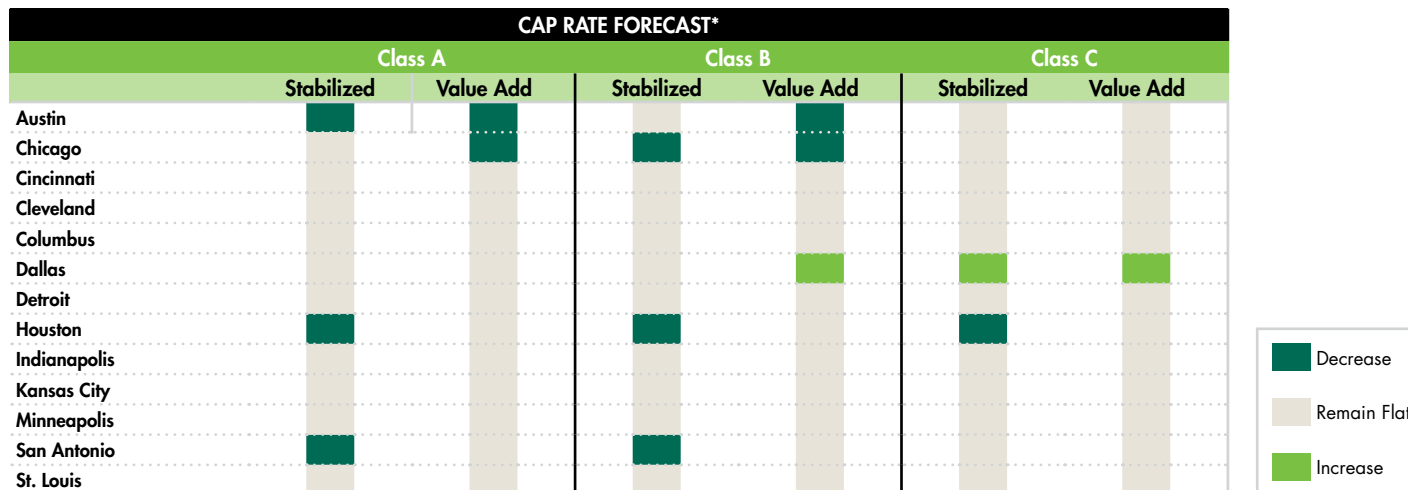
Industrial

Hotel

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Austin	5.75% - 6.50%	↓	6.50% - 7.00%	↔	7.00% - 7.75%	↓	7.50% - 8.50%	↓	9.00% - 10.00%	↑	10.00% - 11.00%	↑
Chicago	5.75% - 6.50%	↓	6.50% - 7.00%	↔	7.00% - 7.50%	↔	7.50% - 7.75%	↔	N/A	N/A	N/A	N/A
Cincinnati	8.00% - 9.00%	↓	9.00% - 9.50%	↓	9.50% - 10.50%	↔	10.00% - 11.00%	↔	10.50% - 11.50%	↔	11.00% - 12.50%	↓
Cleveland	8.75% - 9.25%	↔	9.00% - 9.50%	↓	9.50% - 10.00%	↔	10.00% - 10.50%	↓	10.50% - 11.00%	↔	11.00% - 12.00%	↔
Columbus	5.50% - 6.50%	↓	6.25% - 7.50%	↓	7.50% - 8.50%	↓	7.50% - 8.50%	↓	8.50% - 9.50%	↓	8.50% - 9.50%	↓
Dallas	8.00% - 9.00%	↓	8.50% - 9.50%	↔	9.00% - 9.50%	↓	9.50% - 10.00%	↓	9.50% - 11.00%	↓	10.00% - 11.00%	↓
Detroit	8.50% - 10.00%	↔	9.00% - 11.00%	↔	9.00% - 12.00%	↔	10.00% - 14.00%	↔	10.00% - 13.00%	↔	12.00% - 15.00%	↔
Houston	6.00% - 7.00%	↔	7.50% - 8.50%	↔	7.50% - 8.50%	↔	9.00% - 10.00%	↑	9.50% - 10.00%	↔	11.50% - 12.00%	↔
Indianapolis	8.00% - 9.75%	↑	8.00% - 9.75%	↓	9.50% - 11.00%	↔	9.25% - 10.75%	↔	10.00% - 12.75%	N/A	9.75% - 11.25%	N/A
Kansas City	8.25% - 8.50%	↓	8.00% - 9.00%	↓	9.50% - 10.00%	↓	9.50% - 10.00%	↓	11.00% - 12.00%	↓	11.00% - 12.00%	↓
Minneapolis	6.50% - 7.50%	↓	8.00% - 9.00%	↓	8.00% - 9.00%	↔	9.50% - 10.50%	↔	10.00% - 12.00%	↑	11.50% - 13.50%	↑
San Antonio	6.50% - 7.00%	↔	7.00% - 7.50%	↔	8.00% - 8.75%	↑	8.75% - 9.50%	↑	10.00% - 11.00%	↓	11.00% - 12.00%	↓
St. Louis	8.50% - 9.50%	↓	9.25% - 10.25%	↔	9.50% - 10.50%	↓	10.25% - 11.25%	↔	11.00% - 14.00%	↓	12.25% - 15.00%	↓

* Compared to 1st Half 2011



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Albuquerque	8.00% - 8.25%	N/A	8.00% - 8.50%	N/A	8.75% - 9.25%	↑	8.75% - 9.25%	N/A	10.00% - 11.00%	N/A	10.00% - 11.00%	N/A
Denver	5.50% - 6.00%	↔	6.75% - 7.00%	↓	6.75% - 7.00%	↓	8.00% - 8.50%	↓	8.00% - 8.50%	↔	9.00% - 9.50%	↔
Las Vegas	7.00% - 8.00%	↑	9.00% - 10.00%	↑	8.00% - 9.00%	↑	10.00% - 11.00%	↑	10.00% - 11.00%	↑	11.00% - 12.00%	↔
Los Angeles	5.50% - 6.00%	↔	6.00% - 6.50%	↔	6.00% - 7.00%	↔	6.50% - 8.00%	↔	7.50% - 8.50%	↔	8.00% - 10.00%	↔
Orange County	6.00% - 6.50%	↔	7.25% - 8.00%	↑	7.25% - 8.25%	↔	8.25% - 9.25%	↑	9.00% - 10.00%	↑	9.25% - 11.00%	↑
Phoenix	6.50% - 7.00%	↔	7.50% - 8.00%	↔	7.50% - 8.00%	↔	8.50% - 9.00%	↔	8.50% - 9.00%	↔	9.50% - 10.00%	↔
Portland	6.25% - 7.00%	↓	7.00% - 7.50%	↔	7.00% - 8.00%	↔	7.50% - 8.00%	↔	8.25% - 9.25%	↓	7.50% - 10.00%	↔
Sacramento	6.75% - 7.25%	↓	7.75% - 8.50%	↓	7.50% - 8.00%	↓	8.50% - 9.25%	↓	8.00% - 8.75%	↓	9.00% - 10.00%	↓
Salt Lake City	7.80% - 8.00%	↔	8.20% - 8.40%	↔	8.00% - 8.50%	↔	8.50% - 9.00%	↓	10.00% - 13.00%	↑	12.00% - 15.00%	↑
San Diego	6.25% - 7.25%	↔	6.75% - 7.75%	↓	7.50% - 8.00%	↑	8.50% - 9.00%	↑	7.75% - 8.75%	↑	8.25% - 9.25%	↑
San Francisco	4.75% - 6.00%	↓	6.00% - 7.00%	↔	6.00% - 7.50%	↓	6.75% - 8.75%	↓	8.00% - 10.00%	↔	9.00% - 11.00%	↔
Seattle	5.50% - 5.75%	↑	6.00% - 7.00%	↔	6.50% - 7.00%	↔	7.00% - 8.00%	↔	8.25% - 9.00%	↓	9.25% - 10.00%	↓

* Compared to 1st Half 2011

CAP RATE FORECAST*						
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Albuquerque						
Denver						
Las Vegas						
Los Angeles						
Orange County						
Phoenix						
Portland						
Sacramento						
Salt Lake City						
San Diego						
San Francisco						
Seattle						

Decrease
Remain Flat
Increase

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Atlanta	6.75% - 7.25%	↓	7.50% - 8.50%	↓	7.75% - 8.75%	↓	8.75% - 9.50%	↓	9.75% - 10.50%	↓	10.50% - 11.50%	↔
Baltimore	6.75% - 7.25%	↔	7.75% - 8.25%	↓	8.20% - 8.60%	↔	8.80% - 9.40%	↓	9.50% - 10.00%	↔	11.00% - 12.00%	↑
Boston	6.50% - 7.50%	↔	7.50% - 8.50%	↔	7.50% - 8.50%	↔	8.00% - 9.00%	↔	9.00% - 10.00%	↔	10.00% - 12.00%	↔
Charlotte	7.25% - 8.00%	↓	8.00% - 8.50%	↔	7.75% - 8.75%	↔	8.75% - 9.50%	↔	10.00% - 11.00%	↑	11.00% - 12.00%	↑
Jacksonville	8.00% - 9.25%	↑	11.00% - 13.00%	↑	8.75% - 10.00%	↓	11.50% - 13.50%	↑	10.50% - 12.75%	↓	12.00% - 14.50%	↑
Memphis	8.00% - 8.50%	N/A	7.50% - 8.00%	N/A	9.00% - 9.50%	N/A	8.50% - 9.00%	N/A	10.00% - 11.00%	N/A	10.00% - 11.00%	N/A
Miami	6.50% - 7.50%	↔	7.50% - 8.50%	↔	7.75% - 8.75%	↑	8.75% - 9.75%	↔	9.00% - 10.00%	↔	10.25% - 11.25%	↔
Nashville	7.50% - 7.80%	↔	7.75% - 8.00%	↓	8.50% - 9.00%	↓	9.00% - 9.50%	↓	10.00% - 10.50%	↔	10.00% +	↔
Orlando	7.50% - 8.00%	↑	8.00% - 8.50%	↔	8.25% - 8.75%	↓	8.50% - 9.00%	↓	9.25% - 9.75%	↑	10.00% - 10.75%	↑
Philadelphia	7.00% - 7.50%	↓	8.00% - 8.50%	↔	9.00% - 10.00%	↓	10.00% - 11.00%	↔	10.50% - 12.00%	↔	11.00% - 13.00%	↔
Pittsburgh	7.50% - 8.00%	↔	8.00% - 8.50%	↔	8.50% - 9.00%	↔	9.00% - 10.00%	↔	11.00% - 12.00%	↑	12.00% - 12.50%	↑
Raleigh	7.25% - 8.00%	↓	8.00% - 8.50%	↓	7.75% - 8.75%	↓	8.75% - 9.50%	↔	10.00% - 11.00%	↔	11.00% - 12.00%	↑
Tampa	7.00% - 8.00%	↔	8.00% - 9.00%	↔	8.00% - 9.00%	↔	8.75% - 9.75%	↔	9.25% - 10.25%	↔	10.00% - 12.00%	↔
Washington, DC	5.00% - 5.75%	↓	7.00% - 7.50%	↑	7.25% - 8.00%	↑	8.00% - 8.50%	↑	8.00% - 9.00%	↔	8.50% - 9.00%	↔

* Compared to 1st Half 2011

CAP RATE FORECAST*						
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Atlanta	Decrease	Decrease	Decrease	Decrease	Increase	Increase
Baltimore	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Boston	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Charlotte	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Jacksonville	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Memphis	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Miami	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Nashville	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Orlando	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Pittsburgh	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Philadelphia	Decrease	Decrease	Decrease	Decrease	Increase	Increase
Raleigh	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Tampa	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Washington, DC	Decrease	Decrease	Increase	Increase	Increase	Increase

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Austin	6.50% - 7.25%	↓	7.50% - 8.25%	↔	8.00% - 8.75%	↔	8.50% - 9.25%	↑	9.50% - 11.00%	↑	11.00% - 12.00%	↑
Chicago	7.50% - 8.50%	↔	8.25% - 9.00%	↓	8.50% - 9.75%	↓	9.25% - 10.25%	↓	9.50% - 10.75%	↓	10.25% - 12.75%	↓
Cincinnati	8.00% - 9.00%	↔	8.50% - 9.50%	↔	9.00% - 9.50%	↓	9.50% - 10.50%	↔	10.00% - 11.00%	↓	10.50% - 12.00%	↓
Cleveland	8.75% - 9.25%	↔	9.00% - 9.50%	↓	9.50% - 10.00%	↔	10.00% - 10.50%	↑	10.50% - 11.00%	↔	11.00% - 12.00%	↔
Columbus	5.50% - 6.50%	↓	6.50% - 7.50%	↓	7.50% - 8.50%	↓	7.50% - 8.50%	↓	8.50% - 9.50%	↓	8.50% - 9.50%	↓
Dallas	7.00% - 8.00%	↓	7.50% - 8.50%	↓	7.75% - 8.50%	↓	8.00% - 8.50%	↓	8.50% - 9.00%	↓	9.00% - 10.00%	↓
Detroit	8.50% - 10.00%	↔	9.00% - 11.00%	↔	9.00% - 12.00%	↔	10.00% - 14.00%	↔	10.00% - 13.00%	↔	12.00% - 15.00%	↔
Houston	7.50% - 8.00%	↑	8.00% - 8.50%	↑	8.00% - 8.50%	↔	9.00% - 10.00%	↔	10.00% - 11.00%	↑	11.00% - 12.00%	↔
Indianapolis	8.75% - 9.50%	↑	8.50% - 9.25%	↓	9.25% - 10.25%	↔	9.25% - 10.50%	↓	9.50% - 11.00%	N/A	9.75% - 12.75%	N/A
Kansas City	7.75% - 8.50%	↓	7.50% - 8.25%	↓	9.00% - 10.00%	↔	9.00% - 10.00%	↓	10.00% - 11.00%	↓	10.00% - 11.00%	↓
Minneapolis	6.25% - 7.75%	↓	9.00% - 10.00%	↑	8.00% - 9.50%	↓	10.00% - 11.25%	↔	10.00% - 11.50%	↑	13.00% - 14.00%	↑
San Antonio	7.25% - 8.00%	↑	8.00% - 8.75%	↑	8.50% - 9.00%	↑	9.25% - 9.75%	↑	10.00% - 11.00%	↓	11.00% - 12.00%	↓
St. Louis	7.50% - 8.50%	↓	8.00% - 9.00%	↓	9.00% - 10.00%	↑	9.00% - 10.00%	↓	10.50% - 12.00%	↔	10.00% - 15.00%	↔

* Compared to 1st Half 2011

CAP RATE FORECAST*							<div><div>Decrease</div><div>Remain Flat</div><div>Increase</div></div>
Class A		Class B		Class C			
Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add		
Austin	Decrease	Decrease	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Chicago	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Cincinnati	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	
Cleveland	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Columbus	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Dallas	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Detroit	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Houston	Remain Flat	Decrease	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Indianapolis	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Kansas City	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
Minneapolis	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	
San Antonio	Decrease	Decrease	Decrease	Decrease	Remain Flat	Remain Flat	
St. Louis	Decrease	Decrease	Decrease	Remain Flat	Remain Flat	Remain Flat	

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Albuquerque	8.00% - 8.25%	↑	7.75% - 8.25%	N/A	8.50% - 9.00%	N/A	8.50% - 9.00%	↔	10.00% - 11.00%	N/A	10.00% - 11.00%	↑
Denver	6.50% - 7.00%	↔	7.75% - 8.25%	↔	8.00% - 8.50%	↔	9.00% - 9.50%	↔	9.00% - 10.00%	↔	10.50% - 11.00%	↔
Las Vegas	7.50% - 8.50%	↑	9.50% - 10.50%	↑	8.50% - 9.50%	↑	10.50% - 11.50%	↑	9.50% - 10.50%	↓	11.50% - 12.50%	N/A
Los Angeles	5.50% - 7.00%	↔	6.00% - 7.50%	↔	6.50% - 7.50%	↔	7.00% - 8.00%	↔	7.50% - 9.00%	↔	8.50% - 10.00%	↔
Orange County	6.00% - 6.50%	↓	7.25% - 8.00%	↔	7.25% - 8.25%	↓	8.25% - 9.25%	↔	9.00% - 10.00%	↑	9.25% - 11.00%	↔
Phoenix	7.00% - 7.50%	↓	8.00% - 8.50%	↓	8.00% - 8.50%	↔	9.00% - 9.50%	↔	9.50% - 10.00%	↔	10.50% - 11.00%	↔
Portland	7.50% - 8.00%	↓	8.00% - 8.75%	↔	8.50% - 9.25%	↓	9.25% - 10.25%	↓	9.00% - 10.00%	↔	10.50% - 11.00%	↔
Sacramento	7.00% - 7.50%	↓	8.00% - 8.50%	↓	7.75% - 8.50%	↓	8.50% - 9.25%	↓	8.50% - 9.25%	↓	9.00% - 10.00%	↑
Salt Lake City	7.80% - 8.00%	↔	8.20% - 8.40%	↔	8.00% - 8.50%	↔	8.50% - 9.00%	↓	10.00% - 13.00%	↑	12.00% - 15.00%	↑
San Diego	6.00% - 7.00%	↔	6.50% - 7.50%	↔	6.75% - 7.75%	↔	7.25% - 8.25%	↔	7.50% - 8.50%	↔	8.00% - 9.00%	↔
San Francisco	5.75% - 6.75%	↔	6.00% - 7.00%	↓	6.00% - 7.50%	↓	7.25% - 9.25%	↓	8.75% - 10.50%	↓	9.25% - 11.50%	↓
Seattle	5.50% - 6.25%	↔	6.00% - 8.00%	↔	6.50% - 7.50%	↔	7.00% - 8.00%	↔	7.50% - 9.00%	↔	8.00% - 9.50%	↓

* Compared to 1st Half 2011

CAP RATE FORECAST*						
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Albuquerque						
Denver						
Las Vegas						
Los Angeles						
Orange County	Decrease					
Phoenix						
Portland	Decrease		Decrease			
Sacramento						
Salt Lake City						
San Diego						
San Francisco	Decrease		Decrease			
Seattle						Increase

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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Overview

Across all sectors of commercial real estate investment, multihousing is the sector that saw the earliest turnaround of investor interest as the positive trends in income fundamentals seen over the last two years had been widely expected. The stabilizing influence of the debt provided by the GSEs was an enormous help for market liquidity as well. Total transaction activity in 2011 came in at \$53.8 billion according to figures from RCA, though this figure is still well off of the peak level of \$93.8 billion in sales seen in 2006.

Office

Across markets, the CBRE Cap Rate Survey paints a picture of healthy investor demand across a number of markets. In the 41 major markets surveyed, cap rates for Class A stabilized multihousing assets came in lower than 5.5% in 21 of these markets. This 5.5% level is interesting as this is the level at which our economists at CBRE Econometric Advisors are thinking that the Ten Year Treasury will peak once the economy is through this turbulent patch. These low levels relative to the Ten Year Treasury do not suggest that these assets are overpriced so much as they indicate that investors expect that the income growth seen in multihousing through 2011 will continue over the next few years.

Retail

Select from the list below to access the current multihousing cap rates and forecast.

Industrial

[Download a Complete Multihousing Current Cap Rates Chart \(PDF\)](#)

[Download a Complete Multihousing Cap Rate Forecast Chart \(PDF\)](#)

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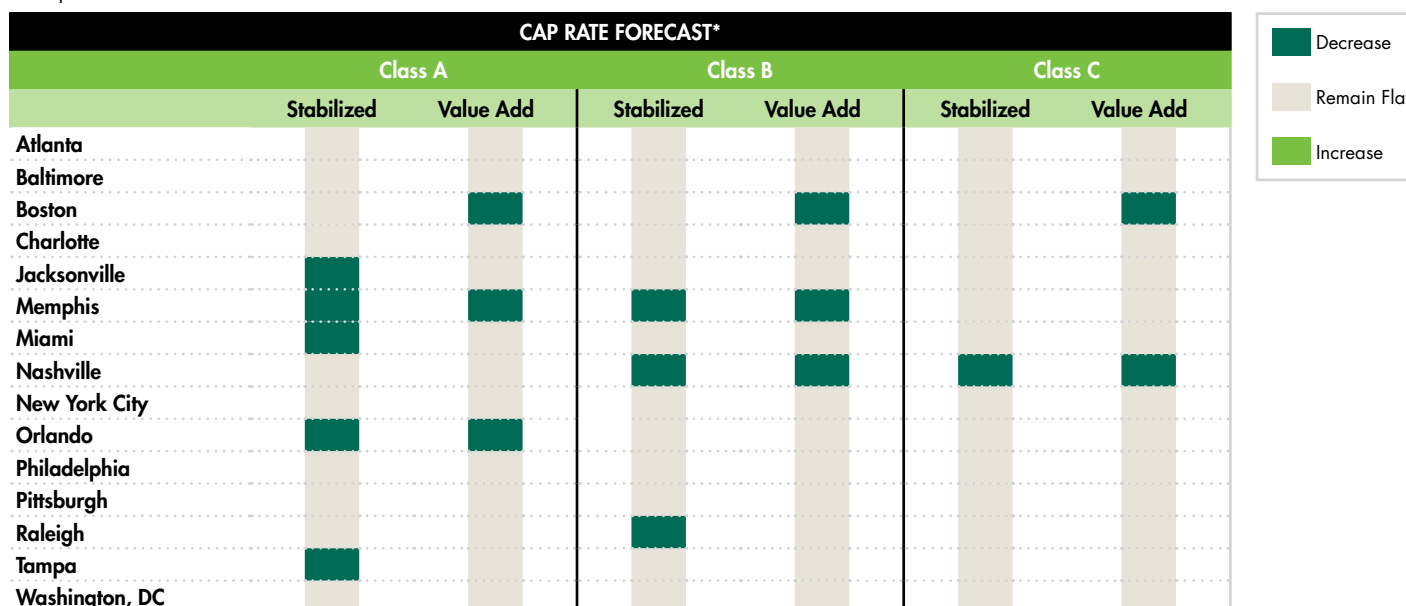
Industrial

Hotel

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Atlanta	5.00% - 6.00%	↔	5.50% - 6.50%	↑	5.75% - 7.50%	↔	6.50% - 8.00%	↑	7.00% - 9.50%	↑	8.00% - 10.50%	↔
Baltimore	3.80% - 5.25%	↓	N/A	N/A	5.25% - 5.75%	↓	4.25% - 5.75%	↓	6.50% - 7.25%	↓	3.00% - 7.00%	↓
Boston	4.00% - 4.75%	↔	4.50% - 5.00%	N/A	5.00% - 5.75%	↔	5.75% - 6.50%	↔	6.75% - 7.25%	↓	7.50% - 8.25%	↓
Charlotte	4.75% - 5.75%	↔	5.50% - 6.00%	↔	5.75% - 6.75%	↔	5.75% - 6.75%	↓	7.00% - 7.75%	↓	7.00% - 7.75%	↓
Jacksonville	5.25% - 5.75%	↓	5.25% - 5.50%	↓	6.50% - 7.00%	↔	6.25% - 6.75%	↔	7.50% - 8.50%	↔	7.00% - 8.00%	↔
Memphis	5.75% - 6.50%	N/A	5.75% - 6.50%	N/A	6.75% - 7.50%	N/A	6.50% - 7.25%	N/A	8.50% - 10.00%	N/A	8.50% - 10.00%	N/A
Miami	4.25% - 5.00%	↓	5.00% - 6.00%	↔	5.50% - 6.25%	↓	5.50% - 6.50%	↓	7.50% - 8.50%	↔	7.50% - 10.00%	↓
Nashville	5.50% - 6.25%	↔	5.25% - 6.00%	↓	6.25% - 7.00%	↔	6.00% - 7.00%	↓	6.75% - 7.50%	↓	6.75% - 7.75%	↓
New York City	3.50% - 4.50%	↓	3.50% - 4.50%	↓	4.25% - 5.50%	↓	4.00% - 5.00%	↓	5.75% - 6.75%	↔	5.50% - 6.50%	↔
Orlando	5.25% - 6.00%	↔	5.50% - 6.50%	↔	6.00% - 7.00%	↑	6.25% - 7.50%	↑	7.00% - 9.00%	↑	7.25% - 9.50%	↑
Philadelphia	5.00% - 5.25%	↔	4.75% - 5.00%	↓	6.00% - 6.75%	↔	6.00% - 6.75%	↔	7.00% - 7.50%	↔	7.00% - 7.50%	↔
Pittsburgh	6.80% - 7.25%	↔	7.25% - 7.50%	↔	7.00% - 7.50%	↔	7.25% - 7.75%	↓	8.50% - 9.00%	↑	N/A	N/A
Raleigh	4.50% - 5.50%	↔	5.50% - 6.00%	↔	5.50% - 6.50%	↓	5.75% - 6.75%	↔	6.75% - 7.50%	↓	7.00% - 8.00%	↔
Tampa	5.25% - 6.00%	↔	5.25% - 6.00%	↔	6.00% - 7.00%	↔	6.00% - 7.00%	↔	7.00% - 9.00%	↔	7.00% - 9.00%	↔
Washington, DC	3.80% - 5.25%	↓	N/A	N/A	5.25% - 5.75%	↓	4.25% - 5.75%	↓	6.50% - 7.25%	↔	3.00% - 7.00%	↓

* Compared to 1st Half 2011



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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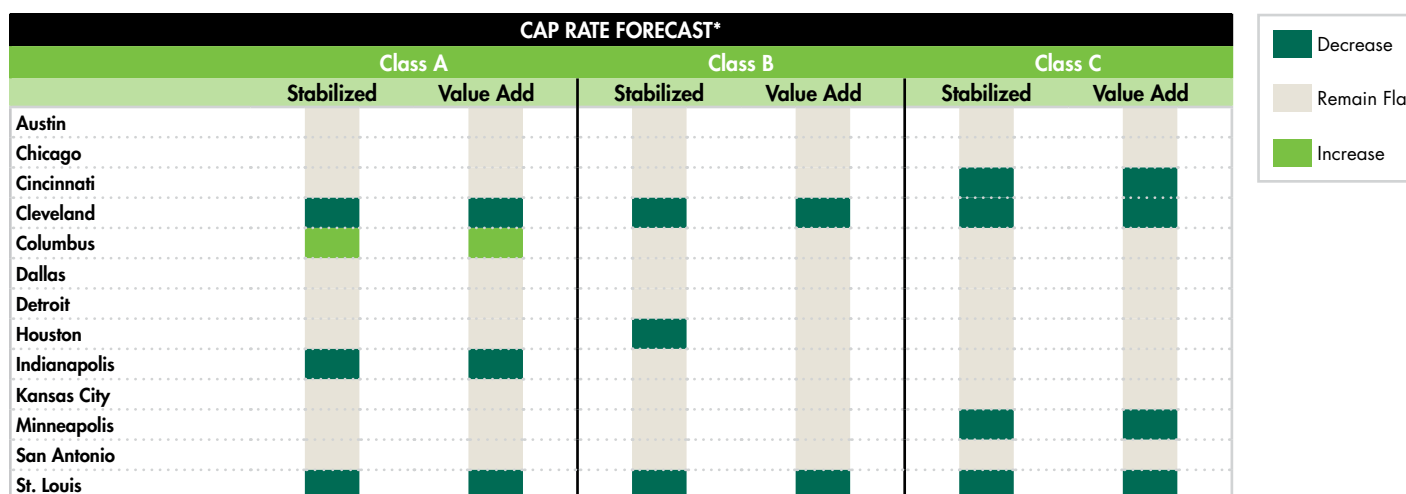
Industrial

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Austin	4.75% - 5.75%	↔	4.75% - 5.75%	↑	6.00% - 6.75%	↓	6.00% - 6.75%	↓	6.50% - 7.25%	↓	6.50% - 7.25%	↓
Chicago	4.75% - 5.00%	↔	4.50% - 4.75%	↔	6.25% - 6.50%	↔	6.00% - 6.25%	↔	7.50% - 7.75%	↑	7.25% - 7.50%	↑
Cincinnati	6.50% - 7.00%	↔	7.00% - 7.50%	↔	7.75% - 8.25%	↑	8.25% - 8.75%	↔	9.00% - 9.50%	↓	9.50% - 10.00%	↓
Cleveland	6.90% - 7.50%	↓	N/A	N/A	9.00% - 10.00%	N/A	N/A	N/A	9.00% - 10.50%	↓	11.00% - 12.00%	↑
Columbus	6.00% - 7.00%	↔	6.25% - 7.25%	↔	7.00% - 8.00%	↔	7.50% - 8.50%	↓	9.00% - 11.00%	↔	12.00% - 16.00%	↑
Dallas	4.50% - 6.00%	↓	5.50% - 6.50%	↔	6.50% - 7.25%	↔	7.00% - 8.00%	↔	8.00% - 10.00%	↔	8.00% +	↓
Detroit	6.75% - 7.75%	↓	7.50% - 8.00%	↓	7.50% - 8.50%	↓	8.00% - 9.00%	↓	8.75% - 9.50%	↓	9.50% - 10.50%	↓
Houston	5.00% - 6.00%	↔	5.50% - 6.50%	↑	6.50% - 7.50%	↔	7.25% - 8.00%	↑	8.00% - 9.00%	↔	8.00% - 9.50%	↔
Indianapolis	6.00% - 6.50%	↔	5.50% - 6.25%	↓	7.00% - 7.50%	↔	6.50% - 7.00%	↔	8.00% - 9.00%	↔	8.00% - 12.00%	↑
Kansas City	5.50% - 6.50%	↔	5.50% - 6.50%	↔	7.00% - 8.00%	↔	6.50% - 7.00%	↔	8.50% - 10.00%	↔	7.50% - 8.00%	↓
Minneapolis	5.00% - 5.50%	↔	5.00% - 5.50%	↓	6.25% - 6.75%	↔	6.25% - 7.00%	↔	7.00% - 7.50%	↓	7.00% - 7.50%	↓
San Antonio	5.25% - 6.00%	↓	5.25% - 6.25%	N/A	6.00% - 7.00%	↓	6.25% - 7.25%	↓	7.00% - 8.00%	↓	7.00% - 8.25%	↓
St. Louis	5.50% - 6.50%	↔	5.75% - 6.50%	↔	6.75% - 7.50%	↓	7.00% - 7.50%	↓	8.50% - 9.00%	↓	9.50% - 10.00%	↓

* Compared to 1st Half 2011



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Albuquerque	5.75% - 6.00%	↔	5.75% - 6.25%	↓	6.00% - 6.50%	↓	6.25% - 6.75%	↓	6.75% - 7.50%	↓	7.00% - 8.25%	↔
Denver	4.75% - 5.50%	↔	5.00% - 5.50%	↔	5.50% - 6.00%	↔	5.50% - 6.00%	↔	6.00% - 6.50%	↓	6.00% - 6.50%	↓
Inland Empire	4.75% - 5.50%	↓	5.00% - 5.75%	↔	5.25% - 6.00%	↓	5.25% - 6.25%	↔	6.50% - 7.00%	↔	6.50% - 7.00%	↔
Las Vegas	5.50% - 6.00%	↔	5.50% - 6.00%	↔	6.00% - 6.50%	↓	6.00% - 6.50%	↓	7.00% - 8.00%	↔	7.00% - 8.00%	↔
Los Angeles	3.85% - 4.25%	↔	3.75% - 4.00%	↓	4.25% - 4.50%	↓	4.00% - 4.25%	↓	4.75% - 5.50%	↔	4.50% - 5.25%	↓
Orange County	4.00% - 5.00%	↔	4.25% - 5.25%	↑	5.00% - 5.75%	↔	5.25% - 6.00%	↑	5.75% - 6.75%	↑	5.50% - 6.75%	↑
Phoenix	4.75% - 5.25%	↔	5.25% - 5.50%	↑	5.50% - 5.75%	↓	5.75% - 6.00%	↔	6.00% +	↔	6.00% +	↔
Portland	4.50% - 5.00%	↓	5.00% - 5.50%	↔	5.00% - 5.50%	↓	5.50% - 6.00%	↔	6.00% - 6.50%	↓	6.00% - 6.50%	↓
Sacramento	5.25% - 5.75%	↔	5.25% - 5.75%	↓	6.00% - 6.50%	↔	5.75% - 6.25%	↓	6.50% - 7.00%	N/A	N/A	N/A
Salt Lake City	5.75% - 6.50%	N/A	N/A	N/A	6.50% - 7.50%	N/A	N/A	N/A	7.75% - 8.50%	N/A	N/A	N/A
San Diego	4.25% - 4.75%	↔	4.25% - 4.75%	↔	5.25% - 5.75%	↔	5.00% - 5.75%	↔	6.00% - 6.50%	↑	6.00% - 6.50%	↑
San Francisco	4.00% - 4.50%	↔	4.50% - 5.00%	↔	5.00% - 5.50%	↔	5.50% - 6.00%	↔	5.50% - 6.50%	↔	6.00% - 6.50%	↔
Seattle	4.00% - 4.50%	↔	4.25% - 4.75%	↔	5.00% - 6.00%	↔	5.25% - 6.00%	↔	6.00% - 6.50%	↔	6.00% - 7.00%	↑

* Compared to 1st Half 2011

CAP RATE FORECAST*						
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Albuquerque	Decrease	Decrease	Decrease	Decrease	Remain Flat	Remain Flat
Denver	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Inland Empire	Decrease	Decrease	Decrease	Decrease	Remain Flat	Remain Flat
Las Vegas	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Los Angeles	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Orange County	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Phoenix	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Portland	Decrease	Decrease	Remain Flat	Decrease	Remain Flat	Remain Flat
Sacramento	Remain Flat	Decrease	Remain Flat	Decrease	Remain Flat	Remain Flat
Salt Lake City	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
San Diego	Remain Flat	Increase	Remain Flat	Increase	Increase	Increase
San Francisco	Decrease	Decrease	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Seattle	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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Overview

The retail sector had been the laggard into the early stages of the recovery with investor interest in this sector comparatively muted into 2010 even as other sectors began to attract investor interest. With a bit of a rebound in retail sales and an end in the erosion to property-level performance, the investment activity in the sector rebounded strongly in 2011. At \$42.1 billion, total investment activity is up 89.1% from a year earlier according to figures from RCA. This level is now 66% of the peak level of investment sales seen in 2007.

Office

Multihousing

Across markets, the CBRE Cap Rate Survey shows a fairly consistent story with regards to the pricing of grocery anchored shopping centers versus the Power Center format. Whether investors are active in the Class A, B or C segments of the market, Power Center cap rates are coming in higher than their grocery-anchored equivalents; roughly 50 basis points across all classes. Regardless of asset class, investors see less risk of ongoing shocks to grocery related retail and are willing to pay premiums for these assets.

Retail

Select from the list below to access the current neighborhood/community center (grocery anchored) retail cap rates and forecast.

Industrial

[Download a Complete Retail Neighborhood/Community Center \(Grocery Anchored\) Current Cap Rates Chart \(PDF\)](#)

[Download a Complete Retail Neighborhood/Community Center \(Grocery Anchored\) Cap Rate Forecast Chart \(PDF\)](#)

Hotel

Select from the list below to access the current power center retail cap rates and forecast.

Appendix

[Download a Complete Retail Power Center Current Cap Rates Chart \(PDF\)](#)

[Download a Complete Retail Power Center Cap Rate Forecast Chart \(PDF\)](#)

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	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Atlanta	6.00% - 7.00%	7.00% - 8.00%	7.00% - 7.50%	8.00% - 8.50%	8.50% - 9.00%	9.00% - 10.00%
Baltimore	5.75% - 6.50%	N/A	8.00% - 8.50%	N/A	9.00% - 10.00%	N/A
Boston	5.75% - 6.50%	N/A	7.00% - 7.75%	N/A	9.00% - 11.00%	N/A
Charlotte	6.50% - 7.00%	6.75% - 7.25%	7.00% - 7.50%	7.25% - 8.00%	8.50% - 10.00%	9.00% - 11.00%
Jacksonville	6.50% - 7.00%	5.50% - 7.50%	7.25% - 7.75%	6.00% - 8.00%	8.00% - 11.00%	10.00% +
Memphis	8.50% - 9.00%	7.50% - 8.00%	9.00% - 10.00%	8.50% - 9.00%	10.00% - 11.00%	10.00% - 11.00%
Miami	6.00% - 6.50%	7.00% - 8.00%	7.50% - 8.00%	8.00% - 9.00%	8.50% - 9.00%	9.00% - 10.00%
Nashville	7.00% - 7.25%	8.50% - 9.00%	8.00% - 9.00%	9.00% - 10.00%	10.00% - 11.00%	12.00% - 13.00%
Orlando	6.50% - 7.00%	5.50% - 7.50%	7.25% - 7.75%	6.00% - 8.00%	8.00% - 11.00%	10.00% +
Philadelphia	7.00% - 7.50%	N/A	8.00% - 8.50%	N/A	9.00% - 11.00%	N/A
Pittsburgh	6.50% - 7.50%	6.50% - 7.50%	8.25% - 9.25%	8.25% - 9.25%	9.50% - 10.50%	9.50% - 10.50%
Raleigh	6.50% - 7.00%	7.00% - 8.00%	7.00% - 8.25%	7.75% - 9.00%	8.75% - 10.00%	9.50% - 11.00%
Tampa	6.50% - 7.00%	5.50% - 7.50%	7.25% - 7.75%	6.00% - 8.00%	8.00% - 11.00%	10.00% +
Washington, DC	5.50% - 6.25%	N/A	7.50% - 8.00%	N/A	9.00% - 10.00%	N/A

CAP RATE FORECAST*						
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Atlanta	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Baltimore	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Boston	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Charlotte	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Jacksonville	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Memphis	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Miami	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Nashville	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Orlando	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Philadelphia	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Pittsburgh	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Raleigh	Decrease	Decrease	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Tampa	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat
Washington, DC	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat	Remain Flat

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Austin	6.25% - 6.75%	6.75% - 7.25%	7.50% - 8.25%	8.00% - 8.75%	8.75% - 9.75%	9.75% - 10.75%
Chicago	6.25% - 6.75%	8.00% - 9.00%	7.50% - 8.00%	10.50% - 11.50%	9.00% - 10.00%	12.00% - 14.00%
Cincinnati	7.00% - 7.50%	8.50% - 9.50%	8.00% - 8.50%	11.00% - 12.00%	9.50% - 10.50%	12.00% - 14.00%
Cleveland	7.25% - 7.75%	9.50% - 10.00%	8.25% - 8.75%	11.75% - 12.25%	9.75% - 10.25%	13.00% - 16.00%
Columbus	7.00% - 7.50%	8.50% - 9.50%	8.00% - 8.50%	11.00% - 12.00%	9.50% - 10.50%	12.00% - 14.00%
Dallas	6.50% - 7.00%	7.00% - 7.50%	7.75% - 8.50%	8.25% - 9.00%	9.00% - 10.00%	10.00% - 11.00%
Detroit	7.50% - 8.00%	9.50% - 10.00%	8.50% - 9.00%	12.00% - 14.00%	10.00% - 12.00%	13.00% - 16.00%
Houston	6.50% - 7.00%	7.00% - 7.50%	7.75% - 8.50%	8.25% - 9.00%	9.00% - 10.00%	10.00% - 11.00%
Indianapolis	7.00% - 7.50%	8.50% - 9.50%	8.00% - 8.50%	11.00% - 12.00%	9.50% - 10.50%	12.00% - 14.00%
Kansas City	7.00% - 7.50%	8.50% - 9.50%	8.00% - 8.50%	11.00% - 12.00%	9.50% - 10.50%	12.00% - 14.00%
Minneapolis	6.25% - 6.75%	8.00% - 9.00%	7.50% - 8.00%	10.50% - 11.50%	9.00% - 10.00%	12.00% - 14.00%
San Antonio	6.75% - 7.25%	7.25% - 7.75%	8.00% - 8.75%	8.50% - 9.25%	9.25% - 10.25%	10.25% - 11.25%
St. Louis	7.00% - 7.50%	8.50% - 9.50%	8.00% - 8.50%	11.00% - 12.00%	9.50% - 10.50%	12.00% - 14.00%

Industrial

Hotel

Appendix

	CAP RATE FORECAST*					
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Austin						
Chicago						
Cincinnati						
Cleveland						
Columbus						
Dallas						
Detroit						
Houston						
Indianapolis						
Kansas City						
Minneapolis						
San Antonio						
St. Louis						

- Decrease
- Remain Flat
- Increase

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Albuquerque	7.25% - 7.50%	8.00% - 8.25%	8.50% - 9.00%	9.00% - 9.50%	8.50% - 9.00%	8.50% - 9.00%
Denver	6.50% - 6.75%	7.00% - 7.75%	7.25% - 7.75%	8.00% - 8.75%	9.25% - 10.00%	10.00% - 11.00%
Las Vegas	7.25% - 8.25%	7.75% - 8.75%	8.25% - 9.25%	8.75% - 9.75%	9.25% - 10.25%	9.75% - 10.75%
Los Angeles	5.00% - 6.00%	6.00% - 7.00%	6.00% - 7.00%	7.00% - 8.00%	8.00% - 9.00%	10.00% +
Orange County	5.00% - 5.50%	5.50% - 6.50%	6.00% - 7.50%	6.50% - 8.00%	8.00% - 9.00%	10.00% +
Phoenix	6.00% - 6.50%	7.00% - 7.50%	6.50% - 7.00%	7.25% - 7.75%	7.00% - 7.50%	8.00% - 8.50%
Portland	6.50% - 7.00%	7.50% - 8.50%	7.00% - 8.00%	8.00% - 9.00%	8.00% - 9.50%	9.50% - 11.00%
Sacramento	7.25% - 8.00%	7.00% - 8.00%	7.75% - 8.50%	7.50% - 8.50%	8.00% - 9.00%	8.00% - 9.00%
Salt Lake City	7.20% - 7.60%	7.50% - 8.20%	8.00% - 8.50%	8.40% - 9.00%	9.10% - 10.40%	9.50% - 12.20%
San Diego	5.00% - 5.50%	5.25% - 6.50%	6.00% - 7.00%	6.50% - 7.50%	7.50% - 8.50%	9.00% +
San Francisco	5.00% - 5.75%	4.75% - 5.75%	6.75% - 7.50%	6.50% - 7.50%	8.00% - 9.50%	8.00% - 9.00%
Seattle	5.00% - 6.25%	5.00% - 6.25%	6.25% - 7.25%	6.25% - 7.25%	8.00% - 11.00%	8.80% - 11.00%

CAP RATE FORECAST*						
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Albuquerque						
Denver	Decrease		Decrease			
Las Vegas						
Los Angeles						
Orange County						
Phoenix						
Portland	Decrease		Decrease			
Sacramento	Decrease					
Salt Lake City						
San Diego		Decrease		Decrease		
San Francisco	Decrease		Decrease		Decrease	
Seattle						

Decrease
Remain Flat
Increase

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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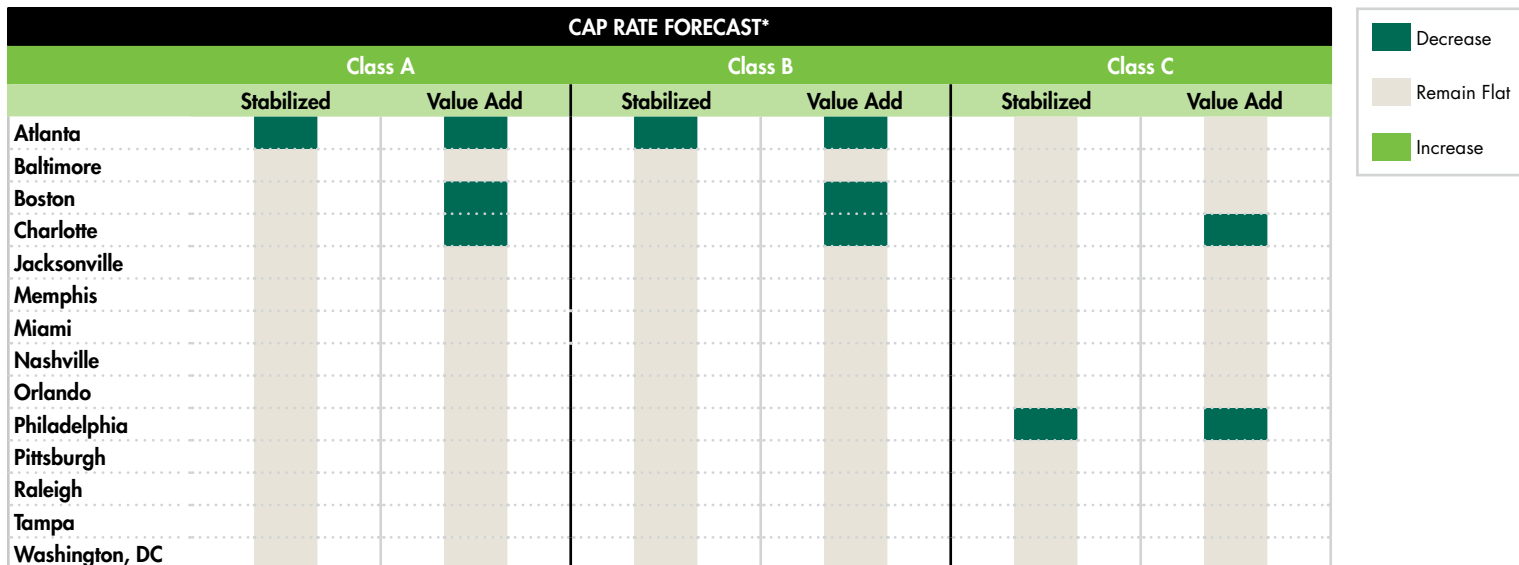
Retail

Industrial

Hotel

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	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Atlanta	6.50% - 7.25%	7.25% - 8.50%	7.50% - 8.00%	8.00% - 8.50%	9.00% - 9.50%	9.00% - 10.00%
Baltimore	6.25% - 6.75%	N/A	8.00% - 8.75%	N/A	9.25% - 10.25%	N/A
Boston	6.25% - 7.00%	N/A	7.50% - 8.25%	N/A	9.00% - 11.00%	N/A
Charlotte	7.00% - 7.50%	7.50% - 8.00%	8.00% - 9.00%	9.00% - 10.00%	9.00% - 10.00%	9.00% - 10.00%
Jacksonville	7.00% - 7.50%	6.50% - 8.00%	7.50% - 8.25%	7.00% - 8.75%	8.00% - 11.00%	10.00% +
Memphis	8.25% - 8.50%	7.50% - 8.00%	8.75% - 9.25%	8.25% - 8.75%	9.50% - 10.50%	9.00% - 10.00%
Miami	6.50% - 7.25%	7.25% - 8.00%	7.50% - 8.50%	8.50% - 9.00%	N/A	N/A
Nashville	8.00% - 8.50%	9.00% - 10.00%	8.50% - 9.50%	10.00% - 11.00%	9.50% - 10.50%	11.00% - 12.00%
Orlando	7.00% - 7.50%	6.50% - 8.00%	7.50% - 8.25%	7.00% - 8.75%	8.00% - 11.00%	10.00% +
Philadelphia	7.25% - 7.75%	N/A	8.50% - 9.00%	N/A	10.00% - 11.00%	N/A
Pittsburgh	7.50% - 8.00%	7.50% - 8.00%	9.50% - 10.25%	9.50% - 10.25%	10.00% - 10.75%	10.00% - 10.75%
Raleigh	7.00% - 7.50%	7.75% - 8.50%	8.00% - 9.00%	8.50% - 9.50%	9.00% - 10.50%	9.50% - 11.00%
Tampa	7.00% - 7.50%	6.50% - 8.00%	7.50% - 8.25%	7.00% - 8.75%	8.00% - 11.00%	10.00% +
Washington, DC	6.00% - 6.50%	N/A	7.50% - 8.25%	N/A	9.25% - 10.25%	N/A



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Austin	7.00% - 7.50%	7.50% - 8.00%	8.00% - 8.75%	8.75% - 9.25%	9.75% - 11.75%	10.75% - 11.75%
Chicago	6.75% - 7.25%	8.50% - 9.50%	8.00% - 8.50%	11.00% - 12.00%	9.50% - 11.00%	12.50% - 14.50%
Cincinnati	7.50% - 8.00%	9.00% - 10.00%	8.50% - 9.00%	11.50% - 12.50%	10.00% - 11.00%	12.50% - 15.00%
Cleveland	7.75% - 8.25%	10.00% - 10.50%	8.75% - 9.25%	12.25% - 12.75%	10.75% - 13.00%	13.00% - 16.00%
Columbus	7.50% - 8.00%	9.00% - 10.00%	8.50% - 9.00%	11.50% - 12.50%	10.00% - 11.00%	12.50% - 15.00%
Dallas	7.25% - 7.75%	7.75% - 8.25%	8.25% - 9.00%	9.00% - 9.50%	10.00% - 11.00%	11.00% - 12.00%
Detroit	8.00% - 8.50%	10.00% - 10.50%	9.00% - 9.50%	12.50% - 15.00%	11.00% - 13.00%	13.50% - 16.00%
Houston	7.25% - 7.75%	7.75% - 8.25%	8.25% - 9.00%	9.00% - 9.50%	10.00% - 12.00%	11.00% - 12.00%
Indianapolis	7.50% - 8.00%	9.00% - 10.00%	8.50% - 9.00%	11.50% - 12.50%	10.00% - 11.00%	12.50% - 15.00%
Kansas City	7.50% - 8.00%	9.00% - 10.00%	8.50% - 9.00%	11.50% - 12.50%	10.00% - 11.00%	12.50% - 15.00%
Minneapolis	6.75% - 7.25%	8.50% - 9.50%	8.00% - 8.50%	11.00% - 12.00%	9.50% - 11.00%	12.50% - 14.50%
San Antonio	7.50% - 8.00%	8.00% - 8.50%	8.50% - 9.25%	9.25% - 9.75%	10.25% - 12.25%	11.25% - 12.25%
St. Louis	7.50% - 8.00%	9.00% - 10.00%	8.50% - 9.00%	11.50% - 12.50%	10.00% - 11.00%	12.50% - 15.00%

Industrial

Hotel

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	CAP RATE FORECAST*					
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Austin						
Chicago						
Cincinnati						
Cleveland						
Columbus						
Dallas						
Detroit						
Houston						
Indianapolis						
Kansas City						
Minneapolis						
San Antonio						
St. Louis						

Decrease
Remain Flat
Increase

* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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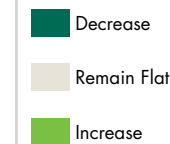
Industrial

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	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Albuquerque	7.50% - 8.00%	7.50% - 8.00%	7.75% - 8.25%	7.75% - 8.50%	8.50% - 9.00%	8.50% - 9.00%
Denver	6.75% - 7.25%	7.50% - 8.00%	7.75% - 8.25%	8.50% - 9.00%	9.00% - 10.00%	10.00% - 11.00%
Las Vegas	7.50% - 8.50%	8.00% - 9.00%	8.50% - 9.50%	9.00% - 10.00%	9.50% - 10.50%	10.00% - 11.00%
Los Angeles	5.50% - 6.50%	6.50% - 7.50%	6.50% - 7.50%	7.50% - 8.50%	8.50% - 9.50%	10.00% +
Orange County	5.50% - 6.50%	6.50% - 7.50%	7.00% - 8.50%	7.50% - 9.00%	8.50% - 9.50%	10.00% +
Phoenix	6.00% - 6.50%	7.00% - 7.50%	6.50% - 7.00%	7.25% - 7.75%	8.00% - 8.50%	9.00% - 9.50%
Portland	7.00% - 8.00%	8.50% - 9.50%	7.50% - 9.00%	8.50% - 10.00%	8.50% - 10.00%	9.50% - 11.50%
Sacramento	7.25% - 8.00%	7.00% - 8.00%	7.50% - 8.25%	7.50% - 8.25%	8.00% - 8.75%	8.00% - 8.75%
Salt Lake City	7.30% - 7.70%	7.50% - 7.90%	8.25% - 8.40%	8.50% - 8.92%	9.00% - 10.60%	9.50% - 12.25%
San Diego	5.50% - 6.50%	6.50% - 7.00%	7.00% - 8.00%	7.50% - 9.00%	8.50% - 9.50%	10.00% +
San Francisco	5.75% - 6.50%	5.75% - 6.50%	7.00% - 8.00%	7.00% - 8.00%	9.50% - 10.50%	9.00% - 10.00%
Seattle	5.50% - 6.50%	5.50% - 6.50%	6.50% - 8.00%	6.50% - 8.00%	9.00% - 11.00%	9.00% - 11.00%

CAP RATE FORECAST*						
	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Albuquerque						
Denver	Decrease					
Las Vegas						
Los Angeles						
Orange County						
Phoenix						
Portland	Decrease		Decrease			
Sacramento	Decrease	Decrease				
Salt Lake City						
San Diego		Decrease		Decrease		Decrease
San Francisco	Decrease				Decrease	
Seattle						



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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Transaction activity in the industrial sector for 2011 was up 34.8% from a year earlier according to figures from RCA. With total investment sales of \$26.7 billion, the market is still at 46% of the peak level of investment activity seen in 2007. There is a clear investor interest for particular types of industrial assets, the large modern distribution assets used in logistics operations. This preference helps explain why major distribution hubs such as Los Angeles, the Inland Empire, and Chicago accounted for 31% of all investment sales in 2011.

Office

Multihousing

This move towards investor demand for modern distribution assets can be seen in relative pricing across markets. There are a handful of markets where these types of assets are clustered with markets like Dallas, Chicago, Los Angeles and the Inland Empire showing cap rates below 6.75% for the highest quality assets in 2011 according to the CBRE Cap Rate Survey. By contrast, major manufacturing markets in the Midwest that have faced economic restructuring saw cap rates for class A assets in the range from the mid 7% to the 8% level.

Retail

Select from the list below to access the current industrial cap rates and forecast.

[Download a Complete Industrial Current Cap Rates Chart \(PDF\)](#)

[Download a Complete Industrial Cap Rate Forecast Chart \(PDF\)](#)

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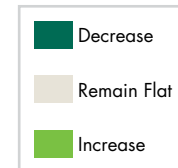
	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Atlanta	7.00% - 7.25%	↑	7.50% - 8.00%	↑	8.00% - 9.00%	↑	9.00% - 9.50%	↑	9.00% - 10.00%	↔	10.00% - 11.00%	↑
Baltimore	6.25% - 6.50%	↓	7.00% - 7.40%	↓	6.80% - 7.20%	↓	7.75% - 8.50%	↓	8.00% - 8.50%	↓	10.00% - 11.00%	↑
Boston	6.50% - 7.00%	↔	7.00% - 8.00%	↔	8.00% - 9.00%	↔	8.50% - 9.50%	↔	9.00% - 10.00%	↔	10.00% - 12.00%	↔
Charlotte	7.00% - 7.50%	↔	7.50% - 8.00%	↔	7.50% - 8.25%	↓	8.00% - 8.50%	↓	9.50% - 10.00%	↔	11.00% - 12.00%	↑
Jacksonville	7.50% - 8.50%	↑	8.00% - 9.00%	↔	8.00% - 9.00%	↓	8.50% - 9.50%	↓	10.00% - 11.00%	↓	11.00% - 13.00%	↓
Memphis	7.75% - 8.25%	N/A	7.00% - 7.50%	N/A	8.25% - 8.75%	N/A	7.75% - 8.25%	N/A	9.00% - 10.00%	N/A	9.00% - 10.00%	N/A
Miami	5.25% - 6.25%	↓	6.50% - 7.50%	↑	6.00% - 7.00%	↓	7.00% - 7.50%	↓	6.75% - 7.75%	↓	7.75% - 8.75%	↓
Nashville	7.50% - 8.50%	↔	8.00% - 9.00%	↔	8.00% - 9.00%	↓	8.50% - 9.50%	↓	10.00% - 11.00%	↑	11.00% - 13.00%	↑
Orlando	7.25% - 7.50%	↓	8.25% - 8.75%	↓	8.00% - 8.75%	↔	9.25% - 10.00%	↓	8.75% - 9.50%	↓	10.50% - 11.50%	↓
Philadelphia	6.50% - 7.00%	↓	7.00% - 8.00%	↓	8.00% - 9.00%	↑	8.50% - 9.50%	↓	9.00% - 10.00%	↔	10.00% - 12.00%	↔
Pittsburgh	7.50% - 8.25%	↔	8.50% - 9.00%	↑	8.75% - 9.50%	↑	9.25% - 10.50%	↑	10.50% - 11.00%	↑	11.00% - 11.50%	↑
Raleigh	7.00% - 7.50%	↔	7.50% - 8.00%	↔	7.50% - 8.25%	↓	8.00% - 8.50%	↔	9.50% - 10.00%	N/A	11.00% - 12.00%	N/A
Tampa	6.50% - 7.50%	↔	7.00% - 8.00%	↔	7.25% - 8.25%	↔	8.00% - 8.75%	↔	9.00% - 9.75%	↔	9.50% - 10.25%	↔
Washington, DC	6.25% - 6.75%	↔	7.00% - 7.50%	↑	7.75% - 8.25%	↑	8.50% - 9.00%	↑	9.50% - 10.00% +	↑	10.00% - 12.00%	↑

* Compared to 1st half 2011

Hotel

Appendix

	Class A		Class B		Class C	
	Stabilized	Value Add	Stabilized	Value Add	Stabilized	Value Add
Atlanta						
Baltimore						
Boston						
Charlotte						
Jacksonville						
Memphis						
Miami						
Nashville						
Orlando						
Philadelphia						
Pittsburgh						
Raleigh						
Tampa						
Washington, DC						



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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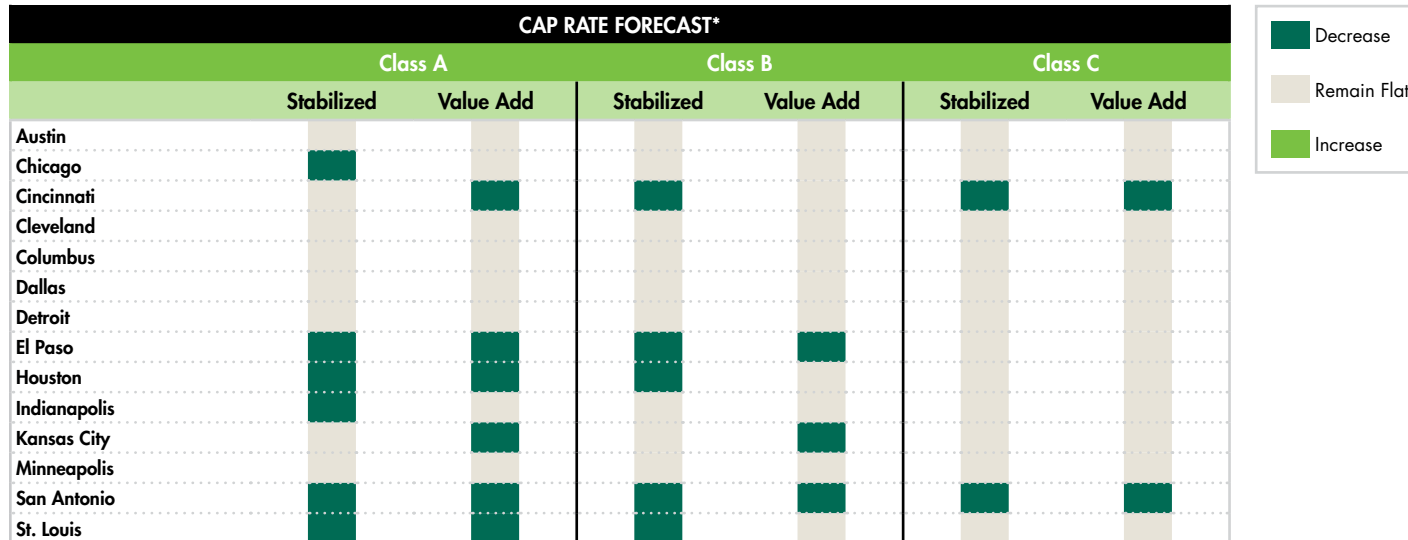
Industrial

	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Austin	7.00% - 7.50%	↓	7.50% - 7.75%	↓	8.00% - 8.50%	↓	8.50% - 8.75%	↓	9.00% - 10.00%	↑	10.00% - 11.00%	↑
Chicago	6.00% - 6.50%	↓	6.75% - 7.50%	↔	7.25% - 7.75%	↔	8.00% - 8.50%	↑	8.50% - 9.50%	↓	9.00% - 10.00%	↓
Cincinnati	7.50% - 8.50%	↑	8.00% - 9.00%	↔	8.00% - 9.00%	↔	8.50% - 9.50%	↓	10.00% - 11.00%	↓	11.00% - 13.00%	↑
Cleveland	7.75% - 8.25%	↓	8.50% - 9.00%	↔	8.75% - 9.25%	↓	9.00% - 9.50%	↓	9.50% - 10.50%	↑	10.50% - 11.50%	↓
Columbus	7.75% - 8.25%	↑	8.50% - 9.00%	↓	8.75% - 9.25%	↓	9.00% - 9.50%	↓	9.50% - 10.50%	↓	10.50% - 11.50%	↓
Dallas	6.25% - 7.00%	↓	7.00% - 7.50%	↓	7.75% - 8.75%	↑	9.00% - 9.50%	↑	9.50% - 10.00%	↑	11.00% - 12.00%	↑
Detroit	8.25% - 9.00%	↑	8.50% - 9.50%	N/A	9.50% - 10.00%	N/A	10.00% - 11.00%	N/A	11.00% - 13.00%	N/A	13.00% - 15.00%	N/A
El Paso	8.25% - 9.00%	N/A	8.50% - 9.50%	N/A	9.50% - 10.00%	N/A	10.00% - 11.00%	N/A	11.00% - 13.00%	N/A	13.00% - 15.00%	N/A
Houston	6.25% - 7.00%	↓	7.00% - 7.50%	↓	7.75% - 8.75%	↓	9.00% - 9.50%	↔	9.50% - 10.00%	↔	11.00% - 12.00%	↓
Indianapolis	7.50% - 8.25%	↑	8.00% - 9.00%	↔	8.00% - 9.00%	↓	8.75% - 9.50%	↓	9.25% - 11.00%	↔	10.00% - 11.25%	↔
Kansas City	7.00% - 7.50%	↔	7.50% - 7.75%	↔	8.00% - 8.50%	↔	8.50% - 8.75%	↔	9.00% - 10.00%	↔	10.00% - 11.00%	↔
Minneapolis	6.75% - 7.50%	↔	8.25% - 9.25%	↑	8.00% - 8.50%	↔	9.50% - 10.00%	↔	9.50% - 10.50%	↑	11.00% - 12.00%	↔
San Antonio	7.00% - 7.50%	↓	7.50% - 7.75%	↓	8.00% - 8.50%	↔	8.50% - 8.75%	↔	9.00% - 10.00%	↔	10.00% - 11.00%	↓
St. Louis	7.50% - 8.00%	↓	8.50% - 9.50%	↑	8.25% - 9.00%	↔	9.50% - 11.00%	↑	10.00% - 12.00%	↑	11.00% - 15.00%	↔

* Compared to 1st half 2011

Hotel

Appendix



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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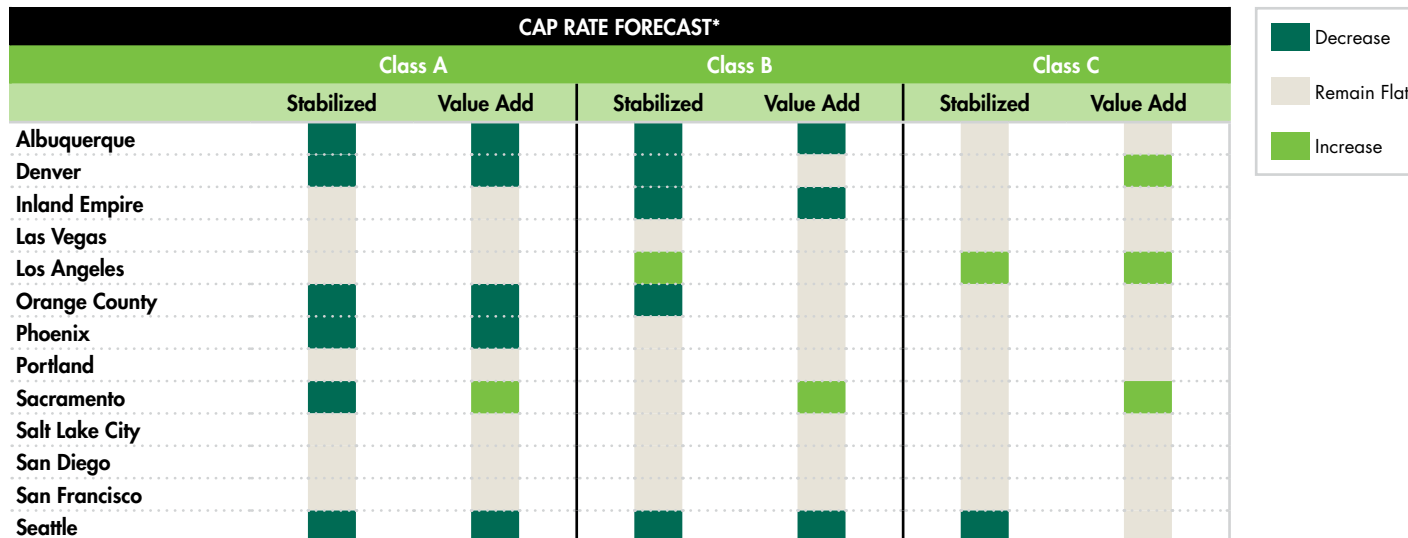
Industrial

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	Class A				Class B				Class C			
	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*	Stabilized	Trend*	Value Add	Trend*
Albuquerque	7.50% - 8.00%	N/A	7.50% - 8.00%	N/A	7.75% - 8.50%	↓	7.75% - 8.50%	N/A	8.75% - 9.25%	↓	8.75% - 9.25%	N/A
Denver	7.00% - 7.50%	↔	7.50% - 7.75%	↓	8.00% - 8.50%	↔	8.50% - 8.75%	↔	9.00% - 10.00%	↑	10.00% - 11.00%	↑
Inland Empire	5.00% - 5.50%	N/A	5.50% - 6.00%	N/A	5.50% - 6.00%	N/A	6.25% - 6.50%	N/A	6.50% - 7.00%	N/A	7.00% - 7.50%	N/A
Las Vegas	7.25% - 8.25%	↑	7.75% - 8.75%	↓	8.25% - 9.25%	↑	8.75% - 9.75%	↔	9.25% - 10.25%	↓	9.75% - 10.75%	↓
Los Angeles	5.00% - 5.50%	↔	5.50% - 6.00%	↔	5.75% - 6.50%	↓	6.25% - 7.00%	↓	7.00% - 8.00%	↓	7.50% - 9.00%	↔
Orange County	5.00% - 5.50%	↔	5.75% - 6.50%	↓	5.75% - 6.50%	↓	6.25% - 7.00%	↓	7.00% - 7.75%	↓	7.50% - 8.25%	↓
Phoenix	6.50% - 7.00%	↔	7.00% - 7.50%	↔	7.00% - 7.50%	↔	8.00% - 8.50%	↑	9.00% - 9.50%	↓	10.00% - 10.50%	↓
Portland	7.00% - 8.00%	↔	7.50% - 9.00%	↔	7.50% - 8.25%	↓	8.00% - 10.00%	↔	8.50% - 9.50%	↔	8.50% - 10.50%	↔
Sacramento	6.50% - 7.00%	↓	8.50% - 9.00%	↓	7.00% - 8.00%	↓	9.00% - 10.00%	↔	8.00% - 9.00%	↓	9.00% - 10.00%	↓
Salt Lake City	7.50% - 7.90%	↓	8.00% - 8.20%	↓	8.00% - 8.40%	↓	8.30% - 8.60%	↓	9.00% - 10.80%	↑	9.50% - 12.20%	↔
San Diego	6.25% - 6.75%	↔	6.75% - 7.50%	↔	6.75% - 7.25%	↔	7.00% - 7.75%	↔	7.50% - 8.25%	↔	8.00% - 8.75%	↔
San Francisco	5.50% - 6.50%	↓	6.00% - 7.00%	↔	7.00% - 8.50%	↑	7.00% - 8.50%	↔	8.00% - 10.00%	↔	8.50% - 11.00%	↔
Seattle	5.25% - 5.50%	↓	6.00% - 6.50%	↓	6.00% - 6.50%	↓	6.50% - 7.00%	↓	6.75% - 7.25%	↓	7.00% - 7.50%	↓

* Compared to 1st half 2011



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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Overview

The CBRE Cap Rate Survey provides information on the Hotel sector that is not really available elsewhere. With total transaction activity in the sector representing roughly 7% of annual activity across all commercial property sectors, there simply often are not enough transactions to develop reliable benchmarks of sales comparables.

Office

Multihousing

Still, transaction activity grew quickly in 2011, nearly doubling from 2010. Investment sales came in at \$19.3 billion in 2011 versus \$9.8 billion in 2010 with investors excited by the ongoing income prospects as RevPar climbed. On a monthly basis, the pace of investment sales in the hotel sector slowed early in the 4th quarter with November of 2011 actually lower than the pace set in 2010 as investors were still skittish relative to the economic shocks seen late in the 3rd quarter with the U.S. credit downgrade. By December however sales were again higher than the pace set in 2010 as investor skittishness faded.

Retail

Industrial

The markets where investors are likely to face the lowest going-in cap rates today are those major centers of business activity which are also attractive to investors in the office sector. Stabilized hotel cap rates are lowest in markets like New York, Boston, San Francisco and Seattle with cap rate levels lower than 6% for the luxury segment.

Hotel

Select from the list below to access the current hotels cap rates and forecast.

Appendix

[Download a Complete Hotels Current Cap Rates Chart \(PDF\)](#)

[Download a Complete Hotels Cap Rate Forecast Chart \(PDF\)](#)

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	Luxury		Full Service		Select Service		Economy	
	Stabilized	Trend*	Stabilized	Trend*	Stabilized	Trend*	Stabilized	Trend*
Albuquerque	8.00% - 8.50%	↔	8.25% - 8.75%	↔	8.50% - 9.00%	↔	10.50% - 11.00%	↔
Atlanta	6.00% - 7.00%	↓	8.00% - 9.00%	↑	8.50% - 9.50%	↑	9.00% - 10.00%	↔
Austin	6.50% - 7.00%	↓	9.50% - 10.00%	↑	7.50% - 8.00%	↓	10.00% - 10.25%	↑
Baltimore	7.00% - 7.50%	↓	7.25% - 8.25%	↓	8.00% - 9.00%	↓	8.50% - 9.50%	↓
Boston	6.00%	↑	6.50%	↔	6.50%	↔	7.00%	↓
Chicago	7.00% - 7.50%	↓	7.75% - 8.25%	↓	8.00% - 8.50%	↓	N/A	N/A
Cincinnati	7.00% - 10.00%	N/A	9.00% - 11.00%	N/A	9.00% - 11.00%	N/A	10.00% - 12.00%	N/A
Columbus	7.00% - 10.00%	N/A	9.00% - 11.00%	↔	9.00% - 11.00%	↔	10.00% - 12.00%	↔
Dallas	6.00% - 6.75%	↓	7.50% - 8.25%	↓	8.50% - 9.25%	↔	9.50% - 10.20%	↓
Denver	7.00% - 7.50%	↔	7.25% - 7.75%	↔	7.50% - 8.00%	↔	9.50% - 10.00%	↔
Detroit	8.00% - 8.50%	N/A	9.50% - 10.00%	N/A	10.00% - 10.50%	N/A	11.00% - 11.50%	N/A
Jacksonville	7.00% - 8.50%	↓	7.50% - 9.00%	↓	8.50% - 9.50%	↓	9.50% - 10.50%	↓
Kansas City	7.50% - 9.00%	↔	8.50% - 11.00%	↔	8.50% - 11.00%	↔	10.00% - 12.00%	↔
Las Vegas	N/A	N/A	N/A	N/A	8.00% - 10.00%	N/A	7.00% - 9.00%	N/A
Los Angeles	6.00% - 8.50%	↔	7.00% - 9.00%	↔	6.00% - 9.00%	↓	8.00% - 10.00%	↔
Miami	6.25% - 7.25%	↓	7.50% - 8.50%	↓	7.75% - 8.75%	↓	9.00% - 10.00%	↓
New York City	4.50% - 5.50%	↓	5.50% - 6.50%	↓	6.50% - 7.50%	↓	7.50% - 8.50%	↓
Orange County	6.00% - 8.50%	↔	7.00% - 9.00%	↔	6.00% - 9.00%	↓	8.00% - 10.00%	↔
Orlando	7.00% - 8.50%	↓	7.50% - 9.00%	↓	8.50% - 9.50%	↓	9.50% - 10.50%	↔
Phoenix & Tucson	6.00% - 6.50%	↔	7.50% - 8.00%	↔	8.00% - 8.50%	↓	9.00% - 9.50%	↓
Portland	5.00% - 6.00%	↓	5.50% - 6.50%	↓	6.50% - 7.50%	↓	9.00% - 10.00%	↓
Raleigh	8.50% - 9.50%	↔	8.50% - 9.50%	↓	9.50% - 10.50%	↔	11.50% - 12.50%	↑
San Antonio	6.25% - 6.75%	↓	9.25% - 9.75%	↑	7.25% - 7.75%	↓	9.75% - 10.25%	↔
San Diego	6.00% - 8.50%	↔	7.00% - 9.00%	↔	6.00% - 9.00%	↓	8.00% - 10.00%	↔
San Francisco	5.50% - 6.50%	↔	6.50% - 7.50%	↔	7.50% - 9.00%	↔	8.50% - 10.00%	↔
Seattle	5.50% - 5.75%	↓	5.75% - 6.50%	↔	9.00% - 11.00%	↑	10.00% - 12.00%	↑
Tampa	7.00% - 8.50%	N/A	7.50% - 9.00%	N/A	8.50% - 9.50%	N/A	9.50% - 10.50%	N/A
Washington, DC	7.00% - 7.50%	↓	7.25% - 8.25%	↓	8.00% - 9.00%	↔	8.50% - 9.50%	↓

* Compared to 1st Half 2011

** Value-add cap rates are based on a year 3 stabilized NOI divided by total cost

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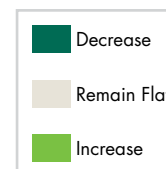
Retail

Industrial

Hotel

Appendix

	Luxury	Full Service	Select Service	Economy
	Stabilized	Stabilized	Stabilized	Stabilized
Albuquerque				
Atlanta				
Austin				
Baltimore				
Boston				
Chicago				
Cincinnati				
Columbus				
Dallas				
Denver				
Detroit				
Jacksonville				
Kansas City				
Las Vegas				
Los Angeles				
Miami				
New York City				
Orange County				
Orlando				
Phoenix & Tucson				
Portland				
Raleigh				
San Antonio				
San Diego				
San Francisco				
Seattle				
Tampa				
Washington, DC				



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2012 in their local market.

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Overview

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

Cap rate ranges were best estimates provided by CBRE professionals based on recent trades in their local market as well as recent interaction with investors. The ranges represent those cap rates that a given property will trade at in this current market. Stabilized cap rates were based on in-place NOI for the latest year before adjusted for reserves. value-add cap rates were based on projected stabilized NOI. actual cap rates within each asset class will vary, occasionally outside of the stated ranges, based on asset/location quality and property-specific opportunities for NOI enhancement.

Office

Multihousing

Cap Rates (Multihousing only)

Cap rate ranges are based on an estimated NOI derived by annualizing the last 90-days of revenue and subtracting what buyers would estimate as stabilized, year one expenses after adjustments for real estate taxes and reserves. Actual cap rates within each asset class will vary, occasionally outside of the stated ranges, based on asset/location quality and property-specific opportunities for NOI enhancement.

Retail

Industrial

CBD

The Central Business District of a major city

Hotel

Class A

Best-of-class product, attract larger, top quality tenants with 5- and 10-year leases, often newer construction

Class B

Older product, mostly 5-year leases, typically previously owned

Class C

Typically an older building that offers space without amenities. Attracts moderate to low income tenants.



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Overview

Economy

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

Office

Full Service

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

Multihousing

Luxury

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

Retail

Neighborhood/Commercial Center (Grocery Anchored)

Enclosed retail center that is anchored by a supermarket or other type of grocery store. Can range from 150K SF-350K SF

Industrial

Power Center

Open-air retail center comprised of larger, brand name tenants. Limited CRU space and typically 400K+ SF or in a node of that size

Hotel

Select Service

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

Stabilized Property

A property that has an occupancy level at or above the local average under typical market conditions

Suburban

Mainly residential area located within close proximity to a major city

Value-Add Property

An underperforming property that has an occupancy level below the local average under typical market conditions

Appendix

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