

A CBRE RESEARCH PUBLICATION

CBRE NORTH AMERICA
CAP RATE SURVEY | FIRST HALF 2018

U.S. MULTIFAMILY

CBRE

U.S. OVERVIEW

The following survey reflects the knowledge and collaboration of CBRE Research, Capital Markets and Valuation & Advisory Services professionals, who provided their estimation of cap rate ranges based on recent transactions and interactions with active investors in their markets.

At the heart of the survey are current cap rates for stabilized acquisitions, expected returns on cost for value-add acquisitions, cap rate trends since the previous survey and expectations of cap rate movements over the next six months. This survey also includes a dynamic map tool for all classes and segments of stabilized assets. Use the links at the top of each page to access this feature.

KEY OBSERVATIONS

- Capitalization rates for U.S. commercial real estate assets were broadly unchanged in H1 2018, with the exception of some retail segments. Industrial cap rates tightened the most and multifamily rates edged down modestly. Office cap rates were generally stable and cap rates for hotels were also firm.
- We expect cap-rate stability in the second half of 2018. However, the sentiment of survey respondents varied by property type, segment, class and metro-tier grouping, with the retail sector experiencing the most mixed sentiment.

Office

- Cap rates decreased slightly for CBD properties and increased slightly for suburban properties in H1 2018.
- Demand for high-quality product was strong. Cap rates largely decreased for Class A and AA CBD product in all three market tiers, with the largest drop occurring in Tier I suburban markets. In contrast, Class C CBD product registered the largest cap rate increase in each tier.

- Cap rates are expected to remain relatively stable for both CBD and suburban properties in H2 2018, with approximately 70% of markets expecting no change. Most of the remaining survey respondents expect modest increases of less than 25 bps.

Industrial

- On average for all stabilized industrial asset classes, cap rates fell by 10 bps to 6.42% in H1 2018. Class A industrial rates decreased by 11 bps to 5.14%, Class B fell 17 bps to 6.11% and Class C fell just 1 bp to 8.06%. Correspondingly, expected returns on cost for value-add assets decreased 13 bps overall.
- Cap rates for Class A and B assets may continue to decrease, given the extremely robust market fundamentals (i.e., three- to five-year rental rate growth forecast) and the tremendous institutional investor demand for industrial & logistics assets. There is much more investor demand than supply of offerings—by some estimates as high as an 8-to-1 imbalance.

Retail

- Rates increased across the board in H1 2018 for both stabilized and value-add retail properties.
- Cap rates for stabilized grocery-anchored neighborhood/community center assets increased by a modest 9 bps to 7.41% for all classes, while value-add assets ticked up 4 bps to 9.17%. Pricing and investor demand for core retail centers remained robust.
- Investors in stabilized power centers generally valued quality over location, but average cap rates for stabilized power centers increased across all class segments in most markets in H1. The average cap rate for stabilized properties increased by 26 bps to 8.23. Rates based on return on cost for value-add product rose by 33 bps to 9.86%.

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- Expectations for cap-rate expansion across neighborhood/community centers is relatively uniform for all classes. For both stabilized and value-add acquisitions, 52% of survey respondents expect cap rates to increase in H1 2018, while 48% expect rates to remain unchanged.

Multifamily

- Multifamily cap rates maintained stable and historically very low levels in H1 2018, confirming that real estate investors remain very interested in the multifamily sector and confident in its performance.
- Cap rates for infill stabilized assets averaged 5.21% (down 2 bps from H2 2017), and the average expected return on cost for value-add acquisitions was 5.95% (down 3 bps). Suburban stabilized assets priced at 5.53% on average, while the expected return on costs averaged 6.27%—both down 6 bps from H2 2017.
- The rates reflect an ongoing capital markets trend of investors moving out on the risk curve to find new opportunities and greater yields.
- The largest declines in rates were in Class B and C assets in Tier II and III markets for both infill and suburban assets.
- The H2 2018 outlook is for stable multifamily cap rates and returns on cost. For both stabilized and value-add infill acquisitions, 78% of survey respondents expect rates to remain at current levels. Similarly, for suburban assets, 80% of respondents expect stable rates. For the remainder who anticipate change, more expect widening than tightening.

Hotel

- Hotel cap rates were down slightly by 4 bps in H1 2018, reversing a more than two-year trend of modest increases. The CBD hotel cap rate remained below 8% (7.94%) and under the long-run average. Suburban cap rates fell 5 bps to 8.48%.
- Most market segments—from economy to luxury—and geographic areas, including CBD and suburban, had modest, single-digit downticks in cap rates ranging from 1 to 9 bps.

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FIGURE 1: U.S. NATIONAL-LEVEL CAP RATES AND EXPECTED RETURNS ON COST BY PROPERTY TYPE, SECTOR, CLASS AND/OR SEGMENT

PROPERTY TYPE	SECTOR	CLASS/ SEGMENT	STABILIZED PROPERTY ACQUISITIONS					VALUE-ADD PROPERTY ACQUISITIONS				
			CAP RATE			SPREAD OVER 10-YEAR TREASURY RATE (BPS)		EXPECTED RETURN ON COST			SPREAD OVER 10-YEAR TREASURY RATE (BPS)	
			H1 2018 (%)	H2 2017 (%)	CHANGE (BPS)	H1 2018 (% EOP)	H2 2017 (% EOP)	H1 2018 (%)	H2 2017 (%)	CHANGE (BPS)	H1 2018 (% EOP)	H2 2017 (% EOP)
						2.85	2.40				2.85	2.40
OFFICE	CBD	ALL	6.63	6.64	-2	378	424	8.38	8.40	-3	553	600
		AA	5.21	5.23	-2	236	283	-	-	-	-	-
		A	6.01	6.07	-5	316	367	7.30	7.37	-7	445	497
		B	6.88	6.89	-2	403	449	8.20	8.23	-3	535	583
		C	8.60	8.55	5	575	615	9.90	9.87	2	705	747
	SUBURBAN	ALL	7.91	7.88	3	506	548	9.52	9.50	2	667	710
		AA	6.37	6.38	-1	352	398	-	-	-	-	-
		A	7.11	7.14	-3	426	474	8.29	8.29	0	544	589
		B	8.30	8.23	7	545	583	9.49	9.46	4	664	706
		C	9.76	9.67	9	691	727	10.85	10.84	2	800	844
INDUSTRIAL	ALL	ALL	6.42	6.51	-10	357	411	7.48	7.61	-13	463	521
		A	5.14	5.25	-11	229	285	6.11	6.25	-14	326	385
		B	6.11	6.27	-17	326	387	7.20	7.38	-17	435	498
		C	8.06	8.07	-1	521	567	9.17	9.24	-7	632	684
RETAIL	NEIGHBORHOOD/ COMMUNITY CENTER	ALL	7.41	7.32	9	456	492	9.17	9.14	4	632	674
		A	5.86	5.79	7	301	339	-	-	-	-	-
		B	7.34	7.22	12	449	482	8.49	8.33	16	564	593
	POWER	C	9.09	9.02	8	624	662	10.13	9.98	15	728	758
		ALL	8.23	7.97	26	538	557	9.86	9.52	33	701	712
A		6.97	6.84	13	412	444	-	-	-	-	-	
HIGH STREET	A	B	8.18	7.95	23	533	555	9.14	8.80	34	629	640
		C	9.54	9.11	43	669	671	10.73	10.25	48	788	785
		A	4.77	4.67	10	192	227	-	-	-	-	-

(FIGURE 1: continues on next page)

Source: CBRE Research Q2 2018, U.S. Department of the Treasury. EOP = end of period.
 Note: H1 Treasury yield as of June 28, 2018. Some numbers may not total due to rounding.
 Retail Class A, return on cost for value add was not reported for this survey due to the limited properties represented by this category.

OVERVIEW CONT.

FIGURE 1: U.S. NATIONAL-LEVEL CAP RATES AND EXPECTED RETURNS ON COST BY PROPERTY TYPE, SECTOR, CLASS AND/OR SEGMENT CONT.

PROPERTY TYPE	SECTOR	CLASS/ SEGMENT	STABILIZED PROPERTY ACQUISITIONS					VALUE-ADD PROPERTY ACQUISITIONS				
			CAP RATE			SPREAD OVER 10-YEAR TREASURY RATE (BPS)		EXPECTED RETURN ON COST			SPREAD OVER 10-YEAR TREASURY RATE (BPS)	
			H1 2018 (%)	H2 2017 (%)	CHANGE (BPS)	H1 2018 (%) EOP	H2 2017 (%) EOP	H1 2018 (%)	H2 2017 (%)	CHANGE (BPS)	H1 2018 (%) EOP	H2 2017 (%) EOP
						2.85	2.40				2.85	2.40
MULTIFAMILY	INFILL	ALL	5.21	5.23	-2	236	283	5.95	5.98	-3	310	358
		A	4.65	4.67	-1	180	227	5.35	5.38	-3	250	298
		B	5.14	5.15	-1	229	275	5.87	5.88	-2	302	348
		C	5.87	5.91	-3	302	351	6.64	6.68	-3	379	428
	SUBURBAN	ALL	5.53	5.59	-6	268	319	6.27	6.33	-6	342	393
		A	4.94	4.96	-2	209	256	5.64	5.67	-2	279	327
		B	5.41	5.49	-8	256	309	6.13	6.20	-8	328	380
		C	6.24	6.32	-8	339	392	7.04	7.11	-7	419	471
		ALL	7.94	7.97	-3	509	557	-	-	-	-	-
HOTEL	CBD	LUXURY	7.02	7.01	1	417	461	-	-	-	-	-
		FULL SERVICE	7.67	7.69	-2	482	529	-	-	-	-	-
		SELECT SERVICE	7.98	8.05	-7	513	565	-	-	-	-	-
		ECONOMY	9.07	9.11	-4	622	671	-	-	-	-	-
	SUBURBAN	ALL	8.48	8.53	-5	563	613	-	-	-	-	-
		LUXURY	7.58	7.60	-1	473	520	-	-	-	-	-
		FULL SERVICE	8.17	8.23	-6	532	583	-	-	-	-	-
		SELECT SERVICE	8.50	8.60	-9	565	620	-	-	-	-	-
ECONOMY	9.63	9.66	-3	678	726	-	-	-	-	-		

Source: CBRE Research Q2 2018, U.S. Department of the Treasury. EOP = end of period.
 Note: H1 Treasury yield as of June 28, 2018. Some numbers may not total due to rounding.
 Retail Class A, return on cost for value add was not reported for this survey due to the limited properties represented by this category.

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INFILL

Infill multifamily cap rates remained at historically low levels, confirming sustained investor interest in the sector and willingness to buy assets at relatively low cap rates. The average for all classes and market tiers was 5.21% in H1—the lowest among all commercial real estate sectors.

The average cap rate for stabilized infill multifamily assets fell 2 bps to 5.21% in H1—a relatively insignificant change from H2 2017 but an important indicator of firm market pricing.

The largest cap-rate decreases were in Tier II and Tier III markets and in Class B and Class C assets. Both Class B and Class C cap rates, averaging 5.14% and 5.87%, respectively, fell to their lowest levels since CBRE began the survey in 2009.

Cap rate pricing in Class A assets and in Tier I markets was generally stable. There had been some concern that cap rates of infill assets were widening, but the survey indicates this was not the case in H1 2018.

As with previous surveys, San Francisco and San Jose had the nation’s lowest cap rates for stabilized Class A assets—both at 4.0%. The survey also found that Class A infill assets in several other California markets—San Diego, Los Angeles, Orange County and Oakland—continued to price at very low cap rates.

Of the 50 multifamily markets surveyed, more than one-quarter had average cap rates for Class B infill assets of less than 5%. San Jose, San Francisco and San Diego had the lowest rates. Others with sub-5% cap rates were Austin, Boston, Chicago, Ft. Lauderdale, Los Angeles, Miami, Phoenix, Portland, Orange County, Oakland and Northern New Jersey.

For Class B stabilized assets, 12 metros registered cap-rate compression. The largest declines occurred in the Tier I market of San Diego; Tier II markets of Austin, Orlando,

San Antonio and Tampa; and Tier III markets of Albuquerque, Charlotte, Columbus, Memphis and Salt Lake City.

The expected returns on cost for multifamily infill value-add acquisitions remained low, down 3 bps to 5.95% in H1. Among the tier groupings, Tier I markets had the lowest average expected return on cost at 5.57%, up slightly (2 bps) from the prior survey. Tier II was down by 7 bps to 6.07%. Tier III fell by 11 bps to 7.13%.

Infill multifamily cap rates and expected returns on cost should remain at current levels for the balance of the year. The majority of survey respondents (76%) anticipate no change in stabilized asset cap rates. The balance called for either modest widening (17%) or more compression (6%).

FIGURE 41: U.S. MULTIFAMILY INFILL - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H1 2018 (%)	H2 2017 (%)	CHANGE (bps)
ALL	ALL	5.21	5.23	-2
	A	4.65	4.67	-1
	B	5.14	5.15	-1
	C	5.87	5.91	-3
I	A	4.38	4.39	-2
	B	4.84	4.80	4
	C	5.48	5.45	4
II	A	4.70	4.71	-1
	B	5.19	5.26	-7
	C	5.76	5.87	-10
III	A	5.48	5.50	-2
	B	6.04	6.12	-8
	C	7.33	7.45	-12

Source: CBRE Research, Q2 2018.
 Note: Some numbers may not total due to rounding. Data is subject to historical revisions.

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FIGURE 42: U.S. MULTIFAMILY INFILL - CLASS A CAP RATES, H1 2018 - TIER I & II METROS

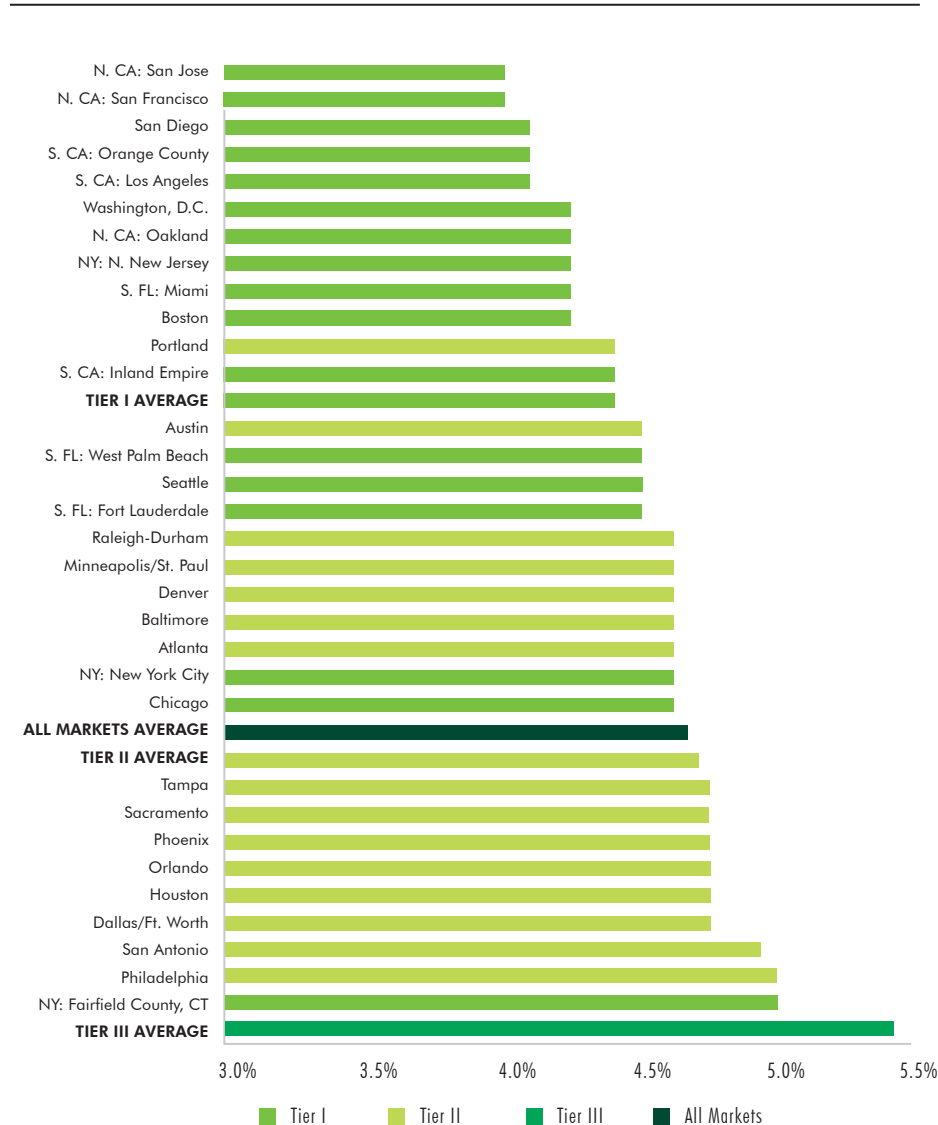
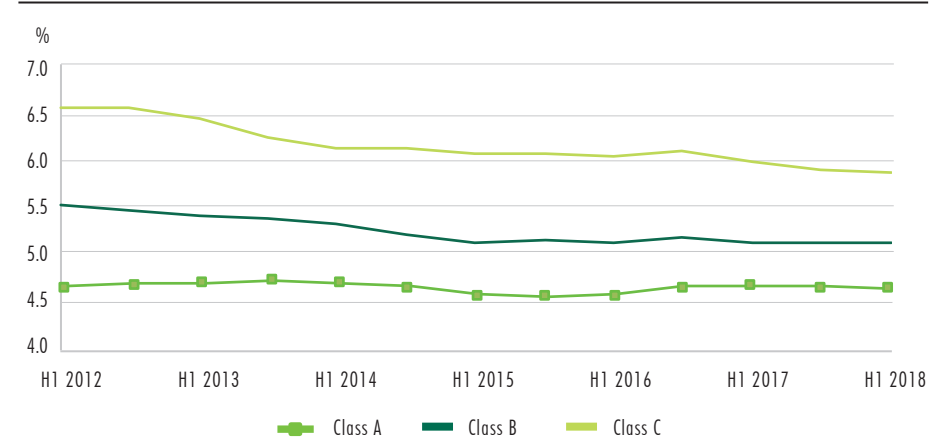
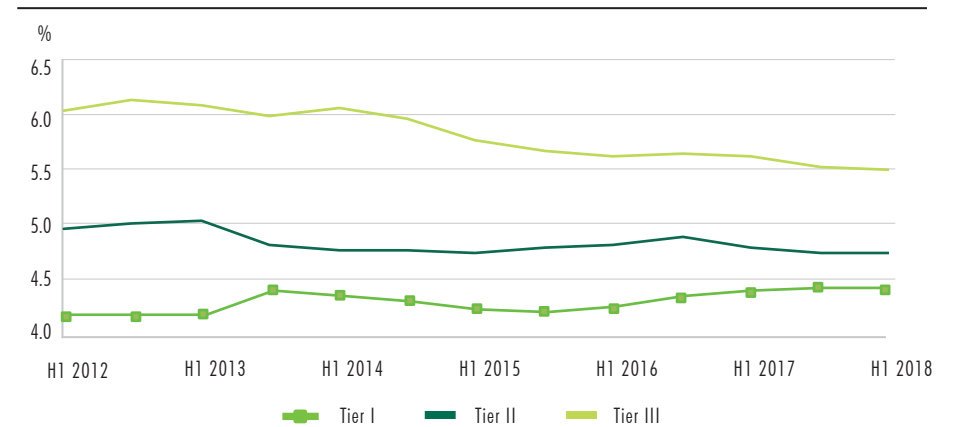


FIGURE 43: U.S. MULTIFAMILY INFILL - HISTORICAL CAP RATES BY CLASS



Source: CBRE Research, Q2 2018. Data for stabilized acquisitions. Note: data is subject to historical revisions.

FIGURE 44: U.S. MULTIFAMILY INFILL - HISTORICAL CLASS A CAP RATES BY TIER



Source: CBRE Research, Q2 2018. Data for stabilized acquisitions. Note: data is subject to historical revisions. Markets represent metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain the same tier designation as the CSA to which they belong. See tier methodology for further explanation.

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The responses for returns on cost were similar, with 79% expecting no change. The balance predicted either modest widening (13%) or slight compression (7%).

For stabilized asset cap rates and value-add returns on cost, the general outlooks for cap rates did not differ widely by asset class. For Class A, however, there was the stronger conviction that cap rates would remain stable (83%) as opposed to those calling for widening (13%) or compression (4%).

SUBURBAN

Suburban multifamily pricing remained very strong in H1. The average cap rate for stabilized suburban assets fell by 6 bps to 5.53%—the lowest level in CBRE Cap Rate Survey history.

Cap-rate changes by class and metro tier groupings indicate investors’ sustained attraction to non-primary markets and non-core product for higher yields and investment opportunity. The average cap rate for Class B and Class C assets each dropped 8 bps, while Class A rates inched down by only 2 bps.

Cap rates for assets in Tier II and Tier III suburban markets also compressed more than Tier I. The 5.25% average for Tier I markets reflected a 1 bp reduction from H2 2017. The Tier II average of 5.50% was down 9 bps from the prior survey, while the Tier III cap rate average of 6.29% was down by 12 bps.

San Jose had the lowest suburban cap rates for stabilized Class A assets, followed by San Francisco, Los Angeles and Orange County.

For Class B assets, the markets with the lowest average cap rates were San Jose (4.25%) and San Francisco (4.50%). Other markets with cap rates at or below 5% were Austin, Denver, Ft. Lauderdale, Los Angeles, Miami, Phoenix, Orange County, Sacramento and San Diego.

FIGURE 45: U.S. MULTIFAMILY SUBURBAN - CAP RATES FOR STABILIZED PROPERTIES

METRO TIER	CLASS	H1 2018(%)	H2 2017 (%)	CHANGE (bps)
ALL	ALL	5.53	5.59	-6
	A	4.94	4.96	-2
	B	5.41	5.49	-8
	C	6.24	6.32	-8
I	A	4.66	4.67	-1
	B	5.15	5.15	-1
	C	5.95	5.95	0
II	A	4.97	5.00	-3
	B	5.42	5.56	-14
	C	6.11	6.23	-12
III	A	5.59	5.63	-4
	B	6.06	6.18	-12
	C	7.21	7.41	-20

Source: CBRE Research, Q2 2018.
 Note: Some numbers may not total due to rounding. Data is subject to historical revisions.

The markets with the largest cap-rate declines in stabilized Class B properties were Cincinnati, Indianapolis, Orlando, San Antonio and Tampa. Another 13 markets registered cap-rate compression in Class B assets, including Atlanta, Austin, Charlotte, Columbus, Denver and Salt Lake City.

For value-add suburban acquisitions, expected returns on cost compressed slightly in H1. For all tiers and classes, the average return on cost was 6.27%—down by 6 bps from H2 2017. Class B and Class C registered the largest drops of 8 bps and 7 bps, respectively.

Tier data showed a similar story. The Tier I average expected return on cost was essentially unchanged at 5.93%, while Tier II fell by 9 bps to 6.29% and Tier III declined

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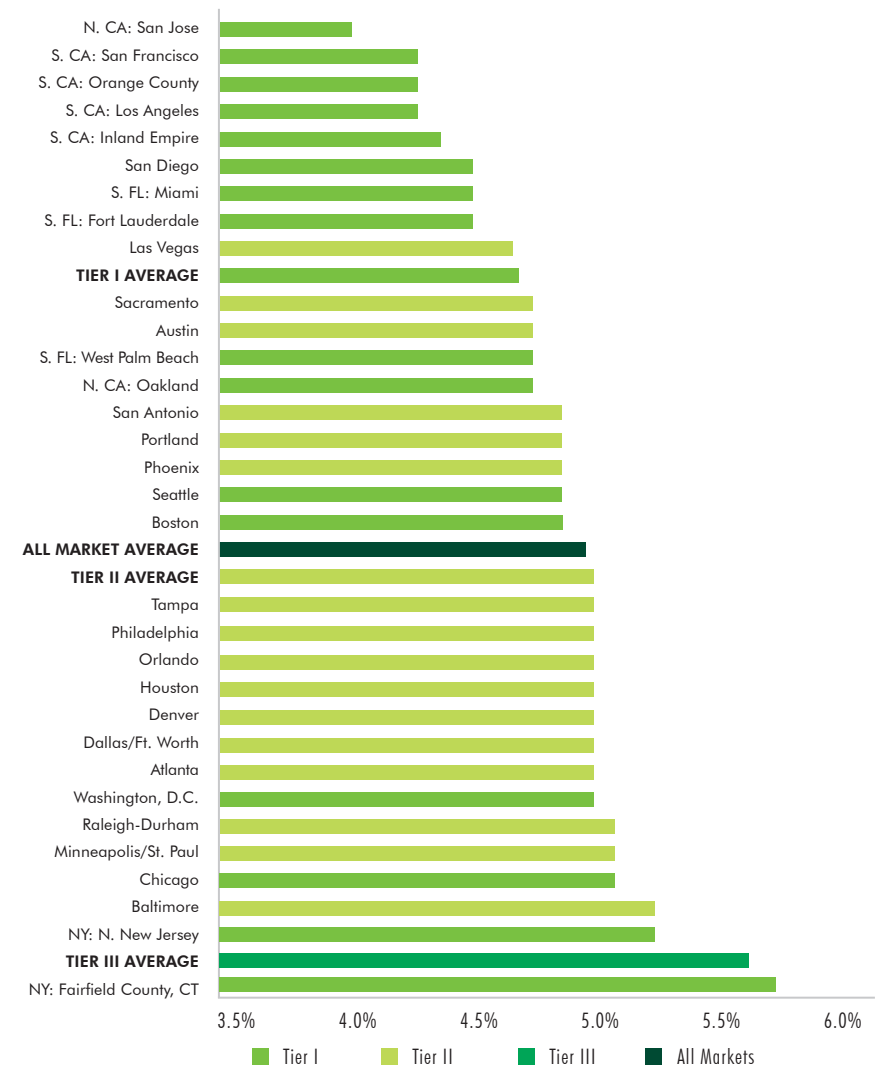
by 17 bps to 7.13%. Combining tiers and classes, the largest declines were in Class B in Tier II markets and Class B and C in Tier III markets.

The slightly lower expected returns on cost reflect a sustained strong appetite for value-add opportunities and a willingness (or outright need) to accept lower returns to stay competitive in the market. For some investors, the lower return on cost may also reflect less robust expectations of market conditions.

Suburban multifamily pricing is expected to remain largely stable in H2 2018. For stabilized asset acquisitions, 77% of survey respondents expect no change in cap rates, 15% anticipate slightly higher cap rates and 8% slightly lower rates.

For suburban value-add acquisitions, pricing also should remain stable in H2 2018. For all classes and tiers, 82% of respondents expect stability for returns on cost. The balance of respondents expect modest widening (10%) vs. modest compression (7%).

FIGURE 46: U.S. MULTIFAMILY SUBURBAN - CLASS A CAP RATES, H1 2018 - TIER I & II METROS

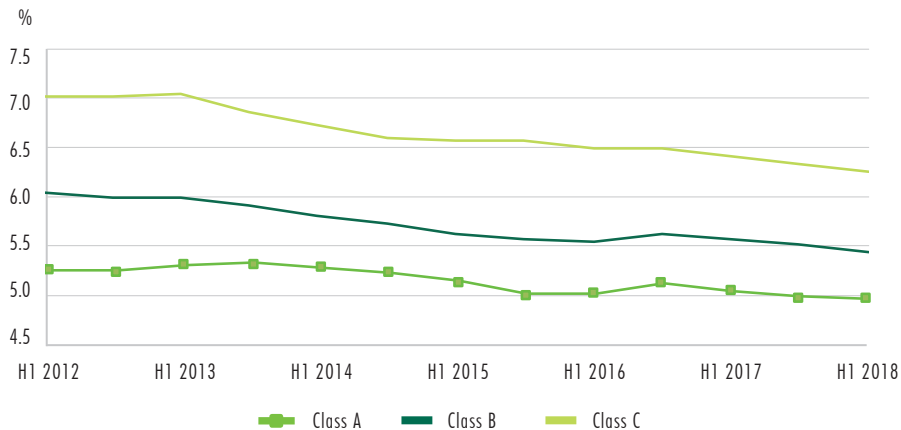


Source: CBRE Research, Q2 2018. Data for stabilized acquisitions. Note: data is subject to historical revisions. Markets represent metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain the same tier designation as the CSA to which they belong. See tier methodology for further explanation.

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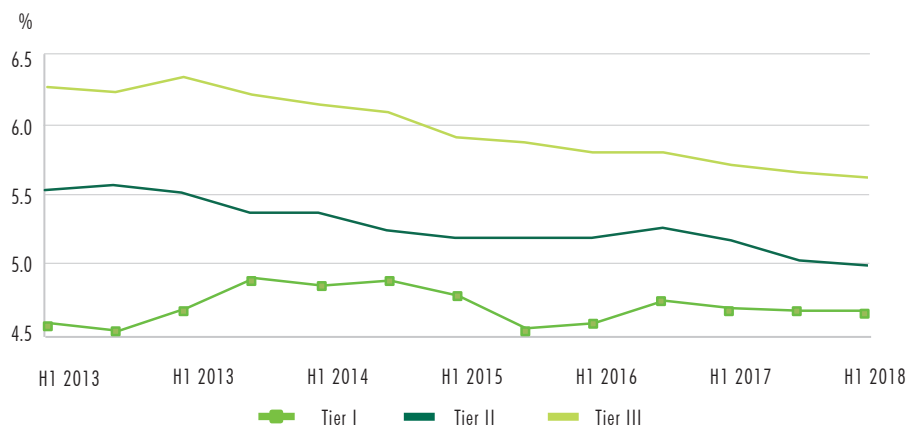
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FIGURE 47: U.S. MULTIFAMILY SUBURBAN - HISTORICAL CAP RATES BY CLASS



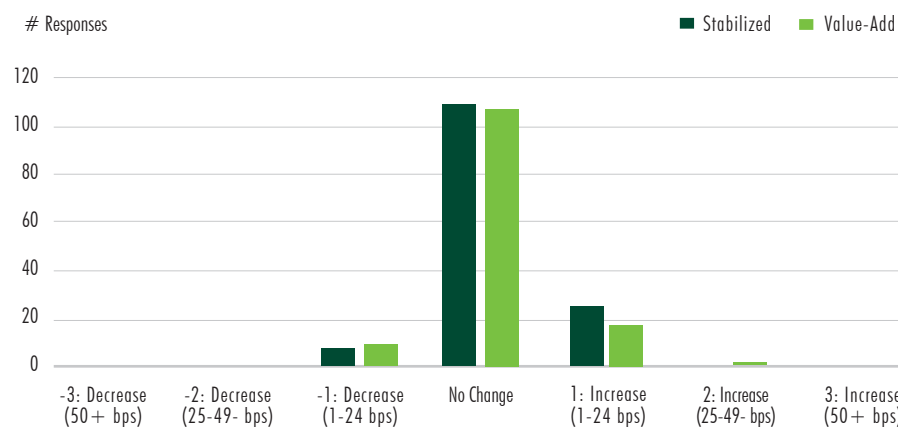
Source: CBRE Research, Q2 2018. Data for stabilized acquisitions. Note: data is subject to historical revisions.

FIGURE 48: U.S. MULTIFAMILY SUBURBAN - HISTORICAL CLASS A CAP RATES BY TIER



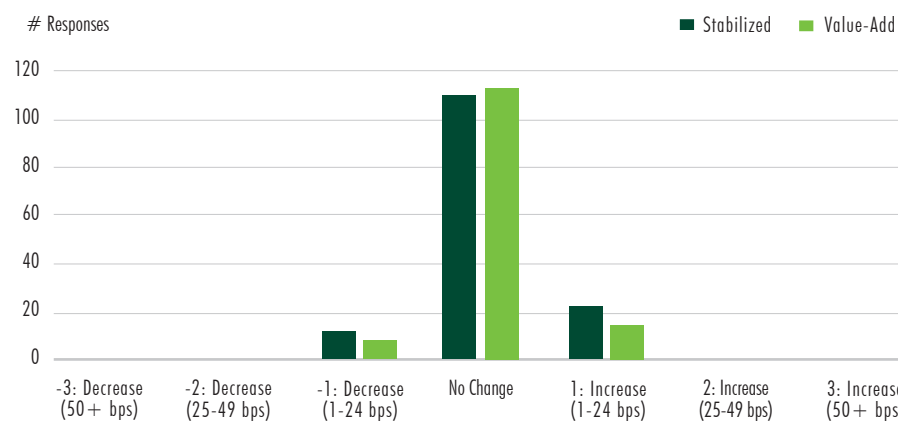
Source: CBRE Research, Q2 2018. Data for stabilized acquisitions. Note: data is subject to historical revisions

FIGURE 49: U.S. MULTIFAMILY INFILL RATE TRENDS - SIX MONTH OUTLOOK



Source: CBRE Research, Q2 2018.

FIGURE 50: U.S. MULTIFAMILY SUBURBAN RATE TRENDS - SIX MONTH OUTLOOK



Source: CBRE Research, Q2 2018.

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		CLASS A				CLASS B				CLASS C			
TIER I	Market	CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
		Range	Change ¹	Range	Change ¹	Range	Change ¹	Range	Change ¹	Range	Change ¹	Range	Change ¹
	Boston	3.75 - 4.75	◄	5.00 - 5.75	▼	4.50 - 5.00	◄	5.75 - 6.25	▼	—	—	6.25 - 6.75	◄
	Chicago	4.50 - 4.75	◄	4.75 - 5.25	◄	4.75 - 5.00	◄	5.25 - 5.75	◄	5.25 - 6.25	◄	6.25 - 7.25	◄
	N. CA: Oakland	4.00 - 4.50	▼	4.00 - 4.50	▼	4.50 - 4.75	◄	4.50 - 4.75	◄	4.75 - 5.25	◄	4.75 - 5.25	◄
	N. CA: San Francisco	3.75 - 4.25	◄	3.75 - 4.25	◄	4.00 - 4.50	◄	4.00 - 4.50	◄	4.25 - 4.75	◄	4.25 - 4.75	◄
	N. CA: San Jose	3.75 - 4.25	◄	3.75 - 4.25	◄	4.00 - 4.25	◄	3.75 - 4.25	◄	4.25 - 4.75	◄	4.25 - 4.75	◄
	NY: Fairfield County, CT	4.75 - 5.25	◄	5.75 - 6.25	◄	5.75 - 6.25	◄	6.25 - 6.75	◄	—	—	—	—
	NY: N. New Jersey	4.00 - 4.50	◄	5.00 - 5.50	◄	4.50 - 5.00	◄	5.50 - 6.00	◄	5.50 - 6.00	◄	—	—
	NY: New York City	4.25 - 5.00	◄	5.00 - 5.50	◄	4.50 - 5.50	◄	5.25 - 6.00	◄	4.75 - 5.75	◄	5.50 - 6.25	◄
	S. CA: Inland Empire	4.25 - 4.50	◄	4.75 - 5.00	◄	5.00 - 5.50	◄	5.00 - 5.50	◄	5.50 - 5.75	◄	5.50 - 6.00	◄
	S. CA: Los Angeles	4.00 - 4.25	◄	4.25 - 4.75	◄	4.25 - 5.00	◄	4.75 - 5.50	◄	5.00 - 6.25	◄	5.50 - 7.00	◄
	S. CA: Orange County	4.00 - 4.25	◄	5.25 - 6.50	◄	4.25 - 5.00	◄	6.00 - 7.25	◄	4.75 - 5.25	◄	6.75 - 7.75	◄
	S. FL: Fort Lauderdale	4.25 - 4.75	◄	5.50 - 5.75	◄	4.50 - 5.00	◄	5.75 - 6.00	◄	5.50 - 6.00	◄	6.75 - 7.00	◄
	S. FL: Miami	4.00 - 4.50	◄	5.25 - 5.50	◄	4.50 - 5.00	◄	5.75 - 6.00	◄	5.50 - 6.00	◄	6.75 - 7.00	◄
	S. FL: West Palm Beach	4.25 - 4.75	◄	5.50 - 6.00	◄	4.75 - 5.25	◄	6.00 - 6.25	◄	5.50 - 6.00	◄	6.75 - 7.25	◄
	San Diego	4.00 - 4.25	◄	4.25 - 4.75	◄	4.25 - 4.75	▼	4.75 - 5.25	◄	4.75 - 5.25	◄	5.50 - 6.00	◄
	Seattle	4.25 - 4.75	◄	4.50 - 5.25	◄	4.75 - 5.25	◄	5.00 - 5.75	◄	5.50 - 6.00	◄	5.50 - 6.25	▲
	Washington, D.C.	4.00 - 4.50	◄	5.00 - 5.50	◄	5.00 - 5.50	▲	5.50 - 6.00	▲	6.00 - 6.75	◄	7.25 - 8.00	◄

▲ INCREASE ▼ DECREASE ◄ STABLE — N/A

¹Compared with H2 2017. Changes less than 15 bps considered stable.

Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

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		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹
TIER II	Atlanta	4.25 - 5.00	◄	5.50 - 6.25	◄	5.00 - 5.50	◄	6.00 - 6.50	◄	5.75 - 6.50	◄	6.50 - 7.25	◄
	Austin	4.25 - 4.75	◄	4.00 - 4.75	◄	4.50 - 5.00	▼	4.50 - 5.00	▼	5.00 - 5.50	▼	4.75 - 5.50	▼
	Baltimore	4.50 - 4.75	◄	5.25 - 5.50	◄	5.25 - 5.75	◄	6.25 - 6.75	◄	6.25 - 7.00	◄	7.50 - 8.00	▼
	Dallas/Fort Worth	4.50 - 5.00	◄	5.00 - 5.50	◄	5.00 - 6.00	◄	6.00 - 7.00	◄	5.75 - 6.25	◄	6.75 - 7.25	◄
	Denver	4.25 - 5.00	◄	6.00 - 6.50	▼	4.75 - 5.25	◄	6.50 - 7.00	▼	5.00 - 5.50	▼	7.00 - 7.50	▼
	Houston	4.50 - 5.00	◄	5.00 - 5.50	◄	5.00 - 5.50	◄	5.50 - 6.00	◄	5.75 - 6.25	◄	6.50 - 7.00	◄
	Minneapolis/St. Paul	4.50 - 4.75	◄	5.00 - 5.50	◄	4.75 - 5.25	◄	5.25 - 5.75	◄	5.00 - 5.50	◄	5.75 - 6.25	▲
	Orlando	4.50 - 5.00	◄	—		4.75 - 5.25	▼	5.50 - 6.00	▼	5.50 - 6.00	▼	6.25 - 7.25	▼
	Philadelphia	4.75 - 5.25	◄	6.00 - 7.00	▼	5.50 - 6.00	◄	7.00 - 7.75	◄	6.25 - 6.75	◄	7.50 - 8.00	◄
	Phoenix	4.50 - 5.00	◄	5.50 - 6.00	◄	4.50 - 5.25	◄	5.50 - 6.50	◄	5.00 - 5.50	◄	6.00 - 7.00	◄
	Portland	4.25 - 4.50	◄	4.50 - 4.75	◄	4.75 - 5.00	◄	5.00 - 5.50	◄	4.75 - 5.25	◄	5.50 - 6.00	◄
	Raleigh-Durham	4.25 - 5.00	◄	5.25 - 5.75	◄	5.00 - 5.75	◄	6.00 - 6.50	◄	5.50 - 6.00	◄	6.00 - 6.50	◄
	Sacramento	4.50 - 5.00	◄	5.00 - 6.00	◄	4.75 - 5.25	▲	5.50 - 6.00	◄	5.00 - 5.75	◄	5.50 - 6.50	◄
San Antonio	4.50 - 5.25	◄	4.50 - 5.25	◄	4.75 - 5.50	▼	4.75 - 5.50	▼	5.25 - 5.75	▼	5.25 - 5.75	▼	
Tampa	4.50 - 5.00	◄	5.00 - 5.50	◄	4.75 - 5.25	▼	5.50 - 6.00	◄	5.50 - 6.00	▼	6.25 - 7.25	▼	

▲ INCREASE
▼ DECREASE
◄ STABLE
— N/A

¹Compared with H2 2017. Changes less than 15 bps considered stable. Source: CBRE Research, Q2 2018. Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹
TIER III	Albuquerque	5.25 - 5.50	▼	6.00 - 6.50	◄	5.50 - 6.00	▼	6.50 - 7.00	▼	6.75 - 7.25	◄	7.75 - 8.75	▼
	Charlotte	4.75 - 5.25	◄	4.75 - 5.25	◄	5.00 - 5.50	▼	5.00 - 5.50	▼	5.50 - 6.00	▼	5.50 - 6.00	▼
	Cincinnati	5.00 - 5.50	◄	6.00 - 7.50	◄	5.50 - 6.00	◄	6.50 - 7.50	▼	6.50 - 7.50	▼	7.00 - 8.50	▼
	Cleveland	5.50 - 6.25	◄	7.00 - 8.00	◄	6.00 - 7.00	◄	8.50 - 8.75	◄	8.00 - 9.00	◄	9.00 - 11.00	◄
	Columbus	5.00 - 5.50	◄	5.75 - 6.25	◄	5.75 - 6.00	▼	6.75 - 7.00	▼	7.00 - 9.00	◄	8.25 - 8.75	◄
	Detroit	6.25 - 7.25	◄	7.00 - 8.00	◄	6.75 - 7.75	◄	7.75 - 8.50	◄	9.00 - 10.50	◄	9.50 - 11.00	◄
	Honolulu	4.00 - 5.00	◄	—		4.25 - 6.00	◄	—		4.75 - 6.25	◄	—	
	Indianapolis	5.25 - 5.50	◄	6.25 - 6.50	◄	5.50 - 5.75	◄	6.25 - 6.75	◄	6.25 - 7.25	▼	7.25 - 10.00	◄
	Jacksonville	4.75 - 5.50	▲	5.50 - 6.25	◄	5.50 - 6.50	▲	6.00 - 7.00	▲	6.25 - 6.75	◄	7.00 - 7.50	▲
	Kansas City	4.75 - 5.25	◄	5.25 - 5.75	◄	5.00 - 5.50	◄	5.50 - 6.00	◄	5.50 - 6.00	◄	6.00 - 6.50	◄
	Memphis	5.25 - 5.75	▼	5.00 - 5.50	▼	6.00 - 6.50	▼	5.75 - 6.25	▼	6.75 - 7.25	▼	6.50 - 7.00	▼
	Nashville	4.50 - 5.00	◄	5.25 - 5.75	◄	5.00 - 5.50	◄	5.25 - 5.75	◄	5.75 - 6.25	◄	6.00 - 6.50	◄
	Oklahoma City	5.25 - 5.75	◄	7.75 - 8.25	◄	6.00 - 6.50	◄	8.25 - 9.25	◄	7.50 - 8.25	◄	8.50 - 9.25	◄
	Pittsburgh	5.50 - 6.50	◄	6.50 - 7.00	◄	6.50 - 7.00	◄	7.00 - 7.50	◄	7.50 - 8.00	◄	8.50 - 9.00	◄
	Richmond	5.50 - 6.25	◄	6.00 - 7.00	◄	5.50 - 8.00	◄	7.00 - 8.00	◄	6.75 - 8.00	◄	7.50 - 9.00	◄
Salt Lake City	4.50 - 5.00	▼	5.25 - 5.50	▼	5.25 - 5.50	▼	5.75 - 6.00	◄	6.00 - 6.50	▼	6.75 - 7.25	▼	
St. Louis	5.50 - 5.75	◄	—		6.00 - 6.75	◄	—		7.50 - 8.50	◄	—		

U.S. MULTIFAMILY

U.S. MULTIFAMILY INFILL | FIGURE 52: FORECAST TRENDS - SIX MONTH OUTLOOK

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	Boston	Stable	Stable	Stable	Stable	Stable	Stable
	Chicago	Stable	Stable	Stable	Stable	Decrease	Decrease
	N. CA: Oakland	Stable	Stable	Stable	Stable	Stable	Stable
	N. CA: San Francisco	Increase	Increase	Increase	Increase	Increase	Increase
	N. CA: San Jose	Stable	Stable	Stable	Stable	Stable	Stable
	NY: Fairfield County, CT	Increase	Stable	Increase	Stable	N/A	N/A
	NY: N. New Jersey	Increase	Stable	Increase	Stable	Increase	Stable
	NY: New York City	Stable	Stable	Stable	Increase	Increase	Increase
	S. CA: Inland Empire	Stable	Stable	Stable	Stable	Stable	Stable
	S. CA: Los Angeles	Stable	Stable	Stable	Stable	Increase	Increase
	S. CA: Orange County	Stable	Stable	Stable	Stable	Stable	Stable
	S. FL: Ft. Lauderdale	Stable	Stable	Stable	Stable	Stable	Stable
	S. FL: Miami	Stable	Stable	Stable	Stable	Stable	Stable
	S. FL: West Palm Beach	Stable	Stable	Stable	Stable	Stable	Stable
	San Diego	Decrease	Decrease	Increase	Increase	Increase	Increase
	Seattle	Increase	Increase	Increase	Increase	Increase	Increase
	Washington, D.C.	Stable	Stable	Stable	Stable	Stable	Stable

■ INCREASE
 ■ DECREASE
 ■ STABLE
 — N/A

Forecasts represent the opinions of CBRE professionals of where rates are likely to trend in H2 2018.

Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

U.S. MULTIFAMILY

U.S. MULTIFAMILY INFILL | FIGURE 52: FORECAST TRENDS - SIX MONTH OUTLOOK CONT.

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	Atlanta	Stable	Stable	Stable	Stable	Stable	Stable
	Austin	Stable	Stable	Stable	Stable	Stable	Stable
	Baltimore	Stable	Stable	Stable	Stable	Stable	Stable
	Dallas/Ft. Worth	Stable	Stable	Stable	Stable	Stable	Stable
	Denver	Stable	Stable	Stable	Stable	Stable	Stable
	Houston	Stable	Stable	Stable	Stable	Stable	Stable
	Minneapolis/St. Paul	Stable	Stable	Increase	Increase	Stable	Decrease
	Orlando	Stable	Stable	Increase	Stable	Increase	Increase
	Philadelphia	Stable	Stable	Stable	Stable	Stable	Stable
	Phoenix	Stable	Stable	Stable	Stable	Stable	Stable
	Portland	Stable	Stable	Stable	Stable	Stable	Stable
	Raleigh-Durham	Stable	Stable	Stable	Stable	Stable	Stable
	Sacramento	Stable	Stable	Stable	Stable	Stable	Stable
	San Antonio	Stable	Stable	Stable	Stable	Stable	Stable
	Tampa	Stable	Stable	Stable	Stable	Stable	Stable

■ INCREASE
 ■ DECREASE
 ■ STABLE
 — N/A

Forecasts represent the opinions of CBRE professionals of where rates are likely to trend in H2 2018.

Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

U.S. MULTIFAMILY

U.S. MULTIFAMILY INFILL | FIGURE 52: FORECAST TRENDS - SIX MONTH OUTLOOK CONT.

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	Albuquerque	Stable	Stable	Stable	Stable	Stable	Stable
	Charlotte	Stable	Stable	Stable	Stable	Stable	Stable
	Cincinnati	Stable	Stable	Decrease	Decrease	Decrease	Decrease
	Cleveland	Stable	Stable	Stable	Stable	Stable	Stable
	Columbus	Stable	Stable	Stable	Stable	Stable	Stable
	Detroit	Stable	Stable	Stable	Stable	Stable	Stable
	Honolulu	Increase	N/A	Increase	N/A	Increase	N/A
	Indianapolis	Stable	Stable	Stable	Stable	Stable	Stable
	Jacksonville	Stable	Stable	Stable	Stable	Stable	Stable
	Kansas City	Stable	Stable	Stable	Stable	Stable	Stable
	Memphis	Stable	Stable	Stable	Stable	Stable	Stable
	Nashville	Stable	Stable	Decrease	Decrease	Decrease	Decrease
	Oklahoma City	Increase	Increase	Increase	Increase	Increase	Increase
	Pittsburgh	Stable	Stable	Stable	Stable	Stable	Stable
	Richmond	Stable	Increase	Stable	Increase	Stable	Increase
	Salt Lake City	Increase	Increase	Increase	Increase	Increase	Increase
	San Antonio	Stable	Stable	Stable	Stable	Stable	Stable
	St. Louis	Stable	N/A	Stable	N/A	Stable	N/A

■ INCREASE
 ■ DECREASE
 ■ STABLE
 — N/A

Forecasts represent the opinions of CBRE professionals of where rates are likely to trend in H2 2018.

Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

U.S. MULTIFAMILY

U.S. MULTIFAMILY SUBURBAN | FIGURE 53: KEY RATES

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹
TIER I	Boston	4.50 - 5.25	◄	5.75 - 6.25	◄	5.00 - 6.00	◄	6.50 - 7.00	◄	6.00 - 6.75	◄	7.00 - 7.50	◄
	Chicago	5.00 - 5.25	◄	5.75 - 6.25	◄	5.50 - 5.75	◄	6.50 - 7.00	◄	6.00 - 6.75	◄	7.25 - 7.75	◄
	N. CA: Oakland	4.50 - 5.00	◄	4.75 - 5.25	◄	5.00 - 5.50	◄	5.00 - 5.50	◄	5.25 - 5.75	◄	5.25 - 5.75	◄
	N. CA: San Francisco	4.00 - 4.50	◄	4.25 - 4.75	◄	4.25 - 4.75	◄	4.50 - 5.00	◄	5.00 - 5.50	◄	4.75 - 5.25	◄
	N. CA: San Jose	3.75 - 4.25	◄	3.75 - 4.50	◄	4.00 - 4.50	◄	4.00 - 4.75	◄	4.25 - 5.00	◄	4.25 - 5.25	◄
	NY: Fairfield County, CT	5.50 - 6.00	▼	6.00 - 6.50	▼	6.00 - 6.50	▼	6.50 - 7.00	▼	—	—	—	—
	NY: N. New Jersey	5.00 - 5.50	◄	5.75 - 6.25	◄	5.50 - 6.00	◄	6.50 - 7.00	◄	6.00 - 7.00	◄	—	—
	S. CA: Inland Empire	4.25 - 4.50	◄	4.75 - 5.00	◄	5.00 - 5.50	◄	5.00 - 5.50	◄	5.50 - 5.75	◄	5.50 - 6.00	◄
	S. CA: Los Angeles	4.00 - 4.50	◄	4.50 - 5.00	◄	4.50 - 5.25	◄	5.00 - 5.75	◄	5.25 - 6.50	◄	5.75 - 7.00	◄
	S. CA: Orange County	4.00 - 4.50	◄	5.25 - 6.50	◄	4.50 - 5.00	◄	6.00 - 7.25	◄	4.75 - 5.25	◄	6.75 - 8.00	◄
	S. FL: Fort Lauderdale	4.25 - 4.75	◄	5.50 - 6.00	◄	4.75 - 5.00	◄	6.00 - 6.25	◄	5.75 - 6.25	◄	7.00 - 7.25	◄
	S. FL: Miami	4.25 - 4.75	◄	5.50 - 5.75	◄	4.75 - 5.00	◄	6.00 - 6.25	◄	5.75 - 6.25	◄	7.00 - 7.25	◄
	S. FL: West Palm Beach	4.50 - 5.00	◄	5.50 - 6.00	◄	4.75 - 5.50	◄	5.50 - 6.50	◄	6.00 - 6.50	◄	7.25 - 7.50	◄
	San Diego	4.25 - 4.75	◄	4.50 - 4.75	▼	4.50 - 5.00	◄	5.00 - 5.50	◄	5.00 - 5.50	◄	5.50 - 6.00	◄
Seattle	4.75 - 5.00	◄	4.75 - 5.50	◄	5.00 - 5.25	◄	5.25 - 5.75	◄	6.00 - 6.50	▲	6.00 - 6.50	▲	
Washington, D.C.	4.75 - 5.25	◄	5.00 - 5.75	◄	5.25 - 5.75	◄	5.75 - 6.25	◄	6.00 - 6.75	◄	6.75 - 7.50	◄	

▲ INCREASE
▼ DECREASE
◄ STABLE
— N/A

¹Compared with H2 2017. Changes less than 15 bps considered stable. Source: CBRE Research, Q2 2018. Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹
TIER II	Atlanta	4.75 - 5.25	◄	6.00 - 6.50	◄	5.00 - 5.75	▼	6.00 - 6.50	▼	6.00 - 6.50	◄	6.50 - 7.25	◄
	Austin	4.50 - 5.00	▼	4.25 - 5.00	▼	4.75 - 5.25	▼	4.50 - 5.25	▼	5.00 - 5.75	▼	4.75 - 5.50	▼
	Baltimore	5.00 - 5.50	◄	5.25 - 5.75	◄	5.25 - 5.75	◄	6.25 - 6.75	◄	6.00 - 6.50	◄	7.00 - 8.00	◄
	Dallas	4.75 - 5.25	◄	5.50 - 6.00	◄	5.50 - 6.00	◄	6.25 - 6.75	◄	6.25 - 6.75	◄	7.00 - 7.50	◄
	Denver	4.75 - 5.25	◄	6.00 - 7.00	◄	4.75 - 5.25	▼	6.50 - 7.00	▼	5.25 - 5.50	▼	6.75 - 7.50	▼
	Houston	4.75 - 5.25	◄	5.50 - 6.00	◄	5.75 - 6.25	◄	6.00 - 6.50	◄	6.75 - 7.25	◄	8.50 - 9.00	◄
	Las Vegas	4.50 - 4.75	▼	4.75 - 5.00	▼	4.75 - 5.25	▼	5.00 - 5.50	▼	5.75 - 6.00	▼	6.00 - 6.25	▼
	Minneapolis/St. Paul	5.00 - 5.25	◄	5.50 - 5.75	◄	5.25 - 5.75	◄	5.75 - 6.25	◄	5.50 - 6.25	◄	6.00 - 6.75	◄
	Orlando	4.75 - 5.25	◄	—	—	5.00 - 5.50	▼	5.75 - 6.25	▼	5.75 - 6.25	▼	7.25 - 7.75	▼
	Philadelphia	4.75 - 5.25	◄	6.00 - 6.50	◄	5.25 - 6.00	◄	6.50 - 7.25	◄	6.00 - 6.75	◄	7.25 - 7.75	◄
	Phoenix	4.75 - 5.00	◄	5.75 - 6.25	◄	4.75 - 5.25	◄	5.75 - 6.50	◄	5.00 - 6.50	◄	6.00 - 7.00	◄
	Portland	4.75 - 5.00	◄	4.75 - 5.25	◄	5.25 - 5.50	◄	5.25 - 5.75	◄	5.25 - 5.75	◄	6.25 - 6.75	◄
	Raleigh-Durham	4.75 - 5.50	◄	5.50 - 6.00	◄	5.00 - 5.75	◄	5.50 - 6.00	◄	5.50 - 6.25	▼	6.00 - 6.50	▼
	Sacramento	4.50 - 5.00	◄	5.00 - 6.00	▲	4.75 - 5.25	◄	5.50 - 6.00	▼	5.00 - 5.75	◄	5.50 - 6.50	▲
	San Antonio	4.50 - 5.25	◄	4.50 - 5.25	◄	4.75 - 5.50	▼	4.75 - 5.50	▼	5.50 - 6.00	◄	5.50 - 6.00	◄
	Tampa	4.75 - 5.25	◄	5.25 - 5.75	◄	5.00 - 5.50	▼	5.75 - 6.25	▼	6.00 - 6.50	▼	6.75 - 7.50	◄

U.S. MULTIFAMILY

U.S. MULTIFAMILY SUBURBAN | FIGURE 53: KEY RATES CONT.

		CLASS A				CLASS B				CLASS C			
		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹		CHANGE ¹
TIER III	Albuquerque	5.25 - 5.50	▼	6.00 - 6.50	◄	5.50 - 6.00	▼	6.50 - 7.00	▼	6.75 - 7.25	◄	7.75 - 8.75	▼
	Charlotte	5.00 - 5.50	◄	5.00 - 5.50	◄	5.25 - 5.75	▼	5.25 - 5.75	▼	6.00 - 6.50	▼	6.00 - 6.50	▼
	Cincinnati	5.25 - 5.75	◄	6.50 - 7.50	▼	5.00 - 6.00	▼	7.00 - 8.00	▼	6.75 - 7.25	▼	7.50 - 8.50	▼
	Cleveland	5.50 - 6.00	◄	7.00 - 8.00	◄	6.50 - 7.50	◄	7.50 - 8.50	◄	8.00 - 9.00	◄	9.00 - 11.00	◄
	Columbus	5.50 - 6.00	◄	6.00 - 6.50	◄	6.00 - 6.50	▼	6.75 - 7.00	▼	7.00 - 7.75	▼	8.25 - 8.50	▼
	Detroit	5.75 - 6.75	◄	6.50 - 7.75	◄	6.25 - 7.25	◄	7.00 - 7.50	◄	7.50 - 8.50	◄	8.50 - 10.00	◄
	Honolulu	4.25 - 5.50	◄	—		4.75 - 6.50	◄	—		5.25 - 6.75	◄	—	
	Indianapolis	5.25 - 5.75	◄	6.25 - 6.50	◄	5.25 - 5.75	▼	6.50 - 7.00	◄	6.75 - 8.25	◄	8.00 - 10.00	◄
	Jacksonville	4.75 - 5.50	◄	5.50 - 6.00	◄	5.00 - 6.25	◄	6.50 - 7.00	◄	6.00 - 7.50	▼	7.50 - 8.25	◄
	Kansas City	5.00 - 5.50	◄	5.50 - 6.00	◄	5.25 - 5.75	◄	5.75 - 6.25	◄	5.75 - 6.25	◄	6.25 - 6.75	◄
	Memphis	5.50 - 6.00	▼	5.25 - 5.75	▼	6.25 - 6.50	▼	6.00 - 6.25	▼	6.75 - 7.25	▼	6.50 - 7.00	▼
	Nashville	5.00 - 5.50	◄	5.50 - 6.00	◄	5.25 - 5.75	◄	5.75 - 6.25	◄	6.00 - 6.50	◄	6.50 - 7.25	◄
	Oklahoma City	5.50 - 5.75	◄	7.75 - 8.25	◄	6.00 - 6.50	◄	8.00 - 8.50	◄	7.50 - 8.25	◄	8.50 - 9.25	◄
	Pittsburgh	6.00 - 6.50	◄	6.50 - 7.00	◄	6.50 - 7.00	◄	7.00 - 7.50	◄	7.50 - 8.00	◄	8.50 - 9.00	◄
	Richmond	5.75 - 6.25	◄	6.25 - 7.00	◄	5.75 - 6.75	◄	6.75 - 8.00	◄	7.25 - 8.25	◄	8.00 - 10.00	◄
	Salt Lake City	4.75 - 5.00	◄	5.00 - 5.25	▼	5.00 - 5.50	◄	5.25 - 5.50	▼	5.75 - 6.25	▼	6.00 - 6.50	▼
St. Louis	5.50 - 5.75	◄	—		6.00 - 6.75	◄	—		7.25 - 8.25	◄	—		

▲ INCREASE ▼ DECREASE ◄ STABLE — N/A

¹Compared with H2 2017. Changes less than 15 bps considered stable. Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

U.S. MULTIFAMILY

U.S. MULTIFAMILY SUBURBAN | FIGURE 54: FORECAST TRENDS - SIX MONTH OUTLOOK

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER I	Boston	Stable	Stable	Stable	Stable	Stable	Stable
	Chicago	Stable	Stable	Stable	Stable	Decrease	N/A
	N. CA: Oakland	Stable	Stable	Stable	Stable	Stable	Stable
	N. CA: San Francisco	Increase	Increase	Stable	Stable	Stable	Stable
	N. CA: San Jose	Stable	Stable	Stable	Stable	Stable	Stable
	NY: Fairfield County, CT	Increase	Stable	Increase	Stable	N/A	N/A
	NY: N. New Jersey	Increase	Stable	Increase	Stable	Increase	Stable
	S. CA: Inland Empire	Stable	Stable	Stable	Stable	Stable	Stable
	S. CA: Los Angeles	Stable	Stable	Stable	Stable	Increase	Increase
	S. CA: Orange County	Stable	Stable	Stable	Stable	Stable	Stable
	S. FL: Fort Lauderdale	Stable	Stable	Stable	Stable	Stable	Stable
	S. FL: Miami	Stable	Stable	Stable	Stable	Stable	Stable
	S. FL: West Palm Beach	Stable	Stable	Stable	Stable	Stable	Stable
	San Diego	Decrease	Decrease	Stable	Stable	Stable	Stable
	Seattle	Increase	Increase	Increase	Increase	Increase	Increase
Washington, D.C.	Stable	Stable	Stable	Stable	Stable	Stable	

■ INCREASE
 ■ DECREASE
 ■ STABLE
 — N/A

Forecasts represent the opinions of CBRE professionals of where rates are likely to trend in H2 2018.

Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

U.S. MULTIFAMILY

U.S. MULTIFAMILY SUBURBAN | FIGURE 54: FORECAST TRENDS - SIX MONTH OUTLOOK CONT.

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER II	Atlanta	Stable	Stable	Stable	Stable	Stable	Stable
	Austin	Stable	Stable	Stable	Stable	Stable	Stable
	Baltimore	Stable	Stable	Stable	Stable	Stable	Stable
	Dallas/Ft. Worth	Stable	Stable	Stable	Stable	Stable	Stable
	Denver	Stable	Stable	Stable	Stable	Stable	Stable
	Houston	Stable	Stable	Stable	Stable	Stable	Stable
	Las Vegas	Stable	Stable	Stable	Stable	Stable	Stable
	Minneapolis/St. Paul	Stable	Stable	Increase	Increase	Stable	Stable
	Orlando	Stable	Stable	Increase	Stable	Increase	Increase
	Philadelphia	Stable	Stable	Stable	Stable	Stable	Stable
	Phoenix	Stable	Stable	Stable	Stable	Stable	Stable
	Portland	Stable	Stable	Stable	Stable	Stable	Stable
	Raleigh-Durham	Stable	Stable	Stable	Stable	Stable	Stable
	Sacramento	Stable	Stable	Stable	Stable	Stable	Stable
	San Antonio	Stable	Stable	Stable	Stable	Stable	Stable
	Tampa	Stable	Stable	Stable	Stable	Stable	Stable

■ INCREASE
 ■ DECREASE
 ■ STABLE
 — N/A

Forecasts represent the opinions of CBRE professionals of where rates are likely to trend in H2 2018.

Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

U.S. MULTIFAMILY

U.S. MULTIFAMILY SUBURBAN | FIGURE 54: FORECAST TRENDS - SIX MONTH OUTLOOK CONT.

		CLASS A		CLASS B		CLASS C	
		CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES	CAP RATES FOR STABILIZED PROPERTIES	EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES
TIER III	Albuquerque	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	Charlotte	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Cincinnati	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	Cleveland	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Columbus	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Detroit	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Honolulu	INCREASE	—	INCREASE	—	INCREASE	—
	Indianapolis	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Jacksonville	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Kansas City	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Memphis	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Nashville	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
	Oklahoma City	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	Pittsburgh	STABLE	STABLE	STABLE	STABLE	STABLE	STABLE
	Richmond	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	Salt Lake City	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
	St. Louis	STABLE	—	STABLE	—	STABLE	—

■ INCREASE
 ■ DECREASE
 ■ STABLE
 — N/A

Forecasts represent the opinions of CBRE professionals of where rates are likely to trend in H2 2018.

Source: CBRE Research, Q2 2018.

Notes: Data is subject to historical revision. Markets represented by metropolitan areas. For larger metros, tier designation is based on the U.S. Census Bureau's combined statistical area (CSA) definitions. Note that MSAs retain same tier designation as the CSA to which they belong.

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