

Valuation & Advisory's North American Market Survey





Cover Page Location- Houston, TX

Welcome to the 2025 Newmark Valuation & Advisory North American Market Survey, an in-depth, city-by-city report featuring capitalization rates, discount rates and industry metrics reflective of current market activity.

We are excited to introduce the Debt Capital Market Snapshot, the newest component of our North American Market Survey, which offers a comprehensive overview of current benchmark rates and yields, complimented with historical context. The Snapshot highlights significant benchmark yields and equity indices, including SOFR swap rates, treasury yields, and REIT indices, which are essential for commercial real estate investors and stakeholders.

ABOUT NEWMARK VALUATION & ADVISORY

Newmark Valuation & Advisory is a leading industry innovator, comprising an extensive team of the most trusted and recognized names in the valuation sector.

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

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

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

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John D. Busi, MAI, FRICS
President
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We're three years into a credit contraction that's impacted CRE investors and borrowers to find replacement capital for expiring mortgages. While we were hopefully optimistic about a big "turnaround" in 2025, most economists and prognosticators are predicting none, one or two rate cuts at the very backend of the year, which has a direct influence on activity. Additionally, inflation concerns could even draw the Fed back toward rate increases if consumer costs start to rise.

Nonetheless, there is a positive sentiment with price discovery seemingly less opaque today than it was in '23 and '24, which should enable more commercial real estate sales in '25. Our sightline sees this renewed level of transparency as a step forward on the road to recovery. As this issue of our North American market survey will show, we're optimistic that the worst parts of this down cycle are behind us and better days are just ahead.





Joseph D. Pasquarella, MAI, CRE
Senior Managing Director
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Newmark Valuation & Advisory
Market Survey Editor

Indeed, clear trends in commercial real estate continue to be difficult to discern, with investors operating under defensive strategies. However, amidst the uncertainty, astute and nimble investors are uncovering opportunities in specific property types, regions and even submarkets. From my experiences during six previous real estate downturns, I believe the current uncertain conditions offer the greatest opportunities for early trailblazers armed with critical market intelligence and a thoughtful strategic plan. This will lead to greater transaction potential and improved price discovery for those who follow, albeit with fewer opportunities.

We are hopeful that the 2025 North American Market Survey will provide our clients with vital information across a wide range of property types, supported by city-specific data from Newmark Valuation & Advisory's more than 735 dedicated V&A employees in over 110 offices.

National Executive Summary

Class A Asset Types

FINANCIAL METRICS	INDUSTRIAL	MULTIFAMILY		OFFICE		RETAIL	
	Warehouse/ Logistics	CBD	Suburban	CBD	Suburban	Grocery Anchor Strip	Unanchored Strip
Going-In Cap Rate							
Average	5.60%	5.31%	5.45%	8.02%	8.14%	6.63%	7.29%
Change from Mid 2024 (BPS)	-0.02%	-0.09%	-0.09%	0.26%	0.23%	-0.03%	-0.05%
Discount Rate							
Average	6.93%	6.88%	7.02%	9.25%	9.42%	7.90%	8.58%
Change from Mid 2024 (BPS)	0.04%	-0.03%	-0.05%	0.27%	0.20%	-0.04%	-0.09%
Reversion Rate (BPS over Going-In Cap)							
Average	44	41	42	47	48	52	49
Market Rent Growth Rate							
Average	2.79%	2.64%	2.71%	1.20%	1.49%	2.83%	2.70%
Expense Growth Rate							
Average	2.98%	3.02%	3.02%	2.95%	2.96%	2.98%	2.98%

Class B Asset Types

FINANCIAL METRICS	INDUSTRIAL	MULTIFAMILY		OFFICE		RETAIL	
	Warehouse/ Logistics	CBD	Suburban	CBD	Suburban	Grocery Anchor Strip	Unanchored Strip
Going-In Cap Rate							
Average	6.31%	5.82%	5.94%	8.93%	8.95%	7.34%	7.91%
Change from Mid 2024 (BPS)	0.02%	-0.10%	-0.08%	0.30%	0.28%	-0.03%	-0.05%
Discount Rate							
Average	7.61%	7.40%	7.57%	10.27%	10.26%	8.57%	9.21%
Change from Mid 2024 (BPS)	0.06%	-0.06%	-0.03%	0.35%	0.26%	-0.03%	-0.09%
Reversion Rate (BPS over Going-In Cap)							
Average	44	41	42	47	48	52	49
Market Rent Growth Rate							
Average	2.79%	2.64%	2.71%	1.20%	1.49%	2.83%	2.70%
Expense Growth Rate							
Average	2.98%	3.02%	3.02%	2.95%	2.96%	2.98%	2.98%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

Cap Rate Ranking

ASSET CLASS	RANGE	MEDIAN	AVERAGE
Multifamily - CBD Class A	4.25% - 6.50%	5.25%	5.31%
Multifamily - Suburban Class A	4.75% - 6.50%	5.50%	5.45%
Industrial - Warehouse/Logistics Class A	4.75% - 6.50%	5.50%	5.60%
Multifamily - CBD Class B	4.50% - 7.50%	5.75%	5.82%
Multifamily - Suburban Class B	5.00% - 7.50%	5.75%	5.94%
Industrial - Warehouse/Logistics Class B	5.25% - 7.50%	6.25%	6.31%
Retail - Grocery Anchor Strip Class A	5.50% - 7.50%	6.75%	6.63%
Retail - Grocery Anchor Strip Class B	5.75% - 8.25%	7.50%	7.34%
Retail - Unanchored Strip Class A	6.00% - 9.00%	7.25%	7.29%
Office - CBD Class A	5.75% - 10.00%	8.00%	8.02%
Office - Suburban Class A	6.25% - 9.25%	8.25%	8.14%
Retail - Unanchored Strip Class B	6.50% - 10.00%	7.88%	7.91%
Office - CBD Class B	6.25% - 11.25%	9.00%	8.93%
Office - Suburban Class B	6.50% - 10.75%	9.00%	8.95%

Discount Rate Ranking

ASSET CLASS	RANGE	MEDIAN	AVERAGE
Industrial - Warehouse/Logistics Class A	6.00% - 8.50%	7.00%	6.93%
Multifamily - CBD Class A	5.75% - 8.50%	6.75%	6.88%
Multifamily - Suburban Class A	6.25% - 8.50%	7.00%	7.02%
Multifamily - CBD Class B	6.00% - 9.50%	7.25%	7.40%
Industrial - Warehouse/Logistics Class B	6.75% - 9.25%	7.50%	7.61%
Multifamily - Suburban Class B	6.75% - 9.50%	7.50%	7.57%
Retail - Grocery Anchor Strip Class A	6.50% - 9.00%	8.00%	7.90%
Retail - Grocery Anchor Strip Class B	7.00% - 9.50%	8.75%	8.57%
Retail - Unanchored Strip Class A	7.00% - 10.00%	8.75%	8.58%
Office - CBD Class A	7.25% - 11.00%	9.50%	9.25%
Office - Suburban Class A	7.00% - 10.50%	9.50%	9.42%
Retail - Unanchored Strip Class B	7.25% - 11.00%	9.13%	9.21%
Office - CBD Class B	8.00% - 12.50%	10.00%	10.27%
Office - Suburban Class B	7.25% - 12.55%	10.25%	10.26%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

Debt Capital Market Snapshot

BENCHMARK RATES				CHANGE IN BASIS POINTS	
Short-Term Yields	Current as of Feb 28, 2025	3M Ago	1Y Ago	3M	1Y
1 Mo Term SOFR	4.32%	4.53%	5.33%	-21	-100
Fed Funds Rate (Mid)	4.38%	4.63%	5.38%	-25	-100
3 Mo SOFR Dec-26	3.57%	3.63%	3.66%	-6	-9
TREASURY AND SWAP YIELDS					
2yr UST	4.01%	4.15%	4.64%	-14	-63
5yr UST	4.04%	4.05%	4.26%	-1	-22
10yr UST	4.24%	4.17%	4.26%	+7	-2
3yr SOFR Swap	3.76%	3.85%	4.20%	-9	-44
5yr SOFR Swap	3.74%	3.72%	3.97%	+2	-23
10Y2Y Spread	0.23%	0.02%	-0.37%	+22	+61

SECONDARY MARKET CMBS & REIT BONDS				CHANGE IN BASIS POINTS	
Bond Spread to Treasury	Current as of Feb 28, 2025	3M Ago	1Y Ago	3M	1Y
5yr AAA CMBS	78	83	100	-5	-22
10yr AAA CMBS	65	69	84	-4	-19
5yr BBB CMBS	447	628	646	-181	-199
10yr BBB CMBS	398	465	600	-67	-202
REIT Unsecured Spreads	87	85	117	+2	-30
REIT Unsec. Bond Yields	5.09%	5.08%	5.61%	+1	-53

SECONDARY MARKET CORPORATE BONDS				CHANGE IN BASIS POINTS	
Bond Spread to Treasury	Current as of Feb 28, 2025	3M Ago	1Y Ago	3M	1Y
5yr AAA	40	31	33	+9	+7
10yr AAA	56	47	71	+9	-15
5yr BBB	87	83	103	+4	-16
10yr BBB	120	116	143	+4	-23
HY Corp Bond Spreads	281	272	331	+9	-50
HY Corp Bond Yld	7.31%	7.36%	8.00%	-4	-69

EQUITY INDICES & COMMODITIES	PERCENT CHANGE				
	Current as of Feb 28, 2025	3M Ago	1Y Ago	3M	1Y
Dow Jones	43,491	44,911	38,949	-3.2%	+11.7%
S&P 500	5,889	6,032	5,070	-2.4%	+16.2%
NAREIT All REIT	229	239	209	-4.1%	+9.6%
Office	219	248	186	-11.5%	+18.2%
Residential	517	528	397	-2.0%	+30.2%
Industrial	506	488	547	+3.6%	-7.5%
Retail	277	289	238	-3.9%	+16.6%
Lodging	73.99	83.78	89.17	-11.7%	-17.0%
Datacenter	1,669	1,902	1,594	-12.3%	+4.7%
Self Storage	1,853	2,123	1,724	-12.7%	+7.5%
Commercial Mortgage	14.79	15.32	15.14	-3.5%	-2.3%
iShares CMBS ETF	48.22	47.64	46.57	+1.2%	+3.5%
WTI Crude	69.68	68.00	78.54	+2.5%	-11.3%
Gold	2,862	2,657	2,043	+7.7%	+40.1%
Bitcoin	84,260	97,460	60,551	-13.5%	+39.2%
NASDAQ: NMRK	14.56	15.48	10.48	-5.9%	+38.9%

Source: Bloomberg, Newmark Research
Note: CMBS, Corporate and REIT bond data lagged one trading day.



Agriculture

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ABOUT AGRICULTURE

Newmark Valuation & Advisory's Agriculture practice, with its expertise and advanced technology platform, provides appraisal services for both single property assignments and national property portfolios that span multiple states and markets. We serve a diverse array of clients including individual owners, lenders/banking institutions, CPAs, estate attorneys, and institutional investors.

In 2024, the U.S. agricultural market faced continued pressures in terms of profitability and pressures from uncertainty in federal legislation.

Despite these pressures, the USDA reports that most States witnessed a positive or increase in cropland value. However, these increases are much lower than the increases witnessed during and immediately after the Covid-19 pandemic.

Uncertainty as to whether the Federal Government would otherwise draft a new 5-year Farm Bill was extinguished when Congress enacted the American Relief Act of 2025. In late December 2024, the 2018 Farm Bill was extended for the second consecutive year. One major component of the extension is the allocation of roughly \$31 billion to the USDA for farm relief; \$20 billion is set aside to assist farmers affected by natural disasters in 2023 and 2024; \$10 billion will assist farmers who anticipate economic losses from crop production in 2024.

The caveat of \$31 billion for disaster and economic relief aligns with the current state of affairs in the agricultural sector of this country. The profitability of farming operations remains in limbo and the propensity of farmers seeking non-farm-real estate loans (operating loans) has increased substantially. Profitability continues to be negatively affected by decline in key commodity prices such as corn and soybean, and by increased costs of debt, labor, and inputs.

From a purely economic standpoint, it appears the challenges of farming in the immediate post Covid-19 environment continued to plague farmers in 2024 and will likely continue through 2025.

One over-arching theme moving forward in 2025 is changes in Washington. Current leadership, which presented a changeover in the Secretary of Agriculture position, has touted their focus on key aspects of the agricultural economy in the United States. In short, a focus on tariffs, avian influenza, immigration and labor, a new farm bill, the trade deficit, biofuels, rural broadband, beginning farmers, and nutrition programs are noted.

While there are numerous aspects of the agricultural economy, leadership, at a minimum, has already established key areas of focus over the next term. This focus should otherwise reduce some of the uncertainty as we head into 2025.

USDA-NASS: Farms and Land in Farms (2024 Summary) (1)	2024	2023	2022	2021	2020	2019	2018	2017
Number of Farms	1,880,000	1,894,950	1,900,650	1,959,550	1,992,200	2,007,600	2,023,200	2,042,000
Land in Farms (Acres)	876,460,000	878,560,000	879,660,000	888,800,000	893,110,000	894,930,000	898,860,000	900,370,000
Average Size of Farm (Acres)	466	464	463	454	448	446	444	441

Average Farm Size by Economic Sales Class (2)	Percent of Total				Average Farm Size (Acres)	
	Number of Farms		Land In Farms		2023	2024
	2023	2024	2023	2024		
\$1,000 - \$9,999	48.3%	48.1%	8.5%	8.5%	82	82
\$10,000 - \$99,999	30.7%	30.8%	17.7%	17.4%	267	263
\$100,000 - \$249,999	6.6%	6.6%	11.2%	11.4%	785	799
\$250,000 - \$499,999	4.6%	4.6%	12.7%	12.8%	1,283	1,289
\$500,000 - \$999,999	3.7%	3.7%	14.3%	14.2%	1,788	1,789
\$1,000,000 or more	6.0%	6.1%	35.5%	35.8%	2,723	2,727
Total (3)	100.00%	100.00%	100.00%	100.00%	464	466

(1) Published February 2025.

(2) Economic sales classes are based on the gross value of agricultural products sold. Government program payments are also included.

(3) Percent of total may not add to 100 due to rounding.

Source: Data is sourced from the Farms and Land in Farms 2024 Summary (February 2025) USDA, National Agricultural Statistics Service.

Convenience Stores & Automotive Energy

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ABOUT CONVENIENCE STORES & AUTOMOTIVE ENERGY

Newmark Valuation & Advisory's Convenience Stores & Automotive Energy team members have appraised more than 90,000 convenience stores and automotive energy facilities throughout the Americas. The team had its genesis about 45 years ago and has since participated in many technological and market changes.

Automotive Energy

Fuel consumption volumes declined for the third year in a row (5% year over year), which shows a stabilized downward trend. This can attribute to demand destruction from electric vehicles, better overall average fuel efficiency and work from home behaviors. Fuel margins remained flat from the prior year after a \$0.05 per gallon decline from their peak in 2022. Again, a trend appears to be forming that higher margins (than the previous 20+ years) are here to stay. Fuel gross profits were down, on average, 4% year over year. However, fuel margins are still up nearly 20% from pre-pandemic, despite volumes being 25% lower, showing high margins have easily compensated for reduced volumes. NACS reports a slight dip in U.S. convenience store count to 152,255 from 152,396 in 2024, with the number of stores selling motor fuel up by 1.5% to 121,852. The industry continues to grow, and retailers are leveraging pricing power, despite the commodity nature of fuel.

Looking to the future, convenience stores are preparing for the shift to EVs, a change seen as inevitable but gradual and manageable. With 290 million light-duty vehicles powered by internal combustion engines, a slow rate of new sales (16 million in a good year), and electric vehicles making up only 8% to 9% of new sales in 2024, liquid fuels are expected to remain in demand for some time. EV sales reached 1.3 million in 2024, up 7% from 2023. Analysts expect this figure to increase to 10% of the market in 2025 (about 1.6M).

There were just over 200,000 charging ports online at the end of 2024, up 40,000 or roughly 25% from 2023. While significant gains have been made, there is a long way to go to meet the previous administration's goal of 500,000 public chargers by 2030. While government mandates, such as the 2022 \$7.5 billion National Electric Vehicle Infrastructure fund, can accelerate natural economics, the new administration has already implemented plans to pull back or pause this funding. Forward-thinking retailers should plan on offering a variety of energy options to satisfy consumer demand especially with interstate or highway locations.

Car Washes

There are approximately 60,000 car washes in the United States. Noteworthy is Grand View Research predicts the \$15+ billion car wash industry will grow at a compound annual growth rate of 6.1% from 2024 to 2030. While slowing somewhat in 2024, private equity groups are still entering the express car wash market, driving consolidation. However, increasing acquisition multiples, higher interest rates, inflation, and fears of over-saturation continue to temper M&A. Despite fewer greenfield opportunities and a general slow down in new builds, there have been more than 1,000 new express car wash openings over the last two years. Industry executives expect growth to moderate but remain robust for four or five more years.

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

AUTOMOTIVE ENERGY 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
Automotive Energy - National	5.25%	6.50%	25	↔	1.50%	2.00%
Automotive Energy - Regional	6.75%	8.50%	25	↔	1.50%	2.00%
Automotive Energy - Local	8.25%	9.00%	25	↔	1.50%	2.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

Healthcare & Seniors Housing

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Robust recovery in 2024 has operators, investors and lenders cautiously optimistic for continues growth in 2025 as the Baby Boomer generation ages.

The Seniors Housing market experienced a robust 2024 as occupancies increased, rental rates increased and operations for many communities returned to pre pandemic levels. The seniors market now has more senior living units occupied than at any point in history, as new communities which came online during the pandemic have generally experienced strong lease ups. As new construction slowed or ceased during the pandemic due to declining occupancies and increased construction costs, many of the communities which have opened in recent months have stabilized or are nearly stabilized.

In 2025, the oldest of the baby boomers will be nearly 80 years old and are just entering the prime years for entrance into a senior living community. Many of the residents in senior living currently were born from 1930 to 1945. The operators, the lenders, and the investors are fully aware of all of these trends. The overall trend for occupancy levels is positive.

On the revenue side, rental rates continue to increase as operators are looking to cover the cost of higher expenses, particularly for departmental salaries and wages, and residents still have inflation expectations. On the expense side, most of the expenses for individual communities have stabilized and are expected to level off during the year.

Overall, most market participants expect to see continued growth from 2024 into 2025 and beyond. The demographics within the United States are highly favorable; however, the operators must continue to improve their efficiency and skill and deliver the best care at competitive prices to continue to see positive results to bottom line profitability.

SENIORS HOUSING 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
Independent Living, Class A	5.75%	8.50%	50	↔	3.00%	3.00%
Independent Living, Class B	6.00%	8.75%	50	↔	3.00%	3.00%
Assisted Living/Dementia, Class A	6.75%	9.50%	50	↔	3.00%	3.00%
Assisted Living/Dementia, Class B	7.00%	9.75%	50	↔	3.00%	3.00%
Skilled Nursing, Class A	12.00%	14.50%	50	↔	3.00%	3.00%
Skilled Nursing, Class B	12.50%	15.75%	50	↔	3.00%	3.00%
CCRC, Class A	9.50%	12.00%	50	↔	3.00%	3.00%
CCRC, Class B	9.75%	12.25%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.



The Medical Outpatient Building (MOB) market is not only experiencing expansion due to policy changes like the Affordable Care Act (ACA) and Medicaid expansion, but also due to significant demographic trends, most notably the aging of the baby boomer generation. This demographic shift is creating a robust demand for outpatient services, as baby boomers continue to age and require more frequent healthcare interventions that are often better suited to outpatient settings for efficiency and convenience. As this population segment seeks accessible and specialized healthcare solutions, the need for facilities that can accommodate age-related health issues increases. This demographic trend has encouraged the development of outpatient centers equipped with advanced medical technologies and specialized services tailored to the needs of older adults. Consequently, the real estate market is responding by expanding and upgrading outpatient facilities, integrating amenities that enhance patient experience while meeting the healthcare demands of an increasingly elderly population. The intersection of healthcare policy reform and demographics is thus accelerating the growth of the medical outpatient building market, reshaping healthcare delivery and infrastructure.

Following depressed buyer activity in 2023, an uptick in demand for medical outpatient building (MOB) assets was observed in 2024. While a consistent theme in the MOB sector has been tenant “stickiness,” the high retention rate also reflects the challenges tenants are facing due to increasing costs and correspondingly higher rents for new space. There may be a structural shift with general office properties being converted for MOB use where possible, but there are limitations on those conversions. The decrease in new construction due to elevated costs (construction and financing), will continue to increase the renewal rates among existing tenants.

Demand for quality medical outpatient building investment remains strong as it is a recession-resistant asset-class, and the fundamentals are solid – high occupancy and strong year-over-year rent growth for the past decade. Availability of financing has improved since 2023 and price discovery has supported increased transaction volume. However, aside from the Healthpeak merger with Physicians Realty Trust in early 2024, large portfolio transactions have remained significantly below the volume in 2022.

Looking forward, the MOB sector is likely to see modest increase in deal volume in 2025; however, the policies of the new administration may delay some decision-making in the first half of the year. The second half of 2025 should see transaction volume increase significantly barring any major shifts in policy, both on the legislative and interest rate fronts.

MEDICAL OUTPATIENT 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
MOB - On-Campus	6.50%	7.75%	25	↔	3.00%	3.00%
MOB - Off-Campus	6.75%	8.00%	25	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

ABOUT HEALTHCARE & SENIORS HOUSING

The Healthcare & Seniors Housing Specialty Practice comprises industry-leading experts leveraging Newmark Valuation & Advisory’s robust network, cutting-edge technology and extensive data to deliver the best customer experience for our services.

The Newmark V&A Healthcare & Seniors Housing team takes an innovative approach to its assignments, evaluating properties from a holistic perspective that considers business operations in concert with the underlying real estate asset. We have an extensive national presence, having completed assignments throughout North America, as well as internationally.



Hospitality, Gaming & Leisure

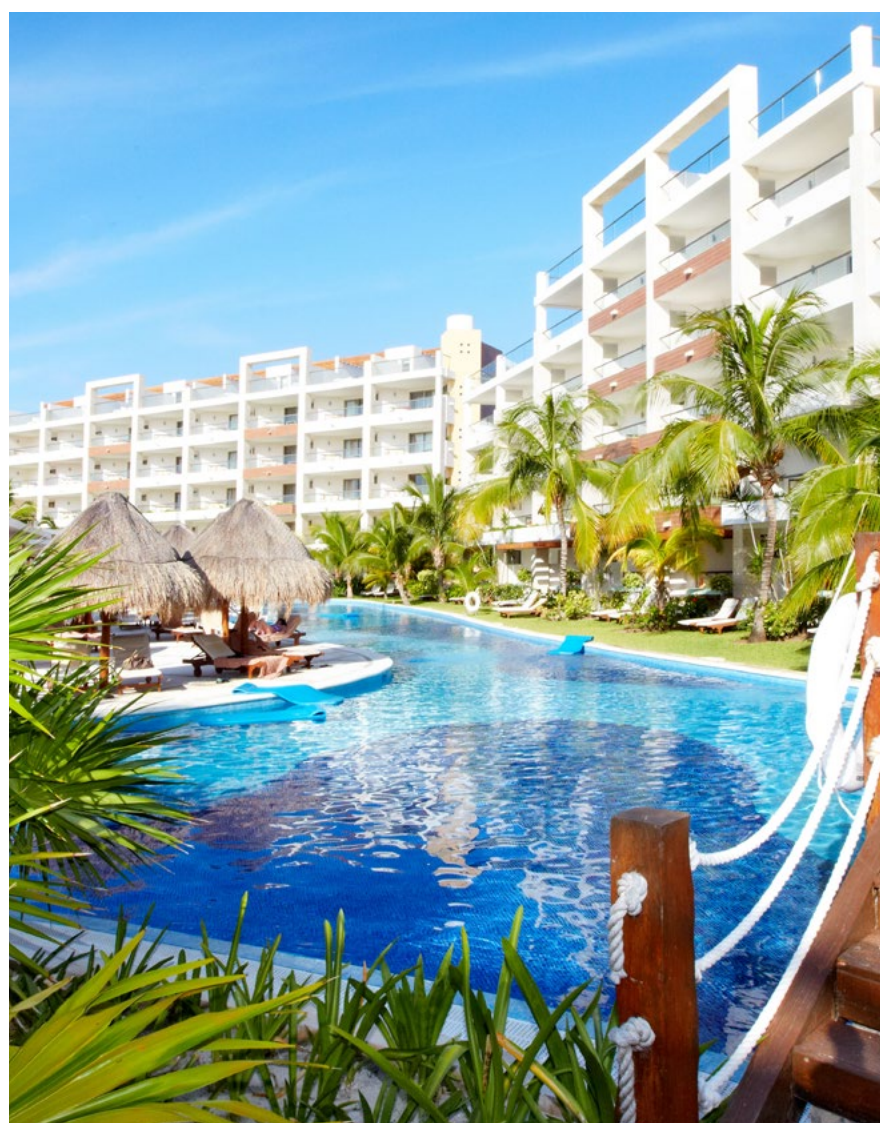
Laurel A. Keller, MAI, ISHC
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Jeff Mayer
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In 2024, the U.S. lodging sector recorded modest RevPAR growth, impacted by reduced summer demand, as discretionary spending waned. Major urban markets saw mixed results; while international travel and group business events helped sustain growth in some areas, domestic leisure travel slowed significantly. Occupancy and ADR increased slightly in most markets, supported by easing inflation and interest rate cuts.

HOSPITALITY 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
Luxury Hotel, Class A	6.25%	8.00%	25	↔	2.50%	4.00%
Luxury Hotel, Class B	7.00%	8.75%	50	↔	2.00%	3.00%
Resort Hotel, Class A	6.50%	8.00%	25	↔	2.50%	4.00%
Resort Hotel, Class B	7.25%	8.50%	50	↔	2.00%	2.00%
Full Service Hotel, Class A	7.25%	9.00%	25	↓	3.25%	3.00%
Full Service Hotel, Class B	8.00%	10.00%	50	↓	2.75%	2.50%
Select Service Hotel, Class A	7.75%	8.25%	25	↓	3.25%	3.50%
Select Service Hotel, Class B	8.75%	10.00%	25	↓	2.75%	3.50%
Limited Service Hotel, Class A	8.50%	9.25%	25	↓	2.75%	3.50%
Limited Service Hotel, Class B	9.50%	10.00%	50	↓	2.25%	3.00%
Extended Stay Hotel, Class A	7.50%	8.50%	25	↔	2.75%	3.50%
Extended Stay Hotel, Class B	8.25%	9.00%	25	↔	2.25%	3.00%
Airport/Highway Hotel, Class A	9.25%	10.25%	25	↔	2.75%	3.50%
Airport/Highway Hotel, Class B	10.25%	11.00%	50	↔	2.25%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.



- Hotel EBITDA saw a modest growth rate (less than 2.0%) in 2024 despite RevPAR increases, which were offset by rising costs of labor, insurance, and cost of goods sold.
- Transaction volume remained subdued due to a persistently wide bid-ask spread.
- High construction costs continued to hamper new hotel development.
- Debt capital remained accessible for cash-flowing properties in the hospitality sector.

ABOUT HOSPITALITY, GAMING & LEISURE

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

Industrial & Logistics

Robert J. Vodinelic, MAI, MRICS

*Regional Managing Director
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Industrial & Logistics
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The national industrial market saw the pendulum swing from the peak leasing volume and hyperinflation of rents of 2021 and 2022 to a sharp slowdown in activity in 2024, particularly in Q4 2024. Trade and policy uncertainty, a shortened holiday season, and rising U.S. bankruptcies led to depressed leasing activity towards the end of the year. Coupled with the surge in deliveries from 2022 through 2024, a higher-for-longer vacancy rate will lead to a more tenant-friendly market through 2025.

Softening market fundamentals, along with stubbornly elevated interest rates, brought 2024 industrial sales activity to nearly 50% below the pandemic-era peak in 2022, although 2024 was a slight improvement over 2023 volumes. Industrial sale prices per square foot were only marginally lower by late 2024, as increases in capitalization rates were largely offset by industrial leases resetting to higher contract rent levels as older leases expired.

The industrial market is expected to stabilize in 2025, as the pipeline of projects under construction declines in 2025 to its lowest level since 2018. Nationally, average industrial asking rents in 2024 witnessed their first annual decline since 2011, although the change was nominal from 2023 levels. Many less-expensive, secondary markets held up quite well, with nearly half of the markets studied by Newmark experiencing positive rent growth in 2024. Meanwhile, higher-priced markets such as Infill Los Angeles and Inland Empire weighed down national rent trends, with rent declines in 2023 and 2024.

- Many of the same demand drivers which drove the surge in industrial activity over the past few years are still quite healthy, albeit at a more moderate level of growth. For example, e-commerce will continue to drive demand for distribution space well past 2025. E At approximately 11% of total retail sales prior to Covid in 2020, e-commerce represented 16.2% of total sales as of 3Q 2024 according to the U.S. Census Bureau. From a total dollar standpoint, Q3 2024 saw \$300 billion in e-commerce sales, up from a Q3 2019 amount of \$146.4 billion.
- Manufacturing is also seeing record growth, with total real private manufacturing construction spending at nearly double the pre-pandemic 5-year average. Newmark Research estimates a minimum of 270 million square feet of new industrial projects coming through the end of the decade, with the greatest investment in high-tech/digitalization, automotive/transportation, energy investment, and biomanufacturing. Additionally, a resurgence of focus on energy development will unlock further opportunities for the manufacturing sector, particularly in locations with abundant energy resources.



- The continued integration of artificial intelligence into everyday life has led to a strong level of competition for sites which may have previously been targeted for more traditional industrial development. Newmark Research estimates that nearly a quarter of the industrial site acquisition volume over the past 24 months has been for data center development, which is up from only approximately 7% between 2017 and 2019.
- Deliveries, which peaked in 2023 at nearly 600 million square feet for the year, declined through 2024 to end the year at 397 million square feet. Starts had averaged 80 million square feet each quarter between 2017 and 2019, but dropped precipitously throughout 2023 and 2024, and are now stabilizing at a level between 50 and 60 million square feet per quarter. With the deliveries settling down from their peak levels and an expected stabilization-to-uptick in net absorption, vacancy rates will remain steady through 2025, and supply and demand will be in better alignment going into 2026.

INDUSTRIAL 1Q 2025 National Rates Comparison	Going-In Cap Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Discount Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
Warehouse/Logistics Class A	5.48%	0.02%	0.08%	0.48%	7.04%	0.02%	0.08%	0.44%	31	3.00%	3.00%
Warehouse/Logistics Class B	5.96%	0.06%	0.21%	0.52%	7.42%	0.06%	0.04%	0.37%	31	3.00%	3.00%
CENTRAL REGION											
Warehouse/Logistics Class A	5.98%	0.15%	0.15%	0.38%	7.13%	0.25%	0.20%	0.43%	50	2.00%	3.00%
Warehouse/Logistics Class B	6.80%	0.15%	0.05%	0.38%	7.95%	0.25%	0.10%	0.43%	50	2.00%	3.00%
SOUTH REGION											
Warehouse/Logistics Class A	5.58%	-0.23%	-0.12%	0.02%	6.73%	-0.17%	-0.04%	0.19%	46	3.08%	2.92%
Warehouse/Logistics Class B	6.40%	-0.13%	-0.02%	0.07%	7.60%	-0.10%	0.04%	0.15%	46	3.08%	2.92%
EAST REGION											
Warehouse/Logistics Class A	5.42%	0.02%	0.06%	0.13%	6.88%	0.13%	0.25%	0.31%	50	2.92%	3.00%
Warehouse/Logistics Class B	6.17%	0.04%	0.13%	0.15%	7.54%	0.06%	0.23%	0.29%	50	2.92%	3.00%
UNITED STATES											
Warehouse/Logistics Class A	5.60%	-0.02%	0.04%	0.24%	6.93%	0.04%	0.11%	0.34%	44	2.79%	2.98%
Warehouse/Logistics Class B	6.31%	0.02%	0.09%	0.27%	7.61%	0.06%	0.10%	0.30%	44	2.79%	2.98%
CANADA											
Warehouse/Logistics Class A	5.55%	-0.05%	0.50%	0.55%	6.30%	-0.05%	0.35%	0.45%	50	2.25%	2.25%
Warehouse/Logistics Class B	6.05%	-0.05%	0.50%	0.50%	6.80%	-0.05%	0.35%	0.40%	50	2.25%	2.25%
MEXICO											
Warehouse/Logistics Class A	7.00%	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	0.00%	50	4.00%	4.00%
Warehouse/Logistics Class B	8.00%	0.00%	0.00%	0.00%	11.00%	0.00%	0.00%	0.00%	50	4.00%	4.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

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

INDUSTRIAL 1Q 2025 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
Warehouse/Logistics Class A	5.50%	6.25%	50	↔	2.25%	2.25%
Warehouse/Logistics Class B	6.25%	7.00%	50	↔	2.25%	2.25%
EDMONTON						
Warehouse/Logistics Class A	6.25%	7.00%	50	↓	2.25%	2.25%
Warehouse/Logistics Class B	7.25%	8.00%	50	↓	2.25%	2.25%
MONTREAL						
Warehouse/Logistics Class A	6.25%	7.00%	50	↓	2.25%	2.25%
Warehouse/Logistics Class B	6.50%	7.25%	50	↓	2.25%	2.25%

INDUSTRIAL 1Q 2025 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
TORONTO						
Warehouse/Logistics Class A	5.25%	6.00%	50	↓	2.25%	2.25%
Warehouse/Logistics Class B	5.50%	6.25%	50	↓	2.25%	2.25%
VANCOUVER						
Warehouse/Logistics Class A	5.50%	7.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.75%	50	↔	3.00%	3.00%
MEXICO CITY						
Warehouse/Logistics Class A	7.00%	10.00%	50	↔	4.00%	4.00%
Warehouse/Logistics Class B	8.00%	11.00%	50	↔	4.00%	4.00%

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

INDUSTRIAL 1Q 2025 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Warehouse/Logistics Class A	5.50%	6.50%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.00%	25	↔	3.00%	3.00%
IRVINE/ORANGE, CA						
Warehouse/Logistics Class A	5.25%	7.00%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.25%	25	↔	3.00%	3.00%
LAS VEGAS, NV						
Warehouse/Logistics Class A	5.50%	6.75%	50	↓	4.00%	3.00%
Warehouse/Logistics Class B	5.75%	7.00%	50	↓	4.00%	3.00%
LOS ANGELES, CA						
Warehouse/Logistics Class A	5.25%	7.00%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.25%	25	↔	3.00%	3.00%
PHOENIX, AZ						
Warehouse/Logistics Class A	5.50%	7.00%	50	↔	2.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.50%	50	↔	2.00%	3.00%
PORTLAND, OR						
Warehouse/Logistics Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.50%	25	↔	3.00%	3.00%
RENO, NV						
Warehouse/Logistics Class A	5.00%	6.50%	50	↔	4.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.00%	50	↔	4.00%	3.00%
SACRAMENTO, CA						
Warehouse/Logistics Class A	6.25%	7.50%	25	↔	2.00%	3.00%
Warehouse/Logistics Class B	7.00%	8.50%	25	↔	2.00%	3.00%
SALT LAKE CITY, UT						
Warehouse/Logistics Class A	5.50%	7.25%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.50%	25	↔	3.00%	3.00%
SEATTLE, WA						
Warehouse/Logistics Class A	5.50%	7.00%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.50%	25	↔	3.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Warehouse/Logistics Class A	5.50%	7.50%	25	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.75%	7.50%	25	↔	3.00%	3.00%

INDUSTRIAL 1Q 2025 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Warehouse/Logistics Class A	5.50%	6.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	6.75%	50	↔	3.00%	3.00%
CINCINNATI, OH						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.00%	3.00%
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	2.00%	3.00%
CLEVELAND, OH						
Warehouse/Logistics Class A	6.25%	7.25%	50	↔	2.00%	3.00%
Warehouse/Logistics Class B	7.25%	8.25%	50	↔	2.00%	3.00%
COLUMBUS, OH						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.00%	3.00%
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	2.00%	3.00%
DETROIT, MI						
Warehouse/Logistics Class A	6.50%	8.50%	50	↔	0.00%	3.00%
Warehouse/Logistics Class B	7.25%	9.25%	50	↔	0.00%	3.00%
GRAND RAPIDS, MI						
Warehouse/Logistics Class A	6.50%	8.50%	50	↔	0.00%	3.00%
Warehouse/Logistics Class B	7.25%	9.25%	50	↔	0.00%	3.00%
INDIANAPOLIS, IN						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.00%	3.00%
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	2.00%	3.00%
KANSAS CITY, MO						
Warehouse/Logistics Class A	5.75%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.25%	50	↔	3.00%	3.00%
MINNEAPOLIS, MN						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	3.00%	3.00%

INDUSTRIAL 1Q 2025 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Warehouse/Logistics Class A	5.00%	6.00%	50	↔	2.00%	2.50%
Warehouse/Logistics Class B	6.00%	7.50%	50	↔	2.00%	2.50%
ATLANTA, GA						
Warehouse/Logistics Class A	5.25%	6.50%	50	↓	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.50%	50	↓	3.00%	3.00%
AUSTIN, TX						
Warehouse/Logistics Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.75%	8.25%	50	↔	3.00%	3.00%
CHARLOTTE, NC						
Warehouse/Logistics Class A	5.50%	6.75%	0	↓	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.50%	0	↓	3.00%	3.00%
DALLAS, TX						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%

INDUSTRIAL 1Q 2025 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
FORT WORTH, TX						
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%
HOUSTON, TX						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%
MIAMI, FL						
Warehouse/Logistics Class A	5.25%	6.75%	50	↔	4.00%	3.00%
Warehouse/Logistics Class B	5.75%	7.00%	50	↔	4.00%	3.00%
NEW ORLEANS, LA						
Warehouse/Logistics Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	7.50%	8.50%	50	↔	3.00%	3.00%
ORLANDO, FL						
Warehouse/Logistics Class A	5.50%	6.75%	25	↔	4.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.50%	25	↔	4.00%	3.00%
SAN ANTONIO, TX						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	3.00%	3.00%
TAMPA, FL						
Warehouse/Logistics Class A	5.50%	6.75%	25	↔	4.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.50%	25	↔	4.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
Warehouse/Logistics Class A	5.00%	6.00%	50	↔	2.00%	2.50%
Warehouse/Logistics Class B	6.50%	8.00%	50	↔	2.00%	2.50%

INDUSTRIAL 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.75%	7.75%	50	↔	3.00%	3.00%
BOSTON, MA						
Warehouse/Logistics Class A	5.75%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.75%	8.00%	50	↔	3.00%	3.00%
LEHIGH VALLEY, PA						
Warehouse/Logistics Class A	5.50%	7.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.00%	7.75%	50	↔	3.00%	3.00%
NEW YORK CITY BOROUGHS						
Warehouse/Logistics Class A	5.00%	6.50%	50	↔	3.50%	3.00%
Warehouse/Logistics Class B	5.25%	6.75%	50	↔	3.50%	3.00%
NEW YORK SUBURBS						
Warehouse/Logistics Class A	5.00%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.50%	7.75%	50	↔	3.00%	3.00%
NORTHERN NEW JERSEY						
Warehouse/Logistics Class A	4.75%	6.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	5.25%	6.75%	50	↔	3.00%	3.00%

INDUSTRIAL 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
PHILADELPHIA, PA						
Warehouse/Logistics Class A	5.25%	7.25%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.75%	50	↔	3.00%	3.00%
PITTSBURGH, PA						
Warehouse/Logistics Class A	5.50%	7.00%	50	↔	2.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.75%	50	↔	2.00%	3.00%
SOUTHERN NEW JERSEY						
Warehouse/Logistics Class A	5.50%	7.25%	50	↔	2.50%	3.00%
Warehouse/Logistics Class B	6.25%	7.75%	50	↔	2.50%	3.00%
UPSTATE NEW YORK						
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%
WASHINGTON, DC						
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.75%	7.75%	50	↔	3.00%	3.00%
WILMINGTON, DE						
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	3.00%	3.00%
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	3.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.



ABOUT INDUSTRIAL & LOGISTICS

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

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



Multifamily

Bryan Beel

Senior Managing Director

Specialty Practice Leader - Multifamily

Valuation & Advisory

Market fundamentals remain strong, especially relative to other sectors. Investment in multifamily properties remain well below peak levels achieved in 2021-2022. Interest rates and interest rate volatility continues to dampen activity. However, the longer-term outlook is optimistic.

- Demand for apartment rentals remains very strong in most areas, driven by the continued rise in home prices and higher interest rates. Renting today is substantially more affordable than purchasing a home.
- Market rents generally increased in 2024. However, a significant influx of new supply during the same period slowed growth and even turned some markets negative most notably in the Sun Belt which had high levels of new development. Most of the markets that saw rent growth were less supply burdened. The Midwest, Mid-Atlantic, West and Northeast outpaced Southeast & Southwest. Most market participants anticipate that more positive rental trends will return to Sun Belt markets after new supply is absorbed in 2025 and 2026.
- Over the past five years, the top 10 buyers have been a combination of institutional investors and well-capitalized national owners/operators, as reported by RCA (Real Capital Analytics). Buyers who took on variable rate bridge debt at the peak liquidity bubble years of 2021 and 2022 have been extending loans when possible. Market participants were anticipating lower long-term interest rates ahead of the Federal Reserve cutting its overnight borrowing rate starting in September 2024. However, long-term rates continued to rise due to perceived inflation risk from a strong economy and possible tariffs. Buyers with longer term investment horizons such as family offices were active due to attractive entry points from a cost basis perspective.
- Freddie Mac anticipates multifamily loan originations to pick up in 2025 but remain below volumes seen in 2021 and 2022.— The multifamily sector continued to be much slower than peak 2021 and 2022 years, primarily due to Real Capital Analytics reported that total sales volume for 2024 was 22% higher than 2023. However, 2024 volume was still less than half of the peak liquidity bubble years of 2021-2022. Price dislocation and elevated interest rates continue to hinder the investment sales market in all sectors, though multifamily properties remain the largest share of commercial real estate investment sales. Renting remains considerably cheaper than owning a home.

MULTIFAMILY 1Q 2025 National Rates Comparison	Going-In Cap Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Discount Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
CBD Class A	5.15%	-0.08%	0.00%	0.27%	6.80%	0.02%	0.08%	0.29%	45	2.82%	3.09%
CBD Class B	5.60%	-0.08%	0.00%	0.27%	7.14%	-0.02%	-0.04%	0.15%	45	2.82%	3.09%
Suburban Class A	5.30%	-0.04%	0.02%	0.29%	6.89%	0.00%	0.02%	0.23%	45	2.82%	3.09%
Suburban Class B	5.64%	-0.06%	0.02%	0.27%	7.32%	0.04%	0.04%	0.23%	45	2.82%	3.09%
CENTRAL REGION											
CBD Class A	5.68%	-0.08%	-0.08%	0.07%	7.18%	-0.13%	-0.13%	0.13%	47	2.15%	3.00%
CBD Class B	6.43%	-0.08%	-0.08%	-0.03%	7.93%	-0.13%	-0.13%	0.13%	47	2.15%	3.00%
Suburban Class A	5.83%	-0.10%	-0.10%	0.00%	7.35%	-0.15%	-0.18%	0.03%	45	2.50%	3.00%
Suburban Class B	6.55%	-0.10%	-0.08%	-0.03%	8.05%	-0.15%	-0.15%	0.10%	45	2.50%	3.00%
SOUTH REGION											
CBD Class A	5.17%	-0.12%	-0.25%	0.23%	6.79%	-0.10%	-0.10%	0.31%	29	2.69%	2.92%
CBD Class B	5.60%	-0.13%	-0.27%	0.12%	7.29%	-0.12%	-0.29%	0.29%	29	2.69%	2.92%
Suburban Class A	5.25%	-0.10%	-0.27%	0.10%	6.92%	-0.06%	-0.04%	0.29%	29	2.69%	2.92%
Suburban Class B	5.73%	-0.06%	-0.17%	0.04%	7.44%	-0.06%	-0.21%	0.27%	29	2.69%	2.92%
EAST REGION											
CBD Class A	5.33%	-0.08%	-0.08%	0.02%	6.78%	0.06%	0.10%	0.04%	48	2.85%	3.10%
CBD Class B	5.75%	-0.10%	-0.17%	-0.19%	7.30%	0.02%	0.08%	0.00%	48	2.85%	3.10%
Suburban Class A	5.50%	-0.10%	-0.15%	0.10%	6.99%	0.01%	0.11%	0.18%	50	2.82%	3.09%
Suburban Class B	5.95%	-0.10%	-0.19%	-0.15%	7.52%	0.04%	0.13%	0.08%	50	2.82%	3.09%
UNITED STATES											
CBD Class A	5.31%	-0.09%	-0.11%	0.15%	6.88%	-0.03%	-0.01%	0.20%	41	2.64%	3.02%
CBD Class B	5.82%	-0.10%	-0.13%	0.05%	7.40%	-0.06%	-0.10%	0.14%	41	2.64%	3.02%
Suburban Class A	5.45%	-0.09%	-0.13%	0.13%	7.02%	-0.05%	-0.01%	0.19%	42	2.71%	3.02%
Suburban Class B	5.94%	-0.08%	-0.11%	0.04%	7.57%	-0.03%	-0.05%	0.18%	42	2.71%	3.02%
CANADA											
CBD Class A	4.05%	-0.15%	0.05%	0.15%	4.80%	-0.15%	0.05%	0.15%	50	2.25%	2.25%
CBD Class B	4.35%	-0.15%	-0.15%	-0.10%	5.15%	-0.10%	0.00%	0.00%	50	2.25%	2.25%
Suburban Class A	4.25%	-0.15%	-0.20%	-0.30%	5.00%	-0.15%	-0.25%	-0.35%	50	2.25%	2.25%
Suburban Class B	4.55%	-0.15%	-0.45%	-0.55%	5.35%	-0.10%	-0.25%	-0.35%	50	2.25%	2.25%
MEXICO											
CBD Class A	6.50%	0.00%	0.00%	0.00%	9.50%	-0.50%	-0.50%	-0.50%	50	4.00%	4.00%
Suburban Class A	8.00%	0.00%	0.00%	0.00%	10.50%	-0.50%	-0.50%	-0.50%	50	4.00%	4.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

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

STUDENT HOUSING & 55+ ACTIVE ADULT 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
Student Housing, Tier 1	5.50%	7.25%	25	↔	3.00%	3.00%
Student Housing, Tier 2	6.00%	7.75%	25	↔	3.00%	3.00%
55+ Active Adult Multihousing, Class A	5.50%	7.50%	25	↔	3.00%	3.00%
55+ Active Adult Multihousing, Class B	6.00%	7.75%	25	↔	3.00%	3.00%

MULTIFAMILY 1Q 2025 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
CBD Class A	5.00%	6.75%	50	↔	3.00%	3.00%
CBD Class B	5.75%	6.50%	50	↔	3.00%	3.00%
Suburban Class A	5.25%	6.50%	50	↔	3.00%	3.00%
Suburban Class B	5.50%	7.50%	50	↔	3.00%	3.00%
IRVINE/ORANGE, CA						
CBD Class A	4.75%	7.00%	50	↔	3.00%	3.00%
CBD Class B	5.00%	7.50%	50	↔	3.00%	3.00%
Suburban Class A	4.75%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	5.00%	7.50%	50	↔	3.00%	3.00%
LAS VEGAS, NV						
CBD Class A	5.25%	6.50%	50	↓	3.00%	3.00%
CBD Class B	5.50%	6.75%	50	↓	3.00%	3.00%
Suburban Class A	5.25%	6.50%	50	↓	3.00%	3.00%
Suburban Class B	5.50%	6.75%	50	↓	3.00%	3.00%
LOS ANGELES, CA						
CBD Class A	5.25%	7.50%	50	↔	3.00%	3.00%
CBD Class B	5.50%	7.75%	50	↔	3.00%	3.00%
Suburban Class A	5.25%	7.50%	50	↔	3.00%	3.00%
Suburban Class B	5.50%	7.75%	50	↔	3.00%	3.00%
PHOENIX, AZ						
CBD Class A	5.25%	6.25%	50	↔	3.00%	3.00%
CBD Class B	5.50%	6.50%	50	↔	3.00%	3.00%
Suburban Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Suburban Class B	5.75%	6.75%	50	↔	3.00%	3.00%
PORTLAND, OR						
CBD Class A	5.25%	6.75%	0	↔	2.00%	4.00%
CBD Class B	5.75%	7.25%	0	↔	2.00%	4.00%
Suburban Class A	5.50%	7.00%	0	↔	2.00%	4.00%
Suburban Class B	6.00%	7.50%	0	↔	2.00%	4.00%
RENO, NV						
CBD Class A	5.00%	6.50%	50	↔	3.00%	3.00%
CBD Class B	5.25%	7.00%	50	↔	3.00%	3.00%
Suburban Class A	5.00%	6.50%	50	↔	3.00%	3.00%
Suburban Class B	5.25%	7.00%	50	↔	3.00%	3.00%
SACRAMENTO, CA						
CBD Class A	5.50%	7.00%	50	↔	2.00%	3.00%
CBD Class B	6.50%	8.00%	50	↔	2.00%	3.00%
Suburban Class A	5.75%	7.25%	50	↔	2.00%	3.00%
Suburban Class B	6.25%	7.75%	50	↔	2.00%	3.00%
SALT LAKE CITY, UT						
CBD Class A	5.25%	7.00%	25	↔	3.00%	3.00%
CBD Class B	6.00%	7.25%	25	↔	3.00%	3.00%
Suburban Class A	5.50%	7.25%	25	↔	3.00%	3.00%
Suburban Class B	6.00%	7.50%	25	↔	3.00%	3.00%



MULTIFAMILY 1Q 2025 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
SAN FRANCISCO, CA						
CBD Class A	5.00%	N/A	N/A	↔	N/A	N/A
CBD Class B	5.50%	N/A	N/A	↔	N/A	N/A
SEATTLE, WA						
CBD Class A	5.00%	6.50%	25	↔	3.00%	3.00%
CBD Class B	5.50%	6.75%	25	↔	3.00%	3.00%
Suburban Class A	5.25%	6.75%	25	↔	3.00%	3.00%
Suburban Class B	5.75%	7.25%	25	↔	3.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
CBD Class A	5.25%	7.00%	50	↔	3.00%	3.00%
CBD Class B	5.50%	7.25%	50	↔	3.00%	3.00%
Suburban Class A	5.25%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	5.50%	7.25%	50	↔	3.00%	3.00%

MULTIFAMILY 1Q 2025 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
CBD Class A	5.00%	5.75%	50	↔	3.00%	3.00%
CBD Class B	6.00%	6.75%	50	↔	3.00%	3.00%
Suburban Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Suburban Class B	6.25%	7.00%	50	↔	3.00%	3.00%
CINCINNATI, OH						
CBD Class A	6.00%	8.25%	50	↔	2.00%	3.00%
CBD Class B	7.00%	9.25%	50	↔	2.00%	3.00%
Suburban Class A	6.00%	8.25%	50	↔	2.00%	3.00%
Suburban Class B	7.00%	9.25%	50	↔	2.00%	3.00%
CLEVELAND, OH						
CBD Class A	6.25%	8.50%	50	↔	1.00%	3.00%
CBD Class B	7.25%	9.50%	50	↔	1.00%	3.00%
Suburban Class A	6.25%	8.50%	50	↔	2.00%	3.00%
Suburban Class B	7.25%	9.50%	50	↔	2.00%	3.00%
COLUMBUS, OH						
CBD Class A	6.00%	8.25%	50	↔	1.00%	3.00%
CBD Class B	7.00%	9.25%	50	↔	1.00%	3.00%
Suburban Class A	6.00%	8.25%	50	↔	2.00%	3.00%
Suburban Class B	7.00%	9.25%	50	↔	2.00%	3.00%
DETROIT, MI						
CBD Class A	6.00%	7.25%	0	↓	2.00%	3.00%
CBD Class B	6.25%	7.50%	0	↓	2.00%	3.00%
Suburban Class A	5.50%	6.75%	25	↓	2.50%	3.00%
Suburban Class B	5.75%	7.00%	25	↓	2.50%	3.00%
GRAND RAPIDS, MI						
CBD Class A	5.50%	6.75%	25	↓	2.50%	3.00%
CBD Class B	5.75%	7.00%	25	↓	2.50%	3.00%
Suburban Class A	5.50%	6.75%	25	↓	2.50%	3.00%
Suburban Class B	5.75%	7.00%	25	↓	2.50%	3.00%
INDIANAPOLIS, IN						
CBD Class A	6.00%	8.25%	50	↔	1.00%	3.00%
CBD Class B	7.00%	9.25%	50	↔	1.00%	3.00%
Suburban Class A	6.00%	8.25%	50	↔	2.00%	3.00%
Suburban Class B	7.00%	9.25%	50	↔	2.00%	3.00%
KANSAS CITY, MO						
CBD Class A	5.50%	6.25%	50	↔	3.00%	3.00%
CBD Class B	6.25%	7.00%	50	↔	3.00%	3.00%
Suburban Class A	6.00%	6.75%	50	↔	3.00%	3.00%
Suburban Class B	6.75%	7.50%	50	↔	3.00%	3.00%
MINNEAPOLIS, MN						
CBD Class A	5.25%	6.25%	50	↔	3.00%	3.00%
CBD Class B	5.75%	6.75%	50	↔	3.00%	3.00%
Suburban Class A	5.50%	6.50%	50	↔	3.00%	3.00%
Suburban Class B	6.00%	7.00%	50	↔	3.00%	3.00%

MULTIFAMILY 1Q 2025 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
ST. LOUIS, MO						
CBD Class A	5.25%	6.25%	50	↔	3.00%	3.00%
CBD Class B	6.00%	7.00%	50	↔	3.00%	3.00%
Suburban Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	6.75%	7.75%	50	↔	3.00%	3.00%
MULTIFAMILY 1Q 2025 National Rates Comparison - South						
ARKANSAS						
CBD Class A	5.50%	6.50%	25	↔	2.00%	2.50%
CBD Class B	5.75%	7.00%	25	↔	2.00%	2.50%
Suburban Class A	5.00%	6.25%	25	↔	2.00%	2.50%
Suburban Class B	5.50%	7.00%	25	↔	2.00%	2.50%
ATLANTA, GA						
CBD Class A	5.00%	7.00%	25	↓	3.00%	3.00%
CBD Class B	5.25%	7.25%	25	↓	3.00%	3.00%
Suburban Class A	5.25%	7.25%	25	↓	3.00%	3.00%
Suburban Class B	5.50%	7.50%	25	↓	3.00%	3.00%
AUSTIN, TX						
CBD Class A	5.00%	6.50%	25	↔	2.00%	3.00%
CBD Class B	5.25%	6.75%	25	↔	2.00%	3.00%
Suburban Class A	5.25%	6.75%	25	↔	2.00%	3.00%
Suburban Class B	5.50%	7.00%	25	↔	2.00%	3.00%
CHARLOTTE, NC						
CBD Class A	5.00%	6.25%	0	↓	3.00%	3.00%
CBD Class B	5.50%	6.75%	0	↓	3.00%	3.00%
Suburban Class A	5.25%	6.50%	0	↓	3.00%	3.00%
Suburban Class B	5.75%	7.00%	0	↓	3.00%	3.00%
DALLAS, TX						
CBD Class A	5.00%	7.25%	25	↔	3.00%	3.00%
CBD Class B	5.50%	7.75%	25	↔	3.00%	3.00%
Suburban Class A	5.00%	7.25%	25	↔	3.00%	3.00%
Suburban Class B	5.50%	7.75%	25	↔	3.00%	3.00%
FORT WORTH, TX						
CBD Class A	5.00%	7.25%	25	↔	3.00%	3.00%
CBD Class B	5.50%	7.75%	25	↔	3.00%	3.00%
Suburban Class A	5.00%	7.25%	25	↔	3.00%	3.00%
Suburban Class B	5.50%	7.75%	25	↔	3.00%	3.00%
HOUSTON, TX						
CBD Class A	5.25%	6.75%	50	↔	3.00%	3.00%
CBD Class B	5.75%	7.25%	50	↔	3.00%	3.00%
Suburban Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	6.00%	7.50%	50	↔	3.00%	3.00%

MULTIFAMILY 1Q 2025 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
MIAMI, FL						
CBD Class A	4.75%	6.75%	25	↔	3.00%	3.00%
CBD Class B	5.25%	7.25%	25	↔	3.00%	3.00%
Suburban Class A	5.00%	7.00%	25	↔	3.00%	3.00%
Suburban Class B	5.50%	7.50%	25	↔	3.00%	3.00%
NEW ORLEANS, LA						
CBD Class A	6.50%	7.50%	50	↓	3.00%	3.00%
CBD Class B	7.50%	8.50%	50	↓	3.00%	3.00%
Suburban Class A	6.50%	7.50%	50	↓	3.00%	3.00%
Suburban Class B	7.50%	8.50%	50	↓	3.00%	3.00%
ORLANDO, FL						
CBD Class A	4.75%	6.75%	25	↔	3.00%	3.00%
CBD Class B	5.25%	7.25%	25	↔	3.00%	3.00%
Suburban Class A	5.00%	7.00%	25	↔	3.00%	3.00%
Suburban Class B	5.50%	7.50%	25	↔	3.00%	3.00%
SAN ANTONIO, TX						
CBD Class A	5.25%	6.75%	25	↔	2.00%	3.00%
CBD Class B	5.50%	7.00%	25	↔	2.00%	3.00%
Suburban Class A	5.50%	7.00%	25	↔	2.00%	3.00%
Suburban Class B	5.75%	7.25%	25	↔	2.00%	3.00%
TAMPA, FL						
CBD Class A	4.75%	6.75%	25	↔	3.00%	3.00%
CBD Class B	5.25%	7.25%	25	↔	3.00%	3.00%
Suburban Class A	5.00%	7.00%	25	↔	3.00%	3.00%
Suburban Class B	5.50%	7.50%	25	↔	3.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
CBD Class A	5.50%	6.25%	25	↔	2.00%	2.50%
CBD Class B	5.50%	7.00%	25	↔	2.00%	2.50%
Suburban Class A	5.00%	6.25%	25	↔	2.00%	2.50%
Suburban Class B	5.50%	7.00%	25	↔	2.00%	2.50%



MULTIFAMILY 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
CBD Class A	5.75%	6.75%	50	↓	3.00%	3.00%
CBD Class B	6.25%	7.50%	50	↓	3.00%	3.00%
Suburban Class A	5.50%	6.50%	50	↓	3.00%	3.00%
Suburban Class B	6.50%	7.75%	50	↓	3.00%	3.00%
BOSTON, MA						
CBD Class A	4.50%	6.00%	50	↔	3.00%	3.00%
CBD Class B	5.00%	6.50%	50	↔	3.00%	3.00%
Suburban Class A	5.00%	6.60%	50	↔	3.00%	3.00%
Suburban Class B	5.75%	7.25%	50	↔	3.00%	3.00%
LEHIGH VALLEY, PA						
CBD Class A	5.75%	7.25%	25	↔	3.00%	3.00%
CBD Class B	6.25%	7.75%	25	↔	3.00%	3.00%
Suburban Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Suburban Class B	6.25%	7.75%	50	↔	3.00%	3.00%
MANHATTAN, NY						
CBD Class A	4.25%	5.75%	50	↓	3.00%	3.00%
CBD Class B	4.50%	6.00%	50	↓	3.00%	3.00%
NEW YORK CITY BOROUGHES						
Suburban Class A	5.00%	6.50%	50	↓	3.00%	3.00%
Suburban Class B	5.25%	6.75%	50	↓	3.00%	3.00%
NORTHERN NEW JERSEY						
CBD Class A	5.25%	6.75%	50	↓	3.00%	3.00%
CBD Class B	5.50%	7.00%	50	↓	3.00%	3.00%
Suburban Class A	5.50%	7.00%	50	↓	3.00%	3.00%
Suburban Class B	5.75%	7.25%	50	↓	3.00%	3.00%
PHILADELPHIA, PA						
CBD Class A	5.75%	7.00%	50	↔	2.00%	3.00%
CBD Class B	6.25%	7.50%	50	↔	2.00%	3.00%
Suburban Class A	5.75%	7.00%	50	↔	2.50%	3.00%
Suburban Class B	6.25%	7.50%	50	↔	2.50%	3.00%
PITTSBURGH, PA						
CBD Class A	6.00%	7.50%	50	↔	2.50%	3.00%
CBD Class B	6.50%	8.00%	50	↔	2.50%	3.00%
Suburban Class A	6.00%	7.50%	50	↔	2.00%	3.00%
Suburban Class B	6.50%	8.00%	50	↔	2.00%	3.00%
SOUTHERN NEW JERSEY						
Suburban Class A	5.75%	7.25%	50	↔	2.50%	3.00%
Suburban Class B	6.25%	7.75%	50	↔	2.50%	3.00%
UPSTATE NEW YORK						
CBD Class A	5.50%	7.00%	50	↓	3.00%	4.00%
CBD Class B	5.75%	7.50%	50	↓	3.00%	4.00%
Suburban Class A	5.50%	7.00%	50	↓	3.00%	4.00%
Suburban Class B	5.75%	7.50%	50	↓	3.00%	4.00%

MULTIFAMILY 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
WASHINGTON, DC						
CBD Class A	4.75%	6.50%	50	↔	3.00%	3.00%
CBD Class B	5.00%	7.00%	50	↔	3.00%	3.00%
Suburban Class A	5.00%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	5.25%	7.50%	50	↔	3.00%	3.00%
WILMINGTON, DE						
CBD Class A	5.75%	7.25%	50	↓	3.00%	3.00%
CBD Class B	6.50%	8.25%	50	↓	3.00%	3.00%
Suburban Class A	5.50%	7.00%	50	↓	3.00%	3.00%
Suburban Class B	6.00%	7.75%	50	↓	3.00%	3.00%



MULTIFAMILY 1Q 2025 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
CBD Class A	4.50%	5.25%	50	↓	2.25%	2.25%
CBD Class B	5.00%	5.75%	50	↓	2.25%	2.25%
Suburban Class A	4.50%	5.25%	50	↓	2.25%	2.25%
Suburban Class B	5.00%	5.75%	50	↓	2.25%	2.25%
EDMONTON						
CBD Class A	4.75%	5.50%	50	↓	2.25%	2.25%
CBD Class B	5.00%	5.75%	50	↓	2.25%	2.25%
Suburban Class A	5.00%	5.75%	50	↓	2.25%	2.25%
Suburban Class B	5.25%	6.00%	50	↓	2.25%	2.25%
MONTREAL						
CBD Class A	4.50%	5.25%	50	↓	2.25%	2.25%
CBD Class B	4.75%	5.50%	50	↓	2.25%	2.25%
Suburban Class A	4.75%	5.50%	50	↓	2.25%	2.25%
Suburban Class B	5.00%	5.75%	50	↓	2.25%	2.25%
TORONTO						
CBD Class A	3.50%	4.25%	50	↔	2.25%	2.25%
CBD Class B	3.75%	4.75%	50	↔	2.25%	2.25%
Suburban Class A	3.75%	4.50%	50	↓	2.25%	2.25%
Suburban Class B	4.00%	5.00%	50	↓	2.25%	2.25%
VANCOUVER						
CBD Class A	3.00%	3.75%	50	↔	2.25%	2.25%
CBD Class B	3.25%	4.00%	50	↔	2.25%	2.25%
Suburban Class A	3.25%	4.00%	50	↓	2.25%	2.25%
Suburban Class B	3.50%	4.25%	50	↓	2.25%	2.25%
MEXICO CITY						
CBD Class A	6.50%	9.50%	50	↔	4.00%	4.00%
CBD Class B	N/A	N/A	50	↔	4.00%	4.00%
Suburban Class A	8.00%	10.50%	50	↔	4.00%	4.00%
Suburban Class B	N/A	N/A	50	↔	4.00%	4.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

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

ABOUT MULTIFAMILY

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

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



Office

Douglas H. Larson, MRICS

Executive Vice President

Specialty Practice Leader - Office

Valuation & Advisory

In CBD markets, higher quality office has continued to lead performance.

- Leasing activity increased in roughly half of tracked markets, marginally accelerating from the prior year. Higher quality buildings drove a larger share of leasing activity in the fourth quarter of 2024 and continued to outpace the overall market. Although top quality buildings only account for 33.7% of inventory, these assets captured 50.6% of leasing activity in the fourth quarter. Leasing activity was relatively stable compared to the prior 12-month average although notable gains were recorded in gateway markets.
- Following 18 consecutive quarters of negative net absorption, national occupancy increased driven by gains in gateway markets in the East and West regions. The strongest leasing growth occurred in Class A buildings in CBD markets which have consistently outperformed in leasing activity. In the fourth quarter, large-block leasing rose but remains below pre-pandemic averages. The finance, insurance, and real estate (FIRE) sectors recorded an increase in leasing. Leasing in the technology sector also increased, though activity in this sector is still below the historical average.
- Construction of office space has continued to decline. Construction activity edged down further in the fourth quarter due to changes in demand. The ongoing contraction in the construction pipeline is expected to help curb vacancy growth, as much of the post-pandemic supply remains unleased.

OFFICE 1Q 2025 National Rates Comparison	Going-In Cap Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Discount Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
CBD Class A	7.82%	0.38%	0.71%	1.06%	9.09%	0.33%	0.71%	1.02%	46	1.82%	3.00%
CBD Class B	8.36%	0.29%	0.60%	0.92%	9.77%	0.35%	0.63%	0.83%	46	1.82%	3.00%
Suburban Class A	7.91%	0.52%	0.65%	0.88%	9.16%	0.31%	0.69%	0.83%	46	1.77%	3.00%
Suburban Class B	8.45%	0.38%	0.63%	0.85%	9.75%	0.31%	0.67%	0.71%	46	1.77%	3.00%
CENTRAL REGION											
CBD Class A	8.33%	0.20%	0.23%	0.40%	9.55%	0.33%	0.40%	0.68%	45	1.05%	2.90%
CBD Class B	9.38%	0.25%	0.35%	0.43%	10.73%	0.28%	0.38%	0.80%	45	1.05%	2.90%
Suburban Class A	8.53%	0.20%	0.13%	0.30%	9.83%	0.30%	0.38%	0.65%	45	1.30%	2.90%
Suburban Class B	9.38%	0.25%	0.18%	0.25%	10.78%	0.30%	0.35%	0.65%	45	1.30%	2.90%
SOUTH REGION											
CBD Class A	8.04%	0.19%	0.58%	1.13%	9.38%	0.23%	0.58%	1.29%	48	0.79%	2.92%
CBD Class B	8.83%	0.21%	0.58%	1.21%	10.29%	0.38%	0.71%	1.31%	48	0.79%	2.92%
Suburban Class A	8.00%	0.06%	0.21%	0.75%	9.42%	0.13%	0.27%	1.06%	48	1.48%	2.92%
Suburban Class B	8.69%	0.12%	0.23%	0.83%	10.15%	0.17%	0.25%	1.08%	48	1.48%	2.92%
EAST REGION											
CBD Class A	7.91%	0.27%	0.48%	0.69%	8.98%	0.19%	0.56%	0.63%	48	1.18%	3.00%
CBD Class B	9.20%	0.46%	0.63%	1.00%	10.32%	0.38%	0.71%	0.98%	48	1.18%	3.00%
Suburban Class A	8.19%	0.15%	0.23%	0.46%	9.31%	0.06%	0.35%	0.54%	50	1.42%	3.00%
Suburban Class B	9.33%	0.38%	0.46%	0.75%	10.42%	0.25%	0.48%	0.82%	50	1.42%	3.00%
UNITED STATES											
CBD Class A	8.02%	0.26%	0.51%	0.85%	9.25%	0.27%	0.57%	0.92%	47	1.20%	2.95%
CBD Class B	8.93%	0.30%	0.55%	0.91%	10.27%	0.35%	0.62%	0.99%	47	1.20%	2.95%
Suburban Class A	8.14%	0.23%	0.31%	0.61%	9.42%	0.20%	0.42%	0.78%	48	1.49%	2.96%
Suburban Class B	8.95%	0.28%	0.38%	0.69%	10.26%	0.26%	0.44%	0.83%	48	1.49%	2.96%
CANADA											
CBD Class A	7.30%	0.15%	0.80%	1.10%	8.10%	0.00%	0.50%	1.00%	50	2.25%	2.25%
CBD Class B	7.70%	0.15%	0.65%	1.10%	8.55%	0.05%	0.50%	1.00%	50	2.25%	2.25%
Suburban Class A	7.85%	0.05%	0.65%	1.25%	8.65%	-0.10%	0.45%	1.05%	50	2.25%	2.25%
Suburban Class B	8.40%	-0.05%	0.65%	1.20%	9.25%	-0.15%	0.50%	1.10%	50	2.25%	2.25%
MEXICO											
CBD Class A	8.00%	0.00%	0.00%	0.00%	10.50%	0.00%	0.00%	0.00%	50	4.00%	4.00%
CBD Class B	9.00%	0.00%	0.00%	0.00%	11.50%	0.00%	0.00%	0.00%	50	4.00%	4.00%
Suburban Class A	8.50%	0.00%	0.00%	0.00%	11.00%	-0.50%	-0.50%	-0.50%	50	4.00%	4.00%
Suburban Class B	9.50%	0.00%	0.00%	0.00%	12.00%	0.00%	0.00%	0.00%	50	4.00%	4.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

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

- Investment sales increased 6% in 2024 but remain down 30% compared with compared with the average in 2017 to 2019. This represents little improvement, but the fourth quarter showed some momentum, reflecting the highest volume quarter in two years. New York City and Los Angeles markets were the strongest markets by investment volume. Trends in office sale capitalization rates have been difficult to be establish as transaction activity remains low.

OFFICE 1Q 2025 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
CBD Class A	8.00%	9.00%	25	↔	3.00%	3.00%
CBD Class B	8.50%	10.00%	25	↔	3.00%	3.00%
Suburban Class A	8.50%	9.50%	25	↔	2.50%	3.00%
Suburban Class B	9.50%	10.25%	25	↔	2.50%	3.00%
IRVINE/ORANGE, CA						
CBD Class A	8.50%	9.00%	0	↔	3.00%	3.00%
CBD Class B	9.00%	10.00%	0	↔	3.00%	3.00%
Suburban Class A	8.00%	9.00%	0	↔	3.00%	3.00%
Suburban Class B	8.50%	9.50%	0	↔	3.00%	3.00%
LAS VEGAS, NV						
CBD Class A	7.00%	8.50%	75	↔	0.00%	3.00%
CBD Class B	7.00%	8.50%	75	↔	0.00%	3.00%
Suburban Class A	7.00%	8.50%	75	↔	0.00%	3.00%
Suburban Class B	7.00%	8.50%	75	↔	0.00%	3.00%
LOS ANGELES, CA						
CBD Class A	8.50%	9.00%	0	↔	3.00%	3.00%
CBD Class B	9.00%	9.50%	0	↔	3.00%	3.00%
Suburban Class A	8.50%	9.00%	0	↔	3.00%	3.00%
Suburban Class B	9.00%	9.50%	0	↔	3.00%	3.00%
PHOENIX, AZ						
CBD Class A	7.00%	8.50%	50	↔	2.00%	3.00%
CBD Class B	7.50%	9.00%	50	↔	2.00%	3.00%
Suburban Class A	7.50%	9.00%	25	↔	2.00%	3.00%
Suburban Class B	8.00%	9.50%	25	↔	2.00%	3.00%
PORTLAND, OR						
CBD Class A	8.50%	10.00%	-25	↑	0.00%	3.00%
CBD Class B	9.00%	10.50%	-25	↑	0.00%	3.00%
Suburban Class A	8.00%	9.50%	-25	↑	0.00%	3.00%
Suburban Class B	8.50%	10.00%	-25	↑	0.00%	3.00%
RENO, NV						
CBD Class A	6.50%	8.25%	75	↔	3.00%	3.00%
CBD Class B	7.00%	9.00%	75	↔	3.00%	3.00%
Suburban Class A	6.50%	8.25%	75	↔	3.00%	3.00%
Suburban Class B	7.00%	9.00%	75	↔	3.00%	3.00%
SACRAMENTO, CA						
Suburban Class A	8.50%	9.50%	50	↔	0.00%	3.00%
Suburban Class B	9.00%	10.50%	50	↔	0.00%	3.00%
SALT LAKE CITY, UT						
CBD Class A	8.50%	9.75%	25	↔	3.00%	3.00%
CBD Class B	9.00%	10.50%	25	↔	3.00%	3.00%
Suburban Class A	9.00%	10.00%	25	↔	3.00%	3.00%
Suburban Class B	9.50%	10.50%	25	↔	3.00%	3.00%



OFFICE 1Q 2025 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
SAN FRANCISCO, CA						
CBD Class A	8.00%	9.50%	25	↔	0.00%	3.00%
CBD Class B	9.00%	10.50%	25	↔	0.00%	3.00%
SEATTLE, WA						
CBD Class A	7.50%	9.00%	-25	↑	3.00%	3.00%
CBD Class B	8.50%	10.00%	-25	↑	3.00%	3.00%
Suburban Class A	7.50%	9.00%	-25	↑	3.00%	3.00%
Suburban Class B	8.50%	10.00%	-25	↑	3.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
CBD Class A	8.00%	9.50%	50	↔	0.00%	3.00%
CBD Class B	8.50%	10.00%	50	↔	0.00%	3.00%
Suburban Class A	8.00%	9.50%	50	↔	0.00%	3.00%
Suburban Class B	8.50%	10.00%	50	↔	0.00%	3.00%

OFFICE 1Q 2025 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
CBD Class A	7.00%	8.50%	50	↑	1.00%	3.00%
CBD Class B	9.00%	10.00%	50	↑	1.00%	3.00%
Suburban Class A	7.25%	8.50%	50	↑	2.00%	3.00%
Suburban Class B	8.25%	9.50%	50	↑	2.00%	3.00%
CINCINNATI, OH						
CBD Class A	9.25%	10.50%	50	↔	0.00%	3.00%
CBD Class B	10.50%	11.75%	50	↔	0.00%	3.00%
Suburban Class A	9.25%	10.50%	50	↔	0.00%	3.00%
Suburban Class B	10.50%	11.75%	50	↔	0.00%	3.00%
CLEVELAND, OH						
CBD Class A	9.25%	10.50%	50	↔	0.00%	3.00%
CBD Class B	10.50%	11.75%	50	↔	0.00%	3.00%
Suburban Class A	9.25%	10.50%	50	↔	0.00%	3.00%
Suburban Class B	10.50%	11.75%	50	↔	0.00%	3.00%
COLUMBUS, OH						
CBD Class A	8.75%	10.00%	50	↔	0.00%	3.00%
CBD Class B	9.50%	11.25%	50	↔	0.00%	3.00%
Suburban Class A	8.75%	10.00%	50	↔	0.00%	3.00%
Suburban Class B	9.50%	11.25%	50	↔	0.00%	3.00%
DETROIT, MI						
CBD Class A	8.25%	9.25%	25	↔	2.50%	2.50%
CBD Class B	8.75%	10.25%	25	↔	2.50%	2.50%
Suburban Class A	8.75%	10.25%	25	↔	2.50%	2.50%
Suburban Class B	9.75%	11.25%	25	↔	2.50%	2.50%
GRAND RAPIDS, MI						
CBD Class A	8.00%	9.00%	25	↔	2.50%	2.50%
CBD Class B	8.50%	10.00%	25	↔	2.50%	2.50%
Suburban Class A	8.50%	10.00%	25	↔	2.50%	2.50%
Suburban Class B	9.00%	10.50%	25	↔	2.50%	2.50%
INDIANAPOLIS, IN						
CBD Class A	8.75%	10.00%	50	↔	0.00%	3.00%
CBD Class B	9.50%	11.25%	50	↔	0.00%	3.00%
Suburban Class A	8.75%	10.00%	50	↔	0.00%	3.00%
Suburban Class B	9.50%	11.25%	50	↔	0.00%	3.00%
KANSAS CITY, MO						
CBD Class A	7.75%	8.75%	50	↑	2.00%	3.00%
CBD Class B	9.00%	10.00%	50	↑	2.00%	3.00%
Suburban Class A	8.25%	9.50%	50	↔	2.00%	3.00%
Suburban Class B	8.75%	10.00%	50	↔	2.00%	3.00%
MINNEAPOLIS, MN						
CBD Class A	8.25%	9.50%	50	↑	1.50%	3.00%
CBD Class B	9.25%	10.50%	50	↑	1.50%	3.00%
Suburban Class A	8.25%	9.50%	50	↔	2.00%	3.00%
Suburban Class B	9.25%	10.50%	50	↔	2.00%	3.00%

OFFICE 1Q 2025 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
ST. LOUIS, MO						
CBD Class A	8.00%	9.50%	50	↑	1.00%	3.00%
CBD Class B	9.25%	10.50%	50	↑	1.00%	3.00%
Suburban Class A	8.25%	9.50%	50	↔	2.00%	3.00%
Suburban Class B	8.75%	10.00%	50	↔	2.00%	3.00%

OFFICE 1Q 2025 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
CBD Class A	9.00%	10.00%	50	↑	-5.00%	2.50%
CBD Class B	10.00%	11.00%	50	↑	-5.00%	2.50%
Suburban Class A	6.50%	8.00%	50	↔	2.00%	2.50%
Suburban Class B	7.00%	9.00%	50	↔	2.00%	2.50%
ATLANTA, GA						
CBD Class A	7.50%	9.00%	50	↔	2.00%	3.00%
CBD Class B	8.50%	10.00%	50	↔	2.00%	3.00%
Suburban Class A	9.00%	10.50%	50	↔	2.00%	3.00%
Suburban Class B	9.50%	11.00%	50	↔	2.00%	3.00%
AUSTIN, TX						
CBD Class A	7.00%	8.50%	50	↑	0.00%	3.00%
CBD Class B	8.00%	9.50%	50	↑	0.00%	3.00%
Suburban Class A	8.00%	9.50%	50	↑	1.00%	3.00%
Suburban Class B	9.00%	10.50%	50	↑	1.00%	3.00%
CHARLOTTE, NC						
CBD Class A	7.75%	9.00%	25	↔	2.50%	3.00%
CBD Class B	8.25%	10.00%	25	↔	2.50%	3.00%
Suburban Class A	8.00%	9.50%	25	↔	2.75%	3.00%
Suburban Class B	8.50%	10.00%	25	↔	2.75%	3.00%
DALLAS, TX						
CBD Class A	8.00%	10.00%	50	↑	2.00%	3.00%
CBD Class B	8.50%	10.50%	50	↑	2.00%	3.00%
Suburban Class A	7.50%	9.50%	50	↑	2.00%	3.00%
Suburban Class B	8.00%	10.00%	50	↑	2.00%	3.00%
FORT WORTH, TX						
CBD Class A	8.00%	10.00%	50	↑	2.00%	3.00%
CBD Class B	8.50%	10.50%	50	↑	2.00%	3.00%
Suburban Class A	7.50%	9.50%	50	↑	2.00%	3.00%
Suburban Class B	8.00%	10.00%	50	↑	2.00%	3.00%
HOUSTON, TX						
CBD Class A	7.00%	8.00%	50	↑	2.00%	3.00%
CBD Class B	8.50%	10.00%	50	↑	2.00%	3.00%
Suburban Class A	8.00%	9.00%	50	↑	2.00%	3.00%
Suburban Class B	9.50%	10.50%	50	↑	2.00%	3.00%

OFFICE 1Q 2025 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
MIAMI, FL						
CBD Class A	6.75%	8.00%	50	↔	3.00%	3.00%
CBD Class B	7.50%	8.75%	50	↔	3.00%	3.00%
Suburban Class A	7.50%	8.50%	50	↔	3.00%	3.00%
Suburban Class B	8.00%	9.00%	50	↔	3.00%	3.00%
NEW ORLEANS, LA						
CBD Class A	10.00%	11.00%	50	↑	0.00%	3.00%
CBD Class B	11.00%	12.00%	50	↑	0.00%	3.00%
Suburban Class A	9.00%	10.00%	50	↔	0.00%	3.00%
Suburban Class B	10.00%	11.00%	50	↔	0.00%	3.00%
ORLANDO, FL						
CBD Class A	8.00%	9.50%	50	↔	3.00%	3.00%
CBD Class B	8.50%	10.00%	50	↔	3.00%	3.00%
Suburban Class A	8.25%	9.75%	50	↔	3.00%	3.00%
Suburban Class B	8.75%	10.25%	50	↔	3.00%	3.00%
SAN ANTONIO, TX						
CBD Class A	8.50%	9.50%	50	↔	2.00%	3.00%
CBD Class B	9.00%	10.50%	50	↔	2.00%	3.00%
Suburban Class A	9.00%	10.00%	50	↔	2.00%	3.00%
Suburban Class B	9.50%	10.50%	50	↔	2.00%	3.00%
TAMPA, FL						
CBD Class A	8.00%	9.50%	50	↔	3.00%	3.00%
CBD Class B	8.50%	10.00%	50	↔	3.00%	3.00%
Suburban Class A	8.25%	9.75%	50	↔	3.00%	3.00%
Suburban Class B	8.75%	10.25%	50	↔	3.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
CBD Class A	9.00%	10.00%	50	↑	-5.00%	2.50%
CBD Class B	10.00%	11.00%	50	↑	-5.00%	2.50%
Suburban Class A	7.50%	9.00%	50	↔	-5.00%	2.50%
Suburban Class B	8.50%	10.00%	50	↔	-5.00%	2.50%

OFFICE 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
CBD Class A	9.25%	10.50%	50	↔	0.00%	3.00%
CBD Class B	11.25%	12.50%	50	↔	0.00%	3.00%
Suburban Class A	8.50%	10.00%	50	↔	0.00%	3.00%
Suburban Class B	10.50%	12.00%	50	↔	0.00%	3.00%
BOSTON, MA						
CBD Class A	6.50%	8.00%	50	↔	0.00%	3.00%
CBD Class B	9.00%	10.25%	50	↔	0.00%	3.00%
Suburban Class A	7.50%	9.00%	50	↔	0.00%	3.00%
Suburban Class B	9.50%	10.50%	50	↔	0.00%	3.00%

OFFICE 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
LEHIGH VALLEY, PA						
CBD Class A	8.50%	9.75%	50	↑	2.00%	3.00%
CBD Class B	10.00%	11.00%	50	↑	2.00%	3.00%
Suburban Class A	8.50%	9.75%	50	↑	2.00%	3.00%
Suburban Class B	10.00%	11.00%	50	↑	2.00%	3.00%
NEW YORK, NY (MANHATTAN & NEW YORK SUBURBS)						
CBD Class A	5.75%	7.25%	50	↔	3.00%	3.00%
CBD Class B	6.25%	8.00%	50	↔	3.00%	3.00%
Suburban Class A	7.75%	8.25%	50	↔	3.00%	3.00%
Suburban Class B	8.25%	9.25%	50	↔	3.00%	3.00%
NEW YORK CITY BOROUGHS						
CBD Class A	7.75%	8.25%	50	↔	3.00%	3.00%
CBD Class B	8.25%	9.25%	50	↔	3.00%	3.00%
Suburban Class A	6.25%	7.00%	50	↔	3.00%	3.00%
Suburban Class B	6.50%	7.25%	50	↔	3.00%	3.00%
NORTHERN NEW JERSEY						
CBD Class A	7.75%	8.25%	50	↔	1.50%	3.00%
CBD Class B	8.75%	9.00%	50	↔	1.50%	3.00%
Suburban Class A	8.50%	9.00%	50	↔	1.50%	3.00%
Suburban Class B	9.00%	9.50%	50	↔	1.50%	3.00%



OFFICE 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
PHILADELPHIA, PA						
CBD Class A	8.50%	9.50%	50	↑	1.50%	3.00%
CBD Class B	10.00%	11.00%	50	↑	1.50%	3.00%
Suburban Class A	8.50%	9.50%	50	↑	2.50%	3.00%
Suburban Class B	10.00%	11.00%	50	↑	2.50%	3.00%
PITTSBURGH, PA						
CBD Class A	8.25%	9.75%	50	↑	0.00%	3.00%
CBD Class B	9.50%	11.00%	50	↑	0.00%	3.00%
Suburban Class A	8.75%	10.25%	50	↑	1.50%	3.00%
Suburban Class B	9.50%	11.00%	50	↑	1.50%	3.00%
SOUTHERN NEW JERSEY						
Suburban Class A	8.50%	10.00%	50	↔	1.50%	3.00%
Suburban Class B	9.25%	10.50%	50	↔	1.50%	3.00%
UPSTATE NEW YORK						
CBD Class A	9.00%	9.50%	50	↔	2.00%	3.00%
CBD Class B	9.50%	10.00%	50	↔	2.00%	3.00%
Suburban Class A	8.25%	9.00%	50	↔	2.00%	3.00%
Suburban Class B	9.00%	9.50%	50	↔	2.00%	3.00%
WASHINGTON, DC						
CBD Class A	6.50%	7.50%	25	↔	0.00%	3.00%
CBD Class B	7.50%	9.00%	25	↔	0.00%	3.00%
Suburban Class A	8.50%	9.75%	50	↔	0.00%	3.00%
Suburban Class B	9.75%	11.00%	50	↔	0.00%	3.00%
WILMINGTON, DE						
CBD Class A	9.25%	10.50%	50	↔	0.00%	3.00%
CBD Class B	11.25%	12.50%	50	↔	0.00%	3.00%
Suburban Class A	8.75%	10.25%	50	↔	0.00%	3.00%
Suburban Class B	10.75%	12.55%	50	↔	0.00%	3.00%



OFFICE 1Q 2025 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
CBD Class A	9.00%	9.50%	50	↔	2.25%	2.25%
CBD Class B	9.25%	10.00%	50	↔	2.25%	2.25%
Suburban Class A	9.25%	9.75%	50	↔	2.25%	2.25%
Suburban Class B	9.50%	10.25%	50	↔	2.25%	2.25%
EDMONTON						
CBD Class A	8.00%	9.25%	50	↓	2.25%	2.25%
CBD Class B	8.50%	9.75%	50	↓	2.25%	2.25%
Suburban Class A	8.25%	9.50%	50	↓	2.25%	2.25%
Suburban Class B	8.50%	9.75%	50	↓	2.25%	2.25%
MONTREAL						
CBD Class A	7.00%	7.75%	50	↔	2.25%	2.25%
CBD Class B	7.50%	8.25%	50	↔	2.25%	2.25%
Suburban Class A	7.75%	8.50%	50	↔	2.25%	2.25%
Suburban Class B	9.00%	9.75%	50	↔	2.25%	2.25%
TORONTO						
CBD Class A	6.50%	7.25%	50	↔	2.25%	2.25%
CBD Class B	7.25%	8.00%	50	↔	2.25%	2.25%
Suburban Class A	7.75%	8.50%	50	↔	2.25%	2.25%
Suburban Class B	8.50%	9.25%	50	↔	2.25%	2.25%
VANCOUVER						
CBD Class A	6.00%	6.75%	50	↔	2.25%	2.25%
CBD Class B	6.00%	6.75%	50	↔	2.25%	2.25%
Suburban Class A	6.25%	7.00%	50	↔	2.25%	2.25%
Suburban Class B	6.50%	7.25%	50	↔	2.25%	2.25%
MEXICO CITY						
CBD Class A	8.00%	10.50%	50	↔	4.00%	4.00%
CBD Class B	9.00%	11.50%	50	↔	4.00%	4.00%
Suburban Class A	8.50%	11.00%	50	↔	4.00%	4.00%
Suburban Class B	9.50%	12.00%	50	↔	4.00%	4.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

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

ABOUT OFFICE

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

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



Residential Development

Scott Tonneson, MAI

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Demand for housing in the Southeast and Midwest remains strong, while supply of construction ready lots and shovel ready land remains constrained. Increases in quick move-inventory and high mortgage interest rates are forcing builders to offer incentives in over 75% of new home communities nationwide.

In 2024, we saw a return to an incentive-based home buying environment nationwide for new home communities. As the existing home supply remains historically low, most home buyers are forced to look at new home construction. As a result, over 75% of communities nationwide are offering incentives to lure buyers, typically in the form of rate buydowns, closing cost contributions, or complimentary home upgrades. In a market where rates have persistently been in the mid to high 6% range, and few markets have experienced price declines, these incentives are paramount to move inventory. We expect to see new home incentives continue through 2025.

Home builders experienced stronger-than-expected home sales in 2024, despite persistently high mortgage interest rates and affordability concerns. According to the National Association of Home Builders, the South and Midwest continued to lead the way, with new home sales up 13.6% in the South, and 10.0% in the Midwest, while new home sales declined in the West (1.4%) and Northeast (11.5%). Quick move-in inventory by community reached a historic low in 2023 as builder's scrambled to keep up with the spike in demand resulting from the COVID pandemic. As a result, builder's increased speculative construction through 2024, and quick move-in inventory has continued to increase through the end of 2024 in most markets.

Public builders continued to be the top buyer of finished lots (66% nationally), entitled land, and raw land in 2024, with private builders, investors and build-to-rent builders representing the remaining 34%. Builder mergers and acquisitions remained robust in 2024 with publicly traded builders expanding footprints and increasing market share through acquisition of private builders. Some notable acquisitions include Lennar's purchase of Rausch Coleman Homes and WCH Homes, Century Communities' acquisition of Landmark Homes, Dream Finders Homes' acquisition of Crescent Homes, and Castle Rock Communities' acquisition of The Jones Company. Another major announcement was the IPO of Smith Douglas Homes in January 2024, which was previously one of the fastest growing private homebuilders in the Southeast.

As of January 2025, the average 30-year national mortgage rate stood at 6.91%, up from 6.6% in January 2024. While most experts originally expected at least three Fed rate cuts in 2025, the recent Federal Open Market Committee's forecasts from December 2024 suggests that two interest rate cuts are more likely. This offers limited near-term prospects for improved affordability in 2025 for homebuyers, and we expect most builder's to continue to offer increased incentives to lure buyers. Should interest rates return to the 5's in 2025, we could see a decrease in builder offered incentives, and a significant increase in YOY new home sales. Land and developed lot supply will remain very limited through 2025, while the extended process of land acquisition, development approval and land development will offer limited pricing relief for the foreseeable future.



Residential Build-for-Rent

Nick Lukacs

First Vice President

Specialty Practice Leader -

Residential Build-for-Rent

Valuation & Advisory

Fundamental demand for built-for-rent housing remains strong, assisted by high mortgage interest rates and high home prices. Investment sales activity of built-for-rent communities in 2024 remained significantly below its peak in 2021. In 2024, the national occupancy level of BFR stood at 95%, outperforming the traditional apartment market by nearly 2.5%.

An explosion of built-for-rent construction in 2022 and 2023 tapered off significantly in 2024, which is forecasted to continue into 2025. Phoenix, Dallas, Atlanta, Charlotte and Raleigh-Durham round out the top 5 supply markets respectively, with Phoenix representing just over 2 times the supply of the next largest market. By and large, BFR developers continue to focus on markets with strong net in migration trends, good prospects for economic expansion, and a healthy amount of development land available. According to John Burns Real Estate Consulting, build-to-rent developers/operators represented less than 5% of the total finished lot, entitled lot and raw land purchases in 2024, which is forecasted to remain about the same in 2025.

The COVID pandemic caused BFR asking rents to increase at unsustainable levels in mid-2022 at nearly 15% YOY growth, but rent growth has steadily fallen nationwide since, and ended 2024 at approximately 1% YOY nationwide. Despite continued rent increases in BFR product, it is still approximately 40% cheaper to rent vs. own a home nationwide. With few prospects on the horizon for home pricing decreases, we expect BFR rents to continue to increase at a moderate pace moving into 2025.

Built-for-rent investment sales activity surged in 2021 and 2022, but saw significant drop offs in 2023 and 2024, with 2024 total sales at nearly 25% of the 2021 peak. The high cost of capital/debt and tightening in the equity markets is affecting new construction and transactions. One notable acquisition in the SFR/BFR space was Blackstone's \$3.5 billion acquisition of Tricon Residential, including \$1.5 billion pipeline of new single-family homes, and \$2.5 billion of new apartments. Pretium Partners, who committed to acquire approximately 4,000 BFR homes from DR Horton in 2023, also completed their acquisition of BH Management Services in May 2024, with over 210,000 homes under management nationally.

Moving into 2025, most owners and brokers surveyed noted cap rates are forecasted to begin to decrease in 2025, with the expectation of interest rate decreases and general improving market conditions. Recent transactions in A-rated Southeastern markets have reflected pro-forma cap rates in the low-to-mid 5's, an increase of approximately 100 to 150 basis points from prior lows in 2022.

Tailwinds in the BFR space remain strong as we transition into 2025, driven by high home prices, mortgage interest rates, very limited existing and new home supply, and affordable rents in comparison to the cost of home buying.



ABOUT RESIDENTIAL DEVELOPMENT & RESIDENTIAL BUILD-FOR-RENT

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



Retail & Regional Malls

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The retail sector continues to show strong fundamentals. A lack of significant new development since the Great Financial Crisis has helped ease the effects of a slowdown in leasing activity, as U.S. retail assets over 20,000 sq. ft. sit at an availability rate of just 5%, the lowest in almost 20 years. Although inflation has remained stubborn, U.S. wage growth has improved, which allowed retail sales to surprise on the upside, and helped power a stronger-than-expected holiday shopping season.

Transaction activity in 2024 was slightly better than 2023, but 2025 is expected to improve significantly. Regarding consumers, a stronger dollar, lighter regulations and the extension of the 2017 tax cuts could off-set the negative impact of tariffs, and may push the sector in one direction or the other.

- Vacancy rates in 2024 remained relatively unchanged from the prior year driven by steady growth in consumer demand. Class A malls continue to see significant levels of demand and have been able to increase asking rents.
- Investment rates increased from their 2023 levels, driven by higher borrower costs. With the recent discount rate reductions from the Fed, rates are anticipated to plateau and may begin to decline if inflation can decrease closer to the “targeted 2.0%” level, which should in turn result in lower investment rates. Grocery-anchored centers remain the preferred subsector of retail, as investors continue to flock to the safety of necessities. Unanchored centers and regional malls still reflect the upper-end of investment rates depending on market dynamics.

RETAIL 1Q 2025 National Rates Comparison	Going-In Cap Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Discount Rate	Change from Mid 2024	Change from 1Q 2024	Change from Mid 2023	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate
WEST REGION											
CBD Class A	6.23%	0.04%	0.00%	0.08%	7.70%	-0.02%	0.04%	0.17%	56	2.67%	3.00%
CBD Class B	6.60%	-0.15%	-0.15%	0.02%	8.10%	-0.10%	-0.15%	0.08%	56	2.67%	3.00%
Suburban Class A	6.68%	-0.02%	-0.08%	-0.10%	8.18%	-0.10%	-0.06%	-0.10%	50	2.55%	3.00%
Suburban Class B	7.14%	0.02%	-0.13%	-0.06%	8.50%	-0.19%	-0.25%	-0.17%	50	2.55%	3.00%
CENTRAL REGION											
CBD Class A	6.93%	0.00%	-0.02%	0.03%	7.93%	0.00%	0.00%	0.05%	50	3.00%	3.00%
CBD Class B	7.93%	0.00%	0.00%	0.05%	8.93%	0.00%	0.00%	0.05%	50	3.00%	3.00%
Suburban Class A	7.83%	0.05%	-0.13%	0.08%	9.13%	0.05%	0.03%	0.23%	50	2.60%	3.00%
Suburban Class B	8.63%	0.00%	-0.13%	0.13%	9.88%	0.00%	0.00%	0.25%	50	2.60%	3.00%
SOUTH REGION											
CBD Class A	6.62%	-0.13%	-0.23%	-0.23%	7.96%	-0.10%	-0.10%	0.00%	50	2.92%	2.92%
CBD Class B	7.48%	0.02%	-0.06%	0.02%	8.69%	-0.05%	-0.06%	0.02%	50	2.92%	2.92%
Suburban Class A	7.33%	-0.13%	-0.23%	-0.12%	8.48%	-0.19%	-0.31%	-0.10%	46	2.85%	2.92%
Suburban Class B	7.94%	-0.06%	-0.19%	-0.13%	9.29%	-0.08%	-0.13%	0.02%	46	2.85%	2.92%
EAST REGION											
CBD Class A	6.77%	-0.02%	-0.06%	0.02%	8.00%	-0.02%	-0.06%	-0.02%	50	2.75%	3.00%
CBD Class B	7.42%	0.02%	-0.06%	0.00%	8.63%	0.02%	-0.10%	0.00%	50	2.75%	3.00%
Suburban Class A	7.35%	-0.08%	-0.15%	0.00%	8.60%	-0.06%	-0.06%	0.06%	50	2.75%	3.00%
Suburban Class B	7.98%	-0.15%	-0.17%	-0.06%	9.21%	-0.06%	-0.04%	0.04%	50	2.75%	3.00%
UNITED STATES											
CBD Class A	6.63%	-0.03%	-0.09%	-0.03%	7.90%	-0.04%	-0.03%	0.05%	52	2.83%	2.98%
CBD Class B	7.34%	-0.03%	-0.07%	0.02%	8.57%	-0.03%	-0.08%	0.04%	52	2.83%	2.98%
Suburban Class A	7.29%	-0.05%	-0.15%	-0.04%	8.58%	-0.09%	-0.11%	0.01%	49	2.70%	2.98%
Suburban Class B	7.91%	-0.05%	-0.15%	-0.04%	9.21%	-0.09%	-0.11%	0.03%	49	2.70%	2.98%
CANADA											
CBD Class A	6.00%	0.00%	0.05%	0.05%	6.75%	0.00%	-0.20%	0.00%	50	2.25%	2.25%
CBD Class B	6.30%	0.00%	-0.15%	-0.15%	7.05%	0.00%	-0.30%	-0.15%	50	2.25%	2.25%
Suburban Class A	6.55%	-0.05%	0.05%	0.05%	7.30%	-0.10%	0.00%	0.00%	50	2.25%	2.25%
Suburban Class B	6.85%	-0.05%	-0.15%	-0.15%	7.70%	-0.10%	-0.15%	-0.15%	50	2.25%	2.25%
MEXICO											
CBD Class A	8.25%	0.25%	0.25%	0.25%	11.00%	0.50%	0.50%	0.50%	50	4.00%	4.00%
CBD Class B	9.50%	0.00%	0.00%	0.00%	11.75%	-0.25%	-0.25%	-0.25%	50	4.00%	4.00%
Suburban Class A	9.00%	0.50%	0.50%	0.50%	12.00%	0.00%	0.00%	0.00%	50	4.00%	4.00%
Suburban Class B	10.00%	0.50%	0.50%	0.50%	13.00%	0.50%	0.50%	0.50%	50	4.00%	4.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

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

- A lack of new construction continues to limit overall supply levels keeping vacancy levels from climbing and rental rates stable. Adaptive reuse of older functionally obsolete department stores and enclosed malls has chipped away at vacancy, although there continues to be an ample supply of this type of space to work through, especially within Class B and Class C malls.
- Rental rates reflected growth during 2024, albeit at growth rates below 2022 and 2023. This decline was expected after the pent-up demand following the Covid-19 pandemic. The forecast is for rental growth to moderate in 2025, assuming no significant economic shocks from the looming tariff and trade wars.

RETAIL 1Q 2025 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
DENVER, CO						
Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.50%	50	↔	2.00%	3.00%
Unanchored Strip Class A	6.50%	8.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	7.50%	9.00%	50	↔	2.00%	3.00%
IRVINE/ORANGE, CA						
Grocery Anchor Strip Class A	5.75%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.00%	8.25%	50	↔	3.00%	3.00%
LAS VEGAS, NV						
Grocery Anchor Strip Class A	6.50%	7.75%	50	↓	3.00%	3.00%
Grocery Anchor Strip Class B	6.50%	7.75%	50	↓	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.00%	50	↓	3.00%	3.00%
Unanchored Strip Class B	6.75%	7.25%	50	↓	3.00%	3.00%
LOS ANGELES, CA						
Grocery Anchor Strip Class A	5.75%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.00%	8.25%	50	↔	3.00%	3.00%
PHOENIX, AZ						
Grocery Anchor Strip Class A	6.50%	7.75%	50	↓	3.00%	3.00%
Grocery Anchor Strip Class B	6.75%	8.00%	50	↓	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.25%	50	↓	3.00%	3.00%
Unanchored Strip Class B	7.25%	8.50%	50	↓	3.00%	3.00%
PORTLAND, OR						
Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.50%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.25%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	6.75%	8.50%	50	↔	3.00%	3.00%





RETAIL 1Q 2025 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
RENO, NV						
Grocery Anchor Strip Class A	7.00%	8.50%	75	↔	4.00%	3.00%
Grocery Anchor Strip Class B	7.25%	9.25%	75	↔	4.00%	3.00%
Unanchored Strip Class A	7.25%	9.75%	75	↔	3.00%	3.00%
Unanchored Strip Class B	7.25%	9.00%	75	↔	3.00%	3.00%
SACRAMENTO, CA						
Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	50	↔	2.00%	3.00%
Unanchored Strip Class B	7.75%	9.25%	50	↔	2.00%	3.00%
SALT LAKE CITY, UT						
Grocery Anchor Strip Class A	6.50%	8.50%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.75%	25	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.75%	25	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	9.00%	25	↔	3.00%	3.00%
SAN FRANCISCO, CA						
Grocery Anchor Strip Class A	N/A	N/A	125	↔	3.00%	3.00%
Grocery Anchor Strip Class B	5.75%	7.00%	125	↔	3.00%	3.00%
SEATTLE, WA						
Grocery Anchor Strip Class A	6.00%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.50%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.25%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	6.75%	8.50%	50	↔	3.00%	3.00%
SILICON VALLEY/SAN JOSE, CA						
Grocery Anchor Strip Class A	5.75%	6.50%	50	↔	0.00%	3.00%
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	0.00%	3.00%
Unanchored Strip Class A	6.50%	7.50%	50	↔	0.00%	3.00%
Unanchored Strip Class B	7.00%	8.00%	50	↔	0.00%	3.00%



RETAIL 1Q 2025 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CHICAGO, IL						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	8.75%	50	↔	3.00%	3.00%
CINCINNATI, OH						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.25%	10.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	9.00%	10.75%	50	↔	2.00%	3.00%
CLEVELAND, OH						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.25%	10.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	9.00%	10.75%	50	↔	2.00%	3.00%
COLUMBUS, OH						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.25%	10.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	9.00%	10.75%	50	↔	2.00%	3.00%
DETROIT, MI						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	10.00%	50	↔	3.00%	3.00%



RETAIL 1Q 2025 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
GRAND RAPIDS, MI						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	10.00%	50	↔	3.00%	3.00%
INDIANAPOLIS, IN						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.25%	10.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	9.00%	10.75%	50	↔	2.00%	3.00%
KANSAS CITY, MO						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	9.00%	50	↔	3.00%	3.00%
MINNEAPOLIS, MN						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	8.75%	50	↔	3.00%	3.00%
ST. LOUIS, MO						
Grocery Anchor Strip Class A	7.25%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.25%	9.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.75%	8.75%	50	↑	3.00%	3.00%
Unanchored Strip Class B	8.50%	9.25%	50	↑	3.00%	3.00%

RETAIL 1Q 2025 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
ARKANSAS						
Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	3.00%	2.50%
Grocery Anchor Strip Class B	7.00%	9.00%	50	↔	3.00%	2.50%
Unanchored Strip Class A	7.00%	8.00%	50	↔	2.00%	2.50%
Unanchored Strip Class B	7.50%	9.50%	50	↔	2.00%	2.50%
ATLANTA, GA						
Grocery Anchor Strip Class A	6.25%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	8.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
AUSTIN, TX						
Grocery Anchor Strip Class A	7.00%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.75%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	8.75%	50	↔	3.00%	3.00%
CHARLOTTE, NC						
Grocery Anchor Strip Class A	6.50%	8.00%	25	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	25	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.50%	25	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.00%	25	↔	3.00%	3.00%
DALLAS, TX						
Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.50%	9.50%	50	↔	3.00%	3.00%
FORT WORTH, TX						
Grocery Anchor Strip Class A	6.75%	8.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.25%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	9.50%	50	↔	3.00%	3.00%
HOUSTON, TX						
Grocery Anchor Strip Class A	6.00%	7.25%	50	↓	3.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.25%	50	↓	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.75%	50	↓	3.00%	3.00%
Unanchored Strip Class B	7.50%	8.75%	50	↓	3.00%	3.00%





RETAIL 1Q 2025 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
MIAMI, FL						
Grocery Anchor Strip Class A	5.50%	7.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.00%	8.25%	50	↔	3.00%	3.00%
NEW ORLEANS, LA						
Grocery Anchor Strip Class A	7.00%	8.00%	50	↓	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↓	3.00%	3.00%
Unanchored Strip Class A	9.00%	10.00%	50	↓	3.00%	3.00%
Unanchored Strip Class B	10.00%	11.00%	50	↓	3.00%	3.00%
ORLANDO, FL						
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%
SAN ANTONIO, TX						
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%
TAMPA, FL						
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%
TULSA/OKLAHOMA CITY, OK						
Grocery Anchor Strip Class A	7.50%	8.50%	50	↔	2.00%	2.50%
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	2.00%	2.50%
Unanchored Strip Class A	7.75%	8.75%	50	↔	2.00%	2.50%
Unanchored Strip Class B	8.00%	9.50%	50	↔	2.00%	2.50%

RETAIL 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
BALTIMORE, MD						
Grocery Anchor Strip Class A	6.50%	7.75%	50	↓	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	8.50%	50	↓	3.00%	3.00%
Unanchored Strip Class A	6.50%	7.75%	50	↓	3.00%	3.00%
Unanchored Strip Class B	7.00%	9.00%	50	↓	3.00%	3.00%
BOSTON, MA						
Grocery Anchor Strip Class A	6.50%	7.00%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.75%	8.50%	50	↔	3.00%	3.00%
Unanchored Strip Class A	8.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	9.00%	9.75%	50	↔	3.00%	3.00%
LEHIGH VALLEY, PA						
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	9.75%	50	↔	3.00%	3.00%
NEW YORK CITY BOROUGHES						
Grocery Anchor Strip Class A	6.00%	6.75%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	6.00%	7.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	6.00%	7.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	6.50%	7.50%	50	↔	3.00%	3.00%
NORTHERN NEW JERSEY						
Grocery Anchor Strip Class A	7.00%	7.50%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	7.25%	8.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	8.50%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class B	9.00%	9.50%	50	↔	2.00%	3.00%
PHILADELPHIA, PA						
Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	9.25%	50	↔	3.00%	3.00%
PITTSBURGH, PA						
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	2.00%	3.00%
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	2.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	50	↔	2.00%	3.00%
Unanchored Strip Class B	8.25%	9.75%	50	↔	2.00%	3.00%
SOUTHERN NEW JERSEY						
Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.25%	8.75%	50	↔	3.00%	3.00%
Unanchored Strip Class B	7.75%	9.25%	50	↔	3.00%	3.00%
UPSTATE NEW YORK						
Grocery Anchor Strip Class A	7.25%	8.50%	50	↔	2.50%	3.00%
Grocery Anchor Strip Class B	7.75%	9.00%	50	↔	2.50%	3.00%
Unanchored Strip Class A	8.00%	9.25%	50	↔	2.50%	3.00%
Unanchored Strip Class B	8.50%	9.25%	50	↔	2.50%	3.00%

RETAIL 1Q 2025 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
WASHINGTON, DC						
Grocery Anchor Strip Class A	6.50%	7.75%	50	↓	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	9.00%	50	↓	3.00%	3.00%
Unanchored Strip Class A	6.75%	8.00%	50	↓	3.00%	3.00%
Unanchored Strip Class B	7.25%	8.50%	50	↓	3.00%	3.00%
WILMINGTON, DE						
Grocery Anchor Strip Class A	7.00%	9.00%	50	↓	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	9.50%	50	↓	3.00%	3.00%
Unanchored Strip Class A	7.50%	9.50%	50	↓	3.00%	3.00%
Unanchored Strip Class B	8.50%	10.25%	50	↓	3.00%	3.00%

REGIONAL MALLS & SPECIALTY RETAIL 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
Regional Malls, Class A	7.00%	8.25%	50	↔	3.00%	3.00%
Regional Malls, Class B	12.00%	13.25%	75	↔	2.00%	3.00%
Regional Malls, Class C	18.50%	20.00%	75	↔	2.00%	3.00%
Power Centers, Tier 1	6.75%	8.00%	50	↔	3.00%	3.00%
Power Centers, Tier 2	7.50%	8.50%	50	↔	2.00%	3.00%
Power Centers, Tier 3	9.00%	10.00%	50	↔	2.00%	3.00%
Lifestyle Centers, Tier 1	7.50%	8.75%	75	↔	3.00%	3.00%
Lifestyle Centers, Tier 2	9.00%	10.50%	75	↔	2.00%	3.00%
Lifestyle Centers, Tier 3	14.00%	15.50%	75	↔	2.00%	3.00%
Single Tenant Retail, Tier 1	6.50%	7.50%	50	↔	3.00%	3.00%
Single Tenant Retail, Tier 2	7.50%	8.50%	50	↔	3.00%	3.00%
Single Tenant Retail, Tier 3	8.50%	9.50%	50	↔	2.00%	3.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.



RETAIL 1Q 2025 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
CALGARY						
Grocery Anchor Strip Class A	6.00%	6.75%	50	↔	2.25%	2.25%
Grocery Anchor Strip Class B	6.50%	7.25%	50	↔	2.25%	2.25%
Unanchored Strip Class A	6.75%	7.50%	50	↔	2.25%	2.25%
Unanchored Strip Class B	7.25%	8.00%	50	↔	2.25%	2.25%
EDMONTON						
Grocery Anchor Strip Class A	6.50%	7.25%	50	↔	2.25%	2.25%
Grocery Anchor Strip Class B	6.75%	7.50%	50	↔	2.25%	2.25%
Unanchored Strip Class A	7.00%	7.50%	50	↔	2.25%	2.25%
Unanchored Strip Class B	7.25%	7.75%	50	↔	2.25%	2.25%
MONTREAL						
Grocery Anchor Strip Class A	6.75%	7.50%	50	↔	2.25%	2.25%
Grocery Anchor Strip Class B	7.00%	7.75%	50	↔	2.25%	2.25%
Unanchored Strip Class A	7.25%	8.00%	50	↔	2.25%	2.25%
Unanchored Strip Class B	7.50%	8.25%	50	↔	2.25%	2.25%
TORONTO						
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class A	7.50%	9.00%	50	↔	3.00%	3.00%
Unanchored Strip Class B	8.25%	9.75%	50	↔	3.00%	3.00%
VANCOUVER						
Grocery Anchor Strip Class A	5.25%	6.00%	50	↓	2.25%	2.25%
Grocery Anchor Strip Class B	5.50%	6.25%	50	↓	2.25%	2.25%
Unanchored Strip Class A	5.75%	6.75%	50	↓	2.25%	2.25%
Unanchored Strip Class B	6.00%	7.50%	50	↓	2.25%	2.25%
MEXICO CITY						
Grocery Anchor Strip Class A	8.25%	11.00%	50	↔	4.00%	4.00%
Grocery Anchor Strip Class B	9.50%	11.75%	50	↔	4.00%	4.00%
Unanchored Strip Class A	9.00%	12.00%	50	↔	4.00%	4.00%
Unanchored Strip Class B	10.00%	13.00%	50	↔	4.00%	4.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

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



ABOUT RETAIL & REGIONAL MALLS

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

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



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The National Restaurant Association predicts that restaurant sales will exceed \$1.1 trillion in 2024, the largest year ever for the industry. Even though menu inflation eased considerably in 2024, menu prices still rose faster than consumer spending.

While overall consumer spending in restaurants trended higher during much of 2024, after adjusting for menu price inflation, eating and drinking places saw a slight decline for 2024. However, the share of restaurant spending within total retail and food sales remains over 13%, a figure above the pre-pandemic high of 12.7%. The pandemic led to 90,000 stores to permanently close, nearly twice the number seen in a typical year. One in ten jobs in America are in the restaurant industry. Despite some improvements in 2023 and 2024, labor, including both costs and employee retention, continues to pose a persistent challenge. Rising labor costs have encouraged restaurant chains to emphasize technology and automation to streamline staff, along with closing underperforming or outdated restaurants.

RESTAURANTS 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
Quick Service Restaurant, Franchisor	5.60%	6.75%	25	↔	1.50%	2.00%
Quick Service Restaurant, Franchisee	6.20%	7.75%	25	↔	1.50%	2.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.



ABOUT RESTAURANTS

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

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

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In 2024, muted customer demand facilitated the continued trend of replacing longer term existing tenants paying high rent with new tenants paying lower rent. Demand is expected to continue to be muted into 2025 until the housing market becomes more active. However, the lack of new self storage development cannot be ignored as an off-setting factor.

When the low-interest rate environment transitioned upward in 2022, the prevailing thought was, “this is temporary.” That “temporary” thinking has come and gone, and the phrase “higher for longer” prevails into 2025.

Last year, we noted that while interest rates might come down, they would not likely lower to a level which would stimulate the housing market enough to make a meaningful impact on the direction of the storage industry’s performance. This came to pass and continues. The Fed announced the decision to begin cutting rates in 2024, news of which was met with investor enthusiasm. However, that enthusiasm reversed toward the end of the year when it became apparent that fewer rate cuts would occur in 2025 than anticipated.

This past year, our group has appraised a large number of self storage properties, and we observed revenue trends which varied depending on the location and quality of asset. Some facilities performed better than 2023, but the majority realized flat to slightly declining revenue trends. Budgets estimating 2025 revenue were also flat to lower than 2024 in most facilities with stable operations. Those facilities with the largest percentage losses year over year were in markets impacted by new supply.

While attending industry events and interviewing market participants, there seems to be a consensus that rent and occupancy declines have reached a bottom, and asking rents should start to increase at some point this year. This is possible given the low incoming supply and full employment in the low 4% range. Self storage continues to be an attractive long-term investment as it typically out-performs other asset classes, especially during inflationary conditions.

SELF STORAGE 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for 1Q 2025 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate
Self Storage, Class A	5.05%	7.05%	50	↔	3.65%	3.25%
Self Storage, Class B	5.95%	7.70%	50	↓	3.65%	3.25%
Self Storage, Class C	6.75%	8.85%	50	↓	3.65%	3.25%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2024 and January 2025 including sales and discussions with market participants and service professionals.

Merger & Acquisition Activity

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The US mergers and acquisitions (M&A) market is set to gain momentum in 2025, following a year of uneven recovery. Several macroeconomic and sector-specific factors are expected to drive this growth. Greater clarity around US monetary and regulatory policies is likely to bolster confidence among business leaders, while a more business-friendly administration could further stimulate transaction activity. Additionally, stabilizing inflation and declining—albeit still historically high—interest rates are creating a more favorable environment for M&A deals.

SECTORAL INSIGHTS

Real estate investors are cautiously optimistic about growth opportunities but face challenges such as regulatory changes and elevated borrowing costs. Although the Federal Reserve's rate cuts are providing some relief, borrowing costs remain a concern. Dealmakers are expected to proceed selectively, with transaction volumes showing modest growth across key sectors:

- Data Centers: Investor interest is growing, but challenges persist around site availability, energy requirements, and regulatory hurdles.
- Core Office Properties: Pricing appears to be bottoming out, with desirable urban locations benefiting from a renewed push for return-to-office initiatives.
- Industrial Properties: This asset class remains highly sought after, but uncertainties in the manufacturing sector—driven by tariffs and policy changes under the new administration—add a layer of caution.
- Multifamily Housing: Elevated homeownership costs continue to make this sector a favorite among investors, as demand for rental properties stays strong.

A PROMISING YEAR FOR CAPITAL DEPLOYMENT

With anticipated regulatory relief and the potential for further interest rate reductions, 2025 is expected to be a favorable year for capital deployment. The narrowing bid-ask spread and better alignment of pricing expectations between buyers and sellers are likely to drive increased transaction activity. While challenges remain, dealmakers prepared to navigate the complexities of the current environment may find significant opportunities to achieve their objectives.

ABOUT FINANCIAL REPORTING

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

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



Specialty Practices

Agriculture

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

Aviation

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

Convenience Stores & Automotive Energy

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

Data Centers & Life Science

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

Education

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

Energy

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

Healthcare & Seniors Housing

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

Hospitality, Gaming & Leisure

Hotels and Resorts
Gaming Facilities
Golf Courses
Marinas
Stadiums & Arenas
Multisport Complexes
Conference, Expo and Convention Centers
Ski & Village Resorts
Water Parks, Amusement Parks & Attractions
Campgrounds & RV Parks

Industrial & Logistics

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



Minerals

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

Multifamily

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

Multifamily HUD / Affordable Housing

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

Office

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

Residential

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

Restaurants

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

Retail & Regional Malls

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

Self Storage

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

Waste Management

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

Special Use

Billboards / Cell Towers
Cemeteries
Charitable Organizations
Correctional Facilities
Embassies / Consulates
Eminent Domain / Right-of-Way
Government Agencies
Ground Leases
Infrastructure
Manufactured Housing
Mines & Quarries
Parking Garages / Decks / Lots
Religious Organizations
Septic Fields



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

North American Leadership

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NORDICS

Sweden
Finland
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